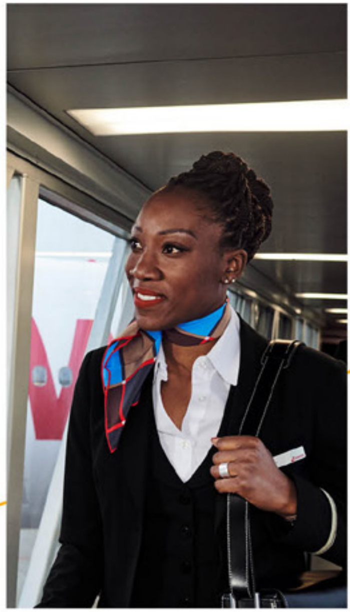
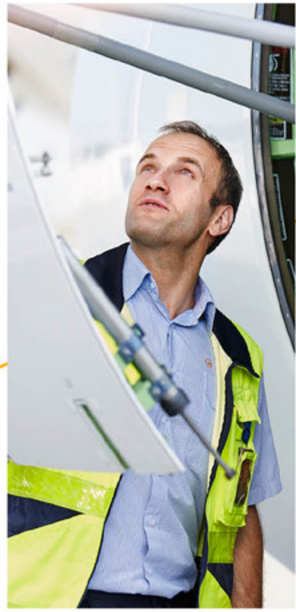
LUFTHANSA GROUP

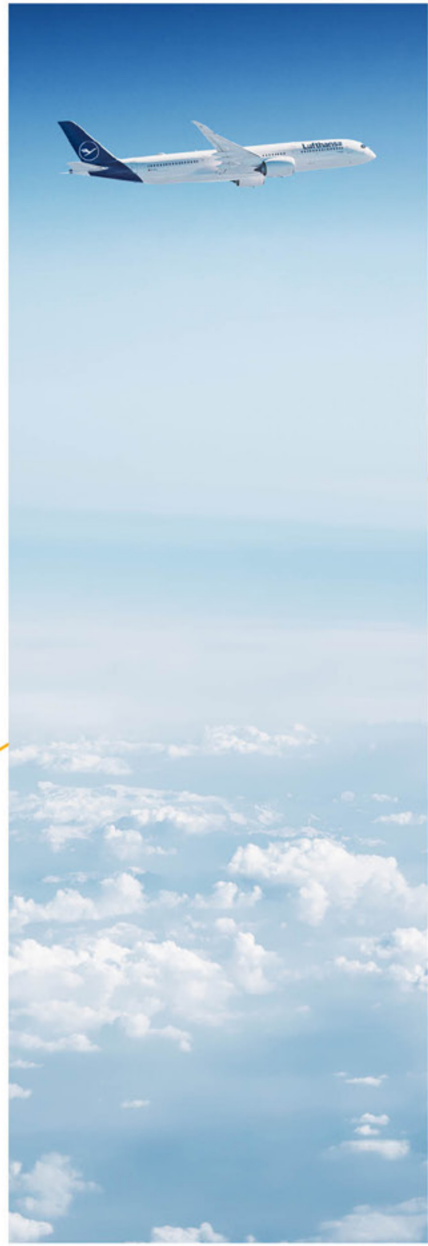
Annual Report 2023

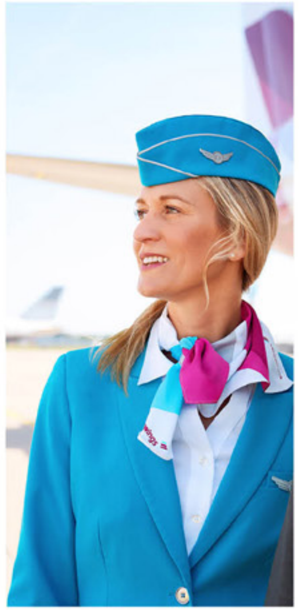
CONNECTING

PEOPLE, CULTURES AND ECONOMIES IN A SUSTAINABLE WAY









lufthansagroup.com
investor-relations.lufthansagroup.com

TABLE OF CONTENTS

Navigate in the report with a click of the mouse

Table of contents

Chapter divider

Search within the PDF

Additional information

Page reference

Internet reference

This interactive PDF is optimised for use with Adobe Acrobat.

COMPANY

- The Lufthansa Group is an aviation group with operations worldwide.
- It consists of the business segments Passenger Airlines, Logistics and MRO, as well as Additional Businesses and Group Functions.

Key performance indicators for 2023

35.4
Revenue
in € bn
+15%

2.7
Adjusted EBIT
in € bn
+76%

7.6
Adjusted EBIT margin
in %
+2.7 pts

KEY FIGURES LUFTHANSA GROUP

T001 KEY FIGURES LUFTHANSA GROUP

		2023	2022	Change in %
Revenue and result [1]				
Total revenue	€m	35,442	30,895	15
of which traffic revenue	€m	29,926	25,864	16
Total operating income	€m	38,429	33,268	16
Operating expenses	€m	35,960	31,771	13
Adjusted EBITDA [2]	€m	4,910	3,719	32
Adjusted EBIT [2]	€m	2,682	1,520	76
EBIT	€m	2,669	1,419	88
Net profit/loss	€m	1,673	791	112
Key balance sheet and cash flow statement figures				
Total assets	€m	45,321	43,335	5
Equity ratio	%	21.4	19.6	1.8 pts.
Net indebtedness	€m	5,682	6,871	-17
Net pension obligations	€m	2,676	1,993	34
Ratio of net indebtedness + net pension obligations to equity	Ratio	46:54	51:49	
Operating cash flow	€m	4,945	5,168	-4
Capital expenditure (gross) [3]	€m	3,576	2,379	50
Capital expenditure (net)	€m	2,811	2,286	23
Adjusted free cash flow [2]	€m	1,846	2,526	-27
Key profitability and value creation figures [1]				
Adjusted EBITDA margin [2]	%	13.9	12.0	1.9 pts
Adjusted EBIT margin [2]	%	7.6	4.9	2.7 pts
EBIT margin	%	7.5	4.6	2.9 pts
Adjusted ROCE [2]	%	13.1	7.6	5.5 pts

		2023	2022	Change in %
Lufthansa share				
Share price at year-end	€	8.05	7.77	4
Earnings per share	€	1.40	0.66	112
Suggested dividend per share	€	0.30	-	
Traffic figures and environmental data [4]				
Number of flights	number	946,132	826,603	14
Passengers	thousands	122,535	101,775	20
Available Seat-kilometres	millions	300,582	259,428	16
Revenue Seat-kilometres	millions	249,269	207,030	20
Passenger load factor	%	82.9	79.8	3.1 pts
Available cargo tonne-kilometres	millions	15,497	14,194	9
Revenue cargo tonne-kilometres	millions	8,735	8,562	2
Cargo load factor	%	56.4	60.3	-3.9 pts
Specific CO_2 emissions	grammes	88.4	90.0	-2
Employees				
Employees as of 31 Dec	number	96,677	109,509	-12
Average number of employees	number	110,264	106,889	3

1) Previous year's figures adjusted due to sale of LSG group. → **Financial performance, p. 40, Notes to the consolidated financial statements, p. 165.**
2) Derivation → **Financial strategy and value-based management, p. 23, Financial performance, p. 40.**
3) Without acquisition of equity investments.
4) Previous year's figures adjusted.

Date of publication: 7 March 2024.

KEY FIGURES BUSINESS SEGMENTS

PASSENGER AIRLINES

T002 KEY FIGURES PASSENGER AIRLINES

		2023	Change in %
Revenue	€m	28,337	25
of which traffic revenue	€m	26,701	29
Adjusted EBIT	€m	2,033	
Adjusted EBIT margin	%	7.2	8.5 pts
Adjusted ROCE	%	19.4	22.2 pts
Segment capital expenditure	€m	3,095	52
Employees as of 31 Dec	number	60,924	7

The Passenger Airlines segment comprises the network airlines Lufthansa Airlines, SWISS, Austrian Airlines and Brussels Airlines – which offer their customers a premium experience, with high-quality products and services – as well as Eurowings, which is positioned as a value carrier focusing exclusively on point-to-point traffic on European short- and medium-haul routes.

LOGISTICS

T003 KEY FIGURES LOGISTICS

		2023	Change in %
Revenue	€m	2,977	-36
of which traffic revenue	€m	2,775	-37
Adjusted EBIT	€m	219	-86
Adjusted EBIT margin	%	7.4	-27.2 pts
Adjusted ROCE	%	7.3	-46.9 pts
Segment capital expenditure	€m	191	-25
Employees as of 31 Dec	number	4,152	2

In addition to Lufthansa Cargo AG, the Logistics segment includes the airfreight container management specialist Jettainer group, the time:matters Group, which specialises in particularly urgent shipments, the subsidiary Heyworld, which specialises in tailored solutions for the e-commerce sector, CB Customs Broker, the customs and customs clearance specialist, and the Lufthansa Group's 50% stake in the cargo airline AeroLogic.

MRO

T004 KEY FIGURES MRO

		2023	Change in %
Revenue	€m	6,547	18
of which external revenue	€m	4,389	10
Adjusted EBIT	€m	628	13
Adjusted EBIT margin	%	9.6	-0.4 pts
Adjusted ROCE	%	12.0	0.6 pts
Segment capital expenditure	€m	137	38
Employees as of 31 Dec	number	22,870	12

Lufthansa Technik is the world's leading manufacturer-independent provider of maintenance, repair and overhaul services (MRO) for civilian commercial aircraft. Lufthansa Technik AG serves more than 800 customers worldwide, including OEMs, aircraft leasing companies, operators of VIP jets, governments and armed forces, as well as airlines.

Deutsche Lufthansa AG

THE EXECUTIVE BOARD

Carsten Spohr
Chairman of the Executive Board
Born in 1966, industrial engineer,
Chairman of the Executive Board since 1 May 2014,
Executive Board member since 2011,
with the Lufthansa Group since 1994

Christina Foerster
Brand & Sustainability
Born in 1971, MBA,
Executive Board member since 2020,
with the Lufthansa Group since 2002

Harry Hohmeister
Global Markets & Network
Born in 1964, diploma in commercial air transport,
Executive Board member since 2013,
with the Lufthansa Group since 1985

Detlef Kayser
Fleet & Technology
Born in 1965, aerospace engineer,
Executive Board member since 2019,
with the Lufthansa Group since 2016

Michael Niggemann
Human Resources & Infrastructure, Labor Director
Born in 1974, lawyer,
Executive Board member since 2020,
with the Lufthansa Group since 2007

Remco Steenbergen
Finance
Born in 1968, MBA, RegisterAccountant,
Executive Board member since 2021,
with the Lufthansa Group since 2021

Letter from the Executive Board

Ladies and gentlemen, dear shareholders,

2023 was one of the best years for the Lufthansa Group in economic terms. The recovery in demand for flights after the coronavirus pandemic continued. Tourist travel was in great demand, particularly in the summer months, and we expanded our capacities again, especially to leisure travel destinations. Overall, in the past year we once again welcomed more than 120 million passengers on board our aircraft and flew them safely to their destinations.

For the first time, all our airlines were profitable. SWISS, Austrian Airlines, Brussels Airlines and Eurowings reported record results. The increase in the number of flights across the industry resulted in significantly higher demand for maintenance and repair services and so enabled Lufthansa Technik to post record earnings. Only the Logistics business segment saw a decline in earnings due to normalisation across the industry following the coronavirus-related economic upswing.

Overall, the Lufthansa Group's earnings improved significantly compared with a year ago. Adjusted EBIT increased to around EUR 2.7bn. This means we have achieved the third-best result in the company's history. With an Adjusted ROCE of more than 13%, we were able to exceed the target of a return on capital of over 10%. We want to enable our shareholders to participate in this success and will table a proposal at the Annual General Meeting to pay a dividend of EUR 0.30 per share.

Strengthening our balance sheet was an important condition for this. We were able to reduce our debt significantly again in the financial year 2023. It is now around EUR 1bn below the pre-crisis level of the year 2019 at EUR 5.7bn. Available liquidity is significantly higher. We are therefore in a much more stable position to tackle future challenges. Our positive performance has been acknowledged by the capital markets: All the leading rating agencies now give the Lufthansa Group an investment grade rating.

We continued to pursue our transition from an aviation group to a global airline group at high speed in 2023. We sold the catering business at the end of October. The sale of AirPlus, our payment specialist, is expected to close in summer 2024. This will enable us to focus even more sharply on our core business: our airlines. Our newly founded Lufthansa City Airlines will enable us to increase the profitability of our short-haul route network and seize growth opportunities. In addition, we agreed with Italy's Ministry of Economy and Finance on the acquisition of a non-controlling interest in the country's national airline ITA Airways. We are in intensive discussions, particularly with the European Commission, to get the transaction approved in the current year.

Looking at the performance we delivered to our customers, the assessment of the year 2023 is not wholly positive. We were able to improve operational stability significantly compared with the previous year. However, especially in the summer months, we did not always attain the level of quality and punctuality that we strive for and that our passengers rightly expect from us.

So for the financial year 2024 it is our declared goal to live up to our premium standards across our business and to fulfil our quality promise to our passengers. We have launched a product and service offensive to this end, and as part of the biggest fleet modernisation programme in our history we are expecting the delivery of at least 30 new aircraft in 2024.

With our new cabin products, Allegris at Lufthansa Airlines and SWISS Senses at SWISS, we are again setting premium standards in the industry. We are expecting our first long-haul aircraft with the new Allegris cabin on board in time for the summer of 2024. We will be welcoming a new aircraft into our fleet every ten days on average in 2024. In the financial year 2023, we ordered a further 22 long-haul aircraft, as well as 80 short- and medium-haul aircraft. This means our order book now comprises firm orders for some 250 of the latest-generation aircraft – for more comfort for our passengers and lower emissions.

Our ambitious climate goals call for net-zero carbon emissions by 2050; by 2030, we intend to already halve our net carbon emissions relative to their 2019 level. In addition to our fleet renewal, we are increasingly making use of sustainable aviation fuels and working closely with partners in research and industry to drive their developments. We are also continuously optimising our existing fleets. Fifteen Boeing 777 aircraft with the AeroSHARK foil developed by Lufthansa Technik and BASF are already in service. This innovative surface technology reduces air resistance and carbon emissions as a result.

Despite all the necessary change, there is one thing we stand by:

CONNECTING PEOPLE, CULTURES AND ECONOMIES IN A SUSTAINABLE WAY.

That is our purpose and also the title of this year's annual report.

Our airlines operate 4,000 flights every day to more than 300 destinations in around 100 countries. We connect families, friends and business partners, contribute to social interactions, prosperity and international understanding, and secure production and supply chains. Every day we bring the world a little closer together, create opportunities for dialogue and cross-border cooperation.

Cultural exchanges and corporate culture are a vital element of both our commercial success and the engagement and well-being of our employees. Our cultural programme promotes the individual identities of our companies and strengthens our cultural understanding of ourselves as a group at the same time – with diversity in all its dimensions as a central pillar of our cultural identity.

Together we intend to continue the Company's positive development – for the benefit of our passengers, employees and shareholders. Despite the challenging environment, which is dominated by geopolitical uncertainties, economic volatility and persistently high inflation, our aim is to maintain last year's earnings level. We are pleased that you are accompanying us on our journey.

Frankfurt, February 2024

Carsten Spohr
Chairman of the Executive Board

Report of the Supervisory Board

Ladies and gentlemen, dear shareholders,

2023 represented an upturn for the Lufthansa Group in many respects. Right from the start of the year our bookings showed that our customers had rediscovered their need to travel. It was gratifying that this trend continued over the course of the year. In the summer, it enabled the Lufthansa Group to generate the most revenue in its history. In 2023 we were able to take a great stride towards our target of an Adjusted EBIT margin of at least 8%. At the same time, Adjusted free cash flow was again significantly positive. We continued to implement our strategy of focusing even more on the core airline business with the sale of the LSG Group and the agreed sale of Lufthansa AirPlus Servicekarten GmbH. The agreement to acquire shares in ITA Airways was also in the spirit of this strategic focus.

In the 2023 financial year, the Supervisory Board once again oversaw the work of the Executive Board members and advised them. It carried out the duties conferred on it by statute, the Company's Articles of Association and its internal regulations. The Executive Board regularly provided the Supervisory Board with full information on the course of business, the competitive environment, planned Company policy and significant strategic and operational decisions. In particular, it provided reports on the Company's economic position and on the operational challenges. Throughout the year, the Executive Board provided the Supervisory Board with reports on the current course of business. As Chairman of the Supervisory Board, I read the minutes of the Executive Board meetings and discussed the current situation and the course of business with the Chairman of the Executive Board and other members of the Executive Board on an ongoing basis.

In 2023, the Supervisory Board held a total of six meetings; four ordinary and two extraordinary meetings. At its plenary sessions and committee meetings, the Supervisory Board had sufficient opportunity to discuss the reports and proposals for resolutions from the Executive Board. When doing so, the Supervisory Board and its committees also met without the members of the Executive Board.

Key topics discussed by the Supervisory Board

Our meetings focused on the economic development of Deutsche Lufthansa AG and its associated companies. Regular agenda items in particular included the ongoing operational challenges and the general competitive environment. In addition, the Supervisory Board dealt with the Lufthansa Group's various M&A activities. In this context the Supervisory Board approved by circulation of documents the sale of all the remaining LSG Group businesses to the private equity investor Aurelius in early April 2023. At an extraordinary meeting on 22 May 2023, the Supervisory Board also approved the acquisition of 41% of the shares in ITA Airways and options to purchase the remaining shares in ITA Airways. In June 2023, the Supervisory Board also approved by circular resolution the sale of all the shares in Lufthansa AirPlus Servicekarten GmbH to SEB Kort Bank AG from Stockholm, Sweden.

At its meeting on 2 March 2023 the Supervisory Board approved the purchase of up to 30 of the latest generation of wide-bodied aircraft from manufacturers Airbus and Boeing. At the same meeting, the Supervisory Board also approved new leases for up to four and lease extensions for two Airbus A350-900 wide-bodied aircraft.

The Supervisory Board also approved capital expenditure in non-current assets as part of the modernisation of the Lufthansa Cargo Center in Frankfurt at its meeting on 9 May 2023.

The meeting on 22 September 2023, which took place in Vienna, was dedicated to the Group's ongoing strategic development, which was discussed in detail with the Executive Board. The corporate strategy was updated on this basis and approved at the Supervisory Board meeting on 5 December 2023.

The Supervisory Board also noted the planning status of the budget for 2024 and approved the medium-term financial planning for 2025 to 2027 at its meeting held on 5 December 2023. At this meeting, the Supervisory Board also discussed reports on risk management including internal control systems, cybersecurity and compliance. The Supervisory Board also reviewed the Executive Board's remuneration at this meeting and found it to be appropriate.

At this meeting the Supervisory Board also noted the Executive Board's decision to abandon the negotiations for a partial disposal of Lufthansa Technik AG and discussed the implications for future M&A processes and for the future development of Lufthansa Technik AG.

At the end of the year, the Supervisory Board approved by circular resolution on 19 December 2023 the purchase in particular of 40 Airbus A220-300s and 40 Boeing 737-8 MAXs.

Changes in the Executive Board

At its meeting held on 2 March 2023, the Supervisory Board reappointed Carsten Spohr as CEO and Chair of the Executive Board of Deutsche Lufthansa AG, as well as Remco Steenbergen as CFO and member of the Executive Board, in each case as of 1 January 2024 for a five-year term expiring 31 December 2028.

Wide-ranging reorganisation of the Executive Board decided from July 2024

At its meeting on 22 February 2024, the Supervisory Board of Deutsche Lufthansa AG followed a recommendation of its Steering Committee and voted to carry out a wide-ranging reorganisation of the Executive Board. It approved the corresponding changes to the division of responsibilities for the Executive Board with effect from 1 July 2024. These consisted mainly of reducing the Executive Board from six members to five and reorganising responsibilities.

As part of this reorganisation, Christina Foerster, Harry Hohmeister and Detlef Kayser will leave the Executive Board as of 30 June 2024, and Remco Steenbergen will leave the Executive Board at the close of 7 May 2024, the date of the 2024 Annual General Meeting. The Supervisory Board thanks the departing Executive Board members for their commitment, their performance and their outstanding loyalty.

At the recommendation of the Steering Committee, the Supervisory Board appointed Grazia Vittadini and Dieter Vranckx to the Executive Board with effect from 1 July 2024 for a term of three years, ending on 30 June 2027. Grazia Vittadini will be responsible for the MRO & IT function and Dieter Vranckx for Global Markets and Commercial Hub Management.

A new candidate is to be found for the position of Chief Financial Officer in the course of 2024. After the departure of Remco Steenbergen until a new appointment is made, Michael Niggemann will lead the Finance function in addition to his other responsibilities.

Changes in the Supervisory Board

The mandates of all the Supervisory Board members elected by the employees expired at the close of the Annual General Meeting on 9 May 2023. The employee representatives on the Supervisory Board up to this point were reappointed by resolution of Cologne District Court of 10 May 2023 until completion of the elections by employees on 29 July 2023. Alexander Behrens, Jörg Cebulla, Jürgen Jennerke, Ilja Schulz, Birgit Spineux and Olivia Stelz left the Supervisory Board at the completion of the elections by employees on 29 July 2023. The departing members were replaced by Tim Busse, Sara Grubisic, Christian Hirsch, Jamila Jadran, Arne Christian Karstens and Marvin Reschinsky, who were elected to the Supervisory Board for the first time, as well as by Christine Behle, Holger Benjamin Koch, Birgit Rohleder and Klaus Winkler, who were re-elected, in accordance with the Co-determination Act.

The periods in office of Miriam Sapiro, Carsten Knobel and myself also ended at the close of the Annual General Meeting on 9 May 2023. Karl Gernandt was elected for the first time, and Carsten Knobel and I were re-elected to the Supervisory Board for three years. The Supervisory Board thanks all the former members for assuming their responsibilities and for their constructive and dedicated work.

The members of committees initially remained unchanged until the constitutive meeting on 8 August 2023. At this constitutive meeting the Supervisory Board confirmed me as Chair and again elected Christine Behle as Deputy Chair. In accordance with the internal regulations for the Supervisory Board we are therefore also both members of the Steering Committee and the Arbitration Committee required by Section 27 Para. 3 Co-determination Act. Thomas Enders and Christian Hirsch were also elected to both committees. In accordance with the internal regulations for the Supervisory Board, I also chair the Nomination Committee, to which Thomas Enders and Harald Krüger were again elected. Harald Krüger was elected as Chair of the Audit Committee and Arne Christian Karstens, Michael Kerkloh, Carsten Knobel, Holger Benjamin Koch and Klaus Winkler as members. Erich Clementi was elected as Chair of the Environmental, Social and Corporate Governance Committee (ESG Committee) and Sara Grubisic, Marvin Reschinksy and Angela Titzrath as members.

Attendance at meetings

Overall, the Supervisory Board members had an attendance rate of 98% for all meetings of the committees and the Supervisory Board in 2023. No member of the Supervisory Board was present at only half or fewer of the meetings of the Supervisory Board or the Supervisory Board committees of which they were a member.

The meetings of the Supervisory Board and its committees are generally held as in-person meetings, with the possibility of video conferencing. With the exception of the extraordinary Supervisory Board meeting on 22 May 2023 and the constitutive Supervisory Board meeting on 8 August 2023, as well as one extraordinary meeting of the Steering Committee and the Nomination Committee respectively, which were held as video conferences, all of the meetings of the Supervisory Board of Deutsche Lufthansa AG and its committees were held in person.

T005 INDIVIDUAL ATTENDANCE RATES 2023

	Supervisory Board	Steering Committee	Audit Committee	Nomination Committee	ESG Committee	Attendance rate in % (all meetings)
Karl-Ludwig Kley, Chairman	6/6	5/5		3/3		100
Christine Behle, Deputy Chairwoman	5/6	5/5				91
Alexander Behrens (until 28 Jul 2023)	3/3		3/3			100
Tim Busse (since 29 Jul 2023)	3/3					100
Jörg Cebulla (until 28 Jul 2023)	3/3		3/3			100
Erich Clementi	6/6				2/2	100
Thomas Enders	6/6	5/5		3/3		100
Karl Gernandt (since 9 May 2023)	4/4					100
Sara Grubisic (since 29 Jul 2023)	3/3				1/1	100
Christian Hirsch (since 29 Jul 2023)	3/3	2/2				100
Jamila Jadran (since 29 Jul 2023)	3/3					100
Jürgen Jennerke (until 28 Jul 2023)	3/3					100
Arne Christian Karstens (since 29 Jul 2023)	3/3		2/2			100
Michael Kerkloh	6/6		5/5			100
Carsten Knobel	5/6		5/5			91
Holger Benjamin Koch	6/6		2/2		1/1	100
Harald Krüger	6/6		5/5	3/3		100
Marvin Reschinsky (since 29 Jul 2023)	3/3				1/1	100
Birgit Rohleder	6/6					100
Miriam Sapiro (until 9 May 2023)	2/2					100
Ilja Schulz (until 28 Jul 2023)	3/3	3/3			1/1	100
Britta Seeger	6/6					100
Birgit Spineux (until 28 Jul 2023)	3/3					100
Astrid Stange	5/6					83
Olivia Stelz (until 28 Jul 2023)	2/3					67
Angela Titzrath	6/6				2/2	100
Klaus Winkler	6/6		5/5			100

Corporate Governance

The proportion of women on the Executive Board meets the minimum quota defined in the German Act Extending and Amending the Rules on Equal Participation of Men and Women in Executive Positions in the Public and Private Sectors (FüPoG II).

The statutory quota requiring supervisory boards to consist of 30% women is met by the Supervisory Board as a whole as well as by both the shareholder and employee representative groups.
www.lufthansagroup.com/corporate_governance_declaration.

We again carried out a self-assessment of our working practices in the 2023 financial year on the basis of a detailed questionnaire and conversations between the Chair and individual members of the Supervisory Board, which were discussed at the meeting on 6 March 2024. In addition, the members of the Supervisory Board and of the Audit Committee especially attended several training events offered by the Company in the 2023 financial year. The subjects on offer particularly included a seminar on the Supply Chain Due Diligence Act and the European Supply Chain Directive on 19 January 2023, and on the Lufthansa Group cabin product on 1 March 2023. Other training subjects for the Supervisory Board were ESG in the Lufthansa Group, including an in-depth look at what are known as sustainable aviation fuels, on 21 September 2023, and the Lufthansa Group brand development on 4 December 2023. The new Supervisory Board members elected by the employees were offered a training course on the principles of Supervisory Board work, including an introduction to the strategy and fleet planning of the Lufthansa Group.

In September 2023, the Supervisory Board and the Executive Board issued an updated declaration of compliance with the German Corporate Governance Code. At this meeting the Supervisory Board also adopted an updated requirements profile and an updated qualification matrix.
www.lufthansagroup.com/corporate_governance_declaration.
No conflicts of interest were disclosed in the 2023 financial year.

Work of the committees

In the 2023 financial year, the Supervisory Board formed five committees whose activities were each reported on at the beginning of the following Supervisory Board meeting. Further details on the composition of the committees can be found in the chart → C01 **Supervisory Board Committees.**

C01 SUPERVISORY BOARD COMMITTEES

as of 31 Dec 2023

Steering Committee	Audit Committee	Nomination Committee	Arbitration Committee in accordance with Section 27 Paragraph 3 Co-determination Act (MitbestG)	ESG Committee
Karl-Ludwig Kley Chairman	**Harald Krüger** Chairman	**Karl-Ludwig Kley** Chairman	**Karl-Ludwig Kley** Chairman	**Erich Clementi** Chairman
Christine Behle Deputy Chairwoman	**Alexander Behrens** (until 28 July 2023)	**Thomas Enders**	**Christine Behle,** Deputy Chairwoman	**Sara Grubisic** (since 8 August 2023)
Thomas Enders	**Jörg Cebulla** (until 28 July 2023)	**Harald Krüger**	**Thomas Enders**	**Holger Benjamin Koch** (until 28 July 2023)
Christian Hirsch (since 8 August 2023)	**Arne Christian Karstens** (since 8 August 2023)		**Christian Hirsch** (since 8 August 2023)	**Marvin Reschinsky** (since 8 August 2023)
Ilja Schulz (until 28 July 2023)	**Michael Kerkloh**		**Ilja Schulz** (until 28 July 2023)	**Ilja Schulz** (until 28 July 2023)
	Carsten Knobel			**Angela Titzrath**
	Holger Benjamin Koch (since 8 August 2023)			
	Klaus Winkler			
Five meetings in 2023	Five meetings in 2023	Three meetings in 2023	No meetings in 2023	Two meetings in 2023

The Steering Committee met five times in 2023. As in previous financial years, the Steering Committee prepared the Supervisory Board meetings and considered the course of business in detail. The Steering Committee also considered all of the issues relating to the remuneration received by the Executive Board. The Steering Committee also made recommendations to the full Supervisory Board on all personnel and remuneration decisions concerning the Executive Board.

In 2023, the Nomination Committee met three times and the Audit Committee met five times, always in the presence of the auditors. As an independent financial expert in line with the requirements of the German Stock Corporation Act and the German Corporate Governance Code, the Chair of the Audit Committee has particular knowledge and experience in the field of accounting, including international control procedures, and in relation to sustainability reporting. The Audit Committee discussed the annual financial statements for 2022 and the interim reports for 2023 with the CFO before their publication. The committee also dealt with the supervision of accounting processes and the effectiveness of the internal control, risk management and internal auditing systems. Furthermore, the members received regular reports on the compliance management system and capital market communications.

They also discussed in detail the planning status of the 2024 budget and the Group operational planning for 2025 to 2027, the medium-term financial planning and the combined non-financial declaration, which was subject to a voluntary limited assurance engagement by EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Eschborn. → **Combined non-financial declaration, p. 73.**

The purpose of the ESG Committee established as of 1 January 2023 is to advise the Supervisory Board, its committees and the Executive Board on issues of sustainable corporate governance and the Company's business activities in ESG areas. It met twice in 2023. Focus topics were the steps taken by flight operations to reduce emissions, sustainable aviation fuels and the changing requirements for sustainability reporting.

The Arbitration Committee was not convened in the reporting period.

Audit and adoption of the annual financial statements and approval of the consolidated financial statements as of 31 December 2023

The Supervisory Board appointed EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Eschborn, who were elected as auditors for the parent company and the Group at the Annual General Meeting 2023, to audit the financial statements and the consolidated financial statements, the combined management report and the system for the early identification of risks. The Audit Committee acknowledged the declaration of independence provided by EY and discussed the main topics of the audit. No potential grounds for disqualifying the auditors or doubting their impartiality came to light during the course of the audit.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), taking account of interpretations by the IFRS Interpretations Committee as applicable in the European Union (EU). The auditors audited the annual financial statements and consolidated financial statements of Deutsche Lufthansa AG and the combined management report as of 31 December 2023 in accordance with the legal requirements, and issued an unqualified audit opinion. They further confirmed that the system for the early identification of risks established by the Executive Board is suitable for the early identification of developments that could endanger the Company's continued existence. During their audit, the auditors did not come across any facts that would run contrary to the declaration of compliance.

On 29 February 2024, the Audit Committee discussed the audit reports in detail with the CFO in the presence of the two auditors who had signed the auditors' report. At the Supervisory Board accounts meeting on 6 March 2024, the auditors reported on their audit findings and answered questions. We examined the financial statements and the consolidated financial statements of Deutsche Lufthansa AG, as well as the combined management report, including the combined non-financial declaration and the remuneration report pursuant to Section 162 AktG, and had no objections to make. The financial statements and the consolidated financial statements were approved. The 2023 annual financial statements of Deutsche Lufthansa AG as prepared by the Executive Board have thereby been adopted. We agree with the Executive Board's proposal for profit distribution. Now that the stabilisation has been completed, it is gratifying that a dividend can be distributed for the financially successful financial year 2023.

Frankfurt, 6 March 2024

Karl-Ludwig Kley

For the Supervisory Board
Karl-Ludwig Kley
Chairman

LUFTHANSA SHARE

Lufthansa share up by 4% over the course of the year
The Lufthansa share had a very volatile performance in the 2023 financial year. Starting from a price of EUR 7.77 at year-end 2022, the share rose very significantly within a short time at the beginning of the year. The share price reached EUR 10.95 in early March. The Lufthansa share profited from the fact that an increasing number of financial analysts and investors were expecting strong demand in the summer season. Concerns about weaker demand had weighed on share prices in the industry in the previous months.

From April onwards the share price started to fall, however. This reflected financial market fears that the challenging macroeconomic environment, especially the high inflation, and the geopolitical situation could have an adverse impact on the development of the airline industry in the medium term. Closely related to this were increasing uncertainties about the course of the kerosene price, particularly due to the conflict in the Middle East. In early November, the share price then fell to its low for the year at EUR 6.57.

Supported by the publication of results for the third quarter on 2 November 2023, the share price recovered quickly to EUR 8.59 in early December. This positive market perception partly came about because the Company was again able to present strong quarterly figures, achieve the targets previously communicated and confirm the positive demand outlook. The decline in the oil price also had a positive effect.

As of year-end, the Lufthansa share traded at EUR 8.05. This represented an increase of 4% for 2023 as a whole.

T006 THE LUFTHANSA SHARE: KEY FIGURES

		2023	2022	2021	2020	2019
Year-end share price [1]	€	8.05	7.77	6.18	7.72	11.71
Highest share price [1]	€	10.95	8.23	9.12	11.90	16.78
Lowest share price [1]	€	6.57	5.51	5.36	5.03	9.17
Number of shares	millions	1,196.6	1,195.5	1,195.5	579.7	478.2
Market capitalisation (at year-end)	€bn	9.6	9.3	7.4	6.5	7.8
Earnings per share	€	1.40	0.66	-2.99	-12.51	2.55
Dividend per share	€	0.30	–	–	–	–
Dividend yield (gross)	%	3.7	–	–	–	–
Dividend payout	€m	359.0	–	–	–	–
Total shareholder return	%	7.5	25.7	-20.0	-34.1	-12.6

[1] Share prices 2019 and 2020 adjusted for the effects of the issuance of new shares in connection with the capital increase in September 2021.

The Lufthansa share thus performed less well in 2023 than the shares of main competitors IAG and Air France-KLM, which increased by 25% and 10% respectively. The share prices of European low-cost carriers also outperformed the Lufthansa share. The MDAX index was up by 8% in 2023.

Over a period of two years, the Lufthansa share significantly outperformed its competitors, however, with an increase of 20%. Only Ryanair shares performed better in this period.

T007 SHARE PRICE PERFORMANCE OF LUFTHANSA AND COMPETITORS

in %	**1 year**	2 years	4 years	10 years
Lufthansa	4	20	-32	-26
MDAX	8	-23	-4	64
Air France-KLM	10	-31	-73	-65
IAG	25	9	-63	-42
easyJet	57	-8	-64	-67
Ryanair	78	30	52	191
WIZZair	16	-47	-43	77

Executive Board and Supervisory Board propose dividend of EUR 0.30 per share
At the Annual General Meeting, the Executive Board and Supervisory Board of Deutsche Lufthansa AG will propose the distribution of a dividend of EUR 0.30 per share for the financial year 2023, in line with the dividend policy. This represents a dividend ratio of 21% of Group net profits and a dividend yield of 3.7% based on the Lufthansa share's closing price for the year. → **Financial strategy and value-based management, p. 23,**
→ **Earnings position, p. 40.**

Better analyst assessments than the previous year. At year-end 2023, of the 21 equity analysts tracking the Company (previous year: 18), eleven (previous year: five) recommended buying the share, seven (previous year: ten) recommended holding it, and three (previous year: three) selling it. Whereas the analysts viewed the ongoing recovery in the passenger business positively, the continued strength of Lufthansa Technik and the further strengthening of the balance sheet, there were concerns about the state of future demand and the outlook for the airfreight business. The macro-economic and geopolitical situation is also seen as a risk factor. The average target price at year-end 2023 was EUR 10.21 with a range of EUR 6.70 to EUR 15.00.

Share of German investors in the Company remains high

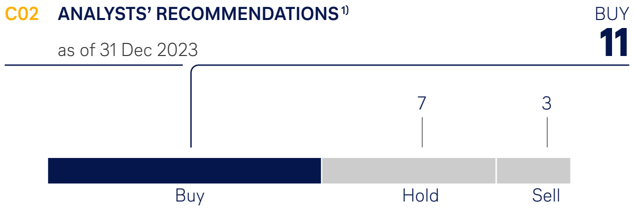
In order to protect international air traffic rights and its operating licence, the German Aviation Compliance Documentation Act (Luftverkehrsnachweissicherungsgesetz – LuftNaSiG) requires Lufthansa to provide evidence that a majority of its shares are held by German shareholders. For this reason, all Lufthansa shares are registered shares with transfer restrictions.

At the end of 2023, the shareholders' register showed that German investors held 73.4% of the shares (previous year: 74.8%). The second largest group, with 10.4%, was shareholders from the USA. Investors from Ireland accounted for 4.3% of the share capital. They were followed by the United Kingdom with 1.7%, Norway and Canada, each with 1.6% and Luxembourg with 1.5%. This ensured that the conditions of the German Aviation Compliance Documentation Act (LuftNaSiG) were met.

On the basis of the voting rights notification received, Kühne Aviation GmbH was the biggest shareholder at year-end 2023 with 15.01%, followed by BlackRock, Inc. with 3.14%.

C02 ANALYSTS' RECOMMENDATIONS [1]

as of 31 Dec 2023

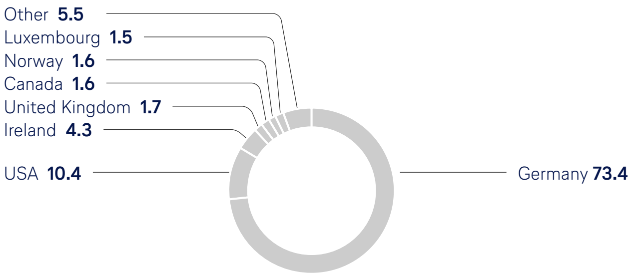


[1] Average target price: EUR 10.21, average of 21 analysts. Range: EUR 6.70 to EUR 15.00.

According to the definition of Deutsche Börse, 85% of Lufthansa shares were in free float. As of the reporting date, 54% (previous year: 49%) of the shares were held by institutional investors and 46% by private individuals (previous year: 51%). The number of shareholders declined year-on-year to 604,000 (previous year: 635,000), but remained high by historical standards. The shareholder structure is updated quarterly and published on the website **www.lufthansagroup.com/investor-relations.** The notifications on voting rights received by the Company from shareholders and published during 2023 are also available there.

C03 SHAREHOLDER STRUCTURE BY NATIONALITY

as of 31 Dec 2023 in %



Free float: 85%

T008 THE LUFTHANSA SHARE: DATA

ISIN International Security Identification Number	DE0008232125
Security identification number	823212
German stock exchange code	LHA
Stock market listing	Frankfurt
Prime sector	Transport & Logistics
Industry	Airlines
Indices (selection)	MDAX, EURO STOXX, STOXX Global, EURO STOXX Travel & Leisure, Bloomberg EMEA Airlines Index, DAX 50 ESG, MSCI EMU ESG, Vanguard ESG INTL STOCK ETF, STOXX Sustainability, EURO STOXX Sustainability, FTSE4Good Europe

Lufthansa share is included in the MDAX and other important indices

The Lufthansa share is part of the MDAX. At year-end, the share had an index weighting of 5.6%. With market capitalisation of EUR 8.2bn, adjusted for the free float, the Lufthansa Group came in at number 36 (previous year: 38) in the ranking of DAX companies (including the DAX 40) published by Deutsche Börse at year-end. The average daily XETRA trading volume of the share in 2023 was 4,587,438 shares (previous year: 7,564,664).

The Lufthansa share is also included in many classic international share indices. It is also represented in several sustainability indices, such as the MSCI EMU ESG, the EURO STOXX Sustainability Index and the FTSE4Good Europe Index.

American Depositary Receipts (ADRs) offer an alternative to equity investment

In addition to its stock market listing in Germany, investors who are only allowed to invest in securities denominated in US dollars can also gain exposure to the Lufthansa Group via the Sponsored American Depositary Receipt Program (ADR).

The programme is managed by Deutsche Bank Trust Company Americas. Lufthansa ADRs are also registered on the standardised trading and information platform OTCQX. At year-end 2023, 10,969,245 ADRs were in circulation (31 December 2022: 12,593,861) Based on the 1:1 ratio to the share, this corresponds to around 1% of the issued capital.

Lufthansa Group pursues intensive dialogue with investors
As in prior years, the Lufthansa Group again provided its shareholders with timely, comprehensive information in the 2023 financial year. In addition to the quarterly conferences, the Executive Board and Investor Relations team held many roadshows and investor conferences to discuss with institutional investors the current developments at the Group and its operating environment in 2023. In addition, the Supervisory Board Chair met investors in the context of a roadshow in early 2023, mainly to discuss corporate governance topics and the Company's steps to reduce its emissions. In-depth discussions were also held with investors in debt instruments.

In May 2023, the Group met with more than 3,000 shareholders who attended the Annual General Meeting, which was held exclusively online. This was again significantly more than the number of visitors to the in-person Annual General Meetings in the years before the coronavirus pandemic. Questions that shareholders had submitted in advance were answered in writing by shareholder services on the Company website before the Annual General Meeting took place. Any follow-up questions and questions about new matters were answered via video by the Supervisory Board and Executive Board during the event.

All the publications, financial reports, presentations, the quarterly shareholder information letter and the latest news are available at **www.lufthansagroup.com/investor-relations.** The site also contains the financial calendar and the dates of all the conferences and shareholder events that the Lufthansa Group will be attending.

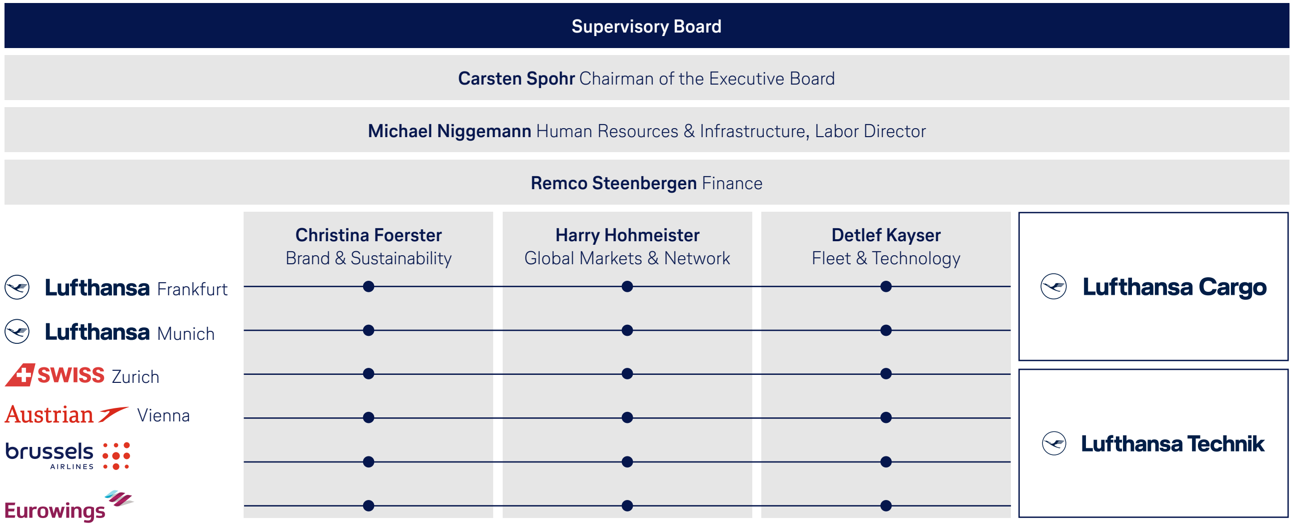
COMBINED MANAGEMENT REPORT

To the extent that the combined management report refers to sources other than the combined management report or the consolidated financial statements (e.g. internet sites), the contents of these sources are not part of the combined management report and are solely for informational purposes. The references made in the combined management report are not necessarily an integral part of the combined management report.

PRINCIPLES OF THE GROUP

- The Lufthansa Group is a leading European airline group.
- The Lufthansa Group consists of the business segments Passenger Airlines, Logistics, MRO and Additional Businesses.
- The airlines form the core of the Lufthansa Group.
- The Group strategy focuses on a consistent alignment with customer needs, innovation and digitalisation.
- Sustainability and corporate responsibility are an established part of the Group strategy.
- The financial strategy aims for continuous value creation, the generation of strong free cash flows and financial stability.
- The purchase of latest-generation aircraft drives fleet modernisation.
- The Lufthansa Group creates perspectives for employees and promotes a strong corporate culture.
- Agreements with works councils and trade unions ensure stability and predictability.

C04 LUFTHANSA GROUP STRUCTURE



BUSINESS ACTIVITIES AND GROUP STRUCTURE

Lufthansa Group is a leading European airline group
The Lufthansa Group is an aviation group with operations worldwide. It plays a leading role in its European home market.

The Lufthansa Group comprises the Passenger Airlines and Aviation Services segments.

The Passenger Airlines segment includes, on the one hand, the network airlines Lufthansa Airlines, SWISS, Austrian Airlines and Brussels Airlines. As part of the multi-hub strategy, they offer their passengers a broad range of flights from their global hubs in Frankfurt, Munich and Zurich as well as their national hubs in Vienna and Brussels. Lufthansa Airlines also has close relationships with the regional airlines Lufthansa CityLine, Lufthansa City Airlines and Air Dolomiti as well as Discover Airlines, the Lufthansa Group's holiday airline. Edelweiss, the leading Swiss holiday airline, is a sister company of SWISS.

Furthermore, Eurowings also belongs to the Passenger Airlines segment. This airline provides a comprehensive range of direct connections for European short- and medium-haul destinations, in particular from German-speaking countries.

Aviation Services comprises the segments Logistics and MRO, as well as Additional Businesses, which in particular include Lufthansa Aviation Training and Lufthansa Systems. An agreement to sell AirPlus was signed in 2023. The Group Functions are also part of this segment.

The former Catering segment was dissolved at the close of the financial year 2023 following the sale of the LSG group to Aurelius. → **Significant events, p. 38.**

The business segments and airlines of the Lufthansa Group are each under their own management. The Group strategy is defined and its implementation managed through the Executive Board of Deutsche Lufthansa AG or the Group Executive Committee, which essentially consists of the members of the Executive Board of Deutsche Lufthansa AG and the CEOs of the main companies.

Six-member Executive Board manages Deutsche Lufthansa AG

The Executive Board of Deutsche Lufthansa AG had six members at the end of the 2023 financial year: Carsten Spohr is the Chairman of the Executive Board of Deutsche Lufthansa AG, Christina Foerster is responsible for the "Brand and Sustainability" portfolio, Harry Hohmeister is responsible for the "Global Markets & Network" portfolio, Detlef Kayser heads up the "Fleet & Technology" portfolio, Michael Niggemann is in charge of the "Human Resources & Infrastructure" portfolio and is the Labor Director, and Remco Steenbergen manages the "Finance" portfolio.

The Supervisory Board of Deutsche Lufthansa AG voted to carry out a wide-ranging reorganisation of the Executive Board at its meeting on 22 March 2024. The Executive Board is to be reduced from six to five members and responsibilities redistributed. → **Events after the reporting date, p. 39.**

STRATEGIES AND GOALS

Group strategy

Positioning as leading European airline group

The Lufthansa Group is one of the largest airline groups worldwide and the leading European airline group. In this role, the Lufthansa Group aims to play a part in actively shaping the global airline market. It strives to follow the purpose: The Lufthansa Group connects people, cultures and economies in a sustainable way. In doing so, it aspires to set standards in terms of customer-friendliness and sustainability. The Lufthansa Group uses the potential of innovation and digitalisation to develop customer-focused products and increase efficiency. Corporate responsibility and identity are put into practice locally and supported by overarching functional processes that enable synergies and economies of scale. A strict focus on costs, operational stability and reliability in all areas are firmly established in the DNA of the Lufthansa Group. The safety of flight operations always has the highest priority.

At the core of the Lufthansa Group are the airlines and their extensive European and intercontinental route networks in their home markets of Germany, Austria, Switzerland, Belgium and northern Italy. In two business models – network airlines and point-to-point airlines – they serve the relevant customers and market segments with dedicated brands and differentiated service promises, connecting Europe with the world. The passenger airline business is supplemented by Aviation Services, which each have synergies with the airlines. The Group's structure – with activities throughout the airline value chain – enables the maximisation of synergies between segments, while at the same time scaling up Aviation Services' business from external markets. The long-term aim is to focus the portfolio more sharply on the airlines. → **Business segments, p. 52.**

C05 PURPOSE OF LUFTHANSA GROUP

Transformation of the Lufthansa Group is to improve long-term economic success

The market and the competitive environment move very quickly in the aviation sector. Exogenous sources of uncertainty, resource bottlenecks, high inflation, shifts in the value chain and evolving customer requirements necessitate permanent change, but also offer opportunities. Current examples of this include significantly shorter advance booking periods than before the coronavirus pandemic, a significant increase in demand for sustainable products and more data-based product development and production management.

The Group's strategy envisages continuous transformation and modernisation of the Lufthansa Group so as to be optimally positioned in a changing, fast-paced geopolitical environment with significant impacts on supply and value chains. The goal is to consistently act upon opportunities arising due to trends and market changes. Services, business models and organisational structures are to be continuously aligned with the complex and dynamic market environment. The aim is to safeguard the Lufthansa Group's leading market position and economic success by developing it into an agile and flexible organisation that is even more competitive. In particular, a further increase in its customer orientation, accelerating innovation and digitalisation, corporate responsibility and sustainability, modern forms of work organisation and value-based management will ensure that the Lufthansa Group is ready for the future. In order to promote cooperation between Group companies and business segments, cultural development in the Lufthansa Group is driven by a Group-wide initiative.

The Lufthansa Group is continuing the transformation it has begun in recent years in order to remain successful in the future market environment. This includes repositioning Discover Airlines as an independent brand, for instance, and establishing Lufthansa City Airlines for further competitive hub traffic and feeder traffic at the German hubs of Frankfurt and Munich. Economies of scale are also realised consistently and flight operations with competitive structures and a good operational performance will be scaled up.

Within this long-term strategic framework, the Lufthansa Group sets tactical areas of focus in line with specific internal and external requirements. It focuses on the recruitment of new employees, for example, the retention and continued development of existing staff, and internal development opportunities for talented staff.

The aim is also to increase structural profitability by increasing income and cutting costs, in order to mitigate or offset the effects of inflation. Market opportunities for raising prices are seized and productivity potential is used to reduce costs. The productivity of aircraft and crews will be enhanced by reducing the number of aircraft types in the long-haul fleet, for example, and permanent optimisation of operating processes and the route network. Another aim is to make the fixed cost base as variable as possible, in order to minimise the impact of cost increases and of seasonal and cyclical fluctuations in demand.

Customers are at the heart of things, fulfilling the premium claim is a key area of action

In view of changes to the structures of supply and demand, an even greater focus on the customer is a core element of the Group strategy. Customers with their individual needs and preferences are at the heart of all activities and services. The Lufthansa Group aims to offer travel products with the highest quality standards, as well as tailored, flexible solutions along the entire travel chain. This is achieved by means of new products and services on the ground and on board. At the same time, customer service is being expanded and improved with innovative digital features and personal dialogue.

These goals are backed up by means of an integrated product approach. Passengers will experience a holistically linked range of attractive physical products, such as seating and lounges, attentive service from employees both on board and on the ground and innovative digital services. The Lufthansa Group strives to keep enhancing its premium standard and its consistent delivery, to expand its product range in line with the latest industry trends, and to continue refining its loyalty programme. Of essential importance is the fulfilment of its promise as a premium provider, at every point of contact throughout the travel chain. The focus here is, in particular, on all areas which are highly relevant for customers, which influence repeat purchases and a willingness to pay, and which thus generate value for the Lufthansa Group. The basis for all this is to guarantee the continuity and dependability of flight operations. It is also fundamental to ensure good customer service in the call centre, to expand the digital service channels, including the use of chatbots, and to automate processes to accelerate the fulfilment of customer demands in the event of flight irregularities.

In addition, the product range will be expanded in line with customers' expectations. Specifically, this means a wider choice of individually selectable product components as well as an improved travel experience on board and on the ground, in the premium segment in particular. For instance, through its refit with the Lufthansa Allegris and SWISS Senses product generation seating, Lufthansa Airlines and SWISS offer a new travel experience in every class on long-haul routes. Austrian Airlines is also getting a new long-haul cabin with the introduction of the Boeing 787 Dreamliner. Customers with Lufthansa Group Travel ID or a Miles & More account will also have better internet availability on board, and so be able to use short messaging services free of charge on an unlimited basis. All customers will continue to have access to new service options in the expanded in-flight entertainment programme and to all the services of the Lufthansa Group apps during the flight. The culinary range will also be improved in the spirit of the premium promise. Customers will be able to select or order their meals in advance in future. The cuisine in Business Class will continue to be improved in terms of selection and quality, in order to offer a unique culinary experience. Particular attention will be paid in future to expanding the offering with new, high-quality service details. New digital customer services on the ground, such as information on current lounge capacities and a new check-in area for First Class and HON-Circle customers, will strengthen the hospitality profile of the Lufthansa Group Passenger Airlines.

The automation of customer services is also being advanced. The digital customer portal enables customers to access all relevant information relating to their journey and resolve issues such as rebookings, refunds or additional products quickly and easily thanks to new, interactive self-service options. There will also be a new approach to customer loyalty and personal interaction. In this context, the Lufthansa Group is expanding its existing, somewhat transactional concept of customer loyalty and will in future demonstrate greater individual appreciation for every passenger. In addition, the continuous expansion of the Lufthansa Group Travel ID, which recognises customers at every point of contact, no matter which airline they are flying on, will make it possible to match services and offerings with the personal needs of Lufthansa Group Airlines passengers.

These activities aim to improve customer satisfaction together with the operational areas and other interfaces. The Net Promoter Score (NPS) is an indicator of customer satisfaction and measures the willingness of customers to recommend the services of Lufthansa Group Airlines. → **Combined non-financial declaration, Customer concerns p. 93.**

Multi-airline business model is the basis for the success of the Lufthansa Group

The airlines form the core of the Lufthansa Group. They are positioned in the relevant market segments as high-quality carriers. Their nationwide presence in their home markets enables them to offer an attractive range of flights and route networks. The Lufthansa Group aims to maintain the leading market position of its airlines going forward. To this end, the Lufthansa Group's traffic system is continuing to be developed into a multi-traffic system, consisting of hubs, point-to-point traffic and intermodal offerings.

Lufthansa Airlines and SWISS will continue to set standards for quality and cost-effectiveness in future. With their wide range of destinations and frequent flights, they offer the greatest connectivity of all the European airlines.

Austrian Airlines and Brussels Airlines combine a high-quality and attractive product which is attuned to the needs of their local markets with a low cost base which can hold its own against low-cost carriers at the bases in Vienna and Brussels.

With Eurowings, the Lufthansa Group has an innovative and competitive offering in point-to-point traffic, which addresses both price-sensitive and service-oriented customers with low-cost basic fares and additional service options that can be booked flexibly.

Work is being continued on the systematic renewal of the Group fleet. Key targets are to cut fuel consumption, reduce carbon emissions and trim the number of aircraft models by retiring and phasing out older, less efficient models. Since 2022, additional state-of-the-art long-haul aircraft such as the Airbus A350 and Boeing 787 have strengthened the Lufthansa Group fleet. Additional aircraft of these two models and other short- and medium-haul aircraft were ordered in 2023.
→ **Fleet, p. 27.**

In order to exploit opportunities in the long-distance leisure travel market, the range of short-, medium- and long-haul routes from the hubs in Frankfurt and Munich targeting private travellers is being expanded. Discover Airlines supplements and strengthens the tourism portfolio of the Lufthansa Group. Passengers are thus able to benefit from the wide feeder network and the established ground processes of Lufthansa Group Network Airlines. The global distribution strength of Lufthansa Group Airlines is also exploited.

Cooperation with partner airlines is becoming more important, in order to strengthen market presence in key traffic regions and offer customers attractive connecting flights at their destination. The Lufthansa Group's successful joint ventures are therefore being developed and partnerships expanded in all key markets. The range of intermodal transport solutions that are seamlessly integrated into the travel chain is likewise being extended.

The Lufthansa Group is also seeking to play an active role in the consolidation of the airline industry, in line with its strategic and financial goals. In this area it focuses on safeguarding its existing market position and opening up new growth potential. Particular attention is paid to further regional diversification of the business model. Potential investments in other companies or their acquisition are always judged on the basis of their contribution to value creation.

Lufthansa Group to focus increasingly on sustainability and social responsibility

Responsibility is the foundation of business activities in the Lufthansa Group. The Lufthansa Group aspires to lead the aviation sector with high standards in this area as well. It therefore builds continuously on its environmental commitment, is dedicated to many social issues and treats its employees and partners in the value chain responsibly and fairly.
→ **Combined non-financial declaration, p. 73.**

In terms of environmental policy, the Lufthansa Group aims to cut its net carbon emissions in half by 2030 compared with 2019 and supports the objective of making aviation carbon neutral by 2050. Within the framework of these net goals, the Lufthansa Group sets itself specific efficiency targets for reducing carbon emissions in its core business segment that are in line with the Paris Agreement and have been validated by the Science Based Targets initiative (SBTi).

In order to achieve these objectives, the Lufthansa Group is investing continuously in fuel-efficient aircraft. This is accompanied by the airlines' operational efficiency measures. The Lufthansa Group also works with policymakers and partners in industry, technology and research to promote the industrialisation and use of sustainable aviation fuel (SAF). In addition, intermodal traffic is being systematically further expanded in all of its home markets.

The Lufthansa Group also includes sustainability aspects as a key factor in the design of its products and services. For example, it not only offers "Green Fares", but also gives its own passengers and travelers of other airlines the opportunity to reduce CO_2 emissions by purchasing SAF or to offset them through high-quality climate protection projects with Compensaid and Squake. Business trips made by Lufthansa Group employees are also offset. In its product and service development, the Lufthansa Group applies the principle of Reduce – Recycle – Reuse – Replace to avoid waste. Here the aim is to replace disposable products with environmentally friendly products wherever possible. The focus is also on avoiding food waste.

In terms of responsibility for its employees, the Lufthansa Group attaches great importance to offer its staff an attractive working environment with transparent structures, efficient processes and a wide range of social benefits. Lufthansa is thus seeking to further expand its already good position as an employer within the aviation industry as a whole. At the same time, large German companies also serve as a benchmark. For instance, the Lufthansa Group offers its employees an extensive range of opportunities for their development, thus contributing to employee satisfaction and safeguarding jobs. Diversity and equal opportunity are seen as a strength. In terms of social responsibility, the Company supports disadvantaged people worldwide via the financial and personnel support for educational establishments and training provided by help alliance, the Group's own aid organisation.

The central importance of sustainability for the Lufthansa Group is reflected in the fact that it is represented at the Executive Board level. Implementation of the sustainability strategy is further supported by its inclusion in the remuneration of the Executive Board members and the management levels. The Lufthansa Group also actively supports the measurement by relevant international ESG ratings, such as MSCI, Sustainalytics, CDP and ecovadis, to ensure transparency about activities and progress at all times. As well as the non-financial declaration which is required by law, the Lufthansa Group also reports according to TCFD and SASB standards, in order to meet the various needs of its international stakeholders.

Dialogue with the Company's stakeholders is also a component of responsible corporate governance. This continuous exchange gives the Lufthansa Group an understanding of its different interest groups' needs, expectations and wishes, which permits their inclusion in the Company's business practices.

Aviation Services to be aligned with market needs

With its Aviation Services segment, the Lufthansa Group has several companies that are global leaders in their respective sectors. In order to secure and build on their successful positioning, the companies in the Aviation Services segment are permanently adapting their business models to changing market conditions and competitive environments. Lufthansa Cargo is increasingly participating in the growth of international eCommerce shipments within Europe through the use of the pure freight version of the medium-haul aircraft A321. The Company is moreover modernising and expanding its cargo centre in Frankfurt, in order to participate in the growth of the airfreight market.

Consistent alignment of the Group as an airline group

The value contributed to the Lufthansa Group by every one of the Aviation Services is reviewed and refined continuously. In connection with its positioning as an airline group, the Lufthansa Group not only continuously assesses the attractiveness of the individual market segments, it also determines whether it is the best owner for the respective company on the basis of existing or potential synergies. It may therefore make sense for certain Aviation Services companies to further develop outside the Lufthansa Group or together with partners.

In order to fully exploit potential synergies between the subareas and to minimise the need for coordination, the organisational structure and governance processes of the Lufthansa Group are being continuously developed and adjusted in line with current requirements. The aim is to achieve lean, flexible and efficient structures as well as quicker decision-making processes. These changes are being accompanied by an expansion of agile and cross-functional work methods. This also aims to support cultural change and promote a flexible and enterprise-based mentality.

Financial strategy and value-based management

Financial strategy builds on three pillars

The financial strategy of the Lufthansa Group seeks to increase its Company value in a sustainable manner. Three dimensions form the pillars for this: continuous value creation, generating strong free cash flows and maintaining financial stability. The successful implementation of the financial strategy aims to increase the enterprise value sustainably and further strengthen the Lufthansa Group balance sheet so that the Group can invest in future profitable growth and successfully overcome crises.

Finance Transformation Programme is intended to deliver improvements in the area of finance

The Lufthansa Group initiated a financial transformation programme in 2022 to drive the structural development of the finance function and strengthen it. The aim of the Finance Transformation Programme is to enhance the Company's commercial performance and competitiveness. The cornerstones of this programme are the review and improvement of financial steering, increased efficiency, the ongoing development of talent and employees as well as the modernisation of the finance IT landscape.

Several measures were implemented successfully in the reporting year. This included driving the necessary preparations for renewing and harmonising the IT systems and establishing attractive training and development courses, especially for financial subjects.

C06 FINANCIAL STRATEGY

	Sustainable increase of Company value		
	Continuous value creation	**Generation of strong free cash flows**	**Maintain financial stability**
Focus	— Improved return on capital — Improved profitability — Continuous reduction of environmental impacts	— Increase in operating result — Working capital management — Focused investing activities	— Adequate liquidity — Reduction in net indebtedness — Maintaining investment grade rating — Minimisation of financial risks
Targets	— Adjusted ROCE — Adjusted EBIT margin [1] — Specific CO_2 emissions	— Adjusted free cash flow [1]	— Adjusted net debt/Adjusted EBITDA

[1] Derivation → **Earnings position, p. 40ff., Financial position, p. 44ff.**

Continuous value creation

Sustainable value creation in the Company

The Lufthansa Group applies a value-based system of management. At its centre is the return on capital. This is measured by the Adjusted Return on Capital Employed (Adjusted ROCE). The capital base is adjusted for the Group's cash and cash equivalents. If Adjusted ROCE exceeds the weighted average cost of capital (WACC), the Company is creating value. In 2021, the Lufthansa Group set itself the objective of generating an Adjusted ROCE of at least 10% from 2024. This objective was already reached in the reporting year.

The Company's profitability is measured by Adjusted EBIT and the Adjusted EBIT margin, i.e. the ratio of Adjusted EBIT to revenue. The adjustments eliminate non-recurring, non-operating effects and thus improve the presentation of the Company's operating performance and facilitate comparisons.

Matters that justify an adjustment are listed in a catalogue. They comprise write-downs and write-backs, earnings effects from disposals of non-current assets, effects of pension plan changes, restructuring expenses in the form of severance payments, significant costs of legal procedures and company transactions not arising in the normal course of business and other material non-recurring expenses caused directly by extraordinary external factors.

Material matters eliminated for the purpose of Adjusted EBIT measurement in the reporting year were impairment losses on aircraft held for sale, expenses in connection with the purchase and sale of company divisions, expenses from adjustments to pension plans, book losses largely for aircraft and reserve engines, book gains, in particular from sale-and-lease-back transactions and from the disposal of interests in joint ventures.
→ T023 **Reconciliation of results, p. 44.**

The Lufthansa Group seeks to achieve a sustainable Adjusted EBIT margin in excess of 8%. → **Forecast, p. 143.**

Furthermore, the Lufthansa Group incorporates the specific carbon emissions into its management system to lower the associated costs by reducing environmental impacts and to enable sustainable value creation. Progress made in reducing emissions also influences funding terms. Target achievement in this area also forms part of management remuneration.

Information about the long-term goals for reducing carbon emissions can be found in the → **Combined non-financial declaration/Climate protection, p. 79.**

The Company's value creation was significantly positive in the 2023 financial year. In the 2023 financial year, the Adjusted ROCE after tax was 13.1% (previous year: 7.6%), while the WACC was unchanged year on year at 7.2%. Adjusted EBIT came to EUR 2,682m (previous year: EUR 1,520m). The Adjusted EBIT margin was therefore 7.6% (previous year: 4.9%). → **Earnings position, p. 40.** Specific carbon emissions per passenger-kilometre were 88.4 grammes in 2023, 1.8% lower than in the previous year (previous year: 90.0 grammes). → **Combined non-financial declaration/Climate protection, p. 79.**

Restructuring programme completed, Efficiency programme initiated for airlines

The Lufthansa Group completed its Group-wide restructuring and transformation programme as planned in financial year 2023. The programme has allowed the Company to align itself with the changes in the market environment created by the crisis. It included adjustments to cost structures, particularly the reduction of fixed costs. This reflected the lower market volume caused by the coronavirus pandemic and made it possible to return to the earnings level in the period before the pandemic, although available capacity was significantly lower than the pre-crisis level.

Since cost pressure remains high due to high inflation and lower productivity than before the crisis, an efficiency programme is to be launched for the Group airlines in 2024. The intention is to achieve the same level of efficiency as in 2019 by no later than year-end 2025. The focus here is primarily on the efficient use of fleet and crews, which was compromised in the reporting year, partly by bottlenecks at system partners and the significant capacity expansion in response to resurgent demand.

Generation of strong free cash flows

Financial management aims for strong free cash flows

Strong free cash flows must be generated in order to create value for shareholders and further reduce borrowing. In addition to increasing the operating result, the key levers for this are strict working capital management and focused investing activities. The Lufthansa Group strives to generate further significantly positive Adjusted free cash flow in the years ahead. In the 2023 financial year, Adjusted free cash flow benefited in particular from the increased earnings as well as further improvements in working capital management. Adjusted free cash flow of EUR 1,846m (previous year: EUR 2,526m) was achieved as a result although, as expected, there was no repeat of the previous year's sharp increase in advance bookings, which was connected to the sudden leap in demand after the coronavirus pandemic. → **Financial position, p. 44.**

T009 CALCULATION OF ADJUSTED ROCE

in €m	2023	2022 [3]	Change in %
Total revenue	35,442	30,895	15
Changes in inventories, work performed by entity and capitalised and other operating income	3,140	2,534	24
Operating income	**38,582**	**33,429**	**15**
Operating expenses	36,126	32,033	13
Result from equity investments	213	23	826
EBIT	**2,669**	**1,419**	**88**
Adjusted EBIT	**2,682**	**1,520**	**76**
Taxes (fixed rate of 25% of EBIT)	-667	-355	-88
ROCE [1] in %	**13.1**	**7.1**	**6.0 pts**
Adjusted ROCE [2] in %	**13.1**	**7.6**	**5.5 pts**
Total assets	45,321	43,335	5
Non-interest bearing liabilities			
of which liabilities from unused flight documents	4,981	4,898	2
of which trade payables, other current financial liabilities, other current provisions	6,465	6,189	4
of which advance payments, deferred income, other non-financial Liabilities	3,585	3,437	4
of which other non-interest bearing liabilities	5,826	5,605	4
of which capital employed for discontinued Catering segment	–	435	
of which liquid funds	8,265	8,301	
Capital employed	16,199	14,470	12
Average capital employed	**15,334**	**14,996**	**2**
WACC in % [4]	7.2	7.2	–

[1] (EBIT - 25% taxes on EBIT)/Average capital employed.
[2] (Adjusted EBIT - 25% taxes on Adjusted EBIT)/Average capital employed
[3] Previous year's figures adjusted due to sale of LSG group.
[4] Internal indicator.

Improvements in working capital management support cash flow generation

Working capital management is to be further intensified. This includes targeted measures such as strict receivables management, optimising payment terms with suppliers, improvements to procurement processes and maintenance of inventories, in particular at Lufthansa Technik. Free cash flow also plays a major role for managers' variable remuneration and in the performance dialogues with the business entities. The organisation is continuously made aware of its influence on Company value and incentives are established to increase the level of free cash flows.

Focused investments to increase return on capital employed

The Lufthansa Group is making extensive investments in the modernisation of its fleet, on-board and ground products as well as in infrastructure in order to ensure profitable long-term growth. In 2024, net capital expenditure should again not exceed the value of the depreciation and amortisation.

Additional aircraft will very largely replace older, less efficient models. The allocation of new aircraft to the different airlines and bases is constantly optimised according to value-based criteria. Greater use of leasing is intended to increase the level of flexibility for long-term fleet planning and to limit the use of capital. In the medium term, this will take the proportion of leasing above its current level of around 11%. Sale-and-lease-back transactions were completed for this purpose in the reporting year, in which a total of twelve aircraft from the A320neo family were sold to lessors and then leased back.

The Lufthansa Group increased the volume of its investments year-on-year in the reporting period. Compared with the previous year net capital expenditure rose by 23% to EUR 2,811m (previous year: EUR 2,286m). Advance and final payments for aircraft and aircraft components along with aircraft and engine overhauls account for most of this. → C13 **Primary, secondary and financial investments, p. 45.**

Continuous dividend distribution aimed for

Now that the balance sheet has been successfully strengthened again, shareholders will regularly participate directly in the Company's success again via an attractive dividend. This is intended to make the Company more attractive on the capital market, including for investors with a long-term investment horizon.

The Lufthansa Group's dividend policy provides for a distribution to its shareholders of 20% to 40% of net profit, adjusted for non-recurring gains and losses. One condition for the payment of a dividend is that the net profit for the year as shown in the individual financial statements of Deutsche Lufthansa AG that are drawn up under German commercial law allows for a distribution of the relevant amount.

Executive Board and Supervisory Board propose dividend of EUR 0.30 per share

In line with the dividend policy, the Executive Board and Supervisory Board will table a proposal at the Annual General Meeting on 7 May 2024 to distribute a dividend of EUR 0.30 per share to shareholders for the financial year 2023. This represents a total dividend of EUR 359m or 21% of net profit for 2023. → **Earnings position, p. 40.**

Maintaining financial stability

Liquidity should be between EUR 8bn and EUR 10bn

The Lufthansa Group has decided to hold liquid funds of between EUR 8bn and EUR 10bn in future to protect against possible crises. For capital efficiency reasons, part of the strategic liquidity reserve is held in the form of a revolving line of credit. This amounted to EUR 2.0bn at year-end 2023, unchanged from the previous year. Including the unused credit line, the liquidity available to the Lufthansa Group totalled EUR 10.4bn at the end of the reporting year, as in the previous year. → **Financial position, p. 44.**

Lufthansa Group benefits from good capital market access

The Lufthansa Group successfully raised new funds on the capital market again in the 2023 financial year. New borrowing of EUR 230m in total was raised via an asset-backed security (ABS) at AirPlus and through aircraft financing transactions. A large part of the maturing liabilities was repaid by cash flows from operating activities, however. The Group continues to benefit from the extensive refinancing measures implemented at attractive terms, especially in 2021. → **Financing, p. 46.**

Further reduction of debt as the core goal of the financial strategy

The long-term financial strategy continues to focus on reducing the level of gearing. The generation of strong free cash flows in particular is intended to help reduce the volume of net debt. In addition, the Group has started to change the allocation of pension assets. This is intended to align the sensitivity of plan assets to interest rates more closely with the sensitivity of the pension obligations. In this way, the volatility of pension provisions should be permanently reduced and a repeated significant increase avoided, even if interest rates drop across the market. A corresponding switch initially took place for half the pension assets in 2023; in 2024 the quota is to be increased to the target value of 75%.

At the end of the 2023 financial year, net indebtedness was EUR 5,682m. It was therefore 17% lower than the previous year (previous year: EUR 6,871m) and lower than the pre-crisis level at year-end 2019 (EUR 6,662m). Net pension liabilities rose in the reporting year, due to the lower discount rate used to discount the pension obligations, to EUR 2,676m (previous year: EUR 1,993m). → **Net assets, p. 48.**

Use of diversified finance sources

A mix of different instruments is to be used for future borrowing, above all aircraft financing, bonds and borrower's note loans. Optimising the funding mix should reduce financing costs, maintain a balanced maturity profile and diversify the Lufthansa Group's portfolio of creditors. In principle, newly raised funds should be subject to fixed interest rates. The volume of floating-rate liabilities should not exceed the volume of funds invested at a floating interest rate. Net debt is thus subject to a fixed interest rate and market-wide interest-rate changes do not have any material impact on the Group's interest burden. → C16 **Maturity profile of borrowings, p. 47.**

Retaining the investment grade rating

Deutsche Lufthansa AG is again receiving an investment grade rating from all the leading rating agencies. During the coronavirus pandemic the rating agencies, with the exception of Scope Ratings, downgraded the Company.

The global rating agency Fitch rated the credit risk of Deutsche Lufthansa AG for the first time in November 2023, giving it an investment grade rating of BBB-, outlook stable.

Since December 2023 Standard & Poor's has also given Deutsche Lufthansa AG an investment grade rating of BBB- again, outlook stable.

The rating agency Moody's likewise raised its rating for Deutsche Lufthansa AG to Baa3, which is also investment grade, in mid-January 2024, with a stable outlook.

T010 DEVELOPMENT OF RATINGS

Rating/ outlook	2023	2022	2021	2020	2019
Standard & Poor's	BBB-/ stable	BB/ positive	BB-/ stable	BB-/ negative	BBB/ stable
Moody's	Ba1/ stable	Ba2/ stable	Ba2/ negative	Ba2/ negative	Baa3/ stable
Scope Ratings	BBB-/ positive	BBB-/ stable	BBB-/ negative	BBB-/ negative	BBB/ stable
Fitch Ratings	BBB-/ stable				

The Group strives to be rated as investment grade on a lasting basis. Investment grade ratings for the Company's debt ensure good access to the capital markets and low funding costs and thus financial flexibility. Conditions for an investment grade rating are good profitability and low debt, among other things.

The Group's gearing, measured by the ratio of Adjusted net debt to Adjusted EBITDA, should be limited to a figure of less than 3.5 on a long-term basis; no lower limit has been set. With Adjusted net debt, the ratio takes into account both net indebtedness (including the financial obligations arising from lease agreements, primarily for property and aircraft) and the net pension obligations.

At the end of 2023, the ratio of Adjusted net debt/Adjusted EBITDA was 1.7 (previous year: 2.3).

T011 ADJUSTED NET DEBT/ADJUSTED EBITDA

in €m	2023	2022	Change in %
Net indebtedness[1]	5,435	6,624	–18
Net pension obligations	2,676	1,993	34
Adjusted net debt	**8,111**	**8,617**	**–6**
Adjusted EBIT	2,682	1,520	76
Depreciation, amortisation and impairment	2,228	2,199	1
Adjusted EBITDA	**4,910**	**3,719**	**32**
Adjusted net debt/ Adjusted EBITDA	**1.7x**	**2.3x**	**–28**

[1] In order to calculate net indebtedness, here 50% of the hybrid bond issued in 2015 (EUR 247m) has been discounted. Calculation of net indebtedness → **Financial position, p. 44.**

Structured risk management minimises finance risks

The Group's financial stability is also ensured by means of integrated risk management. Hedging fuel, exchange rate and interest rate risks minimises the short-term financial risks for the Lufthansa Group. The hedges smooth price fluctuations by means of rule-based processes. Changes in fuel costs can therefore be taken into account in pricing at an early stage. → **Opportunities and risk report, p. 125, Notes to the consolidated financial statements, Note 45, p. 231.**

FLEET AND ROUTE NETWORK

T012 GROUP FLEET – NUMBER OF COMMERCIAL AIRCRAFT

Lufthansa German Airlines including regional airlines, Germanwings and Discover Airlines (LH), SWISS including Edelweiss (LX), Austrian Airlines (OS), Brussels Airlines (SN), Eurowings (EW) and Lufthansa Cargo (LCAG) as of 31 Dec 2023

Manufacturer/type	LH	LX	OS	SN	EW	LCAG	**Group fleet**	of which lease	Change compared with 31 Dec 2022
Airbus A220		30					30		
Airbus A319	38			15	33		86	17	-2
Airbus A320	63	25	29	18	50		185	28	-2
Airbus A320neo	35	6	5	2	7		55	7	+11
Airbus A321	54	6	6		6	4[1]	76	4	-2
Airbus A321neo	17	4			4		25	5	+7
Airbus A330	23	14		9			46	4	-4
Airbus A340	34	9					43		
Airbus A350	23	3					26	5	+5
Airbus A380	8						8		-6
Boeing 747	27						27		
Boeing 767			3				3		
Boeing 777		12	6				18	2	
Boeing 787	5						5		+3
Boeing 777F						17[2]	17	6	+1
Bombardier CRJ	28						28		
Embraer	26		17				43		
Total aircraft	**381**	**109**	**66**	**44**	**100**	**21**	**721**	**78**	**+11**

[1] A321P2F operated by Lufthansa CityLine.
[2] Partly operated by AeroLogic, of which two aircraft attributed pro rata.

Fleet

Fleet structure to be further optimised

At the end of 2023, the Lufthansa Group fleet comprised 721 aircraft (previous year: 710 aircraft). The average age of the aircraft in the fleet was 13.4 years (previous year: 13.1 years).

The fleet expanded year-on-year by 11 aircraft. A total of 29 new aircraft were added to the fleet, compared with 18 retirements. The new additions comprised 24 new aircraft (three Boeing 787-9s, two Airbus A350-900s, seven Airbus A321neos, eleven A320neos and one Boeing 777F) and five used aircraft (three A350-900s bought and two A321P2Fs leased). The five additional A350-900s were not yet ready for service at year-end 2023, however. On the other hand, nine older, comparatively inefficient aircraft were sold in 2023 (three A321s, two A320s and four A330s) and the lease agreements for three aircraft were ended. Six Airbus A380s were also sold back to Airbus in line with the contractual agreement from 2019. Since the start of the coronavirus crisis, i.e. since year-end 2019, 128 aircraft have been retired. In the same period, 86 aircraft have been added.

In addition, twelve short- and medium-haul aircraft were sold and leased back in the reporting year. The aircraft are up to two years old and are operated by Lufthansa Airlines, Lufthansa CityLine and Eurowings.

On long-haul routes, six A380s were reactivated from long-term parking mode in the reporting year. The Company was responding to strong demand and countering delays in delivering ordered aircraft due to numerous problems at the manufacturers with production, supply chains and certification. Of the six A380s, four have already started flight operations at Munich Airport and two A380s are being prepared for flight operations. Two further A380s are to be reactivated by 2025.

The airlines in the Lufthansa Group operated 47 aircraft on the basis of wet leases in the reporting year. The reason for this was, in particular, to make up for delayed aircraft deliveries and expand capacities in the busy summer months.

Ongoing fleet modernisation improves the offering for passengers as well as cost efficiency and reduces emissions

The Lufthansa Group has made important decisions in recent years in relation to the ongoing modernisation of its fleet. In particular, this entails the retirement of larger four-engine aircraft, which are less fuel-efficient. At the same time, the Group is exploiting market opportunities in order to move forward with fleet modernisation and to purchase modern aircraft at short notice and attractive conditions.

The Lufthansa Group expanded its existing aircraft orders in the reporting year and ordered another seven 787-9s and 15 aircraft from the A350 family (ten A350-1000s and five A350-900s). The procurement of these 22 ultramodern long-haul aircraft will result in a further lasting improvement in the fleet's efficiency. The aircraft have up to 30% lower fuel consumption and carbon emissions compared with their direct predecessor models. They therefore make an important contribution to the ongoing development of the long-haul fleet, lower operating costs, reduced fleet range and more sustainable flying.

In addition, the Lufthansa Group ordered a total of 80 ultra-modern short- and medium-haul aircraft at the end of 2023. These were 40 Airbus A220-300s and 40 Boeing 737-8 MAXs. The aircraft are expected to be delivered between 2026 and 2032. Purchase options were also agreed for another 20 A220-300s, 60 B737-8 MAXs and 40 aircraft from the A320neo family.

At year-end 2023, there were 253 aircraft on the Lufthansa Group's order list. There are also options to buy a further 161 aircraft. New aircraft are allocated centrally to the respective airline fleets shortly before delivery.

T013 FLEET ORDERS LUFTHANSA GROUP

	Fixed orders[1]	Deliveries	Options
Long-haul fleet			
Airbus A350	42	2024 to 2031	
Boeing 787	34	2024 to 2028	13
Boeing 777	20	2025 to 2028	24
Boeing 777F	8	2024 to 2030	
Short-haul fleet			
Airbus A220	40	2026 to 2031	24
Airbus A320neo	46	2024 to 2028	40
Airbus A321neo	23	2024 to 2028	
Boeing 737	40	2027 to 2032	60
Total aircraft	**253**	**2024 to 2032**	**161**

[1] Excluding contracted leases.

Flexible fleet planning enables adaptation to market developments

The Lufthansa Group is expecting the delivery of at least 30 aircraft in financial year 2024, including short-haul aircraft from the A320neo family, long-haul A350 and Boeing 787 aircraft, and one Boeing 777F cargo aircraft. The new seats from the Allegris generation are expected to be introduced for the first time in the A350 and Boeing 787 aircraft. Some of these aircraft will probably be procured through leases. In line with the planning, seven aircraft are to be sold or their leases ended in 2024. This planning is monitored continuously. The Group can modify the capacity on offer by extending or shortening temporary decommissioning, delaying or bringing forward planned retirements and by taking out wet leases to match stronger or weaker than planned demand.

Potential material defects in components of the PW1000G engine family mean that the parts concerned will be inspected in the short term for safety reasons. An average of around 20 aircraft in the Lufthansa Group will therefore not be available for service in 2024. The aircraft concerned are A320neo and A321neo models, as well as some replacement engines. A total of 64 aircraft in the Lufthansa Group are affected. The intention is to mitigate the effects on capacity by acquiring additional replacement engines, extending the useful life of existing aircraft and additional wet leases. The Group is in negotiations with the manufacturer of the engine concerned to obtain compensation for the financial impact.

Long-term fleet strategy aims to standardise and reduce aircraft models

Aircraft from Airbus and Boeing make up the majority of the Lufthansa Group fleet. Aircraft from Bombardier and Embraer are also deployed on short-haul routes.

As part of the long-term fleet strategy, the number of aircraft models operated on long-haul routes is continuously being lowered to reduce complexity further throughout the Group. The orders placed in the years 2019 to 2023 for a total of 34 A350-900s (including four used aircraft), ten new A350-1000s and 39 new 787-9s, along with leases for another six A350-900s, form the basis for the structural modernisation and optimisation of the long-haul fleet.

The complete retirement of the aircraft types 747-400, 777-200ER, A340-600, A340-300, A330-200 and 767-300ER is offset by the introduction of the new A350-1000s, 787-9s and 777-9s. The Group expects significant cost savings from these measures, especially in the areas of crew training, maintenance and operations.

Group-wide engine management realises synergies

The Lufthansa Group has introduced engine management throughout the Group in order to achieve synergies in the engine business too. The intention is to increase the number of usable flight hours per engine (green time) and to benefit from the joint use of replacement engines and the joint purchase of MRO services for all Group airlines.

The Lufthansa Group continues to own a significant share of the fleet

Overall, 89% (previous year: 90%) of the total fleet is owned in economic terms by the Lufthansa Group, and 11% (previous year: 10%) is leased. More than 85% (previous year: 84%) of the owned fleet is unencumbered, i.e. not used as collateral under financing arrangements.

The owned aircraft provide a high degree of operational flexibility. In order to respond flexibly to fluctuations in demand and adjust capacity at short notice, depreciated aircraft can at short notice remain in service for longer or be retired before their planned phase-out. The aircraft can also be used as collateral in financing activities. In contrast, leases enable a quicker response to market and technological changes. They also reduce capital usage when compared with purchasing new aircraft. The Group intends to expand the proportion of its fleet which is leased in the medium to long-term.
→ **Financial strategy and value-based management, p. 23.**

Route network

Route network of the Lufthansa Group significantly expanded

As part of the multi-hub strategy, Lufthansa Airlines, SWISS, Austrian Airlines and Brussels Airlines offer their passengers a broad range of flights from these airlines' hubs in Frankfurt, Munich and Zurich as well as Vienna and Brussels. The regional Group airlines Lufthansa Cityline, Lufthansa City Airlines and Air Dolomiti provide short-haul feeder services for the network airlines. The network airlines are supplemented on long-haul routes by the route networks of the alliance and joint venture partners, which offer extensive transfer connections. Eurowings provides a comprehensive range of direct connections for European short- and medium-haul destinations. Eurowings has expanded its presence in point-to-point traffic, with new bases in Hanover, Nuremberg and Graz and new connections from Germany to Dubai. Discover Airlines, operating under a new brand name, and Edelweiss, the Lufthansa Group's holiday airlines, focus on tourism destinations for short-, medium- and long-haul flights and thus supplement the capacity of the hubs.

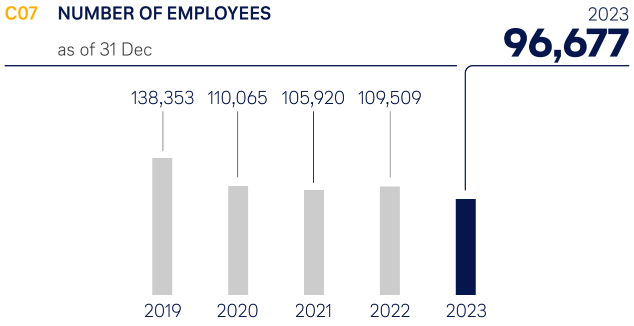
During the reporting year, the Lufthansa Group continued to expand its route network. The number of destinations on offer was around 96% of the pre-crisis level in the summer season. Available capacity also increased steadily in 2023 and for the full year came to some 84% of its pre-crisis level, even reaching 89% in the fourth quarter.

Available capacity on European short- and medium-haul routes was 91% of that in 2019 on average. In the fourth quarter it came to 96%. A recovery was also seen on intercontinental routes. Available capacity in the fourth quarter of 2023 was at 85%. Transatlantic traffic is already back at more than 90%, with Asian routes still at 74% of their pre-crisis capacity. This is primarily a reflection of the slower recovery in air traffic on routes to and from China and Japan.

Russian airspace remains closed to the airlines of the Lufthansa Group as a result of the sanctions imposed due to Russia's invasion of Ukraine. This means that flight routes to Japan, South Korea, China and Central Asia are still significantly longer in some cases. Continental direct flights to Russia and Ukraine remain suspended. Ongoing tensions in the Middle East also meant that flights to Tel Aviv and Beirut had to be temporarily suspended in the fourth quarter of 2023.

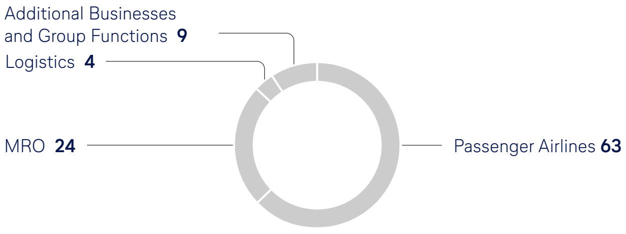
C07 NUMBER OF EMPLOYEES

as of 31 Dec



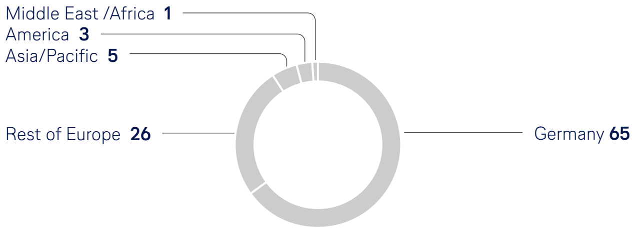
C08 EMPLOYEES BY BUSINESS SEGMENTS

in %



C09 EMPLOYEES BY REGION

in %



EMPLOYEES

Human resources management prepares the Company for the future and creates prospects for employees

The current geopolitical, economic and demographic developments, as well as existing megatrends, have a material influence on the performance of the Lufthansa Group. With their know-how and wide-ranging talents, our employees are and will remain one of the key success factors for the Lufthansa Group. They ensure reliable flight operations and efficient administrative processes in an air traffic system characterised by operational challenges and volatility. Furthermore, they largely define the passenger experience and embody the aspiration of Lufthansa Group Airlines to be a premium brand.

Corporate culture plays a key role here, both for the Company's commercial success and for the engagement and welfare of employees. It reflects the needs of society, employees and the Company and its shareholders, and is taken into account in operational decisions. The Lufthansa Group continues to attach great importance to offering attractive perspectives for future employees and to retaining existing staff in the long term. With these goals in mind, the Lufthansa Group has initiated the Cultural Journey programme, which in addition to promoting the various cultures specific to different societies, also aims to strengthen its own corporate culture.

The "involve me!" employee survey carried out across the Company makes it possible to identify strategic action areas that are addressed by the Group HR strategy. This centres on a holistic approach in relation to equal opportunity and diversity, training opportunities for all employees, intensive promotion of talent and a balance between work and private life. It also includes a wide variety of careers that enable employees to take on different roles. The Lufthansa Group aspires to a fair and partnership-based relationship with its employees, to become an even more attractive employer and to retain talent in the long term. → **Combined non-financial declaration/ Employee concerns, p. 98.**

Number of employees down in the reporting year due to disposal of LSG Group

At year-end 2023, the Lufthansa Group had 96,677 employees worldwide (previous year: 109,509). This meant that the number of employees decreased by 12,832, or 12%. The decline is principally due to the sale of the LSG Group and the related departure from the Group of more than 20,000 staff. New recruitment only partially made up for the effect of selling the LSG Group, natural staff turnover and retirement. The number of employees was 41,676 or 30% lower than before the crisis (31 December 2019: 138,353).

Translated into full-time positions, the Group had 80,583 employees at the end of 2023 (previous year: 93,690). This represents a decline of 13,107, or 14% against the previous year.

In Germany, the Group had 63,176 employees: this is 3,881, or 7%, more than in the previous year (previous year: 59,295). The increase was driven by extensive recruitment. The Group's employees in Germany account for 65% of its overall workforce (previous year: 54%). The number of employees outside Germany decreased by 16,713, or 33%, to 33,501 (previous year: 50,214).

As of the reporting date, the average age of the workforce was 42.6 years (previous year: 42.9 years). Average seniority was 14.2 years (previous year: 13.4 years). 35% of employees worked part-time in the reporting year (previous year: 30%). The fluctuation rate fell to 7%, largely thanks to the disposal of the LSG Group (previous year: 15%).

At year-end, 1,640 apprentices were in training for around 30 occupations and various combined degree courses offered by the Lufthansa Group worldwide (previous year: 1,245).

Extensive recruitment measures are also planned for the 2024 financial year, in order to attract highly motivated staff with the right skills and abilities. The focus will in particular be on the operational areas, as well as on IT, finance and administration.

Important agreements signed with collective bargaining partners

In the 2023 financial year, the Lufthansa Group, represented by the relevant industry associations or its subsidiaries, concluded a large number of new wage agreements with its collective bargaining partners. This meant that, at the end of 2023, collective bargaining agreements had been concluded and were in force for all of the workforce of Deutsche Lufthansa AG covered by these agreements and for the vast majority of employees involved in the Lufthansa Group's main companies. → **Opportunities and risk report, Staff, p. 133.**

In the reporting year, the Employers' Federation for Air Transport Companies (AGVL) reached a wide-ranging agreement with the Vereinigung Cockpit pilots' union (VC) for Lufthansa Airlines and Lufthansa Cargo. It includes both elements of the wage settlement, such as the increase in basic pay of at least 18% over the duration of the agreement, a standardised remuneration structure and the payment of an inflation compensation premium, and elements of the framework agreement.Agreement was also reached on topics such as planning leisure time, flight service times and rest times. The new agreements run until at least 31 December 2026.

The framework agreement signed between the UFO trade union for cabin crew and AGVL for Deutsche Lufthansa AG on 31 October 2022 remains unchanged. The wage settlement also signed on 31 October 2022 was terminated by UFO.

On 4 August 2022, the Employers' Federation for Air Transport Companies (AGVL) and the trade union Vereinigte Dienstleistungsgewerkschaft e.V. (ver.di) reached a new wage agreement for the roughly 20,000 ground staff covered by collective bargaining agreements in Germany, particularly at Deutsche Lufthansa AG, Lufthansa Technik AG and Lufthansa Cargo AG. This agreement was terminated as of 31 December 2023. Basic pay was increased in January 2023 by a fixed sum of EUR 125 or a linear increase of 2.5%. A further increase in basic pay by 2.5% took effect on this basis in July 2023.

In early 2023, a new wage agreement with a term of at least four years was signed for the pilots at SWISS. It includes an inflation offset of 2% and a wage increase of 2.3%. Agreements were also reached that make it easier to plan leisure time. SWISS signed another collective agreement with the cabin union kapers on 20 October 2023. As in the previous year, a wage adjustment was agreed for SWISS ground staff in Switzerland, which came to an average of 2% for 2024. Pension contributions by the employer were also raised by 1 percentage point.

Ongoing high inflation in 2023 meant that when the respective crisis packages came to an end, the collective bargaining partners at Austrian Airlines agreed on a collective wage increase of 11% from 1 March 2023 for commercial, technical and in-flight staff. An inflation offset premium was also paid and entry-level salaries (after the collective increase) were raised for some occupations.

The employees of Brussels Airlines in Belgium benefit from a statutory indexation arrangement. All of its employees thus received a 2% pay rise in 2023. A “cafeteria model” has also applied to some of the employees since 2021. It enables employees to pick individual social benefits from the Company. They are granted points for this purpose and can redeem them as they wish.

A new framework agreement was signed with the VC trade union for the pilots at Eurowings GmbH on 3 August 2023. Negotiations began in November 2023 on a replacement for the wage settlement terminated in March 2023. The outlines of a new framework and wage agreement were set with the trade union ver.di for the cabin staff at Eurowings GmbH. Collective agreements were also reached in Spain, Austria, Czech Republic and Sweden for cockpit and cabin crew at Eurowings Europe.

Developing a new partnership between social partners

Within the scope of its social and collective bargaining policies, the Lufthansa Group aims to define good working conditions and fair salary arrangements which strike a balance between the interests of employers and employees in every part of the Group. Longer-term agreements establish planning certainty for both sides. The agreements concluded in the reporting year achieved this in some contexts. They were helped above all by a common understanding of the current challenges, and a focused, constructive working relationship between the social and collective bargaining partners and the Lufthansa Group.

RESEARCH AND DEVELOPMENT

The Lufthansa Group and its companies work continuously – both individually and across segments – on innovative services and products. Most of these activities are run separately in the individual segments since they focus on different areas. Internal measures are supported by a wide range of external cooperation arrangements. → **Business segments, p. 52.**

Passenger Airlines focus on improving the travel experience and sustainability activities

The Lufthansa Group Passenger Airlines are focusing on further improvements to the customer's travel experience along the entire travel chain and on expanding their sustainability activities.

For instance, through its refit with Lufthansa Allegris and SWISS Senses product generation seating, Lufthansa Airlines and SWISS offer their passengers a new travel experience in every class on long-haul routes. Further examples are expanded digital service channels such as the chatbot and automated customer services. The digital customer portal enables customers to access all relevant information and resolve issues quickly and easily thanks to new, interactive self-service options.

In addition, in the reporting year the passenger airlines expanded their more climate-friendly flight options. The introduction of "green fares", which include carbon offsets in the price, for European flights was followed by a trial roll-out to selected long-haul routes in the reporting year. All passengers also have the option of offsetting or reducing their carbon emissions in the course of the booking process by means of high-quality offset programmes and the purchase of sustainable aviation fuel (SAF).

The Lufthansa Group again collaborated with several companies and research institutes in the reporting year that research, promote and produce sustainable fuels. → **Combined non-financial declaration/Climate protection, p. 79.**

Aviation Services expand digital products and services

Lufthansa Cargo introduced a new product speed in the reporting year. Time-critical freight can now be transported even faster to its destination with td.Zoom. Its digital services have also been expanded. A direct API-connection to the Lufthansa Cargo systems was introduced for key accounts, for instance, and the eCommerce sector was developed further. With its "Sustainable Choice" service, Lufthansa Cargo also offers its customers a carbon-neutral transport option for their freight.

The independent platform AVIATAR developed by Lufthansa Technik supports customers worldwide in real time with the management of complex fleet operations and helps to diagnose errors in individual components, thus supporting the digital transformation of aviation. At the end of the reporting year, the data from some 3,300 aircraft were already connected to the AVIATAR platform.

In addition, together with BASF, Lufthansa Technik started regular use of the fuel-saving surface technology "AeroSHARK". By the end of the reporting year, 15 Boeing 777 aircraft at Lufthansa Cargo and SWISS had been equipped with this new type of surface.

In the fourth quarter of 2023, Lufthansa Technik started to prepare an Airbus A320 previously used by Lufthansa Airlines as a real-life laboratory for testing maintenance and ground processes for hydrogen-powered aircraft of the future. The Hydrogen Aviation Lab will enable early research to be carried out under realistic conditions into the safe use of a potential energy source for future aviation.

Lufthansa Aviation Training presented an innovative virtual reality system for pilot training in cooperation with Airbus in the reporting year. The Virtual Procedure Trainer consists of VR goggles and a laptop, and creates an authentic 3D view of an aircraft cockpit in which standard procedures can be trained.

Innovation and digitalisation driven by various platforms

Innovation and digitalisation are being advanced by the Lufthansa Group as well as in close collaboration with the Lufthansa Innovation Hub. It works on new digital business models, partnerships and strategic investments along the entire travel and mobility chain. The Uptrip app was launched in the reporting year. It enables passengers to obtain trading cards for their used boarding passes, which can then be swapped for rewards, such as access to Lufthansa Group lounges or status miles.

The Lufthansa Group Digital Hangar brings together the digital talents in the Lufthansa Group and pools know-how, innovation and processes in an agile structure. It aims to set new technological trends and standards and to create real value for customers. By delivering digital products faster and in high quality, the aim is to significantly improve customer satisfaction and the digital user experience. The Lufthansa Group Digital Hangar is intended to position the Lufthansa Group as a digital trendsetter.

In addition, via the Lufthansa Group CleanTech Hub the latest climate-related technologies are being pooled and sustainable innovations developed. These relate to the following five core areas: Alternative Fuels and Emissions, Aircraft-Related Hardware, Digital Solutions and Processes, Waste and Circular Economy, and Transport of Tomorrow and Beyond.

LEGAL AND REGULATORY FACTORS

The Lufthansa Group is subject to numerous national and European regulations. These regulations have an impact on costs and – if they do not cover non-European competitors – the international competitiveness of the Company.

Future climate protection policy in Germany and Europe is particularly relevant in this respect, but laws on data and consumer protection, air traffic taxes, aviation security fees, take-off and landing rights or night-flight bans also affect the Lufthansa Group and the whole aviation sector.

In summer 2021, the European Commission presented its Fit for 55 legislative package, which contains regulatory proposals for achieving the European climate protection objectives of cutting carbon emissions by 55% compared with 1990. Out of a total of 13 legislative initiatives, three are particularly relevant for aviation: the reform of emissions trading (EU-ETS), the blending quota for sustainable aircraft fuel (ReFuelEU Aviation) and the proposal to introduce a kerosene tax (energy tax directive). As co-legislators, the European Parliament and the Council of the European Union agreed in spring 2023 to gradually reduce the total number of emissions certificates and abolish the previous "free" allocations completely from 2026. This will make feeder traffic by European airlines more expensive and entails the risk of an increasing displacement of long-haul connections to hubs outside Europe, which will further distort competition between EU airlines and their competitors from the Middle East. To create an incentive to use sustainable fuels (SAF), which are many times more expensive than fossil kerosene, a decision was taken to provide a limited contingent of emissions certificates on a temporary basis to compensate for the additional costs of SAF. However, this does not sufficiently offset the additional expenses nor establish a level playing field with airlines from outside the EU. The Lufthansa Group believes that the European blending quotas for sustainable aviation fuel adopted in summer 2023 (ReFuelEU Aviation) will result in significant competitive disadvantages in intercontinental traffic and a steep increase in costs for European airlines, because airlines from outside Europe with transfer stops near Europe could then continue to use unblended fuel for part of the journey. It has not been taken into account to date that SAF will not be available in sufficient quantities or at competitive prices for the foreseeable future.

The discussion about the introduction of a European kerosene tax would exacerbate the problem of global competitiveness. In the further legislative process, the Lufthansa Group believes improvements are urgently required to maintain the competitiveness of the airlines based in the EU and to avoid the transfer of traffic and emissions that is known as the carbon leakage effect. The increase in national air traffic tax currently under discussion in Germany will further increase the costs of air transport in Germany, which are already high by European standards, and so make Germany's connections to European and global air traffic even worse, with no benefit for the climate.
→ **Combined non-financial declaration/Climate protection, p. 79.**

More stringent European and national consumer protection policies may lead to higher costs for the Lufthansa Group and its customers. These include, in particular, efforts to introduce insolvency protection for flights, automating compensation payments, and banning advance payment for tickets and no-show clauses.

The draft of a new regulation for the Single European Sky that was published by the European Commission in September 2020 aims to increase the efficiency of air traffic control within the EU and thus offers the potential for reducing not only carbon emissions and saving fuel but also avoiding delayed flights. The political discussions are still underway. A result that falls short of the status quo or a fundamental failure of the negotiations would have a negative impact on the regularity and punctuality of European air traffic.

The temporary exemptions on the use of take-off and landing rights (slots) that were granted because of the coronavirus pandemic and the Russian invasion of Ukraine have expired. The basic rules now apply again, which is that the right to reallocation of slots in subsequent periods is lost if they have been used less than 80% of the time in a flight period. No proposal to revise the rules is expected before the European elections in June 2024. In the long term, capacity restrictions for environmental and climate reasons may become part of the political debate, as is currently the case at Amsterdam Airport.

ECONOMIC REPORT

- Global economic growth slows, economic output in Germany is down.
- Oil price trending downwards overall with wide fluctuations.
- Strong growth in global passenger traffic, airfreight market returns to normal.
- Course of business at the Lufthansa Group shaped by strong demand for flights and robust growth in the MRO business segment.
- Lufthansa Group reports revenue of EUR 35.4bn.
- Adjusted EBIT of EUR 2.7bn up by 76% on the previous year, Adjusted EBIT margin at 7.6%.
- SWISS, Austrian Airlines, Brussels Airlines, Eurowings and Lufthansa Technik report record results.
- Adjusted free cash flow of Lufthansa Group at EUR 1.8bn.
- Balance sheet even stronger.

MACROECONOMIC SITUATION

T014 GDP DEVELOPMENT

in %	2023 [1]	2022	2021	2020	2019
World	2.7	3.1	6.2	-2.9	2.7
Europe	0.6	3.7	6.5	-5.8	1.7
Germany	-0.2	1.9	3.1	-4.2	1.1
North America	2.3	2.1	5.8	-2.4	2.4
South America [2]	2.2	4.0	7.1	-6.6	0.8
Asia/Pacific	4.5	3.3	6.6	-0.7	4.0
China	5.4	3.0	8.5	2.2	6.0
Middle East	1.0	7.0	4.6	-4.4	1.2
Africa	3.1	3.9	4.7	-2.2	2.6

Source: Global Insight World Overview as of 15 Jan 2024.
[1] Forecast.
[2] Excluding Venezuela.

World economic growth subdued in financial year 2023

Global economic growth slowed in 2023. The growth rate was 2.7%, compared with 3.1% the previous year. Asia/Pacific is the region with the fastest growth rate at 4.5% (previous year: 3.3%). In Europe, the economy grew by 0.6% (previous year: 3.7%). Economic output in Germany fell by 0.2% (previous year: +1.9%).

Euro up against most main currencies

On average, the euro gained against most main currencies over the course of the year. The average exchange rate against the US dollar was 3% higher than the previous year. The euro likewise gained in value against the Chinese renminbi and the Japanese yen, by 8% and 10% respectively. The euro rose by 2% against the British pound. Against the Swiss franc, the euro fell by an average of 3%.

T015 CURRENCY DEVELOPMENT EUR 1 in foreign currency

	2023	2022	2021	2020	2019
USD	1.0814	1.0510	1.1821	1.1402	1.1192
JPY	151.68	137.86	129.84	121.77	122.01
CHF	0.9714	1.0040	1.0807	1.0704	1.1122
CNY	7.6521	7.0754	7.6243	7.8688	7.7320
GBP	0.8695	0.8523	0.8595	0.8888	0.8769

Source: Bloomberg, annual average daily price.

Continuous drop in the inflation rate

The rate of inflation declined in the reporting year. At the end of 2023, it averaged 5.5% worldwide (previous year: 9.7%). The rate of inflation was 2.9% in Europe and 3.7% in Germany. Central banks again raised base rates significantly in the reporting year to combat inflation. The US Fed increased interest rates four times to 5.5%. The European Central Bank also increased its prime rate to 4.5% in six rate hikes.

Strong rise in average short- and long-term interest rates

Short- and long-term interest rates experienced strong increases on average over the year. Short-term rates climbed to levels last seen in 2008. The 6-month Euribor stood at an average of 3.69% in 2023. In the long-term segment, the average 10-year euro swap increased significantly year-on-year, from 1.93% to 3.05%.

T016 INTEREST RATE DEVELOPMENT in %

Instrument	2023	2022	2021	2020	2019
6-month Euribor Average rate	3.69	0.68	-0.52	-0.37	-0.30
6-month Euribor Year-end level	3.86	2.69	-0.55	-0.53	-0.32
10-year euro swap Average rate	3.05	1.93	0.05	-0.14	0.26
10-year euro swap Year-end level	2.49	3.20	0.30	-0.26	0.21

Source: Bloomberg.

The discount rate applied for discounting the pension obligations of Deutsche Lufthansa AG, which is derived from the average return on a basket of investment-grade corporate bonds, stood at 3.6%, which is 0.6 percentage points lower than the previous year's figure of 4.2%.

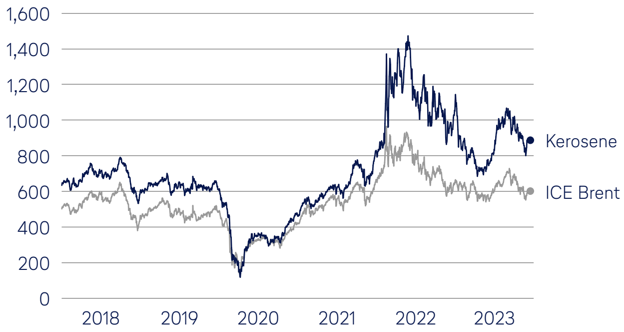
Oil price down on the previous year

Following severe turbulence in 2022, the oil market was somewhat calmer in 2023. With prices between USD 72/barrel and USD 97/barrel, the average for 2023 was USD 82.18/barrel, which is 17% lower than the previous year (previous year: USD 99.03/barrel). On 31 December 2023, a barrel of Brent Crude cost USD 77.04 (year-end 2022: USD 85.91/barrel).

The jet crack, the price difference between crude oil and kerosene, moved between USD 13.71/barrel and USD 57.02/barrel in 2023. On average over the year, it traded at USD 29.58/barrel and thus 27% lower than in the previous year. On 31 December 2023, the jet crack was USD 29.18/barrel (year-end 2022: USD 39.34/barrel).

C10 PRICE DEVELOPMENT OF CRUDE OIL AND KEROSENE

in USD/t



Source: Lufthansa, based on market data.

SECTOR DEVELOPMENTS

Continued significant growth in global passenger traffic

The global air transport industry saw significant increases in passenger traffic in 2023 and so increased its sales. Greater demand for flights, especially to holiday destinations, prompted a further expansion of capacity in global passenger traffic.

Developments at the start of the previous year were still adversely affected by the Omicron coronavirus variant, and in summer by the temporary overload of the air traffic system. The latter continued to have an effect in the reporting year, albeit to a lesser extent.

Total sales worldwide (revenue passenger-kilometres) in the reporting year increased by 37% on the previous year according to figures published by the International Air Transport Association (IATA) (previous year: 65%). Airlines from the Asia/Pacific region registered the strongest growth, of 96% (previous year: 32%), followed by airlines from Africa with 36% (previous year: 84%). In the same period, airlines from Europe posted a 20% increase (previous year: 104%).

Global revenue passenger-kilometres were down by 6% compared with the pre-crisis level of financial year 2019. European airlines reported a decline of 5% from the pre-crisis level, however.

T017 SALES PERFORMANCE IN THE AIRLINE INDUSTRY

in % compared with previous year	Passenger-kilometres	Cargo tonne-kilometres
Europe	20	-4
North America	15	-6
Central and South America	17	2
Asia/Pacific	96	1
Middle East	32	2
Africa	36	-2
Global	**37**	**-2**

Source: IATA Air Passenger/Air Freight Market Analysis (12/2023).

Yields in global passenger traffic increased by 6.2% in financial year 2023 according to IATA (previous year: 9.5%) In the 2023 financial year, yields thus exceeded the pre-crisis level by 11.0%.

Global freight traffic returns to normal after record levels seen during the pandemic

The global market for airfreight returned to normal in the 2023 financial year compared with the record levels reported during the coronavirus pandemic, but remained at a high level in historical terms. According to IATA, global airfreight volumes (measured in revenue cargo tonne-kilometres) decreased by 2% year-on-year in 2023 (previous year: decline of 8%). European providers saw a decrease of 4% (previous year: decline of 12%).

Yields in global airfreight traffic decreased by 32.2% year-on-year according to IATA (previous year: increase of 7.0%), due to greater belly capacities for freight in passenger aircraft and the weak global macroeconomic performance. Yields still exceeded the pre-crisis level by 41.3%, however.

Global airline industry expects profits again

The positive developments in passenger traffic in financial year 2023 mean that the global airline industry expects a significant increase in profits year-on-year. IATA predicts that the industry will realise a net profit of USD 23bn for the 2023 financial year (previous year: net loss of USD 4bn). Prior to the coronavirus crisis, the airline industry generated net profit of USD 26bn in financial year 2019.

On a regional basis, the highest profits are expected in North America at USD 14bn (previous year: USD 9bn). European airlines are forecast to generate net profit of USD 8bn (previous year: USD 4bn).

T018 EARNINGS DEVELOPMENT IN THE AIRLINE INDUSTRY

in USD bn	2023 [1]	2022
Europe	8	4
North America	14	9
Central and South America	–1	–4
Asia/Pacific	0	–14
Middle East	3	1
Africa	–1	–1
Industry	**23**	**–4**

[1] Forecast.
Source: IATA Industry Statistics (12/2023).

MRO market back at pre-crisis level

The aircraft maintenance, repair and overhaul (MRO) business also performed well in the reporting year. The strong level of demand for flights prompted a further rise in demand for maintenance and repair services. The advisory company ICF predicted that the market volume will grow by 10% year-on-year in 2023 to USD 92bn (previous year: USD 84bn). This exceeded the pre-crisis level of USD 91bn. Around USD 28bn is attributable to the Americas region (98% of the pre-crisis level), USD 31bn to the EMEA region (Europa, Middle East and Africa, 97% of the pre-crisis level) and USD 33bn to the APAC region (Asia/Pacific 108% of the pre-crisis level). The lifting of all coronavirus restrictions in China in particular made a considerable contribution to the increase in flight hours and thus to demand for maintenance services. Demand in the EMEA and Americas regions was also very strong, although inflation remains high.

COURSE OF BUSINESS

Overview of business developments and comparison with original forecast

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

The Lufthansa Group performed well in financial year 2023. The recovery in demand for flights after the coronavirus pandemic continued. Demand for leisure travel increased, especially in the summer months. Capacity in the Passenger Airlines segment was therefore continuously expanded.

Available capacity at Passenger Airlines was 16% higher overall in the 2023 financial year than in the previous year and thus reached 84% of the pre-crisis level from 2019. In view of the positive trend in demand in the passenger business, Passenger Airlines were able to significantly increase their yields.

The Lufthansa Group's cargo business declined in financial year 2023 as the entire sector returned to normal. Yields in the Logistics segment stabilised in the second half-year, however, at a level still significantly higher than before the crisis. The freight business also reported volumes trending upwards again towards year-end.

In the MRO segment the continued increase in the number of flights resulted in significantly higher demand for maintenance and repair services. Earnings improved again as a result, despite inflation-related cost increases.

Adjusted EBIT of EUR 2,682m

Revenue at the Lufthansa Group increased by 15% year-on-year to EUR 35,442m (previous year: EUR 30,895m), primarily due to the further expansion of the flight programme, increasing unit revenues and strong growth in the MRO business segment.

The Lufthansa Group's earnings also improved significantly year-on-year over the course of the 2023 financial year. Adjusted EBIT increased by 76% to EUR 2,682m (previous year: EUR 1,520m). This is the third-best result in the company's history. The Adjusted EBIT margin amounted to 7.6% (previous year: 4.9%). EBIT improved by 88% to EUR 2,669m (previous year: EUR 1,419m).

All Passenger Airlines and the MRO business segment achieved an increase in Adjusted EBIT in financial year 2023. SWISS, Austrian Airlines, Brussels Airlines, Eurowings and Lufthansa Technik reported record results in the reporting year. Only the Logistics business segment saw a decline in earnings due to normalisation across the industry. → **Business segments, p. 52.**

The net result attributable to shareholders of Deutsche Lufthansa AG in the reporting year came to EUR 1,673m (previous year: EUR 791m).

Adjusted free cash flow remains high

Net capital expenditure increased by 23% to EUR 2,811m (previous year: EUR 2,286m) in the 2023 financial year. Cash flow from operating activities decreased year on year to EUR 4,945m (previous year: EUR 5,168m), primarily due to the lower cash inflow from changes in working capital, which more than offset the increase in EBITDA. A strong increase in advance bookings after the coronavirus pandemic had been overcome supported the change in working capital in the previous year.

Adjusted free cash flow, which includes cash outflows for leases in addition to the cash flow from investing activities, decreased by 27% to EUR 1,846m in financial year 2023 (previous year: EUR 2,526m) due to the decline in operating cash flow and increased net capital expenditure in particular in connection with the modernisation of the fleet. This meant that the figure was still significantly higher than the average of the pre-crisis years, however.

Balance sheet even stronger in the reporting year

The balance sheet was made even stronger in financial year 2023. Positive free cash flow brought net indebtedness down to EUR 5,682m, a reduction of 17% on year-end 2022 (31 December 2022: EUR 6,871m). Net pension obligations rose by EUR 683m to EUR 2,676m compared with the level at the end of 2022 (31 December 2022: EUR 1,993m).

The ratio between the total of net indebtedness plus net pension obligations and equity was 46:54 as of 31 December 2023 (31 December 2022: 51:49).

At the end of the 2023 financial year, the Group had available liquidity of EUR 10.4bn, unchanged to the previous year. → **Financial position, p. 44.**

Key performance indicators improve significantly as forecast

The Lufthansa Group announced its outlook for the 2023 financial year with the publication of the Annual Report 2022 on 3 March 2023. Due to the positive business performance, the earnings forecast of a significant year-on-year increase in Adjusted EBIT was specified over the course of the year. The expectation of Adjusted EBIT of at least EUR 2.6bn announced in August 2023 was ultimately achieved.

T019 DEVELOPMENT OF SIGNIFICANT KPIS

		Result 2022 [1]	Result 2022 [2]	**Forecast for 2023 [1]**	**Result 2023**
Revenue	€m	32,770	30,895	significant increase	35,442
Adjusted EBIT	€m	1,509	1,520	significant increase	2,682
Net capital expenditure	€m	2,286	2,286	above previous year	2,811
Adjusted free Cash flow	€m	2,526	2,526	significantly positive, but below previous year	1,846
Net indebtedness	€m	6,871	6,871	below previous year	5,682
Adjusted ROCE	%	7.3	7.6	significant increase	13.1
Specific CO_2 emissions	grammes	90.0	90.0	slight decline	88.4

[1] As stated in the Annual Report 2022.
[2] As stated in the Annual Report 2023, including adjustments of previous-year figures.

Significant events

Contracts of Carsten Spohr and Remco Steenbergen extended ahead of schedule

On 2 March 2023, the Supervisory Board of Deutsche Lufthansa AG appointed Carsten Spohr as Chairman of the Executive Board for another five years. Carsten Spohr has been a member of the Executive Board of Deutsche Lufthansa AG since 2011 and its Chairman since 2014. His contract was extended until the end of December 2028.

On 2 March 2023, the Supervisory Board also appointed Remco Steenbergen as Chief Financial Officer for another five years until the end of December 2028. Remco Steenbergen has been a member of the Executive Board of Deutsche Lufthansa AG since 2021 as Chief Financial Officer. On 22 February 2024 it was announced that Remco Steenbergen would leave the Executive Board on 7 May 2024 by mutual consent. → **Events after the reporting data, p. 39.**

Lufthansa Group purchases 22 latest-generation long-haul aircraft

The Executive Board of Deutsche Lufthansa AG has decided to order ten long-haul Airbus A350-1000s, five long-haul A350-900s and seven long-haul Boeing 787-9 Dreamliners. The Supervisory Board of Deutsche Lufthansa AG agreed to the acquisition of these aircraft on 2 March 2023.

They are due to be delivered to the Lufthansa Group from the middle of the decade onwards. At list prices, the overall order volume is around USD 7.5bn. → **Fleet, p. 27.**

Shareholders approve all Annual General Meeting agenda items

The virtual Annual General Meeting of Deutsche Lufthansa AG took place on 9 May 2023. The shareholders approved all of the items on the agenda by a large majority.

Karl-Ludwig Kley, acting Chairman of the Supervisory Board, and Carsten Knobel, Chairman of the Executive Board and CEO of Henkel AG & Co. KGaA, were re-elected to the Supervisory Board. Karl Gernandt, Executive Chairman of Kühne Holding AG, was newly elected to the Supervisory Board.

Lufthansa Group reaches agreement to acquire 41% of ITA Airways

On 25 May 2023, Deutsche Lufthansa AG and Italy's Ministry of Economy and Finance reached an agreement on the acquisition of a non-controlling interest in the country's national airline ITA Airways. Deutsche Lufthansa AG applied to the European Commission in Brussels for approval to acquire the minority stake on 30 November 2023. The European Commission notified the Company in January 2024 that it will carry out an in-depth review of the planned investment in a second phase.

Following approval of the transaction by the authorities and closing, Deutsche Lufthansa AG will obtain a 41% stake in ITA Airways for EUR 325m within the framework of a capital increase. Options were also agreed to purchase the remaining interests at a later date.

Lufthansa Group sells payment specialist AirPlus to SEB Kort

On 20 June 2023, the Lufthansa Group signed a contract with SEB Kort Bank AB of Stockholm (Sweden) for the sale of the AirPlus Group. The purchase price is approximately EUR 450m. AirPlus will continue to be a member of the UATP global payments network after the sale. The transaction is expected to be completed in summer 2024, subject to the necessary preparations and required external approvals, primarily from various financial regulators.

Lufthansa Group and the Vereinigung Cockpit pilots' union reach agreement on long-term wage settlement

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

The new wage agreement can be terminated at the earliest on 31 December 2026 and includes a basic salary increase of at least 18% over the period. The framework agreement, which includes improved working conditions for pilots, can be terminated at the earliest on 31 December 2027. → **Employees, p. 30.**

Lufthansa Group sells LSG group to Aurelius

On 4 April 2023, Deutsche Lufthansa AG signed an agreement with the private equity firm Aurelius on the sale of the LSG group. The sales transaction closed on 31 October 2023.

The business of the LSG group consists of traditional catering and onboard retail along with food commerce activities. The parties have agreed not to disclose the purchase price.

The sale of its Catering division forms part of the Lufthansa Group's strategy of focusing more on its core airline business. The European activities of the LSG group had already been sold off to gategroup in 2019. → **Catering segment, p. 70.**

Fitch Ratings and Standard & Poor's give Deutsche Lufthansa AG an investment grade rating

Rating agency Fitch gave Deutsche Lufthansa AG an investment grade rating of BBB- with a stable outlook in its first assessment on 1 November 2023. The rating reflects above all Lufthansa's leading role in the global aviation industry as Europe's biggest network carrier, as well as its creditworthy diversification across maintenance, repair and overhaul (MRO) and freight, where the company also has leading global market positions.

In addition, Standard & Poor's raised its rating for the Lufthansa Group to the investment grade BBB- on 4 December 2023. Standard & Poor's justified the upgrade with the higher than expected yields, robust demand for passenger flights and industry-wide capacity bottlenecks.
→ **Financial strategy, p. 23.**

Lufthansa Group remains sole shareholder in Lufthansa Technik

The Executive Board of the Lufthansa Group decided on 30 November 2023 not to pursue its plans for a sale of a non-controlling stake in Lufthansa Technik. Growth plans developed in the preceding months are now to be implemented independently, without the participation of another shareholder in Lufthansa Technik. To this end, Lufthansa Technik launched the growth programme Ambition 2030.
→ **MRO business segment, p. 67.**

Lufthansa Group signs sale-and-lease-back agreement for twelve short-haul aircraft

The Lufthansa Group has entered into an agreement for the sale and lease-back of twelve short- and medium-haul aircraft. The transaction enables the Group to finance capital expenditure in new aircraft with a mix of cash, Japanese operating leases (JOLCOs) and operating leases. The sale-and-lease-back transaction supports the modernisation of the Lufthansa Group Airlines fleet. → **Fleet, p. 27.**

Lufthansa Group orders 80 new highly efficient short- and medium-haul aircraft and agrees 120 purchase options

On 19 December 2023, the Supervisory Board of Deutsche Lufthansa AG approved the Executive Board's resolution to purchase 80 state-of-the-art short- and medium-haul aircraft. The agreements with the manufacturers Airbus and Boeing relate to the purchase of 40 Airbus A220-300s including 20 purchase options, the purchase of 40 Boeing 737-8 MAXs including 60 purchase options, and purchase options for another 40 aircraft from the A320 family. The confirmed order for 80 aircraft is worth around EUR 9bn at list prices. The aircraft will be delivered between 2026 and 2032. → **Fleet, p. 27.**

Events after the reporting period

Moody's raises rating for Deutsche Lufthansa AG to investment grade

The rating agency Moody's lifted its rating for Deutsche Lufthansa AG from Ba1 to the investment grade level Baa3 on 18 January 2024. According to Moody's, the upgrade was based on the positive trend in operating profitability at the Lufthansa Group, which had improved significantly in 2023.

The upgrade by Moody's means that Deutsche Lufthansa AG is again rated investment grade by all the leading rating agencies.

Supervisory Board decides on comprehensive reorganisation of the Executive Board

The Supervisory Board of Deutsche Lufthansa AG voted to carry out a wide-ranging reorganisation of the Executive Board at its meeting on 22 February 2024. The Executive Board is to be reduced from six to five members and responsibilities redistributed.

Christina Foerster, Harry Hohmeister and Detlef Kayser will leave the Executive Board as of 30 June 2024, and Remco Steenbergen will leave the Executive Board at the close of 7 May 2024, the date of the Annual General Meeting.

New members Grazia Vittadini and Dieter Vranckx will be appointed to the Executive Board as of 1 July 2024.

Grazia Vittadini, previously at Rolls-Royce Holdings plc, London, as Chief Technology Officer and Member of the Executive Team, most recently active as a special consultant, will lead the MRO and IT function as Chief Technology Officer, which also includes responsibility for sustainability. Her contract will run for three years.

Dieter Vranckx, previously CEO of SWISS International Airlines, becomes the Executive Board member for Global Markets and Commercial Management Hubs. His contract will also run for three years. The areas of Customer Experience and Group Brand Management, which were previously part of Brand Management & Sustainability, are now also his responsibility.

A new candidate is to be found for the position of Chief Financial Officer. Until the position is filled, Michael Niggemann will lead the finance function ad interim in addition to his responsibility on the Executive Board for Personnel, Logistics & Non-Hub Business, (previously Human Resources and Infrastructure).

FINANCIAL PERFORMANCE

Earnings position

Impact of LSG group sale on earnings position

Due to the sale of the LSG group to AURELIUS, all the income and expenses associated with the discontinued Catering business have been separated from the respective items in the income statement and presented as a combined item under earnings after taxes in the line item "Profit/loss from discontinued operations" immediately above the "Net profit/loss" line item. This item also includes valuation adjustments made in connection with the measurement in accordance with IFRS 5, as well as the results of the disposal. The figures for the previous year have been adjusted accordingly.

Revenue and income

T020 REVENUE AND INCOME

	2023 in €m	2022[1] in €m	Change in %
Traffic revenue	29,926	25,864	16
Other revenue	5,516	5,031	10
Total revenue	**35,442**	**30,895**	**15**
Changes in inventories and other own work capitalised	727	354	105
Other operating income[2]	2,260	2,019	12
Total operating income	**38,429**	**33,268**	**16**

[1] Previous year's figures adjusted due to sale of LSG group.
[2] Without fixed asset write-ups and book gains.

Traffic increased, traffic revenue up by 16%

Driven by the continued recovery in demand for flights, the Lufthansa Group's operating performance improved significantly over the course of the 2023 financial year.

Traffic in the Passenger Airlines segment of the Lufthansa Group rose significantly over the course of the reporting year. Capacity (available seat-kilometres) was expanded during 2023. In the first quarter, it was 75% of the pre-crisis level in 2019. It then increased to 83% in the second quarter, 88% in the third quarter and 89% of the pre-crisis level in the fourth quarter. Over the reporting year as a whole, capacity was 84% of the pre-crisis level (previous year: 72%).

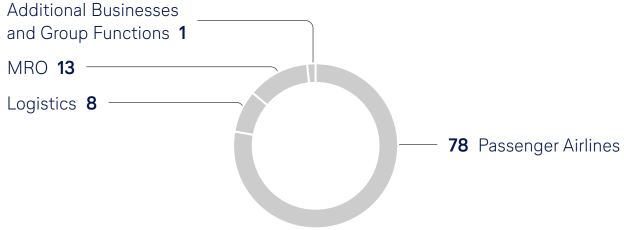
Capacity was increased by 16% on the previous year, and the number of flights increased by 15%. Sales (revenue seat-kilometres) grew by 20%. The airlines in the Lufthansa Group carried around 123 million passengers in total in the 2023 financial year, 20% more than in the previous year. The passenger load factor was up by 3.1 percentage points to 82.9%. Traffic revenue in the passenger business picked up by 29% to EUR 26,701m (previous year: EUR 20,705m).

The Lufthansa Group's cargo business declined in the reporting period as the entire sector returned to normal. Capacity (available cargo tonne-kilometres) was 9% higher than the previous year due to the increase in belly capacities resulting from greater demand for passenger flights. Sales (revenue cargo tonne-kilometres) increased by 2%. The cargo load factor declined by 3.9 percentage points to 56.4%. Traffic revenue in the cargo business went down by 37% to EUR 3,225m, mainly as a result of lower yields (previous year: EUR 5,159m).

Overall traffic revenue for Lufthansa Group airlines increased in the reporting year by 16% to EUR 29,926m year-on-year (previous year: EUR 25,864m).

Further information on the regional breakdown of traffic revenue for the Passenger Airlines and Logistics segments can be found in the chapters → **Business segments, p. 52.**

C11 BUSINESS SEGMENTS' SHARE OF GROUP EXTERNAL REVENUE
in %



Other revenue up by 10%

Other revenue improved by 10% year-on-year to EUR 5,516m (previous year: EUR 5,031m). This was mainly due to the increase in external business activities and the associated higher revenues in the MRO and AirPlus business segments.

Revenue up by 15%

Revenue, which consists of traffic revenue plus other revenue, increased by 15% in the 2023 financial year to EUR 35,442m (previous year: EUR 30,895m).

Further information on regional distribution of revenue can be found in the → **Notes, Notes to the segment reporting, p. 227.**

Changes in inventory and work performed by entity and capitalised went up by 105% to EUR 727m due to the higher volume of major maintenance events relating to engines (previous year: EUR 354m).

Due in particular to higher payments for compensation received for damages, other operating income improved by 12% to EUR 2,260m (previous year: EUR 2,019m).

Total operating income thus increased by 16% in the 2023 financial year to EUR 38,429m (previous year: EUR 33,268m).

Expenses

Cost of materials and services up by 14% due to increased business activities and inflation-related cost increases

The cost of materials and services for the Lufthansa Group in the 2023 financial year was 14% higher than in the previous year at EUR 20,363m (previous year: EUR 17,930m). The increase was driven by additional business activities and cost inflation.

Within the cost of materials and services, fuel expenses increased by 4% to EUR 7,931m (previous year: EUR 7,601m). This change is based on higher consumption, whereas prices for crude oil and jet crack (the price difference between crude oil and kerosene) declined year on year. The result of price hedging was EUR –172m (previous year: EUR 929m). Currency effects also reduced the amount of expenses.

Expenses for other raw materials, consumables and supplies and purchased goods went up by 27% to EUR 2,713m (previous year: EUR 2,142m), particularly in the MRO business segment, due to increased business activity and inflation effects, as well as higher expenses for emissions certificates.

Fees and charges swelled by 20% to EUR 4,487m in the reporting period (previous year: EUR 3,730m), primarily due to business growth and fee increases at airports.

Expenses for external MRO services also went up by 20% to EUR 2,104m (previous year: EUR 1,756m) in connection with increased maintenance requirements.

T021 EXPENSES

	2023 in €m	2022[1] in €m	Change in %	Share of operating expenses in %
Cost of materials and services	20,363	17,930	14	57
of which fuel	7,931	7,601	4	22
of which fees and charges	4,487	3,730	20	12
of which external services MRO	2,104	1,756	20	6
of which charter expenses	878	855	3	2
Staff costs[2]	8,310	7,223	15	23
Depreciation[3]	2,228	2,199	1	6
Other operating expenses[4]	5,059	4,419	14	14
of which staff-related expenses	935	701	33	3
of which rental and maintenance expense	617	510	21	2
Total operating expenses	**35,960**	**31,771**	**13**	**100**

[1] Previous year's figures adjusted due to sale of LSG group.
[2] Without past service costs/settlement. → **T023.**
[3] Without impairment losses. → **T023.**
[4] Without book losses and write-downs on assets held for sale. → **T023.**

As passenger business picked up, there was a 28% increase in expenses for in-flight services to EUR 980m (previous year: EUR 768m).

Operating staff costs up by 15%

Operating staff costs of EUR 8,310m in the reporting year were 15% higher than in the previous year (previous year: EUR 7,223m). The increase stems particularly from payscale salary increases as well as the end of short-time work and special crisis-relief schemes that reduced expenses in the previous year. The 3% increase in the average number of employees also had an effect. Adjusted for the number of employees in the discontinued Catering segment, the increase came to 6%.

Depreciation and amortisation at same level as in previous year

Depreciation and amortisation amounted to EUR 2,228m in the reporting year and were thus at roughly the same level as in the previous year (previous year: EUR 2,199m). This mainly related to aircraft and reserve engines (EUR 1,764m, previous year: EUR 1,709m).

Other operating expenses up by 14%

Other operating expenses rose by 14% to EUR 5,059m (previous year: EUR 4,419m) in particular due to increased sales and marketing costs and higher travel expenses for crew following the expansion of flight operations. This was partly offset by the decline in foreign currency losses.

Operating expenses up by 13%

Overall, operating expenses for the Lufthansa Group rose by 13% in financial year 2023 to EUR 35,960m (previous year: EUR 31,771m).

Earnings performance

Adjusted EBIT improves to EUR 2.7bn

The operating result from equity investments went up in the reporting year by 826% to EUR 213m (previous year: EUR 23m). This trend is mainly based on the improved earnings from the SunExpress joint venture, which also benefited from a non-recurring tax effect, and from equity investments in the Additional Businesses and Group Functions business segment.

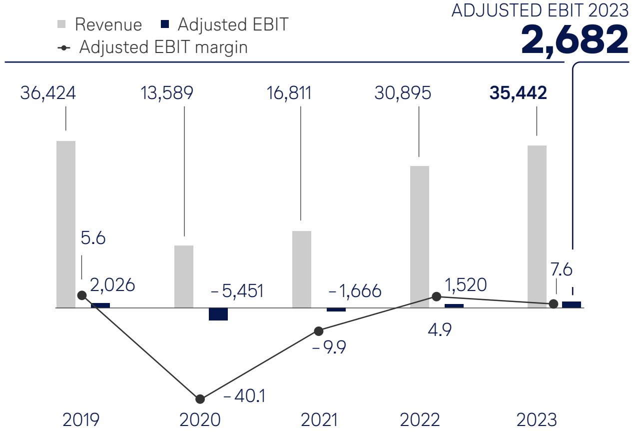
Overall, Adjusted EBIT for the Lufthansa Group improved by 76% in financial year 2023 to EUR 2,682m (previous year: EUR 1,520m). That makes them the third-best earnings in the history of the Lufthansa Group. The Adjusted EBIT margin, i.e. the ratio of Adjusted EBIT to revenue, improved by 2.7 percentage points to 7.6% (previous year: 4.9%).

Adjusted EBIT in the Passenger Airlines business segment amounted to EUR 2,033m (previous year: EUR –300m). Adjusted EBIT in the Logistics segment decreased to EUR 219m (previous year: EUR 1,600m). With an Adjusted EBIT of EUR 628m, the MRO segment achieved a record result (previous year: EUR 554m). The other Group companies, which under IFRS 8 do not require separate reporting, and the Group Functions reduced the Group's Adjusted EBIT by a total of EUR –206m (previous year: EUR –298m).

EBIT of EUR 2.7bn

Based on EBIT, as a key performance indicator Adjusted EBIT is adjusted for clearly defined, non-plannable earnings components for the purpose of better comparability. The adjustments relate to impairment losses and write-backs, earnings effects from the disposal of non-current assets, effects of pension plan changes, restructuring expenses in the form of severance payments, significant costs of legal proceedings and company transactions not arising in the normal course of business and other material non-recurring expenses caused directly by extraordinary external factors.

C12 **DEVELOPMENT OF REVENUE, ADJUSTED EBIT** in €m **AND ADJUSTED EBIT MARGIN** in %



EBIT amounted to EUR 2,669m in the 2023 financial year (previous year: EUR 1,419m). The difference relative to Adjusted EBIT was therefore EUR –13m (previous year: EUR –101m).

The adjustments mainly consist of impairment losses on aircraft held for sale of EUR 32m, expenses in connection with the purchase and sale of company divisions of EUR 39m and expenses from the adjustment of pension plans of EUR 24m. Book losses of EUR 33m, mainly on aircraft and reserve engines, were offset by book gains of EUR 134m, in particular from the sale-and-lease-back transactions for twelve Airbus A320/321s and the sale of interests in joint ventures. The adjustments made in the previous year included expenses directly related to the Russian war of aggression against Ukraine, and net income resulting from netting restructuring expenses with the write-back of unused restructuring provisions.

The result from operating activities came to EUR 2,456m in the 2023 financial year (previous year: EUR 1,396m).

Financial result of EUR – 139m

The financial result came to EUR – 139m in financial year 2023 (previous year: EUR – 147m).

The result from equity investments included in this figure was EUR 213m (previous year: EUR 23m).

Net interest also improved to EUR – 348m, partly thanks to lower net indebtedness (previous year: EUR – 409m). Due to the rise in interest rate levels, higher interest expenses for floating-rate liabilities were more than made up for by higher interest income on short-term investments. The Group's financing strategy of entering into fixed-rate liabilities in the amount of its net debt thus paid off. → **Financial strategy and value-based management, p. 23.**

Other financial items came to EUR – 4m (previous year: EUR 239m). Positive effects from the measurement of the convertible bond and the strategic liquidity reserve through profit or loss were offset by negative measurement effects of hedging transactions. In the previous year there were positive effects from the convertible bond measurement and the measurement of strategic interest rate swaps recognised in profit or loss.

Income taxes came to EUR – 380m (previous year: EUR – 239m). The effective tax rate for continuing operations was 16% (previous year: 23%), primarily due to non-taxable income and tax effects from prior years

The profit/loss from continuing operations therefore came to EUR 1,937m (previous year: EUR 1,010m).

The profit/loss from discontinued operations relates to the sale of the LSG group and amounted to EUR – 248m (previous year: EUR – 206m). In addition to the segment's operating earnings after tax (EUR 53m), it included measurement effects (after tax) of EUR – 85m and the disposal result of EUR – 243m. This includes currency effects of EUR – 178m recognised directly in equity in the past, which were now realised.

After taking minority interests of EUR – 16m (previous year: EUR – 13m) into account, the net profit for the period attributable to the shareholders of Deutsche Lufthansa AG amounted to EUR 1,673m (previous year: EUR 791m).

Earnings per share came to EUR 1.40 (previous year: EUR 0.66). → **Notes to the consolidated financial statements, Note 17, p. 192.**

T022 PROFIT BREAKDOWN OF THE LUFTHANSA GROUP

	2023 in €m	2022[1] in €m	Change in %
Operating income	38,582	33,429	15
Operating expenses	– 36,126	– 32,033	– 13
Profit/loss from operating activities	**2,456**	**1,396**	**76**
Financial result	– 139	– 147	5
Profit/loss before income taxes	**2,317**	**1,249**	**86**
Income taxes	– 380	– 239	59
Profit/loss from continued operations	**1,937**	**1,010**	**92**
Profit/loss from discontinued operations	– 248	– 206	– 20
Profit/loss after income taxes	**1,689**	**804**	**110**
Profit/loss attributable to minority interests	– 16	– 13	– 23
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG	**1,673**	**791**	**112**

[1] Previous year's figures adjusted due to sale of LSG group.

Executive Board and Supervisory Board propose dividend of EUR 0.30 per share

In principle, the Lufthansa Group's dividend policy is to distribute to its shareholders 20% to 40% of net profit, adjusted for non-recurring gains and losses. One condition for the payment of a dividend is that the net profit for the year as shown in the individual financial statements of Deutsche Lufthansa AG that are drawn up under German commercial law allows for a distribution of the relevant amount. → **Financial strategy and value-based management, p. 23 and Forecast, p. 143.**

Deutsche Lufthansa AG reported net profit for the year of EUR 6,765m for the 2023 financial year. Following the transfer of EUR 3,382m to retained earnings, distributable profit comes to EUR 3,383m.

In line with the dividend policy, the Executive Board and Supervisory Board of Deutsche Lufthansa AG will table a proposal at the Annual General Meeting on 7 May 2024 to distribute a dividend of EUR 0.30 per share to shareholders for financial year 2023. This represents a total dividend of EUR 359m or 21% of net profit for 2023. The remaining amount of EUR 3,024m is to be transferred to other retained earnings.

T023 RECONCILIATION OF RESULTS

in €m	2023 Income statement	2023 Reconciliation Adjusted EBIT	2022[1] Income statement	2022[1] Reconciliation Adjusted EBIT
Total revenue	**35,442**		**30,895**	
Changes in inventories and work performed by the entity and capitalised	727		354	
Other operating income	2,413		2,180	
of which book gains et al.		-134		-59
of which write-ups on capital assets		-4		-2
of which reversal of provisions for restructuring/ M&A projects and material legal disputes		-12		-98
of which extraordinary other operating income		-3		
Total operating income	**38,582**	**-153**	**33,429**	**-159**
Cost of materials and services	-20,378		-17,973	
of which extraordinary cost of materials and services		16		42
Staff costs	-8,344		-7,277	
of which past service costs/settlement		24		20
of which restructuring costs		10		34
Depreciation, amortisation and impairment	-2,242		-2,245	
of which impairment losses		14		45
Other operating expenses	-5,162		-4,538	
of which impairment losses on assets held for sale		32		14
of which expenses incurred from book losses		33		26
of which expenses for material legal disputes		–		6
of which expenses for M&A projects		39		37
of which extraordinary other operating expenses		-2		36
Total operating expenses	**-36,126**	**166**	**-32,033**	**260**
Profit/loss from operating activities	**2,456**		**1,396**	
Result from equity investments	213		23	
EBIT	**2,669**		**1,419**	
Total amount of reconciliation Adjusted EBIT		13		101
Adjusted EBIT		**2,682**		**1,520**
Depreciation and amortisation		2,228		2,199
Adjusted EBITDA		**4,910**		**3,719**

[1] Previous year's figures adjusted due to sale of LSG group.

Financial position

Impact of the sale of divisions on the financial position

The Lufthansa Group sold the Catering activities of the LSG group as of 31 October 2023. The Company also signed a contract in financial year 2023 for the sale of Lufthansa AirPlus Servicekarten GmbH.

The assets and liabilities of the Catering segment were reclassified as held for sale as of 31 March 2023. They were derecognised when the sale closed on 31 October 2023. Due to the importance of these business activities as an operating segment, they are shown separately in the income statement as a discontinued operation.

Following the decision to sell, and under the rules of IFRS 5, all AirPlus assets and liabilities from the respective individual items of the statement of financial position were reclassified to the items "Assets held for sale" and "Liabilities in connection with assets held for sale" from 30 June 2023.

The consolidated cash flow statement includes both continuing and discontinued operations. The Catering activities are therefore included in the consolidated cash flow statement until 31 October 2023 and the AirPlus activities for the entire reporting period.

Capital expenditure

Investment volume up on previous year

Compared with the previous year, the Lufthansa Group's gross capital expenditure (excluding the purchase of shares) in financial year 2023 increased by 50% to EUR 3,576m (previous year: EUR 2,379m).

Primary investment in down payments and final payments for aircraft, aircraft components, and aircraft and engine overhauls were up by 55% to EUR 3,200m (previous year:

EUR 2,067m). This accounts for 89% of total capital expenditure. EUR 1,536m was attributable to advance payments for future deliveries, particularly for long-haul aircraft (previous year: EUR 821m).

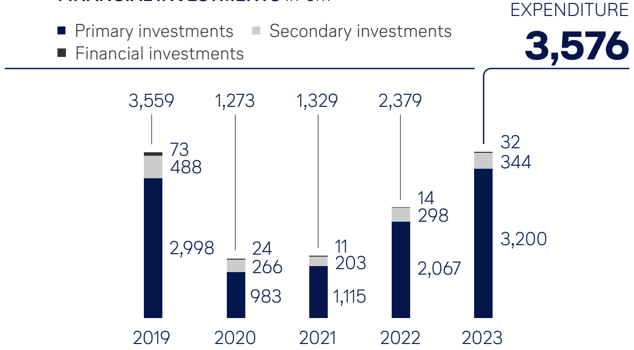
Capital expenditure for other items of property, plant and equipment and for intangible assets, known collectively as secondary investment, increased by 15% to EUR 344m (previous year: EUR 298m). Property, plant and equipment, such as technical equipment and machinery, and operating and office equipment accounted for EUR 238m of the total (previous year: EUR 217m). EUR 106m (previous year: EUR 81m) was invested in intangible assets such as licences and software.

Financial investments (excluding share purchases) with a total volume of EUR 32m (previous year: EUR 14m) mainly comprised cash outflows from loans to joint-ventures.

Passenger Airlines accounted for the bulk of capital expenditure with EUR 3,095m (+52% year-on-year). → **Fleet, p. 27.** Capital expenditure of EUR 191m (–25% year-on-year) in the Logistics segment consisted mainly of advance payments for cargo aircraft. Capital expenditure of EUR 137m in the MRO business segment (+38%) was mainly for technical operating equipment.

Outflows for additional repairable spare parts increased by 254% to EUR 506m (previous year: EUR 143m) due to the net increase in inventories of materials in the MRO segment for the increased business activity.

C13 **PRIMARY, SECONDARY AND FINANCIAL INVESTMENTS** in €m[1]



[1] Excluding share purchases.

Aircraft delivered in financial year 2023 or the previous year and advance payments were sold to external lessors and leased back for periods of either six or twelve years in financial year 2023 in the course of sale-and-lease-back transactions for twelve passenger aircraft and the transfer of a purchase contract to the lessor of one cargo aircraft. This resulted in inflows of EUR 690m.

Including payments for replacement parts for aircraft, proceeds from the sale of assets (aircraft especially) and dividend and interest income, the Lufthansa Group's net capital expenditure came to EUR 2,811m (previous year: EUR 2,286m).

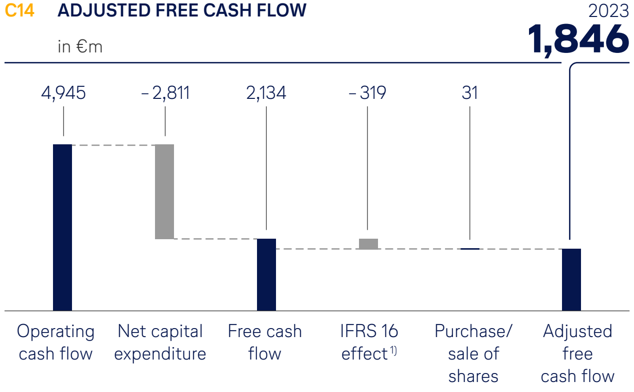
Cash flow

Cash flow from operating activities came to EUR 4,945m

The cash flow from operating activities at the Lufthansa Group in financial year 2023 was 4% lower than the previous year at EUR 4,945m (previous year: EUR 5,168m). The decline is largely due to the lower inflow from changes in working capital compared to the previous year (EUR 278m, previous year: EUR 1,694m), which more than offset the increase in EBITDA. In the previous year, the inflow from changes in working capital was exceptionally high due to the strong increase in business activity and the resulting steep increase in advance payments for fares.

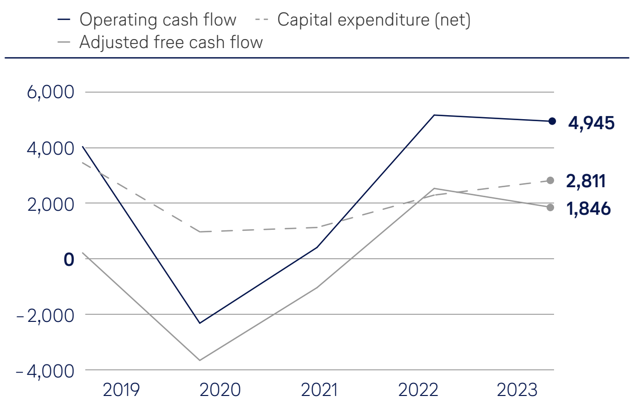
Inflows from the change in working capital were related to higher liabilities from unused flight documents and liabilities under customer loyalty programmes (in particular Miles & More). They increased in the reporting year by EUR 198m (previous year: EUR 1,514m). Whereas receivables and contract assets, mainly in the AirPlus and MRO businesses went up by EUR 258m, liabilities and contract obligations increased by EUR 552m. Inventories, particularly of technical consumables, were up by EUR 200m. All items relate to the changes in balance sheet figures from both continuing operations and the business held for sale.

C14 ADJUSTED FREE CASH FLOW



[1] Repayment portion operating lease liabilities in the cash flow from financing activities.

C15 CASH FLOW AND CAPITAL EXPENDITURE in €m



EUR 662m of the operating cash flow related to payments to former employees on the basis of pension obligations (previous year: EUR 748m). In addition, allocations were made to pension plans in the amount of EUR 472m (previous year: EUR 394m), while investment income from plan assets of EUR 630m (previous year: EUR 970m) was used in connection with pension payments. Cash flowing into or out of the plan assets was also reported in cash flow from operating activities, resulting in a net cash outflow of EUR 505m in connection with pensions (previous year: net outflow of EUR 172m).

Adjusted free cash flow comes to EUR 1,846m

Gross capital expenditure (without share purchases) by the Lufthansa Group came to EUR 3,576m in the reporting year (previous year: EUR 2,379m) and includes the primary, secondary and financial investments mentioned above. This was offset by the increase in repairable spare parts for aircraft of EUR 506m (previous year: increase of EUR 143m). Expenditures of EUR 33m were made for share purchases (previous year: EUR 46m).

Income from the disposal of non-current assets and assets held for sale of EUR 1,031m (previous year: EUR 175m) mainly related to the sale of a total of 18 aircraft. Interest and dividend income went up by 155% to EUR 273m (previous year: EUR 107m), primarily due to higher interest income as a result of higher interest rates. This brought total net cash used for investing activities to EUR 2,811m, which was 23% above the previous year's figure (previous year: EUR 2,286m).

After deducting this net cash used for investing activities, free cash flow for the 2023 financial year was positive at EUR 2,134m (previous year: EUR 2,882m).

Adjusted free cash flow decreased by 27% to EUR 1,846m (previous year: EUR 2,526m). It includes cash outflows for leases (repayment portion) as shown in cash flow for financing activities. These came to EUR 319m in the reporting year (previous year: EUR 381m). Not included in this figure are cash flows from the purchase or sale of shares in companies, which amounted to a net figure of EUR -31m in the reporting year (previous year: EUR -25m).

Financing

Financing activities result in cash outflow of EUR 2,072m

Financing activities in financial year 2023 led to a net cash outflow of EUR 2,072m (previous year: outflow of EUR 2,266m).

This resulted from the repayment of financial liabilities amounting to EUR 1,767m. The liabilities settled consisted mainly of aircraft financing and leasing (EUR 970m), a euro bond (EUR 600m) and two borrower's note loans (EUR 110m).

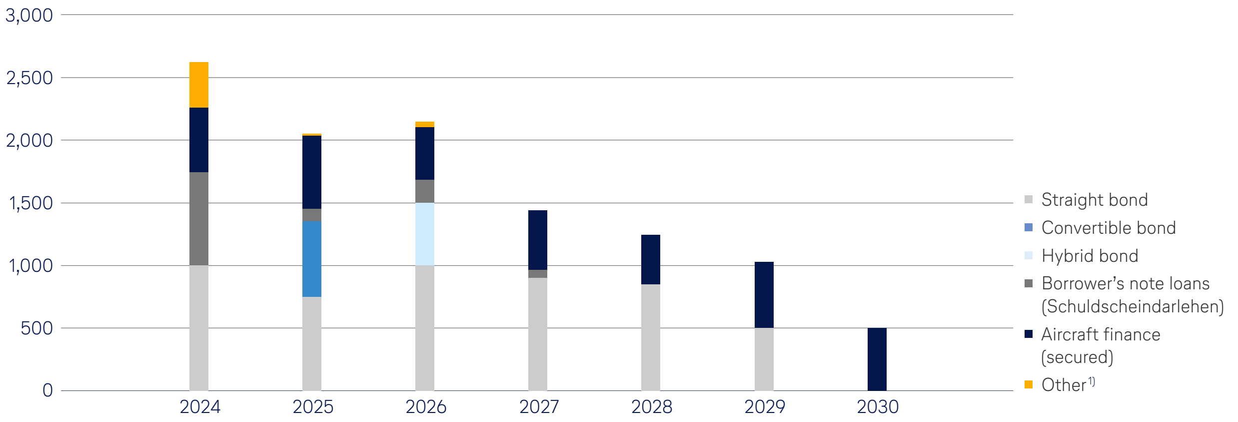
Interest and dividend payments came to EUR 534m (previous year: EUR 387m).

On the other hand, the cash inflow from new financing measures on the capital market amounted to EUR 230m. This was primarily attributable to asset-backed security (ABS) financing at AirPlus of EUR 153m and aircraft financing of EUR 53m.

Furthermore, the Lufthansa Group has bilateral credit lines with banks. At the end of the 2023 financial year, the revolving credit line amounting to EUR 2.0bn were available. On 31 December 2023, unused credit lines totalled EUR 2,097m (31 December 2022: EUR 2,119m).

C16 MATURITY PROFILE OF BORROWINGS

as of 31 Dec 2023 in €m



[1] Mainly bilateral loans; does not include operating lease payments.

Liquidity

Total available liquidity of EUR 10.4bn

Balance-sheet liquidity (total of cash, current securities and fixed-term deposits) was virtually constant compared with the end of 2022 at EUR 8,265m (31 December 2022: EUR 8,301m). Net repayment of financial debt was offset by positive Adjusted free cash flow of roughly the same amount. EUR 7,709m was available centrally to Deutsche Lufthansa AG at year-end 2023 (31 December 2022: EUR 7,087m).

Including its freely available credit lines at year-end 2023, the Company's available liquidity thus amounted to EUR 10.4bn (31 December 2022: EUR 10.4bn).

T024 ABBREVIATED CASH FLOW STATEMENT OF THE LUFTHANSA GROUP

in €m	2023	2022	Change in %
Profit/loss before income taxes	2,055	1,050	96
Depreciation and amortisation/reversals	2,392	2,444	-2
Net proceeds on disposal of non-current assets	144	-30	
Net interest/result from equity investments	133	420	-68
Income tax payments/reimbursements	-92	-288	-68
Significant non-cash expenses/income	-264	-524	-50
Change in trade working capital	278	1,694	-84
Change in other assets and liabilities	299	402	-26
Operating cash flow	**4,945**	**5,168**	**-4**
Investments and additions to repairable spare parts and cash outflows for acquisitions of equity investments	-4,115	-2,568	-60
Purchase/disposal of shares/non-current assets	1,031	175	489
Dividends and interest received	273	107	155
Net cash from/used in investing activities	**-2,811**	**-2,286**	**-23**
Free cash flow	**2,134**	**2,882**	**-26**
Purchase/disposal of securities/fund investments	**-170**	**-1,155**	**85**
Capital increase	–	–	-
Capital reduction	–	–	-
Transactions through minority interests	-1	-1	-
Non-current borrowing and repayment of non-current borrowing	-1,537	-1,878	-18
Dividends paid	-25	-8	-213
Interest paid	-509	-379	-34
Net cash from/used in financing activities	**-2,072**	**-2,266**	**9**
Changes due to currency translation differences	-8	18	
Cash and cash equivalents as of 1 Jan	**1,784**	**2,305**	**-23**
Cash and cash equivalents as of 31 Dec	**1,668**	**1,784**	**-7**

Net assets

Impact of the sale of divisions on the financial position

In line with IFRS 5, the assets and liabilities attributable to AirPlus have been presented separately in the statement of financial position as of 31 December 2023 as “Assets held for sale” and “Liabilities in connection with assets held for sale”. The disposal of the LSG group reduced the Group’s assets and liabilities significantly year-on-year. The figures for the previous year have not been adjusted.

To enable better comparability with the previous year, significant effects are quantified in the following comments.

Total assets up by EUR 2.0bn

Total Group assets as of 31 December 2023 increased by EUR 1,986m over year-end 2022 to EUR 45,321m (31 December 2022: EUR 43,335m).

Non-current assets were up by EUR 1,692m at EUR 29,772m (31 December 2022: EUR 28,080m). This accounts for 66% of total assets (31 December 2022: 65%). Current assets rose by EUR 294m to EUR 15,549m (31 December 2022: EUR 15,255m). Their share of total assets was thus 34% (31 December 2022: 35%).

Shareholders’ equity was up by EUR 1,235m to EUR 9,709m (31 December 2022: EUR 8,474m). Altogether, non-current funding accounted for 56% of total assets (31 December 2022: 59%). Non-current financing covered 86% of non-current assets (31 December 2022: 91%). Current funding came to 44% of total assets (31 December 2022: 41%).

Assets

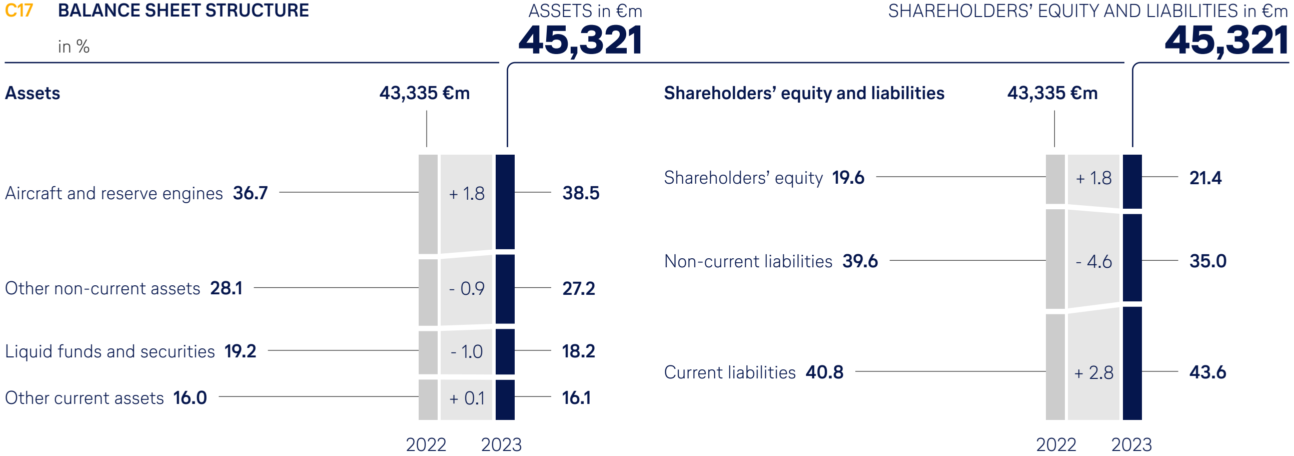
Non-current asset up by EUR 1.7bn

At year-end 2023, non-current assets of EUR 29,772m were EUR 1,692m higher than at year-end 2022 (31 December 2022: EUR 28,080m).

Aircraft and reserve engines went up by EUR 1,574m and repairable spare parts for aircraft by EUR 414m. Lending and other non-current assets (EUR +436m) rose in particular due to higher measurement-driven surpluses of pension plan assets and higher stocks of purchased emissions certificates that do not have to be submitted for the 2024 financial year. This was offset by measurement effects in derivative financial instruments (EUR –461m) and a decline in other property, plant and equipment (EUR –418m) following the disposal of the Catering segment.

The value of aircraft and reserve engines came to EUR 17,464m as of year-end 2023 (31 December 2022: EUR 15,890m). Depreciation and disposals were exceeded by the additions of new owned aircraft and rights-of-use to leased aircraft (three Boeing 787s, one Boeing 777F, two Airbus A321Fs, eleven Airbus A320s and seven Airbus A321s), major maintenance events and down payments on existing orders. This includes five Airbus A350s that were not yet ready for service at year-end 2023. Twelve aircraft from the Airbus A320 family (of which eight were bought in the financial year) and advance payments for a Boeing 777F were sold to external lessors and leased back for periods of either six or twelve years in the course of sale-and-lease-back transactions. As of 31 December 2023, the Lufthansa Group fleet consisted of 721 aircraft (31 December 2022: 710 aircraft). → **Fleet, p. 27.**

C17 **BALANCE SHEET STRUCTURE**
in %



Current assets up by EUR 294m

Current assets as of 31 December 2023 rose by EUR 294m to EUR 15,549m (31 December 2022: EUR 15,255m). Non-current assets in the Catering segment sold in the financial year came to EUR 381m in the previous year. Inventories rose by a total of EUR 149m, essentially in the MRO segment. Before the reclassification of businesses held for sale, trade and other receivables increased by EUR 761m, whereas derivative financial instruments decreased by EUR 424m, particularly due to the lower US dollar exchange rate.

The increase in assets held for sale (EUR +790m year-on-year) is attributable to the assets of AirPlus (EUR 1,109m), of which a total of EUR 81m related to previously non-current assets. The sale of six Airbus A380s led to a reduction in the previous year's figure of EUR 315m.

Shareholders' equity and liabilities

Shareholders' equity up by EUR 1.2bn, equity ratio rises to 21.4%

Shareholders equity climbed by EUR 1,235m compared with year-end 2022 to EUR 9,709m as of 31 December 2023 (31 December 2022: EUR 8,474m), primarily due to profits for financial year 2023 (EUR +1,673m) and positive currency translation effects recognised directly in equity (EUR +270m.) They were offset by measurement effects in pensions (EUR –355m) and financial instruments (EUR –353m) that were recognised in equity.

The equity ratio therefore increased by 1.8 percentage points compared with year-end 2022 to 21.4% (31 December 2022: 19.6%).

T025 DEVELOPMENT OF EARNINGS, EQUITY, EQUITY RATIO AND RETURN ON EQUITY

		2023	2022	2021	2020	2019
Profit/loss after income taxes [1]	€m	1,689	804	-2,193	-6,766	1,245
Equity [1]	€m	9,709	8,474	4,490	1,387	10,256
Equity ratio [1]	%	21.4	19.6	10.6	3.5	24.0
Return on equity [1]	%	17.4	9.5	-48.8	-487.8	12.1

[1] Including minority interests.

Non-current liabilities and provisions decrease by EUR 1.3bn year-on-year

Non-current provisions and liabilities were down by EUR 1,291m to EUR 15,862m (31 December 2022: EUR 17,153m).

Non-current borrowing of EUR 11,055m was EUR 2,215m lower than at year-end 2022 (31 December 2022: EUR 13,270m). This decline is mainly based on maturity reclassifications and reclassifications for the AirPlus business held for sale and disposals from the sale of the LSG group, partly offset by new financing measures.

Net pension obligations, i.e. pension provisions less asset surpluses at some pension plans, which are presented separately in non-current assets, increased by EUR 683m to EUR 2,676m (31 December 2022: EUR 1,993m). Pension provisions were up by EUR 826m to EUR 2,895m (31 December 2022: EUR 2,069m). The interest rate used to discount pension obligations in Germany and Austria decreased significantly by 0.6 percentage points to 3.6%, and in Switzerland by 1.0 percentage point to 1.4%. The negative effect that this had on the obligations was partly offset by the positive measurement effect in plan assets.

Current liabilities and provisions up by EUR 2.0bn

Current provisions and liabilities went up by EUR 2,042m to EUR 19,750m as of 31 December 2023 (31 December 2022: EUR 17,708m).

Non-current liabilities and provisions in the Catering segment sold in the financial year came to EUR 436m in the previous year. The overall rise was mitigated primarily by the increase in current financial debt (EUR +1,007m) due to maturity reclassifications and the increase in liabilities in connection with assets held for sale (EUR +670m), partly offset by the decline in derivative financial instruments (EUR -226m). Adjusted for the reclassification of businesses held for sale, trade and other liabilities increased by EUR 585m.

Liabilities of EUR 670m in connection with AirPlus assets held for sale mainly consisted of current financial debt and liabilities from the settlement of the credit card business.

Net indebtedness down by EUR 1.2bn on the previous year

At year-end 2023, positive free cash flow brought net indebtedness down to EUR 5,682m, a reduction of EUR 1,189m on year-end 2022 (31 December 2021: EUR 6,871m).

The sum of net indebtedness and net pension obligations in relation to shareholders' equity, was 46:54 as of 31 December 2023 (31 December 2022: 51:49).

Adjusted net debt, the sum of net indebtedness and net pension obligations less 50% of the hybrid bond issued in 2015, was down by EUR 506m compared with year-end 2022 to EUR 8,111m (31 December 2022: EUR 8,617m).

The ratio of Adjusted net debt/Adjusted EBITDA was thus 1.7 (previous year: 2.3).

T026 CALCULATION OF NET INDEBTEDNESS

in €m	2023	2022	Change in %
Bonds	-6,224	-6,659	7
Liabilities to banks	-1,143	-1,242	8
Credit lines	-21	–	
Aircraft financing	-3,802	-4,407	14
Leasing liabilities	-2,568	-2,443	-5
Other financial debt	-185	-400	54
Financial liabilities	**-13,943**	**-15,151**	**8**
Other bank borrowing	-4	-21	81
Group indebtedness	**-13,947**	**-15,172**	**8**
Cash and cash equivalents (4-12 months)	1,865	1,790	4
Securities	6,400	6,511	-2
Net indebtedness	**-5,682**	**-6,871**	**17**
Pension provisions	-2,895	-2,069	-40
Pension surpluses	219	76	188
Net pension obligation	**-2,676**	**-1,993**	**-34**
Net indebtedness and net pension obligations	**-8,358**	**-8,864**	**6**

OVERALL STATEMENT BY THE EXECUTIVE BOARD ON THE ECONOMIC POSITION

Financial year 2023 was defined by a further recovery in demand for passenger flights after the coronavirus pandemic.

In particular due to the significant rise in demand for passenger flights in 2023, the Lufthansa Group increased its capacities to 84% of the pre-crisis level and its revenue increased by 15% year-on-year. Adjusted EBIT was 76% up on the previous year at EUR 2.7bn.

Its positive earnings performance was driven by the Passenger Airlines and MRO segments. SWISS, Austrian Airlines, Brussels Airlines, Eurowings and Lufthansa Technik achieve record results. The latter benefited from significantly higher demand for maintenance and repair services due to higher demand for passenger flights. The Lufthansa Group's cargo business declined in financial year 2023 as the entire sector returned to normal.

In view of the positive earnings performance in the reporting year, the Executive Board and Supervisory Board will table a proposal at the Annual General Meeting to distribute a dividend of EUR 0.30 per share for the financial year 2023.

The Lufthansa Group also further strengthened its balance sheet and reduced its debt in the reporting year. Liquidity was at the same level as last year, which is significantly higher than before the crisis. The Company has therefore built itself back stronger and has an even more stable base to cope with future crises.

Overall, the Lufthansa Group thus registered an extremely positive operating and financial performance in the reporting year. The Executive Board is confident that the Lufthansa Group will maintain this trend and continue to build on its position as Europe's leading airline group.

BUSINESS SEGMENTS

- Passenger Airlines drives fleet modernisation and expands product and service range.
- The focus is on sustainability activities.
- Strong demand for passenger travel supports operating performance.
- Passenger Airlines achieves Adjusted EBIT of EUR 2bn.
- SWISS, Austrian Airlines, Brussels Airlines and Eurowings report record results.
- Lufthansa Cargo modernises freight centre and continues digitalisation.
- Adjusted EBIT at Lufthansa Cargo falls to EUR 219m due to normalisation of the airfreight market.
- Lufthansa Technik benefits from the strong demand for maintenance and repair services.
- Lufthansa Technik launches Ambition 2030 growth programme.
- Adjusted EBIT at Lufthansa Technik reached a record EUR 628m.
- LSG group sold to Aurelius.
- Sale of AirPlus to SEB Kort Bank agreed.

PASSENGER AIRLINES BUSINESS SEGMENT

T027 KEY FIGURES PASSENGER AIRLINES

		2023	2022	Change in %
Revenue	€m	28,337	22,760	25
of which traffic revenue	€m	26,701	20,705	29
Operating income	€m	29,643	23,785	25
Operating expenses	€m	27,730	24,100	15
Adjusted EBITDA	€m	3,758	1,466	156
Adjusted EBIT	€m	2,033	-300	
EBIT	€m	2,064	-279	
Adjusted EBIT margin	%	7.2	-1.3	8.5 pts
Adjusted ROCE	%	19.4	-2.8	22.2 pts
Segment capital expenditure	€m	3,095	2,032	52
Employees as of 31 Dec	number	60,924	56,762	7
Average number of employees	number	59,331	56,054	6

Business activities

Passenger Airlines offers their customers a differentiated and high-quality product

The Passenger Airlines segment includes Lufthansa Airlines, SWISS, Austrian Airlines, Brussels Airlines and Eurowings, whose results are also reported individually.

The network carriers Lufthansa Airlines, SWISS, Austrian Airlines and Brussels Airlines offer their customers a premium experience, with high-quality products and services. The multi-hub strategy offers passengers a comprehensive route network along with the greatest possible flexibility for their journey.

Eurowings is positioned as a value carrier with an exclusive focus on point-to-point traffic on European short- and medium-haul routes.

The Passenger Airlines segment also includes the regional airlines Lufthansa CityLine, Lufthansa City Airlines, Air Dolomiti, Edelweiss Air, Discover Airlines and the equity investment in SunExpress, the joint venture with Turkish Airlines.

Moreover, commercial joint ventures with leading international airlines extend the Passenger Airlines route network. Commercial joint ventures exist with United Airlines and Air Canada on routes between Europe and North America, and with All Nippon Airways (ANA), Singapore Airlines and Air China on routes between Europe and Japan as well as Singapore and China respectively. In addition, numerous code-share agreements are in place.

Course of business

Fleet modernisation continues

The Passenger Airlines are driving forward with modernising and unifying their fleets. Older aircraft models are being retired and new, efficient aircraft with lower fuel needs and less carbon emissions are joining the fleet. The capital expenditure in modern and particularly fuel-efficient aircraft and engine technologies is currently the most important lever for reducing carbon emissions in flight operations. → **Combined non-financial declaration/Environmental concerns/ Climate protection p. 79.**

The Lufthansa Group decided in March 2023 to order ten new Airbus A350-1000, five A350-900 and seven Boeing 787-9 Dreamliner long-haul aircraft. They are due to be delivered from the middle of the decade onwards. At list prices, the overall order volume is around USD 7.5bn and is in line with the Group's medium-term financial planning. The Lufthansa Group ordered another four A350-900s in May 2023.

The Lufthansa Group entered into an agreement for the sale and lease-back of twelve short- and medium-haul aircraft in December 2023. The aircraft are currently operated by Lufthansa Airlines, Lufthansa CityLine and Eurowings.

In addition, the Lufthansa Group ordered 80 cutting-edge short- and medium-haul aircraft in December 2023. These were 40 Airbus A220-300s and 40 Boeing 737-8 MAXs. The aircraft are expected to be delivered between 2026 and 2032. The confirmed order for 80 aircraft is worth around EUR 9bn at list prices. The aircraft will enter service in various flight operations at the Lufthansa Group. Purchase options were also agreed for another 20 A320-300s, 60 B737-8 MAXs and 40 aircraft from the A320 family.

At the end of the 2023 financial year, the Passenger Airlines fleet had a total of 700 aircraft (previous year: 692 aircraft). → **Fleet, p. 27.**

Further expansion of product and services

Lufthansa Group Passenger Airlines are continuing to expand their product range in line with customer expectations. Customers will thus be offered a wider choice of relevant individually selectable product components as well as an improved travel experience on board and on the ground, in the premium segment in particular. This includes fitting Lufthansa Airlines and SWISS aircraft with Allegris and SWISS Senses product generation seating which will offer a new travel experience in every class on long-haul routes. Austrian Airlines is also to get a new long-haul cabin when the Boeing 787 Dreamliner is introduced.

Customers with Lufthansa Group Travel ID or a Miles & More account will also have better internet availability on board, and so be able to use short messaging services free of charge on an unlimited basis. All customers will continue to have access to new service options in the expanded in-flight entertainment programme and to all the services of the Lufthansa Group apps during the flight.

The culinary range will also be upgraded in the spirit of a premium service. There is also a focus on improvements to customer service, e.g. the enhanced accessibility of call centres, and expanded digital service channels.

Sustainability activities intensified

The Lufthansa Group continues to expand its portfolio of sustainable travel offerings. It became the first airline group in the world to offer its own “green fares” throughout Europe in February 2023. They enable passengers to fly more sustainably in the whole of Europe and North Africa, because they already include offsets for the carbon emissions of the flight.

The use of sustainable aviation fuels accounts for 20% of the offsets, with 80% coming from high-quality climate protection projects implemented by the non-profit organisation myclimate in Germany and other countries.

The green fares will also be extended to long-haul routes. From November 2023, they have been available on a trial basis on twelve selected routes.

Details of additional Passenger Airlines sustainability activities can be found in the following chapters about the individual airlines and in the → **Combined non-financial declaration p. 73.**

Operating performance

Operating performance shaped by ongoing recovery in demand

In the 2023 financial year, the operating performance of the Lufthansa Group’s Passenger Airlines segment significantly improved year-on-year due to the continued increase in demand for air travel and higher yields.

The Passenger Airlines’ available capacity was continuously expanded over the course of the reporting year in line with the recovery in demand. In the first quarter, it was 75% of the pre-crisis level in 2019. It then increased to 83% in the second quarter, 88% in the third quarter and 89% of the pre-crisis level in the fourth quarter.

Overall, available capacity in the 2023 financial year was at 84% of the pre-crisis level and 16% higher than in the previous year. The number of flights increased by 15% year-on-year. Sales rose by 20%. The Passenger Airlines transported 122.5 million passengers in the 2023 financial year, 20% more than in the previous year (previous year: 101.8 million). The passenger load factor was 3.1 percentage points higher year-on-year, at 82.9% (previous year: 79.8%).

Yields improved by 5.7%. Traffic revenue at the Passenger Airlines increased by 29% to EUR 26,701m year-on-year, chiefly due to higher traffic (previous year: EUR 20,705m).

T028 TRAFFIC FIGURES PASSENGER AIRLINES

		2023	2022[1]	Change in %
Number of flights	number	936,079	817,127	15
Passengers	thousands	122,535	101,775	20
Available seat-kilometres	millions	300,582	259,428	16
Revenue seat kilometres	millions	249,269	207,030	20
Passenger load factor	%	82.9	79.8	3.1 pts

[1] Previous year's figures adjusted.

T029 OPERATING FIGURES PASSENGER AIRLINES

	2023 in € cent	2022 in € cent	Change in %	Exchange rate adjusted change in %
Yields	9.6	9.1	5.7	6.8
Unit revenue (RASK)	9.7	9.0	7.8	8.8
Unit cost (CASK) without fuel and emissions trading expenses	6.4	6.3	2.2	2.3

T030 TRENDS IN TRAFFIC REGIONS

Passenger Airlines	Net traffic revenue External revenue		Passengers		Available Seat kilometer		Revenue Seat kilometer		Passenger load factor	
	2023 in €m	Change in %	**2023** in thousands	Change in %	**2023** in millions	Change in %	**2023** in millions	Change in %	**2023** in %	Change in pts
Europe	10,951	24	99,365	20	118,174	13	96,309	17	81.5	+2.9
America	7,190	20	11,251	14	100,021	9	84,434	13	84.4	+3.1
Asia/Pacific	3,351	81	4,806	68	45,476	63	38,405	72	84.5	+4.3
Middle East/ Africa	2,407	15	7,113	11	36,911	7	30,121	11	81.6	+2.4
Not assignable	2,802	45	–	–	–	–	–	–	–	–
Total traffics	**26,701**	**29**	**122,535**	**20**	**300,582**	**16**	**249,269**	**20**	**82.9**	**+3.1**

Financial performance

Revenue up on previous year by 25%

Revenue in the Passenger Airlines business segment was up by 25% in the reporting year to EUR 28,337m due to higher traffic revenue compared with the previous year (previous year: EUR 22,760m). Operating income of EUR 29,643m was 25% up on the previous year (previous year: EUR 23,785m).

Unit revenues (RASK) went up by 7.8% year-on-year thanks to higher yields and load factors. They were thus 23.6% higher than the pre-crisis level in 2019.

Expenses up by 15%

Operating expenses of EUR 27,730m were 15% higher than in the previous year (previous year: EUR 24,100m).

Unit costs (CASK) without fuel and emissions trading expenses rose by 2.2% compared with the previous year. They were 15.7% higher than the pre-crisis level. Cost increases due to inflation, additional expenses to ensure operational stability and negative economies of scale resulting from capacities that were still lower than before the crisis were largely offset by structural cost reductions.

The cost of materials and services of EUR 16,687m was 15% higher than in the previous year (previous year: EUR 14,492m). Expenses for fees and charges increased due to volume and price factors by 21% to EUR 4,193m (previous year: EUR 3,467m). Expenses for MRO services increased by 30% to EUR 2,134m (previous year: EUR 1,636m). Fuel expenses of EUR 7,552m were 6% higher than in the previous year (previous year: EUR 7,106m) due to increased flight operations.

Salary increases, a higher profit-share payment to staff and a 6% increase in the average number of employees drove up staff costs by 18% to EUR 5,426m (previous year: 4,584m).

Depreciation and amortisation decreased by 2% to EUR 1,725m (previous year: EUR 1,766m).

Other operating expenses increased by 19% to EUR 3,892m (previous year: EUR 3,258m) due to the expansion of flight operations.

T031 OPERATING EXPENSES PASSENGER AIRLINES

	2023 in €m	2022 in €m	Change in %
Cost of materials and services	16,687	14,492	15
of which fuel	7,552	7,106	6
of which fees and charges	4,193	3,467	21
of which charter expenses	420	385	9
of which MRO services	2,134	1,636	30
Staff costs[1]	5,426	4,584	18
Depreciation and amortisation[2]	1,725	1,766	– 2
Other operating expenses[3]	3,892	3,258	19
Total operating expenses	**27,730**	**24,100**	**15**

[1] Without past service costs/settlement.
[2] Without impairment losses.
[3] Without book losses.

Adjusted EBIT at EUR 2.0bn

Passenger Airlines reported a positive result again in financial year 2023. Adjusted EBIT improved to EUR 2,033m (previous year: EUR – 300m), largely thanks to a strong summer season. The Adjusted EBIT margin was 7.2% (previous year: – 1.3%).

EBIT in the reporting year was EUR 2,064m (previous year: EUR – 279m). The difference relative to Adjusted EBIT in the reporting period is mainly attributable to impairment losses recognised on aircraft held for sale as well as book losses on aircraft and reserve engines. → **Earnings position, p. 40.**

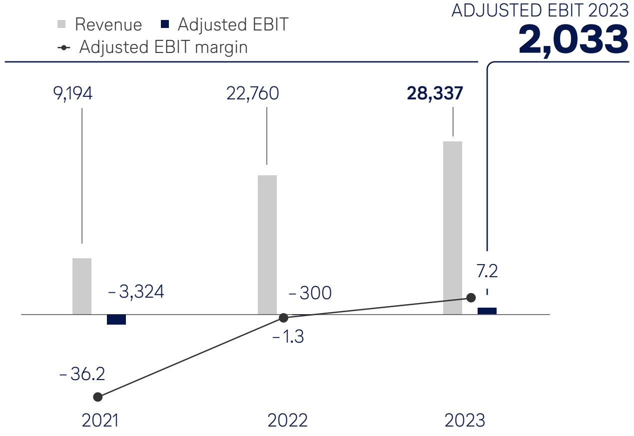
Segment capital expenditure up 52% on the previous year

Segment capital expenditure increased by 52% to EUR 3,095m in the reporting year (previous year: EUR 2,032m) and primarily related to advance payments for aircraft orders, major maintenance events and final payments for new aircraft received.

Number of employees up by 7% year-on-year

The number of employees came to 60,924 on 31 December 2023 (previous year: 56,762). This is a 7% year-on-year increase on year-end 2022, above all due to new employee hires in the operational areas as a result of expanding business operations.

C18 PASSENGER AIRLINES: DEVELOPMENT OF REVENUE, ADJUSTED EBIT in €m **AND ADJUSTED EBIT MARGIN** in %



Lufthansa Airlines

T032 KEY FIGURES LUFTHANSA AIRLINES[1]

		2023	2022	Change in %
Revenue	€m	16,168	13,173	23
Operating income	€m	16,884	13,781	23
Operating expenses	€m	16,025	14,228	13
Adjusted EBITDA	€m	1,613	403	300
Adjusted EBIT	€m	854	-466	
EBIT	€m	866	-432	
Adjusted EBIT margin	%	5.3	-3.5	8.8 pts
Employees as of 31 Dec	number	36,707	34,408	7
Average number of employees	number	35,834	34,402	4
Number of flights	number	454,755	408,419	11
Passengers	thousands	60,268	51,784	16
Available seat-kilometres	millions	169,573	149,412	13
Revenue seat kilometres	millions	139,763	119,363	17
Passenger load factor	%	82.4	79.9	2.5 pts

[1] Including regional partners and Discover Airlines.

Lufthansa Airlines is the largest airline in Germany. It has hubs at the two biggest German airports in Frankfurt and Munich and offers its customers a premium product with transfer connections to the entire world.

The regional airlines Lufthansa CityLine, Lufthansa City Airlines, Air Dolomiti and Discover Airlines are also part of Lufthansa Airlines. Furthermore, Miles & More and the equity investment in Terminal 2 Gesellschaft in Munich belong to Lufthansa Airlines

Fleet renewal continues

Lufthansa Airlines is driving forward the modernisation of its fleet. In the 2023 financial year, the Company took delivery of three Boeing 787 Dreamliners in Frankfurt. The Boeing 787 fleet now consists of five aircraft. Two new Airbus A350s and six new aircraft from the A320neo family were also added to the fleet. The cutting-edge new aircraft offer additional comfort, they are quieter, more economic, more efficient and emit less CO_2 than predecessor models.

To expand its capacity and in view of delays in the delivery of new long-haul aircraft combined with high demand, Lufthansa Airlines is reactivating its A380 fleet. Four aircraft of this type entered service at the Munich hub in the reporting year. Four more A380s are to follow in 2024 and 2025.

At the end of the reporting year, the fleet of Lufthansa Airlines comprised 381 aircraft.

Private tourism travel segment to be expanded with new brand image

In September 2023, Eurowings Discover unveiled its enhanced brand image under the new brand name Discover Airlines. The new brand image refines its profile and positioning in the premium leisure and private travel segment.

The segment was strengthened further in the reporting year. Two more A330s and two more A320s went into service at Discover Airlines. The aircraft had previously been used by other Lufthansa Group airlines. The Discover Airlines fleet now consists of 13 A330s and eleven A320s.

Lufthansa City Airlines starts flight operations in summer 2024

Lufthansa City Airlines, a new addition to the Lufthansa Group, will start flight operations in the summer of 2024. The airline was established in 2022 and received its air operator certificate (AOC) from the German Federal Aviation Office in June 2023. It will offer flights from its hubs in Munich and Frankfurt, and so also fly feeder services for Lufthansa Airlines. Lufthansa City Airlines will operate in parallel to Lufthansa CityLine and Air Dolomiti.

The airline is expected to start flight operations in 2024 with A319 aircraft. The Lufthansa Group is also currently evaluating the options for using Airbus A220 or Embraer aircraft.

It is essential for the Lufthansa Group's market position and its planned growth on long-haul routes in the German market to a make a strong, competitive addition to its short-haul network.

Customer product and services continue to expand

Lufthansa Airlines is investing in the expansion of its premium positioning and adding more products and services for its passengers.

For all of its travel classes on long-haul routes (i.e. Economy, Premium Economy, Business and First Class), the airline has introduced a new high-end product, Allegris, with new seats and a new cabin and service concept, which has been exclusively designed for the Lufthansa Group. Over 80 brand new Lufthansa Airlines aircraft such as Boeing 787-9s, Airbus A350s and Boeing 777-9s flying to destinations all over the world will offer the Allegris experience, starting in summer 2024. Many of the aircraft already in service at Lufthansa Airlines, like the Boeing 747-8, will be fitted with the new product over time. The simultaneous improvement of the travel experience in every class and the replacement of over 27,000 seats are unprecedented events in the history of Lufthansa Airlines. It underlines Lufthansa Airlines' aspiration to be the leading Western premium airline.

Lufthansa Airlines also offers its passengers additional comfort on short- and medium-haul routes. From spring 2025, the airline will start fitting Airbus A320 aircraft that are already in service for Lufthansa Airlines with a new, innovative cabin. The new cabin offers significantly greater comfort, with larger overhead lockers, USB sockets, tablet/smartphone holders for every seat and more legroom.

In-flight service was already upgraded in the reporting year. It offers Lufthansa Airlines passengers more choice, entertainment and sustainability. The Onboard Delights catering offering was expanded. Business Class passengers on long-haul flights from Germany can choose from a larger selection of main meals. A larger entertainment range for children and young people is also available on long-haul flights.

The newly developed Lufthansa app now also functions as a digital travel assistant and makes travelling even easier and more comfortable.

Efficiency to be increased sustainably

Lufthansa Airlines is increasing its efficiency to make lasting improvements to profitability with the launch of the "Enhance Efficiency-e²" programme. Strengthening interdisciplinary exchanges between the different units of Lufthansa Airlines is intended to create space for innovative ideas. The focus is on measures that boost efficiency sustainably, but at the same time also deliver on the other targets in the areas of customer and employee satisfaction and sustainability.

Changes in the management of Lufthansa Airlines

Heiko Reitz has been the new Chief Commercial Officer (CCO) of Lufthansa Airlines since 1 March 2023. He took over this role from Stefan Kreuzpaintner, who is now in charge of network, alliance and partner management for all of the Lufthansa Group's Passenger Airlines.

Long-term wage agreement reached with the Vereinigung Cockpit pilots' union

The Lufthansa Group and the Vereinigung Cockpit pilots' union agreed to a long-term wage agreement for the pilots of Lufthansa Airlines in August 2023. → **Employees, p. 30.**

Environmental management system is expanded

The environmental management system for Lufthansa Airlines and Lufthansa CityLine at the hub in Munich was successfully revalidated in accordance with the European EMAS Regulation (Eco-Management and Audit Scheme) and extended to the Frankfurt hub. This enables Lufthansa Airlines to set an example for corporate environmental responsibility at Frankfurt too. Details of additional Lufthansa Airlines sustainability activities can be found in the section on Passenger Airlines and in the → **Combined non-financial declaration p. 73.**

Traffic significantly expanded during the reporting year

In the 2023 financial year, Lufthansa Airlines carried 60.3 million passengers and therefore 16% more than in the previous year (previous year: 51.8 million). Capacity increased by 13% year-on-year. It was thus at 80% of its 2019 pre-crisis level. Sales climbed by 17% compared with the previous year. At 82.4%, the passenger load factor was 2.5 percentage points higher than the previous year's level (previous year: 79.9%). Yields increased by 5.3%. Traffic revenue increased by 25% to EUR 15,011m year-on-year, chiefly due to higher traffic (previous year: EUR 11,969m).

Revenue up by 23% year-on-year, Adjusted EBIT is EUR 854m

The increase in demand for air travel and higher unit revenues drove up revenue year-on-year at Lufthansa Airlines by 23% to EUR 16,168m in the reporting period (previous year: EUR 13,173m). Operating income increased by 23% to EUR 16,884m (previous year: EUR 13,781m).

Operating expenses of EUR 16,025m were 13% higher than in the previous year (previous year: EUR 14,228m). Due to additional capacity, the cost of materials and services was up by 13%, mainly as a result of increased MRO expenses (+36%), higher fees and charges (+18%) and higher volume-related fuel expenses (+4%). Staff costs were 15% higher than in the previous year due to salary increases, new recruitment and a higher profit-share payment for employees.

In the 2023 financial year, Lufthansa Airlines thus achieved a positive Adjusted EBIT of EUR 854m (previous year: EUR –466m). The Adjusted EBIT margin was 5.3% (previous year: –3.5%). EBIT came to EUR 866m (previous year: EUR –432m). The difference relative to Adjusted EBIT in the reporting year is mainly attributable to impairment losses recognised on aircraft held for sale as well as book losses on aircraft and reserve engines.

SWISS

T033 KEY FIGURES SWISS[1]

		2023	2022	Change in %
Revenue	€m	5,905	4,805	23
Operating income	€m	6,222	4,977	25
Operating expenses	€m	5,413	4,501	20
Adjusted EBITDA	€m	1,227	923	33
Adjusted EBIT	€m	809	476	70
EBIT	€m	797	472	69
Adjusted EBIT margin	%	13.7	9.9	3.8 pts
Employees as of 31 Dec	number	9,909	9,045	10
Average number of employees	number	9,481	8,730	9
Number of flights	number	149,392	123,118	21
Passengers	thousands	19,295	15,050	28
Available seat-kilometres	millions	55,327	44,423	25
Revenue seat kilometres	millions	46,719	35,467	32
Passenger load factor	%	84.4	79.8	4.6 pts

[1] Including Edelweiss Air.

SWISS is the leading airline in Switzerland. With its sister company Edelweiss Air, which specialises in tourist flights, it offers its customers a first-class product and a global route network.

The Swiss WorldCargo division uses the belly capacities of SWISS aircraft to offer comprehensive airport-to-airport services for high-value and sensitive goods worldwide.

Fleet modernisation continues

SWISS continued to drive its fleet modernisation in financial year 2023, putting its third and fourth Airbus A321neo into service. SWISS now has ten aircraft from the A320neo family. A total of 25 aircraft from the A320neo family are to be integrated into its fleet. The modern aircraft make an important contribution to environmental efficiency at SWISS.

The SWISS fleet, including Edelweiss Air, consisted of 109 aircraft at the end of the reporting year.

SWISS invests in passenger travel experience

SWISS strengthened its premium positioning in the growing tourism-related leisure travel segment and has fitted its four A340-300 aircraft with Premium Economy Class in the reporting year. Two out of the three aircraft types in SWISS' long-haul fleet thus now include this new travel class.

SWISS also presented SWISS Senses, the most extensive cabin refit in its company history. Passengers in all travel classes will be offered a completely new, more personal travel experience from 2025. The new Airbus A350-900s on order for SWISS will be delivered with the new cabin configuration.

SWISS has also improved its passengers' travel experience by introducing free internet for the use of instant messaging services on all long-haul flights. The new service is available in all travel classes during the entire flight and with unlimited data.

In addition, SWISS opened a completely refurbished lounge in Terminal D at Zurich Airport for passengers travelling to destinations outside the Schengen area.

Efforts to make flying sustainable given top priority

SWISS continued to expand its sustainability offering in financial year 2023. After a successful test phase in Scandinavia, SWISS rolled out its "green fares" throughout Europe. This fare includes offsets for the carbon emissions caused by the flight in the price.

On domestic flights between Zurich and Geneva, SWISS has only offered fares that already include offsets for the carbon emissions caused by the flight in the price since September 2023.

SWISS has also equipped more aircraft with the novel AeroSHARK technology. Eleven of the twelve Boeing 777 aircraft already have the drag-reduction foil. → **Combined non-financial declaration, Climate protection, p. 79.**

Furthermore, in cooperation with the Swiss Federal Railways (SBB), SWISS has expanded its intermodal services. The SWISS Air Rail route network from Geneva Airport was extended. SWISS passengers travelling by rail from Lausanne, Freiburg or Bern now have a choice of a connection to Zurich or Geneva airports.

Heike Birlenbach is new Chief Commercial Officer of SWISS

Heike Birlenbach became the new Chief Commercial Officer of SWISS on 1 January 2024. She was previously Head of Customer Experience for the Lufthansa Group airlines. Heike Birlenbach succeeds Tamur Goudarzi Pour, who as of 1 January 2024 is responsible for Customer Experience in the Lufthansa Group.

Important agreements signed with social partners

SWISS signed new collective agreements for the pilots and cabin crew and adjusted wages for ground staff in the reporting year. → **Employees, p. 30.**

Capacity and passenger numbers rising significantly

In the 2023 financial year, the number of passengers carried by SWISS rose 28% to 19.3 million (previous year: 15.0 million). Capacity was expanded by 25% year-on-year and was thus at 87% of its 2019 pre-crisis level. The number of flights rose by 21% compared with the previous year. Sales were up by 32%; at 84.4%, the passenger load factor was 4.6 percentage points higher than the previous year's level (previous year: 79.8%). Yields increased by 0.6%. Traffic revenue of EUR 5,376m were 36% higher than in the previous year (previous year: EUR 3,965m).

Revenue up by 23% year-on-year, Adjusted EBIT of EUR 809m a new record

In the reporting period, increased flight operations pushed revenue at SWISS up by 23% year-on-year to EUR 5,905m (previous year: EUR 4,805m). The cargo business contributed around 8% to SWISS' total revenue. Operating income of EUR 6,222m was 25% up on the previous year (previous year: EUR 4,977m).

Operating expenses increased by 20% to EUR 5,413m (previous year: EUR 4,501m). The cost of materials and services climbed by 22%, mainly as a result of increased fuel expenses (+14%) due to volumes, higher fees and charges (+19%) and higher charter/leasing expenses (+73%). Staff costs were 19% higher than in the previous year.

SWISS reported record earnings in financial year 2023. Adjusted EBIT improved by 70%, to EUR 809m (previous year: EUR 476m). The Adjusted EBIT margin was 13.7% (previous year: 9.9%). EBIT improved by 69%, to EUR 797m (previous year: EUR 472m).

Austrian Airlines

T034 KEY FIGURES AUSTRIAN AIRLINES

		2023	2022	Change in %
Revenue	€m	2,346	1,871	25
Operating income	€m	2,406	1,949	23
Operating expenses	€m	2,279	1,946	17
Adjusted EBITDA	€m	232	121	92
Adjusted EBIT	€m	127	3	4,133
EBIT	€m	127	–1	
Adjusted EBIT margin	%	5.4	0.2	5.2 pts
Employees as of 31 Dec	number	6,121	5,659	8
Average number of employees	number	5,948	5,609	6
Number of flights	number	113,417	95,040	19
Passengers	thousands	13,857	11,142	24
Available seat-kilometres	millions	25,444	21,700	17
Revenue seat kilometres	millions	20,835	17,240	21
Passenger load factor	%	81.9	79.4	2.5 pts

Austrian Airlines is Austria's largest airline. It offers its customers a global route network and a high-quality product.

Austrian Airlines modernises its fleet

Austrian Airlines took delivery of three more Airbus A320neos in the reporting year and so has completed the integration of this aircraft model into its fleet. Five A320neos are now in service at Austrian Airlines. With the introduction of this modern and efficient short- and medium-haul aircraft, Austrian Airlines is confirming its commitment to resource-conserving aviation. Thanks to innovative engine technology and improved aerodynamics, the A320neo's fuel consumption is up to 20% lower than that of similar, older-generation aircraft.

By 2028, Austrian Airlines also expects to receive a total of ten new Boeing 787-9 long-haul aircraft, which also feature the latest-generation technology. This represents another step in the modernisation and growth of the fleet. The Dreamliners will gradually replace the current long-haul aircraft in the B777 and B767 families and contribute to further reductions in carbon emissions at the same time.

At the end of the reporting year, the fleet of Austrian Airlines comprised 66 aircraft.

Top positions at SKYTRAX Awards

Austrian Airlines again won a top place at the renowned SKYTRAX World Airline Awards in the reporting year, collecting the Skytrax Award 2023 in the category Best Airline Staff in Europe.

Contract renewals on the Austrian Airlines Executive Board

On 21 March 2023, the Supervisory Board of Austrian Airlines re-appointed Michael Trestl as a member of the Executive Board and Chief Commercial Officer (CCO) for a further period of five years up to 31 December 2028.

On 26 June 2023, the Supervisory Board of Austrian Airlines re-appointed Francesco Sciortino as a member of the Executive Board and Chief Operating Officer (COO) for a further five years up to 31 March 2029.

Passenger numbers and load factor up in the reporting year

With 13.9 million passengers, Austrian Airlines carried 24% more customers in the reporting year than in the previous year (previous year: 11.1 million). Capacity was expanded by 17% year-on-year and was thus at 89% of its level prior to the outbreak of the coronavirus pandemic in 2019. Sales were up on the previous year by 21%. At 81.9%, the passenger load factor was 2.5 percentage points higher year-on-year (previous year: 79.4%). Yields increased by 5.6%. Traffic revenue went up by 27% to EUR 2,268m (previous year: EUR 1,780m).

Revenue up by 25% year-on-year, Adjusted EBIT of EUR 127m a new record

Revenue at Austrian Airlines climbed by 25% to EUR 2,346m in the 2023 financial year due to higher traffic and increased yields (previous year: EUR 1,871m). Operating income increased year on year by 23% to EUR 2,406m (previous year: EUR 1,949m).

In the 2023 financial year, operating expenses of EUR 2,279m were 17% higher than in the previous year (previous year: EUR 1,946m). The cost of materials and services climbed by 12%, mainly as a result of increased fees and charges (+17%) and higher expenses for MRO services (+16%) and in-flight services (+31%). Staff costs increased by 50% year-on-year as crisis agreements expired and salaries increased.

Austrian Airlines was thus able to generate a record result in financial year 2023, with Adjusted EBIT of EUR 127m (previous year: EUR 3m). The Adjusted EBIT margin was 5.4% (previous year: 0.2%). EBIT came to EUR 127m (previous year: EUR –1m).

Brussels Airlines

T035 KEY FIGURES BRUSSELS AIRLINES

		2023	2022	Change in %
Revenue	€m	1,537	1,217	26
Operating income	€m	1,604	1,289	24
Operating expenses	€m	1,551	1,363	14
Adjusted EBITDA	€m	155	35	343
Adjusted EBIT	€m	53	– 74	
EBIT	€m	53	– 75	
Adjusted EBIT margin	%	3.4	– 6.1	9.5 pts
Employees as of 31 Dec	number	3,394	3,235	5
Average number of employees	number	3,366	3,200	5
Flights[1]	number	62,786	52,795	19
Passengers[1]	thousands	8,317	6,830	22
Available seat-kilometres[1]	millions	18,118	16,313	11
Revenue seat kilometres[1]	millions	14,947	12,685	18
Passenger load factor[1]	%	82.5	77.8	4.7 pts

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

Brussels Airlines is Belgium's national airline. From its hub in Brussels, the airline offers flights to destinations worldwide, with a focus on the African continent.

Brussels Airlines continues to expand its fleet

Brussels Airlines took delivery of two Airbus A320neos in 2023, the first time in the airline's history that it has integrated brand new aircraft into its fleet. Two more A320s were also added to the fleet in reporting year 2023.

Furthermore, Brussels Airlines signed a wet lease agreement with CityJet for the summer season 2023 in the reporting year. From March to October 2023, the Brussels Airlines fleet was strengthened by two regional CRJ aircraft.

The Brussels Airlines fleet consisted of 44 aircraft at the end of the reporting year.

Changes in the Brussels Airlines Executive Board

Dorothea von Boxberg has been the new Chairwoman of the Executive Board (CEO) of Brussels Airlines since 15 April 2023. She was previously CEO at Lufthansa Cargo. She succeeds Peter Gerber, who left the Lufthansa Group on 31 January 2023.

On 12 May 2023, Nina Öwerdieck was re-appointed as a member of the Executive Board and Chief Financial Officer (CFO) of Brussels Airlines for a further five years.

Significant improvement in operating performance

With 8.3 million passengers, Brussels Airlines carried 22% more customers in the reporting year than in the previous year (previous year: 6.8 million). Capacity was expanded by 11% year-on-year and was thus at 82% of its 2019 pre-crisis level. Sales climbed by 18% compared with the previous year.

At 82.5%, the passenger load factor was 4.7 percentage points higher year-on-year (previous year: 77.8%). Yields increased by 6.7%. Traffic revenue increased with the expansion of traffic by 29% to EUR 1,466m (previous year: EUR 1,140m).

Revenue up by 26% year-on-year, Adjusted EBIT of EUR 53m a new record

Increased flight operations and higher yields in the 2023 financial year enabled revenue at Brussels Airlines to increase by 26% to EUR 1,537m (previous year: EUR 1,217m). Operating income climbed by 24% to EUR 1,604m (previous year: EUR 1,289m).

Operating expenses increased by 14% to EUR 1,551m (previous year: EUR 1,363m). The cost of materials and services was 16% higher than in the previous year, mainly as a result of higher fees and charges (+20%) and higher fuel expenses due to volumes (+10%). Staff costs were 10% higher than in the previous year.

Brussels Airlines therefore reported record earnings in financial year 2023. Adjusted EBIT came to EUR 53m (previous year: EUR -74m). The Adjusted EBIT margin was 3.4% (previous year: – 6.1%). EBIT also came to EUR 53m (previous year: EUR – 75m).

Eurowings

T036 KEY FIGURES EUROWINGS

		2023	2022	Change in %
Revenue	€m	2,592	1,857	40
Operating income	€m	2,711	2,032	33
Operating expenses	€m	2,631	2,262	16
Adjusted EBITDA	€m	339	–17	
Adjusted EBIT	€m	205	–197	
EBIT	€m	241	–200	
Adjusted EBIT margin	%	7.9	–10.6	18.5 pts
Employees as of 31 Dec	number	4,793	4,415	9
Average number of employees	number	4,702	4,113	14
Number of flights	number	155,729	137,755	13
Passengers	thousands	20,798	16,969	23
Available seat-kilometres	millions	32,121	27,579	16
Revenue seat kilometres	millions	27,005	22,276	21
Passenger load factor	%	84.1	80.8	3.3 pts

Eurowings is positioned as a value airline with a focus on point-to-point traffic in Europe

With clear positioning as Europe’s value airline for private and business travellers, Eurowings clearly sets itself apart from the segment of ultra-low-cost carriers and enables its customers affordable and flexible flying with innovative and customer-friendly services.

Eurowings’ route network focuses on European point-to-point traffic and addresses the structural growth in the private travel segment. Eurowings offers non-stop flights to more than 150 destinations within Europe. With an attractive route network and 13 international bases - including Mallorca, Europe’s number one holiday island - Eurowings is one of Europe’s largest holiday airlines.

Eurowings consists of two different flight operations. While Eurowings Germany offers flights from Germany to European destinations, Eurowings Europe covers pan-European routes. Eurowings Europe operates from its international bases in Palma de Mallorca, Salzburg, Graz, Prague and Stockholm and offers travellers a growing selection of holiday destinations and attractive city connections in Europe.

The consolidated result of Eurowings includes the result of its 50% equity investment in SunExpress, a joint venture with Turkish Airlines, which is accounted for using the equity method.

Eurowings Digital expanded further

Eurowings is expanding the activities of its digital subsidiary Eurowings Digital in the fields of e-commerce, software development, digital product and customer experience, and recruiting another 150 staff. Eurowings is thus investing to improve its digital products and services along the entire travel chain. A particular focus is on personalisation, in order to offer Eurowings customers an individual travel experience on holiday and business flights. Its passenger offering is being gradually expanded and supplemented by travel packages from Eurowings Holidays, flights from partner airlines and other additional products.

Eurowings opens new bases

Eurowings is expanding its tourist services at Nuremberg and Hanover airports. As part of this growth, Eurowings will again station one Airbus A320 permanently at each of the two new bases starting from the 2023/24 winter flight schedule. Another aircraft is to be stationed in Hanover in summer 2024.

Eurowings also stationed one Airbus A319 at Graz Airport in May 2023. Graz is the second Eurowings base in Austria and is therefore an integral part of Eurowings’ pan-European expansion.

Eurowings develops partnerships

Eurowings is accelerating its pan-European growth at its base in Prague and intensifying its partnership with Smartwings, the leading Czech airline. Thanks to a bilateral code-sharing agreement, Eurowings customers have enjoyed a wider range of direct connections from the Czech capital since August 2023.

Eurowings also cooperates with the Spanish airline Volotea. As part of their distribution partnership, both airlines have since May 2023 offered some 150 European routes on the respective other partner’s website. Since there are no overlaps between the two airlines’ route networks, the partnership is creating a fast growing range of flights on both the Volotea and Eurowings websites.

Eurowings fleet is being modernised and expanded
Eurowings received one new Airbus A320neo and four new A321neos as part of its continuous fleet modernisation in the reporting year. The number of the most efficient and economic short- and medium-haul aircraft in the fleet therefore continues to grow. With two new additions planned for 2024, the neo-fleet at Eurowings will add up to 13 aircraft in future.

As part of a fleet swap within the Lufthansa Group, Eurowings also received six Airbus A321ceos in the reporting year. Eurowings deploys the biggest medium-haul jets from Airbus on routes to the most popular holiday destinations in order to better serve ongoing high demand.

At the end of the reporting year, the Eurowings fleet had a total of 100 aircraft. → **Fleet, p. 27.**

Eurowings hires employees and signs new wage agreements
The steep increase in demand for flights led to a wave of new recruitment at Eurowings in the reporting year. Over 1,500 new employees have been hired since the end of the coronavirus pandemic. They were hired particularly for the flight operations of Eurowings Germany and Eurowings Europe, as well as for the fast growing IT start-up Eurowings Digital GmbH in Cologne.

Eurowings signed new wage agreements with collective bargaining and social partners in the reporting year. They cover the cockpit and cabin crew at Eurowings Germany and Eurowings Europe. → **Employees, p. 30.**

Capacity and passenger numbers rising significantly
In financial year 2023, Eurowings registered a strong level of demand for tourist flights and expanded its capacity accordingly.

In the reporting year, the number of passengers carried by Eurowings rose 23% to 20.8m (previous year: 17.0 million). Capacity increased by 16%. It was thus at 99% of its 2019 pre-crisis level. The number of flights was up year-on-year by 13% and sales by 21%. At 84.1%, the passenger load factor was 3.3 percentage points higher than the previous year's level (previous year: 80.8%). Yields per revenue seat-kilometre increased by 9.9%. Traffic revenue of EUR 2,580m was 39% higher than in the previous year (previous year: EUR 1,851m).

**Revenue up by 40% year-on-year,
Adjusted EBIT of EUR 205m at record level**
Eurowings revenue increased by 40% to EUR 2,592m due to higher volumes and prices (previous year: EUR 1,857m). Operating income of EUR 2,711m was 33% up on the previous year (previous year: EUR 2,032m).

Operating expenses increased in the reporting year by 16% to EUR 2,631m (previous year: EUR 2,262m). The cost of materials and services was 22% higher than in the previous year, mainly due to volumes and prices as a result of higher fees and charges (+37%) and higher expenses for external MRO services (+91%). Staff costs rose by 20% due to the recruitment activities in the context of the ongoing expansion of the airline's flight programme.

Eurowings was therefore able to report a record result in financial year 2023 thanks to strong demand and the successful restructuring that has taken place in recent years. Adjusted EBIT came to EUR 205m (previous year: EUR –197m). The improvement stems from the significant expansion of the flight programme, higher yields, better productivity and higher load factors on aircraft. Adjusted EBIT includes the result of the investment in SunExpress of EUR 125m (previous year: EUR 33m). This includes a one-off tax effect of around EUR 60m.

The Adjusted EBIT margin amounted to 7.9% in the reporting year (previous year: –10.6%). EBIT came to EUR 241m (previous year: EUR –200m). The difference to Adjusted EBIT in the reporting period mainly results from book gains from asset disposals.

LOGISTICS BUSINESS SEGMENT

T037 KEY FIGURES LOGISTICS

		2023	2022	Change in %
Revenue	€m	2,977	4,627	-36
of which traffic revenue	€m	2,775	4,430	-37
Operating income	€m	3,090	4,733	-35
Operating expenses	€m	2,933	3,171	-8
Adjusted EBITDA	€m	401	1,770	-77
Adjusted EBIT	€m	219	1,600	-86
EBIT	€m	214	1,575	-86
Adjusted EBIT margin	%	7.4	34.6	-27.2 pts
Adjusted ROCE	%	7.3	54.2	-46.9 pts
Segment capital expenditure	€m	191	254	-25
Employees as of 31 Dec	number	4,152	4,085	2
Average number of employees	number	4,122	4,088	1

Business activities

Lufthansa Cargo is one of Europe's leading freight airlines

In addition to Lufthansa Cargo AG, the Lufthansa Group's logistics specialist, the Logistics segment includes the air-freight container management specialist Jettainer group, the time:matters Group, which specialises in particularly urgent shipments, the subsidiary Heyworld, which specialises in tailored solutions for the e-commerce sector, CB Customs Broker, the customs and customs clearance specialist, and the Lufthansa Group's 50% stake in the cargo airline AeroLogic. Lufthansa Cargo also has equity investments in various handling companies and smaller companies involved in aspects of digitalising the sector.

The focus of Lufthansa Cargo's operations lies in the airport-to-airport airfreight business. Its product portfolio encompasses standard and express freight as well as highly specialised products. Cross-border eCommerce shipments are the fastest-growing airfreight segment. Among the special products offered, such as the transport of live animals, valuable cargo, post and dangerous goods, it is primarily the demand for carriage of temperature-controlled goods that is continuously increasing. The company has specialised infrastructure at Frankfurt Airport to handle these goods, including the Animal Lounge and the Lufthansa Cargo Pharma Hub.

In addition to its own eleven Boeing 777F cargo aircraft and four Airbus A321Fs, Lufthansa Cargo uses the belly capacities of Lufthansa Airlines, Austrian Airlines, Brussels Airlines, Discover Airlines and SunExpress to transport freight.

In addition, the AeroLogic joint venture in Leipzig operates 22 777F cargo aircraft on behalf of the two shareholders, Lufthansa Cargo and DHL Express. Lufthansa Cargo is responsible for marketing the capacities of six of these aircraft.

Lufthansa Cargo also has successful international partnerships with the cargo divisions of Cathay Pacific and United Airlines. Cooperation with All Nippon Airways was suspended in October 2023.

Course of business

Lufthansa Cargo expands freighter fleet to open up new growth potential

Lufthansa Cargo is investing in future growth potential in the fast-growing eCommerce segment. Two more A321 passenger aircraft were converted to freighters in the 2023 financial year in response to the growing demand for airfreight connections within Europe, in order to ensure short delivery times. The four aircraft are operated by Lufthansa CityLine. According to the current plans, this means the short- and medium-haul freighter fleet is complete.

As a further investment to expand the capacity of its freighter fleet, Lufthansa Cargo ordered three current-generation 777Fs and seven next-generation 777-8F freighters from Boeing in the 2022 financial year. The second 777F was delivered in December 2023 and is in service with AeroLogic, as is the first 777F. The third 777F is expected in the first half of 2024 and will enter service at Lufthansa Cargo.

Product portfolio for express shipments further expanded

Lufthansa Cargo introduced td.Zoom in November 2023, a third express option in addition to td.Pro and td.Flash. With td.Zoom, airfreight customers can choose the fastest service for their most urgent consignments. It includes the shortest handling times in export, transit and import, as well as dedicated processes with no weight or size restrictions.

Lufthansa Cargo is a pioneer in the digitalisation of the airfreight industry

The leading position of Lufthansa Cargo in the airfreight industry is to be expanded by building up digital services. The ongoing development of its digital sales channels was driven by connecting global customers directly to the Lufthansa Cargo booking system via an application programming interface, and expanding the strategic partnership with the booking platform cargo.one. The number of services that can be booked online was also increased.

Another milestone for digitalisation was the announcement that the ONE record standard for data exchange co-developed by IATA would be progressed and implemented in the IT infrastructure. More pioneering work was carried out with Kühne+Nagel for paperless freight transport with a fully digital transport chain. The two companies jointly introduced the first fully paperless route between Germany and Hong Kong. These initiatives optimise the airfreight processes, boost operating efficiency and make an important contribution to sustainability efforts in the airfreight industry.

Modernisation of Frankfurt hub is progressing

Implementation of the comprehensive infrastructure programme that includes the development and renovation of the logistics centre at the home Frankfurt hub continued in the 2023 financial year. The programme was designed so that the company can finally respond flexibly to market developments and the changing needs of customers.

Construction of the new high-bay warehouse, including an automated transport system and the first building modules started in the reporting year. In addition to the new building, the existing buildings and warehouses at the Lufthansa Cargo Center are also to be technically upgraded and modernised. Lufthansa Cargo is investing a total of some EUR 500m in this major project, which is expected to be completed by 2030 and covers a building site of seven hectares.

Lufthansa Cargo leads the industry in terms of sustainability

As in previous years, Lufthansa Cargo again offered a weekly cargo flight in the 2023 summer flight timetable covered by sustainable fuels, making it more sustainable.

Moreover, all Lufthansa Cargo customers are able to transport their freight more sustainably by selecting the “Sustainable Choice” option, which has been available to book as an additional service on the website since 2023.

In order to further improve the fleet’s carbon footprint, all 777Fs will be equipped with an innovative surface technology. The “AeroSHARK” film, which imitates sharkskin, reduces aircraft air resistance and thus reduces fuel consumption. The first four 777Fs were equipped with the new technology in the reporting year.

Changes in the management of Lufthansa Cargo

Lufthansa Cargo reorganised its management. Ashwin Bhat has been the new Chief Executive Officer (CEO) of the cargo airline since 15 April 2023. He was previously Chief Commercial Officer (CCO) of Lufthansa Cargo and replaced Dorothea von Boxberg, who is the new CEO of Brussels Airlines.

In addition, Frank Bauer has been the new Chief Financial Officer and Labour Director of Lufthansa Cargo since 1 August 2023. He was previously Head of Controlling and Risk Management for the Lufthansa Group.

Long-term wage agreement reached with the Vereinigung Cockpit pilots’ union

The Lufthansa Group and the Vereinigung Cockpit pilots’ union agreed to a long-term wage agreement for the pilots of Lufthansa Cargo in August 2023. → **Employees, p. 30.**

Operating performance

Lufthansa Cargo’s operating performance returns to normal after record years

The operating performance in the Logistics segment went back to normal in financial year 2023 after the records set in previous years. In 2021 and 2022, the airfreight market benefited from the shortage of belly capacities caused by the pandemic and a sharp rise in demand due to disruptions in global supply chains. Capacity in 2023 was 7% higher than the previous year, mainly due to the recovery in passenger flight operations and the related increase in belly capacities. Capacity compared with the pre-crisis level in 2019 came to 87%. Sales rose by 3% compared with the same period of the previous year. The cargo load factor decreased by 1.9 percentage points to 59.2% (previous year: 61.1%). Yields declined in all Lufthansa Cargo’s traffic regions and were 39.3% down on the year. They were nonetheless still significantly higher than the pre-crisis level in 2019.

T038 TRAFFIC FIGURES AND OPERATING FIGURES LOGISTICS

		2023	2022	Change in %
Available cargo tonne-kilometres	millions	12,620	11,827	7
Revenue cargo tonne-kilometres	millions	7,471	7,231	3
Cargo load factor	%	59.2	61.1	–1.9 pts
Yields	€ cent	37.2	61.3	–39.3 [1]

[1] Exchange rate-adjusted change: –37.1%.

Traffic revenues decreased by 37% to EUR 2,775m due to the lower yields (previous year: EUR 4,430m). In all traffic regions, traffic revenue decreased year on year.

The Americas and Asia/Pacific remain Lufthansa Cargo’s main traffic regions. The two regions account for nearly 90% of capacity and sales.

Capacity was expanded in all traffic regions, and sales were increased in all traffic regions except the Americas. However, the cargo load factor declined in all traffic regions year-on-year.

T039 TRENDS IN TRAFFIC REGIONS
Lufthansa Cargo

	Net traffic revenue external revenue		Available cargo tonne-kilometres		Revenue cargo tonne-kilometres		Cargo load factor	
	2023 in €m	Change in %	**2023** in m	Change in %	**2023** in m	Change in %	**2023** in %	Change in pts
Europe	219	-26	779	28	289	7	37.1	-7.6
America	1,185	-42	6,196	-1	3,426	-3	55.3	-0.7
Asia/Pacific	1,137	-37	4,604	17	3,214	10	69.8	-4.3
Middle East/Africa	234	-21	1,041	4	542	3	52.0	-0.8
Total	**2,775**	**-37**	**12,620**	**7**	**7,471**	**3**	**59.2**	**-1.9**

Financial performance

Revenue down year-on-year by 36%

Revenue in the Logistics segment sank by 36% to EUR 2,977m in financial year 2023 (previous year: EUR 4,627m). The main reason for the decline was lower yields as capacities and demand in the airfreight market returned to normal. Operating income decreased by a total of 35% to EUR 3,090m (previous year: EUR 4,733m).

Expenses down by 8%

Operating expenses came to EUR 2,933m in the reporting year, a year-on-year decline of 8% (previous year: EUR 3,171m). Lower charter expenses and fuel costs, as well as measures to increase efficiency and cut costs were partly offset by price increases due to inflation.

The cost of materials and services went down year-on-year by 10% to EUR 2,063m (previous year: EUR 2,295m). There was a 20% price- and currency-related decrease in fuel expenses to EUR 389m (previous year: EUR 486m). Charter expenses were lower by 15% to EUR 1,100m (previous year: EUR 1,287m) due to lower belly expenses paid to Group companies.

Staff costs went down by 1% to EUR 419m in financial year 2023 (previous year: EUR 425m), primarily due to lower performance-related remuneration components. This was offset by a 1% increase in the average number of employees and salary increases as a result of collective bargaining agreements and pay rounds.

Depreciation and amortisation rose year-on-year by 7% to EUR 182m (previous year: EUR 170m) due to the expansion of the freighter fleet.

Other operating expenses went down by 4% to EUR 269m, mainly due to lower maintenance expenses and currency effects (previous year: EUR 281m).

T040 OPERATING EXPENSES LOGISTICS

	2023 in €m	2022 in €m	Change in %
Cost of materials and services	2,063	2,295	-10
of which fuel	389	486	-20
of which fees and charges	302	274	10
of which charter expenses	1,100	1,287	-15
of which MRO services	116	111	5
Staff costs [1]	419	425	-1
Depreciation and amortisation [2]	182	170	7
Other operating expenses [3]	269	281	-4
Total operating expenses	**2,933**	**3,171**	**-8**

[1] Without past service costs/settlement.
[2] Without impairment losses.
[3] Without book losses.

Adjusted EBIT of EUR 219m

Adjusted EBIT decreased by 86% in financial year 2023 to EUR 219m (previous year: EUR 1,600m). The Adjusted EBIT margin declined by 27.2 percentage points to 7.4% (previous year: 34.6%).

EBIT decreased year-on-year by 86% to EUR 214m (previous year: EUR 1,575m).

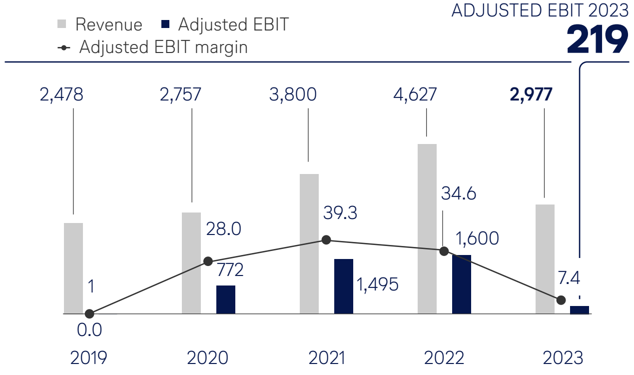
Segment capital expenditure down 25% on the previous year

Capital expenditure in the Logistics segment decreased in the reporting year by 25% to EUR 191m (previous year: EUR 254m). This mainly related to advance payments for two 777F cargo aircraft.

Number of employees up by 2%

The number of employees at year-end increased by 2% to 4,152 (previous year: 4,085).

C19 LOGISTICS: DEVELOPMENT OF REVENUE, ADJUSTED EBIT in €m **AND ADJUSTED EBIT MARGIN** in %



MRO BUSINESS SEGMENT

T041 KEY FIGURES MRO

		2023	2022	Change in %
Revenue	€m	6,547	5,550	18
of which with companies of the Lufthansa Group	€m	2,158	1,546	40
Operating income	€m	7,028	5,951	18
Operating expenses	€m	6,383	5,383	19
Adjusted EBITDA [1]	€m	785	732	7
Adjusted EBIT [1]	€m	628	554	13
EBIT [1]	€m	628	498	26
Adjusted EBIT margin [1]	%	9.6	10.0	- 0.4 pts
Adjusted ROCE	%	12.0	11.4	0.6 pts
Segment capital expenditure	€m	137	99	38
Employees as of 31 Dec	number	22,870	20,411	12
Average number of employees	number	21,925	20,116	9
Fully consolidated companies	number	25	25	–

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

Business activities

Lufthansa Technik is the world's leading MRO provider

Lufthansa Technik is the world's leading manufacturer-independent provider of maintenance, repair and overhaul services (MRO) for civilian commercial aircraft. The Lufthansa Technik group comprises 30 plants offering technical aviation services worldwide. The company also holds direct and indirect stakes in 64 companies. Lufthansa Technik AG serves more than 800 customers worldwide, including OEMs, aircraft leasing companies, operators of VIP jets, governments and armed forces, as well as airlines. Around one third of its business comes from entities in the Lufthansa Group and two thirds from clients outside the Lufthansa Group.

Course of business and operating performance

New record result thanks to high demand for MRO services and improved competitiveness

Lufthansa Technik again reported an exceptionally positive performance in the reporting year. Strong demand for flights led to rising demand for maintenance and repair services, as well as other products from Lufthansa Technik, which in turn had a positive impact on revenue and earnings. Lufthansa Technik set a new earnings record for the year despite tight supply chains, increasing material and staff costs and the slight decline in the US dollar. The measures taken during the coronavirus pandemic to improve competitiveness paid off. The RISE programme was largely responsible for the changes, which included a wide-ranging reorganisation of the company, and came to an end after three years. RISE aimed to ensure that Lufthansa Technik becomes more customer-focused, transparent, leaner and faster.

Lufthansa Technik launches Ambition 2030 growth programme

The Executive Board of the Lufthansa Group decided in late November 2023 not to pursue its plans for the sale of a non-controlling stake in Lufthansa Technik.

Instead, Lufthansa Technik launched an ambitious programme of growth called Ambition 2030, to build on its leading global position in the technical servicing of aircraft fleets even without taking another shareholder on board. The company is expecting demand for MRO services to remain high, especially for engines. In addition to the rising number of older engines in flight operations worldwide, this is due to the greater maintenance intensity of the new engine developments.

The Ambition 2030 programme entails wide-ranging capital expenditure to expand the core business, additional bases and a greater international presence, potentially also by means of acquisitions, as well as the expansion of digital business models.

Focus on recruiting new professionals

High demand for qualified professionals continued in the reporting year in both operating and administrative areas. Lufthansa Technik is responding to this need with various national and international recruiting activities. The company is also trying new approaches. The Senior Experts programme started in the reporting year and explicitly addresses people of retirement age who have previously worked at Lufthansa Technik or other companies, and would like to continue contributing their expertise after their regular career comes to an end.

To meet the high demand for qualified staff, Lufthansa Technik is also training people with a technical background or from manual trades, and has invested in a training centre in Hamburg for this purpose. The Women@LHT programme is intended to strengthen diversity in the working environment and attract more women to Lufthansa Technik. Many apprentices are also given permanent employment contracts when they finish their training. More than 220 junior staff started work at the German sites alone in the reporting year.

AeroSHARK surface technology reduces carbon emissions

Lufthansa Technik wants to use technology to make flying more sustainable in future. The AeroSHARK technology developed jointly with BASF imitates the characteristics of sharkskin, which is particularly hydrodynamic, thereby optimising the aerodynamics of relevant areas of the aircraft, meaning it uses less fuel. The roll-out of the sharkskin technology at the launch customers Lufthansa Cargo and SWISS began in the reporting year. Since then, 15 Boeing 777 and B777F aircraft have been fitted with AeroSHARK.

Research into sustainable drive systems continues

The Hydrogen Aviation Lab, Hamburg's new functional laboratory for the testing of maintenance and ground processes for future hydrogen-powered aircraft, started to take shape. A former Lufthansa Airlines Airbus A320 will be converted alongside joint project partners into a field laboratory which will enable early research into the safe use of a potential energy source for future aviation to be carried out under realistic conditions. The gradual integration and operation of the necessary components began in the fourth quarter of 2023.

Many new contracts secure future business

Lufthansa Technik AG serviced some 4,600 aircraft under long-term component contracts at the end of financial year 2023 (8% more than the previous year). In the course of the year, 27 new customers were acquired and 1,000 new contracts with a volume of EUR 8.0bn signed, of which EUR 3.1bn was with companies in the Lufthansa Group.

They included new long-term contracts for strategic component supplies with several airlines. Hawaiian Airlines signed its first component supply agreement with Lufthansa Technik for its Airbus A330ceo and A321neo fleets. Altogether, the agreement covers the supply of spare parts for up to 52 aircraft in the next seven years. With this new agreement, Lufthansa Technik has expanded its market share in MRO services for Airbus aircraft in the USA.

Lufthansa Technik also extended its partnership with Emirates for the Airbus A380, of which the Dubai-based carrier is by far the largest operator. Under the contract, Lufthansa will overhaul the main undercarriages of the Emirates A380 aircraft. Other contracts are for aircraft overhaul services. A further 23 Emirates A380s will be overhauled at Lufthansa Technik Philippines in Manila until October 2026.

Lufthansa Technik demonstrated its leading role in engine maintenance with its first overhaul of a LEAP-1B engine that powers the Boeing 737 MAX. As the first independent MRO provider worldwide, Lufthansa Technik signed a service agreement for the two engines LEAP-1A (Airbus A320neo) and LEAP-1B (Boeing 737 MAX), thereby securing its access to the fleets of the future.

Digitalisation is progressing

Lufthansa Technik is playing a key role in the digital transformation of technical aircraft operations with its Digital Tech Ops ecosystem. It consists of AVIATAR as a platform for data-based analytics solutions, flydocs as a digital records and asset solution, and the maintenance and engineering/MRO software AMOS from global leader Swiss Aviation Software AG. At the end of the reporting year, the data from around 3,300 aircraft (23% more than the previous year) were already connected to the AVIATAR platform.

Digitalisation is also advancing in the company with the Digitize the Core initiative. The aim is to use digital technologies to make business processes and workflows more efficient.

Lufthansa Industry Solutions, an IT advisory and system integration business, part of Lufthansa Technik, reported record revenue in the reporting year. The company develops innovative solutions for more than 300 customers from the aviation, industry, logistics and transport sectors. It particularly expanded its services for AI, process mining and sustainability management in financial year 2023. This included developing the ESG tool EPACTO for measuring and analysing carbon emissions.

Defence business expanded

Alongside traditional MRO services and digital services for civil and commercial aircraft operators, Lufthansa Technik is driving the expansion of its new defence business. The company will be contributing its competences to servicing the new F-35 fighter jets at Deutsche Luftwaffe, the German Air Force. Lufthansa Technik is one of the companies responsible here for servicing and maintenance.

In addition, Lufthansa Technik is a key partner for project Pegasus, the German Air Force's reconnaissance aircraft. A contract was signed in 2023 opening the way to servicing the new maritime reconnaissance and patrol aircraft. The company is also a partner in Boeing's industry team for servicing the new Chinook heavy transport helicopter operated by the German Air Force. Lufthansa Technik has serviced the aircraft of the German Special Air Mission Wing for more than 60 years. In the reporting year, Lufthansa Technik delivered the Theodor Heuss, the third new government Airbus A350 aircraft.

Financial performance

Revenue up on previous year by 18%

Revenue in the MRO segment climbed by 18% in financial year 2023 to EUR 6,547m (previous year: EUR 5,550m). Lufthansa Technik benefited from increased demand for maintenance and repair services due to the rising number of flights.

Both external revenue and revenue from within the Group increased year-on-year. Performance was driven by the MRO units Engine Services and Aircraft Component Services in particular. Operating income increased by 18% to EUR 7,028m (previous year: EUR 5,951m).

Expenses up on previous year by 19%

Operating expenses increased in the reporting year by 19% to EUR 6,383m (previous year: EUR 5,383m).

The cost of materials and services rose by 25% to EUR 3,844m due to higher volumes and prices (previous year: EUR 3,066m). This was the result of the positive commercial performance, which led to an increase in material consumption and higher external services.

Staff costs of EUR 1,559m were 13% higher than in the previous year (previous year: EUR 1,379m), primarily due to the higher average number of employees, as well as to payscale and salary increases.

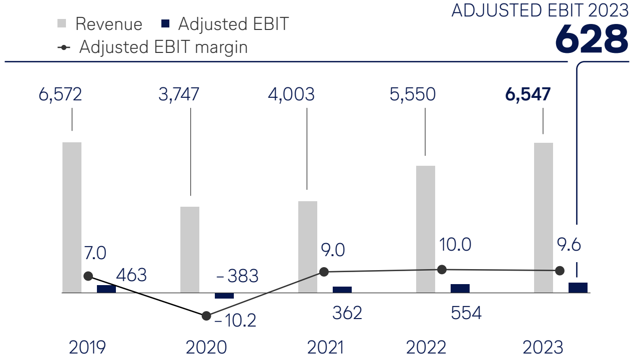
Depreciation and amortisation went down by 12% to EUR 157m (previous year: EUR 178m).

T042 OPERATING EXPENSES MRO

	2023 in €m	2022 in €m	Change in %
Cost of materials and services	3,844	3,066	25
of which other raw materials, consumables and supplies	2,188	1,806	21
of which external services	1,656	1,260	31
Staff costs [1]	1,559	1,379	13
Depreciation and amortisation [2]	157	178	– 12
Other operating expenses [3]	823	760	8
Total operating expenses	**6,383**	**5,383**	**19**

[1] Without past service costs/settlement.
[2] Without impairment losses.
[3] Without book losses.

C20 MRO:
DEVELOPMENT OF REVENUE, ADJUSTED EBIT in €m
AND ADJUSTED EBIT MARGIN in %



Adjusted EBIT reached a new record of EUR 628m

Adjusted EBIT improved in the reporting year by 13% to EUR 628m (previous year: EUR 554m), which was a new record. The Adjusted EBIT margin decreased by 0.4 percentage points to 9.6% (previous year: 10.0%).

EBIT also came to EUR 628m (previous year: EUR 498m). The previous year's figure was reduced by impairment losses following the closure of the business in Russia.

Segment capital expenditure up by 38%

Segment capital expenditure in the MRO segment went up by 38% to EUR 137m (previous year: EUR 99m). Investments were mainly made in intangible assets and property, plant and equipment.

Number of employees up by 12%

The number of employees at the end of the year compared with the previous year went up by 12% to 22,870 (previous year: 20,411). The increase is due to recruitment as a result of higher business volumes.

CATERING BUSINESS SEGMENT

T043 KEY FIGURES CATERING

		2023	2022	Change in %
Revenue	€m	1,954	1,960	0
of which with companies of the Lufthansa Group	€m	66	57	16
Operating income	€m	1,991	2,011	-1
Operating expenses	€m	1,945	2,015	-3
Adjusted EBITDA	€m	117	66	77
Adjusted EBIT	€m	55	-11	
EBIT	€m	53	-182	
Adjusted EBIT margin	%	2.8	-0.6	3.4 pts
Segment capital expenditure	€m	35	40	-13

Business activities

LSG group sold to Aurelius

On 4 April 2023, Deutsche Lufthansa AG signed an agreement with the private equity firm Aurelius on the sale of the LSG group. The sales transaction closed on 31 October 2023.

The business of the LSG group consists of traditional catering and onboard retail along with food commerce activities. The sale of its Catering division forms part of the Lufthansa Group's strategy of focusing more on its core airline business. The European activities of the LSG group had already been sold off to gategroup in 2019.

The earnings contributions of the Catering segment are presented separately in the Group income statement as "Profit/loss from discontinued operations". Figures for the previous year were adjusted accordingly. The segment revenue and result are therefore not included in the Group revenue and Adjusted EBIT. The Catering segment was dissolved at the close of the 2023 financial year.

A comparison of the figures for the Catering segment in financial year 2023 with those for the previous year is distorted by the fact that financial year 2023 only covers the first 10 months of the year until the closing of the sale of the LSG group. → **Financial performance, p. 40**.

Financial performance

Revenue stable year-on-year

Revenue for the LSG group in the period under review was at the same level as in the previous year, at EUR 1,954m (previous year: EUR 1,960m). On a like-for-like basis (from January to October), revenue at the LSG group increased by 22% due to continued positive business performance in the North America and Asia regions. Operating income went down compared with the full year 2022 by 1% to EUR 1,991m (previous year: EUR 2,011m).

Expenses down year-on-year

Operating expenses for the LSG group in the period under review came to EUR 1,945m (previous year: EUR 2,015m). On a like-for-like basis they rose primarily due to the volume- and price-related increase in the cost of materials and staff costs, as well as higher revenue-based airport fees.

The cost of materials and services decreased by 2% to EUR 770m (previous year: EUR 784m). Staff costs reduced by 3% to EUR 811m (previous year: EUR 833m). Depreciation and amortisation went down by 19% to EUR 62m (previous year: EUR 77m). Other operating expenses reduced by 6% to EUR 302m (previous year: EUR 321m).

T044 OPERATING EXPENSES CATERING

	2023 in €m	2022 in €m	Change in %
Cost of materials and services	770	784	-2
Staff costs [1]	811	833	-3
Depreciation and amortisation [2]	62	77	-19
Other operating expenses [3]	302	321	-6
Total operating expenses	**1,945**	**2,015**	**-3**

[1] Without past service costs/settlement.
[2] Without impairment losses.
[3] Without book losses.

Adjusted EBIT of EUR 55m

Adjusted EBIT in the period under review improved accordingly to EUR 55m (previous year: EUR -11m). The Adjusted EBIT margin amounted to 2.8% (previous year: -0.6%). EBIT increased to EUR 53m (previous year: EUR -182m).

Segment capital expenditure down by 13%

Segment capital expenditure was 13% down on the year at EUR 35m (previous year: EUR 40m).

ADDITIONAL BUSINESSES AND GROUP FUNCTIONS

T045 KEY FIGURES ADDITIONAL BUSINESSES AND GROUP FUNCTIONS

		2023	2022	Change in %
Operating income	€m	3,245	2,768	17
Operating expenses	€m	3,499	3,050	15
Adjusted EBITDA[1]	€m	-93	-181	49
Adjusted EBIT[1]	€m	-206	-298	31
EBIT[1]	€m	-252	-344	27
Segment capital expenditure	€m	30	45	-33
Employees as of 31 Dec	number	8,681	8,033	8
Average number of employees	number	8,411	7,922	6

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

Additional Businesses and Group Functions include the Group's service and financial companies, above all AirPlus, Lufthansa Aviation Training and Lufthansa Systems, as well as the Group Functions for the Lufthansa Group.

AirPlus offers corporate payment solutions

Lufthansa AirPlus Servicekarten GmbH (AirPlus) is a leading international provider in the global market for payment and billing services. Under the AirPlus International brand, it offers solutions in 57 countries worldwide. The company served more than 55,000 corporate customers in total in 2023.

The Lufthansa Group signed a contract with SEB Kort Bank AB of Stockholm (Sweden) for the sale of AirPlus in June 2023. The purchase price is approximately EUR 450m. The sale to SEB Kort opens up new opportunities for AirPlus by allowing the two companies to combine their strengths and know-how. AirPlus is currently in a carve-out process to unwind the contractual relations with its current parent before being transferred to its new owner. The transaction is expected to close in summer 2024 and is subject to various closing conditions, including the approval of the supervisory authorities.

AirPlus increased its billing volume by 31% year on year in the reporting year. Its volume of business approached that of the pre-crisis period again, supported by an increase in average prices, especially for flight tickets, and new customer acquisitions.

As of 2023, AirPlus offers Google Pay alongside Apple Pay as another mobile payment solution for the company credit card AirPlus Corporate Card. AirPlus also introduced a new platform for analysing expenses, known as AirPlus Intelligence. In the growth area of B2B payments, a significant increase in customers and transaction volumes was reported.

AirPlus intensified its corporate responsibility activities in the reporting year, obtaining certification for 2022 under the Impact label from myclimate, an international climate protection organisation. The label confirms that the unavoidable carbon emissions resulting from its commercial activities have been measured correctly and that a corresponding amount has been paid to a high-quality climate action project from myclimate.

Adjusted EBIT of AirPlus in the reporting year came to EUR -56m (previous year: EUR -74m).

Lufthansa Aviation Training profits from strong demand for air transport

Lufthansa Aviation Training GmbH (LAT) is one of the leading flight training companies, providing vocational and professional training for cockpit and cabin crew at twelve training centres. LAT's customer portfolio includes the companies in the Lufthansa Group as well as more than 250 national and international airlines.

The need to train cockpit and cabin crews is even higher due to strong demand for flights. LAT was able to increase its training volume and the load factors for the simulators again year on year in the reporting year.

Further investments were made in new training equipment and infrastructure in financial year 2023. This particularly entailed the acquisition of more full-flight simulators for the aircraft types Boeing 777, Boeing 787 and Airbus A320. The maintenance work started in previous years at the training centre in Frankfurt continued according to plan.

LAT organised another Aviation Day at its training centre in Frankfurt in July 2023. This recruitment event held with other companies in the Lufthansa Group presented various occupations related to aviation. The LAT flight school and the European Flight Academy (EFA) used the Aviation Day and other information events to advertise for a career as a commercial pilot in the reporting year.

After training operations restarted the previous year, over 150 flight cadets began EFA training courses in Germany and Switzerland in the reporting year. This meant the new flight school concept could be continued successfully. The theoretical part of the training takes place in Bremen or Zurich and lasts for around two years, with practical training given at sites in Goodyear, USA, Grenchen, Switzerland, and Rostock-Laage in Germany.

LAT's Adjusted EBIT amounted to EUR 16m in the 2023 financial year (previous year: EUR -1m).

Lufthansa Systems remains strong in airline IT market

Demand for flexible, versatile IT solutions remains strong, making Lufthansa Systems a key partner of the digital transformation for more than 350 airlines worldwide. This enabled it to win additional new customers and bring numerous projects to a successful close in the reporting year.

Lufthansa Systems has expanded its role as a vital strategic IT unit within the Lufthansa Group, and so helps to harmonise IT within the Lufthansa Group. Lufthansa Systems was changed from a GmbH & Co. KG to a GmbH in September 2023 to simplify its organisational structure and reduce administrative expenses.

Including all of its equity investments, the IT company generated Adjusted EBIT of EUR 4m in the reporting year (previous year: EUR 3m).

Group Functions results on level with the previous year

The earnings for the Additional Businesses and Group Functions business segment are largely determined by the Group Functions, whose earnings reflect the currency hedging and financing activities carried out by Deutsche Lufthansa AG on behalf of the companies in the Group. The result is therefore generally heavily exposed to exchange rate movements.

Total revenue for Group Functions rose in the reporting year due to higher income from internal service charges by 5% to EUR 1,745m (previous year: EUR 1,663m). Operating expenses of EUR 1,958m were 5% up on the previous year (previous year: EUR 1,870m), largely due to higher IT and staff costs. Adjusted EBIT of EUR –213m was 3% down on the previous year (previous year: EUR –207m).

Result for Additional Businesses and Group Functions up on previous year

Higher internal Group income from central services and higher revenue, especially at the AirPlus group, caused total operating income for Additional Businesses and Group Functions to increase by 17% year-on-year to EUR 3,245m (previous year: EUR 2,768m) in financial year 2023.

Operating expenses climbed by 15% to EUR 3,499m (previous year: EUR 3,050m), particularly due to the companies' increased business activity.

Adjusted EBIT amounted to EUR –206m in the reporting year (previous year: EUR –298m), supported by an improvement in earnings at AirPlus, a positive result from equity investments and an improved exchange rate result. EBIT came to EUR –252m (previous year: EUR –344m). The difference to Adjusted EBIT in the reporting year mainly resulted from expenses for M&A activities.

COMBINED NON-FINANCIAL DECLARATION

- The Lufthansa Group aims to fulfil its role as a leading airline group, including in terms of sustainability.
- Corporate responsibility is an integral part of its corporate strategy.
- This combined non-financial declaration focuses on the following aspects:
  - Environmental concerns
  - Customer concerns
  - Employee concerns
  - Social concerns
  - Business ethics and compliance, including anti-corruption and bribery as well as respect for human rights
  - Responsible supply chain management

CONTENTS

ABOUT THIS COMBINED NON-FINANCIAL DECLARATION

The combined non-financial declaration illustrates material aspects and corporate responsibility issues
For the 2023 financial year, Deutsche Lufthansa AG has published a combined non-financial declaration in accordance with Sections 315b and 315c of the German Commercial Code (HGB) in conjunction with Sections 289b to 289e HGB. Deutsche Lufthansa AG publishes a non-financial declaration at Company level and a non-financial Group declaration together as a combined non-financial declaration. This combines material aspects and reporting on the following key issues: environmental concerns, customer concerns, employee concerns, social concerns, business ethics and compliance, including anti-corruption and bribery as well as respect for human rights and sustainability in the supply chain.

In addition, measures and initiatives taken by the Lufthansa Group that demonstrate the Company's wide-ranging commitment to corporate responsibility are described in the combined management report. References to these passages are made in this declaration. The Company's impact on non-financial aspects is taken into account in the Group risk management system of the Lufthansa Group. Taking into account the measures and concepts described and using the net method, there are currently no indications of risks that would have a severe negative impact on these material aspects and that are highly likely to occur. → **Opportunities and risk report, p. 125.**

Unless otherwise stated, the disclosures made here relate to the group of consolidated companies referred to in the consolidated financial statements. The disclosures reflect the perspective of both the Group and Deutsche Lufthansa AG, unless otherwise indicated.

This combined non-financial declaration was subject to a voluntary limited assurance engagement in accordance with ISAE 3000 (revised). The materiality analysis process formed part of this voluntary limited assurance engagement. However, it does not cover the reference to the GRI Standards which exceeds what is required by law. → **Independent auditor's report on a limited assurance engagement regarding the combined non-financial declaration, p. 315.**

References to disclosures outside the combined management report are additional information and do not form part of the combined non-financial declaration.

The Lufthansa Group reports in accordance with the compulsory EU Taxonomy Regulation and voluntarily in accordance with TCFD, SASB and with reference to the GRI Standards.
In accordance with the EU Taxonomy Regulation (2020/852) and supplementary delegated acts, the Lufthansa Group makes compulsory disclosures on whether and to what extent the activities of the Company are related to economic activities that are classified as taxonomy-eligible and taxonomy-aligned within the meaning of the EU Taxonomy. → **Applicability of the EU Taxonomy Regulation (EU) 2020/852, p. 120.**

In 2023, the Lufthansa Group also published further information on its website for the 2022 financial year in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) initiated by the Financial Stability Board as well as the Sustainability Accounting Standards Board (SASB). The findings of a qualitative and quantitative climate scenario analysis of the transitory climate risks and opportunities were published in the TFCD report for the 2022 financial year. In the 2023 reporting year, the Lufthansa Group began to expand its climate scenario analysis to include potential physical risks and opportunities. It is envisaged that the findings will be presented in the TCFD report for the 2023 financial year and published on the Lufthansa Group's websites in April 2024.

The combined non-financial declaration reports with reference to the GRI Standards. → T200 **GRI-Index.**

Disclosures on the business model

The Lufthansa Group is a global aviation group with a total of 241 fully consolidated subsidiaries. The Lufthansa Group's business model is described in detail in the combined management report. → **Principles of the Group, p. 18.**

Values and guidelines

Sustainability is firmly established within the Company
Responsible conduct in compliance with legislation is a key element of the Lufthansa Group's corporate culture and is firmly embedded in the Group strategy. This is reflected in the vision statement of the Lufthansa Group: "Connecting people, cultures and economies in a sustainable way". Since 2002, the Company has applied the principles of the UN Global Compact for sustainable and responsible corporate governance. In addition, it supports the Sustainable Development Goals (SDGs) of the Agenda 2030, as adopted by the UN member states in 2015. In order to contribute towards achieving the SDGs, the Company has identified ten SDGs in line with its material aspects where it can reduce its negative impact and increase its positive effect due to its business model.

An overview of the goals and comments on Lufthansa Group activities to support them can be found in → T201 **Sustainable Development Goals.**

The Code of Conduct, which has been binding for all bodies, managers and employees of the Lufthansa Group since 2017 and was extensively updated in 2023, is supplemented by a Supplier Code of Conduct. In this Supplier Code of Conduct, the Lufthansa Group lays out its position that it also expects business partners and suppliers to adhere to the principles therein as a fundamental aspect of the business relationship. The standards at its core are not only the basis for responsible conduct and fair competition, but also seek to identify legal and reputational risks at an early stage and to avoid them. The Lufthansa Group has published the Code of Conduct and the Supplier Code of Conduct on its website.

Value-based management is also an integral element of sustainable corporate governance for the Lufthansa Group. Sustainability considerations are increasingly helping to ensure financial resilience. The financial strategy of the Lufthansa Group seeks to increase its Company value in a sustainable manner. It focuses on the three dimensions of increasing value creation, generating free cash flows and maintaining financial stability. The concept and the associated performance indicators are described in detail in the chapter → **Financial strategy and value-based management, p. 23.** Variable management remuneration is also linked to non-financial factors such as specific CO_2 emissions. → **Remuneration report, p. 278.**

C21 **RELEVANT SUSTAINABLE DEVELOPMENT GOALS (SDG) OF LUFTHANSA GROUP**

3 GOOD HEALTH AND WELL-BEING	**SDG 3:** Good Health and Well-Being
4 QUALITY EDUCATION	**SDG 4:** Quality Education
7 AFFORDABLE AND CLEAN ENERGY	**SDG 7:** Affordable and Clean Energy
8 DECENT WORK AND ECONOMIC GROWTH	**SDG 8:** Decent Work and Economic Growth
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**SDG 9:** Industry, Innovation and Infrastructure
10 REDUCED INEQUALITIES	**SDG 10:** Reduced Inequalities
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**SDG 12:** Responsible Consumption and Production
13 CLIMATE ACTION	**SDG 13:** Climate Action
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**SDG 16:** Peace, Justice and strong Institutions
17 PARTNERSHIPS FOR THE GOALS	**SDG 17:** Partnerships for the Goals

Material aspects

Materiality analysis forms basis for determining material aspects

Continuous dialogue with stakeholders plays an important role in refining the sustainability strategy of the Lufthansa Group. The Lufthansa Group implements an annual analysis process in order to identify and validate its key sustainability topics. In the reporting year, the Lufthansa Group conducted a wide-ranging survey aimed at learning more about its stakeholders' view of the relevance of sustainability topics for the Lufthansa Group. In addition, this survey asked about potential effects of business activities on the human and natural environment as well as risks and opportunities for the Company. Over 10,000 representatives of all the Lufthansa Group's external stakeholder groups, all employees and managers were invited to take part in the anonymous survey. The findings provided a major contribution to the materiality analysis, which was likewise conducted in 2023.

The topics identified were analysed in line with the materiality method under the German Act Transposing the CSR Directive (CSR-RUG) with regard to their relevance for business and the impact of the Lufthansa Group's business activities. As a result the topics which are material for the Lufthansa Group have not changed. Environmental concerns, customer concerns and employee concerns especially continue to be of particular importance. Furthermore, the aspects of business ethics and compliance, including the fight against corruption and bribery as well as respect for human rights and responsible supply chain management, are of great relevance to the Lufthansa Group. The Lufthansa Group provides additional, voluntary reporting on its social responsibility.

The results of the materiality analysis were noted and approved by the management in the reporting year. They form the basis for selecting the aspects and circumstances described in this combined non-financial declaration.

C22 ASPECTS, ISSUES AND PERFORMANCE INDICATORS

Aspects	Environmental concerns	Customer concerns	Employee concerns
Issues	**Climate protection**	**Operational stability**	**Attractiveness as an employer**
Performance indicators	CO_2 emissions Status of CO_2 reduction target verified by the SBTi	Departure punctuality Regularity	Engagement Index Wage agreement coverage ratio External rankings employer ratings
Issues	**Active noise abatement**	**Product and services**	**Diversity and equality of opportunity**
Performance indicators	Percentage of aircraft that meet the 10dB criterion of ICAO Chapter 4	Net Promoter Score	Share of women in management positions Number of nationalities employed in the Lufthansa Group
Issues	**Waste management**		**Transformation capability**
Issues			**Health and safety at work**
Performance indicators			Health Index Number of work-related injuries

Aspects	Social concerns[1]	Business ethics and compliance	
Issues	**Corporate citizenship**	**Fighting corruption and bribery**	**Respect for human rights**
Performance indicators	help alliance gGmbH	Training ratio Number of compliance-related reports	Important part of the corporate culture – embedded in the Code of Conduct
Issues			**Responsible political engagement**
Interdisciplinary aspect[2]	Responsible supply chain management		

[1] Immaterial as defined in Section 289c Paragraph 3 German Commercial Code (HGB), voluntary resentation at specific request of addressees.
[2] Interdisciplinary aspect represented quantitative in the non-financial declaration.

Organisational foundations and responsibilities

Corporate responsibility is firmly established in the organisational structure
The highest monitoring body in the area of sustainable management is the Supervisory Board. Effective 1 January 2023, the Supervisory Board established an ESG Committee to advise the Supervisory Board, its committees and the Executive Board on environmental, social and governance issues that are essential to the sustainable economic development of the Company.

The Executive Board member in charge of the Lufthansa Group's Brand & Sustainability function is responsible for the Company's environmental, climate and social impact at Executive Board level. The Corporate Responsibility department reports directly to the Executive Board member for Brand & Sustainability and is primarily responsible for ESG strategy, ESG reporting and ratings, customer concerns and ESG communication in cooperation with the respective departments of the Lufthansa Group. In addition, the management of help alliance, the Lufthansa Group's aid organisation, reports functionally to the Corporate Responsibility department.

The ESG strategy is reviewed annually and discussed with the Executive Board as part of the Strategic Roadmap Discussions. In the reporting year, the focus was on the Lufthansa Group's carbon transition pathway and supporting measures, such as its Sustainable Aviation Fuel (SAF) strategy and in-flight and ground-based efficiency measures. In addition, the details of the more stringent reporting requirements from the 2024 financial year onwards resulting from the required transposition of the Corporate Sustainability Reporting Directive (CSRD) were presented, together with their significance for the Lufthansa Group.

The Group Executive Board meetings determined the focus and further development of sustainability-related activities within the Lufthansa Group in the reporting year. These meetings are prepared in part by the Group Executive Committee (GEC), which is chaired by the Chairman of the Executive Board. The GEC is a committee at senior management level and consists of the Executive Board of Deutsche Lufthansa AG, the CEOs of the segment parent companies and the main Passenger Airlines and the heads of the Lufthansa Group's Strategy and Communications departments. The Group Policy Committee (GPC), chaired by the Chairman of the Executive Board, discusses politically significant issues, including those relevant to sustainability, and prepares decisions. Individual managers within the committees are responsible for implementing concrete activities and projects. The Sustainability Circle, led by the Corporate Responsibility department, promotes a Group-wide dialogue on sustainability topics. The members of this circle are the Corporate Responsibility Officers of the Group companies and relevant Group Functions.

External ratings

The Lufthansa Group's sustainability management is rated positively, above the industry average

The Lufthansa Group's commitment to climate protection with its focus on CO_2 management was awarded a climate score of "A–" for the reporting year 2022 (previous year: "A–") by the international non-profit rating organisation CDP in February 2024. This means the Lufthansa Group again received the second-highest score category, confirming its rating from the previous year. The comprehensive, verified and transparent disclosure of Scope 1, 2 and 3 CO_2 emissions, as well as measures to reduce emissions and low emission products along with the disclosure of risks and opportunities, each received an "A" score. The full report is available on the CDP and the Lufthansa Group website.

The Lufthansa Group has been included in the FTSE4Good Index Series (FTSE4Good Europe Index, FTSE4Good Developed Index) since its launch in 2001. This inclusion was most recently reviewed in June 2023. The FTSE4Good is a sustainability and corporate governance index family created by the London-based provider FTSE Russell. Companies that are particularly committed in the area of corporate social responsibility (CSR) are included in this index. The Lufthansa Group is above the industry average in the "Airlines and Customer Services" category and has achieved the highest possible score for "Climate Change" and "Corporate Governance".

In the MSCI rating, the Lufthansa Group maintained its "AA" classification in the 2023 financial year, thus retaining its leading position in the aviation sector.

The Lufthansa Group received a score of 28.3 from rating agency Sustainalytics in June 2023. As in the previous year, this means that it was classified as "medium risk" due to its high CO_2 relevance. It ranked 24th out of 72 in the "Airlines" sub-category. Sustainalytics rates the management of the Lufthansa Group as strong in terms of the main ESG aspects.

In November 2023, the Lufthansa Group was awarded a score of 47 in the comprehensive S&P Global Corporate Sustainability Assessment 2023, which represents an improvement of 13 points on the previous year. A maximum score of 100 points was achieved in areas such as assurance of sustainability reporting, CEO remuneration – success metrics, management of climate risks, codes of conduct and the Company's workplace health and safety programme. With this result, the Lufthansa Group has placed above the average score for 30 of the 61 companies rated in its Airlines peer group.

In June 2023, the rating agency VE (Moody's ESG Solutions) rated the Lufthansa Group's ESG management above the industry average in all three ESG categories. In terms of its overall rating, the Lufthansa Group has improved on its previous rating (44 points) and has now scored 47 points.

In August 2023, ISS ESG rated the Lufthansa Group as "Prime C+". The Group (along with two other airlines) thus continues to rank among the industry leaders of the 49 companies rated by ISS ESG in this sector.

C23 SUSTAINABILITY RATINGS
as of 31 Dec 2023

MSCI ESG RATINGS	AA	ecovadis	Silver 2022 ecovadis
ISS ESG	C+	V.E Part of Moody's ESG Solutions	47 Score on 100
CDP Disclosure Insight Action	A-	Sustainalytics	28.3 Medium Risk
FTSE4Good		ECPI Sense in sustainability	
S&P Global	47 CSAScore on 100		

The sustainability commitment of the Lufthansa Group regularly undergoes a voluntary external evaluation by the sustainability rating platform EcoVadis. In November 2022, the Lufthansa Group's commitment was reconfirmed for a further year when it received "Silver Status", once again rating better than comparable companies. The Lufthansa Group is due to be re-evaluated by June 2024.

ENVIRONMENTAL CONCERNS

A sense of responsibility and the concerns of its stakeholders provide the basis for the Lufthansa Group's environmental strategy

The material environmental impacts of flight operations are primarily climate effects related to the carbon emissions produced by burning kerosene and the noise caused by aircraft taking off and landing. Ground transportation, which is responsible for aircraft loading and handling, also generates carbon emissions. In addition, waste is produced on board and on the ground for every flight. This must be reduced or recycled wherever possible. The Lufthansa Group's environmental strategy addresses all three of these key areas of action.

Based on its understanding of responsible practices and the increased demands from external stakeholders such as customers, business partners, investors and the legislature as well as current and future employees, the Lufthansa Group intends to continuously strengthen its commitment to climate protection and careful use of finite resources. It aims to limit the environmental impacts of its business activities. This is, as a rule, consistent with its own economic interests, since resource consumption and emission-related fees all represent costs for the Company.

A Strategic Roadmap Discussion (SRD) was held in the reporting year to discuss sustainability aspects impacting the environment in greater detail. SRD is an established format in which relevant strategic topics are discussed with the Executive Board of the Lufthansa Group. The focus was on the field of action "Low emissions in flight operations", including the Lufthansa Group's Sustainable Aviation Fuel strategy (SAF strategy), as well as the ESG risk landscape and the more stringent reporting requirements applicable from the 2024 financial year onwards as a result of the implementation of the Corporate Sustainability Reporting Directive (CSRD) for the Lufthansa Group.

Active involvement in national and international associations and sustainability initiatives

The Lufthansa Group is a member of various national and international business and industry associations as well as associations of aviation companies which are dealing with a variety of topics relevant to the Company's business success. The Lufthansa Group's involvement in associations ranges from Executive Board membership of the steering committees of various aviation associations and participation in working groups through to simple observer status. In each case, the Company aims to exchange positions on relevant strategic issues and to contribute its own perspectives to the opinion-forming process within these associations. Relevant issues include climate protection, noise abatement, circular economy and human rights. The Lufthansa Group is an active member of associations such as the International Air Transport Association (IATA), Airlines for Europe (A4E), the German Aviation Association (BDL), the Federation of German Industries (BDI), the German Aerospace Industries Association (BDLI, represented by Lufthansa Technik AG), the German Equities Institute (DAI) and econsense, the Forum for Sustainable Development of German Business. Via the associations the Lufthansa Group also has direct contact with national ministries and EU.
→ **Opportunities from the legislative framework, p. 129, and Regulatory risks, p. 137.**

In addition, SWISS is a member of the Umbrella Federation of Swiss Aerospace (Aerosuisse) and swisscleantech, the Swiss umbrella organisation for climate-aware businesses. swisscleantech promotes ambitious energy and climate policies, offers its members access to knowledge, best practices and decision-makers, and promotes the exchange of ideas between business, science and politics.

Austrian Airlines is a member of the umbrella association Aviation Industry Austria, which was founded in 2022 when the Austrian Aviation Association (ÖLFV) merged with the Austrian Aeronautics Industries Group (AAIG). This body representing the interests of the Austrian aviation sector campaigns at a national level on issues such as promoting the development of sustainable mobility and preserving and strengthening the competitiveness of the Austrian aviation industry and for aviation's role as a key sector for the Austrian economy.

Numerous measures and transparent communication support the implementation of the Lufthansa Group's environmental strategy

The Lufthansa Group is pursuing an environmental programme as a means of implementing its environmental strategy. Its main fields of action are the reduction of emissions, active noise abatement, energy and resource management, investment in research and the step-by-step establishment of environmental management systems.

The Lufthansa Group operates a central environmental database. One of its functions is to collect and process information and data from across the Group that is relevant to the environment – such as on energy consumption – so this information can be employed in business decisions. This database is continuously developed and supplemented with new requirements. The resource consumption recorded in this database and the emissions calculated on this basis are also used to determine the Lufthansa Group's total carbon footprint, with annual audits by external experts. The total carbon footprint and measures to reduce the consumption of resources and carbon emissions are provided in detail and in a transparent manner to the global non-profit organisation CDP, among other entities.

As a supportive part of the environmental strategy the Lufthansa Group persues communicative approaches. The communication campaign "#MakeChangeFly" is supplemented by an information campaign on the Lufthansa Group's websites and by various events intended to raise awareness among corporate partners, customers and the general public, both nationally and internationally. On social media channels, the hashtag #MakeChangeFly is likewise used to refer to the development of relevant sustainability activities. Under this slogan, the Lufthansa Group also continuously keeps its employees informed of the Group's sustainability activities via its internal communication channels.

The Lufthansa Group's environmental management system is to be further expanded
The Lufthansa Group's environmental management system includes binding environmental targets and a regular assessment by the Executive Board. In addition, an environmental management system is a valuable tool for enabling the Lufthansa Group to promote open dialogues and shared learning and offer the necessary organisational framework to achieve the environmental targets it has set. Together with the Group companies, the central Sustainability department of the Lufthansa Group continuously reviews the use and expansion of environmental management systems.

In 2023, Lufthansa Airlines in Frankfurt and Austrian Airlines in Vienna had their environmental management system validated according to the demanding standards of the EMAS Regulation (Eco-Management and Audit Scheme) for the first time and thus achieved a further milestone in the Lufthansa Group's focus on sustainability.

The ratio of companies within the Lufthansa Group with a validated or certified environmental management system in place increased from around 30% to 66% in 2023 (measured according to the number of employees in these companies).

Moreover, the environmental management system of Air Dolomiti was revalidated/recertified (EMAS/ISO 14001) in the reporting year. As of publication of this report, the certification process had not yet been completed. Lufthansa Cargo was also recertified (ISO 14001).

In 2023, the following Lufthansa Group companies had certified/validated environmental management systems:

T046 CERTIFIED ENVIRONMENTAL MANAGEMENT SYSTEMS OF THE LUFTHANSA GROUP IN 2023

	EMAS (Eco-Management and Audit Scheme)	DIN EN ISO 14001:2015
Lufthansa Airlines (Frankfurt and Munich)	X	X
Lufthansa CityLine GmbH	X	X
Austrian Airlines	X	X
Air Dolomiti S.p.A.	X[1]	X[1]
Lufthansa Technik AG (incl. subsidiary Lufthansa Industry Solutions)		X
Lufthansa Cargo AG (incl. subsidiaries time:matters and Jettainer)		X

[1] Application submitted in November 2023; as of publication of this report, the certificate had not yet been issued.

The current environmental statements of the companies validated according to EMAS are available on the Lufthansa Group's websites.

Organisational foundations and responsibilities

The Group function Corporate Responsibility, which reports directly to the Executive Board member for Brand & Sustainability, is responsible for defining, agreeing and adopting the overarching environmental management targets and activities. In addition, all larger subsidiaries have their own environmental departments, an environmental officer or environmental coordinators. The environmental officers and coordinators meet monthly with other Group sustainability officers in the Sustainability Circle to discuss Group-wide sustainability issues and, in particular, environmental protection concerns. This exchange offers the sustainability and environmental experts in the Lufthansa Group an opportunity to identify potential synergies and to discuss and evaluate new ideas, activities and projects concerned with environmental protection.

Climate protection

Concept

A four-pillar strategy defines climate protection measures
Progress in climate protection in the aviation sector can only be made through cooperation and by combining various skill sets of different players, such as manufacturers, airports, air traffic control, airlines and policymakers. As early as 2007, IATA divided its emission-reduction activities into four fields of action in its four-pillar climate protection strategy for the airline industry.

This strategy and these four action areas also form the basis for the Lufthansa Group's conceptual approach and activities to improve fuel efficiency and reduce carbon emissions from aircraft operations.

1. TECHNOLOGICAL PROGRESS
The Lufthansa Group invests continuously in modern, fuel-efficient aircraft and engine technologies, which represent the most important element in reducing carbon emissions from flight operations.

Measures to technically modify the existing fleet are also examined on an ongoing basis and implemented in cooperation with partners from research and industry.

In the past decade, the Lufthansa Group has paid close attention to research into SAF (i.e. synthetic kerosene produced from renewable energy sources) and its testing and use. Since this time, the Lufthansa Group has worked in partnerships to drive key technologies for SAF production. Through letters of intent the Lufthansa Group secures access to required SAF volumes.

2. IMPROVED INFRASTRUCTURE

The fundamental modernisation and harmonisation of technologies, processes and standards are necessary to realise the potential for greater efficiency in the use of the European airspace. Irrespective of the form in which the European Commission's legislative proposal on the "development of the European airspace" (Single European Sky, SES2+) is adopted, the Lufthansa Group supports the harmonisation of the EU airspace. The Lufthansa Group and other European airlines, such as those in the Airlines for Europe (A4E) association, have the necessary expertise in this area and have been actively promoting the creation of an efficient EU airspace for many years through their participation in committees and projects.

Furthermore, the Lufthansa Group seeks to persuade as many passengers who travel via its hubs as possible to use intermodal modes of feeder transportation to open up additional potential for reducing the number of particularly short flights. By offering expanded intermodal services, arriving and departing by long-distance train or bus should become just as natural as using connecting flights.

3. OPERATIONAL MEASURES

The Lufthansa Group's operational measures for climate protection comprise the efficient use of aircraft and the optimisation of load factors, as well as reviewing and introducing new flight procedures and navigation technologies, determining optimal routes and speeds, and developing various fuel-saving measures within the scope of flight planning and flight operations.

C24 THE FOUR PILLARS FOR CLIMATE PROTECTION

Technological progress
- Innovation in aircraft and engine technology
- Alternative fuels

Improved infrastructure
- Better use of airspace
- Needs-based airport infrastructure
- Expansion of intermodality

Operational measures
- Efficient aircraft sizes
- Optimum flight routes and speeds

Economic instruments
- Global market-based system of emissions reduction (CORSIA)
- Voluntary compensation option

4. ECONOMIC INSTRUMENTS

Economic measures for climate protection, such as the European Emissions Trading System (EU ETS), the mandatory Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and voluntary compensation of CO_2 are vitally important as long as carbon emissions cannot be sufficiently reduced, such as through the availability of sustainable aviation fuel and propulsion technologies in sufficient quantities. In addition to voluntary offsets by the Company, the Lufthansa Group is therefore continuously expanding the possibilities for customers to offset carbon emissions.

The Lufthansa Group supports climate protection through broader commitment

More targeted political support and financial support mechanisms are needed to develop technologies and accelerate the market introduction of sustainable aviation fuels if the targets set as part of the Lufthansa Group's climate protection commitment are to be attained in a sector that is difficult to decarbonise. This is why the Lufthansa Group is involved in a wide range of private and government-funded research and development initiatives. Working with the scientific community, it has also supported atmospheric research to contribute to a better understanding of the global climate. In addition, the Lufthansa Group is committed to implementing carbon-neutral ground processes in its home markets by 2030.

The Lufthansa Group calculates its carbon footprint each year

The carbon footprint of the Lufthansa Group represents the total of all carbon dioxide and other greenhouse gas emissions generated by its operations as defined by the internationally recognised Greenhouse Gas Protocol standards – including material emissions from the supply chain. To establish the greatest possible level of transparency and credibility for all stakeholders, the Lufthansa Group's carbon footprint is verified annually by an independent external audit organisation and detailed information is provided, including by means of the Group's participation in the recognised CDP rating scheme.

Organisational foundations and responsibilities

The Corporate Responsibility department is responsible for defining climate protection goals and breaks these down to the level of the individual companies, in consultation with the corporate functions. On this basis, the companies draw up appropriate measures in coordination with the corporate functions. Two emission management committees established in the previous year were merged in the reporting year under the management of the Corporate Responsibility department, since the previous distinction between mandatory and voluntary reporting had not proven effective. This means that, together with the consolidation of the emission forecast models, these topics are now jointly coordinated. Current developments in national and supranational emissions legislation are regularly discussed in this context, and their relevance for the Lufthansa Group is assessed and their impacts calculated.

In addition, two further committees address the ongoing development and significance of SAF as a topic for the Lufthansa Group. The core SAF committee (consisting of the Corporate Responsibility, Corporate Controlling, Sales and Fuel Purchasing departments) defines procurement opportunities and strategic priorities. The broader SAF committee which includes representatives from the business units, fosters sales progress, tracks emission balances and develops offerings that are adapted to the different customer segments.

In 2022, the Corporate Responsibility department established an additional committee, the SAF Circle, to investigate and address the climate impacts of aviation that go beyond CO_2. This committee comprises representatives from Flight Operations, Lufthansa Systems and Corporate Responsibility and meets on a regular basis to discuss political, technical, regulatory and scientific developments.

Targets

The Lufthansa Group supports the climate protection targets of the aviation sector

The Lufthansa Group supports IATA's emission reduction targets aimed at reducing net carbon emissions to zero by 2050 (net zero target).

All the airlines of the Lufthansa Group are members of the Aviation Alliance Fit for 55, an alliance of European airlines and airports founded in 2022. The partners in the alliance have committed to the goal of carbon-neutral aviation by 2050 and have proposed competition-neutral solutions at the European level to achieve this.

In addition, the Lufthansa Group has joined the First Movers Coalition of the World Economic Forum. This initiative aims to use at least 5% SAF in 2030, with an emissions advantage of at least 85% compared to fossil fuel. These two aspects already represent a level of ambition which transcends the statutory obligations, since this 5% refers to the total fuel requirements of the Lufthansa Group (not just fuel taken on board in Europe) and the emissions advantage of SAF required in the EU is just 65%.

The Lufthansa Group also defines its own expanded emission reduction targets

As befits its pioneering role in climate protection, the Lufthansa Group has defined its own carbon reduction targets which demonstrate an extra level of ambition. The Lufthansa Group's carbon emissions reduction target was successfully validated by the SBTi in the summer of 2022. The SBTi, a joint initiative of CDP, the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), develops sector-specific criteria for climate protection, applies these criteria in participating companies and validates the corresponding corporate targets. With its SBTi validation, the Lufthansa Group became the first airline group in Europe with a scientifically profound CO_2 reduction target in line with the goals of the Paris Agreement of 2015. Lufthansa Group is among the first three airlines worldwide to have their reduction targets validated by the SBTi.

Specifically and in accordance with the SBTi guidance, the Lufthansa Group has committed to reducing its carbon intensity, i.e. its carbon emissions per transported tonne-kilometre (passenger and cargo), by 30.6% in the period from 2019 to 2030. This target may only be achieved by reducing fuel consumption or by substituting fossil fuel with SAF.

Over and above the reduction required by the SBTi targets, the Group aims to achieve its self-imposed target of cutting net carbon emissions in half by 2030 compared to 2019 by means of voluntary offsets. The Lufthansa Group aims to be carbon-neutral in 2050.

Emission reduction targets are part of Executive Board remuneration

Emission reduction targets are an element of long-term variable remuneration for the Executive Board of Deutsche Lufthansa AG. Within the scope of the long-term variable remuneration (MVV) of the Executive Board, the Supervisory Board regularly defines an environmental target as focus of the strategic and sustainability targets. The reduction of specific carbon emissions was defined for the long-term variable remuneration for the 2023 financial year ("long-term incentive"/LTI 2023). This was derived from the current corporate strategy, according to which the reduction targets are based on the indicator CO_2 per tonne-kilometre transported, in line with the target system for the validated SBTi targets. This environmental target has a weighting of 20% in the assessment of the level of target achievement for the LTI 2023.
→ **Remuneration report, p. 278.**

Measures

TECHNOLOGICAL PROGRESS

Continuous fleet renewal

Even though many projects are still far from being ready for large-scale production, there has been a lot of momentum in the aviation sector several years now driving research into new, sustainable technologies and their development. Established manufacturers such as Airbus and Boeing and many young companies are seeking to bring new ideas and concepts to the aviation market. Alternative fuels, new propulsion systems based on hydrogen and electricity, and corresponding new aircraft designs all play a role in these developments. The Lufthansa Group is monitoring these closely and is analysing them on an ongoing basis with respect to their future viability and relevance. In this context, a letter of intent has been signed with Lilium to investigate the possibility of a strategic partnership for the use of electric vertical take-off and landing (eVTOL) in Europe.

Fleet renewal remains the key driver for reducing CO_2 emissions in the short and medium term. The Lufthansa Group fleet was expanded by 29 new aircraft in 2023, including Airbus A320neos, A321neos, A350-900s and Boeing 787-9s, which are powered by modern engines. The A320neo is one of the world's newest and most environmentally friendly aircraft and is much quieter than comparable aircraft types. Since 2019, the Lufthansa Group has more than doubled the share of latest technology in its fleet to 20% (141 aircraft). A total of 18 older aircraft have been removed from the Group fleet in exchange. In December 2023, a total of 80 additional Boeing 737 MAX and Airbus A220-300 short- and medium-haul aircraft were ordered and 120 purchase options were signed. Together with previous orders, the order book now comprises around 260 latest-generation aircraft. → **Fleet, p. 27.**

Technical measures are being developed for the existing fleet

Measures to retrofit the existing fleet are also constantly being examined and implemented where appropriate. The "AeroSHARK" functional surface coating developed by Lufthansa Technik together with BASF is one example of the successful implementation of such measures. Their so-called "riblet films", named after their microscopically small ribs found on shark skin, are capable of reducing the drag of large commercial aircraft, and thus their kerosene consumption, by around 1%.

In 2022, the AeroSHARK technology was authorised for mass production for two Boeing 777 types for the first time. In October 2022, SWISS completed its first scheduled flight with a Boeing 777-300ER whose fuselage and engine pods had previously been modified with these riblet films over a surface area of 950 square metres. Lufthansa Cargo's first flight involving a Boeing 777F modified with AeroSHARK over a surface area of around 800 square metres followed in February 2023. At the end of 2023, the Lufthansa Group had a total of 15 Boeing 777s fitted with AeroSHARK in service, including 11 Boeing 777-300ERs at SWISS and 4 Boeing 777Fs at Lufthansa Cargo. Following the modification of all Group aircraft of these two types, it is expected that cumulative savings in excess of 8,000 tonnes of fuel and more than 25,000 tonnes of CO_2 per year will be possible in future.

To maximise the global savings potential, Lufthansa Technik has also been marketing AeroSHARK to airlines outside the Lufthansa Group. For external airlines, Lufthansa Technik plans to fit more than 100 aircraft of the types Boeing 777F and 777-300ER with AeroSHARK over the next few years.

As well as the current aircraft types, the aim is also to obtain approval for the Airbus A330, the Boeing 737 and the A320neo.

Sustainable aviation fuel to be used more widely

SAF sales are set to be increased via the continuous development of more sustainable products, which customers can use throughout the travel chain, e.g. during the booking process or in-flight.

Global SAF production capacity, and therefore availability, has so far been very limited. Overall global production capacity would only be sufficient for around 0.1% of worldwide aviation fuel consumption. In order to continually safeguard the supply of SAF, the Lufthansa Group follows a three-part strategy:

1. To enable the continuous procurement of SAF on the spot market, up to USD 250 million has been released for the period up to 2026 by decision of the Executive Board.
2. In addition, options for long-term supply commitments around the world are under consideration. These are expected to offer considerable production volumes and security of supply from around 2025 onwards. In the reporting year, two further letters of intent were signed in order to secure a permanent supply of sustainable aviation fuels for the Lufthansa Group.
3. In the long term, the Lufthansa Group will provide support for innovative supply concepts with the goal of transforming today's start-ups and developers into tomorrow's suppliers. In this regard, the Lufthansa Group focuses on synthetic kerosene based on residual materials, ligneous biomass and renewable electrical energy (power-to-liquid – PtL) as well as on research into the direct use of sunlight for fuel synthesis. To accelerate the market introduction of particularly forward-looking sustainable aviation fuels, next year the Lufthansa Group intends to establish an SAF Buyers Alliance. This is intended to pool demand on the part of multiple corporate customers, to enable the construction of pilot systems for fuel generation.

For 2024, it is envisaged that SWISS will use solar fuels. This involves new thermochemical reaction processes which use solar radiation to manufacture synthetic kerosene from atmospheric carbon dioxide and water. In the reporting year, Lufthansa Airlines also signed a letter of intent for a research partnership with the German Aerospace Center, Munich Airport, Airbus and MTU for operational testing of every aspect of PtL use in daily flight operations. This includes a wide range of questions relating to the use of SAF, such as the use of pure (100%) PtL fuel and the effect of SAF on the formation of contrails.

At the political level, the Lufthansa Group supports a global strategy for the supply of sustainable aviation fuels. In addition to a competition-neutral approach to blending quotas in Europe, this also includes, for instance, the definition of quantifiable goals and ambitious sustainability criteria for the use of SAF at the level of the International Civil Aviation Organization (ICAO). The Lufthansa Group has supported this process since 2023 through its membership of the ICAO Fuel Task Group. At the level of the EU, the Lufthansa Group advocates a simplification of the compliance processes for SAF-related regulation and has prepared a position paper on a book and claim system. This involves trading SAF on the basis of certificates rather than physically.

IMPROVED INFRASTRUCTURE

Single European airspace is intended to reduce emissions

The European Commission’s legislative proposal for the further development of the European airspace (SES2+) is intended to help further harmonise and optimise European air traffic management. The technological basis for this is the results of Europe’s Single European Sky ATM Research Program (SESAR), which is developing, testing and introducing new technologies, procedures and standards throughout Europe.

The European Commission’s target of increasing efficiency by up to 10% through shorter flight paths, improved capacity management and fewer delays is to be achieved through the SESAR programme in terms of research and implementation. Capacity-boosting measures in the airspace play a significant role in efficient flight operations and are of vital importance for ensuring a stable flight plan and fewer delays. The Lufthansa Group provided various support measures in this area, including investing in modern communication technologies. Due to the major relevance of the development of the European airspace for the Lufthansa Group, it also continues to participate in the SESAR Deployment Manager (SDM) industry consortium as a member and with the active support of experts.

The implementation of these technologies, processes and standards in daily operations is coordinated within the scope of the SDM’s activities. Across Europe, the SDM coordinated 348 projects in 2023. The Lufthansa Group participated in six of these implementation projects and was also actively involved in SESAR research and demonstration projects (SESAR 3) with various airlines in the Lufthansa Group and Lufthansa Systems as an IT provider. The goal is to be able to implement even short-term efficiency gains at pace. In addition to the two projects already under way, SWISS is participating in four projects launched in 2023 which relate to optimised flight management and arrival time management in Zurich, as part of the Horizon Europe funding programme.

The Lufthansa Group received funding from the European Union for research and development projects and for its active participation in the SDM.

Intermodal transport offers to Lufthansa Group hubs are being expanded

The Lufthansa Group, in cooperation with the German, Austrian and Swiss national railway companies (Deutsche Bahn, Österreichische Bundesbahnen and Schweizerische Bundesbahnen) and some bus operators in its home markets, offers alternatives to feeder flights to and from the hubs. These intermodal options are integrated into the Lufthansa Group’s range of services via a flight number and are treated as largely equivalent to a flight in terms of the service package for the customer.

The joint offers are being continuously expanded and optimised. In the reporting year, the frequency of the partner service with Austrian Federal Railways between Vienna and Salzburg has been increased. This made up for the fact that the flight covering the same route was not re-introduced following the COVID-19 pandemic. In addition, two new destinations were added to the Lufthansa Group’s partnership with Deutsche Bahn in 2023: Augsburg and Siegburg/Bonn.
→ **Customer concerns/Product&Services, p. 95.**

OPERATIONAL MEASURES

Numerous fuel-saving projects reduce carbon emissions significantly

Making optimal use of the aircraft fleet on particular routes, based on the level of demand on these routes, is a key task for flight operations and ensures that the overall passenger load factor for each flight is optimised.

In the reporting year, 67 fuel-saving projects were under way across the Group. These projects comprise activities relating to performance and procedures, weight reduction, flight route optimisation and technical developments.

Another 25,100 tonnes of carbon emissions were thus permanently eliminated in the reporting year. The quantity of kerosene saved amounted to around 8,000 tonnes – this is equivalent to approximately 97 return flights between Munich and New York with an Airbus A350-900 aircraft.

Some examples of these 67 fuel-saving projects are detailed below.

Progress made in the OPS Sustainability Program contributes to carbon reduction targets

The OPS Sustainability Program is a three-step approach to the sustainable reduction of carbon emissions. It was launched in November 2022 by the Operations Efficiency department in cooperation with all flight operations of the Lufthansa Group and will run until 2030. Measures to improve efficiency are being implemented in a number of areas of action along the operational production chain – from flight preparation to in-flight optimisation measures and handling services on the ground to the data-based evaluation of completed flights.

The first of the three steps consists of 93 ideas for projects which are planned to be implemented in stages in the period up to 2025. In the reporting year, 6,700 tonnes of CO_2 savings were already realised in operational areas through the implementation of 35 projects. Examples of such projects include the use of only one engine during taxing and reducing aircraft weight by deploying lighter loading aids. At the same time, a multiple-airline database has been developed which enables uniform recording, follow-up and reporting of emission reductions achieved. The OPS Sustainability Program also aims to support the process of transformation in the Lufthansa Group's corporate culture. It has thus been decided that an overarching philosophy and policy, which defines the captain's responsibility for sustainability aspects during flight operations, will be incorporated into the operating manuals of the Lufthansa Group airlines. In addition, awareness of sustainability issues has been enhanced among flight instructors with a view to integrating these issues in the flight training which they provide, thus making use of them as multipliers.

The reductions in carbon emissions achieved in the OPS Sustainability Program are continuously measured and tracked via the Framework and Certification work package, which makes them an important building block for achieving the Lufthansa Group's SBTi targets.

More efficient concepts for departure and approach are being implemented and progress made with the digitalisation of approach technologies

Modern, satellite-based Required Navigation Performance (RNP) technology plays an important role in the introduction of new flight procedures at European airports. With this technology, the International Civil Aviation Organization (ICAO) has set minimum standards for the navigation performance required of an aircraft.

A shorter RNP departure route newly introduced at Stuttgart Airport in 2023 is used by Eurowings aircraft, saving around 26 tonnes of fuel and thus 81 tonnes of CO_2 in the reporting year. Austrian Airlines also uses the fuel-saving RNP approach procedure at Vienna Airport. This procedure also affects noise emissions. → **Environmental concerns/Active noise abatement, p. 88.**

The three-year HERON (Highly Efficient gReen OperatioNs) project, which is funded by the EU, was launched in November 2022 as part of SESAR 3 with the goal of developing more environmentally efficient and vertically and laterally improved flight paths for Frankfurt, Dusseldorf and Cologne airports. Apart from the Lufthansa Group, the project's participants include German air traffic control (Deutsche Flugsicherung, DFS). The Lufthansa Group's practical work on HERON began during the reporting year. This incorporates the results of the AI-based flight path analyses from the ALBATROSS research and development project funded by the EU, which ended in 2023.

In addition, in 2023 the Lufthansa Group decided to invest earlier than the EU requires by law in the new ADS-C EPP technology, which enables flight path information to be transferred in real time. This information enables air traffic control to manage the airspace more efficiently and optimise aircraft routing. From 2024, all Airbus A320neos/A321neos newly entering service in the Lufthansa Group will be delivered already equipped with this automated flight profile transfer technology. From 2028, this new technology must be installed by default in all newly delivered aircraft and air traffic control ground systems in the EU.

Flight operations management optimised thanks to artificial intelligence

Together with Google Cloud, the Lufthansa Group has developed the Operations Decision Support Suite (OPSD) management tool. OPSD uses artificial intelligence to optimise the complex interaction between aircraft movements and routes, use of aircraft, maintenance cycles, passenger bookings and much more besides. Using historical and current data, OPSD generates possible development scenarios on the basis of the options provided and weighs them up against one another on a multidimensional basis. This analysis enables flight planners and flight management personnel to make decisions faster. This in turn can help to avoid carbon emissions, for instance by ensuring that the aircraft with the optimum fuel-saving profile is selected for a specific route or that seat occupancy is optimised. In the reporting year, SWISS became the first airline in the Lufthansa Group to have OPSD introduced.

ECONOMIC INSTRUMENTS

Economic measures to protect the environment are vitally important as long as sustainable propulsion technologies are not in place and sustainable aircraft fuel is not available in sufficient quantities.

Carbon emissions being offset mandatorily

The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), which was agreed with the ICAO in October 2016, has been offsetting growth-related carbon emissions in international aviation through the purchase of certificates since 2021. CORSIA is designed to compensate for all emissions from the aviation sector that exceed the baseline carbon emissions defined by the ICAO. This is based on the 2019 emissions for the pilot phase (2021 to 2023) and, for the years 2024 to 2035, on 85% of the emissions from 2019. In 2021 and 2022, the Lufthansa Group did not make any CORSIA carbon offset payments due to the crisis-related global decline in traffic. The same is expected for 2023. CORSIA offsets are expected to arise in 2024 for the first time. This primarily depends on the pace of the recovery of the aviation sector in the countries participating in the CORSIA pilot phase.

The EU Emissions Trading System (EU ETS) for air traffic has managed and limited carbon emissions by means of certificate trading since 2012. All flights carried out by the Lufthansa Group within the European Economic Area (EEA) are subject to this system. The emissions trading schemes of Switzerland (CH ETS) and the United Kingdom (UK ETS) for flights between the EEA, Switzerland and the United Kingdom impose additional obligations to surrender emission allowances.

In 2023, the Lufthansa Group continued to work with A4E (Airlines for Europe) to monitor and support the revision process of the European Emissions Trading Directive at the political level. The project aims to harmonise CORSIA and the EU ETS in order to avoid double regulation.

The Lufthansa Group companies emitted some 8.5 million metric tonnes of CO_2 in the reporting year within the scope of the EU ETS, CH EHS and UK ETS. In 2023, the Lufthansa Group received emissions certificates corresponding to 3.8 million tonnes of CO_2 emissions from national registry authorities (including the UK ETS) for its companies. From 2024, free emissions certificates are to be reduced within the EU ETS and CH EHS. As things currently stand, the UK ETS is not affected by this. Since a 25% reduction is envisaged in 2024, the Lufthansa Group is only anticipating allocations of free emissions certificates for some 2.8 million tonnes of CO_2 for 2024.

For further information on the provisions made in connection with the obligation to submit CO_2 emissions certificates to the competent authorities, please refer to → **Notes to the consolidated financial statements, Note 37, p. 218.**

More sustainable flight offerings for customers are being expanded

The Lufthansa Group is continuously expanding its services and offerings for more sustainable flight options. Its Green Fares are worth highlighting in particular with regard to the reporting year. In mid-February 2023, these Green Fares made the Lufthansa Group the first airline group in the world to offer a separate fare which includes compensation of flight-related carbon emissions. In addition, new technologies for long-term binding of CO_2 were added to the Group's portfolio of offset projects in 2023. → **Customer concerns/Product & Services, p. 95.**

The Lufthansa Group's measures and commitments for offsetting flight-related carbon emissions through economic instruments should be considered separately from customers' options for more sustainable flying.

The Lufthansa Group voluntarily compensates the carbon emissions from its own duty trips

Since 2019, the Lufthansa Group has been offsetting the carbon emissions from all of its employees' duty flights globally. In 2023, 74,545 tonnes of CO_2 were compensated through the climate protection organisations myclimate, Climate Partner, Squake and Climate Austria.

Other climate protection measures

CleanTech Hub, which previously had project status, has been integrated into the Lufthansa Group's established departments

In 2023, within the scope of the continuous development of the Lufthansa Group's sustainability management system, CleanTech Hub was integrated into the Group's organisational structure and task areas, having previously had the status of a project.

The Corporate Responsibility department monitors the ongoing development of clean technology activities in terms of the contribution they make to reducing emissions with a view to achieving the Lufthansa Group's 2030 and 2050 targets.

The Hydrogen Aviation Lab is testing maintenance and ground processes for future aircraft generations with hydrogen as a primary energy source

In 2021, Lufthansa Technik and its partners from research and industry initiated a project funded by the Hanseatic City of Hamburg in which extensive maintenance and ground processes for handling hydrogen technology are designed and tested. For this purpose, preparations were made in the reporting year for Lufthansa Technik to fit an Airbus A320 with a fuel cell to supply specific on-board systems and the distribution and monitoring unit for liquid hydrogen (LH2). In the coming year, a fully functional stationary field laboratory is set to be established.

Lufthansa Technik's main contribution to this project will be its operational expertise in maintaining and modifying commercial aircraft. The Company is also able to incorporate the customer's perspective to a significant extent thanks to its close relationships with airlines around the world.

The Lufthansa Group is committed to climate research

The Lufthansa Group has been involved in various research projects examining the atmosphere and the climate since 1994. As part of the European research infrastructure IAGOS (In-service Aircraft for a Global Observing System), the Lufthansa Group works closely with its research partners from the Karlsruhe Institute of Technology and the Jülich Research Centre to equip selected passenger aircraft with measuring instruments that collect data about the condition of the atmosphere on scheduled flights. This data is freely accessible and is used by around 300 organisations worldwide. It helps scientists to acquire new knowledge about the atmosphere and climate change and to detect long-term changes.

Since 2021, Lufthansa Airlines' Airbus A350 "Erfurt" has been undergoing conversion for use as the new platform for the IAGOS-CARIBIC (Civil Aircraft for the Regular Investigation of the Atmosphere Based on an Instrument Container) measurement system. The second key project milestone was achieved in 2023. The newly developed measurement probe system was installed in an aircraft for the first time in order to complete a flight programme agreed with the certification authority. As a final step, the new measuring equipment container is to be developed and approved for use by external research partners of the Lufthansa Group. A maiden flight with the overall system is due to take place in late 2024.

The Lufthansa Group is examining measures to reduce its overall climate impact

At Germany's National Aviation Conference in September 2023, the German airlines announced test flights aimed at avoiding contrails which impact the climate. Lufthansa Airlines will take part in these flights as part of the D-KULT research project, which has been under way since 2022. The goal is to test the quality and reliability of the forecast data and flight planning tools. These will then be used to identify and fly around areas where contrails may potentially form. To determine whether contrails were actually avoided on rerouted flights, satellite observations will be consulted and evaluated.

SWISS is participating in the three-year CICONIA project, which is funded by the EU. Since mid-2023, this project has been looking into what are known as non-CO_2 effects, such as contrails, and how to reduce them. The data sources and IT applications required for climate-optimised flight planning, as well as the related processes for cooperation between the meteorological service, the scientific community and airlines, are being developed and tested in the projects D-KULT and CICONIA , which are coordinated with each other.

Since late 2023, within the scope of an as yet undefined regulatory framework for non-CO_2 climate impacts such as those related to contrails, the Lufthansa Group has provided its expertise and information to support the German Aerospace Center with the development of a reporting and review system required by the European Commission.

Carbon emissions from ground processes are being reduced

Processes on the ground, such as real estate management and handling processes on the airport apron, also produce carbon emissions. In its efforts to reduce these emissions, the Lufthansa Group focuses on three areas of action: procuring and using renewable energy, increasing energy efficiency in building operations, and achieving carbon-neutral ground mobility. The Group aims to reach the milestone of switching to carbon-neutral mobility on the ground in its home markets by 2030.

In the reporting year, organisational structures were established to lay the foundations for developing an overall concept to reduce the carbon emissions associated with ground processes and for implementing control mechanisms. The overarching coordination unit is Green Ground Energy Management in the Infrastructure Management department, which reports to the Human Resources & Infrastructure Executive Board function. This unit cooperates closely with the Brand & Sustainability Board function and the Lufthansa Airline function Business Development and Sustainability.

Procurement and use of renewable energy

The target which the Lufthansa Group set itself in 2019 – meeting its electricity requirements in its domestic markets of Germany, Austria, Switzerland and Belgium using 100% green electricity – was achieved in 2020. This target continues to apply. Green electricity certificates for Germany and Switzerland are purchased for this purpose. These certificates guarantee the production of green electricity from new plants and thus contribute to the expansion of renewable energy. In Belgium, green electricity is supplied directly via the airports. In the reporting year, Vienna Airport did not make any green electricity available and it was therefore not possible to supply Austrian Airlines and other Lufthansa Group airlines operating at this base with green electricity. The Lufthansa Group companies operating at the Vienna base account for around 9% of the total electricity consumption of the Lufthansa Group in the DACHB region.

During the reporting year, the Lufthansa Group's energy procurement department, which is centrally integrated into the procurement organisation of Lufthansa Global Business Services (LGBS), initiated a tender for the integration of power purchase agreements (PPAs) for electricity from, for instance, solar power plants and wind farms. The results of the tender are expected in the first quarter of 2024. Subject to a positive decision, the PPA is due to be implemented from 2026 onwards. In concluding a PPA, the Lufthansa Group aims to increase its planning security and minimise procurement risks in an energy market which has undergone significant changes and to directly source renewable energy-based electricity, for the purposes of ensuring a sustainable energy supply.

Increasing energy efficiency in buildings during construction, renovation and use

The Lufthansa Group is aiming to gradually increase the energy efficiency of its building operations by continuously reviewing and optimising the operation of its real estate with regard to energy consumption and efficiency and by implementing appropriate improvement measures.

The measures implemented in this area are set out in the Group-wide real estate policy, which includes a comprehensive set of binding energy specifications for sustainable real estate management. This means, for example, that sustainability aspects must be considered for new leases or the construction of new buildings and for renovations and repair and maintenance projects, based on a predefined checklist. Each business unit is responsible for the decentralised implementation of these measures. In addition, the Lufthansa Group's portfolio of buildings is to undergo an energy evaluation and further energy efficiency measures are to be identified as part of the energy audits required by law within the EU every four years. This was implemented in the reporting year.

Achieving carbon-neutral mobility on the ground
The Lufthansa Group aims to achieve carbon-neutral mobility in its ground processes by 2030 with electromobility or the use of other emission-free vehicles. The existing fleet of apron vehicles and company cars will be used more efficiently, and the targeted replacement of these vehicles with electric or other alternative drive systems within the Lufthansa Group will be driven forward. The intention is to maintain operational stability in terms of the charging infrastructure, energy consumption and efficiency, as well as vehicle availability and performance.

These processes are the responsibility of the fleet management in each company. In 2023, the smaller locations of Berlin, Dusseldorf, Cologne and Stuttgart were included alongside the Group's major sites in terms of purchasing of new vehicles and the switch to carbon-neutral drive systems for the Lufthansa Group's operational fleet. A total of 26 electric apron vehicles were purchased at all of the locations included in the reporting year. For instance, Lufthansa Engineering and Operational Services (LEOS), the Lufthansa Group's ground handling specialist, put two further fully electrically powered aircraft tugs into operation at Frankfurt Airport in 2023. In Frankfurt, alongside what are now four fully electrical aircraft tugs, LEOS now also has two hybrid tug vehicles.

This brings the total number of electric vehicles at these locations to 46 in 2023, which is equivalent to around 4% of these locations' total operational vehicle fleet.

For Lufthansa Group company cars, the focus was expanded in 2023 to include Brussels, Vienna and Zurich in addition to the Group's locations in Germany. The number of all-electric company cars in the Lufthansa Group's fleet rose from 374 vehicles in the previous year (of which 255 were in Germany) to 554 in the reporting year. They thus account for a share of 36%.

If the speed of implementation is to be accelerated, the availability of vehicles and technology, especially for vans and crew buses, is crucial, as is the expansion of the electric charging infrastructure on the apron, which is the responsibility of the airports. These operational interdependencies require the Lufthansa Group to maintain continuous dialogue with its system partners, including airport operators, building operators, vehicle manufacturers, ground handling service providers and energy suppliers. The Lufthansa Group has assessed its requirements and needs concerning the development and expansion of the charging infrastructure and has addressed these issues with the airport operators in Frankfurt, Munich, Hamburg, Vienna and Zurich. It keeps in regular contact with the airports regarding the status of implementation.

Performance indicator

Specific CO_2 emissions per passenger-kilometre drop to new best value for the Lufthansa Group
The absolute CO_2 emissions resulting from the combustion of kerosene by Lufthansa Group aircraft in 2023 increased by 16% to 26.8 million tonnes (previous year: 23.1 million tonnes) due to the rise in demand and the expanded flight capacity. CO_2 emissions per transported tonne-kilometre declined by 2.8 grammes to 833.9 grammes (previous year: 836.7 grammes). Specific CO_2 emissions per passenger-kilometre were 1.8% lower than in the previous year at 88.4 grammes (previous year: 90.0 grammes) No distinction is made in these disclosures between fossil and biogenic CO_2 emissions.

The Lufthansa Group improved its performance by 2.7% compared with 2019 in terms of the core KPI of the Science-based Targets Initiative (measured in grammes of CO_2 per revenue tonne-kilometre).

The reduction in specific emissions in the Group fleet compared with the previous year was mainly due to an increase in the passenger load factor, changes in the route network, that resulted in a structural increase in average flight length. Longer routes typically create lower specific emissions because the emissions from take-offs and landings, which are higher than in-flight emissions, become less significant in overall terms as the flight distance increases. Despite this, the efficiency improvement was below expectations. Longer flight routes (detours) because of airspace closures due to armed conflicts resulted in higher fuel consumption, whereas tonne-kilometres are still measured by the great-circle distance and not the kilometres actually flown.

Active noise abatement

Concept

Active noise abatement comprises five areas
Since 2001, the Lufthansa Group has played an active and continuous role in research projects and implements noise reduction measures which are coordinated with relevant stakeholders. This research and development work forms the basis for active noise abatement. It makes a significant contribution to optimising the existing fleet and flight operations in order to reduce an aircraft's noise emissions at source and to relieve the burden on residents in airport regions by better distributing the remaining noise. Active noise abatement measures at the Lufthansa Group cover the following five areas:

— Investments in quieter aircraft
— Noise-reducing technologies for the existing fleet
— Participation in noise research
— Development of optimised flight procedures and flight routes
— Dialogue with residents near airports and other stakeholders

Organisational foundations and responsibilities

The Lufthansa Group has a multi-airline expert committee under the direction of the Ops Performance/Air Side Management Lufthansa Airlines department, which meets regularly to discuss current operational and technical developments on the topic of active noise abatement. Since September 2023, this committee works for the Infrastructure & System Partnerships department, which was newly established following a restructure and has central responsibility for managing infrastructure and system partnerships. The department is the central point of contact and representative for the Human Resources & Infrastructure Executive Board function in relation

C25 ACTIVE NOISE ABATEMENT

Investments in quieter aircraft	Noise-reducing technologies for the existing fleet	Participation in noise research	Development of optimised flight procedures and flight routes	Dialogue with residents near airports and other stakeholders
— Introduction of the latest aircraft, such as the Airbus A320neo and B787-900 — Retirement of older models	— Retrofitting of noise-reducing vortex generators to the existing fleet	— Continuous collaboration and exchange with partners from research and industry — Development and analysis of new noise-reduction measures	— Cooperation with system partners — Development and testing of new methods — Use of new navigation technology	— Continuous exchange with residents, as in the Airport and Regional Forum in Frankfurt — Active participation to aircraft noise commissions

to airports, air traffic control, handling agents, regulatory and political institutions (e.g. ministries) and industry associations. As the central coordinating unit within the Group on the issue of aircraft noise, it represents the Lufthansa Group in the committees of the Airport and Region Forum in Frankfurt and supports the Lufthansa Group's participation in various aircraft noise committees.

Targets

Aircraft noise is to be reduced at source
The Lufthansa Group is permanently committed to reducing aircraft noise with a wide range of activities and measures. The primary goal is to sustainably reduce aircraft noise at source and to develop optimised flight procedures together with system partners. Improvements can be registered through, for example, the changes in the three noise levels recorded in the noise certificate.

Measures

Investments in modern and thus quieter aircraft
The single most effective measure for reducing aircraft noise at source is fleet modernisation. The Lufthansa Group modernises its fleet continuously. Aircraft that were introduced in 2023, including Airbus A320neo, A321neo, A350-900, Boeing 787-9 and Boeing 777F aircraft, have modern engines and are much quieter than similar older aircraft types. → **Fleet, p. 27, and Climate protection/Technological progress/Fleet renewal p. 82.**

Noise-reducing technologies for the existing fleet
In addition to modernising the fleet, retrofitting existing aircraft also results in measurable noise reduction. At the beginning of 2014, Lufthansa Airlines became the first airline worldwide to start operations with a new Airbus A320 equipped with noise-reducing vortex generators, thus setting an industry standard. Aircraft with vortex generators are up to four decibels quieter on their approach, so the Company pays lower noise fees in Frankfurt than for comparable aircraft

without these components. All aircraft in the A320 family of Lufthansa Airlines and SWISS have been fitted with these modifications. The still-outstanding project to retrofit the expanded fleet of six A320 aircraft at Austrian Airlines began in late 2023 and is due to be completed by mid-2024. The modification is carried out in the course of routine technical maintenance cycles.

Retrofitting of the Eurowings A320 aircraft not yet fitted with vortex generators was completed in April 2023.

In the reporting year, Lufthansa Cargo retrofitted an A321 cargo aircraft with Airbus' Noise Improvement Package. All four cargo aircraft of this type are therefore now equipped with these technical measures to reduce noise. As a result of this package of measures, the total of the three noise levels recorded in the noise certificate for these aircraft has decreased by two decibels.

Participation in noise research

The basis for reducing noise emissions at source is involvement in research and development projects where ideas for new noise abatement measures are tested. Testing and implementation are done at a range of locations under the oversight of various noise abatement committees and in collaboration with Lufthansa Group experts. For many years, the Lufthansa Group has been involved in noise research initiatives such as the Efficiency Gains In Flight Operations project (EffFlug), which received funding from the German Federal Ministry for Economic Affairs and was completed in 2023. Working with experts from the German Aerospace Center (DLR), the Lufthansa Group sought out noise sources that could be eliminated. For this purpose, an appropriate process was developed in which noise measurements from airports were synchronised with the corresponding flight data from Lufthansa Airlines and analysed for anomalies by flight noise experts from the German Aerospace Center. Unpleasant aircraft noise during the final approach of Airbus A320neo aircraft was one use case to which this process was applied. It was shown to work in principle and can therefore be used for similar issues in future.

In the reporting year, the Lufthansa Group once again supported the German Aerospace Center in the ongoing development of its Low Noise Augmentation System (LNAS) for optimising approaches and take-offs. The LNAS uses aircraft data to recommend optimal configuration and speed. The German Aerospace Center is examining how approaches and take-offs can be made quieter and more efficient while observing safety regulations. Within the scope of a project launched in the previous year, Lufthansa Airlines will assist the German Aerospace Center by providing flight data, which is required for developing the new LNAS take-off functionality. Preparations for this began in the reporting year and the data is to be supplied in 2024.

Development of optimised flight procedures and flight routes in cooperation with system partners

Optimising the vertical flight profile (flight procedures) and horizontal flight management (flight routes) contributes to reducing noise. The Lufthansa Group is active in this area, for instance with German air traffic control (DFS) and international partners. The following examples also tend to affect fuel consumption and are therefore relevant for climate purposes. → **Climate protection, p. 79.**

The modern, satellite-based Required Navigation Performance (RNP) technology, which the ICAO has used to define the navigation performance required of an aircraft, plays an important role in the introduction of new flight procedures at European airports. The new noise-reducing, innovative RNP approach procedure has been evaluated in Vienna since November 2022. Austrian Airlines regularly uses this procedure, particularly during noise-sensitive night hours. In 2024, approaches are to be analysed and the results evaluated. A new, shorter RNP departure route in Stuttgart was introduced in February 2023 through the launch of a one-year trial, which will also include taking noise measurements. Since then, the new departure route may be used up to twice an hour, including by Lufthansa Group aircraft. Lufthansa Airlines and Eurowings experts are continuing to support this trial.

Dialogue with residents near airports and other interest groups

In addition to technical and operational improvements, the Lufthansa Group has for many years been involved in various dialogue forums with residents near airports, including in Frankfurt and Vienna. The experts from the Lufthansa Group contribute to the development of active noise abatement measures in these multilateral working groups.

At Frankfurt Airport, Lufthansa Airlines (representing the Lufthansa Group) participates in the Noise Abatement Alliance together with the Hesse state government, Fraport AG, the Airport and Region Forum, German air traffic control (DFS) and the airline association BARIG. The airline is an influential member of the Active Noise Abatement expert panel and its sub-working groups. The focus of these activities is on optimising flight procedures and reducing noise at source. In relation to this, the Airport and Region Forum held the 5th International Conference on Active Noise Abatement (ICANA 23) in March 2023 with the theme "Active noise abatement at source". The Lufthansa Group played an active role in planning and implementing this event.

Through its cooperation with stakeholders such as airport operators, authorities and municipalities, the Lufthansa Group also actively and voluntarily participates in several aircraft noise committees (Fluglärmkommissionen) required for major airports under the German Air Traffic Control Act and in the working group of German flight noise committees.

Performance indicator

99.6% of the operational Group fleet meet aircraft noise standard
Improvements in noise abatement from modernising the operational Group fleet can be seen in the number of aircraft that meet or exceed the ten-decibel criterion set by the ICAO Chapter 4 standard. This standard defines noise limits and stipulates that all commercial aircraft newly licensed after 2006 must cumulatively fall below the older Chapter 3 noise limits by a margin of 10 decibels or more. As of 28 October 2023 (end of the summer timetable), 99.6% of the aircraft – virtually the Group's entire operating fleet – met this criterion.

Waste management

Concept

Sustainable and efficient waste management is a key aspect of the Lufthansa Group's environmental strategy, aimed at minimising the environmental impacts of its business activities and improving the raw materials efficiency. This includes Group companies from every business segment.

Conceptual framework defined for all Passenger Airlines to systematically reduce waste on board and promote the circular economy
Varying global waste policies, increasing customer demand for more environmentally friendly products and the limited amount of on-board space in the Passenger Airlines mean that there is a considerable need for action in relation to on-board waste, particularly in terms of sustainable waste management. For these reasons, the passenger airlines of the Lufthansa Group have jointly defined a general framework for dealing responsibly with in-flight waste, covering all categories on in-flight waste.

In-flight waste is divided into three categories: single-use waste, food waste and reusable waste. Single-use waste refers to materials that become waste after being used once in-flight or after a flight event, without any defined recycling processes. Food waste may arise both during and after the flight event. Reusable waste includes materials that are already treated as part of a circular system, but later become waste without any downstream recycling processes.

The concept for comprehensive waste reduction is based on the waste hierarchy of EU Directive 2008/98/EC. The "R strategies" of a circular economy form the foundation of the increasingly circular management of in-flight waste, based on the aspects defined in the EU waste hierarchy. The guidelines for the systematic reduction of in-flight waste are therefore as follows, in order of priority: Reduce – Reuse – Recycle – Recover – Replace. In 2023, this concept was established in order to achieve the waste goals of the Lufthansa Group Passenger Airlines.

However, applicable national and international regulations for the treatment of in-flight waste restrict the implementation of this concept. The Lufthansa Group is therefore also campaigning to reconcile sustainable development with the political framework for waste management. Various actors along the value chain, such as manufacturers, catering partners, cabin crew, the Lufthansa Group's operational waste management and waste disposal companies, are also involved with a view to ensuring efficient reduction of in-flight waste. In addition, Lufthansa Group Product Management for the passenger airlines is represented on various international committees, such as the Sustainable Cabin and Smarter Handling of International Catering Waste working groups of the airline association IATA. By regularly attending meetings, they share their experiences, challenges and knowledge and launch concrete joint projects, including transatlantic recycling tests or lobbying for better conditions. The common goal is to ensure that on-board resources are used sustainably.

Lufthansa Cargo and Lufthansa Technik focus on conserving resources and the circular economy
Waste avoidance, waste reduction and conservation of resources are key components of Lufthansa Cargo's waste concept. At Lufthansa Cargo, loading means and loading aids are necessary for airfreight transport. These are mainly reusable items which will only become waste once they are no longer repairable or when they reach their date of expiry according to international airfreight regulations for certified loading means. Some loading equipment is disposable by nature, or as determined by international regulations. The Lufthansa Group works closely with actors within the value chain, such as manufacturers, suppliers, handling partners, associations and disposal services, to optimise reuse on the one hand and the circular economy on the other. For example, thanks to cooperation with the manufacturer, the plastic film used to protect cargo consists of 10% recycled material, and selected loading aids and equipment are upcycled.

Within the scope of its activities as a maintenance, repair and overhaul service provider for the aviation industry, Lufthansa Technik keeps scarce and valuable resources within the economic cycle by maintaining and repairing items and extending their service life, thus making a valuable contribution to the circular economy in the aviation industry. Waste from maintenance processes is collected according to type as far as possible and subsequently consigned to officially approved disposal channels. For example, engine scrap following its supervised destruction, which precludes any further use, the recycling company once again separates the engine scrap into different valuable alloys.

Organisational foundations and responsibilities

The Corporate Responsibility department is responsible for integrating waste management into the Lufthansa Group's environmental strategy.

The Lufthansa Group Corporate Responsibility and Product Management departments driving jointly the management and coordination, conceptual work, target setting and monitoring of in-flight waste at Group level. To ensure Group-wide integration, a working group has been established, made up of Passenger Airlines representatives, which regularly discusses the progress made and challenges faced and draws up joint standards.

Individual concepts and measures for achieving the targets are planned and their effectiveness evaluated by the Product Management function of the Lufthansa Group and the individual Passenger Airlines. The implementation of the measures is performed decentrally and independently by the passenger airlines.

The Lufthansa Group's real estate management is responsible for the disposal concept and for assuming Lufthansa Cargo's waste producer obligations at its hubs. Lufthansa Cargo's infrastructure management is responsible for the waste separation and collection concept at its hubs. In addition, within the scope of the environmental management system established at Lufthansa Cargo, environmental coordinators in the areas of global handling, procurement and disposal management work closely with the subsidiary Jettainer's loading aid management and the Lufthansa Group's real estate management to ensure sustainable development from the start of the value chain, i.e. the manufacture and use of loading aids and equipment, up to their final disposal.

At Lufthansa Technik, the Executive Board is responsible for waste management. It approves targets for waste reduction and for promoting the circular economy. The environmental management department coordinates and monitors the level of target achievement. The integrated management system sets out binding processes which are intended to ensure compliance with applicable regulations for Lufthansa Technik.

Targets

Passenger Airlines focus on the reduction of single-use and food waste on board

The Lufthansa Group Passenger Airlines are committed to fostering the sustainable use of in-flight resources. Concrete targets for 2025 in the categories of single-use waste and food waste were prioritised to reflect the urgency of the acute environmental impacts, the political framework conditions and customer expectations.

Single-use waste
For the passenger airlines, it is very important for finite resources to remain within a closed loop for as long as possible, in order to reduce their consumption. The passenger airlines have therefore the ambition that, from 2025 onwards, it will return all in-flight plastic and aluminium items to the circular economy and will thus no longer have any single-use plastic and aluminium items available to customers on board.

Food waste
By 2025, the passenger airlines intend to reduce the volume of food waste - calculated by weight- on short-haul flights by 50% compared with 2019.

Food waste is also to be minimised on long-haul flights. Since the data for this is not yet of adequate quality, the passenger airlines are working with their catering partners to sufficiently improve the level of data transparency regarding food waste on board. The aim is to likewise formulate targets for long-haul flights from 2025 based on the level of data transparency achieved.

Reusable waste
Since the main focus of the targets is to reduce single-use and food waste, the Lufthansa Group's Passenger Airlines intend to define a target for reusable waste from 2025.

Lufthansa Cargo and Lufthansa Technik intend to increase their recycling rate

Currently, 99% of Lufthansa Cargo's waste at the hubs (only day-to-day operations, not including waste from building and modernisation work) is used to generate energy or is recycled. Lufthansa Cargo has set two specific targets for the period up to 2025 with the aim of increasing its recycling rate in this area. At the Frankfurt hub, the intention is to increase the share of waste that is recycled to 40% by 2025. In addition, Lufthansa Cargo is aiming to increase its worldwide recycling rate for plastic film to 100% by 2025.

Lufthansa Technik has been pursuing defined environmental targets since back in 2018. One of its key environmental goals is to increase its recycling rate to 75% by 2025.

Measures

Passenger Airlines reduce in-flight waste in all categories

In the reporting year, measures to reduce the volume of in-flight waste were initiated and implemented in all three waste categories. Due to differing product and route concepts, the airlines implement these measures individually.

Single-use waste
In the reporting year, the Lufthansa Group's Passenger Airlines began to develop a structured action plan for all plastic and aluminium disposable items. The aim of this is to define individual measures at the level of specific airlines and items, with clear targets for implementation, so as to enable general

planning, measurement and management of the Group-wide target achievement status. Synergies are leveraged in the development and implementation of measures, since the airlines use similar disposable plastic and aluminium items despite their different service and loading concepts. The goal is to draw on the results across the Group and implement them to optimal effect.

The measures implemented in 2023 include replacing disposable plastic items with reusable ones. In the reporting year, for example, Lufthansa Airlines introduced a reusable cup on short-haul flights in Economy Class. This had been successfully tested the year before and replaced the disposable plastic cup previously used. Brussels Airlines has also replaced its disposable plastic items with reusable cutlery and plates in Business Class on short-haul routes.

In addition to the “Closed Loop” project launched in 2022 at Lufthansa Airlines and Discover Airlines, where PET bottles are reused in a closed recycling loop, the Lufthansa Group began to consider expanding this concept in 2023 to include suitable cups and lids for food dishes. Implementation is scheduled for 2024, subject to a successful outcome.

In terms of substituting disposable plastic packaging with materials from renewable resources, various airlines replaced packaging materials in specific classes in the reporting year. This included packaging for disposable cutlery, meal lids and even earplugs.

One challenge in reducing the number of disposable items on board is the changing selection of meals, which means that the Passenger Airlines are reliant on the product providers coming up with sustainable solutions. For this reason, the Lufthansa Group’s Passenger Airlines entered into a dialogue with their suppliers in the reporting year, with the goal of encouraging them to widen their selection of more sustainable options.

Food waste

In 2023 (as in the previous year), a Group-wide survey of food waste was implemented, subject to a joint minimum standard, to establish standardised and systematic monitoring of food waste for all passenger airlines and determine appropriate steering and change measures in line with the resulting findings. In the reporting year, the test runs which had already begun in 2022 on Lufthansa Airlines flights continued, using artificial intelligence.This involves using weighing scales, cameras and an algorithm to record and analyse food left over on trays. This technology is being tested for using this in routine processes in the future. The results are also intended to show whether more precise and continuous measurement of food waste can enable the data-driven management of the loading process.

Food waste volumes at the Passenger Airlines that offer food for purchase on European flights are managed and planned on the basis of sales figures with the help of an algorithm. In 2023, the proportion of discarded perishable products from these Passenger Airlines was reduced by 53% on average compared with the 2019 baseline year. This figure does not include the proportion of discarded perishable products from Brussels Airlines, since no measurements were carried out in the reporting year. The plan is to record Brussels Airlines’ share of such products too in 2024.

In addition, Lufthansa Airlines adopted two concepts in the reporting year which had already been introduced at SWISS and Austrian Airlines. Besides the “to go” scheme, where fresh products left over on the final flights of the day are offered to passengers for sale at reduced prices, all three airlines now offer customers the opportunity to make advance orders on short-haul flights in Economy Class and pre-select products in Business and First Class on long-haul flights. The goal is to avoid food waste even before the flight event. For example, food waste at SWISS was reduced by 2,957 kilogrammes in the reporting year thanks to the “to go” scheme.

Reusable waste

With the measures it has implemented, the Lufthansa Group aims to help reduce waste and to minimise environmental impacts by extending the lifespan of reusable items and using circular recycling ways.

In September 2022, SWISS conducted a test run with a partner for textile recycling. The goal was to introduce a routine recycling and alternative reuse process for textiles no longer needed in aircraft. Following the successful validation of the test results, SWISS included the reuse of blankets in its routine procedures in the reporting year. In 2023, 766 kilogrammes of passenger blankets were recycled as insulation material or cleaning cloths. As well as these passenger blankets, further textiles were used in the reporting year for a textile recycling process which produces cotton thread. As a result, an additional 925 kilogrammes underwent linear recycling. Moreover, together with its cleaning partner, SWISS introduced the recycling and replenishment of amenity kits in every travel class in the reporting year.

Range of information on sustainability issues for employees to be expanded

To encourage sustainable developments on board, Lufthansa Airlines, SWISS and Austrian Airlines have ambassador programmes relating to sustainability in the cabin. Within the scope of these schemes, certain cabin crew members act as ambassadors, raising their colleagues' awareness of this topic, identifying potential and bringing it to the attention of those responsible. SWISS and Lufthansa Airlines have established special staff rooms to provide employees with further information on current sustainability topics in the Company. In the reporting year, SWISS transformed dedicated briefing rooms into "Fly Greener briefing rooms", while Lufthansa Airlines set up "Green Corners".

Lufthansa Cargo organises waste separation with its service providers

Since 2022, Lufthansa Cargo has been using a plastic film consisting of 10% recycling material to protect cargo and is working on a closed loop solution for this. Tests have shown that, when waste is returned to the manufacturer, the proportion of foreign materials included is too high for direct recycling to be possible. With this in mind, Lufthansa Cargo worked with its service providers during the reporting year to revise the waste sorting procedures at its Frankfurt hub. Dedicated waste collection points were set up and signage provided for the different sorting types. The information provided for employees included illustrations on information boards showing the required waste sorting process, as well as examples of what not to do. In addition, a closed-loop concept was drawn up in collaboration with a manufacturer of certified belts in the reporting year. In a practical test, belts which were no longer usable were returned to the manufacturer for recycling. Since this produced positive results, the procedure is to be introduced as a standard process in 2024.

New Lufthansa Technik waste collection centre optimises waste management

As part of efforts to optimise space, a new waste collection centre was built at Lufthansa Technik's Hamburg location in the previous year, with a EUR 5.8m volume of investment. This collection centre went into service in 2023. The new building, which covers an area of 2,100 square metres, offers extra floor space to accommodate additional containers. This means that more waste types can be separated from the existing waste streams and undergo proper single-variety recycling, which should make it possible to manage this waste more effectively.

Performance indicators

Lufthansa Group performance indicators defined

In line with the Lufthansa Group's goals for reducing waste and conserving finite resources, suitable performance indicators were defined in the reporting year to gauge the effectiveness of measures implemented and manage the levels of target achievement. These indicators will be used for measurement purposes from 2024 onwards.

As of the date of publication of this report, Lufthansa Technik's recycling rate and the proportion of waste recycled by Lufthansa Cargo were not yet available for the reporting year. Lufthansa Cargo is currently working out how to generate the metrics to measure its rate of recycling for plastic waste.

CUSTOMER CONCERNS

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

High customer satisfaction is a key factor in the Lufthansa Group's success

Ensuring in-flight safety and passenger well-being is a top priority for the Lufthansa Group. In order to meet this requirement, all airlines in the Lufthansa Group have a comprehensive safety management system. Every two years, independent auditors review the safety standards applied Group-wide as part of the IATA Operational Safety Audit (IOSA).

A clear focus on customers, operational stability, innovative products and services and an emphasis on quality are essential for a service provider like the Lufthansa Group. Long-term customer relations require reliable travel solutions, dependable customer services, personalised experiences and simple, flexible processes. Investment in a modern aircraft fleet and the continuous ongoing development of the Group's offering – including in terms of sustainability and digital services – are intended to make flying attractive for customers of the Lufthansa Group.

As in the previous year, the Lufthansa Group once again registered a persistently high level of demand in the reporting year. Combined with infrastructure bottlenecks, this disrupted the stability of flight operations, especially during peak travel periods. This was reflected in issues such as delayed flights, problems with connecting flights and delayed or lost luggage. The Lufthansa Group therefore deliberately invested in measures designed to strengthen the operational stability of the

Group's passenger airlines and improve products and services throughout the travel chain, during every phase of the flight. The travel chain encompasses the entire trip, starting with booking a flight, followed by the various phases such as check-in, security checks, boarding, the flight itself, landing and finally the passengers' stay at their destination. It includes every step and every service intended to enable a seamless and holistic travel experience.

Data protection and data security are playing an increasingly important role

The secure, legally-compliant handling of data forms the basis for a trusting relationship with customers. The Lufthansa Group has a data protection management system in place in its Group companies that meets the requirements of the European General Data Protection Regulation (EU GDPR). The Group has established an organisational structure for data protection that is dedicated to ensuring compliance with the rights of data subjects and the duties of controllers. This entailed creating easily reachable points of contact, both internally and externally, and establishing processes to fulfil information requests by data subjects within the required period, for example. Current information about the processing of personal data is also provided on the Group companies' websites. Awareness of this subject is regularly promoted among the employees of the Lufthansa Group through mandatory web-based data protection and data security training. Another goal is to ensure the comprehensive prevention of cyber risks, which have gained in importance due to the increasing digitalisation of business processes. → **Opportunities and risk report, p. 125.**

Operational stability

Concept

Reliability and punctuality are key criteria for operational stability

A high level of reliability and punctuality form the basis for a satisfactory travel experience for customers. To achieve this, the Lufthansa Group has established processes which include coordinated planning and cooperation between the operational areas and all stakeholders involved, including system partners such as airport operators and air traffic control. Daily flight operations are continuously monitored by the Lufthansa Group airlines' hub control centres and all operating processes are managed from here. Based on regular operational performance reports, the airlines' management identifies action areas and initiates measures to increase operational stability.

Organisational foundations and responsibilities

Responsibility for operational stability lies with the airlines of the Lufthansa Group. The Executive Board function "Fleet & Technology" defines general standards which apply to all of the airlines of the Lufthansa Group and establishes transparency regarding operational performance in the Lufthansa Group.

At the monthly Operations Board meetings, the Chief Operations Officers of Lufthansa Airlines, SWISS, Austrian Airlines, Brussels Airlines, Eurowings and Lufthansa Cargo, together with the responsible functional heads of flight operations, ground handling, safety and security and technical fleet management, provide the Executive Board with regular information. They also discuss and approve the results of their analyses and measures to improve operational stability.

Interdisciplinary performance dialogues are also in place for Lufthansa Group airlines' operational processes, including system partners. The current level of performance is discussed within this framework, and any potential for improvement is identified and joint goals are defined.

Targets

To guarantee safe, punctual and reliable flight operations

Operational stability is a prerequisite for ensuring high customer satisfaction. The top priority for all Lufthansa Group airlines is to conduct safe, punctual and reliable flight operations.

The main performance indicators for judging operational stability are the airlines' departure punctuality and regularity. While the Lufthansa Group already regularly reports on its level of punctuality, due to the frequent flight cancellations in the summers of 2022 and 2023 the regularity of planned flight operations was also reported in 2023.

As is common internationally, all flights taxiing to the runway no later than 15 minutes after the planned departure time are defined as punctual. The target for Lufthansa Airlines, Austrian Airlines, Brussels Airlines and Eurowings is to handle 85% of all flights on time, while SWISS has a target of 80%. The level of regularity indicates the proportion of flights which were not cancelled at short notice on operational grounds. The target for the Lufthansa Group's passenger airlines is to carry out at least 99% of all flights planned 72 hours earlier.

Measures

Operational stability cannot be ensured by the airlines in the Lufthansa Group alone. There are still high levels of staff shortages in various areas of the aviation sector and disrupted supply chains for necessary spare parts. In this environment, besides internal operational improvements general solutions are required to enable the aviation system to cope with the further rise in passenger numbers.

Optimised planning processes and product improvements contribute to more stabilised flight operations and improved procedures
Due to the flight irregularities which arose in the previous year due to staff shortages in various areas of the aviation system, the range of flights offered by the Lufthansa Group were adjusted early on in the reporting year, in line with the level of performance of all of its system partners, such as airports, ground handling services and air traffic control. Supported by new employee hires in the operational areas of the Lufthansa Group and by its system partners, this enabled flight operations to be expanded to meet the growing demand. Continuous dialogue with the various players in the aviation system is maintained so that changes in performance levels can be taken into account in flight operations planning at an early stage.

The Lufthansa Group airlines have also established process and product improvements designed to optimise procedures for customers. Examples include the introduction of a direct luggage transfer process in case of very short connecting times and the establishment of a central baggage support centre, which assists with the rapid and reliable delivery of any luggage left behind. For the busy summer months of 2023, the Executive Board also assembled a “summer task force”. This consisted of representatives from product development and the Group’s operational areas who support the implementation of measures with additional resources.

Performance indicators

Departure punctuality and regularity at the Lufthansa Group airlines during the busy summer months were higher than in the previous year
Over the financial year as a whole, the departure punctuality of 65.3% (previous year: 65.9%) and regularity of 97.8% (previous year: 97.9%) changed only slightly compared with the previous year. This mainly reflects the fact that the volume of flights in the spring of 2022 was still significantly reduced, leading to a high level of operational stability, while in the spring of 2023 operational stability was adversely affected by a large number of external strikes at various German airports.

However, due to the measures implemented, the levels of punctuality and regularity both improved during the busy summer season. In the summer months of June/July 2023, the departure punctuality was significantly higher than in the previous year (48%) at 58%. Nevertheless, further improvement in performance indicators was limited, mainly due to capacity bottlenecks affecting European air traffic control, which caused 19% of all of the delays affecting the Lufthansa Group airlines. The shortages of qualified personnel for ground handling service providers could not be sufficiently remedied either, since the Lufthansa Group’s passenger numbers rose significantly compared to the previous year.

Product and services

Concept

Customer needs are at the heart of product and service development
Due to changes in supply and demand structures, the Lufthansa Group is giving greater consideration to customers’ individual needs and wishes and is seeking to fulfil its commitment to being a premium provider, for its own benefit and for that of its customers. The plan is to build long-term customer relationships through individual appreciation, tailored solutions and personal interactions. The focus is on areas which are highly significant for customers, influence repeat purchases and ultimately contribute to creating value for the Lufthansa Group.

This objective is being pursued via an integrated approach comprising a holistically linked range of physical products (such as seating and lounges), attentive service from employees both on board and on the ground and digital solutions throughout the travel chain. The Lufthansa Group factors its customers into its product developments as part of its strong customer focus. The goal is to improve the travel experience particularily in the premium segment, both in-flight and on the ground.

The Lufthansa Group is continuously expanding its product range so it can offer its customers a wider choice of selectable product components, enabling them to customise their travel planning. Besides digital solutions, the focus is also on encouraging interactive and personal dialogue and providing solution-oriented customer services. In designing its range of products and services, the Lufthansa Group has also taken sustainability issues into account to meet the growing demand for more sustainable products. This includes offers designed to compensate or reduce the carbon emissions caused by flights, waste avoidance and a continuously expanding selection of intermodal travel options.

To evaluate and improve its customers' experience, the Lufthansa Group regularly measures customer satisfaction levels and its recommendation rate, in the form of a net promoter score (NPS). It also uses analytical tools such as customer feedback, trend analyses, market research results and monitoring of the competitive environment for this purpose. Using passenger satisfaction tracking (PST), around 30,000 customer responses are collected every month, providing the basis for evaluating the level of satisfaction throughout the travel chain. Specific issues such as the way irregularities during the journey are handled and how more sustainable travel options are perceived are assessed in depth. For example, the aspects considered include communication and problem-solving in cases of delayed or cancelled flights and baggage irregularities. More than 3,100 participants have already been actively involved in the early stages of product development through a specially created online platform, the Co-Creation Hub, which offers a means of direct dialogue via surveys, workshops and interviews.

Organisational foundations and responsibilities

The Executive Board function "Brand & Sustainability" is responsible for developing an industry-leading travel experience for customers of the Lufthansa Group, promoting more sustainable travel and designing modern digital solutions. Particular emphasis is placed on cross-functional collaboration, transparency and an entrepreneurial mindset.

Since the reporting year, the Brand Portfolio Management & Global Marketing department has been responsible for the Lufthansa Group's overall brand portfolio and global marketing strategy within the Brand & Sustainability function. The purpose of this is to achieve an appropriate level of differentiation between the Group's brands. In addition, this department is responsible for marketing activities in all corporate customer markets, as well as those for private customers in all non-home markets. The further development of the loyalty programme at the Lufthansa Group's passenger airlines also falls within this department's remit.

Lufthansa Airlines, SWISS, Austrian Airlines, Brussels Airlines, Eurowings and Discover Airlines are independently responsible for the design and implementation of their in-flight and ground product, marketing and top customer management. Representatives from the Executive Board functions Brand & Sustainability and Global Markets & Network and the airlines' Chief Commercial Officer functions meet regularly as part of the Customer Commercial Committee to discuss and make decisions on customer-focused topics. They also meet annually to focus on the product project portfolio.

Targets

Raising customer satisfaction is an integral part of the Group's strategy

Consistently meeting customers' needs plays a key role in generating a long-term commercial benefit for the Lufthansa Group and its Passenger Airlines. The primary objective of the customer strategy for all Passenger Airlines in the Lufthansa Group is to increase the level of customer satisfaction and the rate of recommendation. Recognising and fulfilling individual customer needs throughout the travel chain is essential to this.

The level of success in this respect is measured using the net promoter score (NPS), which reflects customers' readiness to recommend the company. For Lufthansa Airlines, SWISS, Austrian Airlines and Brussels Airlines, an NPS target of 50 was set in the reporting year, while for Eurowings the target is 45.

Measures

Expanding the Group's product range together with customers to meet the premium ambition

In the reporting year, the Lufthansa Group focused on fulfilling its commitment to being a premium provider, for its own benefit and for that of its customers. It made specific adjustments to its product range to meet customers' changing needs, providing for greater individuality and enhanced comfort. One important step was the public presentation of a new cabin interior for long-haul flights with Lufthansa Airlines and SWISS. This initiative is based on an overall investment volume exceeding EUR 2.5bn and is aimed at incorporating more than 40,000 new seats into over 140 aircraft. The development process focused on customising the service. In particular, five different seat types were developed for Business Class in order to meet customers' varying preferences. At the same time, work is under way on the development of a First Class Suite Plus to offer a higher degree of exclusivity.

In the reporting year, the Lufthansa Group also added food and drink options to its in-flight product and broadened the range of entertainment available at Lufthansa Airlines, SWISS and Austrian Airlines. For example, since the reporting year Lufthansa Airlines Business Class customers have been able to select from a new range of six regional and seasonal menus, giving them access to a wider selection of meals. In addition, more children's podcasts, films and audio programmes were included in the entertainment offer for young passengers.

The Summer Ops Taskforce programme established in the reporting year improved operating processes particularly during the busy summer months and thus the travel experience for customers. Optimised processes at the airport included, for instance, expanding the self-service area for Economy Class customers in Frankfurt and introducing modern technologies for the automated processing and forwarding of delayed luggage. This accelerated the delivery of luggage for over 500,000 customers in Frankfurt and Munich. This process, which was developed by the Lufthansa Group in collaboration with the airport operator in Frankfurt, was declared a new industry standard by IATA in 2023.

Customer relationships to be strengthened through digital solutions, customer services and personal interaction
In the reporting year, the Lufthansa Group implemented various measures to transform its customer interactions. These were intended to facilitate a shift from a purely transactional focus to an in-depth and more personal customer relationship.

For instance, the portfolio in service centres is being expanded and more automation is being brought into the area of customer service to enable customers to resolve issues themselves. Digital interactions are being reinforced through the Lufthansa Group app, which was introduced in 2023 and has been continuously updated ever since. The Lufthansa Group app and the Travel ID, a personal customer profile, offer customers access to a variety of Lufthansa Group services and the Miles & More programme. The aim is to make it easier for customers to manage their journeys and access information promptly where necessary, particularly in matters relating to baggage or booking changes. This makes it possible to customise offerings and services in line with customers' personal needs. In the reporting year, this app received a user rating of 4.5 out of 5 stars in the Apple App Store.

Personal interaction with customers was also intensified in the reporting year. Overall, the availability of call centres in the reporting year hit a rate of over 94%, exceeding the 90% target. Waiting times for telephone calls were reduced by 87.5%, with an average waiting time of less than one minute. Written requests were also processed efficiently. For example, the processing time at Lufthansa Airlines has been brought down from around 40 days to a stable three to four days since May 2023.

With its status programme for frequent flyers, which was revised in the reporting year and came into effect from January 2024, the Lufthansa Group has taken a strategic step away from a transactional perspective in favour of an approach prioritising stronger customer loyalty and greater appreciation of all participating customers. The Lufthansa Group promotes customer loyalty by providing a broader selection of new and exclusive offerings and expanding partnerships, as well as offering dedicated options for customers who only make a small number of flights each year. In addition, greater efforts are being made to incorporate sustainability issues into the Group's customer loyalty programme, such as more sustainable fares being counted towards status and award miles or fundraising campaigns. These measures are intended to support the goal of securing customers' long-term loyalty and satisfaction.

An expanded offer of more sustainable products
The Lufthansa Group enables its customers to offset the carbon emissions caused by their flight through various offerings throughout the travel chain. These involve voluntary offsetting via climate protection projects and reducing carbon emissions by purchasing sustainable aviation fuel. The Lufthansa Group only uses certified projects for its carbon offsets that meet the highest quality standards, such as the Gold Standard, while for new technologies it also uses Verra and Puro.earth. The new technologies adopted in the reporting year include, for example, biochar, a method of long-term binding of CO_2 via pyrolysis. The Lufthansa Group has also joined the carbon removal initiative launched by Airbus. This is seen as a highly promising solution for removing CO_2 from the atmosphere. In the case of direct air carbon capture and storage (DACCS) technology, CO_2 is filtered out of the air and permanently stored. The Lufthansa Group has signed a contract with Airbus on the advance purchase of verified and permanent emission reduction credits for 40,000 tonnes of CO_2 using DACCS technology. The certificates will be available from 2026. Annual purchasing of carbon removal credits for 10,000 tonnes of CO_2 over a period of four years has been agreed.

Following successful tests in selected regions in the previous year, Green Fares were introduced throughout Europe in the reporting year. With these fares, 20% of additional carbon emissions are reduced through the use of SAF and the remaining flight-related carbon emissions are compensated via a contribution to high-quality climate protection projects. Only SAF, which meets the quality standards under the European Renewable Energy Directive (RED II), is used. Since the introduction of these fares, the level of demand has developed positively, with around 10% in domestic German traffic and around 3% for flights within Europe. In the autumn of 2023, the Lufthansa Group tested its Green Fares in selected long-haul markets. 10% SAF is used to reduce additional carbon emissions and the remaining flight-related carbon emissions are offset by means of a contribution to high-quality climate protection projects. Subject to positive test results, this product is set to be introduced for all long-haul routes in 2024. In the corporate customer segment, the "Sustainable Corporate Value Fares" were added to the offering in the reporting year. This was in addition to the established "Corporate Value Fares" programme, where emissions from corporate customers' flights within Europe and domestic flights are automatically offset through contributions to climate protection projects. As with "Green Fares", in the case of the "Sustainable Corporate Value Fares" offsetting is achieved through a mixture of reducing carbon emissions via SAF and contributions to climate protection projects.

Since 2021, the option of reducing carbon emissions for air transport services has also been available in the logistics business segment. Lufthansa Cargo customers can use the

“Sustainable Choice” service to offset individual shipments through a portfolio of climate protection projects or cut down carbon emissions in combination with SAF. Lufthansa Cargo offers global freight forwarders a bulk agreement that allows them to use large volumes of SAF to reduce carbon emissions. Entire charter flights can also be operated on a more sustainable basis. To date, Lufthansa Cargo has completed more than 200 joint flights with one of its customers.

To make the intermodal travel options offered even more attractive, as well as continuously expanding the range of services, all bus and rail connections to and from the Lufthansa Group’s hubs were optimised to simplify the process of switching between different means of transport. For instance, the signage at the largest transfer point, the AiRail Terminal at Frankfurt Airport, was improved in the reporting year. Moreover, customers are provided with comprehensive information during their journey about the transfer process and baggage check-in and collection by means of announcements made on the train and in-flight and via automated notifications in the Lufthansa Group app. → **Climate protection, p. 79.**

In addition, various measures were developed and implemented in the reporting year with the aim of reducing in-flight waste, while concepts already established in some areas were expanded to include further airlines. For example, fresh products for sale on the final flight of the day are now also made available for purchase at reduced prices at Lufthansa Airlines and products can be pre-ordered even before the flight. Both of these measures are intended to reduce the volume of food waste. In another measure, specific disposible products were substituted with reusable ones, while disposable plastic packaging has been replaced with materials made from renewable resources. In the reporting year, the Lufthansa Group’s Passenger Airlines managed to cut down their disposable waste, food waste and waste from reusable products. → **Waste management, p. 90.**

Performance indicator

Recommendation rate is below target

The NPS is an indicator which measures the probability of customers recommending a company or brand. For Lufthansa Airlines, SWISS, Austrian Airlines and Brussels Airlines, the NPS was 27 in 2023 (previous year: 33, without Brussels Airlines) and thus below the target of 50. With an NPS of 44 (previous year: 37), Eurowings slightly missed its target of 45.

The reasons for this deviation from the target level primarily relate to irregularities in flight operations and factors such as delayed luggage delivery. Even though the Lufthansa Group’s Passenger Airlines are also dependent on smooth interaction with system partners such as air traffic control, airport operations and baggage handling services providers, this impacts assessments of the Lufthansa Group.

The NPS is a component of the target agreement and the variable remuneration of the Executive Board.

EMPLOYEE CONCERNS

Employees are one of the key factors driving the Lufthansa Group’s success. Employee concerns are therefore a focus of the Lufthansa Group’s human resources strategy.

The Lufthansa Group positions itself as an attractive and modern employer in order to strengthen the loyalty of existing employees, and also to attract talent from outside the Company to help meet the high level of demand.

Changes within the aviation sector and the structural transformation of today’s working world have a direct impact on the employees of the Lufthansa Group. It is therefore necessary to keep continuously developing employees’ skills and knowledge in order to remain economically successful. The Lufthansa Group makes use of extensive training and continuing education opportunities in this regard.

Moreover, occupational health and safety are core areas of action for the Lufthansa Group. The Lufthansa Group uses preventive measures and takes a holistic approach to maintaining its employees’ constant, long-term ability to work.

In addition, the Group promotes the strengthening of diversity and equal opportunities in order to further encourage creativity, flexibility and the ability to innovate and minimise legal liability risks. Various initiatives, such as increasing the proportion of women in management positions and the long-established organisational integration of the equal opportunities commissioner, are intended to promote gender equality and to position the Company as an employer with integrity and responsibility.

Organisational foundations and responsibilities

Employee concerns are bundled in the various specialist departments within the Executive Board areas of Human Resources & Infrastructure and Brand & Sustainability. Close cooperation among all departments enables the development of sustainable measures to improve action relating to employee concerns. At the same time, the Executive Board member for Human Resources & Infrastructure uses the HR Committee, which comprises the area's top executives and the labour directors of the largest companies in the Lufthansa Group to ensure that the measures developed are implemented in all departments and within the subsidiaries. The implementation of the measures can be continuously monitored through direct reporting channels within the Executive Board function.

Attractiveness as an employer

Concept

Being an attractive employer is highly relevant for the Lufthansa Group
The success of the Lufthansa Group relies heavily on the competence, enthusiasm, commitment and ideas of its employees. It is particularly important to maintain and develop employee morale, to recruit new employees, to have a coordinated personnel strategy and to take steps to ensure the Lufthansa Group remains an attractive employer.

Employee retention and employer attractiveness measures are refined on an ongoing basis to maintain employee satisfaction, even during periods with heavy workloads. At the same time, the needs of the workforce vary greatly, since the Group comprises 162 nationalities.

In addition to the benefits and working conditions for employees offered by collective bargaining agreements, the Lufthansa Group provides a broad portfolio of company-specific, country-specific and generalised benefits for employees. Certain groups of employees can choose from various flexitime models, for example, so that they can organise their working hours much more independently. This makes it possible to balance work and free time on an individual basis, while also strengthen the Group's attractivity as an employer. Specific transitional benefits, pension schemes and arrangements for taking parental leave are also on offer.

Unrestricted freedom of association is an established feature of the Lufthansa Group
The Lufthansa Group has a long tradition of working with its labour union partners in the works councils and trade unions, as well as in supervisory boards subject to co-determination rules. This practice is aimed at acting collectively based on mutual interests. The joint search for solutions in the interest of the companies involved and their employees is based on an understanding of how valuable freedom of association is, forming part of the Group's corporate culture as well as being enshrined in the German constitution.

Workforce is informed transparently
The Executive Board of the Lufthansa Group and the Executive Boards and management teams of the individual subsidiaries continuously implement measures to meet the workforce's desire for transparency. Information about current developments and goals is provided via webcasts and podcasts, the intranet and a "news app", in both German and English. This is also intended to promote loyalty to the Company.

Viva Engage, an enterprise social network platform to which around 80,000 employees of the Lufthansa Group have access, provides a further channel for communication. Various groups have established themselves on this platform, acting on their own initiative, in order to discuss a range of issues such as initiatives on coordinating social engagement.

Key remuneration components and additional benefits are offered
The Lufthansa Group intends to make greater use of flexible structures and options in remuneration components. It is thus taking into account the specific needs of its employees in their various living situations, with the goal of making its conditions of employment more attractive.

For example, non-payscale employees and managers of Deutsche Lufthansa AG are being offered a bonus scheme. Through the Time-Out programme, a portion of these variable payments can be flexibly converted into additional time off work.

Short-term and long-term variable remuneration components form part of the remuneration received by managers and non-payscale employees. The Lufthansa Group's goals in relation to environmental and social issues have also been integrated into this as performance targets. The variable remuneration payments are therefore dependent on achieving targets relating to customer and employee satisfaction and on reducing the Lufthansa Group's carbon emissions.

Working and employment conditions for employees and managers are flexible and are adapted continually
New forms of work are one of six areas of focus and thus an important aspect of the Lufthansa Group's human resources strategy. With this in mind, the Lufthansa Group has been offering administrative employees the opportunity to work flexibly, both in terms of when and where they work, for many years now. Flexibility is a key factor for both current and future employees. They are supported in this respect through training formats such as guidelines, videos and workshops. Mobile devices play an important role here and have been available to almost all of the Group's employees for several years now. Works agreements on mobile working have also been signed in many Lufthansa Group companies. They aim to reconcile the

interests of employees with those of the company concerned. Since 2022, in principle employees are entitled to spend up to 30 days a year working in other EU countries.

Flexible working time models are an established element in the Lufthansa Group and are designed to make it as easy as possible to combine work and family life. Job adverts for management positions offer the opportunity of part-time work in form of a shared leadership. This makes it possible to share a management position with another manager who also works part time. In addition, managers and non-payscale employees have the option to take sabbaticals.

Uniform performance and potential assessment enable that talent is retained

To ensure that employees have the opportunity to shape their career within the Group in line with their individual talents and interests, a standard process for measuring performance and potential has been implemented for most administrative and management staff. The above-average performers and high potentials identified are systematically networked, brought to the fore and motivated to maintain their commitment to the Lufthansa Group.

As the Lufthansa Group continues its economic recovery, its talent programmes – including its apprenticeship and trainee programmes – are being further expanded and enriched with new content, in particular relating to sustainability. This creates a broad and attractive portfolio of development and commitment opportunities for above-average performers and high potentials.

Organisational foundations and responsibilities

The responsibility of the overall topic of employer attractiveness lies primarily within the areas of HR Policies, HR Services & Digitalization, HR Executives as well as Employer Branding & Talent Management. The HR Policies, HR Services & Digitalization and HR Executives departments report directly to the Executive Board member for Human Resources & Infrastructure. The Employer Branding & Talent Management department reports directly to the Executive Board member for Brand & Sustainability. These departments are jointly responsible for maintaining and further strengthening the Lufthansa Group's position as an attractive employer. Topics such as compensation and benefits, employer branding, talent management and human resources marketing, which have a significant impact on employer attractiveness, are firmly established within these departments.

Targets

The Lufthansa Group strives to become more attractive as an employer

The aim of the Lufthansa Group is to position itself as an attractive employer. It has set itself the long-term goal of featuring among the top ten employers in Germany. Attractiveness as an employer is considered from both an internal and an external perspective. 2023 was mainly defined by the continued increase in flight operations due to the high level of demand for flights, particularly during the summer months. Since the Group still has significant staffing requirements, employer attractiveness (as perceived by external applicants) is a crucial factor.

At the same time, the Lufthansa Group's employees make a decisive contribution to passenger satisfaction and thus to the success of the Company. Another important goal is therefore to increase the motivation of existing employees and improve the level of employer attractiveness within the Group. The Lufthansa Group measures this by means of the Engagement Index from its annual employee survey "involve me!". The goal is to further improve on the 2022 figure of 2.4. The results are measured on a scale from 1 (best) to 5 (worst).

Measures

Employer value proposition is introduced to enhance the Group's attractiveness as an employer

In 2023, an employer value proposition (EVP) was developed as a means of establishing a clear strategic position for the Lufthansa Group on the job market. In particular, company values, development opportunities and solid relationships were identified as core areas of strategic focus, and some initial measures are currently being implemented which cover the various phases which employees pass through during their time with a company. These phases comprise recruitment, preparation and onboarding, the performance phase, the growth and learning phases and finally the exit process. The aim of this is to enable the Lufthansa Group to design, manage and improve the employee experience, from recruitment right through to the end of the employment relationship. In its focus on development opportunities, for instance, the Group intends to work on strengthening mosaic careers, which offer scope for following horizontal or downward pathways in addition to purely vertical ones. In the context of the EVP, the updated employer brand "Lufthansa Group careers" has been introduced. This was accompanied by three major marketing campaigns, which supported the successful recruitment of more than 14,890 employees in the reporting year.

Sustainable mobility offerings for employees are being expanded

The Lufthansa Group has expanded its electromobility offering for company cars by providing financial support for electric vehicles. More than 50% of newly ordered company cars were fully electric in the reporting year thanks to this measure. In addition, 104 charging stations for electric vehicles were installed in the employee car park at the Lufthansa Aviation Center in Frankfurt in 2023. Overall, there are 212 such charging stations in Germany.

As well as the "job ticket" for use of public transport, which all of the Group's employees have been offered for many years now, the Lufthansa Group has been allowing its employees in Germany to lease bicycles again since 2023. Around 60,000 employees are thus able to lease a bicycle on favourable conditions and around 4,000 lease agreements were concluded in the reporting year.

The results of the previous year's employee survey are being implemented

As a result of the 2022 employee survey "involve me!", core areas of action have been defined for the Lufthansa Group as a starting point for the follow-up process in the Group companies. Establishing a feedback and dialogue culture was one joint area of action. For this purpose, measures were developed in most Group companies to improve communication and dialogue within the Company. For instance, discussion formats for managers on their development within the Company were established at Lufthansa Technik, while continuous communication channels were set up at Lufthansa Airlines via its WE TAKE OFF TO TAKE CARE programme. This is intended to give employees a better understanding of the airline's basic orientation, by means of specific strategic areas of action. In the employee survey conducted in the reporting year, the question relating to the "culture of feedback and dialogue in the company" already received a more positive response.

Performance indicators

Engagement Index improved year-on-year

The Engagement Index provides information about the Company's attractiveness as an employer. This has been tracked by the voluntary annual employee survey "involve me!" since 2015 and enables a comparison with employers in many different sectors. This index measures the extent to which employees identify with the Company, as well as their level of commitment and their willingness to recommend the Company to others. The survey was carried out again in 2023. With the exception of the LSG group, which was sold over the course of the reporting year, all major Group companies were included. While the employee survey carried out in the previous year was narrower in scope, a more detailed survey was implemented in 2023. This alternation between comprehensive and shorter surveys corresponds to past practice.

The results are measured on a scale from 1 (best) to 5 (worst). In the reporting year, the Engagement Index value was 2.2 and increased by 0.2 compared with the previous year's level of 2.4. This positive trend has been driven partly by the improved assessment of the feedback and dialogue culture in the Company. Another factor is employees' improved assessment of the leeway they have for successfully accomplishing tasks assigned to them and of their greater enjoyment of work. Economic stabilisation and trust in the management's decision-making in order to safeguard financial success also played a key role in the more positive engagement results. Overall, the indicator showing employees' level of pride in working for their company has also increased.

The results of the employee survey are presented to the Executive Board and Supervisory Board and are also considered and discussed in depth by the Management Boards of the various companies. The managers of the Lufthansa Group and the business segments will use the results of this survey as a basis for identifying measures together with their teams with the aim of improving the Engagement Index results.

Since the 2023 financial year, the Engagement Index has been assigned a 10% weighting for the Executive Board's short-term variable remuneration. → **Remuneration report, p. 278.**

Labour union partners are firmly established at the Lufthansa Group

For the Lufthansa Group, it goes without saying that no one will suffer any positive or negative discrimination because they are a member of a trade union or not. The Lufthansa Group allows all of its employees to join or form a trade union. As of 31 December 2023, of the 63,176 Lufthansa Group employees in Germany, 76% benefited directly from collective bargaining arrangements. The remaining 24% are largely managers and non-payscale employees in senior positions. However, many of the arrangements for these non-payscale employees are also based on the collective bargaining agreements. A few companies are not subject to any collective agreements. In the Europe region, 98% of employees at Austrian Airlines and 87% of those at SWISS have an employment contract covered by collective agreements.

Employer ranking has improved among key target groups

To position itself as an attractive employer for university graduates in particular, the Lufthansa Group places emphasis on the opinions of young people in employer rankings. It makes use of the ranking exercise carried out by the Trendence Institute for this purpose. In the reporting year, the Lufthansa Group in Germany improved its ranking among economics students from 16th place in the previous year to 9th. For this target group, it thus achieved its goal of once again being rated as a top ten employer. Engineering students placed Lufthansa Technik 16th (previous year: 15th). Lufthansa Systems and Lufthansa Industry Solutions took 45th and 70th position among IT students (previous year: 34th and 65th).

In the professionals category, economists rated the Lufthansa Group 18th (previous year: 15th) in the Trendence ranking, while engineers put Lufthansa Technik in 15th place (previous year: 15th). Among IT workers, Lufthansa Systems garnered 54th place (previous year: 34th) and Lufthansa Industry Solutions 66th place (previous year: 72nd).

The Lufthansa Group attributes the decline in ratings in these business segments to follow-on effects of the coronavirus pandemic and the related restrictions on working conditions. In addition, the marketing activities which commenced in the reporting year initially focused on Deutsche Lufthansa AG and were only expanded later in the year.

Moreover, the specialist magazine JUVE Karriere Steuern rated Lufthansa Group's tax department as an attractive employer in the tax field and ranked it in 5th place.

Diversity and equal opportunities

Concept

Diversity and equal opportunity are key elements of the Group's human resources strategy
Diversity and equal opportunity make an organisation more flexible and creative. At the same time, the Lufthansa Group's strategic focus on these issues is also intended to underline its appreciation for its entire workforce. The Group's employees are indispensable for its global and cross-generational positioning as an employer that acts responsibly and with integrity – now and in the future. This also affects the Group's support for its existing talent and its targeting of new talent. As a result, legal requirements are fulfilled, and the basic conditions for the Group to remain innovative and capable of change are established. This includes such aspects as mandatory training and the establishment of binding governance for human resources departments in relation to a holistic approach aimed at promoting diversity and equal opportunities.

Equal opportunities are also continuously developed through the role of the equal opportunities commissioner. Projects and offerings enabling employees to strike a balance between personal life and work are being designed, implemented and further developed. Legislative proposals are taken into consideration and the overall and Group works council's Equal Opportunity committee is also involved in these activities.

Measures are developed which are then implemented, including in collaboration with employee networks. The Power Up empowerment and diversity network is one such employee network. It was established in 2021 and brings together leadership, empowerment and diversity initiatives within the Lufthansa Group while offering an additional platform for communicating events and information. These initiatives are supported by the Executive Board and by managers of various companies within the Lufthansa Group.

The Lufthansa Group supports a balance between work and personal life
The Company has replaced the phrase "Work and family" with "Work and personal life stages" to reflect the variety of demands people now face in planning their lives, as well as demographic trends. The Lufthansa Group uses a broad portfolio of activities to make it easier for its employees to combine work and aspects relating to their particular stage in their personal life. At its Frankfurt and Munich locations, for example, the Lufthansa Group offers Company-subsidised childcare to support employees with children. Throughout Germany, employees have access to a family service portal where they can search for local daycare centres and obtain information about other forms of childcare provided by the Company's partners. In Germany, this includes help in finding carers, ad hoc and regular daycare places for children and the use of parent-and-child offices if a need arises. Caregivers also have a wide range of advisory options, such as lectures and webinars, as well as telephone counselling sessions. In addition, certain groups of employees have the chance to convert their annual bonus into a period of time off work (sabbatical).

Inclusion of people with disabilities is part of social responsibility
For the Lufthansa Group, the employment and inclusion of people with disabilities is not only a legal obligation. It also fulfils a social responsibility. This is why the Group is committed to treating people with disabilities fairly and considerately. Providing targeted support for their professional development is a matter of course for the management boards, human resources management and representatives of disabled employees, who meet regularly to discuss further steps to include people with disabilities. Other forms of assistance are also supported, such as placing orders with workshops for disabled people.

Risk management system established to comply with human rights and environment-related corporate due diligence requirements
As an employer of currently around 97,000 people, the Lufthansa Group is responsible for the concerns of its workforce. This is reflected in areas such as the Group companies' working conditions, safeguarding freedom of association and assembly, rules to ensure gender equality and the inclusion of minorities as a matter of course. As well as a regular risk analysis covering compliance with human rights in the Group's operational facilities, a prevention and remedial action portfolio has been developed and integrated within an established process, for use if risks or legal violations are identified.
→ **Business ethics and compliance/Respect for human rights, p. 113.**

Organisational foundations and responsibilities

The Corporate HR Governance and Employer Branding & Talent Management departments are responsible for managing and processing legal issues associated with the topic of diversity and equal opportunity as well as the Group's political, strategic and operational positioning. The Corporate HR Governance department is part of the Human Resources & Infrastructure Executive Board area. The equal opportunities commissioner and the Human Rights and Non-Discrimination team are based in this department. The Employer Branding & Talent Management department reports directly to the Executive Board member for Brand & Sustainability.

Targets

Proportion of women in management positions is to be increased

The German Act on Equal Participation of Men and Women in Executive Positions in the Public and Private Sectors (FüPoG II) stipulates that when the executive board of a listed company subject to co-determination has more than three members, at least one must be a woman and at least one must be a man. Deutsche Lufthansa AG meets this requirement. In terms of the proportion of women at the two management levels below the Executive Board of Deutsche Lufthansa, the Executive Board has established targets of 25.7% for the first management level and 30.6% for the second management level. 31 December 2025 was set as the deadline for achieving these new targets.

In addition to the statutory FüPoG II targets that apply to Deutsche Lufthansa AG, the Lufthansa Group has voluntarily set itself a further objective. By 2025, the Lufthansa Group aims to increase the proportion of its female managers to 25%. Managers in this context refer to the executives at Leadership Circle level who are regarded as equivalent to senior managers. This is in line with the goal of the international airline association IATA.

The status of diversity as a strategic goal is to be enhanced

The Lufthansa Group aims to deliver on its promises regarding the cosmopolitan aspect of its brand. For example, it is seeking to expand the internationalisation of its workforce as a further element in its efforts to promote diversity within the Lufthansa Group. Worldwide, the plan is to recruit talent, increase opportunities for switching between different segments and remove barriers for skilled individuals both internally and externally. Some of these barriers may involve communication problems, but they also include differences in statutory requirements or internal rules and regulations. An important aspect in this regard is the continuing establishment of English as a lingua franca within the Group.

The Lufthansa Group positions itself as a company of integrity

Furthermore, the Lufthansa Group aims to create the basis for its employees to realise their potential to the maximum extent. To achieve this, the Lufthansa Group positions itself as a responsible employer that acts with integrity. This includes minimising liability risks and strengthening the zero-tolerance policy within a work environment that is free of discrimination and harassment.

Measures

Focus on diversity as a culture-promoting measure

In the reporting year, the Lufthansa Group launched a cultural programme, Lufthansa Group Cultural Journey powered by Diversity. This is intended to help strengthen the cultural coherence of the individual airlines, businesses and segments, while utilising the diversity of the Group's companies along with their brands, markets and employees. The goal is to create a modern culture of dialogue and improved communication and cooperation, within both the individual Group companies and the Lufthansa Group itself. For example, all Lufthansa Group managers attend seminars aimed at communicating the Group's cultural vision. Together with volunteers from the Group's workforce, a "cultural community" has been established which works collectively on specific issues. One such issue is feedback.

To facilitate communication for both German-speaking and non-German-speaking employees, the Lufthansa Group has been offering the opportunity to learn twelve languages via a digital learning platform since 2023. There is a particular focus on developing linguistic skills in the two key languages of communication within the Company, German and English. In addition, all job descriptions and contracts have also been published or made available in English since 2023.

To make further progress in internationalising the Group, target ratios have been specified for its talent and trainee programmes to ensure a certain proportion of participants from countries outside the Group's home markets. The targets of 30% for trainee programmes and 10% for internal talent programmes were already achieved in the reporting year. The Globalists talent programme introduced in 2023 is designed to identify international above-average performers interested in a rotation to the Group's home markets (DACHB). In the reporting year alone, this programme enabled 72 global talented individuals to forge ahead in their careers.

To support colleagues moving to Germany from around the world, the Lufthansa Group introduced its BUDDYMATCH programme in 2023. Via a digital platform, local employees and those moving to a particular location can establish contact with one another within the Company, making it easier for the latter to adapt to their new work and everyday life. The Lufthansa Group supports these tandem arrangements, which pair up an established employee with one who has recently moved to a new location and offers intercultural training programmes to supplement them.

New projects and initiatives aimed at increasing the proportion of women with management responsibility

Within the Executive Board project Female Leadership Boost launched in 2021, the Lufthansa Group has set itself the task of establishing the topic of gender diversity in its leadership culture on a lasting basis. The project comprises a broad portfolio of individual development measures for talented women, in addition to a fixed percentage of women on shortlists for management positions. The portfolio includes special programmes for junior managers and networks for them to share their experiences. In November 2023, the eight-month programme NextUp Women was introduced to help women take their next career step towards a management position and provide assistance through a series of modules building upon one another, in which they explore topics such as leadership and carry out a strengths and weaknesses analysis.

Event provides information on digital accessibility and supports greater awareness of inclusion
On Germany's national Digital Day, the Human Resources department staged a full-day event on the topic of digital inclusion for all of the Group's employees. The aim of this was to raise awareness of the issues of accessibility and inclusion among the Group's workforce and to support them via digital aids. All employees of the Lufthansa Group were invited to attend either in person or virtually, with around 600 taking up this invitation. Among other topics, the participants were given an introduction to possible software settings such as read-aloud, dictation and sign-language interpreter functions. These can be used by employees with or without a disability. The event also included reports from disabled colleagues and a discussion with the Group's inclusion officer and a representative from the Group's Health Management department on the topics of disability and inclusion.

The Lufthansa Group demonstrates its commitment to openness, tolerance and diversity
With its marketing campaign "The World Says Yes To You", which ran in the summer of 2023 on posters in major German cities, in magazines and daily newspapers and on social media, Lufthansa Airlines positioned itself as a reliable partner for the LGBTQ community and underlined its commitment to openness, tolerance and diversity. The "Lovehansa" special livery for the Airbus A320neo with the tail number D-AINY from 2022 was originally intended to be displayed for six months. This time limit has been lifted and the livery is now a permanent addition to the Lufthansa Airlines fleet. In addition, the Lufthansa Group supports the Diversifly LGBTQ network, with which employees of various Lufthansa Group companies are affiliated, for example by providing financial contributions and internal infrastructure. In the reporting year, for instance, employees from the network at several Lufthansa Group locations conducted internal fundraising drives to support the German AIDS Foundation.

Performance indicator

Slight increase in the proportion of women at management levels
Overall, the proportion of women in management roles in the Lufthansa Group at the end of 2023 was 22.3%, compared with 20.4% in the previous year. The proportion of women in management roles at the Lufthansa Group airlines was 23.9%.

In line with the German Act on Equal Participation of Men and Women in Executive Positions in the Public and Private Sectors (FüPoG), women accounted for 9.7% of positions at the first management level and 17.8% at the second management level at Deutsche Lufthansa AG on 31 December 2023. By comparison, they represented 9.4% at the first management level and 15.4% at the second management level at the end of 2022.

People from a total of 162 countries worked in the Lufthansa Group in the reporting year.

Transformation capability

Concept

Multiple changes call for long-term transformation process and continuous transformation support
The ongoing structural transformation of work environments shaped by factors such as the growing automation of tasks and the trend towards holistic and creative work packages is set to bring changes to workplaces and the nature of jobs at ever shorter intervals. This likewise holds true for the Lufthansa Group. This will give rise to an ongoing need for transformation, intensified by demographic trends. Thanks to digitalisation and an increasing level of artificial intelligence-based automation, certain human abilities in various professions and job profiles will gradually become obsolete. The nature of work within the Company is also changing.

The Lufthansa Group considers the transformation of its workforce due to automation, digitalisation and changed sustainability requirements relating to environmental and social issues to be a significant factor in preserving the Company's competitiveness and future viability. To adapt to these developments, companies are well advised to establish a continuous transformation process for their employees. In general, the focus with regard to workforce transformation is on safeguarding the Company's future viability and performance. This is to be accomplished through specific training and development for employees, enhancing their ability to adapt and learn and the targeted transfer of knowledge.

Well-educated and committed employees are indispensable for the long-term business success of the Lufthansa Group. Since it is not possible to sustain an entire career simply by drawing on knowledge acquired at one particular point in time, employees have to keep their knowledge and abilities up to date at all times. Regular professional training courses are therefore offered for employees, particularly in safety-related areas. In 2022, a department was established with the task of conducting a structured evaluation of the impacts on future roles and competence profiles of employees in all professional groups and to accompany them through changes. In the reporting year, this approach was applied to the administrative employees of Deutsche Lufthansa AG for the first time. The findings are to be recorded, together with those from the participating departments in 2024, and measures are to be identified on this basis. In this context, the Lufthansa Group has established a supportive process that enables employees to analyse the future viability of their own skill sets and to compare them with the current and future requirements for their roles. This is combined with wide-ranging opportunities for self-directed learning.

In addition to an educational portfolio available throughout the Group, the Group's Lufthansa Group Campus also pursues strategic activities aimed at promoting cultural and organisational development. Skill-building courses for executives and top management support a forward-looking corporate culture of collaboration and assist with organisational changes. The Group has established partnerships with leading international providers with this end in mind.

Routine training is a fundamental part of the job for cockpit and cabin crew

Regular training is obligatory for cockpit and cabin crew in the Lufthansa Group. This is provided by Lufthansa Aviation Training, which continuously develops and optimises its range of training courses. In the reporting year, for example, virtual reality technology was used to improve aspects of the training which cabin crew receive.

Cross-functional working and exchanges of knowledge and experience are to be strengthened

With its CanDo! platform, the Lufthansa Group seeks to promote the exchange of knowledge and experience between employees and experts in various departments within the Lufthansa Group as well as efficiently organising cross-functional collaboration. This platform is available throughout the Group and had over 3,500 registered users in 2023.

Lufthansa Group offers flexible working environments

Mobility and flexibility are key building blocks for modern working environments. By the end of 2023, all Lufthansa Group employees had access to cloud-based software. In addition to mobile devices, this software is an important prerequisite for remote and flexible working. Moreover, all Lufthansa Group employees are offered modern networking tools for communicating information and working together. These focus on efficient and networked working methods that transcend national borders and hierarchical levels and empower individual employees.

Organisational foundations and responsibilities

The HR Policies, HR Services & Digitalization and Employer Branding & Talent Management departments have core responsibility for transformation capability as an overarching topic. The HR Policies, HR Services & Digitalization department reports directly to the Human Resources & Infrastructure Executive Board member. The Employer Branding & Talent Management department reports directly to the Executive Board member for Brand & Sustainability. These two departments are closely linked and are responsible for producing initiatives and ideas for the ongoing development of the Lufthansa Group's transformation capability.

Targets

Aiming for ongoing development of staff skill sets

The ongoing changes in market conditions and the restructuring through which the entire aviation sector is adapting to the altered market conditions place high demands on the transformation capacity of employees and companies. The aim is for employees to continuously refine the knowledge and skills they have acquired during their training and professional life. The Lufthansa Group offers administrative and operational employees a wide range of professional training opportunities.

Measures

Hybrid event formats support employees' ongoing development

As part of the "x-days", a hybrid event series, 22 sessions focusing on digital work and culture took place in the reporting year. These sessions were held in person, in hybrid form and in a purely virtual format. More than 1,000 attendees took part in this event over a total of four days.

Wide-ranging individual learning opportunities

Besides the traditional Group-wide training portfolio offered by the Lufthansa Group Campus, all of the employees in the Lufthansa Group have access to over 12,000 digital video courses in German and English, enabling self-directed learning. These include courses covering psychological topics, software applications and the use of agile methods. In 2023, these were supplemented by up to 150 "Each One Teach One" learning opportunities, which are provided by colleagues for colleagues and enable employees to share their expertise on various matters such as the airline business, the economy and personal development. The focus here is on transformation and change.

Service Management Professional apprenticeship continues

The Service Management Professional apprenticeship for training Lufthansa Airlines cabin crew continued successfully in 2023. It is established and recognised as an additional professional qualification by the German Chamber of Industry and Commerce (IHK). A previous apprenticeship, a degree or four years of professional experience are required to be eligible for this apprenticeship. Over a maximum period of 15 months, the programme covers professional service skills, basic business knowledge, intercultural communication and project management and promotes the employability and development opportunities of employees within the Lufthansa Group. This state qualification recognises the value of the cabin crew profession and enables members of staff who have completed this apprenticeship to strike out on new career paths (such as purser), while at the same time promoting their personal development. In the reporting year, 336 employees successfully completed this skill-building programme. This means that 1,830 employees have successfully completed this training since the scheme started.

The Lufthansa Group helps its employees to act sustainably in relation to environmental and social issues in their fields of work
In order to achieve its ambitious sustainability goals, the Lufthansa Group intends to enhance its employees' capacity to integrate sustainability into their daily work as an integral basis for their decision-making and activities. The employee survey "involve me!" also regularly demonstrates the high level of interest in this.

In the reporting year, external experts gave monthly presentations on sustainability issues to the SustainABILITY community, which was founded in 2022. In March 2023, for instance, a German car manufacturer spoke about the implementation of its sustainability strategy. This community has 450 members drawn from various companies of the Lufthansa Group. Its activities include a dialogue with experts and collaborative learning relating to sustainability.

In the reporting year, the Lufthansa Group once again ran its Green Explorer learning and engagement programme for 150 selected above-average performers, the aim being to transform them into multipliers and driving forces for promoting sustainability in daily business operations. In this six-month talent programme, the participants focus exclusively on current sustainability-related challenges and questions in terms of product and process design. Following a virtual introductory training course and excursions to start-up organisations, they take part in multi-day work units where they develop potential solutions. The process is closely supervised by management sponsors from various departments to ensure that the proposed solutions are as practically oriented as possible.

Performance indicator

Detailed survey provides comprehensive information on transformation capability
The comprehensive "involve me!" annual employee survey also offers insights into the general and digital transformation capability of the Lufthansa Group as a whole. The detailed survey required for this is carried out every two years.

The Lufthansa Group has not defined a quantitative performance indicator.

Health and safety at work

Concept

Occupational health and safety are key areas of action
Occupational health and safety have been central areas of action at the Lufthansa Group for several decades and are managed on a Group-wide basis for all of the Group's companies. As an operating company, the health of its employees is particularly important for the commercial success of the Lufthansa Group.

Occupational Safety and Medical Services (including Psychosocial Counselling and Health Management) are closely linked with all of the other business units in the Lufthansa Group. This is designed to ensure a rapid response and enable the effective development and implementation of preventive approaches for long-term employee health.

The Medical Centres in Hamburg, Frankfurt and Munich provide a holistic range of healthcare services spanning occupational and aviation medicine, infectious diseases, tropical medicine and travel medicine, outpatient and emergency care and socio-medical counselling. This is supplemented with comprehensive individual and collective psychosocial services. A range of innovative formats are readily available to employees, so that those making use of remote working options also have a direct opportunity to receive information and take part in dialogue. Once a quarter, a transnational dialogue takes place with the Medical Services of SWISS and Austrian Airlines. The entire Medical Services department, including Psychosocial Counselling and Passenger Medical Care, is certified according to the DIN ISO 9001:2015 quality management system. This certificate was renewed on the basis of an external audit in the summer of 2023. In addition, this department is authorised to provide further training enabling medical professionals to qualify as occupational medicine specialists.

As a company with operations worldwide, infectious disease, vaccination, tropical medicine and travel medicine issues are a core aspect of the Lufthansa Group's medical activities in the areas of collective prevention, healthcare for individual employees and expert advice for committees, managers and the Executive Board. Medical Services is also responsible for determining the need for protection due to local or international infection hazards.

The Occupational Safety function consistently implements preventive measures to avoid accidents, health risks and occupational diseases. In the Group companies in Germany, the Lufthansa Group's occupational health and safety experts review all professional activities by means of risk assessments and regular safety inspections. For many years, psychological stress at work has been assessed using a procedure developed by the University of Heidelberg and adapted for the Lufthansa Group.

Specific guidelines make managers aware of their responsibility for occupational health and safety. They are required to deal with this directly when they are appointed to their position.

Psychosocial counselling provides stability in difficult situations

Psychological and psychosocial factors have a major influence on health, safety and productivity at work. Psychological stress and crises are part of life and cannot always be separated from an employee's professional life. The Lufthansa Group has long offered individual counselling at in-house, confidential psychosocial counselling centres so that employees experiencing difficult circumstances can regain their stability as quickly as possible. In addition to virtual services, employees, managers and teams at the Medical Services & Health Management sites can access quick and confidential help relating to professional and personal issues or issues with teamwork. In the counselling centres networked with the external help system and specialists, counsellors work with those seeking guidance to develop sustainable individual paths and solutions.

Managers and employees receive support covering the challenges of hybrid working

Various forms of support are provided for hybrid working in the Lufthansa Group. As well as workshops and management training courses, there are several guidelines on hybrid working, providing a comprehensive overview and assistance on topics ranging from technical equipment to health aspects and management issues. Group-wide online formats covering health promotion and prevention of illness are also made available. Psychosocial Counselling offers additional information on preventive measures in the form of newsletters and podcasts on psychosocial topics.

Health-promoting services are established

The aim of the Lufthansa Group's Health Management is to bring about conditions conducive to health, to exert a positive and lasting influence on corporate culture and to support and encourage employees and managers to adopt healthy lifestyles.

Health managers in the individual Group companies identify needs specific to target groups and set up related services. Group-wide interventions and the strategic development of health management are headed by Lufthansa Group Health Management.

Health managers and executives have access to a comprehensive range of services, thus enabling the provision of appropriate health promotion services in line with report findings at the level of individual teams or the Group company in question. Employees are also able to sign up for various individual measures designed to improve their personal health.

Organisational foundations and responsibilities

Occupational health and safety is jointly managed by Occupational Safety and Medical Services & Health Management. These two departments are integrated within the subsidiary Lufthansa Group Business Services (LGBS) which provides core human resources services for the Lufthansa Group. The managing director of LGBS is a member of the HR Committee and reports to the Executive Board member for Human Resources & Infrastructure. For the area of occupational health and safety, the Executive Board has issued a policy which is applicable worldwide and covers the tasks and responsibilities of those involved. The central steering body for all issues concerning occupational health and safety in the Lufthansa Group is the Occupational Safety Committee, which monitors all aspects of occupational health and safety and their implementation across the Group. The minimum standards adopted by this committee are binding throughout the Lufthansa Group worldwide. These are fed back to the individual companies through their own occupational health and safety coordinators. The occupational health and safety specialists required by law in Germany are assigned centrally to the Occupational Safety function for the majority of the Lufthansa Group's companies. The other Group companies in Germany and worldwide are responsible for providing the necessary specialists themselves, in accordance with local laws. Participation in occupational health and safety committees means that employer and employee interests are closely integrated. Medical Services and the Group's Occupational Safety department provide objective, professionally independent advice in this context.

Targets

Employee health and prevention of accidents at work remain the department's key objectives

The core responsibility of the Medical Services & Health Management department is to maintain and improve the health and working capacity of the Lufthansa Group's employees via the services offered and thus support the Group's business activities and reliable flight operations. The goal of occupational health and safety is to prevent accidents at work and occupational diseases through preventive action and, if they nonetheless occur, to draw the necessary conclusions from accidents to prevent them from happening again as far as possible.

The mission of the Medical Services department is to safeguard the social welfare of the Company's employees. This objective includes the positive integration of employees with health problems and disabilities in the work environment. Measures designed to foster a corporate culture that is conducive to good health are an integral part of this.

Measures

Strengthening of Medical Services with new specialists continues

In the reporting year, new specialists were once again hired to meet the targets set out above and the increased level of demand. As well as a greater short- to medium-term need for pre-recruitment medical examinations, which will continue into 2024, aviation medicine and occupational health follow-up care will also lead to an increased need for staff over the next few years. In 2023, this resulted in the addition of 15 full-time positions in the areas of occupational health and aviation medicine (16.3% of the total number of posts) compared with the end of 2022.

The requirements in terms of infectious disease-related risk management and associated monitoring and assessment of the global epidemiological situation have increased significantly. A monitoring system was established for this purpose in the reporting year. This continuously evaluates various epidemiological data surveys and will initiate appropriate containment measures for employees and customers where necessary.

Preventive vaccination campaigns are being carried out

The Lufthansa Group offers its employees the chance to get vaccinated to protect them against a serious bout of influenza. The Group's Medical Services provided 4,395 vaccinations in the reporting year.

Processes established to provide for transparency and standardised mandatory training on occupational health and safety

The training courses established in the previous year in the area of occupational health and safety were developed further in 2023. Administrative employees in Germany are required to attend these courses annually. Responsibility for the training provided by Occupational Safety is shared across the Group's companies. As well as ensuring continuous ongoing development and uniform instruction standards, this also makes it possible to monitor the training courses centrally.

To evaluate the status of occupational health and safety in the Lufthansa Group, surveys are carried out by means of a self-disclosure form and regular on-site audits are carried out by external auditors. The pilot projects launched for this purpose in North America in 2022 were completed in the reporting year. Risk-based action plans were drawn up based on the findings and are currently being implemented. Negotiations on a framework agreement with a global audit firm were initiated in the reporting year to conduct regular on-site audits and provide advisory services for the audited companies.

In the reporting year, further companies abroad were included in the data collection process already established in Germany to improve the level of transparency relating to work-related injuries in the various parts of the Lufthansa Group.

Performance indicators

Health Index as key indicator for employee health improves slightly

In the reporting year, the Health Index was again tracked through the "involve me!" employee survey. The figure of 2.32 represented a slight improvement on the previous year's 2.42. The results are measured on a scale from 1 (best) to 5 (worst).

Accident figures enable effectiveness audits

In 2023, the accident figures included all of the companies that are insured in Germany by the employers' liability insurance association for the transport sector and that employ a total of 88% of the Lufthansa Group's employees worldwide and 94% of its employees in Germany. In addition, by comparison with 2022, SWISS, Austrian Airlines and most of the international production businesses of the Lufthansa Technik group were included.

For every one million hours worked, the initial incidence of work-related injuries in the reporting year was 7.8. However, the figure calculated for 2023 is provisional, since the data will be compared with the employers' liability insurance association after the publication of this report. All events that resulted in downtime of at least one calendar day are included in the calculation of this indicator. By way of comparison, the volume of accidents for all of the companies insured with the employers' liability insurance association for the transport sector amounted to 25.4 accidents per one million hours worked in 2022. This figure only takes into account accidents resulting in three or more days off work.

SOCIAL CONCERNS

Concept

The Lufthansa Group is committed to social issues

As an international aviation company, social responsibility is an important topic for the Lufthansa Group. The Lufthansa Group connects people, cultures and economies in a sustainable way. Credible corporate citizenship enhances the Company's image, increases the loyalty of its employees and strengthens the trust of its customers.

help alliance, the Lufthansa Group's aid organisation, is a central pillar of the Lufthansa Group's corporate citizenship and social responsibility and an element of its sustainability strategy. Emergency relief during humanitarian crises and disasters is another integral aspect of the Group's corporate citizenship. Lufthansa Cargo cooperates with well-known aid organisations, carries out aid flights and delivers supplies.

Employees volunteer

Activities focus on social and humanitarian projects, which are pooled and managed by help alliance. This focus enables the efficient and targeted use of available funds. help alliance works with local partners whose reliability and trustworthiness have been externally validated and which have provided a detailed presentation of their project ideas and approaches via a two-step process. The employees of the Lufthansa Group who work as volunteers in help alliance projects and local help alliance communities all over the world are at the heart of the help alliance initiative. The help alliance staff also plan and implement fundraising measures and communicate the work of the aid organisation to the general public.

In 2023, the Lufthansa Group covered all the costs of administration, fundraising and communication for help alliance. This ensures that 100% of all other donations are used to fund project work.

Organisational foundations and responsibilities

help alliance is a non-profit limited liability company (gGmbH) and wholly-owned subsidiary of Deutsche Lufthansa AG with its head office in Frankfurt. The help alliance team in Frankfurt manages global aid projects and coordinates cooperation with project leaders, the local “help alliance communities” and partner organisations on the ground. “help alliance communi-ties” are local groups of volunteers made up of Lufthansa Group employees who dedicate their free time on behalf of the help alliance at the locations of the Lufthansa Group worldwide. help alliance actively supports the development of these local volunteer groups, advising them and supporting a process of dialogue. The role of help alliance in the Lufthansa Group’s ESG strategy is underlined by its close cooperation with the Corporate Responsibility department, whose management is the shareholder representative of help alliance.

Responsibility for the emergency aid flights and the overall donation process lies with Lufthansa Cargo’s Communications, Marketing & Corporate Responsibility department, while the operational departments handle implementation. The donation processes are coordinated with the relevant units and Lufthansa Cargo’s full board as well as, for volumes of EUR 5,000 or more, a decision-making committee consisting of representatives of the Corporate and Political Affairs & Compliance, Controlling and Business Development departments.

Targets

Aiming to contribute to sustainable social development

The main objective of help alliance is to empower disadvantaged young people worldwide to lead an independent life via development projects. All of these projects contribute to the United Nations’ Sustainable Development Goals for 2030. The focus is on the areas of education and training, promoting income-generating measures and social entrepreneurship.

The Lufthansa Group’s charitable activities and projects are designed to make a contribution to the sustainable development of society that reflects the importance and size of the Lufthansa Group and is transparent, credible and verifiable all at the same time. Projects are continuously assessed to ensure that help alliance’s work helps to facilitate sustainable development.

Measures

help alliance enables expansion of social projects and opportunities for voluntary work

In 2023, help alliance expanded the range of voluntary engagement options available in its aid projects through the establishment of six additional help alliance communities. With 30 help alliance communities at 36 locations, the organisation thus offers employees opportunities for social engagement. In 2023, it also supported nine new projects in the areas of education, work and income and completed ten projects.

help alliance and Lufthansa Cargo support people in Turkey and Syria

To support those affected by the earthquakes in Turkey and Syria in February 2023, help alliance organised a fundraising campaign. Due to this campaign and additional donations from the Lufthansa Group, help alliance raised more than EUR 285,000 to provide immediate assistance in these crisis-hit regions.

Working with Lufthansa Group employees on site and on the basis of existing partnerships, local partner organisations were identified. Following an in-depth review, they received financial support via the donations raised and the necessary resources for ad hoc aid measures.

In addition, the delivery of food and relevant goods by various established aid organisations was organised jointly with Lufthansa Cargo, which carried out emergency aid flights to the regions concerned for this purpose. Lufthansa Cargo made freight capacities available and took charge of the handling process. Overall, Lufthansa Cargo operated four emergency aid flights to the affected areas in February.

To help with the reconstruction and restoration of the affected region, help alliance stepped up the support it provides to affected children by increasing its financial assistance and intensifying its projects in these areas. In the reporting year, for example, help alliance funded projects in Turkey and Syria aimed specifically at setting up emergency accommodation for people who lost their homes due to the earthquakes. The project in Turkey was newly established in the first half of 2023 for this purpose, while an existing project in Syria which promotes the development of “tent schools” was expanded in 2023. In addition, since November 2023, help alliance has funded a home project for children orphaned by the earthquake. The Lufthansa Group intends to continue its social engagement in the affected areas in 2024.

Access to schooling funded in India

Since 2023, help alliance has supported the “Krishnapurum holistic school” project in central India. The key objectives of this project are to provide an opportunity for holistic education for orphans and children unable to access education without it, as well as support for the school’s financial independence. In the reporting year, help alliance donated more than EUR 100,000 towards, for example, the construction of a well and the creation of a school garden. These measures are intended to make the school more self-sufficient and to support its financial independence through the sale of surplus water, fruit and vegetables. The project is to be funded until 2025.

help alliance supports children in Brazil to overcome trauma

Thanks to the help alliance’s financial support, dance and movement therapy has been offered to children who have suffered violent trauma in Brazil since March 2022. In the reporting year, a new course space was opened for this purpose, where courses are offered for more than 300 children between the ages of six and 14. These courses are intended to help them process traumatic experiences, promote their mental health and strengthen their social skills. In 2023, help alliance invested more than EUR 20,000 in donations in this project, which will continue to be funded until 2024.

Performance indicator

Disadvantaged people receive support

In 2023, more than 52,000 disadvantaged people around the world received support through help alliance projects. In 2022, support was provided to around 38,000 people. This means that the number of beneficiaries of help alliance projects rose by 37% in comparison with 2022.

In the reporting year, help alliance was responsible for 54 aid projects in 30 countries with a project volume of almost EUR 4.3m. Of these funds, 81% was allocated to educational projects, 14% to work- and income-related activities and 5% to emergency relief measures. By comparison, the project volume in 2022 amounted to EUR 3.3m and a total of 55 projects were funded. In 2023, the project volume thus increased by 30%.

A total of 163 Lufthansa Group employees served as project managers for help alliance or led help alliance communities in the reporting year.

Impact assessment of corporate citizenship is published

Projects are continuously assessed to ensure that help alliance’s work contributes to sustainable development. The detailed results of an impact assessment are published on the website of the Lufthansa Group in help alliance’s annual activity report.

BUSINESS ETHICS AND COMPLIANCE

8 DECENT WORK AND ECONOMIC GROWTH
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Responsible conduct in accordance with applicable laws and internationally recognised standards, while respecting human rights, is a core aspect of the corporate culture of the Lufthansa Group. As a participant in the UN Global Compact (UNGC), the Lufthansa Group attaches great importance to aligning its business with the internationally acknowledged principles laid down in the Compact. The Company reports on this in the annual progress report which it delivers to the UNGC. The Lufthansa Group is convinced that sustainable economic success can only be achieved through business practices that are value-oriented and based on integrity. Business management based on values, integrity and a sense of responsibility sustainably strengthens the confidence of employees, customers, investors and business partners of the companies of the Lufthansa Group.

Code of Conduct provides framework for acting with integrity and responsibility

Acting with integrity and in accordance with internationally acknowledged values and standards requires that all board members, managers and employees comply with applicable laws, internal regulations and voluntary commitments at all times. By adopting a Code of Conduct, the Executive Board of Deutsche Lufthansa AG has created a framework through which all business decisions are made. The principles set out in the Code of Conduct include corporate responsibility for society and the environment, business activities based on integrity and responsibility for the company and its resources. These principles constitute the foundation of the Lufthansa Group’s value system and define guidelines for the actions of its boards, managers and employees. The Code of Conduct is available on the Lufthansa Group website.

Compliance management

Concept

Central Compliance Management System helps ensure compliance requirements are met

The Lufthansa Group has a central Compliance Management System to give substance to the framework for integrity-based business activities provided by the Code of Conduct and to maintain a clear system of rules. The Compliance Management System follows the auditing standard of the Institute of Public Auditors in Germany (IDW PS 980) and is based on the following pillars: compliance culture, compliance targets, identification of compliance risks, compliance programme, compliance organisation, compliance communication and compliance monitoring.

The Compliance Management System is continuously improved and optimised in line with legal requirements, court rulings and the specific compliance risks specific applicable to the Lufthansa Group's business activities. of the Lufthansa Group. Currently, it comprises the following modules: Integrity (Anti-Corruption), Capital Market Compliance, Competition Compliance, Embargo Compliance, and Export Compliance, External Workforce Compliance and Anti-Money Laundering Compliance. Each module includes one or more guidelines that are intended to support the boards, managers and employees in making decisions that comply with the rules.

Fighting corruption and bribery is an integral part of the Compliance Management System

Its global operations mean that the Lufthansa Group is obliged to comply with national anti-corruption and anti-bribery legislation around the world and, in some cases, with extraterritorially applicable anti-corruption and anti-bribery laws. Breaches of these legislative requirements hinder fair competition and jeopardise confidence in the integrity of economic entities as well as the state, its authorities and representatives. That is why fighting corruption and bribery is a priority for the Lufthansa Group's compliance efforts. The Lufthansa Group has established rules in several guidelines for transparent and compliant conduct with business partners and government representatives as well as its own conduct to avoid conflicts of interest. In particular, the guidelines include instructions on how to handle gifts, invitations and other benefits as well as donations and sponsorships.

Group-wide compliance culture is promoted

The Lufthansa Group's Compliance Management System is based on the above-mentioned pillars and pursues various approaches with reference to the individual modules to ensure that its boards, managers and employees act in accordance with the law and the rules. As part of its measures to promote a compliance culture aimed at ensuring that all Group employees internalise the notion of acting in accordance with the rules, the boards and managers in all of the Lufthansa Group companies with operative businesses provide regular information about these approaches. They thus continuously express to the Group's employees their expectations regarding the integrity of all business decisions and business activities of the Lufthansa Group. The Corporate Compliance Office prepares the compliance topics for this, which the corresponding boards of the Group company then communicate to their employees so that they reach every level in the hierarchy. Twice a year, it is recorded whether the boards of the Group companies with business operations are living up to their role model function by communicating such a message.

Advisory services are an integral part of the Compliance Management System

Advisory services are an integral part of the Compliance Management System. Any employee can contact the local compliance managers or the Corporate Compliance Office with questions related to compliance at any time. In addition, the Corporate Compliance Office provides an app which is designed to help employees comply with the applicable guidelines even while on business trips and on an ad hoc basis. This app currently covers how to deal with business partners and public officials as well as proper conduct in situations where there may be a conflict of interest. These advisory services are intended to support decision-making in the Lufthansa Group that is in compliance with the rules.

Web-based compliance training increases risk awareness

Boards, managers and employees in relevant areas or functions are required to complete compliance training where this is necessary from the point of view of compliance risks. Depending on the specific level of risk they are exposed to and the content of the training, the target groups are obliged to attend either web-based or on-site training. The objective is to raise awareness of potential compliance risks, to identify alternative courses of action that comply with the law and rules, and to provide contacts for any advice that may be required. Web-based compliance training is offered for all compliance modules. To obtain the required certificate, the knowledge acquired must be demonstrated in a test at the end of the training. The training courses are designed to be completed when joining the Lufthansa Group and then every two years after that. If the courses are not completed within the given time limits, the participants will be sent a reminder and, if they fail to complete the training on a timely basis after receipt, their supervisors will be informed. On-site training for all compliance modules is offered for functions exposed to risk in accordance with the level of need or on demand. The Corporate Compliance Office has defined target groups for each compliance module in order to assign employees to training courses as required, in line with their level of risk exposure. In case of organisational changes, the Corporate Compliance Office will cooperate with the Lufthansa Group companies closely in order to adjust the target groups in a dynamic and timely manner.

Risk-based business partner due diligence aims to ensure integrity of suppliers and service providers
The Lufthansa Group has implemented a risk-based business partner due diligence in its purchasing processes which is intended to safeguard the integrity of suppliers and service providers. Before a business relationship is entered into with an external business partner, the potential partner will be assessed from a risk perspective in order to identify early on any potential compliance risks which may arise if a cooperation is entered into. Depending on the risk classification, further steps may be implemented within the scope of the business partner due diligence process which include a more in-depth assessment, more detailed questionnaires and careful identification and clarification of any irregularities or warning signs detected. This may result in a decision not to enter into a business relationship or else to terminate it. Depending on the specific risk classification, existing business relationships will likewise be regularly reviewed within the scope of this due diligence.

Whistle-blower channels make it possible to report compliance violations
The Lufthansa Group has various whistleblower channels in place which can be used to report possible compliance violations, including potential breaches of anti-corruption legislation and regulations. All employees can contact their direct supervisors, the compliance managers in their Group company or the Corporate Compliance Office directly. In addition, the Lufthansa Group has an electronic whistleblower system and an ombudsperson. Both are also publicly accessible to external whistleblowers. The electronic whistleblower system is provided in ten different languages and enables whistleblowers to pass on any information or observations in writing at any times. The electronic whistleblower system allows any whistleblower to decide whether they wish to remain anonymous. The electronic whistleblower system is available on the Lufthansa Group website. A lawyer acts as the ombudsperson. This person is external, independent and not employed by the Lufthansa Group. Whistleblowers can provide information to the ombudsperson by phone, in writing or in person. The ombudsperson's contact information is available on the Lufthansa Group website.

Any information received is assessed for plausibility using an established procedure. If a compliance violation is indeed suspected, the report will be investigated by the Corporate Compliance Office in cooperation with Corporate Business Security under strict observance of confidentiality and control by the responsible Compliance Committee. If, at the end of a procedure, a violation of the Lufthansa Group's compliance guidelines is determined, depending on the circumstances of the individual case, the Lufthansa Group may pursue appropriate disciplinary measures against those involved, from training and awareness measures up to termination of their employment.

Protecting whistleblowers is of great importance to the Lufthansa Group. The Lufthansa Group will therefore not tolerate any actions to the detriment of employees who report compliance violations. A compliance policy states clearly and with binding effect that any violation of this ban on retaliation and discrimination will itself be considered a compliance violation and penalised accordingly.

Internal Audit department audits the effectiveness and appropriateness of the Compliance Management System
The Compliance Management System is monitored at several different levels. The annual inspections of the Internal Control System include a check as to whether the companies which are required to maintain this system have up-to-date documentation of all of the relevant measures, processes and tools of the Compliance Management System. As part of the compliance reporting, the Group companies must also regularly monitor the effective implementation of and compliance with the risk-related requirements of the compliance management system in their processes and business procedures and report the results to the Corporate Compliance Office. Moreover, within the scope of regular audits, Internal Audit reviews the appropriateness and effectiveness of the Compliance Management System at the Group companies and identifies any previously undetected weak points.

In the 2023 financial year, Internal Audit carried out a total of 21 compliance-related audits at 23 Group companies.

Organisational foundations and responsibilities

The Group-wide implementation, development and communication of the Lufthansa Group Compliance Management System is the responsibility of the Corporate Compliance Office, which is part of the central Legal department. The head of the Legal department and Chief Compliance Officer reports directly to the Human Resources & Infrastructure Executive Board member and presents two compliance reports per year to the Executive Board and the Supervisory Board's Audit Committee and one per year to the Supervisory Board. The Executive Board has created a network of committees, consisting of a Group Compliance Committee and central compliance committees in the top-level subsidiaries for the respective business segments and individual service companies, to provide support with steering and implementing the central Compliance Management System across all companies. A worldwide network of compliance managers at the Group companies supports the Corporate Compliance Office as well as the ongoing development and implementation of the Compliance Management System. In addition to cooperation on specific compliance tasks, the Corporate Compliance Office regularly notifies the compliance managers of changes to the Compliance Management System and of other compliance topics, including via the regularly used communication platform, Compliance Manager Academy. The compliance managers responsible for a Group company report to the Corporate Compliance Office twice a year on compliance issues specific to the Group companies via a standardised process.

Targets

Compliance Management System aims to ensure rules-compliant conduct and prevent unlawful conduct
The aim of the Compliance Management System is to ensure conduct in compliance with rules and prevent unlawful conduct across the Group. Violations of the law can result, in particular, in criminal penalties, fines, damages and reputational damage for the companies concerned, as well as personal criminal and labour law consequences for the employees concerned, the responsible managers and the boards. → **Opportunities and risk report, p. 125.**

Measures

Code of Conduct and various compliance policies updated
In view of the changing regulatory requirements and stakeholders' expectations, the Corporate Compliance Office coordinated the update of the Lufthansa Group Code of Conduct in 2023. The updated version features a modern design which reflects the diversity of the various companies in the Lufthansa Group. Using examples and questions intended to prompt self-reflection, it offers employees a more specific framework to guide their actions. In addition, key compliance guidelines were also revised, for example the guideline on benefits.

IT-based compliance risk analysis launched throughout the Group
Regular assessment of compliance risks is an important aspect of any compliance management system. The Corporate Compliance Office had already developed a new concept for Group-wide identification and assessment of compliance risks in 2022. In the reporting year, this concept was implemented in collaboration with Lufthansa Industry Solutions GmbH via an IT system. Based on this IT tool, the Corporate Compliance Office initiated a Group-wide compliance risk analysis from June 2023 onwards. In staggered stages, all Group companies with operative businesses were invited to identify and assess their compliance risks and to document the degree to which they had implemented the recommended risk-minimising compliance measures. By the end of 2023, a total of 162 Group companies had taken part in this risk analysis. The remaining Group companies with operative businesses had been included in the risk analysis by the end of January 2024. Based on the results, the Corporate Compliance Office will subsequently draw up a risk and measures report in order to manage the mitigation of identified risks.

New web-based compliance training improves learning experience and outcome thanks to modern approach and design
In collaboration with an external e-learning provider, the Lufthansa Group developed new, web-based compliance training courses for all six compliance modules. With a stronger risk- and needs-based approach and a modern and attractive design, the new training courses aim to provide employees with a contemporary learning experience and ensure efficient and long-lasting learning success. This is intended to reinforce employees' awareness of compliance risks.

Performance indicators

The Lufthansa Group monitors its Compliance Management System via various performance indicators in line with its defined purposes. Following a review of the informative value of the previously used performance indicators, these were revised in the reporting year. They now comprise training ratios and the number of reports submitted.

Overall in 2023, a total of 39,824 employees in 168 Group companies took part in web-based compliance training. This corresponds to a participation ratio of 97.9%.

The Lufthansa Group received a total of 81 reports of possible irregularities in the reporting year via its various channels. 24 of these were compliance-related. Seven reports were investigated in detail via the described procedure.

Respect for human rights

Concept

Respect for human rights is a key issue for the Lufthansa Group
As an employer, the Lufthansa Group directly contributes to the livelihoods of more than 96,677 employees and their families worldwide. Its value chain also includes a large number of business partners whose employees contribute indirectly to the Lufthansa Group's business success and may be dependent on it. This means that the Lufthansa Group shares responsibility for the concerns of its own workforce and, indirectly, for those of the employees along its value chain too. This is also reflected in working conditions at the Group companies, the guarantee of freedom of association and assembly, rules to ensure gender equality and the inclusion of minorities. It is also demonstrated in the expectation expressed in the Supplier Code of Conduct that the business partners included in the value chain should also adhere to the same principles.

The Lufthansa Group bases its business activities on internationally recognised standards such as the following:

- United Nations' Universal Declaration of Human Rights
- Fundamental principles and core labour standards of the International Labour Organization (ILO)
- Ten principles of the UN Global Compact

— UN Guiding Principles on Business and Human Rights
— Sustainable Development Goals (SDGs)
— National Action Plan for Business and Human Rights (NAP)
— OECD Guidelines for Multinational Enterprises
— IATA Resolution against Trafficking in Persons

Risk management system for compliance with human rights and environment-related corporate due diligence requirements expanded
The Lufthansa Group has updated its established risk management system. As well as a regular risk analysis relating to its own companies, this now also involves an analysis of its supply chain. The scope of the audit, which was previously limited to human rights risks, has now been expanded to include selected environment-related risks. For example, an analysis is carried out to assess whether risks apply in terms of a violation of the Minamata Convention, which aims to restrict mercury releases and emissions, or the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal. A prevention and remedial action portfolio has been developed and integrated into an established process for use in case any risks or legal violations are identified. Based on the risk analysis findings, for example, an annex has been added to managers' employment contracts for companies with a heightened level of risk. This contract annex obligates managers to ensure respect for human rights within their area of responsibility. The Lufthansa Group aims to fulfil its due diligence requirements both in its own business operations and throughout its supply and value chains, to the extent that it is able to exercise influence here. In addition, a concept has been developed for the Internal Control System which is intended to monitor compliance with the Company's due diligence requirements.

Management submits policy statement on the Lufthansa Group's human rights strategy
The Executive Board of Deutsche Lufthansa AG approved a policy statement on the human rights strategy of the Lufthansa Group in the reporting year. This policy statement reflects the Company's commitment to ensuring respect for human rights. It describes how the Lufthansa Group fulfils its due diligence requirements, which high-priority human rights- and environment-related risks have been identified on the basis of the risk analysis and which human rights- and environment-related expectations apply to the employees of the Lufthansa Group and its suppliers. This is supplemented by the Lufthansa Group's Code of Conduct, which applies to all board members, managers and employees of the Lufthansa Group, and its Supplier Code of Conduct. These two codes of conduct were revised in the reporting year and now also reflect the requirements of the German Corporate Due Diligence in Supply Chains Act (LkSG). → **Responsible supply chain management, p. 117.**

Detailed reporting on ongoing management approach development aimed at minimising human rights violations
As part of its efforts to create transparency regarding the ongoing development of its risk management approach relating to human rights and in order to meet its reporting obligations, the Lufthansa Group publishes a declaration in accordance with the UK Modern Slavery Act 2015 in addition to an annual progress report as a participant in the UN Global Compact. The above declaration is available on the Lufthansa Group website. The Lufthansa Group regularly reviews whether it is also subject to reporting obligations under other regulations.

Lufthansa Group updates management approach for addressing human trafficking
As a signatory to the IATA Resolution against Trafficking in Persons, ensuring an environment that is free from modern slavery and human trafficking is a matter of course for the Lufthansa Group. However, the prosecution of human trafficking is the responsibility of governments and national law enforcement agencies. Nevertheless, the Lufthansa Group is aware of the importance of this topic and recognises that, as an aviation company, it can play a significant role in identifying potential criminal offences. It has therefore implemented a reporting process for flagging suspected cases of human trafficking that has been approved by the authorities.

Moreover, the Lufthansa Group has developed web-based training in order to integrate these issues into regular training for flight personnel, in accordance with IATA recommendations. These employee groups are made particularly aware of potential signs of human rights violations. A review is currently under way as to whether this training needs to be updated. If necessary, it will be revised in the following year. The ongoing development of the management approach for combating human trafficking is managed by the Lufthansa Group Human Rights and Non-Discrimination Team in close cooperation with the Lufthansa Group's Passenger Airlines and the relevant Group functions.

Processes for reporting human rights violations are implemented
The Lufthansa Group has set up external channels for reporting compliance violations and human rights- and environment-related violations via an electronic whistle-blower system and an ombudsperson. Individual complaints can be anonymously brought to the attention of the Lufthansa Group via these reporting channels. Lufthansa Group employees can also contact the Lufthansa Group Human Rights and Non-Discrimination Team, their supervisors, human resources management or the co-determination bodies directly. The internal grievance mechanism already established in the Lufthansa Group, which is set out in a works agreement for employees based in Germany and can be used for many different kinds of complaints, can also be used to lodge complaints regarding human rights violations.

Rules of procedure on how to handle reports of human rights violations in the Lufthansa Group are available on the Lufthansa Group website.

"Zero tolerance" for cases of sexual harassment and discrimination
Respect for one another is particularly important to the Lufthansa Group. This includes creating the conditions for a working environment for all employees that is free of discrimination, harassment and unequal treatment. The Lufthansa Group expects this principle to be reflected globally in the conduct of all employees towards one another and in their behaviour towards external third parties such as customers and suppliers. In particular, this is implemented through regular internal communication and the advisory services of the Lufthansa Group Human Rights and Non-Discrimination Team. This team also serves as a Group-wide reporting point for sexual harassment and discrimination. All reports are followed up according to the process described in the rules of procedure. Where appropriate, necessary disciplinary measures will be implemented.

Organisational foundations and responsibilities

The Lufthansa Group's human rights officer is responsible for monitoring risk management for compliance with human rights- and environment-related corporate due diligence requirements. This person is supported by the Internal Audit department, which reviews the fulfilment of the due diligence requirements in the companies of the Lufthansa Group as well as the appropriateness of the risk management system. The human rights officer is based in the Human Resources & Infrastructure department and regularly reports to the responsible Executive Board function as well as to the Executive Board in the event of significant developments. The human rights officer also serves as the initial point of contact for authorities, policymakers, the business community and society concerning any human rights-related matters.

The Lufthansa Group Human Rights and Non-Discrimination Team and the procurement function jointly coordinate the activities of the Lufthansa Group in relation to its human rights responsibility. Among other tasks, these teams are responsible for carrying out the human rights- and environment-related Group risk analysis, in close cooperation with the operational business entities, and for processing complaints and continuously update the risk management system. They receive support from the Human Rights Steering Committee, which covers the compliance, procurement, sustainability and occupational safety functions as well as the human rights officer. This committee steers key decisions relating to the Lufthansa Group's fulfilment of its corporate due diligence requirements. In addition, selected contacts are available within the core companies of the Lufthansa Group to address employees' human rights-related questions and assist with implementing the Group-wide risk management system. They participate in a quarterly human rights information dialogue, which the Lufthansa Group Human Rights and Non-Discrimination Team organises for internal interfaces. In the purchasing function, coordinators have been appointed to cover the impact of the German Corporate Due Diligence in Supply Chains Act on the individual product group areas and airlines of the Group. A network has thus been established so that measures can be discussed and agreed on directly between suppliers and purchasers.

Targets

Human rights- and environment-related risks are to be avoided and violations ended
The ultimate objective of the management approach is to ensure that human rights are respected worldwide to the extent that this lies within the Lufthansa Group's sphere of influence and responsibility thus particularly in the companies of the Lufthansa Group and its supply chains. At the same time, human rights violations in the Lufthansa Group and its supply chain must be avoided by means of organisational and process-based measures. If any such risk is identified, it must be minimised or, if a violation is detected, it must be terminated and its effects mitigated as far as possible.

Measures

Human rights- and environment-related risk analysis implemented
The Lufthansa Group Human Rights and Non-Discrimination Team implemented a risk analysis for its own activities in the reporting year. A software was used to determine a human rights- and environment-related risk for more than 400 companies and offices which fall within the scope of the German Corporate Due Diligence in Supply Chains Act. This risk was calculated on the basis of country and sector risk indicators and media reports. For companies with a heightened level of risk, a more in-depth risk analysis was implemented based on surveys. The risks were weighted and prioritised, while also taking into consideration information received via the Group's reporting channels.

Mandatory trainings on human rights, diversity and inclusion established
Two web-based trainings (WBT) courses were developed in the reporting year. The "Human rights" WBT is intended to provide basic knowledge on the topic of human rights, the identification of risks and violations, and reporting channels. A further "Unconscious prejudices and intercultural awareness" WBT is designed to raise awareness of anti-discrimination along with the issues relating to diversity, equality and inclusion. This training is mandatory and takes place every two years as a preventive measure for employees and managers in companies with a heightened level of risk and for employees in areas where these topics have a strong practical relevance, such as procurement and human resources.

Information formats and campaigns for employees to be conducted

The Lufthansa Group Human Rights and Non-Discrimination Team held several information events in 2023. Through such events, new employees were deliberately made aware of the advisory services offered by the Lufthansa Group Human Rights and Non-Discrimination Team. In addition, employees concerned with compliance, corporate due diligence requirements or for whom this topic is of particular relevance (e.g. in the areas of human resources and procurement) were notified of current developments in the field of human rights- and environment-related risk management through the established, quarterly human rights dialogue of the Lufthansa Group Human Rights and Non-Discrimination Team.

In order to identify and terminate potential human rights- and environment-related risks and violations as early as possible, employees and managers were also informed of opportunities for raising complaints via a series of channels on the intranet. Comprehensive information is also available on the intranet pages of the Lufthansa Group Human Rights and Non-Discrimination Team and the procurement function.

Dialogue formats support the development of knowledge on corporate responsibility

In light of the introduction of the German Corporate Due Diligence in Supply Chains Act (LkSG) in the reporting year, cross-sector dialogues and discussions with the business community were used to share initial knowledge and experiences. For example, the Lufthansa Group Human Rights and Non-Discrimination Team regularly takes part in events such as the Peer Learning Group Human Rights of the UN Global Compact's Germany network and econsense (Forum for Sustainable Development of German Business). In the reporting year, the Lufthansa Group's human rights officer also teamed up with econsense to set up a Human Rights Officer Roundtable specifically geared towards human rights officers, with the goal of exchanging experience on effective risk management.

Performance indicator

The Lufthansa Group will analyse and implement suitable indicators in line with its targets in 2024.

Responsible political engagement

Concept

The Lufthansa Group is active in the political environment independently and via industry associations

The Lufthansa Group discusses its legitimate interests at the political level too and pursues a dialogue with representatives of the various national and international authorities and institutions. This involves providing detailed information on specific issues. Depending on the occasion and the topic, this is done at the Company or Group level or in consultation with other companies or interest groups.

The Group's political engagement focuses on transport (market access and air traffic rights), climate policy and fair competition. Positions are also formulated at the regional and local level on political developments that are relevant to the Lufthansa Group and shared with the responsible authorities. Recommendations for action are frequently put forward in close cooperation with the International Air Transport Association (IATA), Airlines for Europe (A4E) and the German Aviation Association (BDL) as well as other bodies, such as the Federation of German Industries (BDI), the Confederation of German Employers' Associations (BDA) and the Forum for Sustainable Development of German Business e.V. (econsense).

Organisational foundations and responsibilities

The Corporate International Relations and Government Affairs department, which reports directly to the Chair of the Executive Board, is responsible for representing the political interests of the Lufthansa Group. It has offices in Berlin, Brussels and Frankfurt for representation in relation to the European Union and the German government, along with further liaison offices in Washington, Moscow (currently closed), Singapore and Beijing. In addition, a sub-department is responsible for air traffic rights at Deutsche Lufthansa AG. Some foreign subsidiaries of the Lufthansa Group are themselves responsible for national political issues and air traffic rights matters.

Targets

The Lufthansa Group aims to safeguard its interests

The Lufthansa Group seeks to identify political developments that are relevant for the Group and its subsidiaries at any early stage, to formulate positions and to introduce recommendations for action into the political decision-making process. It participates in consultation processes relating to national and European legislation as well as international financial accounting standards such as the International Financial Reporting Standards (IFRS). It does so either directly or via the above-mentioned associations, including to provide potential support for the operational and technical feasibility review by offering industry-specific expertise. The aim is to safeguard the interests of the Lufthansa Group in national and international regulations to protect its competitiveness and economic viability.

Measures

Focus is on regular dialogue and transparency

Employees who work in the Corporate International Relations and Government Affairs department maintain a regular dialogue with ministries and members of parliament at the state and federal levels as well as with representatives of the various EU institutions. This includes supplying facts and figures and working through issues, some of which are complex. Furthermore, the Lufthansa Group actively contributes to legislative processes to protect the Company's interests, such as in relation to the European Commission's Fit for 55 legislative package.

The Lufthansa Group attaches great importance to transparency in its political engagement, and is listed in the EU Transparency Register under the number 0714344663-32. Moreover, the Company features in the lobbying register of the German Bundestag (lower house of parliament) under the registration number R001474. The Lufthansa Group regularly publishes its position on current political issues and upcoming decisions in its Policy Brief (which is addressed to political decision makers but also accessible to the general public). In the reporting year, explanations were provided on topics relating to the harmonisation of the European airspace (the "Single European Sky"), the new Lufthansa Group fares for more sustainable flying and the prerequisites for the potential expansion of SAF via a "book and claim" system.

"Book and claim" is a supply chain model in which the administrative exchange of data is not necessarily linked with the physical flow of material or products along the supply chain. This results in customers purchasing the (still limited) quantities of SAF available worldwide, which can then be transferred to a special register to make use of the environmental advantages offered. This averts the need to transport SAF around the world.

Five issues of the Policy Brief were published in the reporting year and are available on the Company's website.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Concept

Sustainability in the supply chain is firmly established at the company

Taking sustainability aspects in the supply chain into account is an important aspect of acting responsibly. In addition to economic aspects, impacts on the environment and society are also taken into consideration in the procurement process. The Lufthansa Group thus aims to avoid negative effects on the environment and violations of human rights in its supply chain. To meet the standards that it sets for the sustainability of its own products and services, the Lufthansa Group relies on close collaboration with suppliers who share and implement these standards. This also forms part of the Lufthansa Group's Code of onduct, which is available on the Lufthansa Group website.

In 2023, the annual purchasing volume involving external suppliers amounted to around EUR 19bn. The Lufthansa Group works with suppliers in almost 170 countries worldwide. The goods and services which it purchases are spread across 333 product groups. Besides the procurement of aircraft and fuels, the purchasing portfolio includes goods and services such as catering, aircraft seats, vehicles, uniforms, insurance policies and ground handling services.

Group procurement policy includes obligation to assume social and environmental responsibility

The obligation to assume social and environmental responsibility is a key element of the Group procurement policy. This policy is to be understood as mandatory for all procurement units at the Group companies, for the procurement process and for all employees responsible for procurement activities.

Mandatory procurement policy training established

Affected employees are able to attend procurement policy training, which is mandatory for specific individuals. This training is intended to develop and preserve employees' knowledge and skills in relation to sustainable procurement. They are automatically required to repeat it every two years. In 2023, 99% of the defined function-related group of participants successfully completed this training.

Supplier Code of Conduct expresses the Lufthansa Group's expectations

The Lufthansa Group's expectations of its suppliers in terms of social, environmental and ethical responsibility are summarised in the Lufthansa Group Supplier Code of Conduct. It is accessible on the Lufthansa Group website.

Human rights- and environment-related obligations are part of supplier contracts

By continuously including obligations in contracts with suppliers, the Lufthansa Group endeavours to ensure responsible practices by its direct suppliers in order to meet its own standards for corporate responsibility and prevent risks. The obligations incorporated into contracts with suppliers include the following:

- Compliance with the ten principles of the UN Global Compact
- Compliance with all five basic principles of the International Labour Organization (ILO)
- To provide contractual services while taking into account the protected legal positions under the German Corporate Due Diligence in Supply Chains Act (LkSG)
- Participating in training on a risk-dependent basis
- To inform the Lufthansa Group of risks identified and measures initiated

- To provide support in the event of preventive and remedial action
- To inform suppliers and employees of the Lufthansa Group grievance mechanism
- To grant the right to conduct audits
- To grant the right to terminate the contractual relationship in the event that these contractual obligations are breached

The supplier risk management system also takes into consideration requirements under the German Corporate Due Diligence in Supply Chains Act (LkSG)
To enable an appropriate and effective risk management system for the various centrally managed existing suppliers, of which there are more than 30,000, the Lufthansa Group uses an IT application designed to make it possible to identify potential human rights- and environment-related risks and violations. This application helps to minimise or terminate risks identified in the process by means of appropriate measures. This approach is also consistent with the requirements of the German Corporate Due Diligence in Supply Chains Act.

In order to identify human rights, environmental, compliance and financial risks within the supply chain even before a contract is awarded and to ensure compliance with the Group's standards, the Lufthansa Group has established a supplier review process. If the initial assessment indicates that a supplier falls within a medium or high risk category, for example due to the country of origin or product group, an in-depth review will be carried out, including external sources, if necessary. The review process helps the Company to identify potential risks even before a contract is concluded, determine what risk reduction measures are required or, as a last resort, prevent cooperation with the supplier in question.

Procedure for reporting risks and violations established
Third parties can confidentially lodge complaints and reports on human rights- and environment-related risks or violations and compliance breaches by suppliers via an electronic whistle-blower system or the external ombudsperson for the Lufthansa Group. Moreover, in their contracts, suppliers of the Lufthansa Group are requested to inform their own suppliers and their suppliers' employees about the Lufthansa Group's reporting channels. The Lufthansa Group's rules of procedure on handling reports are available on the Lufthansa Group website. Further information may be found in the chapter → **Business ethics and compliance/Respect for human rights, p. 113.**

The Lufthansa Group's procurement management system is confirmed by EcoVadis
In order to demonstrate its sustainability and responsibility towards its business partners, the Lufthansa Group participates in EcoVadis, a sustainability assessment platform for global supply chains. In November 2022, the Lufthansa Group's commitment was reconfirmed for a further year when it received "Silver Status". Its procurement processes are rated higher in the EcoVadis rating system than those of comparable companies.

Organisational foundations and responsibilities

The procurement units in the Lufthansa Group are organised into a uniform reporting line. They report to the Executive Board member for Fleet & Technology. Reporting lines are based on responsibilities for different product groups and Group companies. Defining product groups is intended to optimise their function by pooling know-how.

The central Processes and Governance, Procurement Systems and Strategy departments report to the Lufthansa Group's purchasing management function. These departments pool and handle purchasing-specific issues on behalf of the Group as a whole and deal with sustainability matters in the purchasing processes within the scope of environmental, social and governance issues.

Through the process-oriented matrix organisation Lufthansa Group seeks to make it easier to establish sustainability standards, since standardised processes and IT systems are increasingly being used.

Targets

Human rights, environmental- and compliance risks in the supply chain are to be minimised
Responsibility is an integral part of the Lufthansa Group's corporate culture and the Lufthansa Group aims for its suppliers to likewise comply fully with current law, guidelines and regulations concerning fair competition, integrity and responsible practices. This includes protection of basic human rights and environmental concerns which fall within the scope of the German Corporate Due Diligence in Supply Chains Act. In this way, the Lufthansa Group seeks to fulfil its due diligence requirements and to avoid entering into business relationships with persons or companies that do not meet these standards. The purpose of the Lufthansa Group risk management system for purchasing processes is to identify potential human rights, environmental and compliance risks and violations in the supply chain in order to prevent, minimise or terminate these by means of appropriate and effective measures.

Transparency is to be established regarding direct suppliers' carbon emissions
Transparency is to be established in relation to direct suppliers' carbon emissions with the aim of contributing to climate protection and achieving the emissions goals set by the Lufthansa Group. On this basis, the plan is that appropriate measures to reduce carbon emissions will also be identified in the supply chain in the future.

Measures

Risk management system updated

The software introduced in the reporting year helps with identifying risk-exposed suppliers so that further action can be taken. Additional information is also taken into consideration, such as the degree of influence over the supplier in question. The allocation and follow-up of preventive and remedial action in relation to direct suppliers and compliance with due diligence requirements in relation to indirect suppliers are also managed via this system. The software used is based on artificial intelligence technologies and fulfils the requirements of the German Corporate Due Diligence in Supply Chains Act.

Target oriented portfolio of measures implemented for use in case of identified risks

In the event that the system introduced for risk identification detects a specific risk in relation to a supplier, suitable measures can be selected according to a defined logic, based on risk categories. This is carried out by a central team of experts in the procurement function. Measures will subsequently be agreed with the supplier in consultation with the responsible purchasers.

Adjusted procurement processes are intended to strengthen the incorporation of human rights and environmental issues in the procurement process

In the reporting year, aspects relating to sustainable procurement were added to the procurement processes. Through this, sustainability criteria are now to be taken into account in the tender specification right at the beginning of the procurement process. A list of criteria has been created for practical implementation. Sustainability criteria have also been included in the bid assessment process.

Requirements in line with international ESG standards and the German Corporate Due Diligence in Supply Chains Act are incorporated into the Lufthansa Group's standard supplier contract

The inclusion of the obligation to assume social and environmental responsibility in supplier contracts forms part of the target agreement for the category managers and the procurement managers in the Group companies and the central functions. The relevant standard contractual clauses have been adjusted in line with the requirements of the German Corporate Due Diligence in Supply Chains Act and must be included in all new contracts and in the event of any contract amendments.

Supplier Code of Conduct is revised

The Supplier Code of Conduct was revised in the reporting year and now also includes the requirements of the German Corporate Due Diligence in Supply Chains Act. It sets out what the Lufthansa Group expects of its suppliers and is accessible on the Lufthansa Group website.

New training raises awareness of human rights

A deep understanding of human rights is critical for the Lufthansa Group. With this in mind, an online training course on this topic was developed in 2023. Aimed at employees in the Lufthansa Group procurement function and suppliers' staff, this training provides information on legal frameworks and international standards. It also sets out specific practical examples of how to identify and defuse potential human rights risks. For suppliers' employees, this training has been included in the portfolio as a preventive or risk-mitigating measure, depending on the applicable risk classification.

Expanded information formats enhance the development of knowledge on social and environmental responsibility

In the reporting year, existing dialogue and information formats were continued and expanded. These are intended for employees in the procurement function in particular. For instance, the Central Procurement department set up weekly consultation hours for employees, giving them an opportunity to discuss and obtain answers to questions and issues relating to the implementation of human rights and environmental aspects in the Lufthansa Group's supply chain.

In addition, cross-sector dialogues and discussions with the business community are used in the procurement function to develop knowledge and experience. In 2023, for example, the Lufthansa Group took part in events including the Peer Learning Group Human Rights of the UN Global Compact's Germany network and the econsense Human Rights & Value Chain cluster.

Moreover, coordinators have been appointed to cover the impact of the German Corporate Due Diligence in Supply Chains Act on the individual product group areas and companies within the Group. A network has thus been established which is intended to ensure that suppliers and purchasers can discuss and agree measures directly. The coordinators are kept informed of the LkSG (German Corporate Due Diligence in Supply Chains Act) implementation activities within the Lufthansa Group and serve as multipliers with regard to the purchasers. Mandatory information events on the German Corporate Due Diligence in Supply Chains Act have been introduced for representatives of the subsidiaries whose procurement activities are not centrally managed.

Transparency regarding carbon emissions in the direct supply chain helps to identify opportunities to reduce them

In the reporting year, a spend-based calculation of direct suppliers' carbon emissions was implemented using a software. For selected product categories, emissions were also calculated on the basis of consumption data. The plan for the next step is to analyse the results to develop measures to reduce indirect carbon emissions in the supply chain.

Performance indicator

The Lufthansa Group will analyse suitable indicators in line with its targets and implement these in 2024.

APPLICABILITY AND DISCLOSURES IN ACCORDANCE WITH THE EU TAXONOMY REGULATION (EU) 2020/852

The EU Taxonomy Regulation is a standardised classification system for green economic activities within the scope of the EU action plan on "financing sustainable growth" and defines activities for the EU's six environmental objectives:

1. Climate change mitigation

2. Climate change adaptation

3. Sustainable use and protection of water and marine resources

4. Transition to a circular economy

5. Pollution prevention and control

6. Protection and restoration of biodiversity and ecosystems

According to the definitions provided in the EU Taxonomy, economic activities are "environmentally sustainable" if they

— "contribute substantially" to the achievement of one or more of the six above-mentioned environmental objectives,
— "do no significant harm" to the achievement of the EU's five other environmental objectives,
— comply with the "minimum safeguards" for occupational health and safety and human rights.

Technical screening criteria are applied for the analysis of whether an economic activity contributes substantially to one of the objectives and does no significant harm to the achievement of the other five objectives. Potential overlaps were identified and analysed to avoid any double counting of economic activities.

Reporting on the type of taxonomy-eligible and taxonomy-aligned economic activities is in line with the following delegated regulations:

— Delegated Regulation (EU) 2021/2139
— Delegated Regulation (EU) 2021/2178
— Delegated Regulation (EU) 2023/2485
— Delegated Regulation (EU) 2023/2486

For the 2023 financial year, information is to be provided on all six environmental objectives for the first time. However, only information on taxonomy eligibility is required for environmental objectives 3 to 6 and the economic activities newly included within the scope of the changes and additions made to the delegated act on climate change mitigation. These economic activities newly incorporated into the EU Taxonomy include economic activities in the aviation sector which are relevant to the Lufthansa Group. The core activities of the Lufthansa Group are thus covered by the EU Taxonomy for the first time. Including these economic activities means that the Lufthansa Group has disclosed taxonomy-eligible revenues for the first time.

Economic activities are "taxonomy-eligible" if they can be allocated to the screening criteria (irrespective of whether the criteria are met), while they are "taxonomy-aligned" if they also meet the screening criteria.

In accordance with the EU Taxonomy Regulation and relevant delegated acts, the Lufthansa Group reports below on the proportion of its revenue, capital expenditure (CapEx) and operating expenditure (OpEx) resulting from its taxonomy-eligible, taxonomy-aligned or taxonomy-non-eligible economic activities and provides additional qualitative information.

Implementation of the EU Taxonomy Regulation

The economic activities of the Lufthansa Group were initially allocated to the relevant taxonomy activities and those activities identified which are taxonomy-eligible according to the descriptions provided in the EU Taxonomy.

Based on the allocation to the taxonomy activities, the taxonomy-eligible economic activities were identified in the key Group companies and analysed. As in the previous year, the reportable economic activities of the Lufthansa Group relate to environmental objective 1 (climate change mitigation). There are no significant economic activities for any of the other environmental goals.

The share of revenue, CapEx and OpEx accounted for by the identified economic activities in relation to the overall activities of the Group was determined in accordance with the requirements of the EU Taxonomy. Revenue is defined as net sales in accordance with IFRS (International Financial Reporting Standards), as shown in the consolidated income statement, and therefore only relates to fully consolidated entities. Accordingly, companies accounted for using the equity method and other equity investments have not been included. Further information on revenue can be found in the → **Notes to the consolidated financial statements, Notes to the consolidated income statement, p. 182ff.**

CapEx is calculated on a gross basis, i.e. without including revaluations or depreciation, amortisation or impairment. CapEx comprises investments in non-current intangible or tangible assets, including goods purchased through asset or share deals, as presented in the consolidated statement of financial position. Taxonomy-eligible CapEx has been calculated while taking the underlying accounts into consideration and in combination with the asset classes.

OpEx includes non-capitalisable expenses recognised in the consolidated income statement, such as research and development, building renovation work, short-term leasing, maintenance and repairs and all other direct expenses resulting from the maintenance of property, plant and equipment to ensure the operational readiness of the taxonomy-eligible assets.

The EU Taxonomy Regulation and the delegated acts enacted for the purpose of this regulation include phrases and terms whose interpretation remains subject to considerable uncertainty. Clarifications have not yet been published in every instance.

In line with German Accounting Standard (DRS) 20.32, the following relevant taxonomy-eligible economic activities of the Lufthansa Group have been identified:

3.21 Manufacturing of aircraft

Lufthansa Technik AG and the Lufthansa Technik group's equity investments provide technical aviation services relating to the manufacture, maintenance, repair and overhaul of aviation components. → **MRO business segment, p. 67.**

Taxonomy-eligible revenue from this economic activity is generated in connection with maintenance, repair and overhaul services and the sale of spare parts. The resulting revenue of EUR 4,250m represents 12% of the Group's overall revenue. → T001 **Key figures Lufthansa Group.**

Segment capital expenditure attributable to this economic activity in the MRO business segment has been recognised as CapEx. It consists primarily of intangible assets, technical equipment and other operating and office equipment. CapEx consists exclusively of CapEx (a) according to the definition in the EU Taxonomy and at EUR 77m accounts for 2% of the Lufthansa Group's capital expenditure in the reporting year.

OpEx as defined by the EU Taxonomy comprises the direct expenses incurred in order to ensure the operational readiness of the taxonomy-eligible assets. This economic activity accounts for EUR 51m and thus 2% of the Group's total OpEx expenses.

This economic activity has not been assessed for taxonomy alignment.

6.19 Passenger and freight air transport

This economic activity comprises the key business activities of the Lufthansa Group which relate to the Passenger Airlines → **Passenger Airlines business segment, p. 52** and Logistics → **Logistics business segment, p. 64** business segments.

The revenue recognised as taxonomy-eligible for this economic activity corresponds to the traffic revenue shown in the financial reporting. At EUR 29,926m, this represents 84% of the total revenue of the Lufthansa Group. → T001 **Key figures Lufthansa Group.**

The CapEx for this economic activity consists solely of CapEx (a) according to the definition in the EU Taxonomy. It includes expenditure on aircraft and reserve engines, rights of use to aircraft and reserve engines, advance payments for aircraft orders and aircraft under construction. At EUR 3,788m, this accounts for 88% of the Lufthansa Group's total capital expenditure. → T091 **Aircraft and reserve engines.**

In connection with this economy activity, the OpEx comprises the direct expenses incurred to ensure the operational readiness of aircraft and engines of the Lufthansa Group airlines. Where these services were provided by Group companies rather than by the airlines themselves, consolidation effects are taken into account in the OpEx calculation. At EUR 2,601m, 91% of the Lufthansa Group's total OpEx relates to this economic activity.

This economic activity has not been assessed for taxonomy alignment.

7.7 Acquisition and ownership of buildings

No reportable revenue is realised through the acquisition and ownership of buildings. The scope of this economic activity exclusively relates to internal requirements.

All the buildings and rights of use to buildings and installations covered by this economic activity were included in the calculation of the taxonomy-eligible CapEx. This CapEx is classified exclusively as category (c) according to the definition in the EU Taxonomy. CapEx was assessed to determine whether it meets the technical measurement criteria (compliance check). On balance it was found not to be taxonomy-aligned.

The taxonomy-eligible CapEX of EUR 236m corresponds to 5% of the Lufthansa Group's total capital expenditure in the reporting year. This share was 2 percentage points lower than in the previous year. Since CapEx for this economic activity remained roughly the same, the decline is due to an increase in other CapEx.

The property maintenance work recognised as OpEx accounts for EUR 158m and thus 6% of the Group's total OpEx in the reporting year.

T047 EU TAXONOMY – PROPORTION OF REVENUES FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

				Substantial contribution criteria						DSNH criteria (“Does Not Significantly Harm”)						MS			
Economic activities	Code(s)	Absolute revenue	Proportion of revenue	Climate change mitigation	Climate change adaptation	Water & marine resources	Circular economy	Pollution	Biodiversity & ecosystems	Climate change mitigation	Climate change adaption	Water & marine resources	Circular economy	Pollution	Biodiversity & ecosystems	Minimum safeguards	Taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) proportion of revenue, 2022	Category “enabling activity”	Category “transitional activity”
		€m	in %	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	in %	E	T
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																			
A.1 Taxonomy-aligned economic activities																			
n/a			–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revenues (A.1)			–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
of which enabling										–	–	–	–	–	–	–			
of which transitional										–	–	–	–	–	–	–			
A.2 Taxonomy-eligible but not taxonomy-aligned economic activities																			
n/a			–	–	–	–	–	–	–								–		
Revenues (A.2)			–	–	–	–	–	–	–										
Total (A.1 + A.2)			–	–	–	–	–	–	–								–		
B. TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES																			
Revenues of taxonomy-non-eligible Economic activities (B)		35,442	100%																
Total (A + B)		**35,442**	**100%**																

Note: Taxonomy-eligible (and, where applicable, taxonomy-aligned) revenue is realised by means of economic activities whose reporting in the tables is not required in the reporting year.

T048 EU TAXONOMY – PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

				Substantial contribution criteria						DSNH criteria ("Does Not Significantly Harm")						MS			
Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water & marine resources	Circular economy	Pollution	Biodiversity & ecosystems	Climate change mitigation	Climate change adaptation	Water & marine resources	Circular economy	Pollution	Biodiversity & ecosystems	Minimum safeguards	Taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) proportion of CapEx, 2022	Category "enabling activity"	Category "transitional activity"
		€m	in %	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	in %	E	T
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																			
A.1 Taxonomy-aligned economic activities																			
n/a			–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
CapEx (A.1)			–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
of which enabling										–	–	–	–	–	–	–			
of which transitional										–	–	–	–	–	–	–			
A.2 Taxonomy-eligible but not taxonomy-aligned economic activities																			
Acquisition and ownership of buildings	CCM 7.7	236	5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								7%		
CapEx (A.2)		236	5%	5%	0%	0%	0%	0%	0%										
Total (A.1 + A.2)		**236**	**5%**	**5%**	**0%**	**0%**	**0%**	**0%**	**0%**								**7%**		
B. TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES																			
CapEx of taxonomy-non-eligible economic activities (B)		4,093	95%																
Total (A + B)		**4,329**	**100%**																

Note: Additional taxonomy-eligible (and, where applicable, taxonomy-aligned) CapEx is realised by means of economic activities whose reporting in the tables is not required in the reporting year.

T049 EU TAXONOMY – PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

				Substantial contribution criteria						DSNH criteria ("Does Not Significantly Harm")						MS			
Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water & marine resources	Circular economy	Pollution	Biodiversity & ecosystems	Climate change mitigation	Climate change adaptation	Water & marine resources	Circular economy	Pollution	Biodiversity & ecosystems	Minimum safeguards	Taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) proportion of OpEx, 2022	Category "enabling activity"	Category "transitional activity"
		€m	in %	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	in %	E	T
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																			
A.1 Taxonomy-aligned economic activities																			
n/a			–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
OpEx (A.1)			–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
of which enabling										–	–	–	–	–	–	–			
of which transitional										–	–	–	–	–	–	–			
A.2 Taxonomy-eligible but not taxonomy-aligned economic activities																			
Acquisition and ownership of buildings	CCM 7.7	158	6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8%		
OpEx (A.2)		158	6%	6%	0%	0%	0%	0%	0%										
Total (A.1 + A.2)		**158**	**6%**	**6%**	**0%**	**0%**	**0%**	**0%**	**0%**								**8%**		
B. TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES																			
OpEx of taxonomy-non-eligible economic activities (B)		2,688	94%																
Total (A + B)		**2,846**	**100%**																

Note: Additional taxonomy-eligible (and, where applicable, taxonomy-aligned) OpEx is realised by means of economic activities whose reporting in the tables is not required in the reporting year.

OPPORTUNITIES AND RISK REPORT

- The management of opportunities and risks is integrated into all business processes.
- Risks are identified early and are managed and monitored proactively.
- Targeted use of opportunities.
- Positive business performance reduces risk.
- Geopolitical conflicts, resource and supply-chain bottlenecks and cyclical developments have caused certain risks to increase.
- In view of its risk-mitigation measures and strong balance sheet, the Executive Board of the Lufthansa Group does not consider that the continued existence of the Lufthansa Group is at risk.

OPPORTUNITIES AND RISK MANAGEMENT

Opportunity management process

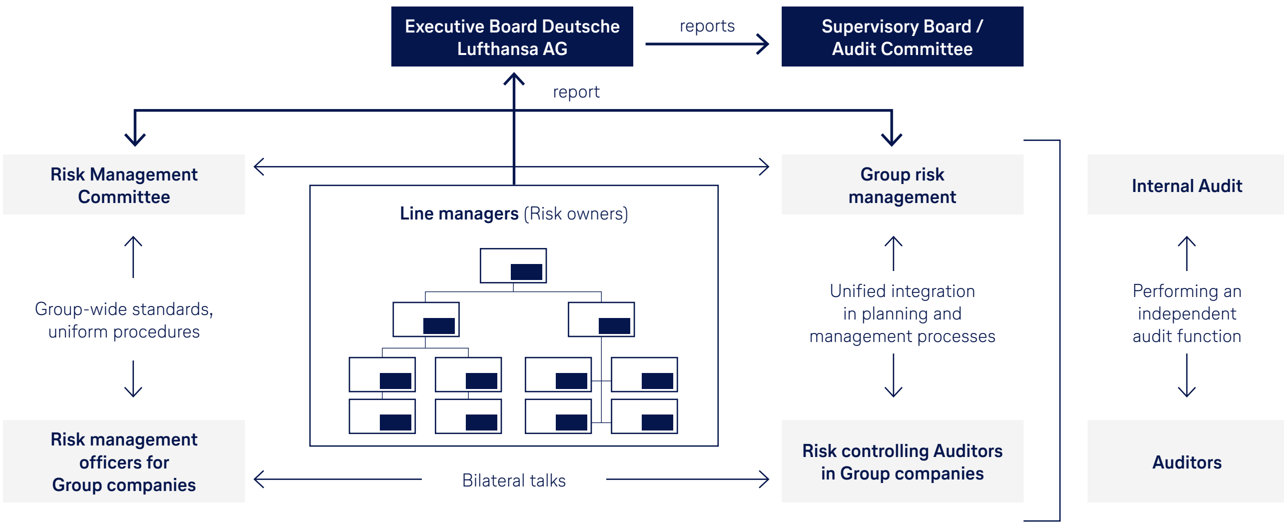
For the highly dynamic global airline industry, opportunities can arise both externally – from new customer requirements, market structures, ongoing consolidation or changes in the regulatory environment – and internally – from new products, innovations, quality improvements and further competitive differentiation.

Employees and managers in the Lufthansa Group identify opportunities in the course of day-to-day processes and market observation. Opportunity management is also an integral part of the annual strategy and planning processes. Scenario analyses and accurate return calculations are used to precisely examine opportunities. Opportunities that, in an overall assessment, are considered advantageous for the development of the Lufthansa Group are pursued and exploited by means of defined steps. They are managed by established planning and forecasting processes as well as by projects. Opportunities relevant for the Group are incorporated into the Group strategy. → **Group strategy, p. 19.** The individual business segments also identify their own specific opportunities. → **Business segments, p. 52.**

Objectives and strategy of the risk management system

Risk management at the Lufthansa Group aims to fully identify material risks, to present and compare them transparently and to assess and manage them. Risk owners are obliged to monitor and manage risks proactively and to include relevant information in the planning, management and control processes. The Group guidelines on risk management adopted by the Executive Board define all the binding methodological and organisational standards for dealing with opportunities and risks.

C26 **RISK MANAGEMENT IN THE LUFTHANSA GROUP**



Structure of the risk management system

The scope of consideration covered by the Lufthansa Group's risk management system comprises all of the airlines in the Lufthansa Group, including the Logistics and MRO segments, as well as Lufthansa Aviation Training, AirPlus, Miles & More, Lufthansa Global Business Services, the IT companies and the Delvag Group.

The chart → C26 **Risk management in the Lufthansa Group** shows the different functions involved.

The Supervisory Board's Audit Committee monitors the existence and effectiveness of the Lufthansa Group's risk management.

The Risk Management Committee ensures, on behalf of the Executive Board, that processes, structures and rules are established to identify, manage and assess business risks at an early stage across all functions and processes. It is also responsible for improving the effectiveness and efficiency of risk management. Appointments to and the responsibilities of the committee are defined in internal regulations.

The Corporate Controlling department has functional responsibility for ensuring that the risk management system is standardised across the Group. The responsible unit head reports directly to the CFO. Group risk management is responsible for implementing uniform standards and methods, for coordinating and continuously refining the risk management process and for all risk management reporting in the Lufthansa Group.

The managing directors or management boards of all the companies covered by the risk management system also appoint risk managers. They are responsible for implementing the Group guidelines within their own companies and are in close, regular dialogue with the Lufthansa Group's risk management function. In addition, they ensure that risk-relevant information is agreed with the planning and forecasting processes in their company (risk controlling).

Managers with budgetary and/or disciplinary responsibility are designated as risk owners. Their role is to implement risk management for their area. The identification, evaluation, monitoring and management of risks are therefore fundamental aspects of every management role. The "Principles of risk management" stipulate that the occurrence of material predictable risks that have not been reported in the past is considered to be a serious management error.

The Internal Audit department carries out internal, independent system audits focusing on the appropriateness, effectiveness, and economic viability of the risk management system practised in the Lufthansa Group. The last suitability test took place in 2022.

During its annual audit of the financial statements, the auditor examines the system for the early identification of risks in place at Deutsche Lufthansa AG with regard to statutory requirements. In the 2023 financial year, the audit outcome was that the statutory requirements of Section 91 Paragraph 2 AktG were met in full.

Stages of the risk management process

The closed and continuous risk management process, which is supported by IT, begins with the identification of current and future, existing and potential opportunities and risks from all material internal and external areas. The Lufthansa Group defines opportunities and risks as the possible positive or negative deviations from a forecast figure or a defined objective. The risks identified are checked for plausibility by the companies' risk coordinators and gathered together in the Group's risk portfolio. The risk portfolio documents the systematic entirety of all individual risks and constitutes the quality-assured result of the identification phase. As the risk landscape is dynamic and subject to change, the identification of risks is a continuous task for the risk owners.

Risk owners are obliged at least once a quarter to verify that the risks for which they are responsible are complete and up to date. They also evaluate the extent to which circumstances involving risk have already been included in the forecast results and to what extent there are additional opportunities or risks of achieving a better or worse result than the one forecast. They actively manage opportunities and risks by means of risk mitigation instruments and measures.

On this basis, the Executive Board is regularly informed about the current risk situation of the Lufthansa Group and its operating segments.

The Executive Board reports annually to the Audit Committee on the performance of the risk management system, the current risk situation of the Lufthansa Group and on significant individual risks and their management. In the event of significant changes to previously or recently identified top risks, mandatory ad hoc reporting processes have been defined in addition to these standard reports.

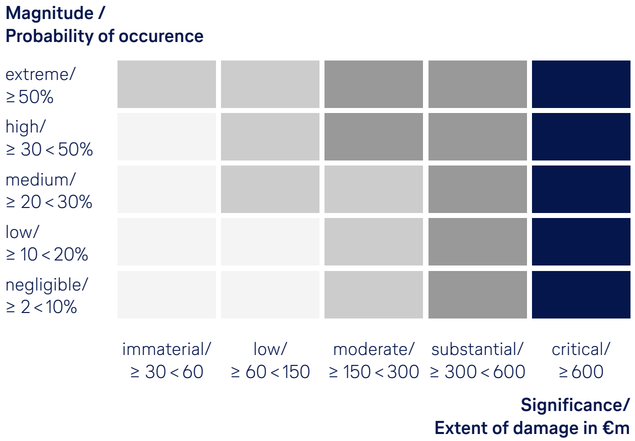
Evaluation methodology in the risk management process

Once the risks have been identified, all the individual risks are measured according to uniform measurement principles. Risks are generally evaluated on a net basis, i.e. taking implemented and effective management and monitoring instruments into account. A methodological distinction is made between qualitative and quantitative risks. Regardless of the risk type, objective criteria or figures derived from past experience are used for the evaluation wherever possible. Risk measurement thus forms the basis for consolidating similar individual risks into an aggregate risk. Suitable instruments for risk management are defined with the aim of proactively limiting the risk position. Continuous risk monitoring identifies changes in individual risks and any required adjustments to risk management at an early stage. Steps necessary to manage and monitor risks are initiated as required. Steps, in this sense, mean clearly defined activities with a fixed duration, responsibility and time frame, which serve to develop control instruments.

Qualitative risks are mostly long-term developments with potentially adverse consequences for the Lufthansa Group. As concrete information is often not available, these risks cannot or cannot yet be quantified. In the context of qualitative risks, the risk management process involves a strategic approach to uncertainty. In order to evaluate such risks as systematically as possible in spite of this, estimates are made about their significance and their magnitude. Significance describes the potential impact of the individual risk – for example, on the Group's reputation, business model or earnings. The estimate of magnitude assesses how pronounced or intense the (weak) signals are that indicate a potential risk to the Lufthansa Group or a specific company. Chart → C27 **Lufthansa risk evaluation for qualitative and quantitative risks** shows the different categories used.

C27 **LUFTHANSA RISK EVALUATION FOR QUALITATIVE AND QUANTITATIVE RISKS**

■ A risks ■ B risks ■ C risks ■ D risks



Quantitative risks are those whose potential effect on earnings can be estimated. A distinction is made between different probabilities of occurrence. The extent of loss is given as the potential monetary impact on the planned Adjusted EBIT. Depending on the type of risk, this may relate either to relatively infrequent event risks, such as an IT failure following a cyberattack, or to risks arising from deviations from planned business developments, due to fuel price volatility, for instance. Quantitative risks therefore form the basis for the overarching verification of potential deviations from plans and forecasts. The thresholds for classifying the monetary Adjusted EBIT effect are defined centrally for the Lufthansa Group and for the Group companies according to standardised criteria.

The individual qualitative and quantitative risks are divided into classes A, B, C, D and other risks to assess their materiality. In accordance with DRS 20, all quantitative A and B risks as well as all qualitative A and B risks that are at least of a "substantial" significance and a "high" magnitude count as material risks for the Lufthansa Group. → C27 **Lufthansa risk evaluation for qualitative and quantitative risks.**

Risks for the Lufthansa Group that meet this materiality criterion are presented in a table in the order of their significance for the Lufthansa Group in the section → **Risks at an individual level, p. 130,** and are described in detail below. In some cases, equivalent risks are shown here in a more aggregated form than that used for internal management purposes. Unless stated otherwise, all the operating segments in the Lufthansa Group are exposed to a greater or lesser degree to the risks described.

Description of risk-bearing capacity

The Lufthansa Group's risk management system includes a concept for calculating its risk-bearing capacity. It entails comparing an indicator of risk-bearing capacity based on liquidity with the aggregated top risks in order to ensure that sufficient funds are available to cover the risk. The top quantitative risks are weighted and aggregated on the basis of the risk value. The top qualitative risks are also incorporated into the model and assessed on an aggregate basis. This presentation is part of the quarterly reporting to the Executive Board. This procedure meets the requirements of IDW PS340 as revised.

Inclusion of CSR Directive Implementation Act in risk management

In accordance with the CSR Directive Implementation Act (CSR-RUG), the Lufthansa Group's risk management also covers aspects relevant to CSR (environmental, employee and social concerns, as well as human rights, anti-corruption measures, bribery and the supply chain) and their risks for external stakeholders. Risks are reported in the combined non-financial declaration in line with CSR-RUG if they would have a severely adverse impact on the Company and their occurrence is highly likely. In 2023, the CSR content was updated to include mitigating instruments and measures. As in the previous year, none of the CSR risks were so material that they were described at an individual level.

Internal control system for monitoring the risk management process

The risk management process in the Lufthansa Group is monitored by an internal control system (ICS). This entails systematically reviewing the effectiveness of control measures for material risks as part of the Lufthansa Group's ICS. The relevant risks are selected annually. The review includes an assessment of the structure and the functionality of the ICS. Reporting on the results of the review forms part of the report to the supervisory boards of the individual companies on the effectiveness of the ICS, and to the Audit Committee of the Deutsche Lufthansa AG Supervisory Board on an overall basis.

OPPORTUNITIES AT AN INDIVIDUAL LEVEL

Employees and managers in the Lufthansa Group identify opportunities in the course of established processes and continuous market observation. Opportunity management is also an integral part of the annual strategy and planning processes.

Opportunities that, in an overall assessment, are considered advantageous for the development of the Lufthansa Group are pursued by means of defined steps.

In this report, opportunities are defined as possible future developments or events which may lead to a deviation from plans that is positive for the Company.

Macroeconomic opportunities

Economic environment

The Lufthansa Group's forecast for 2024 is based on the expectation that future macroeconomic conditions and sector developments will correspond to the description given in the → **Forecast, p. 143**. If the global economy performs better than forecast, this is expected to have a positive effect on the Lufthansa Group's business. Future revenue and earnings for the Lufthansa Group may, in this case, exceed the current forecast. As a global company, the Lufthansa Group can also benefit from positive developments outside its own home markets.

Opportunities beyond those specifically planned by the Lufthansa Group for the years ahead could arise if Russia's invasion of Ukraine comes to an end swiftly. The lifting of restrictions in international air traffic and an end to the negative impacts on energy markets, which are a burden for broad sections of the economy and consumers, could have a positive effect on costs and demand for the Lufthansa Group.

Ongoing stimulus measures and a faster than previously expected reduction in interest rates in the main global economies could also lead to a further upswing in demand and thus to higher revenue for the Lufthansa Group.

Sector-specific opportunities

Development of markets and competition

In line with the expectations of the International Air Transport Association (IATA), the Lufthansa Group's forecasts assume that the airline industry will continue to grow as a whole, despite global challenges such as ongoing resource bottlenecks and rising inflation. Compared with the level before the coronavirus pandemic, the Company is expecting the private travel segment to perform much better than the business travel segment. Additional opportunities could arise for the Company, leading to an improvement in earnings, if procurement markets develop better than forecast and demand, especially for business travel, is stronger. One condition for this is stable political conditions, and capacity growth in the overall market that is aligned with changes in demand.

Market consolidation

The consolidation trend in the fragmented European airline sector that was briefly interrupted by the coronavirus pandemic accelerated again in the reporting year.

The Lufthansa Group remains willing and able to play an active role in consolidating the market and seizing opportunities as they arise, in order to increase its market relevance.

Technical innovations

The entire aviation industry is particularly dependent on developments and innovations by aircraft manufacturers and technology partners. In view of the increasing focus on climate protection and stricter climate legislation, the development of technologies with lower or no emissions could accelerate and be ready for the market earlier.

Company-specific opportunities

Initiatives to promote cooperation and increased efficiency throughout the Company

The Lufthansa Group has a company-wide cultural initiative to promote cooperation across the hierarchy, in order to act more efficiently and flexibly in future. This also entails creating the conditions for generating reasonable profits on a long-term basis by cutting costs and increasing efficiency.

Additional opportunities for the Lufthansa Group would arise if the steps taken are more successful than planned and additional measures with a positive earnings impact are identified and implemented. Net profit for the period could develop better than forecast on the whole in both cases. → **Risk of failure to achieve cost-cutting targets, p. 133.**

Fleet modernisation
The Lufthansa Group benefits from strategically renewing its fleet. Modernising and simplifying the fleet structure helps to cut emissions, increase fuel efficiency and reduce maintenance and staff costs, thus directly improving earnings.

For the Lufthansa Group, additional opportunities would arise if the optimisation of the Group fleet and the positive earnings effect could be realised faster than expected as a result of favourable purchasing opportunities and the resolution of bottlenecks in the supply chain.

Partnerships and cooperation
Partnerships with other airlines are important to strengthen the market presence in key traffic regions. The Lufthansa Group's successful joint ventures are therefore being developed and partnerships expanded in all key markets.

The Lufthansa Group airlines based in economically strong regions are attractive as partners for other airlines and intermodal partners, such as railway companies, within Europe and elsewhere. Connecting new markets as part of existing and new cooperation agreements gives the Company the opportunity to reach additional customers and generate revenue.

Development of customised products and services
The further sharpening of the customer focus is a core element of the Lufthansa Group's strategy. The key aspects here are individualisation, digitalisation and sustainability. Developing new, innovative and sustainable products and services on the ground and on board, which are tailored to the individual needs of customers along the entire travel chain, creates opportunities for increasing income.

Digitalisation and innovations
It is vital to consistently exploit the potential for innovation and digitalisation in order to stay relevant in a market environment that is defined by higher customer expectations of digital services and competitive pressure to be efficient. Efficiency gains, cost savings and additional income that exceed planned amounts as a result of innovation and digitisation represent an opportunity for the Lufthansa Group.

Sustainability
Sustainability aspects play an increasingly important role for the Lufthansa Group. The Lufthansa Group therefore assumes its responsibility for the climate and the environment and works continuously to improve its ecological efficiency. Technology partnerships across sectors in the field of sustainable aviation fuels present opportunities for the Lufthansa Group to gain early economic benefits from new technologies. The Lufthansa Group's particular commitment to sustainability, which is reflected in its above-average performance in the main CSR ratings, also opens up more opportunities for the Company in several areas as sustainability aspects are playing an increasingly important role for customers and capital markets alike. The increasing relevance of the subject could also result in the Lufthansa Group obtaining better financing conditions than companies that are less committed.

Additional opportunities exist in terms of customers, because customers focused on sustainability could prefer the Lufthansa Group to other competitors on the basis of its commitment and the possibility of offsetting carbon emissions. Meeting the demand for certified offsets is becoming increasingly important, especially in the business travel and airfreight segments. The Lufthansa Group's pioneering role here creates particular opportunities.

Opportunities from the legislative framework

Political decisions at national and European level continue to exert a strong impact on the international aviation sector and thus also on the Lufthansa Group. Opportunities from improvements in the regulatory framework could arise for the airlines in the Lufthansa Group from the faster implementation of the Single European Sky project to harmonise air traffic control across Europe. In addition to reducing the costs of air traffic control, the implementation of the project would result in significantly shorter flight routes in Europe and therefore to savings on fuel consumption and emissions. → **Legal and regulatory factors, p. 33.**

In addition, the lifting of the extensive sanctions related to Russia's war of aggression against Ukraine could lead to a better business performance by the Company than expected.

More competition-neutral EU climate legislation could have a positive impact on future developments by reducing the competitive disadvantages for the airlines in the Lufthansa Group compared with carriers from outside Europe.

Finally, greater government funding for the research and development of sustainable technologies, in particular sustainable fuels, could enable these technologies to get to the market faster, increase their availability and reduce their price. This could reduce emissions faster and deliver associated positive effects on costs and income.

Financial opportunities
Financial market developments also represent opportunities for the Lufthansa Group. Favourable changes in fuel prices, exchange rates, interest rates or a higher credit rating than in the assumptions used for planning and forecasting may result in lower expenses, higher income, a reduction in liabilities and better financing conditions.

Since changes in fuel prices, exchange rates and interest rates are material risks as defined in the Lufthansa Group's risk management system, the relevant comments can be found in the chapter → **Financial risks, p. 138.**

RISKS AT AN INDIVIDUAL LEVEL

The table below shows the top risks for the Lufthansa Group. It encompasses all quantitative A and B risks, as well as qualitative risks with a rating of at least "substantial" and "high" in the order of their significance. Detailed explanations can be found in the following sections.

T050 TOP RISKS LUFTHANSA GROUP[1]

	Significance	Magnitude	Change compared with previous year	Description
Quantitative risks				
Fuel price movements	critical	extreme	→	→ p. 138
Revenue risks	critical	extreme	→	→ p. 132
Risk of failure to achieve cost savings targets	critical	extreme	→	→ p. 133
Risk from material problems in Pratt & Whitney engines in the Airbus A320neo fleet	critical	extreme	new	→ p. 134
Cyber and IT risks	critical	high	→	→ p. 135
Crises, wars, political unrest, terrorist attacks or natural disasters	critical	high	→	→ p. 131
Breaches of compliance requirements and data protection regulations	critical	medium	→	→ p. 136
Risks due to irregularities in flight operations (incl. reputation)	substantial	extreme	→	→ p. 132
Exchange rate movements	substantial	extreme	→	→ p. 139
Qualitative risks				
Pandemic diseases	critical	medium	↓	→ p. 132
Flight operations risks (with information security risks)	critical	low	→	→ p. 135
Regulatory risks resulting from climate change	substantial	extreme	→	→ p. 137
Human resources risks	substantial	extreme	→	→ p. 133
Provider risk[2]	substantial	high	→	→ p. 134
Strategic fleet sizing	substantial	high	→	→ p. 134
Increased noise legislation	substantial	high	→	→ p. 138
Risks in the Lufthansa Technik segment[3]	critical	extreme	↑	→ p. 133

[1] Unlike in 2022, in 2023 the risks "exchange rate losses on pension fund investments", "counterparty risk" and "digital transformation – entry of new competitors (Lufthansa Technik)" are no longer listed among the top risks, since their significance is no longer rated critical or substantial.
[2] The "provider risk" has been reclassified from quantitative to qualitative.
[3] Risk evaluation on segment level.

Macroeconomic risks

Uncertain economic environment

The Lufthansa Group's forecast for 2024 is based on the expectation that future macroeconomic conditions and sector developments will correspond to the description given in the → **Forecast, p. 143.** If the global economy performs worse than forecast, this is expected to have a negative effect on the Lufthansa Group's business.

Risks with potential effects on global economic growth, and thereby for the Lufthansa Group's sales, primarily arise from the further course of Russia's war of aggression against Ukraine, the Middle East conflict, a possible global recession, long-term high inflation and the energy transition towards renewable energies with the related government regulation.

Crises, wars, political unrest and natural disasters

The security situation due to Russia's invasion of Ukraine, the deteriorating, critical security situation in the Middle East and North, West and Sub-Saharan Africa, and the latent risk of terrorist attacks on air traffic and aviation infrastructure in Europe and Germany too, could have concrete effects on business operations and on the safety of the Lufthansa Group's flight operations, customers and employees.

The Russian war of aggression against Ukraine and the sanctions it has caused, including potential countermeasures, affect the development of the global economy and cause further increases in the prices of important energy sources such as oil and gas, and other resources. A destabilisation of the region and continued tensions between Russia and the member countries of NATO and the EU could also lead to pressures in the medium and long term.

The escalation of the Middle East conflict is a new dimension in the region with effects on the security of the whole world.

Particular challenges include the increase in hate speech and attacks, violent protests and increasing political tension.

Only continuous, proactive risk management by the Lufthansa Group makes it possible to continue ensuring safe flights that reflect the high safety standards of all concerned.

Potential financial losses could result from primary effects, such as not being able to fly to individual destinations, but also from significant secondary effects, including a drop in passenger numbers, higher insurance premiums, additional fuel costs due to airspace closures, higher costs due to a shortage of energy and raw materials or more stringent statutory security requirements.

Any further escalation in the Middle East conflict or Russia's war of aggression against Ukraine could affect the insurance coverage of airlines worldwide. In particular, there is a risk of insurance coverage being cancelled immediately in the event of direct military action between Russia, USA, China, the United Kingdom and France, and in the event of incidents constituting a casus foederis under Article 5 of the NATO treaty. To address this risk and ensure continuity of flight operations, the Lufthansa Group companies are engaged in discussions with governments and aviation authorities in their respective home markets.

Because of its strong symbolic effect, civil aviation is still a potential target of terrorist attacks. Geopolitical trends also mean there is an increasing risk of sabotage to traffic and other critical infrastructure (KRITIS) by actors commanded or supported by states. Military conflicts between states are a high risk, especially if they take place in the short term and outside clearly defined borders. The threat from air-defence systems, particularly from non-state actors, and increasing military activities mean that flights over crisis areas continue to require comprehensive risk assessment and management. The demands made of the security functions of international companies are rising continuously in view of the political environment and the continuous development of new technology. In this context, particular mention should be given to the greater availability and use of unmanned, and in some cases armed aircraft (drones) and the various challenges they present. Increasing security regulations due to greater threats, as well as a tightening of entry requirements for passengers around the world, could lead to further restrictions in international air traffic and thereby to adverse effects for the air transport industry. In addition to the escalation or acceleration of existing conflicts, there is also growing pressure on internal resources and established conflict resolution mechanisms at the same time.

In order to analyse, track and manage these risks, the Lufthansa Group carries out comprehensive monitoring of the global security situation and current events that may affect the Lufthansa Group. This includes natural events that may make high demands of our employees and the organisation of our flight operations. The Lufthansa Group prepares comprehensive security analyses on an ongoing basis and continuously refines them in order to assess developments in advance so as to draw up preventive scenarios in the event of any disruptions. It can draw on an extensive network of national and international security authorities and specialised security advisers to do so. The necessary security measures depend on the probability and consequences of the event.

To evaluate security-relevant events in the context of the regional environment, the Lufthansa Group uses a quality management system, which helps with the continuous evaluation of local security procedures, both in existing operations and with new destinations. In order to guarantee compliance with national, European and international aviation security legislation and the Lufthansa Group's own security standards, these sites are inspected regularly in the course of risk audits for aviation security and country risks. If necessary, deficits are compensated for by additional measures that may affect all relevant functional areas. In addition, perceptions of Germany, and of Switzerland, Austria, Belgium or the European Union in certain regions of the world and the profile of the Lufthansa Group compared with other, particularly exposed Western airlines are taken into account when choosing infrastructure and processes abroad.

Pandemic and epidemics

The risk of pandemics and epidemics is rising, partly due to increasing urbanisation, climate change and migration. Epidemics, pandemics or other causes such as bioterrorism could cause high rates of disease in various countries, regions or continents. In the short, medium and long term, this could drastically reduce the number of passengers travelling by air due to a fear of contagion, as was dramatically demonstrated in 2020 by the spread of the coronavirus pandemic. Furthermore, it is possible that staff may not be willing to fly to the countries concerned for fear of infection and that local employees want to leave these countries. A high prevalence of sickness among employees may put operations at risk. Official travel restrictions to prevent the transmission of pathogens may also result in operational constraints.

The Lufthansa Group permanently reviews information from the World Health Organisation (WHO), the US and European Centres of Disease Control, the Robert Koch Institute in Germany and other institutions in order to identify risks of an epidemic or pandemic as early as possible. Own staff with infectiological and epidemiological training use the different early warning systems for this purpose. Employees receive detailed information, risk groups are given personal protective equipment and preventive vaccination campaigns against influenza are run throughout the Lufthansa Group every year. Passengers receive optimal protection from infection by means of safety measures adapted to the situation and based on the Lufthansa Group's pandemic planning.

The coronavirus-related health risks to customers and employees of the Lufthansa Group have now declined significantly thanks to increasing immunity within the population. The ongoing evolution of the virus last year did not give any grounds for concern; its evolutionary changes have diminished since the emergence of the omicron variant.

There remains a general risk that new virus variants able to evade our immune system will arise, however. Generally speaking, the greatest risk for future pandemics comes from respiratory diseases caused by the influenza or coronaviruses, for example.

Sector-specific risks

Development of markets and competition

The growth of the aviation sector is highly dependent on the global political situation and correlates with the macroeconomic development. In the past, the airline industry was on a long-term growth path with above-average growth rates, especially in regions such as Asia/Pacific. Ongoing changes in demand in connection with the coronavirus pandemic, the Russian war of aggression against Ukraine and the influence of the climate debate mean that long-term market growth is expected to be lower than in the past. In addition, supply-side bottlenecks such as limited infrastructure and restrictions in supply chains act as further brakes on the development of air traffic. Cost competition, which is already prevalent in many segments of the airline market, will intensify further as a result of the changed market environment.

Revenue risks

The entire Lufthansa Group is exposed to revenue risks, And there is still a high level of uncertainty concerning future market developments. Whereas the risk of another more intense wave of coronavirus infections has declined, the steep rise in inflation, forecast slower economic growth and ongoing geopolitical crises all affect how demand and bookings will develop in future. These trends make it difficult to forecast revenue. In addition to the factors mentioned above, risks can still result from price fluctuations, excess capacities, economic fluctuations, competitive developments, potential changes in customer behaviour for reasons of climate protection, geopolitical influences and unpredictable events with a global impact. They can be addressed in the short term by continuously monitoring bookings and adjusting capacities. Sales, product, and cost-reduction measures can also be taken. In the long term, the intention is to improve unit costs systematically and sustainably by means of continuous efficiency gains.

Risks due to irregularities in flight operations

There are still bottlenecks in the supply of spare parts, engines and aircraft in many areas of the aviation industry. Capacities will remain under pressure in European air traffic, particularly in the summer months when traffic increases, to cope with rising passenger numbers. These bottlenecks represent risks for the airlines and may result in changes to flight timetables, delays and cancellations. This in turn may lead to lost revenue and additional costs for compensating and supporting the passengers affected. Numerous processes are being automated and optimised to minimise these risks and reduce the impact of flight irregularities. In addition, internal capacities are being increased by means of continuous recruitment.

Risks in the MRO segment

Lufthansa Technik is faced with challenging market dynamics in the maintenance, repair and overhaul (MRO) environment. The coronavirus pandemic is increasingly moving into the background and the aviation sector is seeing a significant, steady recovery due to pent-up demand. Demand in the MRO business is back at its pre-crisis level in the Americas and EMEA regions. In some cases, demand exceeds available capacity due to personnel shortages. The Asia-Pacific market is also recovering. Global demand for maintenance and repair services, which is relevant for Lufthansa Technik, is thus increasing significantly in the current phase. However, political crises, wars and high inflation mean that this market trend is not only hard to forecast, but also highly volatile and fragile.

There is an additional risk from maintenance contracts with Lufthansa Technik customers for Pratt & Whitney PW1100G engines. A contaminated metal powder that was used in the manufacture of components with a limited useful life in all the available Pratt & Whitney engine models means that a significant portion of the engines under contract require additional maintenance. For Lufthansa Technik, this could entail the risk that maintenance services contractually agreed with customers cannot be performed in full, and that insufficient compensation for this is obtained from the manufacturer. Lufthansa Technik is working with the customers, the authorities and the manufacturer to improve the situation quickly. Since the Lufthansa Technik group operates the world's biggest production site for maintaining the PW1100G engine, customers of Lufthansa Technik have the opportunity of being able to use their A320neo fleets in full again soon, despite a global shortage of production capacities.

Company-specific risks

Risk of failure to achieve cost cutting targets

The Lufthansa Group strives to improve its cost base, productivity and efficiency in all business segments. The identified improvement goals are part of the plan for the business segments and are discussed in detail during the planning process. There is a risk that the expected improvements are not achieved in full, or are only achieved later than originally expected. There is also a possibility that insufficient additional potential is identified in the course of the year, resulting in the agreed cost targets not being achieved in full. The steep rise in the inflation rate and the resulting increase in staff and operating costs also creates a risk of countervailing effects that counteract productivity and efficiency gains more than currently expected. Developments in total costs are reviewed regularly with every business entity and by the Executive Board to enable early countermeasures.

Staff

Labour disputes

There is a general risk of labour disputes as a result of pending collective bargaining agreements with various groups of employees within the Lufthansa Group.

A long-term wage agreement was signed in the reporting year with the Vereinigung Cockpit pilots' union (VC) for the cockpit crew at Deutsche Lufthansa AG and Lufthansa Cargo, covering both pay and working conditions. In view of these wage agreements there is no longer any strike risk. At the flight operations of Eurowings Germany, Lufthansa Cityline and Discover Airlines at least the strike risk is higher, however, since VC's demands are high and the positions are different. The possibility of these wage disputes spreading to other companies cannot be ruled out either.

The strike risk at SWISS has declined significantly thanks to the wage settlements for the pilots in early 2023 and the new collective agreement for cabin crew in late 2023.

The UFO (Unabhängige Flugbegleiter Organisation e.V.) trade union terminated the collective agreements on wages and part-time work for the flight attendants at Deutsche Lufthansa AG as of year-end 2023. The negotiations that began in December 2023 continued in 2024. However, given the demands on the table, there is a risk of calls for industrial action being made to back up the union demands.

The trade union ver.di (Vereinigte Dienstleistungsgewerkschaft e.V.) terminated the wage agreements of the ground staff covered by collective bargaining agreements of Deutsche Lufthansa AG, Lufthansa Technik and Lufthansa Cargo as of 31 December 2023. The no-strike obligation ceased as of year-end and the strike risk increased significantly. ver.di called two warning strikes of more than 24 hours each in February 2024. The strike risk will remain until a collective agreement is reached.

If the trade unions are successful in their demands, this may result in higher staff costs. Strikes can also lead to reputational damage and tangible economic impacts for the Lufthansa Group. → **Employees, p. 30.**

Lack of cooperation between works councils and labour unions

Effective, trust-based collaboration with the co-determination partners are a key factor for the Company's success. Numerous measures will again contribute to this goal in 2024. Market changes made further reorganisation necessary at Deutsche Lufthansa AG and shone a spotlight on the economic performance of the Lufthansa Group and on retaining and recruiting employees in the relevant home markets in 2023, with hiring needs expected to stay high. This means the Group has to be attractive as an employer, which is another focus for 2024. The challenge is to implement organisational changes as quickly as the economic environment and the labour market require, in order to maintain adaptability. A trusting relationship between the Works Council and the Executive Board has a vital influence on decision-making in operating matters, and a lack of trust can result in delayed decisions and more difficult negotiations.

Employee workload

Increased demand for flights in the second half of 2023 brought individual operating areas of the Lufthansa Group to the limits of their capabilities. Short-term secondment of additional administrative staff to operating areas relieved some of the pressure at peak times. Despite this, the strong surge in business put great pressure on staff, which in some cases had an adverse impact on the customer experience that could be provided and on employee satisfaction. In order to boost commitment and become more attractive as an employer, the working conditions for staff were revised in cooperation with the collective bargaining partners. The Lufthansa Group deliberately uses its employer branding and HR marketing activities to support additional hiring, and is making improvements to its recruitment process and certain key elements of its employees' experience, for example their onboarding. Various apprenticeships, student and trainee programmes are offered to this end, and talents in a variety of groups were supported and systematically networked. Furthermore, an assortment of professional development programmes are offered to enable employees to work on their personal and career development.

Staff structure

Differences between strategic HR requirements, the existing skill sets of employees and how they are distributed across the companies in the Lufthansa Group constitute a structural HR risk. The Lufthansa Group will recruit a large number of new employees in 2024. Both the administration of recruitment activities and the professional integration of new employees pose great challenges for the organisation. There is a risk of frustration at long recruitment processes and inefficient onboarding. The Lufthansa Group addresses this risk across the Group with a recruitment task force, strategic HR planning, the development of a skills model and by strengthening employer branding and recruitment.

Supplier risks

The economic effects of the current geopolitical situation and disruptions in supply chains also affect suppliers to the Lufthansa Group. Factors such as the energy crisis, a lack of raw materials and staff shortages or the insolvency of an important supplier mean there is a risk of disruptions in the supply of goods and services, which in turn jeopardise business continuity. Another risk is that of significant price increases.

Purchasing at the Lufthansa Group regularly identifies providers that are critical for business continuity and assesses the relevant risk. In order to address the risk of interruptions to supplies or a price increase in time or to mitigate it, there is a regular process of dialogue with relevant suppliers. Suitable instruments are also used, such as changing the terms of payment, reviewing contracts regularly and implementing a system to visualise and manage the risks of any supply chain disruption.

Risk from material problems in Pratt & Whitney engines in the Airbus A320neo fleet

The Lufthansa Group is increasingly confronted with risks resulting from problems with the materials in components of Pratt & Whitney PW1000G engines. The effects extend to the Airbus A320neo and Airbus A220 fleets at the Lufthansa Group. This problem entails the risk of operating interruptions, a shortage of spare parts and higher maintenance costs for the airlines in the Lufthansa Group that use these engines. The Lufthansa Group is responding to this challenge by monitoring the affected engines more closely and adjusting the operating and maintenance strategies. This includes regularly assessing the risks related to these engines and close consultations with Pratt & Whitney and other relevant suppliers. The aim is to ensure the availability of spare parts and to minimise potential interruptions to operations. The Lufthansa Group is also negotiating with the manufacturer Pratt & Whitney regarding appropriate compensation for the ensuing costs.

Risks from strategic fleet sizing

The strategic sizing of the Group fleet determines the available capacity and therefore also a large part of the fixed costs and future capital expenditure. Due to the demand, competition and cost risks mentioned above, as well as potential delivery delays for new aircraft, there is a risk that the size of the fleet does not develop as planned, resulting in a decline in earnings.

As part of the annual strategy and planning process, the Lufthansa Group regularly reviews the planned fleet development over the next ten years and takes decisions on the allocation of aircraft to the various airlines in the Group and capacity for the next four years.

Fleet planning is also reviewed and adjusted during the year as needed. The fleet may be reduced through the sale and parking of aircraft. Similarly, aircraft orders may be cancelled or delivery postponed in negotiations with aircraft manufacturers, and lease agreements may be terminated. If deliveries are delayed it is possible to postpone planned retirements and take out additional leases at short notice.

Flight operations risks

The airlines in the Lufthansa Group are exposed to potential flight and technical operating risks. One of these is the risk of not being able to carry out regular flight operations for technical or external reasons. Another risk is the risk of an accident, with the possibility of personal injuries and damage to property. This is divided into environmental factors (for example, weather or bird strike), technical factors (such as engine failure), organisational factors (for instance, contradictory instructions) and the human factor.

The companies in the Lufthansa Group search for these dangers systematically and in a forward-looking manner in order to manage the resulting risk by means of suitable countermeasures and to increase the level of flight safety further. For example, every single flight made by an airline in the Lufthansa Group is routinely analysed using the parameters recorded in the flight recorder (black box) in order to identify any peculiarities at an early stage and to act on them, such as in the context of training courses. Other sources of information, for example, accidents and hazardous situations around the world that come to light, are also analysed and the results integrated into prevention measures, such as training courses, where relevant. The safety management systems are continuously improved and refined.

The sustained implementation of uniform flight safety standards across the entire Lufthansa Group is also supported by further progress on harmonising the IT environment in the course of safety management. Ongoing dialogue between the airlines in the Lufthansa Group provides an opportunity to consolidate information gained in an operational setting and factor it into the development of the corresponding standards. A standardised platform for the analysis of flight data relevant to flight safety is currently being implemented.

Risks in connection with information security in flight operations are also taken into account. This concerns the IT systems on board and on the ground that are relevant to a flight event and the associated data exchange processes; it applies both to the Lufthansa Group's own systems and processes and to supplier processes and products.

Cyber and IT risks

Cyber risks are all risks to which computer and information networks, ground and in-flight IT infrastructure as well as all IT-enabled commercial and production processes are exposed as a result of sabotage, espionage or other criminal acts. If established security measures fail, the Lufthansa Group may suffer reputational damage and be obliged to make payment on the basis of contractual and statutory claims by customers, contract partners and public authorities. A loss of income is also conceivable if operating systems should fail.

The business processes in the Lufthansa Group are supported by IT components in virtually all areas. The use of IT inevitably entails risks for the stability of business processes and for the availability, confidentiality and integrity of information and data, and such risks ultimately cannot be fully eliminated.

The number of worldwide cyberattacks continues to increase and they are becoming more professional. This is borne out by the Group's experience of security incidents and by information from other companies and public agencies. At the same time, the digitalisation of business processes in the Lufthansa Group is increasing, meaning that the potential effects of cyberattacks and the corresponding risk potential may also continue to escalate.

The Lufthansa Group monitors the IT security situation across the Group, the industry, and worldwide on an ongoing basis. On this basis, the Lufthansa Group takes various measures to strengthen its IT security. Technological tools are continuously refined to prevent and respond quickly to cyberattacks, processes have been adapted to changing risk scenarios and the new hybrid working practices, and awareness training is carried out regularly. Measures have been implemented in various core areas across the Group as part of the cybersecurity programme adopted by the Executive Board and are being rolled out to strengthen cyber resilience within the Lufthansa Group. This also includes the mitigation of new risks arising from the digitalisation of aircraft. In line with the current risk assessment, measures are defined that also include partners and providers of the Lufthansa Group when they are implemented in the IT systems and processes. The results from the programme are already showing a positive contribution to reducing risks. The Lufthansa Group also monitors its own cybersecurity performance, that of the individual subsidiaries and key providers using an external, neutral cybersecurity rating. This makes it possible to compare the Group's security level with that of other industry participants and sectors.

IT risk and IT security processes are organised across segments. The status of IT risks and IT security is compiled annually, consolidated at Group level and discussed by the Risk Management Committee of the Lufthansa Group. The Lufthansa Group's information security management system (ISMS) for core processes (including passenger check-in, frequent flyer programme, Logistics, MRO and IT) is certified in accordance with ISO 27001. The risk and security management systems and selected other measures are also reviewed regularly by the Internal Audit department.

The Lufthansa Group sources most of its IT infrastructure from external service providers. The operational and commercial risks involved in this kind of outsourcing by nature are assessed and managed on a continuous basis.

Risks of breaching data protection regulations

Protecting the privacy of its customers, employees, shareholders and suppliers is an important and self-evident concern for the Lufthansa Group. With a view to meeting the requirements of the General Data Protection Regulation (GDPR), all Group companies within the scope of the GDPR have put in place appropriate governance structures and processes in accordance with the requirements of the Group's Executive Board, based on recommendations from the Group's data protection unit to identify and manage potential risks from breaches of the extensive legal requirements. Customers regularly exercise their rights to access and erasure of data. Risks arising from international regulations are also taken into account.

Compliance risks

Compliance refers to the observance of legally binding requirements, and is intended to ensure that the Company, its executive bodies and its employees act in accordance with the law. The effectiveness of the compliance programme is therefore vital to the Lufthansa Group.
https://investor-relations.lufthansagroup.com/en/corporate-governance.html

The Lufthansa Group is active in many countries and is therefore subject to various legal norms and jurisdictions with different legal frameworks, including for criminal law on corruption. In addition, all activities not only have to be judged against local criminal law, the laws applicable in the sales area and the local cultural customs and social conventions, but also against extraterritorial regulations such as the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act. Any infringements are investigated rigorously; they may result in criminal prosecution for the individuals involved and could expose the companies in the Lufthansa Group to hefty penalties or fines. There would also be significant reputational damage and the Company would be put at a distinct disadvantage when competing for public tenders. The Lufthansa Group has put processes in place that are intended to identify specific compliance risks and, in particular, to prevent corruption.

The Lufthansa Group is also exposed to risks arising from competition and antitrust law. They stem, in particular, from the fact that the Lufthansa Group also operates in highly oligopolistic markets, has a strong position in some markets, cooperates with competitors in alliances, and that legal parameters may change. In some business units in the Lufthansa Group the same individuals are employees of suppliers and competitors as well as customers. The Lufthansa Group's Competition Compliance function addresses the risks of collusive behaviour and provides executive bodies and employees with extensive training.

The Lufthansa Group, in particular Deutsche Lufthansa AG as a publicly listed company, is also exposed to risks from capital market compliance. The EU Market Abuse Regulation (MAR) and many other national and European regulations have codified bans on insider trading and market manipulation, the obligation to make ad hoc announcements as well as other obligations relating to capital markets. These regulations are directly applicable in Germany. However, in some cases, it is still difficult to predict and to put into practice the interpretation of these new European rules, particularly concerning ad hoc announcements and administrative practices. The Lufthansa Group takes many organisational precautions to comply with the provisions of the MAR. The Group uses special software to compile insider lists, for instance, and to publish any ad hoc announcements, and it has the corresponding policies, information letters and process descriptions at hand. The Corporate Compliance Office also conducts online training courses for those groups of employees specifically affected by the laws applicable to insider trading and market abuse. Matters relating to the law on ad hoc announcements are also discussed with the Ad Hoc Committee in consultation with external experts.

Despite the existence of a compliance management system and its risk-mitigating activities, individual breaches and related investigations by public authorities and penalties cannot be ruled out completely, particularly in the fields of integrity, competition and capital market compliance.

Litigation, administrative proceedings and arbitration

The Lufthansa Group is exposed to risks from legal, administrative and arbitration proceedings in which it is currently involved or which may take place in the future. Due to the adverse effect this may have on the proceedings and in accordance with DRS 20 No. 154, the risks have not been quantified. It cannot be ruled out that the outcome of these proceedings may cause significant damage to the business of the Lufthansa Group or to its net assets, financial and earnings position. Appropriate provisions have been made for any financial losses that may be incurred as a result of legal disputes. More information on provisions for litigation risks and contingent liabilities can be found in → **Notes 37** and **47 to the consolidated financial statements.**

Furthermore, the Lufthansa Group has taken out liability insurance for an amount that the management considers appropriate and reasonable for the industry in order to defend itself against unjustified private third-party claims and to settle such claims it considers justified. Even in such cases, however, this insurance cover does not protect the Lufthansa Group against possible damage to its reputation. Such legal disputes and proceedings may also give rise to expenses in excess of the insured amount, expenses not covered by the insurance or those which exceed any provisions previously recognised. Finally – and depending on the type and extent of future losses – it cannot be guaranteed that the Lufthansa Group will continue to obtain adequate insurance cover on commercially acceptable terms in the future.

Ryanair has appealed to the European Court of Justice against the decision by the European Commission approving stabilisation measures for companies in the Lufthansa Group. Stabilisation measures of around EUR 7.6bn in total are affected for Deutsche Lufthansa AG, Austrian Airlines AG and Brussels Airlines SA/NV. The lawsuits relating to the state aid for Austrian Airlines AG and Brussels Airlines SA/NV have since been dismissed in the first instance. However, Ryanair has lodged an appeal against this decision with the European Court of Justice in the Austrian Airlines AG case. The appeal period is still running in the Brussels Airlines SA/NV case following the ruling in their favour in October 2023. In May 2023, the European General Court upheld the action for annulment with regard to the stabilisation measure in the amount of EUR 6bn granted to Deutsche Lufthansa AG by the Economic Stabilisation Fund (ESF) of the Federal Republic of Germany and annulled the corresponding state aid decision of the European Commission on the grounds of substantive errors of law. Until a final judgement is made or a new state aid decision is issued, uncertainty remains as to the legal consequences of the annulment of the decision to grant state aid. There is no immediate repayment risk as the stabilisation measures have already been completed and Deutsche Lufthansa AG has already repaid the silent participations from the ESF in full.

Potential indirect consequences include the demand for clawback interest for the period between the allocation and the repayment of the stabilisation funds, as well as the imposition of conditions attached to a new state aid decision. Deutsche Lufthansa AG appealed to the European Court of Justice against the ruling of the court of first instance. As of the date of this report, it is not yet clear whether the European Commission and the Federal Republic of Germany will intervene in the appeal. Nor is it known how the further proceedings at the European Commission in its response to the judgement of the European General Court will pan out. Deutsche Lufthansa AG expects the European Commission to initiate a formal examination procedure, as it has done in similar cases.

The Lufthansa Group is subject to tax legislation in many countries. Changes in tax laws and case law, as well as different interpretations as part of tax audits/external wage tax audits can result in risks and opportunities affecting tax expenses, income, claims and liabilities. The Corporate Taxation department identifies, evaluates and monitors tax risks and opportunities systematically and at the earliest stage possible, and initiates steps to mitigate the risks as necessary.

Regulatory risks

Political decisions at national and European level continue to have a strong influence on the international aviation sector. This is particularly the case when countries or supranational organisations unilaterally intervene in the competition within a submarket, for example, by way of regional or national taxes, emissions trading, fees and charges, restrictions or subsidies. The Lufthansa Group campaigns actively to influence these developments in the appropriate boards and forums and in cooperation with other companies and industry associations.

Regulatory risks in connection with climate change

The European Commission published a package of legislation entitled “Fit for 55” in July 2021, which is intended to reduce carbon emissions by 55% compared with 1990. Air transport is particularly affected by the revision of the Emissions Trading System (ETS), the proposal to introduce a quota for blending sustainable aviation fuels (SAF) and the proposal to abolish the mandatory tax exemption and introduce a uniform minimum tax for aviation fuel.

Air traffic within the EU is already part of the EU Emissions Trading System, EU ETS, which has been associated with the Swiss Emissions Trading System since the beginning of 2020. The revision of the ETS will result in higher costs and/or additional conditions, because there are requirements to, for example, reduce the emissions limit, or “cap”, and abolish the existing allocation of free emissions rights. Both will increase the Lufthansa Group’s ETS costs in future financial years. Tightening the ETS severely distorts competition.

The introduction of quotas for blending SAF has also been decided at the European level and in various EU member states. This will not only increase fuel costs for the Lufthansa Group, but result in a further distortion of competition in intercontinental traffic. Airlines from outside Europe with transfer stops near Europe could then continue to use unblended fuel for part of the journey and ignore the quota.

As part of the revision of the Energy Taxation Directive, the European Commission is proposing to abolish the mandatory tax exemption and introduce a minimum tax on aviation fuel, which creates an additional cost risk. Since the proposal is only for a minimum tax, there is also the risk of different tax rates within Europe, which would also create a distortion of competition within Europe.

In future, the regulation will also take into account the "non-CO_2 climate impact of aviation", such as condensation trails and nitrogen emissions. Operational measures may also reduce climate impact. However, research in this area has only just begun. As a result, the focus of regulation will remain on carbon emissions for the time being. In addition to wide-ranging measures to limit carbon emissions, such as the continuous renewal of its fleet, the use of sustainable aircraft fuels and the expansion of voluntary carbon offset options, the Lufthansa Group participates in the public debate – sometimes together with other European airlines, airports and industry associations – and endeavours to prevent any regulations that could distort competition. → **Combined non-financial declaration, p. 73.**

Increased noise legislation

Stricter noise standards may apply to airlines or airports. They may cause, for example, higher costs for retrofitting aircraft, bans on specific aircraft models, higher charges or higher monitoring expenses. The still outstanding revision of the directive on environmental noise at European level is primarily relevant here. The limits set in the Aircraft Noise Abatement Act were reviewed at the federal level as scheduled in 2017. The Act has not yet been amended. Although the latest results of noise research do not show any significant changes in health risks, the way in which noise is perceived as a nuisance by those affected has changed radically, even when noise levels at airports are stable. Further lobbying is taking place in this area to tighten noise legislation.

In November 2017, the Lufthansa Group, Fraport, Condor, the Board of Airline Representatives in Germany (BARIG) and the government of Hesse came to a voluntary agreement on noise limits at Frankfurt Airport, which have never since been exceeded. The assumption is that as the fleet renewal continues, this limit will not be exceeded in future either, thus allowing for further growth. The agreement does not provide for any interference with operating licences as long as the limits are respected. Introducing a voluntary noise limit in Frankfurt could have an effect on other sites in Germany.

The Lufthansa Group develops coordinated strategies by means of targeted communications in collaboration with trade associations and other industry stakeholders. It is involved in research projects looking at active noise abatement measures and follows research into the effects of noise closely.
→ **Combined non-financial declaration, p. 73.**

Financial risks

Financial market developments represent opportunities and risks for the Lufthansa Group. Negative changes in fuel prices, exchange rates and interest rates can result in higher expenses and/or lower income compared with the assumptions used for planning and forecasting.

System of financial risk management for fuel prices, exchange rates and interest rates

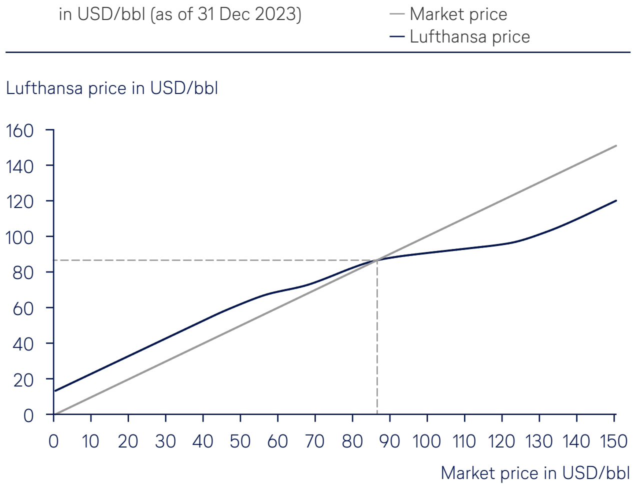
Financial and commodity risks are systematically and centrally managed for the entire Group on the basis of internal guidelines. The derivative financial instruments used serve to hedge underlying transactions. Here, the Lufthansa Group works with partners that have at least an investment grade rating equal to Standard & Poor's "BBB" rating or a similar long-term rating. All hedged items and hedging transactions are tracked in treasury systems so that they can be valued and monitored at any time. The functions of trading, settlement and controlling of financial risk are strictly separated at an organisational level. The executive departments and Financial Risk Controlling ensure compliance with these guidelines. The current hedging policies are also discussed regularly in management bodies across the business areas. → **Notes to the consolidated financial statements, Note 46.**

Fuel price movements

In the 2023 financial year, the price of crude oil was on average 17% lower than in the previous year. The price difference between crude oil and kerosene, known as the jet crack, remains at a historically high level, even if it has gone down since 2022. Whereas the jet crack was USD 40.41/barrel on average in 2022, it came to USD 29.58/barrel in 2023.

C28 HEDGED OIL PRICE LUFTHANSA GROUP 2024 [1)]

in USD/bbl (as of 31 Dec 2023)



1) Including fuel price hedges not allocated to hedging.

In the reporting year, the Lufthansa Group consumed 8.8 million tonnes of kerosene. At around EUR 7.9bn, fuel expenses constituted a major item of expense for the Lufthansa Group in 2023. Severe fluctuations in fuel prices can have a significant effect on earnings. A change in the year-end fuel price of +10% (–10%) in 2024 would probably increase (reduce) fuel costs for the Lufthansa Group by EUR 547m (EUR –545m) after hedging. This scenario analysis does not assume that ticket prices are altered following changes in fuel prices.

The Lufthansa Group uses rules-based fuel hedging with a time horizon of up to 24 months. The target hedging level for fuel hedging was 85% as of 31 December 2023. The aim is to reduce fluctuations in fuel prices. The Lufthansa Group uses standard financial market instruments in fuel hedging. Hedges are mainly in gas oil, as well as crude oil and with option combinations for reasons of market liquidity. Incomplete protection against higher prices is accepted in exchange for maximising the benefits derived from any fall in prices. The increasing use of gas oil hedges instead of solely crude oil-based hedges addresses the price difference to kerosene to a greater extent than in prior years. At the same time, additional forward hedges were concluded for the price difference between kerosene and crude oil, and between gas oil and crude oil. The instruments used will be settled by payments and will not result in physical deliveries. As of 31 December 2023, there were crude oil, gas oil and kerosene hedges for circa 77% of the forecast Group fuel requirement for 2024 in the form of futures and options. Crack hedges were also taken out for 8% of the fuel requirement, a significantly smaller percentage than in the previous year. Around 28% of the forecast fuel requirement for 2025 was hedged at that time. As fuel is priced in US dollars, fluctuations in the euro/US dollar exchange rate can also have an additional positive or a negative effect on reported fuel prices. US dollar exposure from planned fuel requirements is included in currency hedging.

Exchange rate movements

Foreign exchange risks for the Lufthansa Group arise in particular from international ticket sales and the purchasing of fuel, aircraft and spare parts. All subsidiaries report their planned currency exposure over a timeframe of at least 24 months. At Group level, a net position is aggregated for each currency to take advantage of “natural hedging”. Seventeen foreign currencies are hedged because their exposure is particularly relevant to the Lufthansa Group. The US dollar is the only one of these currencies for which there is a net requirement. 52% of this net requirement for 2024 of USD 5.1bn was hedged as of 31 December 2023. → **Notes to the consolidated financial statements, Note 46.**

OVERALL STATEMENT ON OPPORTUNITIES AND RISKS

The Lufthansa Group reported a significant recovery in demand in financial year 2023. The Lufthansa Group Passenger Airlines were able to expand their capacity further as a result and significantly improve their earnings compared with the previous year. The recovery is expected to continue in 2024. The good business performance had a positive impact on liquidity. An additional instrument for forward-looking identification and management of liquidity risks is the continuous reporting of risk-bearing capacity. Higher demand also means a stabilisation of earnings risks.

On the other hand, geopolitical conflicts, resource and supply-chain bottlenecks and economic developments have caused certain risks to increase.

In this challenging environment, the Lufthansa Group continues to rely on its ability to adjust its capacities and resources flexibly to changing market conditions and to use this flexibility to seize opportunities for the Company’s long-term development.

The Executive Board of Deutsche Lufthansa AG is not aware of any material or systemic matters that are inconsistent with the suitability and effectiveness of risk management as a whole. However, it must be remembered that, irrespective of the design, risk management cannot provide absolute assurance. The Executive Board continues to strive for a balance between opportunities and risks.

DESCRIPTION OF THE INTERNAL CONTROL SYSTEM

The Lufthansa Group's internal control system (ICS) covers all the principles, procedures and steps intended to ensure effective, economical and accurate key processes and compliance with the relevant legal regulations. It is based on the COSO framework (Committee of the Sponsoring Organizations of the Treadway Commission). The framework defines the elements of a control system and sets the standards for measuring the appropriateness and effectiveness of the ICS.

The Lufthansa Group has an overarching, integrated ICS and risk management methodology with standardised processes to define the necessary controls, document them according to uniform rules and test them regularly to ensure that they are effective and appropriate.

The ICS aims to ensure the reliability of operating information, compliance with internal and external requirements and the avoidance of financial losses.

To achieve this objective, four principles are applied in the Internal Control System:

The principle of functional separation states that executive activities (e.g. purchasing), recording activities (e.g. financial accounting, inventory accounting) and administrative activities (e.g. inventory management) that are carried out within a business process (e.g. the purchasing process, from the calculation of requirements through to payment), should not be performed by the same person.

The principle of control states that in a well-functioning control system, risks to the objectives of the ICS should be mitigated by means of process-integrated and process-independent activities.

The need-to-know principle states that employees should only have access to the information they need for their work. This also covers the corresponding security measures for IT systems.

The transparency principle states that reference concepts must be established for processes, which enable an external party to judge whether those involved are working in accordance with the relevant reference concept. At the same time, this defines the expectations of the organisation's leaders.

Overall responsibility for the ICS required to manage risk lies with the Executive Board of the Lufthansa Group, which defines the scope and the format of the systems in place based on the specific requirements of the Lufthansa Group.

The Executive Board has established a risk management and internal control organisation for the continued development and monitoring of the ICS process, and to drive the ongoing integration and harmonisation of the existing control activities in accordance with legal and operational requirements. It is led by the Head of Corporate Controlling.

This organisation consists of a central unit that acts as the process owner for the ICS and risk management process, and transfers its methodological competence to the wider organisation by means of policies. The annual review of the policy's scope ensures that all material components are included in the ICS.

Each organisational unit covered by the ICS policy is obliged to take part in the ICS process, or is exempt from this obligation if it is not covered. Companies within its scope must provide an ICS officer and an ICS coordinator (a decentralised ICS unit) to implement the policy in the organisational unit and to operate the ICS. The decentralised ICS unit is obliged to implement an appropriate and effective ICS within its sphere of responsibility, based on the mandatory methodology for the Group.

Their different business activities mean that the scope of the activities to be performed by each unit varies. It depends partly on the materiality of the unit for the consolidated financial statements and the specific risks associated with the respective business segment.

In order to obtain a realistic opinion of the effectiveness of the internal control system at Group level, this organisation ensures its implementation and continued methodological development in the Lufthansa Group.

The results of the monitoring activities are reported annually in the Executive Board meetings to evaluate the Company's overall risk situation. The Head of Corporate Controlling supports the Executive Board with the operation and monitoring of the ICS and with reporting to the Audit Committee of the Supervisory Board.

The central ICS unit is responsible for monitoring and coordinating the entire process so as to guarantee an appropriate and effective ICS within the Lufthansa Group.

This process ensures the scope of the ICS, that it is up-to-date and that the monitoring activities are carried out to the extent required.

The rule-based ICS process is represented by an ICS lifecycle. This consists of the steps illustrated below, which run sequentially or in parallel:

— Scoping phase
— Determination of target requirements
— Maintenance phase
— Effectiveness test
— Coordination of test results
— Activity monitoring
— Quality assurance of self-assessments
— ICS reporting

The ICS lifecycle is mapped in full in a governance risk and compliance IT tool.

The scope of the ICS is defined by a catalogue of topics. This not only includes topics related to financial reporting, but also additional processes and topics from general areas, such as Treasury, Taxes, IT, Compliance and operational topics.

In addition to the general requirements for an ICS-relevant topic (e.g. that it should capture the risks of a defective organisational structure or process documentation), elements specific to the function or contents must be added for each area or category by the central Group Functions or the Group companies.

The ICS of the Lufthansa Group and its constitutive elements are covered by regular audits by the Internal Audit function.

They take place either as part of the risk-based annual audit plan, or in the course of audits performed on request in the course of the year.

Mandatory ICS effectiveness audits are also carried out across the Group for all the topics in the ICS catalogue on the basis of the annual audit plan. These audits mostly take the form of self-assessments, and are also performed regularly by Internal Audit.

Any findings of limited effectiveness are documented as to-do activities with defined responsibilities and deadlines. The companies are responsible for implementation. These activities are monitored at the level of the company and the Group.

The central ICS unit prepares a report on the effectiveness of the ICS in the first quarter of the following year to comply with the legal requirements of Section 107 Paragraph 3 AktG. The report provides information to the Supervisory Board's Audit Committee about the results of the effectiveness testing and the activities still to be completed from the previous reporting period.

The company ICS officer is responsible for internal reporting within the respective companies. Ideally this takes place in the first quarter of the following year, but may vary from one company to another.

The Executive Board of Deutsche Lufthansa AG is not aware of any material or systemic matters that are inconsistent with the suitability and effectiveness of the ICS as a whole. However, it must be remembered that, irrespective of the design, an ICS cannot provide absolute assurance.

DESCRIPTION OF THE ACCOUNTING-RELATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN ACCORDANCE WITH SECTION 289 PARAGRAPH 4 AND SECTION 315 PARAGRAPH 4 HGB

The ICS covers all the principles, procedures and steps intended to ensure effective, economical and accurate accounting and compliance with the relevant legal regulations. It is based on the COSO framework (Committee of the Sponsoring Organizations of the Treadway Commission).

Overall responsibility for the Internal Control System required to manage risk lies with the Executive Board of Deutsche Lufthansa AG, which defines the scope and the format of the systems in place based on the specific requirements of the Lufthansa Group.

The central Corporate Audit department of Deutsche Lufthansa AG as well as the decentralised internal audit departments at Delvag Versicherungs-AG and Lufthansa AirPlus Servicekarten GmbH are embedded in the internal monitoring system for the Lufthansa Group and act independently of business processes. In addition, the effectiveness of those areas of the internal control system relevant to financial reporting are reviewed by the auditors as part of a risk-oriented approach to their audit. The Audit Committee of the Deutsche Lufthansa AG Supervisory Board monitors the effectiveness of the internal control system and risk management system on the basis of Section 107 Paragraph 3 of the German Stock Corporation Act (AktG).

The objective of the internal control system for accounting processes is, by implementing checks, to provide a reasonable degree of certainty that the annual financial statements and the consolidated financial statements of Deutsche Lufthansa AG comply with the rules, despite the risks identified.

The following preventative and investigative checks are embedded in the accounting process:

— IT-supported and manual cross-checks,
— functional separation,
— dual signatures and
— monitoring checks.

Operational accounting processes are carried out locally at the Group companies and also using the Group's own and external shared service centres. Expert opinions for determining the amount of pension provisions are prepared by external consultants.

Corporate Accounting is functionally responsible for preparing the consolidated financial statements and draws up binding regulations for the Group companies that pertain to form, content and deadlines. The Lufthansa Group's accounting guidelines are updated regularly and define uniform accounting policies for the domestic and foreign companies included in the consolidated financial statements of the Lufthansa Group in accordance with the International Financial Reporting Standards (IFRS) applicable in the European Union. For Deutsche Lufthansa AG and other German companies in the Group, a guideline defines rules for drawing up individual financial statements in line with the German Commercial Code (HGB). This ensures that standardised Group accounting practices are applied to the recognition, measurement and presentation of balance sheet items, with as little room for discretion as possible. The formal requirements relate to the mandatory use of a standardised and complete set of reporting forms and a uniform chart of accounts for the Group. When they submit the reporting package, the responsible managers at the Group companies must confirm to the Executive Board of Deutsche Lufthansa AG that they comply with these policies.

Individual financial statements that contain errors are selected and restated as necessary at company or Group level on the basis of control mechanisms already defined in the SAP SEM-BCS consolidation software and/or by systematic plausibility checks. The consolidation system dictates the different deadlines for various elements of the reporting package and verifies centrally that they are adhered to during the preparation process.

The IT systems used for accounting are protected against unauthorised access by special security precautions.

By means of the organisational, control and monitoring structures defined for the Lufthansa Group, the internal control system and risk management system as it relates to accounting ensures that all matters affecting the Company are captured, processed and evaluated, and are presented adequately in the Group's financial reporting. In particular, the use of individual discretion, faulty checks, criminal acts by those involved and other circumstances may compromise the effectiveness and reliability of the internal control system and risk management system in place. This means that even the Group-wide application of these systems cannot guarantee with complete certainty that facts are presented correctly, fully and promptly in the consolidated financial statements. These statements only relate to Deutsche Lufthansa AG and the major subsidiaries included in the consolidated financial statements of Deutsche Lufthansa AG.

FORECAST

- Global econony forecast to grow only slightly in 2024.
- Markets assume that interest rates will be cut if inflation goes down.
- Growth expected in all the market segments relevant for the Lufthansa Group.
- Passenger Airlines plan further capacity expansion in view of expected demand growth.
- Lufthansa Group forecasts significant increase in revenue. Adjusted EBIT expected to remain stable compared to the prior year.
- Results of individual business segments also expected to be at the same level as the previous year.

MACROECONOMIC OUTLOOK

Economic and sector-specific developments can have a significant influence on the operating and financial performance of the Lufthansa Group. The following forecast for the course of business is therefore based on assumptions about the development of the wider economy and the sector. These assumptions are described below. The Lufthansa Group continually monitors the development of this operating environment so that it can respond as quickly and comprehensively as possible to any changes.

Only slight economic growth expected in 2024

According to data from Global Insight, global economic growth of 2.3% is forecast for 2024, compared with growth of 2.7% the year before. The European economy is only predicted to grow by 0.7% (previous year: 0.6%). The expected growth rate for Germany of 0.3% is lower (previous year: – 0.2%).

Further economic developments in 2024 will depend on the extent to which initial success in fighting inflation leads to interest rate cuts, and on further developments in the Russian war of aggression against Ukraine and in the Middle East conflict.

T051 GDP DEVELOPMENT [1]

	Forecast 2023 to 2027 compared with the previous year				
in %	2023	2024	2025	2026	2027
World	2.7	2.3	2.6	2.7	2.7
Europe	0.6	0.7	1.7	1.8	1.7
Germany	– 0.2	0.3	1.3	1.5	1.5
North America	2.3	1.6	1.5	1.4	1.4
South America [2]	2.2	1.6	2.7	2.9	3.1
Asia/Pacific	4.5	4.1	4.1	4.1	4.0
China	5.4	4.7	4.5	4.5	4.5
Middle East	1.0	2.1	2.5	3.6	3.1
Africa	3.1	3.3	4.0	3.9	4.1

Source: Global Insight World Overview as of 15 Jan 2024.
[1] Forecast.
[2] Excluding Venezuela.

Reaction of central banks to inflation trends

Exchange rates in the euro area will depend largely on the inflation rate and the resulting reactions of the central banks. Both the European Central Bank and the US Federal Reserve will continue to pursue the goal of inflation reduction and will cut interest rates again to limit the risk of deeper recessions when the desired level of inflation has been reached.

Analysts expect the euro to strengthen slightly against the US dollar on average in 2024, to fall against the Japanese yen and to move sideways against the other major currencies.

If it becomes apparent that inflation in the euro area is falling to the target of 2%, the expectation is that the European Central Bank will ease its monetary policy again by adjusting the interest rate. The first interest rate cut is expected for the first half of 2024. The Fed, the US central bank, is also expected to cut interest rates in the same period.

Futures markets indicate slight decline in oil prices

Prices are expected to fall again slightly on the futures market. As of 31 December 2023, futures contracts for delivery in December 2024 were trading at USD 75.00/barrel, and for delivery in December 2025 at USD 72.01/barrel. However, market participants still expect volatility to remain high and have identified a high degree of forecast uncertainty due to the Russian war of aggression against Ukraine and the Middle East conflict.

SECTOR OUTLOOK

Passenger traffic expected to exceed pre-crisis level in 2024

The International Air Transport Association (IATA) predicts that global passenger traffic – measured by global revenue passenger-kilometres – will grow year-on-year by 10% in 2024 (previous year: growth of 38%). This would put passenger traffic 5% above its pre-crisis level in 2019.

In its forecast for 2024, IATA expects significant regional differences in growth. The highest growth of 13% is expected for the Asia/Pacific region, followed by Europe at 10%. Growth of 7% is predicted for Africa and Latin America, respectively, and of 6% for North America and the Middle East, respectively.

According to the forecasts, the industry is set to exceed its pre-crisis level again in 2024 for the first time since the coronavirus pandemic. European short-haul traffic almost returned to its pre-crisis level in the reporting year, and financial analysts specialised in the industry are forecasting that long-haul traffic too will continue to grow in 2024. However, industry-wide constraints, such as a shortage of staff at airports, in air traffic control and at airlines, as well as delays in the delivery of new aircraft, are expected to limit growth and support airlines' pricing power, according to experts.

In addition to ongoing strong demand for leisure travel, business travel is expected to continue its recovery in the 2024 financial year. A full return to the pre-crisis level is not expected, even in the medium term, however. This is due partly to greater use of digital communications tools and to the sometimes tense macroeconomic conditions to which many companies are exposed. Future growth opportunities vary considerably from region to region. The biggest impetus for growth, both in business travel and in long-haul traffic, is expected to come from a further opening-up in China. An easing of visa conditions there for many Europeans and pent-up demand are seen here as the main drivers, since the country opened up later after the coronavirus pandemic by global standards.

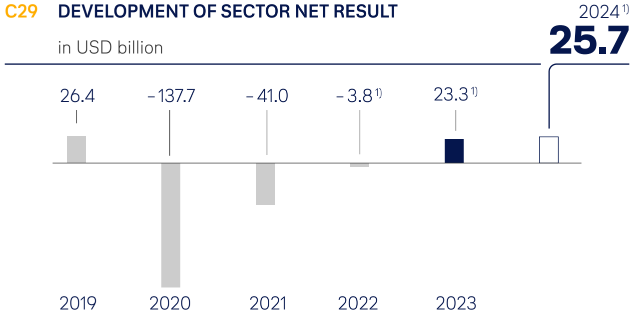
In terms of yields, IATA is expecting a year-on-year increase of 1.8% in 2024 (previous year: 6.2%). The industry is expected to report a net profit of USD 25.7bn (previous year: USD 23.3bn).

Airfreight set to increase again in 2024

Global airfreight traffic reached record highs in 2020 and 2021 due to global supply chain problems and a shortage of maritime transport capacities. Transport volumes declined in 2022 and 2023, but global revenue cargo tonne-kilometres are expected to rise again by 5% in 2024 (previous year: decline of 4%).

Yields in the cargo business are nevertheless forecast to decline by 20.9% in 2024 (previous year: 32.2%).This would still mean that yields are around 12% higher than before the crisis, however.

C29 DEVELOPMENT OF SECTOR NET RESULT
in USD billion



[1)] Forecast.
Source: IATA Industry Statistics (12/2023).

Further recovery expected in MRO market

The aviation industry is in a period of transition from conventional aircraft models to new, more efficient technologies. However, supply chain problems are preventing the leading aircraft manufacturers from reaching their original plans for production rates.

The new engine technologies (like the Pratt & Whitney PW1100 engine and the LEAP family of engines from CFMI) also have to be retrofitted with upgrades and modifications at the request of the authorities. The consequence is that new engines have to be integrated into the still emergent repair networks earlier than expected. At the same time, demand remains high for maintenance services for existing engine models, because the airlines are forced to use them for longer.

The consultancy firm ICF predicts average growth for the MRO market of 7% in 2024 compared with the previous year. Growth rates in the individual regions are roughly even, with 8% for the Americas and APAC (Asia/Pacific) and 6% for EMEA (Europe, Middle East and Africa). However, this growth can still be affected massively by external influences such as geopolitical factors, inflation or supply chain instability.

CHANGES IN BUSINESS AND ORGANISATION

The Lufthansa Group regularly reviews its organisational structure and adapts it to any changes in the business environment. Opportunities to increase efficiency are seized in all of the Lufthansa Group's segments and are reflected in the planning.

The Supervisory Board of Deutsche Lufthansa AG voted to carry out a wide-ranging reorganisation of the Executive Board at its meeting on 22 February 2024. The Executive Board is to be reduced from six to five members and responsibilities redistributed. → **Events after the reporting date, p. 39.**

The focus in the 2024 financial year will remain on optimisation of the functional process organisation (matrix organisation). Decisions are to be taken faster, processes sped up and collaboration simplified. The clear and transparent allocation of responsibility across all Group Functions, business units and shared service centres will help to achieve this aim. In addition, the organisation's effectiveness and responsiveness are to be strengthened by means of a stronger focus on projects and cross-functional, agile working methods.

As part of its portfolio management, the Group regularly reviews its non-airline activities for synergies with its core business and long-term growth prospects. Following the sale of the LSG Group in 2023, the intention in 2024 is to complete the sale of AirPlus that was agreed in 2023. The transaction is expected to close in summer 2024.

Furthermore, the Lufthansa Group and Italy's Ministry of Economy and Finance reached an agreement in May 2023 on the acquisition of a non-controlling interest in the country's national airline ITA Airways. The Lufthansa Group is in close contact with the relevant authorities in order to obtain approval for the transaction as soon as possible and take over joint operational responsibility for ITA Airways.

OUTLOOK FOR THE LUFTHANSA GROUP

Lufthansa Group assumes that growth will continue in the 2024 financial year

On the basis of the forecasts shown for the performance of the overall economy and the sectors in which the Group operates, the Lufthansa Group assumes that the positive course of business in the reporting year will continue in the 2024 financial year. This expectation is based in particular on the ongoing strong demand in the Passenger Airlines segment, which is reflected at the start of 2024 in the form of continued positive developments in new bookings. Orders in the MRO segment also indicate that demand remains strong.

Outlook subject to material uncertainties

In view of the short booking cycles in the passenger business, the fact that freight business is driven mainly by the spot market, and uncertainties in the macroeconomic and geopolitical environment, the financial outlook for the Lufthansa Group is subject to a high degree of uncertainty. The operating and financial performance is also subject to the further developments in Russia's war of aggression against Ukraine and the Middle East conflict, particularly their impact on fuel costs. Uncertainty in the macroeconomic outlook, particularly the effects on the economy of the steps taken by the major central banks worldwide to combat inflation, may potentially have a material influence on customer demand.

Further capacity expansion planned

Notwithstanding these uncertainties, the Lufthansa Group assumes that demand will rise year-on-year in 2024. In addition to the private travel segment, where demand is forecast to exceed its pre-crisis level, a contribution will come from the further recovery in demand in the business travel segment. Flight capacity will therefore be expanded. Overall, the Lufthansa Group anticipates that available capacity for Passenger Airlines in 2024 will be around 94% of its pre-crisis level in 2019. The Group assumes that its airlines will receive over 30 new aircraft in 2024 and that the European air traffic system will be stable enough to support the planned increase in traffic.

Lufthansa Group revenue expected to rise significantly

A significant year-on-year increase in revenue is forecast for the Lufthansa Group in 2024. The main drivers are expected to be further capacity growth in the Passenger Airlines segment and expected growth in the Logistics and MRO segments.

Lufthansa Group forecasts Adjusted EBIT at the same level as the previous year

The Lufthansa Group expects that revenue growth will be offset by ongoing cost inflation. Overall, the Lufthansa Group therefore anticipates Adjusted EBIT at the same level as the previous year.

The Lufthansa Group stands by its goal of generating a sustainable Adjusted EBIT margin of at least 8%. The Adjusted EBIT margin in 2023 was 7.6%. The Group is striving to achieve this target margin as soon as possible. However, it is not likely to be the case in financial year 2024, as was originally targeted.

The performance of Adjusted ROCE will depend above all on the performance of Adjusted EBIT. The Lufthansa Group expects Adjusted ROCE in 2024 to be roughly on par with the previous year and that the Lufthansa Group will thus create value again for shareholders.

Stable earnings performance expected in all business segments

For the Passenger Airlines segment, the Lufthansa Group is expecting a significant increase in revenue, based on strong demand and planned capacity expansion in 2024. Unit revenues in the Passenger Airlines segment are expected to be stable or slightly down on the previous year. Economies of scale in the fixed cost base due to capacity expansion, efficiency gains and productivity improvements are expected to make up for the forecast cost increases, particularly in staff costs and fees and charges, so that the unit costs at Passenger Airlines (without expenses for fuel and emissions certificates) are stable year on year. Adjusted EBIT in the Passenger Airlines segment is therefore expected to be at roughly the same level in the 2024 financial year as the previous year.

After the global market returned to normal following the coronavirus pandemic, the Lufthansa Group is expecting a significant increase in revenue again in the Logistics segment. Cost increases due to inflation are forecast to be partially offset by structural savings and efficiency gains. Adjusted EBIT in the Logistics segment will therefore be roughly at the same level as the previous year.

A significant increase in revenue and Adjusted EBIT at the same level as the previous year is expected for the MRO segment. This reflects the ongoing growth of the MRO market and simultaneous cost increases due to inflation.

Adjusted free cash flow of at least EUR 1.5bn is expected

Net capital expenditure by the Lufthansa Group in 2024 is expected to be roughly the same as in the previous year. This will mainly be for capital expenditure in aircraft. Cash inflows from sale-and-lease-back transactions will partly offset higher gross capital expenditure. Including the forecast earnings development, Adjusted free cash flow for the Group is projected to be at least EUR 1.5bn in the 2024 financial year, depending largely on the earnings performance and advance ticket payments. Cash flow from advance ticket payments in 2024 depends above all on demand in the second half of the year, which is subject to high forecasting uncertainty at the time of reporting.

Slight decline in net indebtedness forecast for year-end 2024

Net indebtedness at the end of the 2024 financial year is expected to be slightly below the figure at the end of the 2023 financial year. The decline will be less than the free cash flow generated, however, due to the effect of capitalising leases.

No material financing activities planned

Liabilities that mature in 2024 are largely to be repaid from available liquidity. Financing activities are therefore only planned for a minor amount and will be carried out opportunistically. The basic aim is to ensure that liquidity of EUR 8bn to EUR 10bn is available, including contractually agreed credit lines.

Continuation of dividend payments planned

The Group plans to pay another dividend in the 2024 financial year in line with its dividend policy. This provides for the distribution to shareholders of 20% to 40% of net profit, adjusted for non-recurring gains and losses.

Slight reduction in carbon emissions per passenger-kilometre expected

The Lufthansa Group aims to continue its progress in reducing its environmental impact in 2024. The ongoing modernisation of the fleet is expected to have a positive impact on specific carbon emissions per passenger-kilometre. The Lufthansa Group therefore expects specific carbon emissions to decline slightly year-on-year.

T052 FORECAST FOR SIGNIFICANT KPIS

		Result 2023	Forecast for 2024
Revenue	€m	35,442	significant increase
Adjusted EBIT	€m	2,682	on par with the previous year
Net capital expenditure	€m	2,811	on par with the previous year
Adjusted free cash flow	€m	1,846	at least EUR 1.5bn
Net indebtedness	€m	5,682	slight decline
Adjusted ROCE	%	13.1	on par with the previous year
Specific CO_2 emissions	grammes	88.4	slight decline

OVERALL STATEMENT BY THE EXECUTIVE BOARD ON THE EXPECTED DEVELOPMENT OF THE LUFTHANSA GROUP

The market environment for the Lufthansa Group will remain challenging in 2024. Global economic growth is only expected to be subdued. Inflation will remain above the levels targeted by the world's central banks. Interest rate increases in 2023 are expected to have a mitigating effect, but this will also negatively impact demand.

Despite this, people still have a great desire to travel. We are therefore expecting a further increase in demand for flights in 2024, which will support our operating and financial performance.

We have adapted well to the structural changes in the market environment. We have cut our structural costs and strengthened our balance sheet, which is also reflected in the positive changes to our credit ratings. We are therefore well positioned in 2024 to continue the previous year's positive development and to set the Company up successfully for long-term profitable growth. For 2024 we anticipate that Adjusted EBIT will be at the same level as the previous year, without losing sight of our target of an Adjusted EBIT margin of at least 8%.

The outlook for the Company nonetheless remains subject to uncertainty. The political and economic consequences of the Russian war of aggression in Ukraine and the Middle East conflict are a material risk for the Lufthansa Group's business. There is also uncertainty about the steps that will be taken by central banks and their impact on inflation and the economic cycle.

Based on the forecast developments for 2024, the Executive Board is convinced that the Company's liquidity at year-end 2023 and the ongoing measures to boost efficiency and transform the Lufthansa Group will secure the company's existence beyond the forecast period, even if its actual performance falls short of the forecast presented in this report.

CORPORATE GOVERNANCE

SUPERVISORY BOARD AND EXECUTIVE BOARD

Supervisory Board

Karl-Ludwig Kley
Former Chairman
of the Executive Board
of Merck KgaA
Chairman

Christine Behle
Deputy Chair
of the trade union ver.di
Employee representative[1]
Deputy Chair

Alexander Behrens
(until 28 July 2023)
Flight attendant
Employee representative[1]

Tim Busse
(since 29 July 2023)
Flight captain
Employee representative

Jörg Cebulla
(until 28 July 2023)
Flight captain
Employee representative

Erich Clementi
Chairman of the
Supervisory Board of E.ON SE

Thomas Enders
Member of various
Supervisory Boards

Karl Gernandt
(since 9 May 2023)
Executive Chairman of
Kühne Holding AG

Sara Grubisic
(since 29 July 2023)
Purser
Employee representative

Christian Hirsch
(since 29 July 2023)
Information management consultant
Works Council member on
leave of absence
Employee representative

Jamila Jadran
(since 29 July 2023)
Senior Project Manager
Employee representative

Jürgen Jennerke
(until 28 July 2023)
Labour Relations executive
Employee representative

Arne Christian Karstens
(since 29 July 2023)
Flight captain and member of the
Vereinigung Cockpit pilots' union
Employee representative[1]

Michael Kerkloh
Former Chairman of the
Executive Board
of Flughafen München GmbH

Carsten Knobel
Chairman of the Executive
Board Henkel AG & Co. KGaA

Holger Benjamin Koch
Senior Director Airport /
Industry Charges
Employee representative

Harald Krüger
Member of the Supervisory Board of
Deutsche Telekom AG

Marvin Reschinsky
(since 29 July 2023)
Trade union secretary ver.di
Employee representative[1]

[1] Trade union representative in accordance with Section 7 Paragraph 2 Co-determination Act (MitbestG.)

Birgit Rohleder
Team Lead IT Application Management Airport Services / Works Council member on leave of absence
Employee representative

Miriam Sapiro (until 9 May 2023)
President and CEO
InterAction, Inc, USA

Ilja Schulz (until 28 July 2023)
Former Flight captain and member of the Vereinigung Cockpit pilots' union
Employee representative[1)]

Britta Seeger
Member of the Executive Board
Mercedes-Benz Group AG

Birgit Spineux (until 28 July 2023)
Purser/Employee representative on leave in absence
Employee representative

Astrid Stange
CEO/Chairwoman of ELEMENT Insurance AG

Olivia Stelz (until 28 July 2023)
Purser/Employee representative on leave in absence
Employee representative

Angela Titzrath
Chairwoman of the Executive Board
Hamburger Hafen und Logistik AG

Klaus Winkler
Engine technician
Employee representative

Honorary Chairman

Dipl.-Ing. Jürgen Weber
Former Chairman of the Supervisory Board
Deutsche Lufthansa AG

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
Chief Financial Officer

[1)] Trade union representative in accordance with Section 7 Paragraph 2 Co-determination Act (MitbestG.)

MANDATES

Other mandates of the Supervisory Board members of Deutsche Lufthansa AG

(As of: 31 December 2023)

Karl-Ludwig Kley
a) E.ON SE[3] (Chairman, until 19 May 2023)

Christine Behle
a) BREMER LAGERHAUS GESELLSCHAFT – Aktiengesellschaft von 1877 –[3] (Deputy Chairwoman)
b) Autobahngesellschaft des Bundes mbH (until 28 September 2023)

Jörg Cebulla
a) Sparda-Bank Hessen eG
b) Albatros Versicherungsdienste GmbH

Erich Clementi
a) E.ON SE[3] (Chairman)

Thomas Enders
b) GE Aerospace[3], USA (since 1 December 2023)
Lilium NV[3], Netherlands (Chairman)
Linde plc[3], Republic of Ireland

Karl Gernandt
a) Hapag-Lloyd AG (Deputy Chairman)[3]
Kühne + Nagel AG & Co. KG (Chairman)[1]
b) Kühne + Nagel International AG, Switzerland (Deputy Chairman)[2, 3]
Kühne Holding AG, Switzerland (Chairman)[2]
Kühne & Nagel AG, Luxembourg (Chairman)[2]
Kühne Logistics University gGmbH[2]
Kühne Real Estate AG (Chairman)[2]
SIGNA Prime Selection AG, Austria
HGK Hochgebirgsklinik Davos AG, Switzerland

Jürgen Jennerke
a) Lufthansa Cargo AG (Deputy Chairman, until 30 November 2023)

Michael Kerkloh
a) Flughafen Hannover-Langenhagen GmbH (since 1 February 2023)
b) NEOM Aviation Founding Board, Saudi Arabia

Carsten Knobel
b) Kühne Holding AG, Switzerland (since 26 June 2023)

Harald Krüger
a) Deutsche Telekom AG[3]

Marvin Reschinsky
a) Eurowings GmbH (Deputy Chairman)

Britta Seeger
a) Mercedes-AMG GmbH[1]
Mercedes-Benz Mobility AG[1]
b) Beijing Mercedes-Benz Sales Service Co., Ltd., China
Mercedes-Benz (China) Ltd.[2], China (Deputy Chairwoman)
Mercedes-Benz South Africa Ltd.[2], South Africa (until 1 April 2023)
smart Automobile Co. Ltd., China
smart Mobility Pte. Ltd., Singapore (since 26 June 2023)
smart Mobility International Pte. Ltd., Singapore (since 26 June 2023)

Astrid Stange
b) Atos SE[3], France

Angela Titzrath
a) Evonik Industries AG[3]
Talanx AG[3]
HDI V.a.G.
b) Metrans a.s.[2], Czech Republic

a) Membership of supervisory boards required by German law.
b) Membership of comparable supervisory bodies at companies in Germany and abroad.
[1] Group mandate in accordance with Section 100 Paragraph 2 Sentence 2 AktG.
[2] Other group mandate.
[3] Publicly listed company.

Mandates of the Executive Board members of Deutsche Lufthansa AG

(As of: 31 December 2023)

Carsten Spohr

a) Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft [3]

Christina Foerster

b) Austrian Airlines AG [2], Austria (Chairwoman)
SN Airholding SA/NV [2], Belgium (Chairwoman)
Kulinary Holding AG, Switzerland (until 15 February 2023)
Swiss International Air Lines AG [2], Switzerland (until 23 February 2023)

Harry Hohmeister

a) Eurowings GmbH [1]
EW Discover GmbH [1] (Chairman, since 27 October 2023)
Fraport AG [3] (since 23 May 2023)

b) Günes Ekspres Havacilik A.S. (SunExpress), Turkey

Detlef Kayser

a) Lufthansa Technik AG [1] (Chairman)
LSG Lufthansa Service Holding AG [1] (Chairman) (Chairman, until 31 October 2023)

Michael Niggemann

a) Lufthansa Cargo AG [1] (Chairman)

Remco Steenbergen

a) Lufthansa AirPlus Servicekarten GmbH [1]
Lufthansa Technik AG [1] (since 1 January 2023)

b) Swiss International Air Lines AG [2], Switzerland
Sandoz Group AG, Switzerland (since 4 October 2023)

a) Membership of supervisory boards required by German law.
b) Membership of comparable supervisory bodies at companies in Germany and abroad.
[1] Group mandate in accordance with Section 100 Paragraph 2 Sentence 2 AktG.
[2] Other group mandate.
[3] Publicly listed company.

DISCLOSURES IN ACCORDANCE WITH SECTION 289A PARAGRAPH 1 HGB AND SECTION 315A PARAGRAPH 1 HGB

Composition of issued capital, types of shares, rights and duties

Deutsche Lufthansa AG's issued capital amounts to EUR 3,063,342,970.88 and is divided into 1,196,618,348 registered shares. Each share corresponds to EUR 2.56 of the issued capital. The transfer of shares requires the Company's authorisation (restriction of transferability). The Company may only withhold authorisation if registering the new shareholder in the shareholders' register could jeopardise the maintenance of air traffic rights. This did not occur in the 2023 financial year. Shareholders exercise their rights and cast their votes at the Annual General Meeting in accordance with statutory regulations and the Company's Articles of Association. Each share is entitled to one vote.

Voting and share transfer restrictions

To preserve international air traffic rights and air traffic rights to fly to various international destinations, the proportion of German/European shareholders must be at least 50% of the Company's issued capital. If the proportion of foreign shareholders reaches 40%, Deutsche Lufthansa AG is granted special permission under Section 4 Paragraph 1 of the German Aviation Compliance Documentation Act (LuftNaSiG) together with Section 71 Paragraph 1 No. 1 of the German Stock Corporation Act (AktG) to buy back its treasury shares. If the proportion of foreign shareholders in the shareholders' register reaches 45%, the Company is authorised, subject to Supervisory Board approval, to increase issued capital by up to 10% by issuing new shares for payment in cash without subscription rights for existing shareholders (Section 4 Paragraphs 2 and 3 LuftNaSiG together with Section 4 Paragraph 3 of the Articles of Association). If the proportion of foreign shareholders approaches the 50% threshold, the Company is entitled to withhold authorisation to register new foreign shareholders in the shareholders' register (Section 5 Paragraph 1 of the Articles of Association). Furthermore, the Company is authorised, according to Section 5 Paragraph 2 LuftNaSiG and subject to the approval of the Supervisory Board, to require the most recently registered shareholders to sell their shares. From the fourth day after this requirement has been published, the shareholders concerned can no longer exercise the rights conferred by the shares concerned. If they do not comply with the requirement within four weeks, the Company is entitled after a further notice period of three weeks to declare the shares to be forfeited and to compensate the shareholders accordingly. On 31 December 2023, foreign shareholders held 26.6% of the shares in the shareholders' register of the Company. No steps were taken in financial year 2023 to limit the percentage of foreign shareholders. Detailed information on LuftNaSiG and the quarterly update on our shareholder structure can be found at **www.lufthansagroup.com/investor-relations**.

The annual share investment programmes for employees and managers have time-based restrictions on trading in shares, particularly lock-up periods of up to four years.

Direct or indirect shareholdings with more than 10% of voting rights

As of 31 December 2023, the Company had received the following notification of direct or indirect shareholdings with more than 10% of voting rights:

- Kühne Aviation GmbH, Hamburg, Germany: 15.01% (notified on 6 July 2022)

Holders of shares with special controlling rights

The Company has no shares that confer special controlling rights.

Control of voting rights for employee shares when control rights are exercised indirectly

Where the Company issues shares to its staff as part of its employee programmes, these shares are transferred to the employees directly. The staff beneficiaries can exercise the controlling rights that accrue to them from the employee shares directly in the same way as other shareholders, in accordance with statutory regulations and the provisions of the Articles of Association.

Statutory regulations and provisions of the Company's Articles of Association on the appointment and dismissal of members of the Executive Board and amendments to the Company's Articles of Association

The Supervisory Board appoints the members of the Executive Board and decides how many members there should be. The Supervisory Board can revoke appointments for membership and to the position of Chairman of the Executive Board for good reason. All amendments to the Articles of Association must be approved by resolution of an Annual General Meeting, with a majority of at least three quarters of the issued capital present. The Supervisory Board is authorised to adopt changes to the Articles of Association that only relate to wording (Section 11 Paragraph 4 of the Articles of Association). Furthermore, the Supervisory Board is entitled to amend Section 4 of the Articles of Association if authorised capital is exercised or expires.

Rights of the Executive Board to issue or repurchase shares

As of 31 December 2023, Deutsche Lufthansa AG had Authorised Capital A amounting to EUR 1,000,000,000.00 and Authorised Capital B amounting to EUR 97,100,277.76.

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 1,000,000,000.00 by issuing new registered shares on one or more occasions for payment in cash or in kind (Authorised Capital A). No use was made of this authorisation in the reporting period.

A resolution passed by the Annual General Meeting on 9 May 2023 authorised the Executive Board until 8 May 2028, subject to approval by the Supervisory Board, to increase the Company's issued capital on one or more occasions by up to EUR 100,000,000.00 by issuing new registered shares to employees (Authorised Capital B) for payment in cash. Existing shareholders' subscription rights are excluded. In the reporting period, the Company used EUR 2,899,722.24 of this authorised amount to issue 1,132,704 new shares to employees.

A resolution passed at the Annual General Meeting on 5 May 2020 authorised the Executive Board until 4 May 2025, subject to approval by the Supervisory Board, to issue bearer or registered convertible bonds, bond/warrant packages, profit sharing rights or participating bonds (or combinations of these instruments) for a total nominal value of up to EUR 1,500,000,000. A convertible bond was issued for EUR 600,000,000 in November 2020. This used up a large part of the existing authorisation to grant shares to the holders or creditors of the bond, and to increase the Company's share capital by up to EUR 122,417,728 by issuing up to 47,819,425 new registered shares. The convertible bond issued in November 2020 entitles the bearer to convert up to 46,296,296 shares, increasing share capital by up to EUR 118,518,518. The contingent capital increase will only take place to the extent that the holders or creditors of conversion and/or option rights, or those with a conversion obligation from convertible bonds, bond/warrant packages, profit-sharing rights or participating bonds (or any combination of these instruments) issued by the Company or its Group companies pursuant to the authorisation given at the Annual General Meeting for the period 5 May 2020 to 4 May 2025 exercise their conversion or option rights, or if the holders or creditors of convertible bonds meet their conversion obligations or, if the Company exercises its option, Company shares are granted in lieu of payment of all or part of the amount in cash due, to the extent that a cash compensation is not granted or the Company's treasury shares are not used for settling the obligation. The new shares are entitled to share in profits from the beginning of the reporting year in which they are issued by the exercise of conversion or option rights, by meeting a conversion obligation, or by the exercise of rights to sell shares. The Executive Board is authorised to determine the further details of the way in which the contingent capital increase is to be carried out.

The Annual General Meeting determined on 10 May 2022 to authorise the Executive Board, subject to approval by the Supervisory Board and until 9 May 2027, to issue bearer or registered convertible bonds, bond/warrant packages, profit sharing rights or participating bonds (or combinations of these instruments) for a total nominal value of up to EUR 1,750,000,000 and to grant conversion and/or option rights to new registered Company shares to the holders or creditors of the bonds mentioned above with a pro-rata amount of issued capital of up to EUR 306,044,326.40. Contingent capital has been increased by up to EUR 306,044,326.40 by issuing up to 119,548,565 new registered shares.

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. The new shares are issued at the conversion or strike price set in each case. The contingent capital increase is only to be carried out to the extent that conversion rights or options are exercised or holders or creditors of bonds with a conversion obligation meet their conversion obligation, or to the extent that the Company exercises an option, to settle all or part of the amount due in Company shares instead of in cash, and to the extent that a cash compensation is not paid or the Company's treasury shares are not used for settling the obligation.

To the extent that they are issued by the exercise of the rights before the start of the Annual General Meeting, the new shares are entitled to share in profits from the beginning of the financial year in which they are issued by the exercise of conversion or option rights, by meeting a conversion obligation, or by the exercise of rights to sell shares. The Executive Board is authorised to determine the further details of the way in which the contingent capital increase is to be carried out.

Further information on authorised capital, contingent capital and share buy-backs → **Consolidated financial statements, Note 34.**

Important Company agreements subject to a change-of-control clause in the event of a takeover offer

The European Medium-Term Note (EMTN) programme operated by the Company to issue bonds includes a change-of-control clause, according to which holders of bonds issued thereunder can demand redemption of the bond in the event of a change of control. The change of control is tied to the concepts of control, which are defined in detail in the EMTN programme, and of a rating downgrade resulting from the change of control within a change-of-control period. The following bonds are currently outstanding under this programme:

- EUR 500m bond maturing on 14 July 2024
- EUR 500m bond maturing on 6 September 2024
- EUR 750m bond maturing on 11 February 2025
- EUR 1,000m bond maturing on 29 May 2026
- EUR 900m bond maturing on 16 May 2027
- EUR 850m bond maturing on 11 February 2028
- EUR 500m bond maturing on 14 July 2029

In August 2015, Deutsche Lufthansa AG issued a hybrid bond for EUR 500m, due on 12 August 2075, which also includes the change-of-control clause described above. Furthermore, Deutsche Lufthansa AG has signed a loan agreement for EUR 2bn and issued other borrower's note loans that include similar change-of-control clauses. As of 31 December 2023, a total of EUR 1,095m was still outstanding.

In November 2020, Deutsche Lufthansa AG issued a convertible bond for EUR 600m, due on 17 November 2025. The terms of the bond include a change-of-control clause that adjusts the conversion price and entitles the creditors to early repayment of the loan in the event of a change of control. A change of control occurs if one or more persons acquire control of Deutsche Lufthansa AG or if, in the event of a mandatory offer for ordinary shares, a situation occurs in which ordinary shares collectively hold more than 50% of the voting rights in Deutsche Lufthansa AG.

Compensation agreements with Executive Board members or employees in the event of a takeover offer

In the event of a change of control at Deutsche Lufthansa AG defined more precisely in the employment contract, the Executive Board members and the Company are entitled to terminate the contract within six months of this change of control.

If the contract ends because the special termination right is exercised or the contract is revoked amicably within six months of and in connection with the change of control, the Executive Board member is entitled to compensation for remuneration outstanding for the remainder of the contract. The termination payment may not exceed 100% of the contractually agreed cap on severance pay of two years' remuneration. → **Remuneration report, p. 278**.

DECLARATION ON CORPORATE GOVERNANCE IN ACCORDANCE WITH SECTION 289F HGB AND SECTION 315D HGB

The declaration on corporate governance required for listed companies in accordance with Section 289f HGB and Section 315d HGB has been issued and made publicly available on the Company's website at **www.lufthansagroup.com/corporate_governance_declaration.**

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS OF DEUTSCHE LUFTHANSA AG (HGB)

- Revenue rises to EUR 15.6bn following further recovery in flight operations at Lufthansa Airlines.
- The result from operating activities and the annual result are influenced significantly by the recognition of unrealised gains on the equity interests in Lufthansa Cargo AG and Lufthansa Technik AG.
- Total assets climb to EUR 45.7bn.

The financial statements of Deutsche Lufthansa AG have been prepared in accordance with the German Commercial Code (HGB), the supplementary provisions of the German Stock Corporation Act (AktG) and the Articles of Association, and have been audited by EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt/Main. They will be published in the Company Register. The financial statements are permanently available online at **https://investor-relations.lufthansagroup.com/en/publications/financial-reports.html.**

In this annual report, the management report for Deutsche Lufthansa AG has been combined with the management report for the Lufthansa Group. Deutsche Lufthansa AG and its results comprise the flight operations of Lufthansa Airlines as well as the expenses incurred by the central functions for Corporate Development, Finance and Controlling, Communications, Public Affairs, Human Resources, Legal and Compliance, as well as Data Security, Safety and Procurement. The economic environment for Deutsche Lufthansa AG is essentially the same as for the Group. However, accounting disparities have resulted in a significant difference between the net result for the year of Deutsche Lufthansa AG and the net profit for the period. This is mainly due to the different treatment in accounting terms of fair value changes for retirement benefit-related plan assets and the recognition of unrealised gains in the current financial year. → **Macroeconomic situation, p. 34, Sector developments, p. 35, Course of business, p. 36.**

EARNINGS POSITION

Deutsche Lufthansa AG reported a net profit for the 2023 financial year of EUR 6,765m (previous year: EUR -2,664m). This significant earnings increase is largely due to book gains from capital contributions in connection with Lufthansa Cargo AG and Lufthansa Technik AG. The book gains resulted from measuring the additional acquisition costs of the wholly owned equity investment in Lufthansa Commercial Holding GmbH based on the fair value of the contributed wholly owned equity investments in Lufthansa Cargo AG and Lufthansa Technik AG. This led to the release of hidden reserves in the shares of Lufthansa Cargo AG and Lufthansa Technik AG and therefore to an increase in the shareholders' equity of Deutsche Lufthansa AG. Another factor affecting the earnings position was the significant year-on-year improvement in the financial result, which is mainly due to a better market performance of the plan assets available to meet retirement benefit obligations.

Revenue and income

58 million passengers transported

Deutsche Lufthansa AG carried 58 million passengers in 2023, which was 15% more than in the previous year (previous year: 50 million). This is around 80% of the pre-crisis figure. Capacity rose by 13% and sales increased by 17%. The passenger load factor was up by 2.5 percentage points to 82.6%. Traffic revenue went up by 21% to EUR 14,180m (previous year: EUR 11,720m).

Operating income up by 63%

Revenue went up by 22% to EUR 15,634m in 2023 (previous year: EUR 12,827m). This increase was due to the further recovery in flight operations. Other operating income increased by 415% to EUR 7,632m (previous year: EUR 1,483m), mainly due to the recognition of book gains from two capital contributions in connection with Lufthansa Cargo AG and Lufthansa Technik AG. Overall, operating income climbed by 63% to EUR 23,266m (previous year: EUR 14,310m).

Expenses

Operating expenses up by 11%

Operating expenses came to EUR 17,368m in the reporting year and were therefore 11% higher than in the previous year (previous year: EUR 15,588m).

The main driver of the change in operating expenses was the increase in the cost of materials and services as a result of the year-on-year increase in the volume of flight operations and higher staff costs due to wage increases. There was a single-digit percentage increase in depreciation, amortisation and impairment and other operating expenses compared with the previous year.

T053 TRENDS IN TRAFFIC REGIONS OF DEUTSCHE LUFTHANSA AG

	Traffic revenue		Passengers		Available seat-kilometres		Revenue seat kilometres		Passenger load factor	
	2023 in €m	Change in %	**2023** in thousands	Change in %	**2023** in €m	Change in %	**2023** iin €m	Change in %	**2023** in %	Change in pts
Europe	5,318	14	43,040	14	46,599	6	37,799	9	81.1	2,6
Americas	5,015	14	7,888	12	71,445	7	60,093	10	84.1	2,8
Asia/Pacific	2,583	75	3,249	66	30,598	64	25,318	70	82.7	2,8
Middle East/Africa	1,264	6	3,485	3	18,958	3	15,140	4	79.9	0,8
Total	**14,180**	**21**	**57,662**	**15**	**167,600**	**13**	**138,350**	**17**	**82.5**	**2,5**

The cost of materials and services rose year-on-year by 10% to EUR 10,294m (previous year: EUR 9,346m). Almost 40% of the cost of materials and services consisted of fuel expenses, which increased by 5% to EUR 3,963m (previous year: EUR 3,792m). This increase is largely due to the larger number of flights compared with the previous year and the related increase in fuel consumption. The increase was partly offset by a positive pricing effect, but was reduced by expenses for price hedging.

Expenses for external services increased by 13% to EUR 6,166m (previous year: EUR 5,474m). This change is also due to significantly higher operating activity than in the previous year. An increase in the number of maintenance inspections meant that expenses for external MRO services rose by 13% to EUR 1,578m (previous year: EUR 1,401m). Expenses for fees and charges increased by 15% to EUR 1,766m (previous year: EUR 1,530m). Expenses for passenger care, which largely consist of compensation payments to passengers for flight irregularities, were again high at EUR 487m (previous year: EUR 480m). Whereas expenses for operating leases fell year-on-year by 5% to EUR 670m (previous year: EUR 702m), charter expenses rose year-on-year by 21% to EUR 507m (previous year: EUR 418m). Discover Airlines took over significantly more routes from Lufthansa Airlines than in the previous year.

Staff costs went up by 19% to EUR 3,661m (previous year: EUR 3,075m). This increase is primarily due to higher expenses for basic pay, plus the corresponding social security contributions. Higher basic salaries also affected the employer-financed share of retirement benefit commitments, which also went up year on year.

Depreciation and amortisation rose by 6% to EUR 426m (previous year: EUR 401m) and included EUR 21m in impairment losses.

Other operating expenses of EUR 2,987m were 8% up on the year (previous year: EUR 2,766m). The further recovery in flight operations compared with the previous year also drove up expenses indirectly related to the operating business, such as sales commissions paid to agents, computerised distribution systems, credit card commissions and travel and training expenses for crews (+EUR 138m).

Certain economic hedging relationships are presented in the financial statements as balance sheet hedging relationships in accordance with Section 254 HGB. Instruments to hedge the price of future fuel requirements, foreign currency hedging transactions to hedge exchange rates as well as interest rate hedges for interest-bearing financial liabilities are combined with corresponding hedged items within valuation units in accordance with Section 254 HGB.

Earnings performance

Proft/loss from operating activities of EUR 5,898m

Proft/loss from operating activities came to EUR 5,898m in the 2023 financial year (previous year: EUR −1,278m). The significant positive earnings performance stems largely from the book gains recognised on the shares of Lufthansa Cargo AG and Lufthansa Technik AG.

Positive financial result of EUR 1,003m

The financial result amounted to EUR 1,003m in the reporting year (previous year: EUR −1,578m). It was made up of the result from equity investments of EUR 812m (previous year: EUR 754m), net interest of EUR 196m (previous year: EUR −1,797m) and other financial items of EUR −5m (previous year: EUR −535m).

The result from equity investments includes profit and loss transfers of EUR 528m (previous year: EUR 484m) and other income from investments of EUR 284m (previous year: EUR 270m).

With the exception of Lufthansa Cargo AG, all the other subsidiaries with profit and loss transfer agreements reported a positive earnings performance compared with the previous year. The earnings contribution from Lufthansa Cargo AG came to EUR 127m (previous year: EUR 1,317m). This significant year-on-year drop in earnings was more than offset by the positive earnings of the other companies, and the result from equity investments went up overall. The improvement at Lufthansa Technik AG to EUR 523m (previous year: EUR −25m) played a large part in this, because its earnings the previous year were reduced by negative changes in the market value of plan assets for retirement benefits. Other positive earnings contributions came from Lufthansa Commercial Holding GmbH (EUR 32m; previous year: EUR −88m), Miles & More GmbH (EUR 137m; previous year: EUR 83m) and Delvag AG (EUR 17m; previous year: EUR 14m). Reduced losses at Eurowings, LSG and CityLine also had a positive effect. The result for Eurowings GmbH came to EUR −201m (previous year: EUR −368m), losses transferred by Truffle Holding AG (formerly LSG Lufthansa Service Holding AG) were EUR −97m (previous year: EUR −374m), and the loss at Lufthansa Cityline GmbH came to EUR −8m (previous year: EUR −75m). Other income from investments included the dividends from Austrian leasing companies of EUR 280m (previous year: EUR 270m).

Net interest came to EUR 196m in the 2023 financial year (previous year: EUR −1,797m). The significant increase year-on-year in the fair value measurement of the pension fund assets used for the fulfilment of retirement benefit obligations, amounting to EUR 819m (previous year: EUR −1,598m), was a significant factor. This was offset by the accrued interest expense, largely on pension provisions, of EUR 307m and interest expenses of EUR 258m within the Group.

T054 INCOME STATEMENT FOR DEUTSCHE LUFTHANSA AG IN ACCORDANCE WITH HGB

in €m	**2023**	2022
Traffic revenue	14,180	11,720
Other revenue	1,454	1,107
Total revenue	**15,634**	**12,827**
Other operating income	7,632	1,483
Cost of materials and services	−10,294	−9,346
Staff costs	−3,661	−3,075
Depreciation, amortisation and impairment	−426	−401
Other operating expenses	−2,987	−2,766
Profit/loss from operating activities	**5,898**	**−1,278**
Result from equity investments	812	754
Net interest	196	−1,797
Impairment of investments and current securities	−5	−535
Financial result	**1,003**	**−1,578**
Current income taxes	−46	−23
Deferred income taxes	−60	242
Earnings after taxes	**6,795**	**−2,637**
Other taxes	−30	−27
Net profit/loss for the year	**6,765**	**−2,664**
Loss carried forward from the previous year	–	−3,090
Transfer to other retained earnings	−3,382	–
Transfers from the capital reserve	–	704
Transfers from the statutory reserve	–	26
Transfers from retained earnings	–	5,024
Balance sheet result	**3,383**	**–**

Impairment losses of EUR 5m on investments and current securities recognised in the financial result were significantly lower than in the previous year (EUR 535m). They stemmed largely from a valuation allowance on the carrying amount of the investment in Verimi GmbH. The previous year's figure was primarily due to the valuation allowance on the carrying amount of the investment in LSG.

Net profit for the year of EUR 6,765m

The operating result and financial result add up to EUR 6,901m (previous year: EUR –2,856m). In the reporting year, expenses for income taxes, largely for previous years, came to EUR 46m. Deferred tax expenses of EUR 60m were also recognised in the financial year. Other tax expenses in the reporting year came to EUR 30m (previous year: EUR 27m). The net profit for the 2023 financial year was therefore EUR 6,765m (previous year: EUR –2,664m).

FINANCIAL POSITION

Cash flow

Liquidity of EUR 3,569m

Operating cash flow of EUR 318m was EUR 307m lower than last year (previous year: EUR 625m). The decline is largely due to the lower inflow from changes in working capital compared to the previous year, which more than offset the increase in the operating profit adjusted for non-cash effects. In the previous year, the inflow from changes in working capital was exceptionally high due to the significant increase in business activity and the resulting steep increase in advance payments for fares. Investing cash flow came to EUR –839m as of the reporting date (previous year: EUR –2,204m). The result from equity investments (EUR 812m) and loan and capital repayments by affiliated companies (EUR 652m) was offset particularly by capital expenditure in physical and long-term financial assets (EUR 2,492m). Financing cash flow came to EUR 197m in the financial year (previous year: EUR 191m) and resulted mainly from net additional loans from affiliated companies (EUR 2,098m). These were offset by the repayment of several borrower's note loans and aircraft lease liabilities (EUR 1,303m) and interest payments (EUR 598m). Total cash and cash equivalents therefore came to EUR –2,695m (previous year: EUR –2,371m). Current securities fell by EUR 36m to EUR 6,264m (previous year: EUR 6,300m). Liquidity thereby fell overall by EUR 360m to EUR 3,569m (previous year: EUR 3,929m).

NET ASSETS

Total assets up by EUR 8,360m

Total assets as of 31 December 2023 climbed by EUR 8,360m to EUR 45,679m (31 December 2022: EUR 37,319m). Non-current assets accounted for 66% of total assets at year-end (31 December 2022: 62%).

Assets

Non-current assets up by EUR 7,173m

Non-current assets rose by EUR 7,173m to EUR 30,402m (31 December 2022: EUR 23,229m). The year-on-year increase of EUR 798m in the item "Aircraft" is largely due to advance payments for new aircraft. Non-current financial assets increased significantly compared with 31 December 2022 by EUR 6,384m. This is largely due to capital increases at Lufthansa Commercial Holding GmbH in connection with the two capital contributions at Lufthansa Cargo AG and Lufthansa Technik AG. New and increased loans to affiliated companies (EUR 957m) were offset in the financial year 2023 by repayments of EUR 412m.

Current assets up by EUR 1,101m

Current assets rose by EUR 1,101m to EUR 10,949m (31 December 2022: EUR 9,848m). The increase stems mainly from higher bank balances than in the previous year. Receivables, other assets and inventories also recorded a double-digit percentage increase compared to the previous year.

T055 BALANCE SHEET FOR DEUTSCHE LUFTHANSA AG IN ACCORDANCE WITH HGB

in €m	31 Dec 2023	31 Dec 2022
Assets		
Intangible assets	335	348
Aircraft	7,223	6,425
Property, plant and other equipment	84	80
Financial investments	22,760	16,376
Non-current assets	**30,402**	**23,229**
Inventories	285	157
Trade receivables	584	423
Other receivables and other assets	2,235	1,896
Securities	6,265	6,300
Cash and cash equivalents	1,580	1,072
Current assets	**10,949**	**9,848**
Prepaid expenses	**183**	**91**
Deferred tax assets	**4,091**	**4,151**
Excess of plan assets over provisions for pensions	**54**	**–**
Total assets	**45,679**	**37,319**
Shareholders' equity and liabilities		
Issued capital	3,063	3,060
Capital reserve	312	306
Retained earnings	4,830	1,448
Distributable profit/net loss	3,383	–
Shareholders' equity	**11,588**	**4,814**
Provisions	**8,377**	**8,582**
Bonds	6,216	6,817
Liabilities to banks	1,272	1,432
Advance payments received for flight documents	3,020	2,814
Payables to affiliated companies	9,707	7,126
Other liabilities	5,459	5,716
Liabilities	**25,674**	**23,905**
Prepaid expenses	**40**	**18**
Total assets	**45,679**	**37,319**

Shareholders' equity and liabilities

Equity up by EUR 6,774m

The profit of EUR 6,765m meant that shareholders' equity rose by 141% compared with 31 December 2022 and came to EUR 11,588m as of the reporting date (31 December 2022: EUR 4,814m). Since total assets also increased, the equity ratio increased by 12.5 percentage points to 25.4% (31 December 2022: 12.9%). The information required according to Section 160 Paragraph 1 No. 2 AktG on the portfolio development of treasury shares is provided in the Notes → **Note 34, p. 207.**

Non-current liabilities down by EUR 2,091m

The Company's non-current liabilities fell by 13% in the 2023 financial year to EUR 13,760m (31 December 2022: EUR 15,851m). This is mainly due to the reclassification to current liabilities of two bonds and three borrower's note loans, which all mature in 2024.

The decline in non-current liabilities was more than offset by the significant increase in equity, and since total assets increased, this meant that long-term funding (equity and non-current liabilities) remained almost unchanged year on year as a proportion of total assets at 55% (31 December 2022: 55%). Non-current funds covered 83% of non-current assets as of the reporting date (31 December 2022: 89%).

Current liabilities up by EUR 3,677m

At EUR 20,331m, current liabilities were 22% higher than last year's figure (31 December 2022: EUR 16,654m). This is due to the reclassification of bonds and borrower's note loans and the significant increase in liabilities from affiliated companies.

Net debt down by EUR 1,724m

Net debt declined by 37% to EUR 2,940m (31 December 2022: EUR 4,664m). This resulted primarily from a decline in bonds (EUR –601m) and aircraft lease liabilities (EUR –457m) and an increase in cash and cash equivalents (EUR +508m) compared with 31 December 2022.

OTHER DISCLOSURES

Risk report

Business at Deutsche Lufthansa AG is subject to essentially the same risks and opportunities as business at the Passenger Airlines segment as presented in the consolidated financial statements. Deutsche Lufthansa AG is exposed to the risks of its equity investments and subsidiaries in proportion to its respective equity stakes. → **Passenger Airlines segment, p. 52.**

Supplementary report

The main events taking place after the reporting date are those described in the consolidated financial statements pertaining to the Passenger Airlines segment.

Forecast

Future business performance at Deutsche Lufthansa AG is subject to essentially the same factors as Lufthansa Airlines, which are presented in the consolidated financial statements. Deutsche Lufthansa AG is exposed to the performance of its equity investments and subsidiaries in proportion to its respective equity stakes.

Further information on anticipated macroeconomic developments and the performance of the segments, as well as the assumptions on which the Group forecast is based, can be found in → **Forecast, p. 143.**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the 2023 financial year

T056 CONSOLIDATED INCOME STATEMENT

in €m	Notes	2023	2022[4]
Traffic revenue	4	29,926	25,864
Other revenue	5	5,516	5,031
Total revenue		**35,442**	**30,895**
Changes in inventories and other own work capitalised	6	727	354
Other operating income[1]	7	2,413	2,180
Cost of materials and services	8	-20,378	-17,973
Staff costs	9	-8,344	-7,277
Depreciation, amortisation and impairment[2]	10	-2,242	-2,245
Other operating expenses[3]	11	-5,162	-4,538
Profit/loss from operating activities		**2,456**	**1,396**
Result of equity investments accounted for using the equity method	12	121	-15
Result of other equity investments	12	92	38
Interest income	13	245	68
Interest expenses	13	-593	-477
Other financial items	14	-4	239
Financial result		**-139**	**-147**
Profit/loss before income taxes from continuing operations		**2,317**	**1,249**
Income taxes	15	-380	-239
Profit/loss from continuing operations		**1,937**	**1,010**
Result from discontinued operations	16	-248	-206
Profit/loss after income taxes		**1,689**	**804**
Profit/loss attributable to non-controlling interests		16	13
Net profit/loss attributable to shareholders of Deutsche Lufthansa AG		**1,673**	**791**
Basic/diluted earnings per share in €	17	**1.40**	**0.66**

[1] This includes EUR 81m (previous year: EUR 54m) from write-backs on non-current receivables and the reversal of write-downs on current receivables.
[2] This includes EUR 9m (previous year: EUR 2m) for the recognition of write-downs on non-current receivables.
[3] This includes EUR 61m (previous year: EUR 79m) for the recognition of loss allowances on current receivables.
[4] Previous year's figures restated due to the reclassification of the Catering segment to discontinued operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 2023 financial year

T057 STATEMENT OF COMPREHENSIVE INCOME

in €m	2023	2022
Profit/loss after income taxes	**1,689**	**804**
Other comprehensive income		
Other comprehensive income with subsequent reclassification to the income statement		
Differences from currency translation	270	150
Subsequent measurement of financial assets and liabilities at fair value without effect on profit and loss	18	-108
Subsequent measurement of hedges – cash flow hedge reserve	-234	1,331
Subsequent measurement of hedges – costs of hedging	-131	-56
Other comprehensive income from investments accounted for using the equity method	-7	-11
Other expenses and income recognised directly in equity	–	-1
Income taxes on items in other comprehensive income	79	-261
	-5	**1,044**
Other comprehensive income without subsequent reclassification to the income statement		
Revaluation of defined-benefit pension plans	-665	4,648
Other comprehensive income from investments accounted for using the equity method	–	–
Subsequent measurement of financial assets at fair value	5	–
Other expenses and income recognised directly in equity	8	42
Income taxes on items in other comprehensive income	310	-1,620
	-342	**3,070**
Other comprehensive income after income taxes	**-347**	**4,114**
Total comprehensive income	**1,342**	**4,918**
of which comprehensive income attributable to non-controlling interests	13	19
of which comprehensive income attributable to shareholders of Deutsche Lufthansa AG	**1,329**	**4,899**

Further details on the statement of comprehensive income can be found in → **Note 35 Reserves.**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 31 December 2023

T058 CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

in €m	Notes	31 Dec 2023	31 Dec 2022
Intangible assets with an indefinite useful life[1]	18	1,022	1,055
Other intangible assets	19	333	373
Aircraft and spare engines	20 23	17,464	15,890
Repairable spare parts for aircraft	21	2,448	2,034
Property, plant and other equipment[2]	22 23	2,913	3,331
Equity investments accounted for using the equity method	24	465	392
Other equity investments	25 46	233	236
Non-current securities	25 46	20	37
Loans, receivables and other assets	25 46	968	532
Derivative financial instruments	46	659	1,120
Deferred charges and prepaid expenses	30	79	88
Effective income tax receivables		109	64
Deferred tax assets	15	3,059	2,928
Non-current assets		**29,772**	**28,080**
Inventories	27	961	812
Contract assets	28	312	342
Trade receivables and other receivables	29 46	3,923	4,102
Derivative financial instruments	46	437	861
Deferred charges and prepaid expenses	30	235	287
Effective income tax receivables		307	231
Securities	31 46	6,400	6,511
Fixed-term deposits (four to twelve months)		275	6
Cash and cash equivalents	32 46	1,590	1,784
Assets held for sale	33	1,109	319
Current assets		**15,549**	**15,255**
Total assets		**45,321**	**43,335**

[1] Including Goodwill.
[2] This includes investment properties valued at EUR 30m (as of 31 December 2022: EUR 30m).

T059 CONSOLIDATED STATEMENT OF FINANCIAL POSITION – SHAREHOLDERS' EQUITY AND LIABILITIES

in €m	Notes	31 Dec 2023	31 Dec 2022
Issued capital	34	3,063	3,060
Capital reserve	35	258	252
Retained earnings	35	2,514	2,068
Other neutral reserves	35	2,151	2,234
Net result for the period		1,673	791
Equity attributable to shareholders of Deutsche Lufthansa AG		**9,659**	**8,405**
Non-controlling interests		50	69
Shareholders' equity		**9,709**	**8,474**
Pension provisions	36	2,895	2,069
Other provisions	37	764	757
Borrowings	38 46	11,055	13,270
Contract liabilities	39	26	30
Other financial liabilities		55	72
Advance payments received, deferred income and other non-financial liabilities	40	67	44
Derivative financial instruments	46	495	394
Deferred tax liabilities	15	505	517
Non-current provisions and liabilities		**15,862**	**17,153**
Other provisions	37	876	872
Borrowings	38 46	2,888	1,881
Trade payables and other financial liabilities	42 46	5,905	5,660
Contract liabilities from unused flight documents	41	4,981	4,898
Other contract liabilities	41	2,770	2,682
Advance payments received, deferred income and other non-financial liabilities	43	722	681
Derivative financial instruments	46	263	489
Effective income tax obligations		675	545
Liabilities in connection with assets held for sale	33	670	–
Current provisions and liabilities		**19,750**	**17,708**
Total equity and liabilities		**45,321**	**43,335**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

as of 31 December 2023

T060 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in €m	Issued capital	Capital reserve	Fair value measurement of financial instruments	Currency differences	Revaluation reserve (due to business combinations)	Other neutral reserves	**Total other neutral reserves**	Retained earnings	Net result for the period	**Equity attributable to shareholders of Deutsche Lufthansa AG**	Minority interests	**Total shareholders' equity**
As of 31 Dec 2021	**3,060**	**956**	**946**	**589**	**236**	**363**	**2,134**	**491**	**-2,191**	**4,450**	**40**	**4,490**
Capital increases/reductions	–	–	–	–	–	–	–	–	–	–	–	–
Reclassifications	–	-704	–	–	–	–	–	-1,487	2,191	–	–	–
Dividends to Lufthansa shareholders/minorities	–	–	–	–	–	–	–	–	–	–	-7	-7
Transactions with minority interests	–	–	–	–	–	-5	-5	–	–	-5	17	12
Net result for the period	–	–	–	–	–	–	–	–	791	791	13	804
Other expenses and income recognised directly in equity	–	–	906	150	–	-12	1,044	3,064	–	4,108	6	4,114
Hedging results reclassified to the acquisition costs of non-financial assets and inventories	–	–	-939	–	–	–	-939	–	–	-939	–	-939
As of 31 Dec 2022	**3,060**	**252**	**913**	**739**	**236**	**346**	**2,234**	**2,068**	**791**	**8,405**	**69**	**8,474**
Capital increases/reductions	3	6	–	–	–	–	–	–	–	9	–	9
Reclassifications	–	–	–	–	–	–	–	791	-791	–	–	–
Dividends to Lufthansa shareholders/minorities	–	–	–	–	–	–	–	–	–	–	-25	-25
Transactions with minority interests	–	–	–	–	–	–	–	–	–	–	-7	-7
Employee share programmes	–	–	–	–	–	6	6	–	–	6	–	6
Net result for the period	–	–	–	–	–	–	–	–	1,673	1,673	16	1,689
Other expenses and income recognised directly in equity	–	–	-263	270	–	-6	1	-345	–	-344	-3	-347
Hedging results reclassified to the acquisition costs of non-financial assets and inventories	–	–	-90	–	–	–	-90	–	–	-90	–	-90
As of 31 Dec 2023	**3,063**	**258**	**560**	**1,009**	**236**	**346**	**2,151**	**2,514**	**1,673**	**9,659**	**50**	**9,709**

CONSOLIDATED CASH FLOW STATEMENT

for the financial year 2023

T061 CONSOLIDATED CASH FLOW STATEMENT

in €m	Notes	2023	2022
Cash and cash equivalents 1 Jan		**1,784**	**2,305**
Profit/loss before income taxes		2,055	1,050
Depreciation, amortisation and impairment losses on non-current assets (net of reversals)	7 10	2,312	2,472
Depreciation, amortisation and impairment losses on current assets (net of reversals)		80	-28
Net proceeds from disposal of non-current assets	7 11	144	-30
Result from equity investments	12	-223	1
Net interest	13	356	419
Income tax payments/reimbursements	15	-92	-288
Significant non-cash-relevant expenses/income	45	-264	-524
Change in trade working capital		278	1,694
Change in other assets and equity and liabilities		299	402
Net cash from/used in operating activities		**4,945**	**5,168**
Capital expenditure for property, plant and equipment and intangible assets	18 19 20 22	-3,544	-2,365
Capital expenditure for financial investments	24 25	-32	-14
Additions/loss to repairable spare parts for aircraft	21	-506	-143
Proceeds from disposal of non-consolidated equity investments		16	25
Cash outflows for disposal of consolidated equity investments	50	-14	-4
Cash outflows for acquisitions/capital increases of/at non-consolidated equity investments	24 25 45	-33	-46
Cash outflows for acquisitions of consolidated equity investments		–	–
Proceeds from disposal of intangible assets, property, plant and equip-ment and other financial investments		1,029	154
Interest income	13	166	37
Dividends received		107	70
Net cash from/used in investing activities		**-2,811**	**-2,286**
Purchase of securities/fund investments		-11,591	-6,808
Disposal of securities/fund investments		11,421	5,653
Net cash from/used in investing and cash management activities		**-2,981**	**-3,441**
Capital increase/equity contributions		–	–
Capital reduction/equity repayments		–	–
Transactions by non-controlling interests		-1	-1
Non-current borrowing	45	230	786
Repayment of non-current borrowing	45	-1,767	-2,664
Dividends paid		-25	-8
Interest paid	13	-509	-379
Net cash from/used in financing activities		**-2,072**	**-2,266**
Net increase/decrease in cash and cash equivalents		**-108**	**-539**
Changes due to currency translation differences		-8	18
Cash and cash equivalents as of 31 Dec	32	**1,668**	**1,784**
Less cash and cash equivalents of companies held for sale as of 31 Dec.	33	**78**	**–**
Cash and cash equivalents of companies not held for sale as of 31 Dec.		**1,590**	**1,784**
Securities	31	6,400	6,511
Liquidity		**7,990**	**8,295**
Net increase/decrease in liquidity		-305	631

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DEUTSCHE LUFTHANSA AG 2023

GENERAL DISCLOSURES

1 Company information

The Lufthansa Group is a global aviation group whose subsidiaries and equity investments were organised into three operating segments in the 2023 financial year: Passenger Airlines, Logistics and MRO. The sale of the Catering segment was agreed in April 2023 and completed on 31 October 2023.

Deutsche Lufthansa AG has its head office in Cologne, Germany, and is filed in the Commercial Register of Cologne District Court under HRB 2168.

The declaration on the German Corporate Governance Code required by Section 161 of the German Stock Corporation Act (AktG) was issued and made available to shareholders on the internet at **www.lufthansagroup.com/declaration-of-compliance**

The consolidated financial statements of Deutsche Lufthansa AG, Cologne, and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), taking account of interpretations by the IFRS Interpretations Committee as applicable in the European Union (EU).

The commercial law provisions of Section 315e Paragraph 1 of the German Commercial Code (HGB) have also been applied. All IFRSs issued by the IASB in effect at the time that these financial statements were prepared and applied by Deutsche Lufthansa AG have been adopted by the European Commission for application in the EU. The consolidated financial statements of Deutsche Lufthansa AG are prepared in millions of euros. The financial year is the calendar year.

The accounting policies applied in the previous year have been retained. The first-time application from 1 January 2023 of the mandatory accounting standards had no or no material effect on the presentation of the net assets, financial and earnings position or on earnings per share.

In connection with the sale of the LSG group to Aurelius, which was completed in the fourth quarter of 2023, the individual items for the business activities of the Catering business segment in the income statement were reclassified to the item “Profit/loss for the year from discontinued operations” and the comparative figures for the previous year were adjusted accordingly. → **Note 18**

The Executive Board of Deutsche Lufthansa AG prepared and approved the 2023 consolidated financial statements for publication on 26 February 2024.

2 Going concern

In 2023, the business activities of the Lufthansa Group companies continued to be shaped by a significant rise in the level of demand for flights. In the prior-year period, especially in the first quarter, business activities were still impacted by the effects of the coronavirus pandemic and the related restrictions and quarantine regulations. Ticket sales prices continued to edge up on the back of a return in demand and the simultaneous shortage of capacity on the passenger market. Overall, this increased revenue considerably compared with the prior-year period. Logistics was the only business segment to report a significant decline in revenue due to the normalisation across the industry.

All Passenger Airlines and the MRO segment were able to improve their Adjusted EBIT compared with the previous year. This pushed earnings for the Lufthansa Group up to EUR 2.7bn. Earnings for the Logistics segment declined, however, as the cargo business returned to normal.

Higher business volumes and positive earnings performance resulted in an operating cash flow of EUR 4.9bn in the reporting period. The year-on-year decline stems mainly from lower cash inflows due to the change in working capital. In the previous year, the inflow from changes in working capital was exceptionally high due to the strong increase in business activity and the resulting escalation in advance payments for fares.

As of 31 December 2023, Deutsche Lufthansa AG had centrally available liquidity of EUR 7.7bn. Decentralised bank and cash balances came to a further EUR 0.6bn. Free credit lines of EUR 2.1bn (of which EUR 2.0bn on a revolving basis) are still available as of the reporting date. Altogether, the Lufthansa Group's available liquidity therefore comes to EUR 10.4bn.

Recent global developments in the area of security policy, including the Russian war of aggression against Ukraine, the conflict between Israel and Hamas, various coups d'état in Africa and continuing tensions between China and Taiwan, and other potential effects on international economic relations represent a risk for future business development. The same applies to activities and developments related to climate protection.

The earnings performance in the 2024 financial year and beyond will continue to depend on the extent of the economic impact of the crises mentioned above. Other significant secondary effects over and above the loss of some destinations for the Lufthansa Group airlines, increases in the oil price and additional expenses for climate protection measures are also conceivable. High inflation rates, rising interest rates and volatile energy prices are already a burden on macroeconomic performance in Germany. The management of operational problems due to supply chain bottlenecks and staff shortages in the airline industry is a further material risk factor.

Current corporate planning forecasts Adjusted EBIT for 2024 at the same level as the previous year. However, the potential impact of the conflicts and risks mentioned above constitute factors of uncertainty for the future earnings performance. Company management confirms the medium-term targets for return on capital and expects profitable growth.

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

3 New international accounting standards in accordance with IFRS and interpretations and summary of the material accounting policies

International Financial Reporting Standards (IFRS) to be applied for the first time in the financial year and interpretations (IFRIC) as well as amendments to standards and interpretations

T062 **IFRS PRONOUNCEMENT (APPLICABLE FROM 2023 FINANCIAL YEAR)**

Amendments to IAS 1 and IFRS Practice Statement: Disclosure of Accounting Policies
Amendments to IAS 8, Definition of Accounting-related Estimates
Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12, International Tax Reform – Pillar Two Model Rules
Amendments to IFRS 17, Comparative Information for "First-time Application of IFRS 17 and IFRS 9"
IFRS 17, Insurance Contracts

Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The IASB published amendments to IAS 12 in May 2021, which define how an entity accounts for income taxes, including deferred taxes. Under certain circumstances, entities are exempt from recognising deferred taxes when they recognise assets or liabilities for the first time (initial recognition exemption). To date there has been a degree of uncertainty about whether the exemption applies to transactions in connection with leases (when a lessee recognises an asset and a liability at the beginning of a lease) and decommissioning obligations (when an entity recognises a liability and includes the costs of decommissioning in the cost of the asset). The amendments clarify that this exemption does not apply and that entities must recognise deferred taxes on such transactions. This is stated in the new clause of IAS 12.22A. The amendments are applicable for financial years beginning on or after 1 January 2023.

Amendments to IAS 12, International Tax Reform – Pillar Two Model Rules
The OECD released technical guidance on its global minimum tax of 15% in March 2022. This is the second pillar of a project to manage the tax challenges resulting from the digitalisation of the economy. The guidance explains the application and methods of the Global Anti-Base Erosion (GloBE) rules that were agreed and published in December 2021. The rules provide for a coordinated system that is intended to ensure that multinational companies with revenues

of more than EUR 750m pay a tax of at least 15% on their local income in every jurisdiction in which they operate. In 2023, the IASB created a mandatory temporary exemption in IAS 12 for the recognition of deferred taxes to the extent that they relate to the OECD Pillar Two Model Rules. The implementation of minimum taxation rules in the countries concerned has resulted in uncertainty and questions about application, particularly regarding deferred taxes, which prompted the IASB to make the amendment. Disclosures are required, however. These are intended to help the users of financial statements to better understand a company's income tax risks in connection with the implementation of the Pillar Two rules and already apply in periods before the legislation to implement these rules has taken effect. This amendment is applicable for annual reporting periods beginning on or after 1 January 2023. (→ **Note 15**).

IFRS 17, Insurance Contracts

In May 2017, the IASB published IFRS 17, Insurance Contracts, which defines the principles of recognition, measurement, presentation and disclosures relating to insurance contracts. IFRS 17 is applicable to all types of insurance contract (i.e. life insurance, property insurance, direct insurance and reinsurance), regardless of the type of entity, and to certain guarantees and financial instruments with discretionary participation. There are some exemptions in terms of the scope of application. For the IFRS 17 standard applicable from 1 January 2023, a review revealed that existing contracts with customers are not deemed insurance contracts, but rather contracts for the provision of services and products. This is also the case for Lufthansa Technik's current business model, which comprises the provision of maintenance, repair and overhaul services (MRO).

The first-time application from 1 January 2023 of the mandatory accounting standards had no or no material effect on the presentation of the net assets, financial and earnings position or on earnings per share.

Published International Financial Reporting Standards (IFRS) and Interpretations (IFRIC) not yet applied/applicable and amendments to standards and interpretations

The following standards and amendments have already been adopted by the European Union but are only mandatory for financial statements after 31 December 2023:

T063 IFRS PRONOUNCEMENT (ADOPTED BY THE EU)

	Mandatory application for financial years beginning on or after
Amendments to IFRS 16, Lease Liability in a Sale and Leaseback Transaction	1 Jan 2024
Amendments to IAS 1, Classification of Liabilities as Current or Non-current	1 Jan 2024

Amendments to IFRS 16, Lease Liability in a Sale and Leaseback Transaction

The IASB published amendments to IFRS 16 in September 2022. The amendments mean that the seller/lessee recognises a lease liability from the leaseback obligation under IFRS 16 on the sale date, even if all the lease payments are variable and do not depend on an index or rate. No gain or loss is recognised on subsequent measurement of the right-of-use asset retained by the seller/lessee. Subsequent measurement of the right-of-use asset under the leaseback is carried out according to the general rules of IFRS 16.29–35. The amendments are applicable retrospectively for financial years beginning on or after 1 January 2024.

Amendments to IAS 1, Classification of Liabilities as Current or Non-current

In October 2022, the IASB published amendments to IAS 1, Presentation of Financial Statements to clarify the guidance for classifying liabilities as current or non-current. The amendments clarify that liabilities are to be classified as non-current if, as of the reporting date, the reporting entity has the right to defer settlement of the liability for at least twelve months. The assessment of this right depends on the circumstances at the end of the reporting period. Covenants to be met in future are not considered. The amendments are applicable retrospectively for financial years beginning on or after 1 January 2024.

The Lufthansa Group also does not expect the remaining endorsed but not yet effective amendments to have any material impact on its consolidated financial statements.

The IASB has adopted the following amendments to standards which are not yet mandatory for financial year 2023:

T064 IFRS-PRONOUNCEMENT (NOT YET ENDORSED BY THE EU)

	Mandatory application for financial years beginning on or after
Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements	1 Jan 2024
Amendments to IAS 21, Lack of Exchangeability	1 Jan 2025

Amendments to IAS 7 and IFRS Practice Statement 7: Supplier Finance Arrangements
In May 2023, the IASB published amendments to IAS 7 and IFRS 7 to clarify the features of supplier finance arrangements and require additional disclosures on such arrangements. The disclosure obligations in the amendments are intended to help the users of financial statements to understand the effects of supplier finance arrangements on the entity's liabilities, cash flows and liquidity risk.

The amendments are applicable for annual reporting periods beginning on or after 1 January 2024. Early application is allowed.

Amendment to IAS 21, Lack of Exchangeability
This amendment describes how the exchange rate is to be determined if a currency is not exchangeable over a long period, since IAS 21 previously did not offer any guidance in this respect. The standard is also supplemented by requirements for determining whether a currency can be exchanged for another currency, guidance on determining the exchange rate if this is not the case and additional disclosure obligations in this context.

Currently, the new or amended IFRS pronouncements listed in the table are not considered to have any or any material effect on the presentation of the net assets, financial and earnings position.

The Lufthansa Group has not voluntarily applied any of the new or amended regulations mentioned above before their binding date of application. If the effective dates of the standards and interpretations mentioned above fall within the year, they are applied as of 1 January of the following financial year. This is subject to the endorsement of these standards by the EU.

Summary of significant accounting policies
The companies included in the consolidated financial statements use uniform accounting policies to prepare their financial statements.

The application of the accounting policies prescribed by IFRS and IFRIC requires making a large number of estimates and assumptions with regard to the future that may, naturally, not coincide with actual future conditions. All of these estimates and assumptions are, however, reviewed continuously and are based either on past experience and/or expectations of future events that seem reasonable in the circumstances on the basis of sound business judgement. Estimates and assumptions that are of material importance in determining the carrying amounts for assets and liabilities are explained in the following description of the accounting policies applied to material balance sheet items.

The uncertainties resulting from the crisis are vital for the general assessment of the Company's status as a going concern, but also for specific accounting judgements and estimates. Above all, geopolitical uncertainties, as described in the comments on the going concern basis of preparation, and their economic consequences represent a material risk for the performance of the world economy, the entire aviation industry and the Lufthansa Group. The costs of energy, particularly of kerosene, are of material importance for the Lufthansa Group, in addition to their impact on the economy as a whole. The main assumptions and estimates were therefore based on the Group's liquidity and profit forecasts (→ **Note 2**). Critical accounting areas that may be affected most severely by the ongoing uncertainty about the crises mentioned above are:

— Carrying amounts of goodwill (→ **Note 18**) and equity investments (→ **Note 24**), which depend to a large degree on achieving the planned earnings.

— Carrying amounts for the aircraft (→ **Note 20**), which particularly depend on profitable fleet operations.

— Repairable spare parts (→ **Note 21**) and inventories (→ **Note 27**) require measurement assumptions about the extent to which future overcapacities will result from reducing particular fleet models or from a potential decline in business in the MRO segment, despite the currently positive business environment.

— In view of the crisis-related uncertainties described above, measurement of the carrying amount for deferred tax assets (→ **Note 15**), particularly on the tax loss carry-forwards, took the longer-term opportunities for using them into account.

— Accounting for obligations under customer loyalty programmes and unused flight documents (→ **Note 41**) also depends on how customers redeem miles or use tickets. Estimates about customers' redemption and use behaviour are subject to uncertainty and play a role in the measurement of miles accounts and the estimate of amounts expected from unused flight documents and miles.

The accounting areas mentioned above could also be affected by declines in demand for air travel or higher costs due to climate-related aspects. In particular, there is uncertainty about the extent to which regulatory efforts in connection with discussions about climate protection could lead to higher costs for the Lufthansa Group. Public debate is currently focused on carbon emissions. In this context, corporate planning has factored in the additional costs for emissions trading and sustainable aviation fuel, amongst other things, which were thus included when applying IAS 36 and in the impairment considerations for deferred tax assets. Other core elements of the drive to reduce carbon emissions are the planned modernisation of the fleet and opportunities to buy carbon offsets when booking tickets. In connection with the planning mentioned above, the assumption is that sufficient quantities of sustainable aviation fuel will be available and that a certain proportion of customers will make use of carbon offsets. The Lufthansa Group does not currently see any climate-related indications for material changes in the expected useful lives of aircraft and reserve engines. However, the debate about the influence of aviation on climate change could have a negative long-term impact on air travel and thus on planned revenue. No explicit assumptions have been made in the corporate planning for want of reliable indicators. For the medium- and long-term period, the impairment testing did not adopt the further market growth assumed by the industry association IATA (forecast up to 2035; as of September 2023), however, but only included the effects of inflation.

The measurement method in the consolidated financial statements is based on historical cost. Where IFRSs stipulate that other methods of measurement should be applied, these are used instead, and are referred to specifically in the following comments on measuring assets and liabilities.

Amendments to accounting policies as a result of revised and new standards are applied retrospectively unless provided otherwise for a specific standard. In this case, the income statement for the previous year and the opening statement of financial position for the comparable period are adjusted as if the new accounting policies had always been applied.

Recognition of income and expenses
Revenue and other operating income are recognised when the service has been provided.

Passenger transport and ancillary services
The Lufthansa Group sells flight tickets and related ancillary services primarily via agents, its own websites or other airlines in the case of interlining. The payments are received by the Lufthansa Group via credit card billing companies, agents or other airlines, generally before the corresponding service is provided. Receivables from the sale of flight tickets and related ancillary services are only amounts payable by the business partners mentioned above.

The Lufthansa Group initially recognises all ticket sales as liabilities from unused flight documents. These are presented as contract liabilities in accordance with IFRS 15. Depending on the terms of the selected fare, the contract liabilities reflect a range of possibilities for refunding services that have not yet been provided. Liabilities include both the deferred income for future flights and ancillary services that are recognised as revenue when the flight documents are used, and the liabilities for award miles credited to the passenger when the flight documents are used. The Lufthansa Group allocates the transaction price to all of the performance obligations identified on the flight ticket on the basis of their individual transaction prices. The individual transaction prices for flight segments are determined using the IATA rules, which allocate the total price payable to individual flight segments using what is known as a prorate calculation. Amounts calculated in this way meet the IFRS 15 definition of a relative individual transaction price. The individual transaction prices for ancillary services that are not included in the fare are directly observable prices within the meaning of IFRS 15. On average, it takes 2.3 months (previous year: 2.2 months) for a flight coupon to be realised.

The Lufthansa Group reduces liabilities from unused flight documents and recognises revenue for each flight segment (including the related ancillary revenue) when the respective document is used. For tickets that cover more than one flight segment, each flight segment is identified as a distinct performance obligation, since each one is independent and can be distinguished in the context of the contract.

Interlining means that the passenger is carried by another airline for one (or more) flight segment(s). Only the commission paid by the other airline is recognised as revenue for these flight segments, since the Lufthansa Group acts solely as an agent in terms of these performance obligations. If passengers with tickets sold by other airlines are carried partly or fully by the Lufthansa Group, the Lufthansa Group shows the pro rata ticket income received from the other airlines less the commission retained by the ticketing airline as revenue.

Generally speaking, the Lufthansa Group does not expect to receive any amount if a flight document is not used (or does not expect the amount to be material) and so for this reason does not anticipate the possibility that documents for a flight segment will not be used. The expected amount if flight documents are not used is only recognised as revenue if the probability that the passengers will exercise their remaining rights is low, and no later than when the expiry of flight documents is certain and known. This is done on the basis of defined passenger groups.

IFRS 15 requires that income from the expiry of miles is recognised in parallel with revenue from the performance obligations that do not expire. A period of three years is therefore assumed for revenue recognition, and the revenue from miles expected to expire is recognised on a straight-line basis over this time, as a rule. Changes in how passengers redeemed their miles in prior years and the restricted opportunities to use them for flights due to the coronavirus pandemic meant that the realisation rate was adjusted accordingly.

Revenue for award miles is recognised at the point in time or over the time at which the goods and services purchased with the award miles are transferred.

Logistics

Lufthansa Cargo markets the freight capacities of passenger aircraft at Lufthansa German Airlines, Austrian Airlines, Eurowings and Brussels Airlines and operates a fleet of cargo aircraft. In addition to income from standard cargo services, Lufthansa Cargo generates part of its revenue from ancillary services that are closely connected to the freight service.

In its cargo business, the Lufthansa Group has identified the entire freight service as a distinct performance obligation. The contracting party receives the benefit of the transport service with each transport segment that is completed by the airline. In this case, the customer takes control of the Company’s output while the carrier provides its service. The corresponding cargo revenue is therefore recognised at the prorated value when the documents for each individual freight segment are used.

Lufthansa Cargo typically receives the consideration for performing its service once the transport has been carried out.

MRO

The main distinct performance obligations in the MRO segment are the provision of maintenance and aircraft and engine overhaul services, for which revenue is recognised over time since the condition of IFRS 15.35 (b) is generally met. Profit recognition for these performance obligations takes place on the basis of an input-oriented percentage of completion method, based on the services rendered as a proportion of the total volume of the customer order. Contract assets and contract liabilities are therefore both recognised. As a basic principle, the revenue is realised taking into consideration the margin shown in the business plans, which are updated annually.

In some cases, the contracts in the MRO segment make it necessary not to recognise distinct services as individual performance obligations but rather as a series, as described in IFRS 15.22 (b).

Access to Lufthansa Technik’s pool of spare parts and components is another key performance obligation, which is satisfied either over time or at a point in time, depending on the contract model agreed. Furthermore, some of the contracts include standby obligations that require the recognition of revenue over time. This is particularly the case with component contracts in which remuneration is paid in the form of a fixed rate per hour of flying time. For such contracts, the percentage of completion is primarily measured on the basis of the hours invoiced to the customer each month.

A significant portion of the contracts in the MRO business segment run for several years and so have price adjustment clauses, which are only considered in the transaction price when the event that triggers a price adjustment (a wage increase, for example) has occurred.

Catering

The LSG group mainly offers products and services related to in-flight service. Its in-flight service comprises catering, in-flight sales and the related logistics.

Airline catering is the main business of the LSG group as far as revenue is concerned. Taking the business model and the value chain for airline catering into account, the preparation of meals and the logistics related to this catering have been identified as distinct performance obligations. The performance obligation to prepare meals is generally fulfilled when the meals are delivered to the contract partners. The catering logistics performance obligation is fulfilled over the time between the transport of the meals to the airport and the disposal of the waste, depending on the services ordered. For performance obligations over time, the percentage of completion is measured on an output basis in accordance with IFRS 15.B15 in conjunction with IFRS 15.B16.

Billing and payment in the Catering segment generally take place one to two months after the performance obligation has been fulfilled. This gives rise to trade receivables, but no significant contract liabilities or contract assets from catering contracts.

Variable consideration (e.g. volume discounts) must be taken into account when determining the transaction price in the catering business. The majority of the variable consideration is estimated using the expected value method on the basis of historical data and current developments. The LSG group updates the estimated transaction price at the end of each reporting period and accounts for the resulting changes in accordance with IFRS 15.87–90.

Further disclosures on the Lufthansa Group's revenue from contracts with customers can be found in → **Notes 4 and 5**.

Operating expenses are recognised when the product or service is used or the expense arises. Provisions for warranties are generally accounted for when the corresponding revenue is recognised, while provisions for onerous contracts are generally set up when they are identified.

Interest income and expenses are accrued in the appropriate period. Dividends from shareholdings not accounted for using the equity method are recognised when a legal claim to them arises.

Initial consolidation and goodwill

The initial consolidation of Group companies takes place using the purchase method. This involves measuring the fair value of the assets, liabilities and contingent liabilities identified, in accordance with the provisions of IFRS 3, of the company acquired at the acquisition date, and allocating the acquisition costs to them (purchase price allocation). The proportion of fair value of assets and liabilities not acquired is shown under non-controlling interests. The ancillary acquisition costs are recognised as expenses in the periods in which they occur.

Any excess of cost over the value of equity acquired is capitalised as goodwill. If the value of the acquirer's interest in the shareholders' equity exceeds the purchase price paid by the acquiring company, the difference is recognised immediately in profit or loss.

Differences from non-controlling interests acquired after control has been gained are set off directly against equity.

Goodwill is not amortised, but is tested at least annually for impairment. Impairment testing of goodwill is carried out using recognised discounted cash flow methods. This is done on the basis of expected future cash flows from the latest business plan, which are extrapolated on the basis of long-term revenue growth rates and assumptions with regard to margin development and are discounted for the capital costs of the business unit. Tests are performed at the level of the cash-generating unit (CGU). For the individual assumptions on which impairment tests were based in financial year 2023, see → **Note 18**.

Additional impairment tests are also applied during the course of the year if events give reason to believe that goodwill could be permanently impaired.

Once an impairment loss has been recognised on goodwill, it is not reversed in subsequent periods.

Notwithstanding the principles described above, Group companies that have no material impact on the Lufthansa Group's net assets, financial and earnings position are not consolidated, but rather recognised in the consolidated financial statements at cost less any impairments.

Currency translation and consolidation methods
The financial statements of the foreign Group companies are prepared in the relevant functional currency and translated into euros before consolidation. The functional currency is mainly the currency of the country in which the company concerned is located. Occasionally, the functional currency differs from the national currency. Assets and liabilities are translated at the middle rates on the balance sheet date. Income statements are translated at the average exchange rates for the year. Any translation differences are recognised directly in equity without effect on profit and loss and are only recognised in profit or loss when control is lost or the equity investment is disposed of.

Goodwill from capital consolidation of foreign subsidiaries prior to 2005 is carried at historical cost net of amortisation accumulated by the end of 2004. Goodwill acquired after 2005 is held in the functional currency of the purchased company and translated at the middle rates on the reporting date.

Transaction differences, however, are recognised in profit or loss. These differences arise in the financial statements of consolidated companies from the measurement of assets and liabilities denominated in a currency other than the company's functional currency. Exchange rate differences here are included in revenue (exchange rate gains and losses on trade receivables) and in other operating income (other exchange rate gains) or other operating expenses (other exchange rate losses).

Translation differences relating to items whose fair value changes are recognised in equity are also recognised in equity without effect on profit and loss.

The most important exchange rates used in the consolidated financial statements have developed in relation to the euro as follows:

The most important exchange rates used in the consolidated financial statements have developed in relation to the euro as follows:

T065 EXCHANGE RATES

	2023		2022	
	Balance sheet exchange rate	Income statement average rate	Balance sheet exchange rate	Income statement average rate
AUD	0.61779	0.61193	0.63473	0.66173
CAD	0.68433	0.68364	0.69098	0.73282
CHF	1.07697	1.02664	1.01454	0.99708
CNY	0.12727	0.13023	0.13442	0.14131
GBP	1.15351	1.14855	1.12979	1.17302
HKD	0.11571	0.11799	0.12005	0.12161
INR	0.01086	0.01120	0.01130	0.01213
JPY	0.00642	0.00656	0.00704	0.00727
KRW	0.00070	0.00071	0.00074	0.00073
NOK	0.08935	0.08733	0.09495	0.09915
PLN	0.23014	0.21999	0.21378	0.21324
SEK	0.09004	0.08701	0.08973	0.09404
USD	0.90379	0.92380	0.93611	0.95271

The effects of intra-Group transactions are completely eliminated in the course of consolidation. Receivables and liabilities between consolidated companies are offset against one another and intra-Group provisions are reversed through profit or loss. Intra-Group profits and losses in non-current assets and inventories are eliminated – mostly in connection with the internal resale of aircraft and maintenance inspections. Intra-Group income is set off against the corresponding expenses. Tax accruals and deferrals are made as required by IAS 12 for temporary differences arising from consolidation.

Other intangible assets (except goodwill)
Acquired intangible assets are shown at cost, while internally generated intangible assets from which the Lufthansa Group expects to derive future benefit and that can be measured reliably are capitalised at cost of production and amortised regularly using the straight-line method over an estimated useful life. The cost of production includes all costs directly attributable to the production process, including borrowing costs as required under IAS 23, as well as appropriate portions of production-related overheads.

Intangible assets with an indefinite useful life are not amortised but, like goodwill, are subjected to a regular annual impairment test. These essentially include brands and resellable take-off and landing rights acquired individually or as part of company acquisitions. The latter are generally allotted for an indefinite period, provided they are used regularly.

Property, plant and equipment

Tangible assets used in business operations for longer than one year are valued at their acquisition or production cost less regular straight-line depreciation. The cost of production includes all costs directly attributable to the manufacturing process as well as appropriate portions of production-related overheads. Borrowing costs in close connection with the financing of the purchase or production of a qualifying asset are also capitalised.

Key components of property, plant and equipment that have different useful lives are recognised and depreciated separately. Seats and in-flight entertainment systems installed in commercial aircraft are recognised separately. If costs are incurred in connection with regular extensive maintenance work (e.g. overhauling aircraft and major engine overhauls), these costs are recognised as a separate component insofar as they meet the criteria for recognition. The useful lives and remaining carrying amounts of assets are reviewed regularly and adjusted as necessary in line with the forecast.

The following useful lives and residual carrying amounts are applied throughout the Group:

T066 USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	Useful life
Buildings	45 years
New commercial aircraft and reserve engines	20 years to a residual value of 5%
Separable aircraft components	4 to 6 years
Technical equipment and machinery	8 to 20 years
Other equipment, operating and office equipment	3 to 20 years

Buildings, fixtures and fittings on rented premises are depreciated according to the terms of the leases or over a shorter useful life.

Assets acquired second-hand are depreciated over their expected remaining useful life.

When assets are sold or scrapped, the difference between the net proceeds and the net carrying amount of the assets is recognised as a gain or loss in other operating income or expenses, respectively.

In addition to the impairment tests for goodwill, slots and brands, individual items of property, plant and equipment and intangible assets are also tested for impairment if they are no longer intended for future use, either because they are damaged, retired or due to be sold. In this case, the assets are measured individually in line with the applicable standard (full write-down to scrap value, or disposal proceeds less costs to sell). When commercial aircraft are held for service in the Lufthansa Group fleet and there is no immediate intention to sell them, they are combined with the assets of the respective operating unit for the purposes of impairment testing. The smallest separable CGU in the passenger business is the airlines' flight operations (Lufthansa German Airlines, SWISS, etc.). For the MRO segment, it is the entire MRO operation because of the alliance effects between the MRO business units. The Logistics segment also consists of just one CGU.

Impairment losses on intangible assets and property, plant and equipment

The Lufthansa Group tests intangible assets and property, plant and equipment for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition to depreciation and amortisation, impairment losses are also recognised on the balance sheet date if the recoverable amount of an asset to which independent cash flows can be attributed has fallen below its carrying amount. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and the present value of the estimated net future cash flows from continued use of the asset (value in use).

Fair value less costs to sell is derived from recently observed market transactions – insofar as they are available – or in the case of aircraft, from general external information on current market prices.

If it is impossible to forecast expected cash flows for an individual asset, the cash flows for the next larger asset unit are estimated, discounted at a rate reflecting the risk involved, and the recoverable amount allocated to the individual assets in proportion to their respective carrying amounts.

If the reason for an impairment loss recognised in previous years should cease to exist wholly or in part in subsequent periods, the impairment loss is reversed up to the amount of the asset's amortised acquisition or production cost.

Repairable spare parts for aircraft

Initial fittings of spare parts for aircraft that can be reused after repair are classified as non-current assets.

The MRO segment accounts for most of the Group's repairable spare parts. They are replaced and repaired on an ongoing basis to carry out customer orders and for the Group's own purposes and are held in stock to support the Group's long-term business. A valuation-relevant subdivision essentially distinguishes between replacement components for aircraft ("pool material"), which is provided continuously for customer orders and which is measured at production/acquisition cost less depreciation, and spare parts that are exchanged and repaired on an ongoing basis for overhaul orders ("non-pool material"), which is measured at the lower of production/acquisition cost and net realisable value. The starting point for the depreciated carrying amounts is the rolling average price of the materials. Pool material is depreciated over five to 20 years, depending on the expected useful life of the corresponding aircraft model. Valuation allowances for non-pool materials reflect their expected future marketability. All depreciation and impairment is recognised within the cost of materials and services, since this best reflects the business model.

Leases

The Lufthansa Group is a lessee for certain assets, particularly property and aircraft. In terms of property, the Group mainly leases airport infrastructure, including hangars, parking and handling spaces, lounges and offices. Other office buildings and production and warehouse spaces are also leased. In addition, the Group uses aircraft and other operating and office equipment on the basis of leases. To the extent that these contracts include payments for non-leased components, they are not included when accounting for the right-of-use asset. The Lufthansa Group assesses whether the contract contains a lease at the start of the contract in accordance with IFRS 16. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses and adjusted for any change in the remeasurement of the lease liability. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The Lufthansa Group has opted not to apply IFRS 16 to intangible assets. Payments under leases with a term of no more than twelve months and leases for assets of low value are recognised as expenses on a straight-line basis over the term of the lease. For contracts that include non-lease components alongside lease components, these components are separated.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms or the estimated useful life of the leased item. The lease term consists of the basic fixed term and the term of any renewal options, to the extent that it is sufficiently probable that the lessee will exercise this option, or the term of a cancellation option if it is sufficiently probable that the lessee will not exercise the option.

If ownership of the leased asset passes to the Lufthansa Group at the end of the lease term or is included in the costs of exercising a purchase option, the right-of-use asset is depreciated on a straight-line basis over the expected useful life of the leased asset.

Impairment testing for right-of-use assets is carried out as described above for intangible assets and property, plant and equipment subject to depreciation.

At the commencement date of the lease, the Lufthansa Group recognises **lease liabilities** measured at the present value of the lease payments to be made over the term of the lease. The lease payments include fixed payments less any lease incentives owed, variable lease payments that depend on an index or a rate, and any amounts that are expected to be paid in the context of residual value guarantees. Lease payments also include the exercise price of a purchase option or penalties for early termination if the exercise of the purchase or termination option by the lessee is reasonably certain.

The Lufthansa Group has leases that include renewal and termination options, particularly for properties. Judgement is used when assessing the reasonable probability that the option to renew or terminate the lease will be exercised. When determining lease terms, all the facts and circumstances that offer an economic incentive to exercise renewal options or not to exercise termination options are taken into account. After the commencement date of the lease, the Lufthansa Group remeasures the lease liability if a significant event occurs or if circumstances change.

Variable lease payments that do not depend on an index or a reference rate are recognised as expenses in the period in which the event or condition triggering the payment occurs.

Lease payments are generally discounted at the incremental borrowing rate. Reference interest rates based on congruent, risk-free rates in major countries and currencies were used to calculate the incremental borrowing rate. A credit risk premium was added to the respective reference rates.

When the Lufthansa Group is a lessor, it classifies leases as operating leases or finance leases. A lease is classified as a finance lease if it transfers essentially all the risks and rewards associated with ownership of the leased asset. If this is not the case, the lease is classified as an operating lease.

As the lessor in an operating lease, the Lufthansa Group presents the leased item as an asset at amortised cost in property, plant and equipment. Lease payments received in the period are shown as other operating income. The Lufthansa Group leases some of its properties and engines to other entities. There are currently no finance leases at the Lufthansa Group.

The accounting for sale-and-lease-back transactions depends on whether a sale has taken place or not. To judge whether this is the case, the criteria of IFRS 15 are used to determine if a performance obligation has been satisfied. If a sale has taken place, the lessee derecognises the leased item and replaces it with a right-of-use asset. Its carrying amount depends on the percentage that the right-of-use asset represents of the original carrying amount of the derecognised lease item. A disposal gain or loss may only be recognised for the amount that relates to the rights transferred to the lessee. If the sales price does not represent the fair value of the leased item or the subsequent payments are not on market terms, corrections must be made. If the terms are below market, the difference is treated as an early lease payment; if they are above market, the difference is accounted for as a loan from the lessor. If there has been no sale according to the IFRS 15 criteria, the lessee continues to carry the asset unchanged and recognises a financial liability for the amount of the transfer price, which is accounted for in line with IFRS 9.

Equity investments accounted for using the equity method
Equity investments accounted for using the equity method are capitalised at cost at the time of acquisition.

In subsequent periods, the carrying amounts are either increased or reduced annually by changes in the shareholders' equity of the associated company or joint venture that is held by the Lufthansa Group. The principles of purchase price allocation that apply to full consolidation are applied accordingly to the initial measurement of any difference between the acquisition cost of the investment and the pro rata share of shareholders' equity of the company in question. An impairment test is only carried out in subsequent periods if there are indications of a potential impairment in the entire investment valuation.

Financial instruments
Financial assets are classified within the Lufthansa Group in accordance with IFRS 9 as "at amortised cost", "at fair value through profit or loss", "at fair value through other comprehensive income (with and without recycling)" and "derivative financial instruments as an effective part of a hedging relationship".

The category **"at amortised cost"** consists of financial assets that are debt instruments and are intended to be held to maturity on the basis of the company's business model. Furthermore, these instruments have fixed payment terms and meet the criteria for cash flow characteristics, i.e. contractual payments of principal and interest. For the Lufthansa Group, this item particularly includes loans and receivables, cash in hand and bank balances. They are classified as non-current or current assets according to their remaining maturity.

The category **"at fair value through profit or loss"** comprises debt instruments for which the business model is neither to hold nor to sell them, or which do not pass the cash flow characteristics test. This is generally not the case for the Lufthansa Group. Equity instruments are also allocated to this category as a rule. The Lufthansa Group generally recognises shares and equity investments that are financial instruments in this category. Derivatives that do not meet the criteria for hedge accounting are also classified in this category.

Debt instruments are classified as **“at fair value through other comprehensive income (with recycling)”** when the business model is to both hold and sell these instruments and they pass the cash flow characteristics test. For the Lufthansa Group, this particularly applies to securities held as strategic liquidity.

An option can be exercised to classify specific equity instruments as **“at fair value through other comprehensive income (without recycling)”**. The Lufthansa Group exercises this option for individual share positions.

In both cases, the relevant deferred taxes are recognised directly in equity.

The Lufthansa Group uses derivatives for hedging, which are classified as **“derivative financial instruments as an effective part of a hedging relationship”** if all the requirements for hedge accounting are satisfied.

Financial instruments are recognised at fair value on the settlement date, i.e. on the date that they are created or transferred. Financial assets, with the exception of trade receivables and financial assets at fair value through profit or loss, are capitalised at fair value plus transaction costs. Trade receivables are measured at the transaction price. The transaction costs of financial assets at fair value through profit or loss are recognised through profit or loss.

Long-term low or non-interest-bearing loans are recognised at net present value using the effective interest method. Subsequent measurement of the financial instrument depends on the classification, either at amortised cost using the effective interest method, or at fair value, through profit or loss or in equity without effect on profit and loss.

A financial asset is derecognised when the rights to payment expire or the financial asset is transferred to a third party. A significant change in the contractual conditions of a financial instrument at amortised cost results in its derecognition and the recognition of a new financial asset. Insignificant changes result in an adjustment to the carrying amount and the financial asset is not derecognised.

Receivables denominated in foreign currencies are measured at the closing rate.

The fair value of securities is determined by the price quoted on an active market. For unlisted fixed-interest securities, the fair value is determined from the difference between the effective and the market interest rate at the measurement date.

If there are doubts as to the recoverability of receivables, then impairment losses are recognised and these receivables are recognised at the lower recoverable amount. Subsequent reversals (write-backs) are recognised in profit or loss. IFRS 9 requires that when a receivable is recognised for the first time, an expected loss is provided for that reflects the credit risk of the receivable before a default event occurs. An external credit risk exists for the Lufthansa Group, especially in its portfolio of trade receivables, for which an expected credit loss is recognised.

Derivative financial instruments are measured at fair value on the basis of published market prices. If there is no quoted price on an active market, other appropriate valuation methods are applied. Appropriate valuation methods take all factors into account that independent, knowledgeable market participants would consider in arriving at a price and that constitute recognised, established economic models for calculating the price of financial instruments.

In accordance with its internal guidelines, the Lufthansa Group uses derivative financial instruments to hedge interest rate and exchange rate risks and to hedge fuel price risks. This is based on the hedging policy defined by the Executive Board and monitored by a committee. → **Note 45**.

Interest rate swaps and interest rate/currency swaps are used to manage interest rate risks. Interest rate/currency swaps also hedge exchange rate risks arising from borrowing in foreign currencies.

Fuel price hedging takes the form of spread options and other hedging combinations for crude oil and gas oil. To a limited extent, hedging may also be undertaken for other products, such as jet fuel or gas oil futures.

Hedging transactions are used to secure either fair values (fair value hedge) or future cash flows (cash flow hedge).

To the extent that the financial instruments used qualify as effective cash flow hedging instruments within the scope of a hedging relationship, in accordance with the provisions of IFRS 9, the fluctuations in market value will not affect the result for the period during the term of the derivative. They are recognised without effect on profit or loss in the corresponding reserves. If the hedged cash flow is an investment, the result of the hedging transaction that has previously been recognised in equity is set off against the cost of the capital expenditure at the time the underlying transaction matures. In all other cases, the cumulative gain or loss previously stated in equity is included in net profit or loss for the period on maturity of the hedged cash flow.

In the case of effective hedging of fair values that are designated as a fair value hedge, the changes in the market value of the hedged asset or the hedged debt and those of the financial instrument will balance out almost completely in the income statement.

Derivatives that do not meet the criteria for hedge accounting are presented in the category “at fair value through profit or loss”. Changes in fair value are then recognised directly in the income statement. For the Lufthansa Group, this generally occurs when the exposure or item being hedged cannot be measured reliably or the exposure ceases to exist prematurely over the course of the hedge.

Embedded derivatives – to the extent that they should, but cannot, be separated from the financial host contract – are also considered with these as trading transactions for measurement purposes. Changes in market value are also recognised directly as profit or loss in the income statement. Both types must be classified as financial assets stated at fair value through profit or loss.

It is the Lufthansa Group’s hedging policy (→ **Note 46**) only to acquire effective derivatives for the purpose of hedging interest rate, exchange rate and fuel price risks.

Initial recognition of **financial guarantees** to third parties is at fair value. Thereafter, financial guarantees are either measured in the category “at fair value through profit or loss” or at the higher of the originally recognised amount, less any cumulative amortisation through profit or loss in line with IFRS 15, and the value of the contractual obligation measured in line with IAS 37.

Emissions certificates

CO_2 emissions certificates are recognised as intangible assets and presented under other receivables. Rights, both those purchased and those allocated free of charge, are measured at cost and not amortised.

The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), which was agreed with the ICAO in October 2016, has been offsetting growth-related carbon emissions in international aviation through the purchase of certificates since 2021. CORSIA is designed to compensate for all emissions from the aviation sector that exceed the baseline carbon emissions defined by the ICAO. This is based on the 2019 emissions for the pilot phase (2021 to 2023) and, for the years 2024 to 2035, on 85% of the emissions from 2019. In 2021 and 2022, the Lufthansa Group did not make any CORSIA carbon offset payments due to the crisis-related global decline in traffic. The same is expected for 2023. CORSIA offsets are expected to arise in 2024 for the first time. This primarily depends on the pace of the recovery of the aviation sector in the countries participating in the CORSIA pilot phase.

Contract assets and receivables

Contract assets represent contractual claims to receive payments from customers where the contractual performance obligations have already been fulfilled but no unconditional payment claim has yet been incurred. Receivables are recognised if the right to receive consideration is no longer subject to conditions. This is generally the case when the Group is contractually entitled to send the customer an invoice. Contract assets mainly relate to production or service contracts for MRO and IT services. Valuation allowances are made on the respective gross amounts of expected payment defaults.

Inventories

Inventories comprise non-repairable spare parts and assets used in production or the provision of services (raw materials, consumables and supplies), purchased merchandise, finished and unfinished goods and related advance payments. They are measured at cost, determined on the basis of average prices, or at production costs. The cost of production includes all costs directly attributable to the production process, including borrowing costs as required under IAS 23, as well as appropriate portions of production-related overheads at normal productivity rates. Measurement on the balance sheet date is at the lower of acquisition/production cost and net realisable value. Net realisable value is defined as the estimated selling price less the estimated cost until completion and the estimated costs necessary to make the sale. If there are indicators for future inability to pay, corresponding valuation allowances are made.

Assets classified as held for sale and discontinued operations
Individual, formerly non-current assets or groups of assets that are expected to be sold within the next twelve months are measured at the lower of their carrying amount at the time they are reclassified and fair value less costs to sell. Fair value less costs to sell is derived from recent market transactions, if available.

Property, plant and equipment and intangible assets are no longer depreciated or amortised and measurement of the carrying amount of affiliated companies accounted for using the equity method is suspended once they are classified as held for sale or distribution. While the impairment charge from the last measurement before reclassification is recognised as an impairment loss, all subsequent changes in the measurement of current assets held for sale, for instance due to exchange rate movements, are shown in other operating expenses or income.

Discontinued operations are not included in the result of continuing operations, but are presented in the income statement in a separate item as result from discontinued operations after taxes.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, cheques received and credit balances at banks. Cash equivalents are financial investments that can be liquidated at short notice. At the time of purchase or investment, they have a maturity of three months or less.

Pension provisions
The pension provisions for defined benefit plans correspond to the present value of the defined benefit obligations (DBO) on the reporting date less the fair value of plan assets, if necessary taking the rules on the maximum surplus of plan assets over the obligation (asset ceiling) into account.

The DBO is calculated annually by independent actuaries using the projected unit credit method prescribed in IAS 19 for defined benefit pension plans. The measurement of pension provisions within the statement of financial position is based on a number of actuarial assumptions.

Capital account plans are measured using the market value of the assets assigned to the individual capital accounts as of the reporting date. The present value of the minimum benefit payable when the beneficiary becomes entitled to the benefit is compared with the amount of contributions already paid in, measured using the assumptions for the benefit plans. Additional risk premiums that the employer contributes to insure against early entitlements are included in the current service cost.

Their measurement particularly requires assumptions about long-term salary and pension trends as well as average life expectancy. The assumptions about salary and pension trends are based on developments observed in the past and take into account national interest and inflation rates and labour market trends. The estimate of average life expectancy is based on recognised biometric calculation formulas.

The interest rate used to discount the individual future payment obligations is based on the return from investment grade corporate bonds in the same currency. The discount rate for the euro zone is determined by reference to bonds with an issue volume of at least EUR 100m and an AA rating from at least one of the rating agencies Moody's Investor Service, Fitch Ratings or Standard & Poor's Rating Services. Bonds from public sector issuers in the euro zone have been included in the extrapolation since 2022 to improve the estimation method, particularly for long maturities.

Actuarial gains and losses arising from the regular adjustment of actuarial assumptions are recognised directly in equity in the period in which they arise, taking deferred taxes into account. Also presented without effect on profit and loss are differences between the interest income at the beginning of the period calculated on plan assets based on the interest rate used to discount the pension obligations and the earnings from plan assets actually recorded at the end of the period. The actuarial gains and losses and any difference between the forecast result and the actual result from plan assets form part of the remeasurement.

Past service cost and effects of plan settlements are recognised immediately in profit and loss.

Payments to pension providers for defined contribution retirement commitments for which the pension provider or the beneficiary assumes the financial risks are recognised in staff costs as they fall due.

Other provisions
Other provisions are recognised for present legal and constructive obligations to third parties arising from past events that will probably give rise to a future outflow of resources provided that a reliable estimate can be made of the amount of the obligations as of the reporting date.

The amount of the provision is determined using the best estimate. Past experience, current cost and price information as well as estimates from internal and external experts are used to determine the amount of provisions.

Provisions for maintenance obligations under leases are recognised on the basis of the contractual maintenance or compensation obligations, taking into account the current maintenance condition, compared with the agreed condition on return.

Provisions for obligations to submit emissions certificates are measured on the basis of the average acquisition costs of the certificates intended for submission to the respective register. If forward contracts for emission rights are taken out to cover the submission obligation, they are included in the measurement of the provision at the agreed forward rates. Any additional shortfalls are included in the provision at the market rate on the reporting date.

The management regularly analyses the current information on legal risks and makes provisions for probable obligations. These provisions cover estimated payments to the claimant, court and procedural costs, the costs of lawyers and of any out-of-court settlement. Internal and external lawyers assist with the estimate. When deciding on the necessity of a provision for litigation, the management takes into account the probability of an unfavourable outcome and the chance of making a sufficiently accurate estimate of the amount of the obligation. The commencement of legal proceedings, the formal assertion of a claim against the Group or the disclosure of certain litigation in the Notes does not automatically mean that a provision was created for the risk concerned. A ruling in court proceedings, a decision by a public authority or an out-of-court settlement may cause the Group to incur expenses for which no provision was made because the amount could not be reliably determined or for which the provision created and the insurance coverage is not sufficient.

Provisions for restructuring and severance payments are only recognised when there is a constructive obligation. A constructive obligation exists if a formal restructuring plan has been adopted that includes the affected business unit or the affected part of a business unit, the location and number of employees affected, the detailed estimate of the associated costs and the time schedule. In addition, the key points of the plan must have been communicated to the employees concerned. The restructuring provisions only include expenses directly attributable to the restructuring measures that are necessary for the restructuring and are not related to the future operating business. This includes, for example, expenses for severance payments to employees.

Provisions for onerous contracts are recognised on the basis of the directly attributable costs and income expected, as well as any opportunities to terminate the relevant contracts early.

Provisions for obligations that are not expected to lead to an outflow of resources in the following year are recognised to the amount of the present value of the expected outflow, taking foreseeable price rises into account.

The assigned value of provisions is reviewed on each balance sheet date. Provisions in foreign currencies are translated at the closing rate.

If no provision could be recognised because one of the stated criteria was not fulfilled, the corresponding obligations are shown as contingent liabilities and discussed in the relevant section.

Liabilities
Trade and other payables are initially recognised at fair value. Fair value is approximately equivalent to the carrying amount.

Measurement in subsequent periods is at amortised cost using the effective interest method.

Liabilities denominated in foreign currencies are measured at the closing rate.

Obligations from **cash-settled share-based payment transactions** are measured at fair value in accordance with IFRS 2. Fair value is measured on initial recognition, at every reporting date and on the settlement date. Fair value is derived using a Monte Carlo simulation. The liability is recognised on the basis of the resulting fair value, taking the remaining term of the programme into account. Changes are recognised as staff costs in profit or loss.

The costs of **equity-settled transactions** are measured at fair value using a suitable valuation model at the time of the award. These costs, together with a corresponding increase in equity (other neutral reserves) are recognised in expenses for employee benefits over the period in which the service conditions and the performance conditions, if any, are satisfied (vesting period). The dilutive effect of the outstanding share options is taken into account when calculating earnings per share (diluted). Details of the assumptions used for the model and the structure of the share programmes can be found in → **Note 40.**

Contract liabilities

A contract liability is an obligation on the part of the Group towards a customer to provide goods or services for which the customer has already performed an obligation, e.g. by making an advance payment. Contractual liabilities are recognised as revenue as soon as the Group fulfils its contractual obligations. The Group's contract liabilities consist of liabilities from unused flight documents, unredeemed miles from customer loyalty programmes, construction contracts and other contract liabilities.

Until they are used, sold flight documents are recognised as an **obligation from unused flight documents**. Coupons that are unlikely to be used any more are recognised as traffic revenue in the income statement at their estimated value. The estimate is based on past statistical data. Due to the coronavirus pandemic and the associated increased number of tickets for cancelled and rebookable flights, the parameters for the use of expired flight coupons were adjusted in prior years.

The Lufthansa Group uses various bonus miles programmes with the aim of ensuring long-term **customer loyalty**. Participants in the Miles & More programme, which is the biggest bonus miles programme in the Lufthansa Group, can collect and redeem bonus miles for flights with the airlines in the Lufthansa Group as well as with numerous partners (including other airlines, hotels, global car hire companies, financial and insurance providers, telecommunications companies, retailers, automobile clubs, etc.). Miles expire three years after they are collected, in accordance with the terms of membership, unless they are protected by frequent flyer status or credit card use.

Observable past redemption patterns are used to measure the premium claims that are collected on flights with the airlines in the Lufthansa Group. Miles that are expected to be used for flights with airlines of the Lufthansa Group are measured based on the average price of the premium flight or upgrade for the average number of miles used. The price is calculated on the basis of past redemption patterns, weighted for the various geographic regions and booking classes. This is then corrected to allow for the reduced flexibility of premium flights and the award miles granted for normal flights. Miles that are expected to be redeemed for other bonuses are measured at the average price for these bonuses and the average number of miles redeemed. The prices for additional miles are recalculated every year and applied to all additions in that year. Consumption of miles is measured using the average rate for total miles at the beginning of the year (same as previous year).

Premium points collected from other partners are measured at the amounts paid by these partners in relation to the average number of miles collected and redeemed.

The calculation method for the legal and economic expiry rate entails calculating the expiry rate from the values observed in prior years, increased or decreased as necessary by reference to past trends or future enhancements to the programme.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the grant will be received and that the Group will fulfil all conditions attached to such grants.

Government grants for the acquisition of property, plant and equipment are included in other liabilities as deferred income and recognised in other operating income on a straight-line basis over the estimated useful life of the corresponding asset. Non-monetary assets are only recognised in the income statement when the necessary eligibility criteria have been fulfilled. Until then, the corresponding amounts must also be shown under deferred income.

Tax assets/liabilities

Claims and obligations in respect of tax authorities that are uncertain with regard to their probability of occurrence and/or amount are recorded as tax assets or liabilities on the basis of best estimates or expectations. Any contingent liabilities or assets existing in this context are addressed separately as needed.

Deferred tax items

In accordance with IAS 12, deferred taxes are recognised for all temporary differences between the statements of financial position with regard to tax of individual companies and the consolidated financial statements. Tax loss carry-forwards are recognised to the extent that the deferred tax assets are likely to be used in the future. Company earnings forecasts and specific, realisable tax strategies are used to determine whether deferred tax assets are usable or not, i.e. whether they have a value that can be realised. The planning period used to assess this probability is determined by the individual Group company according to the specific circumstances and is generally four years unless there is convincing evidence of possible prolonged use beyond the general horizon of the official Group planning. Other factors in the assessment include the reason for losses, the existence of a history of losses and prudence in considering future risks in the respective plans. In terms of the high losses in Germany resulting from the coronavirus pandemic, longer planning periods and a balance of qualitative indicators were used for the analysis. For entities with a history of losses not due to the pandemic, no deferred taxes were generally recognised for tax loss carry-forwards. → **Note 15.**

Current income taxes

The Lufthansa Group is liable for income tax in various countries. Material assumptions are necessary to calculate the income tax liabilities. For certain transactions and calculations, the final taxation cannot be assessed definitively in the course of normal business. The amount of the liability that may arise from the findings of expected future tax audits is based on estimates of whether additional income taxes will be owed, and if so, at which amount. The assumptions underlying the estimates are reviewed on an ongoing basis and adjusted as necessary. Nevertheless, different tax payments may occur in the period the final tax determination is made.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

4 Traffic revenue

In the consolidated income statement, the Lufthansa Group attributes revenue to the segments Passenger Airlines, Logistics, MRO and Additional Businesses and Group Functions. Revenue from the discontinued Catering segment is shown separately as part of the result from discontinued operations.

Table T067 provides a breakdown of traffic revenue according to the different business models.

T067 TRAFFIC REVENUE BY SECTOR

	2023							2022						
in €m	**Total**	Europe [1]	North America [1]	Central and South America [1]	Asia/ Pacific [1]	Middle East [1]	Africa [1]	Total	Europe [1]	North America [1]	Central and South America [1]	Asia/ Pacific [1]	Middle East [1]	Africa [1]
Passenger Airlines [2]	27,151	18,778	5,165	519	1,827	420	442	21,434 [3]	14,768 [3]	4,104 [3]	488 [3]	1,215 [3]	447	412
Lufthansa German Airlines	15,011							11,969 [3]						
SWISS [2]	5,820							4,688 [3]						
Austrian Airlines	2,268							1,780 [3]						
Brussels Airllines	1,466							1,140						
Eurowings [2]	2,586							1,857						
Logistics	2,775	1,395	317	93	867	30	73	4,430	2,363	484	152	1,299	51	81
Total	**29,926**							**25,864 [3]**						

[1] Traffic revenue is allocated according 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] Previous year's figure adjusted due to the reclassification of the Catering segment to discontinued operations.

The increase in traffic revenue was due to higher sales, in connection with improved yields for certain routes.

Traffic revenue of EUR 29,926m (previous year: EUR 25,864m) includes cargo and mail revenue of EUR 3,225m (previous year: EUR 5,159m). The Logistics segment accounted for EUR 2,775m (previous year: EUR 4,430m) of this amount. Other cargo and mail revenue of EUR 450m (previous year: EUR 729m) stems mainly from marketing belly capacities on passenger flights by SWISS and Eurowings.

5 Other revenue

Table T068 provides a breakdown of other revenue by category (type of service) and geographical distribution.

T068 OTHER OPERATING REVENUE BY AREA OF OPERATIONS

	2023							2022						
in €m	**Total**	Europe [1]	North America [1]	Central and South America [1]	Asia/Pacific [1]	Middle East [1]	Africa [1]	Total	Europe [1]	North America [1]	Central and South America [1]	Asia/Pacific [1]	Middle East [1]	Africa [1]
MRO	4,389	1,552	1,393	202	887	244	111	4,004	1,458	1,420	127	719	210	70
MRO services	3,710							3,608						
Other operating revenue	679							396						
Passenger Airlines	490	433	29	2	21	1	4	467 [2]	384	42 [2]	3	25	7 [2]	6
Logistics	152	88	47	–	10	7	–	152	84	61	–	1	6	–
Additional Businesses and Group Functions	485	330	42	19	66	18	10	408	285	38	16	46	16	7
IT services	175							157						
Travel management	243							188						
Other	67							63						
Total	**5,516**							**5,031** [2]						

[1] Other operating revenue is allocated according to the original location of sale.
[2] Previous year's figure adjusted due to the reclassification of the Catering segment to discontinued operations.

MRO services make up the majority of external revenue in the MRO segment. Other revenue in the MRO segment from the sale of material and hiring out material and engines, as well as logistics services, are classified as other services.

Other revenue also includes revenue from customer contracts that are fulfilled over a given period. These are mainly MRO and IT services.

6 Changes in inventories and other own work capitalised

T069 CHANGES IN INVENTORIES AND OTHER OWN WORK CAPITALISED

in €m	**2023**	2022
Increase/decrease in finished goods and work in progress	42	6
Other internally produced and capitalised assets	685	348
	727	**354**

Other own work capitalised relates to aircraft and engine overhauls. The year-on-year upward trend stems from a significant increase in the number of maintenance inspections since the fleet was used much more.

7 Other operating income

T070 OTHER OPERATING INCOME

in €m	**2023**	2022[1]
Foreign exchange gains	1,041	1,168
Income from the reversal of provisions and accruals	357	341
Compensation received for damages	201	24
Income from the disposal of non-current assets	115	21
Reversal of write-downs on receivables	77	52
Rental income	36	35
Services provided by the Group	33	41
Income from the disposal of non-current financial assets	19	38
Staff secondment	18	16
Commission income	10	11
Subsidies	9	9
Income from the reversal of impairment losses on fixed assets	4	2
Miscellaneous other operating income	493	422
	2,413	**2,180**

[1] Previous year's figure adjusted due to the reclassification of the Catering segment to discontinued operations.

Foreign exchange gains (excluding financial liabilities) mainly include gains from differences between the average rate for the month on the transaction date and on the payment date, along with foreign exchange gains from measurement at the closing rate. Income from exchange rate hedging is also recognised here. Foreign exchange losses from these transactions are reported under other operating expenses. → **Note 11**. The foreign currency effects of borrowing are recognised in other financial items, in the context of the net results of exchange rate hedging relationships for borrowing.

Income from the reversal of provisions and accruals relates to a number of provisions and accruals recognised in previous years that have not been fully used. The main reversals related to advance payments for products and services and to provisions for onerous contracts, for net income from equity investments and for legal disputes. In the previous year, the main reversals related to advance payments for products and services and provisions for restructuring obligations. Expenses from insufficient provisions recognised in prior years are presented together with the primary expense type to which they relate.

Income from compensation for damages stems mainly from compensation from suppliers for exceeding contractually agreed maintenance costs and delivery dates for aircraft, and insurance payments for damage to aircraft.

Income from the disposal of property, plant and equipment also includes EUR 108m in book gains on aircraft sold (previous year: EUR 7m). This income was primarily generated in connection with the sale and lease-back of twelve aircraft from the Airbus A320 family. → **Note 23**

Income from the reversal of valuation allowances on receivables mainly related to the MRO and Passenger Airlines segments. In contrast to earlier expectations, receivables from customers for which defaults were considered to be highly probable as of the last reporting date did turn out to be recoverable.

The Lufthansa Group recognised rental and lease income of EUR 35m in 2023 (previous year: EUR 35m). Table T071 shows the contractual lease payments for future periods.

T071 CONTRACTUAL LEASE PAYMENTS (LESSOR)

in €m	31 Dec 2023	As of 31 Dec 2022
to 1 year	**17**	20
more than 1 year to 2 years	**12**	14
more than 2 years to 3 years	**10**	10
more than 3 years to 4 years	**8**	7
more than 4 years to 5 years	**6**	6
more than 5 years	**46**	53

Other operating income includes items not attributable to any of the aforementioned categories.

8 Cost of materials and services

T072 COST OF MATERIALS AND SERVICES

in €m	2023	2022 [1]
Aircraft fuel and lubricants	7,931	7,601
Other raw materials, consumables and supplies	2,662	2,123
Purchased goods	67	61
Total cost of raw materials, consumables and supplies and of purchased goods	**10,660**	**9,785**
Fees and charges	4,487	3,730
External MRO services	2,104	1,756
In-flight services	980	768
Charter expenses	878	855
External IT services	415	387
Flight irregularities	271	224
Other services	583	468
Total cost of purchased services	**9,718**	**8,188**
	20,378	**17,973**

[1] Previous year's figure adjusted due to the reclassification of the Catering segment to discontinued operations.

The increase in the cost of materials and services is largely due to the growth in business volume and to price increases as a result of inflation. This was offset by price and currency effects in connection with fuel expenses.

Depreciation and valuation allowances on repairable spare parts are also reported within expenses for other raw materials, consumables and supplies. In the 2023 financial year, there were no impairment losses or valuation allowances (previous year: EUR 78m). An amount of EUR 42m in the previous year related to inventories in Russia to which the Group no longer has access.

Expenses for flight irregularities includes accommodation and meals in the case of delays, for instance, or payments for damaged luggage. Direct compensation payments to customers are recognised as a reduction in traffic revenue in accordance with IFRS 15.

Other purchased services also include costs for lounge operations and costs in connection with the miles programme.

9 Staff costs

T073 STAFF COSTS

in €m	2023	2022 [1]
Wages and salaries	6,770	5,804
Social security contributions	996	880
Expenses for pension plans and other employee benefits	578	593
	8,344	**7,277**

[1] Previous year's figure adjusted due to the reclassification of the Catering segment to discontinued operations.

The increase in staff costs stems particularly from payscale salary increases, higher variable remuneration components and the end of short-time work that reduced expenses in the previous year. Adjusted for the employees in the discontinued Catering segment, the average number of employees rose by 6%, which is another reason for the higher staff costs.

These costs were offset by lower partial retirement expenses (2023: EUR 97m; previous year: EUR 134m), severance payments (2023: EUR 10m; previous year: EUR 34m) and company pensions (2023: EUR 578m; previous year: EUR 593m). Expenses for retirement benefits principally consist of additions to pension provisions. → **Note 36.**

T074 EMPLOYEES

	Average for the year 2023	Average for the year 2022	As of 31 Dec 2023	As of 31 Dec 2022
Ground staff	67,089	65,919	52,426	68,016
Flight staff	41,760	39,905	42,611	40,248
Staff	**108,849**	**105,824**	**95,037**	**108,264**
Trainees	1,415	1,065	1,640	1,245
	110,264	**106,889**	**96,677**	**109,509**

The annual average is calculated pro rata temporis from the time companies are consolidated or deconsolidated for the first time.

10 Depreciation, amortisation and impairment

Total depreciation, amortisation and impairment came to EUR 2,242m (previous year: EUR 2,245m).

T075 DEPRECIATION, AMORTISATION AND IMPAIRMENT

in €m	2023	2022[1]
Amortisation of other intangible assets	88	95
Depreciation of aircraft	1,764	1,709
Depreciation of other property, plant and equipment	376	395
Total amortisation/depreciation	**2,228**	**2,199**
Impairment of goodwill	–	–
Impairment of other intangible assets	5	21
Impairment of aircraft and reserve engines	–	18
Impairment of other property, plant and equipment	–	1
Impairment of right-of-use assets	–	3
Impairment of financial investments	9	3
Total impairment	**14**	**46**
Total depreciation, amortisation and impairment	**2,242**	**2,245**

[1] Previous year's figure adjusted due to the reclassification of the Catering segment to discontinued operations.

Depreciation and amortisation only changed slightly year-on-year.

In the 2023 financial year, impairment losses of EUR 14m relate to Passenger Airlines (EUR 8m) and Additional Businesses and Group Functions (EUR 6m).

Other operating expenses include a further EUR 32m in impairment losses (previous year: EUR 14m). These impairments relate to the Airbus A380s already reclassified as assets held for sale and stem from further reductions in purchase prices due to storm damage. Impairment losses of EUR 14m were incurred the previous year in this context.

11 Other operating expenses

T076 OTHER OPERATING EXPENSES

in €m	2023	2022[1]
Foreign exchange losses	993	1,051
Staff-related expenses	935	701
Rental and maintenance expenses	617	510
Sales commission paid to agencies	356	292
Expenses for computerised distribution systems	341	302
Auditing, consulting and legal expenses	312	266
Commissions for credit cards	281	240
Advertising and sales promotions	281	229
Other services	206	182
Insurance premiums for flight operations	63	65
Other taxes	62	71
Write-downs on receivables	61	79
Communications costs	48	48
Losses on disposal of non-current assets	33	26
Other operating expenses	573	476
	5,162	**4,538**

[1] Previous year's figure adjusted due to the reclassification of the Catering segment to discontinued operations.

The increase in other operating expenses results particularly from higher sales and marketing costs, as well as a rise in crew travel expenses as flight operations escalated. This was partly offset by the decline in foreign currency losses.

Foreign exchange losses (excluding borrowings) mainly consist of losses from differences between the monthly average rates on the transaction date and on the payment date, expenses from exchange rate hedges and translation losses from measurement at the exchange rate on the closing date. → **Note 7**. The foreign currency effects of borrowing are recognised in other financial items, in the context of the net results of exchange rate hedging relationships for borrowing.

Staff-related expenses also include travel and training costs for Group employees and the costs of outside staff.

Rental expenses include property maintenance expenses of EUR 158m (previous year: EUR 141m).

The valuation allowances on receivables at EUR 32m (previous year: EUR 43m), mainly related to customer receivables at direct risk of default. Write-downs of EUR 1m (previous year: EUR 5m) were also recognised for general default risks under application of the expected credit loss model defined in IFRS 9. Expenses for valuation allowances on receivables of EUR 20m in the previous year related to receivables in connection with the war in Ukraine.

Of advisory and legal expenses, a total of EUR 39m (previous year: EUR 37m) relates to costs in connection with company transactions.

12 Result from equity investments

T077 RESULT FROM EQUITY INVESTMENTS

in €m	2023	2022[1]
Result of joint ventures accounted for using the equity method	103	20
Result of associated companies accounted for using the equity method	18	-35
Result of equity investments accounted for using the equity method	**121**	**-15**
Dividends from other joint ventures	8	10
Dividends from other associated companies	2	1
Income from profit transfer agreements	54	33
Expenses from loss transfer agreements	-16	-34
Dividends from other equity investments	44	28
Result of other equity investments	**92**	**38**
	213	**23**

[1] Previous year's figure adjusted due to the reclassification of the Catering segment to discontinued operations.

The improved result from equity investments accounted for using the equity method comes from Günes Ekspres Havacilik Anonim Sirketi (Sunexpress). In addition to a significant earnings increase, the company reported tax income in connection with the introduction of an inflation correction mechanism in the tax balance sheet. The other entities accounted for using the equity method reported a net result of zero overall.

Income and expenses from profit and loss transfer agreements include apportionments of taxes.

13 Net interest

T078 NET INTEREST

in €m	2023	2022[1]
Income from other securities and non-current financial loans	7	3
Other interest and similar income	238	65
Interest income	**245**	**68**
Interest expenses on pensions obligations	-77	-83
Interest expenses on other provisions	-9	-7
Interest and similar expenses	-507	-387
Interest expenses	**-593**	**-477**
	-348	**-409**

[1] Previous year's figure adjusted due to the reclassification of the Catering segment to discontinued operations.

Net interest comprises interest income and interest expenses – calculated using the effective interest method in accordance with IFRS 9 – from financial assets and liabilities not classified as at fair value through profit or loss.

Net interest improved year-on-year by EUR 61m. This is largely due to a EUR 177m increase in income from cash investments in connection with higher interest rates. It was offset by an increase of EUR 120m in interest expenses for capital market borrowing.

14 Other financial items

T079 OTHER FINANCIAL ITEMS

in €m	**2023**	2022
Result of fair value hedges – change in time value of hedged transactions	41	274
Result of fair value hedges – change in time value of hedging instruments	-42	-234
Ineffective portion of derivatives used as cash flow hedges	-127	35
Result of derivatives classified as “at fair value through profit or loss”	-5	104
Result of measuring securities classified as “at fair value through profit or loss”	91	84
Exchange rates effects from financial liabilities	38	-24
	-4	**239**

The main reasons for the decline in other financial items are as follows.

For US dollars, the Lufthansa Group is in a net payer position as regards currency risks from planned aircraft purchases, since the purchase price payments are dollar-denominated. Changes to the timing of planned aircraft purchases make the investment hedges partially ineffective. Changes in USD exchange rates in 2023 resulted in expenses of EUR 105m (previous year: income of EUR 37m) in the item “Ineffective portion of derivatives used as cash flow hedges”.

Other expenses of EUR 7m (previous year: income of EUR 107m) relate to the measurement of the derivatives used for strategic interest rate hedging, which are measured at fair value through profit or loss. The underlying programme was ended in 2023.

Contrary changes in the time value of hedged items and hedge instruments in fair value hedges resulted in a net result of zero in 2023 (previous year: income of EUR 40m).

15 Income taxes

Tax expenses of EUR 380m (previous year: tax expenses of EUR 239m) were incurred in the 2023 financial year and are made up as follows:

T080 INCOME TAXES

in €m	**2023**	2022
Current income taxes	109	137
Deferred taxes	271	102
of which from temporary differences	149	277
of which from loss carry-forwards	122	-175
	380	**239**

Current income taxes include corporation tax, the solidarity surcharge, trade tax and other income taxes payable outside Germany totalling EUR 274m (previous year: EUR 193m). Other tax income of EUR 165m related to prior years (previous year: tax income of EUR 55m).

The tax rates used to calculate deferred taxes abroad in the 2023 financial year were unchanged from the previous year at 3.5% to 35.0%. For measuring deferred taxes, the relevant taxation rules in force or adopted at the balance sheet date are used.

The Act to Ensure a Global Minimum Tax for Corporate Groups was passed in Germany with effect from 1 January 2024. Deutsche Lufthansa AG is domiciled for tax purposes in Germany and so falls within the scope of the act. It therefore carried out an impact analysis based on the last tax declarations, country-specific reporting and historical financial data. On this basis, the Lufthansa Group expects current taxes to increase by a low to medium two-figure million euro amount per year. Tax effects that could result from the future application of the rules on global minimum taxation are not taken into account when measuring the amount of deferred tax assets and liabilities to be recognised.

Table T081 shows the reconciliation from the expected to the effective, recognised tax expense. The expected tax expense is calculated by multiplying profit before income taxes by a tax rate of 25% (previous year: 25%). This is calculated as the average estimated value for the tax group of the Group parent company and is made up of a tax rate of 15.825% (previous year: 15.825%) for corporation tax/solidarity surcharge and 9.175% for trade tax (previous year: 9.175%). The portion of trade tax related to foreign air transport operations is deducted when calculating the trade tax rate, particularly in the case of the Group parent company with its head office in Germany.

T081 TAX RECONCILIATION

in €m	2023 Basis of assessment	2023 Tax expenses	2022 Basis of assessment	2022 Tax expenses
Expected income tax expenses	2,055	514	1,050	263
Non-taxable profits / losses on disposal	-141	35	-62	16
Non-deductible expenses	262	66	282	71
Non-taxable income	353	-88	164	-41
Non-taxable income from equity investments	183	-46	44	-11
Difference between local taxes and the deferred tax rates of the parent company as well as effects of changes in tax rates	–	8	–	-29
Taxes from other periods	–	-80	–	-29
of which current taxes	–	-165	–	-55
of which deferred taxes	–	85	–	26
Effects from recognised / unrecognised deferred tax assets	–	-43	–	6
Recognised income tax expenses	**–**	**366**	**–**	**246**

The assessment base for the expected income tax expenses is made up of profit before tax from continuing operations of EUR 2,317m (previous year: EUR 1,249m) and the loss before tax from discontinued operations of EUR 261m (previous year: EUR 198m). Of the income tax expenses shown, EUR 380m (previous year: EUR 239m) relates to continuing operations, and tax income of EUR 13m (previous year: tax expenses of EUR 8m) to discontinued operations.

Including both continuing and discontinued operations, the effective tax rate in 2023 was 18% (previous year: EUR 23%).

Deferred tax liabilities of EUR 153m (previous year: EUR 158m) were not recognised on temporary differences in connection with shares in subsidiaries, as the temporary differences are not expected to reverse in future.

Deferred tax assets and liabilities in 2023 and 2022 were allocable to the following items:

T082 DEFERRED TAX ASSETS AND LIABILITIES

in €m	31 Dec 2023 Assets	31 Dec 2023 Liabilities	As of 31 Dec 2022 Assets	As of 31 Dec 2022 Liabilities
Tax loss carry-forwards and tax credits	2,343	–	2,464	–
Pension provisions	1,335	–	1,160	–
Intangible assets, property, plant and equipment	–	1,194	–	1,147
Non-current financial assets	–	2	–	14
Fair value measurement of financial instruments	–	62	–	276
Provisions for contingent losses	49	–	53	–
Receivables/liabilities/other provisions	–	87	4	–
Inventories	172	–	172	–
Assets held for sale	–	–	–	5
Other	–	–	–	–
Offsetting	-840	-840	-925	-925
	3,059	**505**	**2,928**	**517**

In addition to a deferred tax asset on temporary differences of EUR 1,068m (previous year: EUR 879m), a deferred tax asset on losses of EUR 1,943m (previous year: EUR 1,960m) was recognised for companies which incurred a net tax loss in the reporting year or in the previous year. In cases of a history of losses, an assessment of whether there would be sufficient taxable income in future was made on the basis of the forecasts for taxable income. Deferred tax assets were only recognised to the extent that these analyses indicated that there is a strong probability.

EUR 1,888m (previous year: EUR 1,847m) of the deferred tax assets recognised for loss carry-forwards related to the tax group of Deutsche Lufthansa AG. The loss carry-forward for the financial year was recognised in full. The basis for this approach was long-term tax planning based on current corporate planning. Both external forecasts, e.g. by the industry association IATA, and internal planning currently assume that the loss was due to an exogenous shock which will be overcome in the next few years and which does not fundamentally call into question the sustainable profitability of the industry or the Company. Deutsche Lufthansa AG has shown in the past that positive tax results could be achieved over long-term periods, and the Company's planning indicates a return to sustained positive tax results from 2025 and for subsequent years. Based on these external and internal indicators, as well as the fact that under current German law the tax loss carry-forward is not restricted in time, the Company assumes that there is a high probability of sufficiently positive tax results in the future to be able to fully utilise the deferred tax assets. This means that the period of use is subject to uncertainty, but the Company does not consider the full use as such to be subject to uncertainty. A further EUR 82m (previous year: EUR 24m) related to Austrian Airlines companies.

In addition to recognised deferred tax assets from tax loss carry-forwards and tax credits, further tax loss carry-forwards and temporary differences totalling EUR 3,746m (previous year: EUR 3,910m) for which no deferred tax assets could be recognised exist at companies which already had a history of losses before the pandemic. Among other things, these amounts include a notional interest deduction for Maltese entities that was recorded for the first time, but whose use was not considered to be sufficiently certain.

Of the tax loss carry-forwards and tax credits of EUR 3,715m for which no deferred tax assets were recognised, EUR 38m expire in 2024. The majority of the additional tax loss carry-forwards can be used for an indefinite period and a small portion will expire after 2033.

16 Result from discontinued operations

By contract dated 4 April 2023, Deutsche Lufthansa AG sold the main commercial activities of its Catering segment to the private equity firm AURELIUS Equity Opportunities SE & Co. KGaA in Grünwald, Germany, via a carve-out. The transaction covers the full range of traditional catering activities as well as the onboard retail and food commerce business. Also included are all the LSG group brands, the onboard retail specialist Retail InMotion (RiM), which is headquartered in Europe, and SCIS Air Security Services in the United States. The transaction closed on 31 October 2023. In line with IFRS 5, the individual items were reclassified in the income statement from March 2023 onwards to the item "Profit/loss for the year from discontinued operations". The comparative figures for the previous year are adjusted accordingly.

A summary of the effects of the discontinued operation on the income statement, statement of financial position and cash flow statement is given below.

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

T083 DISCONTINUED CATERING OPERATING SEGMENT – REVENUE BY AREA OF OPERATIONS

in €m	**2023**							2022						
	Total	Europe[1]	North America[1]	Central and South America[1]	Asia/ Pacific[1]	Middle East[1]	Africa[1]	Total	Europe[1]	North America[1]	Central and South America[1]	Asia/ Pacific[1]	Middle East[1]	Africa[1]
Catering	1,888	270	1,213	112	227	35	31	1,903	265	1,299	119	146	36	38
Catering services	1,574							1,577						
Revenue from in-flight sales	214							207						
Other services	100							119						

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

Table **T084** shows the loss from discontinued operations. The figures show the discontinued Catering operation's business activities with third parties. The entries to eliminate revenue and expenses from intra-Group transactions in the course of consolidation were allocated to the discontinued operation.

The adjustment of the net assets of the discontinued operation in line with the expected cash inflows from the purchase agreement necessitated the recognition of an impairment charge of EUR 95m in the course of the 2023 financial year, taking into account offsetting deferred tax effects, which is reported in the profit/loss from discontinued operations. The result attributable to non-controlling interests includes a profit of EUR 4m from discontinued operations (previous year: profit of EUR 2m).

T084 DISCONTINUED CATERING OPERATING SEGMENT – PROFIT AND LOSS

in €m	**2023**	2022
Income	1,980	1,906
Expenses	-1,903	-1,948
Result from ordinary activities before taxes	**77**	**-42**
Income taxes	-24	-8
Result from ordinary activities after taxes	**53**	**-50**
Impairment for valuation at fair value less costs to sell	-95	-156
Disposal loss	-65	–
Reclassification of currency translation differences without effect on profit and loss	-178	–
Income taxes	37	–
Profit or loss after tax from discontinued operations	**-248**	**-206**

At the time of disposal, the assets and liabilities sold from the discontinued Catering segment consisted of the following:

T085 DISCONTINUED OPERATIONS – ASSETS AND ADDITIONAL LIABILITIES

in €m	**31 Oct 2023**
Assets	
Other intangible assets	21
Property, plant and equipment	428
Other assets (non-current)	23
Borrowings (non-current)	57
Deferred tax assets	24
Inventories	48
Trade receivables and other current assets	305
Cash and cash equivalents	69
Total	**975**
Shareholders' equity and liabilities	
Pension provisions	25
Other provisions (non-current)	13
Borrowings (non-current)	137
Other liabilities (non-current)	49
Other provisions (current)	15
Borrowings (current)	37
Trade payables and other current financial liabilities	383
Total	**659**

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

T086 DISCONTINUED CATERING OPERATING SEGMENT – CASH FLOW STATEMENT

in €m	2023	2022
Net cash from/used in operating activities	-30	77
Net cash from/used for investing activities	2	-28
Net cash from/used in cash management activities	-5	-33
Net cash from/used for investing and cash management activities	-3	-61
Net cash from/used for financing activities	-79	-194

Including the cash transferred in the course of the disposal of the LSG entities and the purchase price components already paid, the net outflow came to EUR 14m.

17 Earnings per share

Basic/diluted earnings per share are calculated by dividing consolidated net profit by the weighted average number of shares in circulation during the financial year. When determining the average number of shares, the shares bought back and reissued for the employee share programmes are included in the calculation on a pro rata basis.

The convertible bond issued in 2020 has not yet had any effect on earnings per share, since the strike price for the options were higher than the average price of shares in Deutsche Lufthansa AG in the reporting period.

Since there are relatively few of them, the shares potentially created by the new share-based remuneration do not have any effect on earnings per share either.

T087 EARNINGS PER SHARE

in €		2023	2022
Basic/diluted earnings per share		**1.40**	**0.66**
of which from continuing operations		1.61	0.84
of which from discontinued operations		-0.21	-0.18
Net profit/loss for the period	in € million	1,673	791
of which from continuing operations	in € million	1,925	999
of which from discontinued operations	in € million	-252	-208
Weighted average number of shares	Number	1,195,534,545	1,195,485,644

As the parent company of the Group, Deutsche Lufthansa AG reported a distributable profit of EUR 3,383m for the 2023 financial year. The Executive Board and Supervisory Board will table a proposal at the Annual General Meeting to be held on 7 May 2024 to pay a dividend of EUR 0.30 per share. This represents a total dividend of EUR 359m or 21.5% of the net profit for 2023 attributable to the Company shareholders. The remaining amount of EUR 3,024m is to be transferred to other retained earnings.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

18 Goodwill and intangible assets with an indefinite useful life

T088 GOODWILL AND INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE

in €m	Goodwill from consolidation	Intangible assets with an indefinite useful life	**Total**
Acquisition costs as of 1 Jan 2022	1,037	682	1,719
Accumulated amortisation	-526	-4	-530
Carrying amount as of 1 Jan 2022	**511**	**678**	**1,189**
Currency translation differences	1	20	21
Additions due to changes in consolidation	–	–	–
Additions	–	1	1
Reclassifications	–	–	–
Disposals due to changes in consolidation	–	–	–
Disposals	–	–	–
Reclassifications to assets held for sale	–	–	–
Impairment	-156	–	-156
Carrying amount as of 31 Dec 2022	**356**	**699**	**1,055**
Acquisition costs as of 1 Jan 2023	1,039	702	1,741
Accumulated impairment	-683	-3	-686
Carrying amount 1 Jan 2023	**356**	**699**	**1,055**
Currency translation differences	–	27	27
Additions due to changes in consolidation	–	–	–
Additions	–	–	–
Reclassifications	–	–	–
Disposals due to changes in consolidation	–	–	–
Disposals	–	–	–
Reclassifications to assets held for sale	-18	-2	-20
Impairment	-40	–	-40
Carrying amount 31 Dec 2023	**298**	**724**	**1,022**
Acquisition costs as of 31 Dec 2023	378	726	1,104
Accumulated impairment	-80	-2	-82

All goodwill and intangible assets with an indefinite useful life were subjected to a regular impairment test in the 2023 financial year as required by IAS 36. Furthermore, there is the obligation to perform an impairment test if there is an indication of impairment. No indications of impairment were identified in 2023.

The tests were performed at the level of the smallest cash-generating unit (CGU) on the basis of fair value less costs to sell.

All impairment testing is based on approved four-year corporate planning. The assumptions on revenue growth used are based on this planning and external industry-specific sources (for example IATA). On the basis of the financial planning by the individual business units, discounts were made at Group level to reflect the uncertainties in the planning. In the course of Group planning, the discounts were set at approximately 10% (previous year: 6%) of the Adjusted EBIT on a long-term basis and were allocated to the units on a pro rata basis during the impairment tests.

Demand for flights has already increased significantly and the expectation is that available seat-kilometres will return to roughly the same level as before the crisis by the end of 2024. The assumption is that markets will continue to grow until the end of the detailed planning period, but some customer segments, particularly the business travel market, will initially remain below their historic capacities, whereas others, such as leisure travel, will perform better. Further pricing developments, both in sales and purchasing markets, and the ability to pass on rising costs (e.g. due to geopolitical effects, macroeconomic challenges or regulatory measures) are considered to be key success factors. The margins used are based on past experience or were developed on the basis of expected unit revenues and cost-cutting measures. As a rule, futures rates were used for the planning period in connection with fuel and CO_2 costs. However, a higher estimated fuel price of USD 120/barrel was used for the period from 2025. The statutory blending quotas up to 2027 and conservatively estimated prices based on current market premiums were used for SAF blends. At present, there is not considered to be a reliable basis for estimating prices further into the future, but the fundamental assumption is that any additional costs will not result in a lasting margin reduction. Long-term investment rates are based on past experience and take account of the procurement of production resources and their financing as envisaged in fleet planning. Costs of the central functions were charged to the individual units based on their use of these functions.

The weighted average cost of capital is calculated using market data to derive leverage ratios, beta factors and borrowing costs from a peer group that is reviewed annually. A market risk premium of 7.5% was used as a basis (previous year: 7.5%). Regional risks are taken into account by applying appropriate risk premiums.

Intangible assets with indefinite useful lives consist of slots purchased as part of company acquisitions (insofar as they are tradeable) and brand names acquired. Acquired slots have an indefinite useful life due to their lasting legal and economic significance. The carrying amounts of the slots and the brands were included in the impairment test for the smallest cash-generating unit (CGU) to which they are allocated. As described above for goodwill, the impairment tests were then performed on the basis of the corporate planning for all of the assets, including slots and/or brands, of the respective units.

Even if the assumptions for revenue growth are reduced by one percentage point compared with the figures in table → T089, the recoverable amounts for the units are still higher than the carrying amounts. Worsening the scenarios by one percentage point in each case, in terms of planned Adjusted EBIDA margins or the discount rates used for the impairment tests, would also not reduce the recoverable amounts below the respective carrying amounts for these CGUs. The sensitivity analysis takes into account changes in one assumption at a time, with the other assumptions from the original calculation remaining unchanged.

Table T089 summarises the carrying amounts and the assumptions for the tests described above.

T089 IMPAIRMENT TESTS 2023

Name of the CGU	Lufthansa German Airlines	SWISS	Austrian Airlines	Brussels Airlines	Eurowings	Other	Total
Segment	Passenger Airlines	Passenger Airlines	Passenger Airlines	Passenger Airlines	Passenger Airlines		
Carrying amount of goodwill (31 Dec)	€ 253m	–	–	€ 45m	–	–	€ 298m
Impairment losses during reporting period	–	–	–	–	–	–	–
Carrying amount for slots (31 Dec)	€ 76m	€ 161m	€ 23m	–	€ 36m	–	€ 296m
Impairment losses during reporting period	–	–	–	–	–	–	–
Carrying amount for brand (31 Dec)	–	€ 279m	€ 107m	€ 37m	–	€ 5m	€ 428m
Impairment losses during reporting period	–	–	–	–	–	–	–
Key planning assumptions							
Revenue growth p.a. during planning period	4.1% to 18.5%	1.0% to 9.6%	2.9% to 11.3%	7.6% to 13.4%	3.3% to 16.3%	1.2% to 17.1%	
Revenue growth p.a. after end of planning period	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
Adjusted EBIDA margin during planning period[2]	9.1% to 11.5%	17.8% to 18.7%	8.0% to 9.7%	10.6% to 12.7%	5.7% to 6.8%	9.7% to 16.7%	
Adjusted EBIDA margin after end of planning period[2]	11.5%	18.6%	9.7%	12.7%	6.8%	10.1% to 16.7%	
Discount rate (after taxes)	7.8%	7.9%	7.9%	7.8%	7.8%	7.8% to 7.9%	

T089 IMPAIRMENT TESTS 2022

Name of the CGU	Lufthansa German Airlines	SWISS	Austrian Airlines	Brussels Airlines	Eurowings	LSG Group[1]	Other	Total
Segment	Passenger Airlines	Passenger Airlines	Passenger Airlines	Passenger Airlines	Passenger Airlines	Catering		
Carrying amount of goodwill (31 Dec)	€ 253m	–	–	€ 45m	–	€ 58m	–	€ 356m
Impairment losses during reporting period	–	–	–	–	–	€ 156m	–	€ 156m
Carrying amount for slots (31 Dec)	€ 76m	€ 151m	€ 23m	–	€ 36m	–	–	€ 286m
Impairment losses during reporting period	–	–	–	–	–	–	–	–
Carrying amount for brand (31 Dec)	–	€ 263m	€ 107m	€ 37m	–	€ 2m	€ 5m	€ 414m
Impairment losses during reporting period	–	–	–	–	–	–	–	–
Key planning assumptions								
Revenue growth p.a. during planning period	4.8% to 33.4%	3.1% to 16.5%	2.5% to 23.5%	2.7% to 38%	6.6% to 44.6%	not applicable	– 5.1% to 24.6%	
Revenue growth p.a. after end of planning period	1.5%	1.5%	1.5%	1.5%	1.5%	not applicable	1.5%	
Adjusted EBIDA margin during planning period	7.1% to 11.4%	15.5% to 17.1%	7.0% to 9.2%	9.7% to 11.4%	7.3% to 7.7%	not applicable	7.1% to 19.3%	
Adjusted EBIDA margin after end of planning period	11.4%	17.1%	9.2%	11.4%	7.7%	not applicable	9.0% to 12.1%	
Discount rate (after taxes)	7.7%	7.9%	7.8%	7.8%	7.7%	not applicable	7.7% to 7.9%	

[1] Measurement is based on existing offers for a disposal within the next four years.
[2] Adjusted EBIDA margin after accounting for corporate costs and contingencies.

19 Other Intangible Assets

T090 OTHER INTANGIBLE ASSETS

in €m	Concessions, industrial property rights and similar rights and licences to such rights and assets	Internally developed software	Advance payments and plant under construction	**Total**
Acquisition costs as of 1 Jan 2022	1,488	188	116	1,792
Accumulated amortisation	-1,192	-161	-20	-1,373
Carrying amount as of 1 Jan 2022	**296**	**27**	**96**	**419**
Currency translation differences	5	–	–	5
Additions due to changes in consolidation	1	–	–	1
Additions	18	–	62	80
Reclassifications	33	21	-52	2
Disposals due to changes in consolidation	–	–	–	–
Disposals	-10	-2	–	-12
Reclassifications to assets held for sale	–	–	–	–
Amortisation and impairment	-92	-30	–	-122
Reversals of impairment losses	–	–	–	–
Carrying amount as of 31 Dec 2022	**251**	**16**	**106**	**373**
Acquisition costs as of 1 Jan 2023	1,522	212	123	1,857
Accumulated amortisation and impairment	-1,271	-196	-17	-1,484
Carrying amount 1 Jan 2023	**251**	**16**	**106**	**373**
Currency translation differences	4	–	–	4
Additions due to changes in consolidation	–	–	–	–
Additions	49	–	56	105
Reclassifications	52	3	-57	-2
Disposals due to changes in consolidation	–	–	–	–
Disposals	–	–	–	–
Reclassifications to assets held for sale	-37	-6	-3	-46
Amortisation and impairment	-85	-9	-7	-101
Reversals of impairment losses	–	–	–	–
Carrying amount 31 Dec 2023	**234**	**4**	**95**	**333**
Acquisition costs as of 31 Dec 2023	1,430	184	105	1,719
Accumulated amortisation and impairment	-1,196	-180	-10	-1,386

The intangible assets of the LSG group and the AirPlus group included in the sales process were reclassified to assets held for sale in the financial year → **Note 33.**

Non-capitalised research and development costs for intangible assets of EUR 56m (previous year: EUR 25m) were incurred in the period. Firm orders have been placed for intangible assets worth EUR 1m (previous year: EUR 2m), but they are not yet at the Lufthansa Group's economic disposal.

20 Aircraft and spare engines including right-of-use assets

T091 AIRCRAFT AND SPARE ENGINES INCLUDING RIGHT-OF-USE ASSETS

in €m	Aircraft and spare engines	Advance payments for aircraft and spare engines	**Total**
Acquisition costs as of 1 Jan 2022	32,036	2,122	34,158
Accumulated depreciation and impairment	-18,836	-4	-18,840
Carrying amount as of 1 Jan 2022	**13,200**	**2,118**	**15,318**
Currency translation differences	146	6	152
Additions due to changes in consolidation	–	–	–
Additions	1,577	882	2,459
Reclassifications	179	-176	3
Disposals due to changes in consolidation	–	–	–
Disposals	-136	-19	-155
Reclassifications to assets held for sale	-158	–	-158
Depreciation and impairment	-1,729	–	-1,729
Reversals of impairment losses	–	–	–
Carrying amount as of 31 Dec 2022	**13,079**	**2,811**	**15,890**
Acquisition costs as of 1 Jan 2023	32,791	2,815	35,606
Accumulated depreciation and impairment	-19,712	-4	-19,716
Carrying amount 1 Jan 2023	**13,079**	**2,811**	**15,890**
Currency translation differences	132	13	145
Additions due to changes in consolidation	–	–	–
Additions	2,128	1,661	3,789
Reclassifications	265	-272	-7
Disposals due to changes in consolidation	–	–	–
Disposals	-494	-95	-589
Reclassifications to assets held for sale	–	–	–
Depreciation and impairment	-1,764	–	-1,764
Reversals of impairment losses	–	–	–
Carrying amount 31 Dec 2023	**13,346**	**4,118**	**17,464**
Acquisition costs as of 31 Dec 2023	34,249	4,122	38,371
Accumulated depreciation and impairment	-20,903	-4	-20,907

This item includes 97 aircraft with a carrying amount of EUR 2,716m (previous year: 101 aircraft with a carrying amount of EUR 2,977m), which have mostly been sold to and leased back from foreign leasing companies with the aim of obtaining favourable financing conditions. The leasing companies were fully consolidated as structured entities. The Lufthansa Group is entitled to buy the aircraft back at a fixed price and at a given point in time. Another four aircraft (previous year: four) with a carrying amount of EUR 332m (previous year: EUR 359m) were pledged as collateral under loan agreements.

In the reporting year, borrowing costs of EUR 95m (previous year: EUR 42m) were capitalised. The financing rate used was 3.0% (previous year: 1.7%).

The additions relate to the procurement of new aircraft and engines, to right-of-use assets for aircraft and reserve engines amounting to EUR 494m (previous year: EUR 349m) and to the capitalisation of engine maintenance and aircraft overhaul events.

Of the disposals, EUR 434m relates to twelve aircraft that were leased back from the buyer immediately after the sale → **Note 23**. Eight of these twelve aircraft were received in the reporting year. The disposals of advance payments for aircraft and reserve engines relate to the sale of advance payments for a cargo aircraft that was chartered by Lufthansa on completion and is operated by Aerologic.

Order commitments for aircraft and reserve engines amount to EUR 20.0bn (previous year: EUR 15.8bn). The order commitment mainly increased due to orders for 26 long-haul aircraft and 80 short- and medium-haul aircraft placed in the reporting period. This was offset by down payments and final payments for current orders. For fleet orders, please also refer to the comments in the management report (→ **Fleet and route network**).

21 Repairable spare parts for aircraft

T092 NOTES ON REPAIRABLE SPARE PARTS FOR AIRCRAFT

	2023			2022		
in €m	**Gross acquisition cost**	**Accumulated depreciation**	**Net carrying amount**	Gross acquisition cost	Accumulated depreciation	Net carrying amount
Pool material	2,392	785	1,607	2,181	827	1,354
Non-pool material	1,389	548	841	1,236	556	680
Total	**3,781**	**1,333**	**2,448**	**3,417**	**1,383**	**2,034**

The additions for the year (netted against disposals) amounted to EUR 211m (previous year: EUR – 17m) for pool material and EUR 153m (previous year: EUR 95m) for non-pool material in the financial year; the net change in depreciation recognised in profit and loss was EUR – 42m (previous year: EUR – 80m) and EUR – 8m (previous year: EUR – 29m). Of the depreciation and amortisation expense for the financial year, EUR 0m (previous year: EUR 78m) was for impairment losses.

22 Property, plant and equipment including right-of-use assets

T093 PROPERTY, PLANT AND OTHER EQUIPMENT INCLUDING RIGHT-OF-USE ASSETS

in €m	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and plant under construction	**Total**
Acquisition costs as of 1 Jan 2022	4,667	1,274	1,404	126	7,471
Accumulated depreciation and impairment	– 2,113	– 971	– 1,030	– 3	– 4,117
Carrying amount as of 1 Jan 2022	**2,554**	**303**	**374**	**123**	**3,354**
Currency translation differences	35	6	5	1	47
Additions due to changes in consolidation	13	9	–	–	22
Additions	287	32	108	71	498
Reclassifications	40	22	6	– 72	– 4
Disposals due to changes in consolidation	–	–	– 3	–	– 3
Disposals	– 87	– 10	– 21	– 1	– 119
Reclassifications to assets held for sale	–	–	–	–	–
Depreciation and impairment	– 302	– 59	– 103	–	– 464
Reversals of impairment losses	–	–	–	–	–
Carrying amount as of 31 Dec 2022	**2,540**	**303**	**366**	**122**	**3,331**
Acquisition costs as of 1 Jan 2023	4,814	1,305	1,395	125	7,639
Accumulated depreciation and impairment	– 2,274	– 1,002	– 1,029	– 3	– 4,308
Carrying amount 1 Jan 2023	**2,540**	**303**	**366**	**122**	**3,331**
Currency translation differences	15	2	1	–	18
Additions due to changes in consolidation	14	–	–	–	14
Additions	240	28	117	91	476
Reclassifications	9	10	10	– 27	2
Disposals due to changes in consolidation	–	–	–	–	–
Disposals	– 53	– 1	– 5	– 1	– 60
Reclassifications to assets held for sale	– 284	– 55	– 104	– 31	– 474
Depreciation and impairment	– 262	– 45	– 87	–	– 394
Reversals of impairment losses	–	–	–	–	–
Carrying amount 31 Dec 2023	**2,219**	**242**	**298**	**154**	**2,913**
Acquisition costs as of 31 Dec 2023	4,220	1,097	1,123	155	6,595
Accumulated depreciation and impairment	– 2,001	– 855	– 825	– 1	– 3,682

Land at Frankfurt Airport with a carrying amount at amortised cost of EUR 30m is no longer used primarily for the Group's operations and is therefore classified as an investment property.

The assets of the LSG group and the AirPlus group included in the sales process were reclassified to assets held for sale in the financial year. → Note 33.

As in the previous year, there are no charges over land and property. A third-party pre-emption right is registered for land held at EUR 161m (previous year: EUR 167m).

Other property, plant and equipment owned by the Group that did not consist of right-of-use assets was not used as collateral for existing financing arrangements, as in the previous year.

The following items of property, plant and equipment have been ordered, but are not yet at the Lufthansa Group's economic disposal:

T094 ORDERS OF PROPERTY, PLANT AND EQUIPMENT AS OF THE REPORTING DATE

in €m	**31 Dec 2023**	As of 31 Dec 2022
Land and buildings	62	57
Technical equipment and vehicles	56	26
Operating and office equipment	108	63
	226	**146**

23 Leases

Table T095 shows the carrying amounts of the recognised right-of-use assets and the changes during the reporting period:

T095 RIGHT-OF-USE ASSETS

in €m	Aircraft and spare engines	Land and buildings	Other equipment, operating and office equipment	**Total**
Acquisition costs as of 1 Jan 2022	1,562	2,273	28	3,863
Accumulated depreciation and impairment	-842	-701	-16	-1,559
Carrying amount as of 1 Jan 2022	**720**	**1,572**	**12**	**2,304**
Currency translation differences	5	22	–	27
Additions due to changes in consolidation	–	8	–	8
Additions	349	274	7	630
Reclassifications	–	–	–	–
Disposals due to changes in consolidation	–	–	–	–
Disposals	-119	-84	–	-203
Reclassifications to assets held for sale	–	–	–	–
Depreciation and impairment	-192	-227	-8	-427
Reversals of impairment losses	–	–	–	–
Carrying amount as of 31 Dec 2022	**763**	**1,565**	**11**	**2,339**
Acquisition costs as of 1 Jan 2023	1,567	2,345	30	3,942
Accumulated depreciation and impairment	-804	-780	-19	-1,603
Carrying amount 1 Jan 2023	**763**	**1,565**	**11**	**2,339**
Currency translation differences	2	10	–	12
Additions due to changes in consolidation	–	–	–	–
Additions	494	223	14	731
Reclassifications	–	–	–	–
Disposals due to changes in consolidation	–	–	–	–
Disposals	-26	-51	–	-77
Reclassifications to assets held for sale	–	-163	-3	-166
Depreciation and impairment	-191	-205	-7	-403
Reversals of impairment losses	–	–	–	–
Carrying amount 31 Dec 2023	**1,042**	**1,379**	**15**	**2,436**
Acquisition costs as of 31 Dec 2023	1,920	2,196	29	4,145
Accumulated depreciation and impairment	-878	-817	-14	-1,709

The Lufthansa Group mainly leases property, particularly at airports, as well as aircraft and other operating and office equipment. Leases may include renewal and termination options. The terms of the leases are negotiated individually and cover a wide range of different areas. Longer-term leases relate particularly to property. There is a remaining lease term of up to 32 years for land and buildings (previous year: up to 33 years) as of the reporting date. The average remaining term of building leases as of 31 December 2023 was four years (previous year: four years).

The average remaining term of the aircraft leases as of 31 December 2023 was four years (previous year: three years). Right-of-use assets for 15 aircraft were recognised in 2023. This includes the aircraft added in the course of sale-and-lease-back transactions.

The right-of-use assets of the LSG group and the AirPlus group included in the sales process were reclassified to assets held for sale in the financial year. → **Note 33**.

The Lufthansa Group concluded the sale and lease-back of twelve short-haul aircraft from the Airbus A320 family in the fourth quarter of 2023. The aircraft will be leased back for a period of 72 months, with no extension option. The aircraft were between three and seventeen months old at the time of the transaction and are currently operated by Lufthansa Airlines, Lufthansa CityLine and Eurowings. The transactions reflect the Group's strategy of financing capital expenditure in new aircraft with a mix of cash, Japanese operating leases (JOLCOs) and other leases. The transactions were with entities managed by Clover Aircraft Leasing Company Ltd., Dublin, Ireland and BBAM Aircraft Management LP, San Francisco, USA. Proceeds of EUR 608m were generated by the sale, which are shown in the cash flow statement as cash inflows from investing activities. The right-of-use assets amounted to EUR 166m as of the transaction date and the resulting lease obligation came to EUR 222m. The book gain of EUR 96m resulting from the sale is presented in EBIT. This book gain is not included in Adjusted EBIT.

In the reporting period, the amounts shown in the income statement were as follows:

T096 LEASE EXPENSES RECOGNISED IN PROFIT OR LOSS

in €m	**2023**	2022
Depreciation of right-of-use assets	403	427
Interest expenses for lease liabilities	90	84
Expenses for short-term leases	116	72
Expenses for low-value leases	79	100
Variable lease payments	58	72

Some of the Lufthansa Group's leases for properties and aircraft include renewal options and variable lease payments. They are used to obtain the greatest possible flexibility in terms of capacities. They have not been taken into account in various cases when measuring the lease liabilities, because it is not sufficiently probable that they will be exercised. Potential future lease payments for periods after the exercise date of the renewal options are summarised in table **T097**:

T097 DISCLOSURES ON RENEWAL OPTIONS AND VARIABLE LEASE PAYMENTS

	Recognised lease liability (discounted)	**Potential future lease payments not included in lease liabilities (undiscounted payments)**			Recognised lease liability (discounted)	Potential future lease payments not included in lease liabilities (undiscounted payments)		
in €m	**31 Dec 2023**	**Payable 2024–2028**	**Payable after 2028**	**Total**	As of 31 Dec 2022	Payable 2023–2027	Payable after 2027	Total
Aircraft	1,136	73	54	127	829	183	71	254
Property/operating and office equipment	1,432	95	483	578	1614	107	498	605
Total	**2,568**	**168**	**537**	**705**	**2443**	**290**	**569**	**859**

Where termination options were in place for individual leases, their exercise was considered unlikely, with the result that additional lease payments were already taken into account in the corresponding lease liability.

Amounts included in the cash flow statement are shown in table T098:

T098 CASH OUTFLOWS FOR LEASES

in €m	2023	2022
Lease expenses from short-term and low-value leases and variable lease payments not included in the measurement of lease liabilities	253	244
Repayment of the redemption portion of the lease liability	371	451
Interest payments	90	84
Total	**714**	**779**

Lease payments are shown as cash flows from financing activities unless they are lease payments not included in the measurement of lease liabilities, which are shown as operating cash flow.

The maturity analysis of lease liabilities is shown under financial liabilities, → **Note 38**.

Information about operating leases in which the Lufthansa Group is the lessor can be found in → **Note 7**.

24 Equity investments accounted for using the equity method

T099 EQUITY INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

in €m	Investments in joint ventures	Investments in associated companies	Total
Acquisition costs as of 1 Jan 2022	377	166	543
Accumulated amortisation and impairment	-105	-4	-109
Carrying amount as of 1 Jan 2022	**272**	**162**	**434**
Currency translation differences	5	2	7
Additions	37	–	37
Changes with and without an effect on profit and loss	9	-46	-37
Reclassifications	-2	2	–
Disposals	–	-2	-2
Dividends paid	-30	–	-30
Amortisation and impairment	–	-17	-17
Carrying amount as of 31 Dec 2022	**291**	**101**	**392**
Acquisition costs as of 1 Jan 2023	396	123	519
Accumulated amortisation and impairment	-105	-22	-127
Carrying amount 1 Jan 2023	**291**	**101**	**392**
Currency translation differences	-9	-2	-11
Additions	19	–	19
Changes with and without an effect on profit and loss	102	27	129
Disposals due to changes in consolidation	–	–	–
Dividends paid	-9	-5	-14
Reclassifications to assets held for sale	–	-50	-50
Carrying amount 31 Dec 2023	**394**	**71**	**465**
Acquisition costs as of 31 Dec 2023	499	71	570
Accumulated Amortisation and impaiment	-105	–	-105

The investments in associates of the LSG group included in the sales process were reclassified to assets held for sale in the financial year. → **Note 33.**

Individual interests in companies accounted for using the equity method

Tables T100 to T103 contain summarised aggregated data from the income statement and statement of financial position data for the individual material joint ventures accounted for using the equity method.

T100 BALANCE SHEET DATA GÜNES EKSPRES HAVACILIK ANONIM SIRKETI (SUNEXPRESS), ANTALYA, TURKEY

in €m	31 Dec 2023	As of 31 Dec 2022
Current assets	614	561
of which cash and cash equivalents	272	319
Non-current assets	1,409	1,060
Current liabilities	758	664
Non-current liabilities	831	758
Current financial liabilities (except trade and other payables and provisions)	265	302
Non-current financial liabilities (except trade and other payables and provisions)	713	615
Shareholders' equity	**434**	**199**
Share of equity	217	100
Other	26	25
Carrying amount	**243**	**125**

T101 INCOME STATEMENT DATA GÜNES EKSPRES HAVACILIK ANONIM SIRKETI (SUNEXPRESS), ANTALYA, TURKEY

in €m	2023	2022
Revenue	1,641	1,369
Depreciation, amortisation and impairment	131	121
Interest income	15	14
Interest expenses	34	24
Income tax expense or income	100	-10
Profit or loss from continuing operations	**250**	**66**
Profit or loss after tax from discontinued operations	–	–
Other comprehensive income	-15	-22
Total comprehensive income	**235**	**44**
Share of profit or loss from continuing operations	125	33
Share of comprehensive income	118	22
Dividends received	–	–

The functional currency of SunExpress is the euro.

The item "Other" in the reconciliation with the carrying amount for SunExpress primarily includes the difference from the first-time consolidation of the company.

T102 BALANCE SHEET DATA TERMINAL 2 GESELLSCHAFT MBH & CO OHG, MUNICH AIRPORT, GERMANY

in €m	31 Dec 2023	31 Dec 2022
Current assets	22	44
of which cash and cash equivalents	–	–
Non-current assets	1,060	1,123
Current liabilities	454	151
Non-current liabilities	637	1,041
Current financial liabilities (except trade and other payables and provisions)	412	104
Non-current financial liabilities (except trade and other payables and provisions)	613	1,016
Shareholders' equity	**-9**	**-25**
Share of equity	-4	-10
Other	–	–
Carrying amount	**–**	**–**

T103 INCOME STATEMENT DATA TERMINAL 2 GESELLSCHAFT MBH & CO OHG, MUNICH AIRPORT, GERMANY

in €m	2023	2022
Revenue	286	253
Depreciation, amortisation and impairment	76	83
Interest income	1	–
Interest expenses	22	12
Income tax expense or income	4	3
Profit or loss from continuing operations	**18**	**12**
Profit or loss after tax from discontinued operations	–	–
Other comprehensive income	-3	1
Total comprehensive income	**15**	**13**
Share of profit or loss from continuing operations	7	5
Share of comprehensive income	6	5
Dividends received	–	–

EUR 6m (previous year: EUR 5m) of the earnings of Terminal 2 Gesellschaft mbH & Co. was not recognised through profit or loss in the financial year because the carrying amount was not sufficient. The losses not previously recognised in the carrying amount came to EUR 4m as of 31 December 2023 (previous year: EUR 10m).

Table T104 contains summarised aggregated data from the income statement and the carrying amounts for the individual immaterial joint ventures accounted for using the equity method.

T104 INCOME STATEMENTS DATA AND CARRYING AMOUNTS OF JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

in €m	2023	2022
Profit or loss from continuing operations	-23	-13
Profit or loss after tax from discontinued operations	–	–
Other comprehensive income	7	–
Total comprehensive income	**-16**	**-13**
Amortisation and impairment	–	–
Carrying amount	**152**	**165**

Cumulative losses of EUR 11m (previous year: EUR 24m) at the immaterial joint ventures were not recognised through profit or loss previously, as the carrying amounts of the equity interests were too low. No other losses were incurred in the financial year that could not be recognised through profit or loss.

Table T105 contains summarised aggregated data from the income statement and the carrying amounts for the individual immaterial associated companies accounted for using the equity method.

T105 INCOME STATEMENTS DATA AND CARRYING AMOUNTS OF ASSOCIATED COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

in €m	2023	2022[1]
Profit or loss from continuing operations	18	-35
Profit or loss after tax from discontinued operations	–	–
Other comprehensive income	–	–
Total comprehensive income	**18**	**-35**
Amortisation and impairment	–	-17
Carrying amount	**71**	**101**

[1] Previous year's figure adjusted due to the reclassification of the Catering segment to discontinued operations.

25 Other equity investments and non-current securities

T106 OTHER EQUITY INVESTMENTS AND NON-CURRENT SECURITIES

in €m	31 Dec 2023	As of 31 Dec 2022
Investments in affiliated companies	209	208
Equity investments	24	28
Other equity investments	**233**	**236**
Non-current securities	20	37

Shares in related parties include shares in affiliated companies, joint ventures and associates that are not consolidated for reasons of materiality. These shares are carried at amortised cost. Disclosures on the equity investments and long-term securities can be found in → **Note 46**.

26 Non-current loans and receivables

T107 NON-CURRENT LOANS, RECEIVABLES AND OTHER ASSETS

in €m	31 Dec 2023	As of 31 Dec 2022
Loans to and receivables from affiliated companies	55	58
Loans to and receivables from other equity investments	–	–
Other loans and receivables	268	121
Pension plan surplus assets	219	76
Emissions certificates	426	277
	968	**532**

Non-current loans and receivables are carried at amortised cost.

EUR 142m of the other loans and receivables are owed by the AURELIUS Group. They relate to the disposal of the LSG group and represent deferred purchase price receivables. The term of the loans expires in October 2025 and can be extended by Aurelius until October 2028. The interest rate is 10% p.a. and 12% p.a. from November 2025.

CO_2 emissions certificates valued at EUR 201m (previous year: EUR 0m) were sold and simultaneously repurchased on the market on a forward basis in what are known as repo agreements so that economic ownership of the certificates is maintained. Equivalent other liabilities were recognised in the amount of the consideration received. For the impairment test for emissions certificates, please refer to the disclosures on the cash-generating units (CGU) in → **Note 18**.

Other receivables include no expected reimbursements for obligations for which provisions have been made (previous year: EUR 2m). As in the previous year, no non-current receivables were used as collateral for liabilities.

27 Inventories

T108 INVENTORIES

in €m	31 Dec 2023	As of 31 Dec 2022
Raw materials, consumables and supplies	836	724
Finished goods and work in progress	122	80
Advance payments	3	8
	961	**812**

In inventories, EUR 751m (previous year: EUR 623m) comprise non-repairable spare parts for aircraft.

The gross value of written-down inventories as of 31 December 2023 was EUR 1,254m (previous year: EUR 1,077m). Inventories with a carrying amount of EUR 725m (previous year: EUR 614m) are held at their net realisable value. Write-downs to net realisable value of EUR 449m were made at the beginning of the financial year (previous year: EUR 471m). In the reporting year, new valuation allowances were carried out for EUR 95m (previous year: EUR 15m), mostly related to the MRO segment. Valuation allowances of EUR 15m from previous years were reversed (previous year: EUR 22m).

No inventories have been pledged as collateral for loans.

28 Contract assets

The Lufthansa Group recognised the following contract assets in 2023:

T109 CONTRACT ASSETS

in €m	31 Dec 2023	As of 31 Dec 2022
Contract assets from MRO and IT services	316	345
Impairment of contract assets	-4	-3
Total contract assets	**312**	**342**

29 Trade receivables and other receivables

T110 TRADE RECEIVABLES AND OTHER RECEIVABLES

in €m	31 Dec 2023	As of 31 Dec 2022
Trade receivables		
Trade receivables from affiliated companies	56	33
Trade receivables from other equity investments	–	3
Trade receivables from third parties	2,253	2,955
	2,309	**2,991**
Other receivables		
Receivables from affiliated companies	139	140
Receivables from other equity investments	1	–
Other receivables	1,243	843
Emissions certificates	231	128
	1,614	**1,111**
Total	**3,924**	**4,102**

The decrease in trade receivables stems from the fact that, in line with IFRS 5, all assets and liabilities attributable to the AirPlus group have been presented separately in the statement of financial position as of 31 December 2023 as “Assets held for sale” and “Liabilities in connection with assets held for sale”. The disposal of the Catering segment was also responsible for the decline in this item. The AirPlus group accounted for EUR 795m of the trade receivables from companies outside the Group in the previous year and the discontinued Catering segment for EUR 183m.

No receivables have been used as collateral for loans. In the previous year, receivables of EUR 191m acted as collateral for a loan of EUR 120m structured as an asset-backed security.

There are factoring agreements for some of the trade receivables. Since the risk of late payment and default was almost completely transferred to the factor, the EUR 47m in assets transferred (previous year: EUR 61m) was fully derecognised, apart from a residual amount of EUR 1m (previous year: EUR 1m).

Impairment testing for the emissions certificates took place in the course of impairment testing for the cash-generating units (CGU) that hold them. → **Note 18**.

As in the previous year, there is no collateral for trade receivables and no reimbursements are expected for obligations for which provisions have been recognised.

For disclosures on impairment losses, credit risks and term structures, we refer to → **Note 46**.

Other receivables of EUR 164m (previous year: EUR 70m) serve to secure negative market values of derivatives.

30 Deferred charges and prepaid expenses

Deferred charges and prepaid expenses consist of various services paid for in advance for subsequent periods.

31 Current securities

Current securities are fixed income securities, participation certificates, shares and investments in money market funds.

32 Cash and cash equivalents

This item includes cash and cash equivalents and fixed-term deposits with a term of up to three months. Bank balances in foreign currencies are translated at the exchange rate on the balance sheet date.

33 Assets held for sale

Assets and liabilities held for sale as of 31 December 2023 are made up as follows:

T111 **ASSETS HELD FOR SALE AND ADDITIONAL LIABILITIES**

in €m	**31 Dec 2023**	As of 31 Dec 2022
Assets		
Other intangible assets	27	–
Aircraft and reserve engines	–	315
Land and buildings	7	2
Property, plant and other equipment	6	–
Financial investments	31	–
Trade receivables	931	–
Other assets	107	2
Total	**1,109**	**319**
Shareholders' equity and liabilities		
Pension provisions	8	–
Other provisions	36	–
Financial liabilities	279	–
Other liabilities	347	–
Total	**670**	**–**

All the assets and liabilities held for sale stem from the contract signed on 20 June 2023 with SEB Kort Bank AB from Stockholm for the sale of the AirPlus group. The AirPlus group is part of Additional Businesses and Group Functions.

Assets with a carrying amount of EUR 1,109m were held for sale as of 31 December 2023.

This includes shares in VISA Inc. held as financial investments, which were recognised at fair value without recycling. Their market value went up by EUR 5m in the reporting period.

EUR 346m from reclassified trade receivables serve as collateral in connection with financing arrangements.

The liabilities related to the assets held for sale amount to EUR 670m.

In shareholders' equity, the other neutral reserves item includes accumulated income of EUR 30m attributable to the assets and liabilities of the AirPlus group held for sale. They relate to mark-to-market reserves and differences from foreign currency translation.

Financial debt includes a loan with a carrying amount of EUR 273m and a market value of EUR 272m. The remaining financial debt consists of lease liabilities.

Assets held for sale in the previous year included six Airbus A380s which were sold to Airbus in financial year 2023.

Shareholders' equity and liabilities

34 Issued capital

SHARE CAPITAL

Deutsche Lufthansa AG's share capital totals EUR 3,063,342,970.88. It is divided into 1,196,618,348 registered shares with transfer restrictions, with each share representing EUR 2.56 of share capital.

AUTHORISED CAPITAL

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

A resolution passed at the Annual General Meeting on 9 May 2023 authorised the Executive Board until 8 May 2028, subject to approval by the Supervisory Board, to increase the share capital by EUR 100,000,000 by issuing new registered shares to employees (Authorised Capital B) for payment in cash. Existing shareholders' subscription rights are excluded. As of 31 December 2023, the issued capital was increased under this authorisation by a total of EUR 2,899,722.24, so that Authorised Capital B still amounted to EUR 97,100,277.76 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 9 May 2023 authorised the Executive Board pursuant to Section 71 Paragraph 1 No. 8 of the German Stock Corporation Act (AktG) to purchase treasury shares until 8 May 2028. The acquisition is limited to 10% of current share capital and can be purchased on the stock exchange or by a public purchase offer to all shareholders. The authorisation states that the Executive Board can use the shares in particular for the purposes defined in the resolution passed at the Annual General Meeting. According to the resolution of the Annual General Meeting held on 9 May 2023, the Executive Board is also authorised to purchase treasury shares by means of derivatives and to conclude corresponding derivative transactions.

Deutsche Lufthansa AG issued 1,132,704 shares from Authorised Capital B at a price of EUR 8.12 in 2023 in order to distribute them to employees as part of the profit-sharing scheme for 2022. 17,246 shares from this capital increase were still held as of 31 December 2023.

CAPITAL MANAGEMENT

The aim of capital management is to cover future funding requirements at low cost and to ensure that financial debt can be repaid, by ensuring good access to the capital markets. To achieve this, gearing, measured by the ratio of Adjusted net debt to Adjusted EBITDA, should remain limited to a figure of less than 3.5. The figure was 1.7 as of 31 December 2023 (previous year: 2.3) and, together with Adjusted net debt, takes into account both net indebtedness (including the financial obligations arising from lease agreements, primarily for property and aircraft) and net pension obligations.

The balance sheet ratios for equity and debt were as follows as of 31 December 2023 and 2022:

T112 EQUITY AND LIABILITIES

	31 Dec 2023		As of 31 Dec 2022	
	in €m	in % of total assets	in €m	in % of total assets
Shareholders' equity	9,709	21.42	8,474	19.55
Liabilities	35,612	78.58	34,861	80.45
Total capital	**45,321**	**100.0**	**43,335**	**100.0**

In the 2023 financial year, the equity ratio went up by 1.87 percentage points to 21.42%, particularly due to the positive consolidated net income.

Deutsche Lufthansa AG's Articles of Association do not stipulate any capital requirements.

35 Reserves

Capital reserves only include the share premium paid on capital increases and a convertible bond that was redeemed in full in previous years. In the previous year, EUR 704m were used from the capital reserve and EUR 26m from the statutory reserve within retained earnings to offset the loss shown in the HGB financial statements. No reserves were reversed in the reporting year. The other reserves consist of other retained earnings.

The following table shows changes in other neutral reserves in the 2023 financial year:

T113 NOTES ON OTHER COMPREHENSIVE INCOME

in €m	2023	2022
Differences from currency translation	270	150
Profit/loss for the period	92	150
Reclassification adjustments recognised in profit or loss	178	–
Subsequent measurement of financial assets and liabilities at fair value (with recycling)	18	-108
Subsequent measurement of financial assets at fair value (without recycling)	5	–
Profit/loss for the period	23	-108
Reclassification adjustments recognised in profit or loss	–	–
Subsequent measurement of hedges – cash flow hedge reserve	-234	1,331
Subsequent measurement of hedges – costs of hedging	-131	-56
Profit/loss for the period	-300	1,436
Reclassification adjustments recognised in profit or loss	-65	-161
Other comprehensive income from financial investments accounted for using the equity method	-7	-11
Profit/loss for the period – reclassifiable	-7	-11
Profit/loss for the period – non-reclassifiable	–	–
Revaluation of defined-benefit pension plans	-665	4,648
Other expenses and income recognised directly in equity (with recycling)	–	-1
Other expenses and income recognised directly in equity (without recycling)	8	42
Income taxes on items in other comprehensive income	389	-1,881
Other comprehensive income after income taxes	**-347**	**4,114**

T114 NOTE ON INCOME TAXES RECOGNISED FOR OTHER COMPREHENSIVE INCOME

	2023			2022		
in €m	**Amount before income taxes**	**Tax expenses/ income**	**Amount after income taxes**	Amount before income taxes	Tax expenses/ income	Amount after income taxes
Differences from currency translation	270	–	270	150	–	150
Subsequent measurement of financial assets and liabilities at fair value (with recycling)	18	-10	8	-108	32	-76
Subsequent measurement of financial assets at fair value (without recycling)	5	–	5	–	–	–
Subsequent measurement of hedges – cash flow hedge reserve	-234	58	-176	1,331	-285	1,046
Subsequent measurement of hedges – costs of hedging	-131	31	-100	-56	-8	-64
Other comprehensive income from investments accounted for using the equity method – reclassifiable	-7	–	-7	-11	–	-11
Revaluation of defined-benefit pension plans	-665	310	-355	4,648	-1,620	3,028
Other expenses and income recognised directly in equity (with recycling)	–	–	–	-1	–	-1
Other expenses and income recognised directly in equity (without recycling)	8	–	8	42	–	42
Other comprehensive income	**-736**	**389**	**-347**	**5,995**	**-1,881**	**4,114**

The overall change in equity is shown in table → T060.

36 Pension provisions

The Lufthansa Group's pension obligations comprise both defined benefit and defined contribution plans and include both obligations to make current payments and entitlements to future pension payments.

In addition to various actuarial risks such as interest rate risk, life-expectancy risk and the risk of salary increases, the pension plans expose the Group primarily to financial risks in connection with plan assets.

Obligations under defined benefit pension plans for employees of the Lufthansa Group related mostly to pension obligations in Germany, Switzerland, Austria and the USA. Various commitments have been made to different groups of employees.

Germany

Between 2015 and 2017, the conversion of the defined benefit plans to defined contribution plans with guaranteed contributions during the vesting period for future pension commitments was completed for all groups of employees.

The Lufthansa collective agreement on benefits for ground staff established a new Company retirement benefit plan in the form of a defined contribution benefit commitment for the ground staff in Germany, in particular those at Deutsche Lufthansa AG, Lufthansa Cargo AG, Lufthansa Technik group and the LSG group. For employees recruited before 1 January 2016, the entitlements vested up until 31 December 2015 are maintained. For service periods starting from 1 January 2016, employees can reach the same level of benefits by making contributions from their own pocket as under the previous wage agreement. For employees recruited from 1 January 2016, the contributions to the new model will be invested on the capital market. When the employee reaches retirement age, the entire account balance is converted into an annuity on the basis of the applicable BilMoG interest rate in accordance with Section 253 Paragraph 2 of the German Commercial Code (HGB), subject to a pension adjustment of 1% per annum and while guaranteeing the contributions that were originally made.

For cabin crew recruited up to 5 July 2016, the pension entitlements vested up until 30 June 2016 are maintained. For service periods from 1 July 2016, these employees receive employer contributions to the Company pension scheme depending on their eligible gross salary. An initial contribution to the transitional benefit scheme was calculated for the staff concerned as of 30 June 2016 on the basis of parameters and valuation methods defined by the collective bargaining partners. This initial transitional benefit contribution will replace all existing claims by the employees concerned under the collective agreement on "Transitional Benefit for Cabin Crew" and will be switched to a contribution commitment with a minimum guaranteed payment. All employees are free to make their own contributions on a voluntary basis. Contributions from both employer and employee, as well as the initial transitional benefit contribution, are invested on the capital markets with a capital guarantee. When an employee reaches retirement age, the available account balance is converted into an annuity on the basis of the applicable BilMoG interest rate in accordance with Section 253 Paragraph 2 HGB, subject to a pension adjustment of 1% per annum.

For cockpit staff recruited before 1 January 2017, the pension entitlements vested up until 31 December 2016 are maintained. For service periods from 1 January 2017, employees receive employer contributions to the Company pension scheme depending on their eligible gross salary. All employees are free to make their own contributions on a voluntary basis. The capital is invested on capital markets with a capital guarantee and the guaranteed interest rate offered by the life insurance companies (currently 0.25% per annum) as an additional commitment. When an employee reaches retirement age, the available account balance is converted into an annuity on the basis of the applicable BilMoG interest rate in accordance with Section 253 Paragraph 2 HGB, subject to a pension adjustment of 1% per annum.

Cockpit staff are still additionally entitled to a transitional pension arrangement covering the period from the end of their active in-flight service until the beginning of their statutory/Company pension plans. Benefits depend on the number of years of service and the final salary before retirement (final salary plans). Pension entitlements continue to accrue while transitional benefits are being received. Since 2021, the collective retirement age for pilots has been 60.

In the Company retirement benefit scheme for ground, cabin and cockpit staff, the obligations from the capital market-oriented components are recognised at the time value of the corresponding assets, insofar as the assets exceed the minimum guaranteed amount. Plan assets and benefit obligations are presented on a net basis. The employer contributions constitute service expense.

Defined-benefit Company pension schemes and transitional pension arrangements for Germany are funded by plan assets, while amounts that have not yet been transferred are covered by pension provisions.

In the 2004 financial year, work began on building up plan assets to fund and safeguard future pension payments. The aim was to fund the pension obligations under existing plans in Germany in full. Contractual trust arrangements (CTAs) in the form of a mutual two-stage trusteeship were set up for this purpose.

The main trustee is Lufthansa Pension Trust e.V., a separate legal entity subject to German regulations. Deutsche Lufthansa AG and the trustees/other trustors agree on contributions and, if such a contribution is determined, make a payment to Lufthansa Pension Trust e.V. Deutsche Lufthansa AG and its subsidiaries Lufthansa Technik AG and Lufthansa Cargo AG are parties to the contractual trust arrangement. The trust assets have largely been held by a Maltese corporate vehicle since 2007. The Investment Board of Lufthansa Malta Pension Holding decides on the fund's asset allocation. The asset management itself is delegated to fund management companies, who invest the assets in accordance with the general investment principles defined by the Investment Board.

Assets to fund pension obligations for other German subsidiaries have been invested with Deutsche Treuinvest Stiftung with the same investment strategy.

The assets to fund pension obligations in the Lufthansa Pension Ground, Lufthansa Pension Cabin and Lufthansa Pension Cockpit capital market-based benefits system were transferred to an external trustee, Deutsche Treuinvest Stiftung, as part of a contractual trust arrangement. Capital is invested in what are known as age group funds, whose investment strategy is based on a life cycle model. As employees get older, less and less is invested in asset classes with a higher risk-return profile and a greater percentage in more conservative asset classes. The Company has set up an Investment Committee that is responsible for defining and monitoring the investment strategy, e.g. how the age group funds are composed and how the asset allocation changes over time.

There are no minimum funding requirements in Germany. The pension contributions for employees calculated in the financial year were transferred in full to the plan assets. Reimbursements totalling EUR 371m (previous year: EUR 325m) for pension payments made were withdrawn from the plan assets of Lufthansa Pension Trust e.V. for the plans of Deutsche Lufthansa AG, Lufthansa Cargo AG and Lufthansa Technik AG.

Switzerland

Pension obligations in Switzerland are largely based on statutory obligations. The retirement benefits are funded via pension funds. In addition to retirement benefits, the plans cover disability and surviving dependant persons' benefits. Beneficiaries can choose between an annuity and a lump sum payment. The retirement age for the plans generally lies between 58 and 65 years. Contributions to the pension funds are made by employers and employees; the Company contributions must be at least equal to the employee contributions defined in the terms of the plan. Contributions are deducted from the qualifying salary according to a sliding scale. If there is a deficit of plan assets, employer and employee contributions can be increased, a lower return can be determined or other steps permissible by law can be taken. The decision is taken by the trustees of the pension fund concerned. The trustees' strategies for making good a deficit are based on the report by a pension fund expert and must be presented to the regulatory authority. The approval of the authority is not required, however. In 2023, the annuity factors for the cabin pension fund for all employees retiring from 2024 and the savings contributions for the cockpit and ground pension funds were reset, resulting in a past service cost of EUR 18m.

Austria

The pension obligations for employees of Austrian Airlines AG are mostly on a defined contribution basis and have been outsourced to a pension fund. They consist of retirement, occupational disability and surviving dependant persons' benefits. Obligations under defined benefit plans at Austrian Airlines AG relate to former directors and Executive Board members and others already receiving their pensions. Obligations under defined benefit plans for ground staff are now contribution-free and are determined by converting plan assets into an annuity. There are no defined benefit plans but only defined contribution pension obligations for active pilots, flight attendants and members of the top management level. There are also entitlements to severance payments when employment comes to an end.

On the basis of changes in collective agreements and legislation, the conditions were created in 2023 for transferring all the remaining defined retirement benefit commitments to a pension fund. In future, the pension payments to participants will depend solely on the assets and the investment performance of the pension fund. Based on these measures, Austrian Airlines AG will make payments of EUR 46m in total to the pension fund over the next nine years. Otherwise, Austrian Airlines AG no longer has any payment obligation. This transaction is therefore presented as a plan settlement that gave rise to a settlement gain of EUR 4m. The pension obligation and the associated plan assets will be derecognised when the final instalment is paid.

USA and other countries

There is also a small number of retirement benefit commitments for other staff abroad, based mainly on length of service and salary earned. As a rule, benefits are financed by means of external funds. No new entitlements can be acquired in the US and UK pension plans, which are the largest by volume.

Amounts shown in the statement of financial position for defined benefit commitments are made up as follows:

T115 DEFINED-BENEFIT RETIREMENT COMMITMENTS

in €m	**31 Dec 2023**				As of 31 Dec 2022			
	Defined-benefit obligations (DBO)	**Fair value of plan assets**	**Effect of asset ceiling**	**Net carrying amount for defined-benefit obligations**	Defined-benefit obligations (DBO)	Fair value of plan assets	Effect of asset ceiling	Net carrying amount for defined-benefit obligations
Retirement benefits Germany	13,445	-12,333	–	1,112	11,957	-11,264	–	693
Transitional benefits Germany	1,491	-20	–	1,471	1,251	-134	–	1,117
Switzerland	4,064	-4,217	105	-48	3,307	-3,865	560	2
Austria	286	-170	–	116	283	-141	–	142
USA	106	-116	–	-10	273	-271	–	2
Other countries	345	-303	–	42	319	-282	–	37
Carrying amounts	**19,737**	**-17,159**	**105**	**2,683**	**17,390**	**-15,957**	**560**	**1,993**
of which pension provisions	–	–	–	2,895	–	–	–	2,069
of which shown under liabilities for disposal	12	-4	–	8	–	–	–	–
of which other assets	–	–	–	220	–	–	–	76

The asset ceiling arises for plans in Switzerland where the fair value of plan assets exceeds the defined benefit obligation. However, this surplus cannot be withdrawn from the plan through payouts or future contributions to the plan assets that are less than the service cost.

The total amount of defined benefit obligations is distributed among the beneficiaries as follows:

T116 ALLOCATION OF DEFINED-BENEFIT COMMITMENTS

in €m	**2023**	2022
Active employees	11,237	9,767
Vested employees who have left the company	2,027	1,705
Retired employees	6,473	5,918
	19,737	**17,390**

The weighted duration of pension obligations was 16 years as of 31 December 2023 (previous year: 15 years).

The changes between the opening balance and the closing balance of the pension obligation, the plan assets and the pension provision are as follows:

T117 PERFORMANCE OBLIGATIONS TO EMPLOYEES

	2023					2022				
in €m	Defined benefit obligations (DBO)	Fair value of plan assets	Total	Effect of asset ceiling	Net carrying amount for defined benefit obligations	Defined benefit obligations (DBO)	Fair value of plan assets	Total	Effect of asset ceiling	Net carrying amount for defined benefit obligations
Opening balance as of 1 Jan	**17,390**	**-15,957**	**1,433**	**560**	**1,993**	**24,935**	**-18,510**	**6,425**	**121**	**6,546**
Current service costs	452	–	452	–	452	497	–	497	–	497
Past service cost/effects of curtailments	24	–	24	–	24	19	–	19	–	19
Interest expenses/interest income	665	-599	66	12	78	293	-210	83	–	83
Total amount recognised in profit and loss	**1,141**	**-599**	**542**	**12**	**554**	**809**	**-210**	**599**	**–**	**599**
Actuarial gains/losses from changes in financial assumptions	1,431	–	1,431	–	1,431	-7,759	–	-7,759	–	-7,759
Actuarial gains/losses from changes in demographic assumptions	-12	–	-12	–	-12	-1	–	-1	–	-1
Gains/losses from experience adjustments	231	–	231	–	231	-98	–	-98	–	-98
Performance of plan assets, without amounts included in interest	–	-509	-509	–	-509	–	2,784	2,784	–	2,784
Effect from asset ceiling	–	–	–	-479	-479	–	–	–	426	426
Total amount recognised in other comprehensive income	**1,650**	**-509**	**1,141**	**-479**	**662**	**-7,858**	**2,784**	**-5,074**	**426**	**-4,648**
Plan contributions – employees	160	-157	3	–	3	84	-81	3	–	3
Plan contributions – employers	–	-476	-476	–	-476	–	-397	-397	–	-397
Pension payments	-662	630	-32	–	-32	-746	678	-68	–	-68
Settlement payments	–	–	–	–	–	-12	12	–	–	–
Total amount recognised in the Group cash flow statement	**-502**	**-3**	**-505**	**–**	**-505**	**-674**	**212**	**-462**	**–**	**-462**
Currency translation differences	226	-240	-14	12	-2	194	-209	-15	13	-2
Changes in the group of consolidated companies	-169	147	-22	–	-22	-12	6	-6	–	-6
Other/reclassifications	1	2	3	–	3	-4	-30	-34	–	-34
Closing balance as of 31 Dec	**19,737**	**-17,159**	**2,578**	**105**	**2,683**	**17,390**	**-15,957**	**1,433**	**560**	**1,993**
of which pension provisions	–	–	–	–	2,895	–	–	–	–	2,069
of which present value of non-funded pension obligations	–	–	–	–	263	–	–	–	–	230
of which shown under liabilities for disposal	12	-4	8	–	8	–	–	–	–	–
of which surpluses of plan assets over pension obligations	–	–	–	–	220	–	–	–	–	76

Interest expenses on pension provisions and interest income on plan assets are shown in the financial result. The current service cost and past service cost are recognised in staff costs.

The past service cost incurred in the reporting year mainly stems from an adjustment to the annuity factors for the cabin pension fund in Switzerland for all employees retiring from 2024 and from changes to the savings contributions for the cockpit and ground pension funds in Switzerland.

Actuarial gains/losses from changes in financial assumptions include losses due to the reduction in the discount rates compared with the previous year. Adjustments to obligations regarding capital market-based pension plans, which are due to changes in exchange rates, are shown in adjustments based on past experience.

The plan assets generated a gain of EUR 1,108m in the 2023 financial year (previous year: loss of value of EUR 2,574m). This amount is made up of the interest income recognised in the income statement and the revaluation component for plan assets.

The outflows of plan assets due to pension payments of EUR 630m include the financing of pensions in Germany from CTA assets in the amount of EUR 426m.

Information on tax assets related to pension obligations can be found in → T082.

The main actuarial assumptions used to calculate pension obligations and the corresponding plan assets are shown below:

T118 MAIN ACTUARIAL ASSUMPTIONS FOR GERMAN COMPANIES

in %	31 Dec 2023	As of 31 Dec 2022
Interest rate		
Retirement benefits	3.6	4.2
Transitional benefits	3.6	4.2
Salary increase		
Retirement benefits	2.5	2.5
Transitional benefits	2.5	2.5
Pension increase		
Retirement benefits	1.0	1.0
Transitional benefits	1.0	1.0

The Heubeck Actuarial Tables 2018 G were used in the biometric calculations for the German companies in the Group.

T119 MAIN ACTUARIAL ASSUMPTIONS FOR FOREIGN COMPANIES

in %	31 Dec 2023	As of 31 Dec 2022
Interest rate		
Austria	3.6	4.2
Switzerland	1.4	2.4
USA	5.0	5.0
Salary increase		
Austria [1]	1.8	1.8
Switzerland	1.9	2.1
USA	–	–
Pension increase		
Austria	–	1.8
Switzerland	–	–
USA	–	–

[1] Comprises severance payments only in 2023.

The BVG 2020 generation tables are used for the biometric calculations for Switzerland.

The following table shows how the present value of the defined benefit obligations would have been affected by changes in the relevant actuarial assumptions for the main pension plans described above.

T120 CHANGE IN ACTUARIAL ASSUMPTIONS

	Effect on the defined-benefit contribution as of 31 Dec 2023 in €m	Change in %	Effect on the defined-benefit contribution as of 31 Dec 2022 in €m	Change in %
Present value of the obligation [1]	19,737	–	17,390	–
Interest rate				
Increase by 0.5 percentage points	18,451	- 6.5	16,423	- 5.6
Decrease by 0.5 percentage points	20,759	+ 5.2	18,455	+ 6.1
Salary trend				
Increase by 0.5 percentage points	19,767	+ 0.2	17,474	+ 0.5
Decrease by 0.5 percentage points	19,684	- 0.2	17,318	- 0.4
Pension trend				
Increase by 0.5 percentage points	19,929	+ 1.0	17,573	+ 1.0
Decrease by 0.5 percentage points	19,714	- 0.1	17,367	- 0.1

[1] Present value of the obligation using the assumptions shown in the “Actuarial assumptions” tables.

A reduction of 10% in the mortality rates used to calculate the pension obligations increases the life expectancy of the beneficiaries by a given amount depending on their individual ages. It roughly corresponds to an increase of one year in the life expectancy of a male employee who is 55 years old today. A 10% reduction in the mortality rates would therefore increase the present value of the main benefit obligations in Germany and Switzerland by EUR 254m as of 31 December 2023 (previous year: EUR 241m).

The sensitivity analysis examines changes in one assumption and leaves the other assumptions unchanged compared with the original calculation. The effects of any interaction between the individual assumptions are therefore not taken into account.

The plan assets are made up as follows:

T121 COMPOSITION OF PLAN ASSETS

	31 Dec 2023				31 Dec 2022			
	Listed price in an active market in €m	No listed price in an active market in €m	Total in €m	in %	Listed price in an active market in €m	No listed price in an active market in €m	Total in €m	in %
Shares			**5,919**	**34.5**			**5,359**	**33.6**
Europe	3,377	–			2,084	–		
Other	2,542	–			3,275	–		
Fixed-income securities			**6,454**	**37.6**			**5,084**	**31.9**
Government bonds	1,940	–			2,340	–		
Corporate bonds	4,514	–			2,744	–		
Share funds	202	–	**202**	**1.2**	166	–	**166**	**1.0**
Fixed-income funds	207	–	**207**	**1.2**	135	–	**135**	**0.8**
Mixed funds [1]	–	–	**–**	**0.0**	64	–	**64**	**0.4**
Money market investments	984	–	**984**	**5.7**	1,572	–	**1,572**	**9.9**
Property			**1,509**	**8.8**			**1,476**	**9.2**
Direct investments	1,059	10			–	11		
Indirect investments	46	394			1,034	431		
Insurance contracts	–	120	**120**	**0.7**	–	104	**104**	**0.7**
Bank balances	56	60	**116**	**0.7**	207	390	**597**	**3.7**
Other investments [2]	561	1,087	**1,648**	**9.6**	184	1,216	**1,400**	**8.8**
Total	**15,488**	**1,671**	**17,159**	**100.0**	**13,805**	**2,152**	**15,957**	**100.0**

[1] Mixed funds include equities and interest-bearing securities.
[2] Other investments include, in particular, alternative investments such as hedge funds, commodities and private equity funds as well as hedging instruments in connection with the LDI strategy.

The plan assets for defined benefit pension obligations consist mainly of fixed-income securities, equities, property and cash and cash equivalents. They do not include financial instruments issued by companies in the Group nor properties used by Group companies.

Plan assets serve solely to meet the defined benefit obligations. Funding these benefit obligations with assets provides security for future payments. In some countries, this takes place on the basis of statutory regulations, while in others (Germany, for example), this takes place on a voluntary basis.

The responsible decision-making bodies within the Lufthansa Group manage and monitor the financial risks that arise from funding the defined benefit pension obligations.

Within the Lufthansa Group, the pension plans aim to cover the German and Swiss pension obligations by means of plan assets and positive capital market returns in the medium to long term. The key factors for achieving this are the performance of the investments and, for the Swiss plans, the structure of the contribution system and the interest rate policy.

The allocation of the funds to asset classes (e.g. equities) for the defined benefit plans is carried out on the basis of asset-liability matching (ALM) studies. The ALM study is conducted periodically, generally every three years, with an external adviser in order to review the funding strategy on a regular basis and to make adjustments as necessary. The results of the study should indicate what combination of investments (annuities, equities, etc.) can be used to cover the long-term pension obligations. Step one of this process is for the actuary to draft a long-term forecast charting how the pension obligations will develop.

In addition to this, target figures are needed for the relative return and relative risk as regards coverage of the obligations. Last but not least, a risk budget must also be defined. A simulation is used to test all permissible investment allocations for their future compliance with these objectives. Those which do not fulfil the criteria are eliminated. Preference is given to allocations that are return-oriented yet conservative and that have a high probability of achieving the investment target. The results of the ALM study show whether there will be strategic shifts in the existing allocation.

Higher interest rates meant that the funding ratio for the defined benefit pension obligations at Deutsche Lufthansa AG, Lufthansa Technik AG and Lufthansa Cargo AG went up to nearly 100%. To stabilise the funding ratio, 50% of the investment portfolio was shifted to a liability-driven investment strategy (LDI).

The LDI strategy requires capital to be invested in such a way that the assets replicate the interest rate risk for the pension obligations. This reduces fluctuations due to interest rate changes in the net pension obligations presented in the consolidated statement of financial position. It entails capital investments largely in fixed-income corporate bonds and in derivative interest rate swaps that establish the same sensitivity to interest rates for both assets and liabilities. As of 31 December 2023, around 50% of these pension obligations were hedged against interest rate risk. The intention is to go up to 75% LDI and a 75% interest rate hedge in 2024. Derivative financial instruments are also used to manage foreign exchange risks.

The capital investments for the other defined benefit plans at the other entities in Germany and Switzerland are not affected by this change.

The investment strategy for the capital market-based pension plans was also initially defined by the Company and is regularly reviewed in the course of an ALM study. Where necessary, it is adjusted by the Investment Committee to reflect changes in capital market requirements. This may result in changes to the investment strategy for amounts that have already been invested.

Based on current knowledge, an estimated EUR 584m is expected to be transferred to pension plans in the 2024 financial year (previous year: EUR 481m). In Germany, they only relate to capital market-oriented schemes.

Over the next ten years, the following pension payments are forecast for the defined benefit commitments in existence as of the reporting date:

T122 FORECAST MATURITIES OF UNDISCOUNTED PENSION PAYMENTS

in €m	**Forecast pension payments 31 Dec 2023**	Forecast pension payments as of 31 Dec 2022
2024 (previous year: 2023)	715	661
2025 (previous year: 2024)	738	671
2026 (previous year: 2025)	778	687
2027 (previous year: 2026)	808	721
2028 (previous year: 2027)	822	744
2029–2033 (previous year: 2028–2032)	4,214	4,048

The projected maturities for pension payments do not include possible allocations to or funding from plan assets. As a result, the cash flow effects from payments in respect of pension plans may be higher or lower than the projected pension payments, primarily depending on the Company's ability to continue its past funding policy in the future.

Contributions for defined contribution retirement benefit commitments came to EUR 481m in 2023 (previous year: EUR 385m). These mainly relate to contributions to statutory pension schemes, but also include collective bargaining contributions or voluntary contributions to other pension schemes. The increase stemmed mainly from higher statutory pension contributions, particularly due to less short-time work and higher salaries.

37 Other provisions

Other provisions disclosed in the statement of financial position as non-current and current other provisions are made up as follows:

T123 NON-CURRENT AND CURRENT OTHER PROVISIONS

	31 Dec 2023			As of 31 Dec 2022		
in €m	**Total**	Non-current	Current	**Total**	Non-current	Current
Obligations under partial retirement contracts	**62**	47	15	**103**	82	21
Other staff costs	**199**	166	33	**196**	157	39
Obligation to return emissions certificates	**225**	–	225	**125**	–	125
Onerous contracts	**150**	95	55	**161**	104	57
Environmental restoration	**32**	28	4	**39**	29	10
Litigation	**218**	35	183	**243**	28	215
Restructuring/severance payments	**49**	7	42	**125**	55	70
Maintenance of lease aircraft	**401**	318	83	**310**	212	98
Warranties	**72**	–	72	**81**	–	81
Other provisions	**232**	68	164	**246**	90	156
Total	**1,640**	**764**	**876**	**1,629**	**757**	**872**

The obligations from partial retirement agreements result from collective bargaining agreements in Germany. In 2023, the obligations were measured using an interest rate of 3.72% (previous year: 3.16%).

To protect outstanding obligations under partial retirement agreements in the event of insolvency, funds were transferred to an external trust and reinsurance policies were taken out. These assets, which fulfil the requirements for plan assets and therefore reduce the gross amount of obligations accordingly, are measured at fair value on the balance sheet date.

The funding status for provisions for obligations to employees under partial retirement agreements is as follows:

T124 FUNDING STATUS

in €m	**31 Dec 2023**	31 Dec 2022
Present value of funded obligations under partial retirement agreements	251	240
External plan assets	–193	–139
	58	**101**
of which other provisions	62	103
of which other assets	4	2

The obligation only went up slightly in the financial year because the option in the collective agreement enabling new partial retirement agreements expired. Contributions to plan assets reduced the amount of provisions.

Provisions for other staff costs mainly relate to staff anniversary bonuses and other current obligations.

The provisions for the obligation to return emissions certificates cover the obligations to submit certificates under the emissions trading schemes applicable to the Lufthansa Group. The obligations are matched by certificates, which are presented under other receivables. → **Note 26** and → **Note 29**.

The provisions for expected losses from onerous contracts relate in particular to maintenance contracts at Lufthansa Technik AG, where agreed revenues will not cover the attributable expenses.

Provisions for environmental restoration are based on surveyors' findings and the assumption that all contamination is removed within ten years without any further legal requirements.

Provisions for ongoing legal proceedings were based on an assessment of the likely outcome of the proceedings.

The provisions for restructuring and severance payments are based on concluded termination agreements or proposed contract terminations which the Lufthansa Group can no longer avoid.

The provisions for the overhaul of leased aircraft mainly relate to obligations for the maintenance, overhaul and repair of these aircraft.

Changes in individual provisions in 2023 were as follows:

T125 CHANGES IN OTHER PROVISIONS 2023

in €m	Obligations under partial retirement contracts	Other Staff costs	Obligation to return emissions certificates	Expected losses from onerous contracts	Environmental restoration	Litigation	Restructuring/ severance payments	Maintenance of lease Aircraft	Warranties	Other provisions	**Total**
As of 1 Jan 2023	103	196	125	161	39	243	125	310	81	246	**1,629**
Changes in the group of consolidated companies	–	–	–	–	–	–	–	–	–	–	**–**
Currency translation differences	–	1	1	–	–	–	–	-2	–	1	**1**
Utilisation	-84	-26	-116	-32	-1	-22	-51	-38	-19	-28	**-417**
Increase / additional provisions	88	44	216	67	–	31	3	144	22	64	**679**
Interest accruals	–	2	–	2	–	–	1	2	–	1	**8**
Reversal	-1	-5	-1	-47	-6	-31	-10	-15	-12	-18	**-146**
Transfers	-44	-13	–	-1	–	-3	-19	–	–	-34	**-114**
As of 31 Dec 2023	**62**	**199**	**225**	**150**	**32**	**218**	**49**	**401**	**72**	**232**	**1,640**

Changes in individual provisions in the previous year were as follows:

T125 CHANGES IN OTHER PROVISIONS 2022

in €m	Obligations under partial retirement contracts	Other Staff costs	Obligation to return emissions certificates	Expected losses from onerous contracts	Environmental restoration	Litigation	Restructuring/ severance payments	Maintenance of lease aircraft	Warranties	Other provisions	**Total**
As of 1 Jan 2022	50	197	20	169	31	247	487	342	65	350	**1,958**
Changes in the group of consoli-dated companies	–	1	–	–	–	–	–	–	2	–	**3**
Currency translation differences	–	1	–	–	–	1	–	8	–	–	**10**
Utilisation	-64	-29	-12	-39	-1	-31	-294	-167	-12	-66	**-715**
Increase / additional provisions	120	26	120	44	9	48	21	146	32	93	**659**
Interest accruals	5	2	–	–	–	–	–	–	–	–	**7**
Reversal	–	-14	-6	-13	–	-23	-99	-25	-6	-140	**-326**
Transfers	-8	12	3	–	–	1	10	6	–	9	**33**
As of 31 Dec 2022	**103**	**196**	**125**	**161**	**39**	**243**	**125**	**310**	**81**	**246**	**1,629**

The following cash outflows are estimated for the non-current portion of the other groups of provisions:

T126 CASH OUTFLOWS FOR NON-CURRENT PROVISIONS

	As of 2023				As of 2022			
in €m	2025	2026	2027	2028 and thereafter	2024	2025	2026	2027 and thereafter
Onerous contracts	19	20	17	53	23	21	16	52
Environmental restoration	3	3	3	19	3	3	3	20
Restructuring/severance payments	4	2	1	–	49	4	2	1
Maintenance of leased aircraft	93	122	24	91	42	39	79	55
Other provisions	35	17	18	36	37	24	16	35

38 Financial liabilities

Financial liabilities consist of a non-current portion with a residual term of more than one year and a current portion of less than one year, which is shown under current liabilities. Table T127 shows the total amount of borrowings.

T127 FINANCIAL LIABILITIES

	31 Dec 2023			As of 31 Dec 2022		
in €m	**Total**	Non-current	Current	**Total**	Non-current	Current
Bonds	**6,224**	5,084	1,140	6,659	6,060	599
Liabilities to banks	**1,164**	404	760	1,558	1,268	290
Leasing liabilities	**2,568**	2,149	419	2,444	2,041	403
Other loans	**3,987**	3,418	569	4,490	3,901	589
	13,943	**11,055**	**2,888**	**15,151**	**13,270**	**1,881**

The Lufthansa Group pursues the strategy of converting financial liabilities in all currencies into financial liabilities in euros by means of interest rate derivatives.

The outstanding bonds comprise seven bonds with fixed redemption amounts issued under the Euro Medium Term Notes programme. As of the reporting date, bonds with a nominal volume of EUR 5.0bn, interest rates between 0.25% and 3.75% and maturities between July 2024 and July 2029 had been issued under the programme. The programme enables bonds to be issued up to a total volume of EUR 10bn. One convertible bond and one hybrid bond are also reported under this item. The convertible bond was issued with a nominal volume of EUR 600m. Unless previously converted, the bond will be redeemed at its nominal value on 17 November 2025. Investors also have the option of converting the bond into new and/or existing registered shares of Deutsche Lufthansa AG at a conversion price of EUR 9.23. The hybrid bond has a term until August 2075 and an interest rate of 4.38%. It can be cancelled in a five-year cycle, the next time in February 2026.

Of the liabilities to banks, borrower's note loans account for EUR 1,143m. One borrower's note loan with a carrying amount of EUR 59m was secured by an aircraft.

The lease liabilities correspond to the present value of the remaining payment obligations from contracted leases. Further details on the contracts concluded can be found in → **Note 23**.

The Lufthansa Group's lease liabilities have the term structure set out below. The disclosures are based on contractual, undiscounted payments.

T128 MATURITY ANALYSIS OF LEASE LIABILITIES

in €m	**31 Dec 2023**	31 Dec 2022
1st quarter	**122**	120
Up to 1 year[1]	**333**	333
1–5 years	**1,374**	1,239
Later	**1,345**	1,310

[1] Without payments in 1st quarter.

Under other loans, EUR 3,802m (previous year: EUR 4,407m) were attributable to structured leasing companies and other aircraft financing models → **Note 20**. This amount was secured by the respectively financed aircraft. Another aircraft was financed in this way in 2023.

In both the 2023 and 2022 financial years, all payment obligations and requirements from the loan agreements described have been fulfilled.

39 Non-current contract liabilities

T129 NON-CURRENT CONTRACT LIABILITIES

in €m	**31 Dec 2023**	As of 31 Dec 2022
Non-current contract liabilities	26	30
	26	**30**

Non-current contract liabilities consist of long-term deferrals for construction contracts where the payments received exceed the performance to date.

40 Non-current advance payments received, deferred income and other non-financial liabilities

T130 NON-CURRENT ADVANCE PAYMENTS RECEIVED, DEFERRED INCOME AND OTHER NON-FINANCIAL LIABILITIES

in €m	**31 Dec 2023**	As of 31 Dec 2022
Advance payments received	2	2
Deferred income	26	12
Other non-financial liabilities	39	30
	67	**44**

Deferred income includes EUR 2m (previous year: EUR 4m) for government grants and subsidies for capital expenditure, which are realised over the useful life of the assets in the following years.

Other non-financial liabilities include obligations under share-based remuneration agreements for Executive Board members, managers and, in the previous year, for non-payscale employees.

A variable remuneration system has been in place since 2020 for the Executive Board, in which 85% of performance is now measured by financial parameters and 15% by sustainability parameters. The financial targets are the relative total shareholder return (TSR) of the Lufthansa share compared with the DAX and the average adjusted return on capital employed (adjusted ROCE) or Adjusted EBIT during the performance period, both in equal parts (42.5% each). The performance period is four years. For the TSR component, the 60 trading days immediately preceding the beginning of the performance period and the 60 trading days immediately preceding the end of the performance period are used in the performance period. The performance of all the companies in the DAX index at the beginning and end of the period is ranked and the relative position of Deutsche Lufthansa AG is determined by its achieved percentile. Performance against the target for average adjusted ROCE is based on a comparison of the average adjusted ROCE for the four-year performance period against a strategic target set in the grant year, which has a lower weighted average cost of capital (WACC). The sustainability parameters are set by the Supervisory Board for each performance period. The TSR performance target was replaced by the target “Repayment of stabilisation measures” in 2021. The performance weighting was redistributed for the 2023 programme. It is now 30% for the relative TSR of the Lufthansa share compared with the peer group NYSE Arca Global Airline Index, 50% for Adjusted ROCE and 20% for sustainability parameters.

For the performance targets not dependent on the market, an expected target achievement of 200% for the repayment of stabilisation measures, 200% for Adjusted EBIT and 65% for the sustainability parameter was assumed within the framework of the measurement for 2021; for 2022, an expected target achievement of 200% was assumed for Adjusted ROCE and 0% for the sustainability parameter, and for 2023 an expected target achievement of 197.55% was assumed for Adjusted ROCE and 0% for the sustainability parameter. At the beginning of each performance period, a number of virtual shares are awarded, which are calculated by dividing the individual target amount of the long-term variable remuneration by the average price of Deutsche Lufthansa AG shares during the 60 trading days immediately following the beginning of each performance period. The payment is calculated by multiplying the degree of target achievement for this performance target by the number of virtual shares at the beginning of the performance period and the average price of Deutsche Lufthansa AG shares during the 60 trading days immediately preceding the end of the last year of each performance period.

As part of the share-based remuneration agreements, Deutsche Lufthansa AG and other Group companies participating in the programme offer a 50% discount on employee investment in Lufthansa shares to managers and non-payscale employees. The option packages granted in 2020 and 2021 include an outperformance option and a performance option. At the end of the programme, the participants receive a cash payment if the conditions are met. The Group programme for non-payscale employees was last offered in 2019 and ended in 2023. The 2021 programme was set up retroactively for managers in the 2022 financial year.

The outperformance option is linked to the performance of the Lufthansa share compared with a notional index of shares in European competitors. When the beneficiary exercises the outperformance option, they receive a cash payment for every percentage point of outperformance, with a hurdle rate of 1%. The cash payment is capped at an outperformance of more than 20%.

The performance option is linked to the absolute performance of the Lufthansa share. The payout begins at an absolute performance of 20% and the maximum payout amount is reached at a performance of 35%.

The performance and the outperformance in all programmes are calculated on the principle of total shareholder return.

The programmes are scheduled to run for four years. By contrast, the duration of the 2021 programme for senior executives was reduced slightly to three-and-a-half years. The shares invested in personally may not be sold until the option is exercised.

As a result of the regulations in the stabilisation agreement with the ESF, the 2020 and 2021 programmes for senior executives was only offered with a contribution of shares. The discount of 50% only applies to some of the potential tranches in the 2020 programme for senior executives. The discounts were paid to employees at year-end 2022 after the ESF-shareholding had come to an end.

The outperformance option of the 2019 share programme, which has now expired, resulted in a payment of EUR 20.4m (previous year: EUR 2.6m). Participants in the 2020 and 2021 programmes hold 1,814,713 shares in total as of the reporting date (previous year: 2,873,092 shares).

A new multi-year incentive programme in the form of share-based remuneration, which replaces the previous programme, was awarded to the managers of Deutsche Lufthansa AG and other consolidated and non-consolidated Group companies in 2023. Adjusted ROCE accounts for 50% of target achievement. Another 30% depends on the relative performance of the Deutsche Lufthansa AG share against the performance of the shares in the NYSE Arca Global Airline Index (TSR target). The remaining 20% of the target amount is tied to sustainability targets relating to reductions in carbon emissions. The range of target achievement for the individual performance criteria is from 0% to 200%. The vesting period began on 1 January 2023 and lasts for three years. A personal investment in Lufthansa shares is no longer required for participation in this programme. Entitled participants are included automatically. The plan is to pay a potential bonus, half in cash and half in Lufthansa shares. The fair value of the share component is therefore shown in equity and initially measured at fair value at the time of the award. The cash component, which amounts to EUR 6.2m and is also part of the other non-financial obligations, was measured at fair value on the reporting date and increases staff costs accordingly.

The fair value of equity-settled share commitments for the new 2023 programme was EUR 5.6m and was measured based on a valuation model. At the time of the award the model used an expected weighted volatility of 43% and a price of EUR 8.94 for the Lufthansa share. The expected volatility was derived from historic volatilities. A risk-free interest rate of 2.96% was applied for the model. Assumptions for correlations between the Lufthansa share price and the performance of the NYSE Arca Global Airline Index were based on historical share and index performance.

During financial years 2023 and 2022, the number of options changed as follows:

T131 CHANGE IN NUMBER OF OPTIONS AND VIRTUAL SHARES

	2023			2022		
	Number of options	Number of virtual shares/ option rights	Cash settlement in € thousands	Number of options	Number of virtual shares	Cash settlement in € thousands
Outstanding on 1 Jan	10,796	2,612,518	–	14,736	571,106	–
Issued	–	3,027,003	–	1,905	2,041,412	–
Expired or unused	988	–	–	616	–	–
Exercised	5,861	–	20,401	5,229	–	2,618
Outstanding on 31 Dec	3,947	5,639,521	–	10,796	2,612,518	–

The fair values of the option rights in the ongoing share programmes were calculated using Monte Carlo simulations. This involves simulating the future returns of the shares in the index and of Deutsche Lufthansa AG and calculating the value of the option rights as the forecast amount of a dividend.

The following fair values were measured in total:

T132 FAIR VALUE OF OPTION RIGHTS AND VIRTUAL SHARES AS OF 31 DEC 2023

	Number of options/virtual shares	Fair value per option/ virtual share in €	Proportional vested benefit	Total fair value in €
Board member				
Virtual shares 2020	571,106	5.11	90%	2,636,592
Virtual shares 2021	957,126	12.00	100%	11,485,512
Virtual shares 2022	1,084,286	8.78	100%	9,520,031
Virtual shares 2023	863,873	8.92	100%	7,705,747
Managers				
Options 2020	2,140	4,422	77%	7,286,572
Options 2021	1,807	4,692	51%	4,324,006
Option rights 2023	2,163,130	8.00	33%	5,602,507
Total options and virtual shares	**5,643,468**			**48,560,967**
of which options	3,947	–	–	–
of which virtual shares	3,476,391	–	–	–
of which option rights	2,163,130	–	–	–

T132 FAIR VALUE OF OPTION RIGHTS AND VIRTUAL SHARES AS OF 31 DEC 2022

	Number of options/virtual shares	Fair value per option/ virtual share in €	Proportional vested benefit	Total fair value in €
Board member				
Virtual shares 2020	571,106	2.52	90%	1,300,135
Virtual shares 2021	957,126	11.00	100%	10,528,386
Virtual shares 2022	1,084,286	7.99	100%	8,663,445
Managers				
Options 2019	2,836	6,688	79%	15,015,675
Options 2020	2,279	5,295	52%	6,285,055
Options 2021	1,880	6,030	23%	2,636,372
Non-payscale staff				
Options 2019	3,801	830	79%	2,497,574
Total options and virtual shares	**2,623,314**			**46,926,642**
of which options	10,796			
of which virtual shares	2,612,518			

Staff turnover of 7.22% is assumed when accounting for the liability resulting from the valuation of option rights, with the result that the recognised liability is less than the calculated time value. The measurement of option rights therefore results in an obligation of EUR 41.5m as of the reporting date (previous year: EUR 44.2m), of which EUR 33.1m (previous year: EUR 28.8m) is shown under non-current liabilities. The payout for expired option rights of EUR 20.4m in the reporting year reduced the liability. The proportion of commitments intended to be settled by equity instruments increases equity by EUR 5.6m. Changes in the value of option rights and the award of additional option rights in the financial year are recognised in staff costs for a total of EUR 24.0m.

The weighted average share prices at the calculation date (excluding the TSR programme for the Executive Board) were used in the Monte Carlo simulation. As stated in the terms of the programme, these are 50-day averages for Deutsche Lufthansa AG shares and the competitors included in the comparative index. The volatilities and correlations used are forecasts for a specific date and maturity on the basis of current market estimates.

Swap rates were used as the interest rate for the remaining term of the outperformance option in each case. The maximum term of the programmes was used for measurement purposes.

Time values for the Executive Board programmes were also measured using a Monte Carlo simulation based on historical and current market data for the relevant peer group companies, plus the NYSE Arca Global Airline Index for the 2023 programme. Forecast volatilities are based on historical TSR data. The share prices for the past four years were used to calculate historical volatility. The measurement for the 2021 programme took into account a remaining term of 13 months and a risk-free interest rate of 3.22%, for the 2022 programme a remaining term of 25 months and a risk-free interest rate of 2.75%, and for the 2023 programme a remaining term of 37 months and a risk-free interest rate of 2.47%.

The parameters used by the external service provider for the notional airline peer group index are shown in the following table:

T133 REFERENCE PRICE

		Options 2020	Options 2021
Lufthansa	EUR	8.53	6.99
Air France-KLM	EUR	3.68	4.10
IAG	GBP	122.08	157.32
Ryanair	EUR	13.54	16.40
easyJet	GBP	623.82	625.16
Turkish Airlines	TRY	10.84	26.47
WIZZair	GBP	3,781.00	4,237.54

T134 PROJECTED VOLATILITIES

in % for:	Options 2020 as of 31 Dec 2023	Options 2020 as of 31 Dec 2022	Options 2021 as of 31 Dec 2023	Options 2021 as of 31 Dec 2022
Lufthansa	29.06	42.20	37.15	50.50
Air France-KLM	34.90	46.70	45.61	55.03
IAG	31.06	50.22	41.11	65.12
Ryanair	27.97	40.43	35.82	46.34
easyJet	36.49	49.34	43.76	63.94
Turkish Airlines	48.89	55.60	49.13	43.60
WIZZair	50.50	43.05	59.70	59.81
Risk-free interest rate	Options 2020: 3.26% for euro zone (previous year: 2.08%) 4.72% for UK (previous year: 3.28%) 40.00% for Turkey (previous year: 9.00%)		Options 2021: 2.81% for euro zone (previous year: 2.02%) 4.40% for UK (previous year: 3.26%) 40.00% for Turkey (previous year: 9.00%)	
Fluctuation	7.22% (previous year: 7.41%)		7.22% (previous year: 7.41%)	

41 Current contract liabilities

The Lufthansa Group recognised the following contract liabilities:

T135 CONTRACT LIABILITIES

in €m	31 Dec 2023	As of 31 Dec 2022
Contract liabilities from unused flight documents	**4,981**	**4,898**
Liabilities from customer loyalty programmes	2,203	2,087
Liabilities from MRO and IT services	363	261
Other contract liabilities	204	334
Other contract liabilities	**2,770**	**2,682**
Liabilities from contracts with customers	**7,751**	**7,580**
Revenue recognised in the reporting period	**2023**	2022
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Revenue from unused flight documents	4,250	2,512
Revenue from customer loyalty programmes	431	358
Revenue from MRO and IT services	81	191
Other	139	128
Total	**4,901**	**3,189**

Of the contract liabilities as of 31 December 2022, EUR 287m (previous year: EUR 298m) could not be realised and was refunded to customers. Ticket refunds totalling EUR 1,946m (previous year: EUR 2,045m) were made in connection with flight cancellations in 2023.

Liabilities under customer loyalty programmes as of 31 December 2023 included 261 billion miles/points from bonus miles programmes (previous year: 245 billion miles/points). As a rule, the miles that are expected to expire are recognised pro rata over the general validity period of three years.

The remaining performance obligation under existing long-term service contracts came to EUR 9.7bn in total, assuming that the services are performed as agreed, of which EUR 1.7bn relate to the next twelve months. These essentially consist of maintenance contracts in the MRO segment for the long-term maintenance and overhaul of airline sub-fleets. To calculate the outstanding performance obligations, the number of maintenance inspections derived from the respective flight plans and agreed in the contracts are taken into account, along with the expected revenue and fixed prices for certain services (VIP and cabin modifications). Around 60% of performance obligations beyond twelve months are expected to have been fulfilled by 2029.

As in the previous year, no revenue was recognised in 2023 for performance obligations fulfilled in prior financial years.

In line with the simplification rules of IFRS 15, disclosures are not made on performance obligations as of 31 December 2023 or 31 December 2022 that have a forecast original term of one year or less. The option of rebooking flights means that there may be a period of time between the conclusion of the contract and the provision of the service that exceeds one year, although this cannot be foreseen when the contract is concluded. Due to the advance booking period of a maximum of one year and short-term rebooking possibilities, the Group assumes that the application of the simplification rule is justified. Award miles can be redeemed for at least three years, but may also be redeemed at short notice and for this reason are also reported as current.

The Lufthansa Group applies the simplification rule defined in IFRS 15.94, which allows contract initiation costs to be expensed if the amortisation period otherwise to be taken into account would be twelve months or less.

42 Trade payables and other current financial liabilities

T136 TRADE PAYABLES AND OTHER CURRENT FINANCIAL LIABILITIES

in €m	31 Dec 2023	As of 31 Dec 2022
Trade payables		
Trade payables to affiliated companies	94	118
Trade payables to other equity investments	–	–
Trade payables to third parties	4,031	3,923
	4,125	**4,041**
Other liabilities		
Liabilities to banks	4	21
Other liabilities to affiliated companies	312	327
Other liabilities to equity investments	–	–
Liabilities from equity investments	627	531
Other financial liabilities	837	740
	1,780	**1,619**
Total	**5,905**	**5,660**

Other liabilities of EUR 32m (previous year: EUR 79m) serve as collateral for positive fair values of derivatives.

The Lufthansa Group takes part in a Supply Chain Finance (SCF) programme to optimise working capital and cash flow and to strengthen supplier relationships. The provider of the programme is CRX Markets AG, Munich, and is free of charge for participating suppliers. Supplier participation in the programme is voluntary; suppliers can receive earlier payment of their receivables from the participating banks at a discount. The Lufthansa Group then pays the original invoice to the bank on the due date. This does not result in any additional costs for the Lufthansa Group in relation to the twelve participating banks. As of 31 December 2023, the SCF programme was used by the Group companies Deutsche Lufthansa AG, Lufthansa Cargo AG, Lufthansa Technik AG, Austrian Airlines AG and Swiss International Airlines Ltd. As of the reporting date, sixteen suppliers with an outstanding trade payables volume of EUR 418m (previous year: EUR 316m) participated. Payment terms of liabilities in the programme do not exceed payment terms with suppliers not participating in the programme. All relevant contractual payment terms are also negotiated with suppliers outside the programme on a bilateral basis, which is why the SCF programme does not change the nature of the supplier liability. Consequently, the definition and disclosure of the trade payables remain unchanged. The cash flows from trade payables continue to be presented as operating cash flow in the cash flow statement.

43 Current advance payments received, deferred income and other non-financial liabilities

T137 CURRENT ADVANCE PAYMENTS RECEIVED, DEFERRED INCOME AND OTHER NON-FINANCIAL LIABILITIES

in €m	31 Dec 2023	As of 31 Dec 2022
Liabilities for other taxes	355	296
Accrued expense for holiday, flexible working hours and overtime	262	230
Advance payments received	14	25
Deferred income	45	52
Other non-financial liabilities	46	78
	722	**681**

Other non-financial liabilities also include the current portion of obligations under share-based remuneration agreements measured at fair value → **Note 40**.

NOTES TO THE SEGMENT REPORTING

44 Notes to the reporting segments and segment data

Notes to the reporting segments

As of 31 December 2023, the Lufthansa Group operated in three reporting segments, which constitute its Group activities. The segments are defined in line with the internal reporting and management structure. The airline activities were combined in their respective reporting segments based on the similarity between the economic characteristics of the individual airlines, such as network and sales structures, as well as customers and services. The Passenger Airlines segment comprises Lufthansa German Airlines, SWISS, Austrian Airlines, Brussels Airlines and Eurowings, including the equity interest in SunExpress. Further information about the individual airlines can be found in the Group management report → **Passenger Airlines segment.**

The Logistics segment comprises the scheduled airfreight activities of the Lufthansa Cargo group. Lufthansa Cargo is Europe's leading cargo airline.

The MRO segment is a leading global provider of maintenance, repair and overhaul services for civil and commercial aircraft and is represented by the Lufthansa Technik group. Aircraft Maintenance and Engineering Corporation (AMECO), which was previously presented in the MRO segment, has formed part of the Additional Businesses and Group Functions in the Company's internal reporting since the start of the current financial year. The figures for the previous year have been adjusted accordingly.

The Catering segment sold in the reporting year, represented by the LSG Lufthansa Service/Sky Chefs group, is a leading airline caterer and also offers catering services in the retail segment as well as related services and logistics. Due to the disposal, the figures for the Catering segment are eliminated in the consolidation column of the reconciliation and are not part of the figures in the Group column, which only shows the continuing operations. The disposal of the segment also meant that the previous year's figures were adjusted in the reconciliation column to consolidated figures in the segment reporting.

Business activities not allocated to a reporting segment are presented in table → **T138, in the "Additional Businesses and Group Functions" column**, along with the income and expenses of central Group functions. They include the income and expenses of Lufthansa Commercial Holding GmbH, the Lufthansa AirPlus group, the Lufthansa Systems group, the Lufthansa Aviation Training group and other Group companies.

Notes to segment data and internal management

The accounting policies of the reporting segments are the same as those described in → **Note 3.**

The Lufthansa Group measures the performance of its segments using both segment result indicators: EBIT and Adjusted EBIT. EBIT is made up of the IFRS operating result and the result from equity investments.

Adjusted EBIT is obtained by correcting EBIT for gains and losses on the disposal of assets, write-downs and write-backs and earnings attributable to other periods in connection with pension obligations (plan adjustments and plan settlements), expenses for staff-related restructuring measures, material extraordinary legal costs not resulting from normal business operations, material costs in connection with company transactions and material other expenses based on extraordinary external events.

Sales and revenue between reporting segments are based on arm's length prices. Administrative services are charged as cost allocations.

For information on external traffic revenue, see → **Note 4.**

The result of the equity valuation for the segment's equity investments is part of its segment result. However, from a Group perspective, it is attributed to the financial result rather than the operating result.

Capital employed largely comprises segment assets, adjusted for derivative financial instruments, cash and cash equivalents and deferred tax items less non-interest-bearing debt.

The reconciliation column includes both the effects of consolidation activities and the amounts resulting from different definitions of segment item contents compared with the corresponding Group items. Eliminated segment revenue generated with other consolidated segments is shown in the reconciliation column for revenue.

The amounts in the reconciliation column for Group EBIT include the effects of consolidation activities on profit or loss in which income and expense do not figure for two companies at the same amount, or in the same period.

T138 SEGMENT INFORMATION FOR THE 2023 REPORTING SEGMENTS

in €m	Passenger Airlines	Logistics	MRO	Catering	Total reportable operating segments	Additional Businesses and Group Functions	Reconciliation		Group[6]
							Not allocated	Consolidation[5]	
External revenue	27,632	2,927	4,389	1,888	36,836	485	–	-1,879	35,442
of which traffic revenue	26,701	2,775	–	–	29,476	–	450	–	29,926
Inter-segment revenue	705	50	2,158	66	2,979	435	–	-3,414	–
Total revenue	**28,337**	**2,977**	**6,547**	**1,954**	**39,815**	**920**	**–**	**-5,293**	**35,442**
Other operating income	1,306	113	481	37	1,937	2,325	–	-1,275	2,987
Total operating income	**29,643**	**3,090**	**7,028**	**1,991**	**41,752**	**3,245**	**–**	**-6,568**	**38,429**
Operating expenses	**27,730**	**2,933**	**6,383**	**1,945**	**38,991**	**3,499**	**–**	**-6,530**	**35,960**
of which cost of materials and services	16,687	2,063	3,844	770	23,364	428	–	-3,429	20,363
of which staff costs	5,426	419	1,559	811	8,215	906	–	-811	8,310
of which depreciation and amortisation	1,725	182	157	62	2,126	113	–	-11	2,228
of which other operating expenses	3,892	269	823	302	5,286	2,052	–	-2,279	5,059
Results of equity investments[1]	**120**	**62**	**-17**	**9**	**174**	**48**	**–**	**-9**	**213**
of which result of investments accounted for using the equity method	125	11	-24	9	121	9	–	-9	121
Adjusted EBIT[2]	**2,033**	**219**	**628**	**55**	**2,935**	**-206**	**–**	**-47**	**2,682**
Reconciliation items	**31**	**-5**	**–**	**-2**	**24**	**-46**	**–**	**9**	**-13**
Impairment losses/gains	-38	–	-1	-40	-77	-4	–	42	-39
Effects from pension provisions and restructuring	-13	-4	3	-1	-15	-7	–	–	-22
Result from asset disposal	81	-2	12	39	130	4	–	-33	101
Other reconciliation items	1	1	-16	–	-14	-39	–	–	-53
EBIT	**2,064**	**214**	**628**	**53**	**2,959**	**-252**	**–**	**-38**	**2,669**
Other financial result									-352
Profit/loss before income taxes									2,317
Capital employed[3]	8,496	2,335	4,056	267	15,154	1,445	–	-399	16,200
of which from investments accounted for using the equity method	256	43	150	–	449	29	–	-13	465
Segment capital expenditure[4]	3,095	191	137	35	3,458	30	–	121	3,609
of which from investments accounted for using the equity method	–	–	19	–	19	–	–	–	19
Employees at end of period	60,924	4,152	22,870	50	87,996	8,681	–	–	96,677
Average number of employees	59,331	4,122	21,925	16,475	101,853	8,411	–	–	110,264

1) The result from equity investments does not include any impairment losses on investments accounted for using the equity method.
2) For reconciliation from Adjusted EBIT to EBIT → T023, p. 44, in the Group management report.
3) 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) and less cash and cash equivalents.
4) Investment in intangible assets and property, plant and equipment, as well as in loans to and shares in companies. Investment is shown without capitalised borrowing costs.
5) Consolidation includes elimination of discontinued Catering segment.
6) Figures show continuing operations (except average number of employees).

T138 SEGMENT INFORMATION FOR THE 2022 REPORTING SEGMENTS

in €m	Passenger Airlines	Logistics	MRO	Catering	Total reportable operating segments	Additional Businesses and Group Functions	Reconciliation		Group[7]
							Not allocated	Consolidation[5]	
External revenue	21,892[5]	4,582	4,004	1,903	32,381	409	–	-1,895	30,895
of which traffic revenue	20,705[5]	4,430	–	–	25,135	–	729	–	25,864
Inter-segment revenue	868[5]	45	1,546	57	2,516	242	–	-2,758	–
Total revenue	**22,760**	**4,627**	**5,550**	**1,960**	**34,897**	**651**	**–**	**-4,653**	**30,895**
Other operating income	1,025	106	401	51	1,583	2,117	–	-1,327	2,373
Total operating income	**23,785**	**4,733**	**5,951**	**2,011**	**36,480**	**2,768**	**–**	**-5,980**	**33,268**
Operating expenses	**24,100**	**3,171**	**5,383**	**2,015**	**34,669**	**3,050**	**–**	**-5,948**	**31,771**
of which cost of materials and services	14,492	2,295	3,066	784	20,637	298	–	-3,005	17,930
of which staff costs	4,584	425	1,379	833	7,221	835	–	-833	7,223
of which depreciation and amortisation	1,766	170	178	77	2,191	117	–	-109	2,199
of which other operating expenses	3,258	281	760	321	4,620	1,800	–	-2,001	4,419
Results of equity investments[1]	**15**	**38[6]**	**-14**	**-7**	**32[6]**	**-16**	**–**	**7**	**23**
of which result of investments accounted for using the equity method	33	8[6]	-14	-9	18[6]	-42	–	9	-15
Adjusted EBIT[2]	**-300**	**1,600[6]**	**554**	**-11**	**1,843[6]**	**-298**	**–**	**-25**	**1,520**
Reconciliation items	**21**	**-25**	**-56**	**-171**	**-231**	**-46**	**–**	**176**	**-101**
Impairment losses/gains	-29	–	-15	-174	-218	-15	–	177	-56
Effects from pension provisions and restructuring[5]	51	-20	19	-1	49	-7	–	2	44
Result from asset disposal	2	-1	11	6	18	20	–	-5	33
Other reconciliation items	-3	-4	-71	-2	-80	-44	–	2	-122
EBIT	**-279**	**1,575[6]**	**498**	**-182**	**1,612[6]**	**-344**	**–**	**151**	**1,419**
Other financial result									-170
Profit/loss before income taxes									1,249
Capital employed[3]	7,230	2,172[6]	3,825	435	13,662[6]	1,381	–	-138	14,905
of which from investments accounted for using the equity method	125	44[6]	161	41	371[6]	21	–	–	392
Segment capital expenditure[4]	2,032	254	99	40	2,425	45	–	-45	2,425
of which from investments accounted for using the equity method	–	–	37	–	37	–	–	–	37
Employees at end of period	56,762	4,085	20,411	20,218	101,476	8,033	–	–	109,509
Average number of employees	56,054	4,088	20,116	18,709	98,967	7,922	–	–	106,889

1) The result from equity investments does not include any impairment losses on investments accounted for using the equity method.
2) For reconciliation from Adjusted EBIT to EBIT → **T023, p. 44**, in the Group management report.
3) 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) and less cash and cash equivalents.
4) Investment in intangible assets and property, plant and equipment, as well as in loans to and shares in companies. Investment is shown without capitalised borrowing costs.
5) Figures adjusted due to the reclassification of the Catering segment to discontinued operations. Consolidation column includes elimination of discontinued operations.
6) Figures adjusted due to segment reassignment of Aircraft Maintenance and Engineering Corporation.
7) Group column only includes continuing operations (except average number of employees and employees at end of period). Figures adjusted due to the reclassification of the Catering segment to discontinued operations.

Notes on geographical regions in 2023

The allocation of traffic revenue to geographical regions is based on the original location of sale. Non-current assets are allocated according to the location of the relevant asset. The allocation of other revenue to the individual regions is based on the geographical location of the customer.

The regions are defined on a geographical basis. As an exception to this rule, traffic revenue generated in Turkey is attributed to Europe.

The Lufthansa Group controls its air traffic operations on the basis of network results and not on the basis of regional earnings contributions. Consequently, the presentation of regional segment results is of no informational value for the Lufthansa Group.

A presentation of traffic revenue generated in the Passenger Airlines and Logistics segments by traffic region, rather than by original location of sale, is included in the information on the respective segments in the management report.

External revenue, non-current assets and capital expenditure are as follows:

T139 EXTERNAL REVENUE AND NON-CURRENT ASSETS BY REGION

	2023							2022						
in €m	Europe	North America	Central and South America	Asia/ Pacific	Middle East	Africa	**Group**	Europe	North America	Central and South America	Asia/ Pacific	Middle East	Africa	**Group**
Traffic revenue[1]	20,173	5,482	612	2,694	450	515	29,926	17,131	4,588	640	2,514	498	493	25,864
Other revenue	2,403	1,511	223	984	270	125	5,516	2,211	1,561	146	791	239	83	5,031
Non-current assets[2] [3] [4]	21,455	151	19	102	2	2	21,731	19,919	460	51	208	2	8	20,648
Capital expenditure on non-current assets[3]	3,593	25	3	17	–	–	3,638	2,367	31	3	7	–	1	2,409

[1] Traffic revenue is allocated according to the original location of sale.
[2] Non-current assets include property, plant and equipment and intangible assets with the exception of repairable spare parts for aircraft.
[3] Aircraft are allocated according to their location of registration.
[4] Including right-of-use assets in accordance with first-time application of IFRS 16.

The figures for the main countries are as follows:

T140 EXTERNAL REVENUE AND NON-CURRENT ASSETS BY COUNTRIES

	2023		2022	
in €m	Germany	USA	Germany	USA
Traffic revenue [1]	8,915	4,842	7,674	4,092
Other revenue	894	1,190	916	1,326
Non-current assets [2] [3]	14,956	92	14,271	382
Capital expenditure on non-current assets [3]	2,505	15	1,877	25

[1] Traffic revenue is allocated according to the original location of sale.
[2] Non-current assets include property, plant and equipment and intangible assets with the exception of repairable spare parts for aircraft.
[3] Aircraft are allocated according to their location of registration.

In the 2023 financial year and in the previous year, no more than 10% of Lufthansa Group revenue was generated with any one customer.

NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT

45 Notes to cash flow from operating, investing and financing activities

The cash flow statement shows how cash and cash equivalents have changed over the reporting year at the Lufthansa Group. In accordance with IAS 7, cash flows are divided into cash inflows and outflows from operating activities, from investing activities and from financing activities. The cash flows shown include both continuing operations and the discontinued Catering operations. The cash flows attributable to the discontinued segment are presented in the “Profit/loss for the year from discontinued operations” section → **Note 16**. The amount of liquidity in the broader sense is reached by adding securities that can be liquidated at short notice.

Interest paid and interest income from the corresponding interest rate hedges are netted to avoid overemphasising the items interest income and interest paid in the cash flow statement.

Additional information on the cash flow statement

Cash flow from operating activities

Cash flow from operating activities is derived from profit/loss before income taxes using the indirect method. It is adjusted for non-cash income and expenses as well as changes in trade working capital and in other assets/liabilities that are not attributable to investing or financing activities. Cash flows related to pension obligations are shown entirely in cash flow from operating activities. They also include payments received from the CTA plan assets that can be called up to equalise pension payments.

In the current financial year, the Group primarily recognised the following non-cash income and expenses:

T141 SIGNIFICANT NON-CASH INCOME AND EXPENSES

in €m	2023	2022
Result of miscellaneous financial items	8	– 238
Write-down on receivables	151	98
Reversal of write-downs on receivables	– 87	– 53
Income from the reversal of provisions and accruals	– 360	– 351
Adjustments to retirement and transitional benefit systems	24	20
Total	**– 264**	**– 524**

Trade working capital consists of changes in the carrying amounts of inventories, trade receivables and payables, contract assets and down payments, other current assets and other current liabilities, contract liabilities and current deferrals and prepaid expenses. In the previous year, the inflow from changes in working capital was exceptionally high due to the strong increase in business activity and the resulting escalation in advance payments for fares.

Other assets/liabilities mainly include corrections between pension expenses and payments, changes in other provisions, accruals/deferrals and corrections for non-cash effects from currency translation.

Repo agreements for emissions certificates resulted in inflows of EUR 200m in the reporting year (previous year, from the expiry of such transactions: outflow of EUR 172m).

Cash flow from investing (and cash management) activities
Cash flows from investing and financing activities are calculated on the basis of payments.

Investing cash flow results mainly from capital expenditure and disinvestments in non-current assets.

Twelve passenger aircraft were sold and leased back in the financial year. Advance payments for the purchase of a cargo aircraft were also sold to a lessor and the aircraft then leased. These transactions resulted in inflows of EUR 690m in total.

Cash flow from financing activities
Financing cash flow now also includes capital repayments and interest payments on lease liabilities.

Companies in the AirPlus group raised financing of EUR 153m in total (previous year: EUR 120m raised) by means of asset-backed securities.

Borrowings and the instruments used to hedge them changed as follows in the financial year:

T142 FINANCIAL LIABILITIES 2023

in €m	As of 31 Dec 2022	Cash effective	Non-cash-effective						**31 Dec 2023**
			Addition due to changes in consolidation	Addition due to lease liabilities	Currency translation differences	Interest added back	Reclassification/ Reclassification in held for sale	Changes in fair value	
Non-current borrowings	13,270	60	–	685	-151	38	-2,920	73	11,055
Current borrowings	1,881	-1,589	–	–	-3	104	2,467	28	2,888
Other borrowings[1]	21	-8	–		–	–	-9	–	4
Total financial liabilities	**15,172**	**-1,537**	**–**	**685**	**-154**	**142**	**-462**	**101**	**13,947**
Interest rate swaps and currency futures used for hedging – assets	-155	-37						99	-93
Interest rate swaps and currency futures used for hedging – liabilities	218	–	–		–	–	–	52	270

[1] Mainly relate to bank overdrafts.

Changes in borrowings in the previous year were as follows:

T142 FINANCIAL LIABILITIES 2022

in €m	As of 31 Dec 2021	Cash effective	Non-cash-effective						31 Dec 2022
			Addition due to changes in consolidation	Addition due to lease liabilities[1]	Currency translation differences	Interest added back	Reclassification/ Reclassification in held for sale	Changes in fair value	
Non-current borrowings	15,041	638	2	448	191	36	-2,733	-353	13,270
Current borrowings	1,629	-2,517	32	–	9	2	2,733	-7	1,881
Other borrowings[1]	19	1	–		1	–	–	–	21
Total financial liabilities	**16,689**	**-1,878**	**34**	**448**	**201**	**38**	**–**	**-360**	**15,172**
Interest rate swaps and currency futures used for hedging – assets	-181	70	–		–	–	–	-44	-155
Interest rate swaps and currency futures used for hedging – liabilities	27	–	–		–	–	–	191	218

[1] Mainly relate to bank overdrafts.

OTHER DISCLOSURES

46 Additional disclosures on financial instruments

Financial assets by measurement category

As of the current reporting date, financial assets can be broken down into measurement categories with the following carrying amounts:

T143 FINANCIAL ASSETS IN THE BALANCE SHEET

	31 Dec 2023						31 Dec 2022					
in €m	Amortised cost	At fair value through profit or loss	At fair value through other comprehensive income with recycling	At fair value through other comprehensive income without recycling	Derivative financial instruments which are an effective part of a hedging relationship	**Total**	Amortised cost	At fair value through profit or loss	At fair value through other comprehensive income with recycling	At fair value through other comprehensive income without recycling	Derivative financial instruments which are an effective part of a hedging relationship	Total
Other equity investments	–	24	–	–	–	24	–	28	–	–	–	28
Non-current securities	20	–	–	–	–	20	12	–	–	25	–	37
of which equity instruments	–	–	–	–	–	–	–	–	–	25	–	25
of which debt instruments	20	–	–	–	–	20	12	–	–	–	–	12
Loans	213	–	–	–	–	213	72	–	–	–	–	72
Non-current receivables	756	–	–	–	–	756	460	–	–	–	–	460
Non-current derivative financial instruments	–	–	–	–	659	659	–	86	–	–	1,034	1,120
Trade receivables and other current receivables	3,694	–	–	–	–	3,694	3,974	–	–	–	–	3,974
Current derivative financial instruments	–	2	–	–	435	437	–	15	–	–	846	861
Current securities	–	5,263	1,136	–	–	6,399	–	5,415	1,096	–	–	6,511
of which equity instruments	–	5,263	–	–	–	5,263	–	5,415	–	–	–	5,415
of which debt instruments	–	–	1,136	–	–	1,136	–	–	1,096	–	–	1,096
Cash and cash equivalents	1,865	–	–	–	–	1,865	1,790	–	–	–	–	1,790
Total	**6,548**	**5,289**	**1,136**	**–**	**1,094**	**14,067**	**6,308**	**5,544**	**1,096**	**25**	**1,880**	**14,853**

The item shown the previous year in equity instruments at fair value without recycling and without effect on profit or loss is part of the assets held for sale and so is no longer presented here.

The category “At fair value through other comprehensive income” includes derivatives that do not meet the requirements for applying hedge accounting and are therefore accounted for as stand-alone derivatives. This category also includes equity instruments, consisting of money market funds and equity investments, for which the instrument-specific option of fair value through other comprehensive income without recycling has not been exercised. The debt instruments designated as at fair value with recycling without effect on profit and loss relate to the establishment of bond positions as part of the investment of liquidity.

Financial liabilities by measurement category

Financial liabilities can be divided into measurement categories with the following carrying amounts, with the category “at fair value through profit or loss” including derivatives that do not meet the requirements for applying hedge accounting and are therefore accounted for as stand-alone derivatives. In addition, the instrument-specific option to designate the convertible bond issued in 2020 as at fair value through profit or loss was also exercised; its fair value as of the reporting date was EUR 643m. The total change of EUR –22m in the market value of the convertible bond was therefore split into a credit risk-induced share of EUR 42m, which is recognised as an expense in other comprehensive income, and a price-induced share of EUR 20m, which is recognised as income in the trading result.

T144 FINANCIAL LIABILITIES IN THE BALANCE SHEET

	31 Dec 2023				31 Dec 2022			
in €m	Liabilities At fair value through profit or loss	Derivative financial instruments which are an effective part of a hedging relationship	Other financial liabilities at cost	**Total**	Liabilities At fair value through profit or loss	Derivative financial instruments which are an effective part of a hedging relationship	Other financial liabilities at cost	Total
Borrowings (without IFRS 16 lease liabilities)	643	–	10,733	11,376	621	–	12,087	12,708
Derivative financial instruments	7	751	–	758	1	882	–	883
Trade payables	–	–	4,125	4,125	–	–	4,041	4,041
Other financial liabilities	–	–	1,835	1,835	–	–	1,691	1,691
Total	**650**	**751**	**16,693**	**18,094**	**622**	**882**	**17,819**	**19,323**

The net result of the various categories of financial assets and liabilities is made up as shown in table T145.

T145 NET RESULT FOR FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

	2023						2022					
in €m	Interest expenses	Interest income	Amortisation	Result from valuation and sale	Currency result for	**Net result**	Interest expenses	Interest income	Amortisation	Result from valuation and sale	Currency result for	Net result
Assets at amortised cost	–	7	17	–	-135	-111	–	3	-24	–	-7	-28
At fair value through other comprehensive income (with recycling)	-5	22	–	59	-1	75	-8	13	–	-87	1	-81
At fair value through other comprehensive income (without recycling)	–	–	–	–	–	–	–	–	–	–	–	–
Assets at fair value through profit or loss[1]	–	135	–	73	–	208	–	-1	–	119	–	118
Liabilities at amortised cost	-408	–	–	–	93	-315	-409	–	–	–	-41	-450
Liabilities at fair value through profit or loss	-12	–	–	13	–	1	-12	–	–	69	–	57
Total	**-425**	**164**	**17**	**145**	**-43**	**-142**	**-429**	**15**	**-24**	**101**	**-47**	**-384**

[1] The negative interest income of the money market funds included in this category stems from the negative interest rates on money market investments in the previous year.

Table T146 shows the carrying amounts and fair values of the individual classes of financial debt. The stated fair values of bonds reflect their stock market listings (Level 1 of the fair value hierarchy). The fair values for other types of borrowings have been calculated using the applicable interest rates for the remaining term to maturity and repayment structures at the reporting date based on the available market information (Bloomberg) (Level 2 of the fair value hierarchy). For other assets and liabilities, non-current receivables, trade receivables and cash in hand carried at amortised cost, the carrying amount is deemed to be a reasonable approximation of the fair value.

T146 FINANCIAL LIABILITIES

	31 Dec 2023		As of 31 Dec 2022	
in €m	**Carrying amount**	**Market value**	Carrying amount	Market value
Bonds	6,224	6,018	6,659	6,168
Commercial Paper to banks	–	–	–	–
Borrower's note loans	1,143	1,152	1,242	1,162
Credit lines	21	18	–	–
Aircraft financing	3,802	3,965	4,407	4,539
Other financial debt	185	192	400	391
Total	**11,375**	**11,345**	**12,708**	**12,260**
Leasing liabilities	2,568	–	2,443	–
Total	**13,943**		**15,151**	

Financial assets held at fair value by level of fair value hierarchy

Tables T147 and T148 show financial assets and liabilities held at fair value by level of 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.

In financial years 2023 and 2022, the fair value hierarchy for assets and liabilities held at fair value was as follows:

T147 FAIR VALUE HIERARCHY OF ASSETS

	31 Dec 2023				31 Dec 2022			
in €m	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	**5,160**	**105**	**24**	**5,289**	**5,415**	**101**	**28**	**5,544**
Financial derivatives classified as held for trading	–	2	–	2	–	101	–	101
Securities	5,160	103	–	5,263	5,415	–	–	5,415
Equity investments	–	–	24	24	–	–	28	28
Derivative financial instruments which are an effective part of a hedging relationship	**–**	**1,094**	**–**	**1,094**	**–**	**1,880**	**–**	**1,880**
Financial assets at fair value through other comprehensive income	**–**	**1,136**	**–**	**1,136**	**18**	**1,103**	**–**	**1,121**
Equity instruments	–	–	–	–	18	7	–	25
Debt instruments	–	1,136	–	1,136	–	1,096	–	1,096
Total assets	**5,160**	**2,335**	**24**	**7,519**	**5,433**	**3,084**	**28**	**8,545**

T148 FAIR VALUE HIERARCHY OF LIABILITIES

	31 Dec 2023				31 Dec 2022			
in €m	Level 1	Level 2	Level 3	**Total**	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	–	-643	–	-643	–	-621	–	-621
Derivative financial instruments at fair value through profit or loss	–	-7	–	-7	–	-1	–	-1
Derivative financial instruments which are an effective part of a hedging relationship	–	-751	–	-751	–	-882	–	-882
Total liabilities	**–**	**-1,401**	**–**	**-1,401**	**–**	**-1,504**	**–**	**-1,504**

Level 3 investments held at fair value through profit or loss included a total of 36 individual investments as of the reporting date (previous year: 35), the acquisition costs of which are the best estimate of fair value for reasons of materiality.

Netting of financial assets and liabilities

The following financial assets and liabilities are subject to global netting agreements and other agreements.

T149 NETTING OF FINANCIAL ASSETS

	31 Dec 2023						31 Dec 2022					
in €m	Gross amount	Netted amounts	Reported Net amount	Amounts not netted	Cash collateral	Net amount	Gross amount	Netted amounts	Reported Net amount	Amounts not netted	Cash collateral	Net amount
Trade receivables and other current receivables	3,818	124	3,694	–	164	3,530	4,089	115	3,974	–	70	3,904
Derivative financial instruments – assets	1,096	–	1,096	183	32	881	1,981	–	1,981	46	79	1,856
Cash and cash equivalents	1,865	–	1,865	–	–	1,865	1,821	31	1,790	–	–	1,790
Total assets	**6,779**	**124**	**6,655**	**183**	**196**	**6,276**	**7,891**	**146**	**7,745**	**46**	**149**	**7,550**

T150 NETTING OF FINANCIAL LIABILITIES

	31 Dec 2023						31 Dec 2022					
in €m	Gross amount	Netted amounts	Recognised Net amount	Amounts not netted	Cash collateral	Net amount	Gross amount	Netted amounts	Recognised Net amount	Amounts not netted	Cash collateral	Net amount
Trade payables	4,249	124	4,125	–	32	4,093	4,187	146	4,041	–	79	3,962
Derivative financial instruments – liabilities	758	–	758	183	164	411	883	–	883	46	70	767
Total liabilities	**5,007**	**124**	**4,883**	**183**	**196**	**4,504**	**5,070**	**146**	**4,924**	**46**	**149**	**4,729**

Principles of the hedging policy

As an aviation group with worldwide operations, the Lufthansa Group is exposed to exchange rate, interest rate and fuel price movement risks, as well as to credit and liquidity risks. Limiting these risks by means of systematic financial management is part of Company policy.

Market risk

The major market and price risks to which the Lufthansa Group is exposed are exchange rate fluctuations between the euro and other currencies, interest rate fluctuations in international money and capital markets, and price fluctuations in the crude oil and oil products markets. The hedging policy for limiting these risks is laid down by the Executive Board and documented by internal Group guidelines. It also provides for the use of financial derivatives. The corresponding financial transactions are concluded only with first-rate counterparties.

Foreign exchange risk

For US dollars, the Lufthansa Group is in a net payer position as regards currency risks from its operating business, since fuel payments are dollar-denominated. There is always a net surplus for other currencies. This is especially true of the Chinese renminbi, the British pound sterling, the Japanese yen and the Indian rupee. Depending on market liquidity, currency risks from projected operational exposure are hedged gradually over a period of 24 months by means of futures contracts, which are accounted for as cash flow hedges. At the end of the 2023 financial year, the exposure from operations for the next 24 months was as shown in table T151.

T151 CURRENCY EXPOSURE, AS OF 2023

in millions	USD	CNY	JPY	GBP	INR
Exposure (currency)	-9,926	5,480	131,502	1,213	89,605
Exposure (EUR at spot rate)	-8,971	698	844	1,399	973
Hedges (currency)	3,412	-1,676	-38,737	-361	-14,406
Hedging ratio	34%	31%	29%	30%	16%
Hedging rate	1.09	7.52	145.01	0.89	91.85

50% of currency risks from capital expenditure on aircraft are generally hedged immediately after the contract is signed. The hedging level is reviewed and increased, where necessary, if, over the lifetime of the contract, the exchange rate moves significantly above or below that used to calculate the investment. In the last 24 months before payment, the hedging level is increased in half-yearly steps of 10%, reaching 90% by the end. These investment hedges are therefore also accounted for as cash flow hedges. Capital expenditure on aircraft takes place in US dollars and is hedged in euros or in Swiss francs, depending on the functional currency of the Group company making the purchase. There was no exposure in Swiss francs as of the reporting date.

US dollar exposure for capital expenditure as of year-end 2023 was as shown in table T152, broken down by the hedged currency:

T152 USD INVESTMENT EXPOSURE, HEDGED IN EUR

in millions	2024	2025	2026	2027	2028	2029	2030	2031	2032
Exposure from net capital expenditure (USD)	-3,644	-3,385	-2,634	-2,593	-2,113	-1,421	-1,192	-508	-87
Exposure from net capital expenditure (EUR at spot rate)	-3,293	-3,060	-2,381	-2,343	-1,909	-1,285	-1,077	-459	-79
Hedges (USD)	3,205	2,541	1,736	1,540	1,085	546	448	119	–
Hedging ratio	88%	75%	66%	59%	51%	38%	38%	23%	0%
Hedging rate EUR/USD	1.17	1.23	1.25	1.22	1.18	1.17	1.15	1.16	–

The sensitivity analysis in table T153 shows how net profit and equity would have changed had the currencies identified as price risk variables been different from those at the reporting date.

T153 SENSITIVITY ANALYSIS BY CURRENCY

	Effects on earnings after taxes [1]		Effects on equity [1]	
in €m	Difference of + 10%	Difference of - 10%	Difference of + 10%	Difference of - 10%
USD	- 239	264	1013	- 829
JPY	- 44	26	- 21	17
CHF	- 29	33	- 1	1
GBP	4	- 1	- 33	27
CNY	4	- 5	- 17	14
INR	1	- 3	- 13	10

[1] All amounts after deferred tax effects; +/– signs relate to net profit and/or equity.

Interest rate risk

The Lufthansa Group generally aims to pay interest on its financial liabilities in EUR. Cross-currency interest rate swaps may be used to hedge financial liabilities denominated in foreign currencies.

Tables T154 and T155 describe the floating/fixed ratio for non-current borrowing as of financial year-end 2023 after taking into consideration interest rate hedging, as well as the distribution of the nominal volume of interest rate hedges. The remaining floating interest rate exposure for non-current borrowing is less than the exposure for floating rate investments. The medium-term aim is for the net exposure, i.e. total exposure less cash invested at floating rates, to be at fixed rates.

T154 INTEREST RATE EXPOSURE AFTER HEDGING

in €m	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Fixed	6,968	6,025	4,481	2,805	1,680	760	243	148	134	5	4
Floating	4,525	3,147	2,645	2,167	1,851	1,514	978	565	149	40	40
Floating/fixed ratio	39%	34%	37%	44%	52%	67%	80%	79%	53%	89%	91%

T155 NOMINAL VOLUME OF INTEREST RATE HEDGES

in €m	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Fixed	- 3,255	- 3,255	- 2,190	- 1,894	- 1,574	- 1,355	- 1,116	- 691	- 376	- 86	–
Floating	3,287	3,287	2,235	1,967	1,641	1,420	1,167	717	398	103	–

The sensitivity analysis in table T156 shows how net profit and equity would have changed had the interest rate identified as a price risk variable been different from those at the reporting date. A symmetric sensitivity of 100 basis points is used given the current interest rate volatility. Stand-alone interest rate derivatives and interest rate derivatives in cash flow hedge accounting have been included. The reason for this is that, in fair value hedge accounting, interest rate derivatives offset the movements in the underlying hedged items.

T156 SENSITIVITY ANALYSIS BY INTEREST RATE

in €m	Effects on earnings after taxes[1]	Effects on equity[1]
Interest rate + 100 basis points	-14	-17
Interest rate - 100 basis points	14	16

[1] All amounts after deferred tax effects; +/– signs relate to net profit and/or equity.

Effects of the EU benchmark regulation of global reference interest rates

In terms of the financial instruments used by the Lufthansa Group, the global reform of variable reference interest rates means that the variable reference interest rates used previously for transactions were no longer available as of the reporting date or were calculated using different methods. The former related mainly to financial instruments tied to USD LIBOR, especially floating rate liabilities and hedging instruments. The methodological changes related particularly to EURIBOR.

All the financial instruments concerned were switched to the new reference interest rates; this particularly concerns the SOFR (USD) reference rate. The switches were made on the same terms, with no material delay and maintaining existing hedging relationships. The relevant IT systems were changed accordingly.

Fuel price risk

In the 2023 financial year, fuel costs accounted for 22.1% of the Lufthansa Group's operating expenses (previous year: 22.6%). Significant changes in fuel prices can therefore have a considerable effect on the Lufthansa Group's result.

Fuel price risk is limited by the use of crude oil and gas oil hedges. As a rule, up to 4% of the exposure is hedged monthly for up to 24 months by spread options and other combinations of hedges. At the same time, forward hedges were concluded for the price difference between kerosene and crude oil, and between gas oil and crude oil. Executive Board approval may be obtained to extend the hedging period and to increase the monthly hedging volume in order to exploit market opportunities. The target hedging level as of 31 December 2023 is up to 85%.

Table T157 shows the fuel exposure at financial year-end.

T157 FUEL EXPOSURE

		2024	2025
Fuel requirement	in 1,000 tonnes	9,842	10,627
Hedging instruments	in 1,000 tonnes	7,527	2,949
Hedge ratio	in %	77%	28%
Hedging rate	USD/bbl	92.72	94.05

The sensitivity analysis in table T158 shows how equity would have been affected by changes in the market value of hedging instruments held as of the reporting date had the identified risk variable, namely the fuel price, been different. Since hedge accounting rules mean that changes in the market value of the instruments are only recognised directly in equity without effect on profit and loss, the change in the fuel price of the hedges alone has no effect on earnings.

T158 SENSITIVITY ANALYSIS BY FUEL PRICE

in €m	Effects on earnings after taxes[1]	Effects on equity[1]
Fuel price		
+10%	–	253
-10%	–	-228

[1] All amounts after deferred tax effects; +/– signs relate to net profit and/or equity.

Market values of the derivative financial instruments used for hedging

Hedging instruments designated in hedging relationships are used to hedge exchange rate, interest rate and fuel price risks as of the reporting date. In the financial year, they changed as shown in table T159.

T159 DERIVATIVE FINANCIAL INSTRUMENTS USED FOR HEDGING AS OF 31 DEC 2023

in €m	Positive market value	Negative market value	Change in fair value of hedging instrument – designated risk	Change in fair value of hedging instrument – non-designated risk	Basis adjustment of hedged items	OCI – cash flow hedge reserve	OCI – cost of hedging	Ineffective portion of hedges – designated risk	Ineffective portion of hedges – non designated risk
Fair value hedge									
Interest rate hedges – interest rate swaps	42	– 244	– 42	–	41	–	–	–	–
Cash flow hedge									
Fuel hedging – options	164	– 34	5	– 142	–	5	– 138	–	– 4
Exchange rate hedging – futures	838	– 447	– 433	– 59	–	– 398	11	– 35	– 70
Interest rate hedges – interest rate swaps	51	– 26	– 52	–	–	– 46	–	– 6	–
Total	**1,095**	**– 751**	**– 522**	**– 201**	**41**	**– 439**	**– 127**	**– 41**	**– 74**
of which current	436	– 258							

T159 DERIVATIVE FINANCIAL INSTRUMENTS USED FOR HEDGING AS OF 31 DEC 2022

in €m	Positive market value	Negative market value	Change in fair value of hedging instrument – designated risk	Change in fair value of hedging instrument – non-designated risk	Basis adjustment of hedged items	OCI – cash flow hedge reserve	OCI – cost of hedging	Ineffective portion of hedges – designated risk	Ineffective portion of hedges – non designated risk
Fair value hedge									
Interest rate hedges – interest rate swaps	70	– 210	– 234	–	274	–	–	40	0
Cash flow hedge									
Fuel hedging – options	256	– 79	– 111	– 141	–	– 112	– 131	1	– 10
Exchange rate hedging – futures	1,469	– 586	372	54	–	310	79	62	– 25
Interest rate hedges – interest rate swaps	85	– 8	25	–	–	25	–	–	0
Total	**1,880**	**– 883**	**52**	**– 87**	**274**	**223**	**– 52**	**103**	**– 35**
of which current	846	– 489							

The market values stated for financial derivatives correspond to the price at which an independent third party would assume the rights and/or obligations from the financial instrument. The fair values of interest rate derivatives correspond to their respective market values, which are measured using appropriate financial and 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 interest rate swaps are individually discounted to the balance sheet date based on their respective forward rates and the appropriate interest rate curve. The market prices of options used to hedge fuel prices are determined using acknowledged option pricing models.

Depending on the hedged exposure, the Lufthansa Group designates interest rate hedges as both fair value hedges and cash flow hedges and accounts for them accordingly. Interest rate swaps are designated as part of a hedging relationship and are not broken down into individual components. Ineffectiveness in these hedging relationships result largely from different parameters in the hedged item and the hedging instrument and the basis spread in cross currency swaps. Ineffectiveness in fair value hedges and cash flow hedges are recognised and presented as part of the financial result, in other financial items.

Derivatives used in the context of fuel hedging to hedge future kerosene purchases are designated as cash flow hedges. The Lufthansa Group applies the IFRS 9 component approach, using crude oil, based on Brent Crude ICE, as the designated risk component of the hedging instrument. The hedged item is composed of a global mix of crude oil types. The base risk between individual crude oil components in the hedging instrument and the crude oil mix in the hedged item is reduced by rebalancing the volumes that make up the hedged item on a quarterly basis. In 2023, the quarterly rebalancing factors for adjusting the hedged item were as follows: 1.010/1 (Q1), 1.011/0.985 (Q2), 1.012/0.983 (Q3) and 1.012/0.984 (Q4) (crude oil/gas oil). The Lufthansa Group generally uses options and combinations of options to hedge fuel prices. The intrinsic value of the option is designated as the hedging instrument, so that effective changes in the intrinsic values are recognised in other comprehensive income in the cash flow hedge reserve. The time value of an option is not designated as a hedging instrument and effective changes in the time value are therefore recognised as a cost of hedging. Ineffectiveness in fuel price hedges results from the base risk between the crude oil component and the crude oil mix in the component approach. Ineffectiveness in hedges is recognised and presented as part of the financial result, in other financial items.

The Lufthansa Group applies the spot-to-spot method for exchange rate forward transactions designated in cash flow hedges. The spot component of a forward contract is designated as a hedging instrument and effective value changes are recognised in the cash flow hedge reserve. The other effective components of a forward contract, the forward component and the basis spread are presented in a separate OCI component in line with the legal requirements for the cost of hedging. Ineffectiveness in hedging relationships results from changes in the timing of the planned aircraft purchases. Ineffectiveness is presented as part of the financial result, in other financial items. → **Note 14**.

The Lufthansa Group uses the hypothetical derivative method to calculate changes in the value of hedged items designated as being part of a hedging relationship.

T160 DESIGNATED HEDGED ITEMS IN HEDGING RELATIONSHIPS

	2023				2022			
in €m	Carrying amount of liabilities	Change in fair value of hedged items – designated risk	Change in fair value of hedged items – non-designated risk	Basis adjustment of hedged items from fair value hedges – cumulative	Carrying amount of liabilities	Change in fair value of hedged items – designated risk	Change in fair value of hedged items – non-designated risk	Basis adjustment of hedged items from fair value hedges – cumulative
Fair value hedge								
Interest rate hedges – interest rate swaps	-4,204	41	–	295	-4,717	274	–	194
Cash flow hedge								
Fuel hedging – options	–	-5	138	–	–	112	131	–
Exchange rate hedging – futures	–	518	-21	–	–	-346	-81	–
Interest rate hedges – interest rate swaps	–	54	–	–	–	-27	–	–
Total	**-4,204**	**608**	**117**	**295**	**-4,717**	**13**	**50**	**194**

T161 STATEMENT OF EQUITY RECONCILIATION FOR CASH FLOW HEDGES

	2023						2022					
in €m	As of 1 Jan 2023	Gains or losses from effective hedging relationships	Reclassification to profit or loss	Reclassification to acquisition costs of inventories	Reclassification to acquisition costs of aircraft	As of 31 Dec 2023	As of 1 Jan 2022	Gains or losses from effective hedging relationships	Reclassification to profit or loss	Reclassification to acquisition costs of inventories	Reclassification to acquisition costs of aircraft	As of 31 Dec 2022
OCI – cash flow hedge reserve	**853**	**-178**	**65**	**12**	**112**	**486**	**711**	**1,493**	**161**	**1,025**	**165**	**853**
Fuel hedging – options	11	17	–	12	–	16	123	913	–	1,025	–	11
Exchange rate hedging – futures	840	-188	65	–	112	475	591	575	161	–	165	840
Interest rate hedges – interest rate swaps	2	-7	–	–	–	-5	-3	5	–	–	–	2
OCI – cost of hedging	**509**	**-131**	**–**	**–**	**–**	**378**	**564**	**-55**	**–**	**–**	**–**	**509**
Fuel hedging – options	-41	-142	–	–	–	-183	94	-135	–	–	–	-41
Exchange rate hedging – futures	550	11	–	–	–	561	470	80	–	–	–	550
Total	**1,362**	**-309**	**65**	**12**	**112**	**864**	**1,275**	**1,438**	**161**	**1,025**	**165**	**1,362**

Derivative financial instruments that do not meet the requirements for applying hedge accounting are measured at fair value through profit or loss. As a rule, these derivatives were originally in an economic hedging relationship with a particular exposure, but the exposure can either not be measured for hedge accounting purposes or no longer exists.

Fair values are exclusively calculated on the basis of recognised financial and mathematical methods, using publicly available market information.

Changes in the market values of derivatives that do not qualify as effective hedging transactions under IFRS 9 can be seen in the income statement and in the overview of other financial items → **Note 14.**

Liquidity risk

Complex financial planning systems enable Lufthansa to identify its future liquidity position at an early stage. Based on the results of the Group strategy and planning processes, a monthly rolling liquidity plan differentiated by currency is drawn up with a planning horizon of 24 months. This planning method offers an up-to-date picture of anticipated liquidity developments within the Company and corresponding currency effects.

The Lufthansa Group held unused lines of credit as of 31 December 2023 totalling EUR 2,097m (previous year: EUR 2,119m).

The Group takes specific and general measures to safeguard and manage its liquidity to avoid any potential liquidity restrictions that could result from exogenous developments. These include the implementation of monitoring on the basis of detailed, rolling short-term cash plans in order to manage liquidity effectively, and the holding of sufficient funds to cover the current financing requirement. Specific liquidity risks resulting from reimbursements for cancelled flights are also analysed and managed. In addition, liquidity is managed in connection with current orders for goods and services. Transparency is ensured across the Group, including through an early warning system and an escalation process for outstanding receivables, and strict approval requirements apply within the order process.

A maturity analysis for financial liabilities and derivative financial instruments based on undiscounted gross cash flows, including the related interest payments, shows the following projected cash inflows and outflows considered from the reporting date of 31 December 2023. As a result of the hedges used there are generally direct connections between the cash inflows and outflows for the derivative financial instruments shown.

T162 MATURITY ANALYSIS OF LIABILITIES FROM DERIVATIVE FINANCIAL INSTRUMENTS

in €m	From fuel derivatives	Cash inflow from gross settlement of interest rate and exchange rate derivatives	Cash outflow from gross settlement of interest rate and exchange rate derivatives	**Net**
1st quarter	-3	2,377	-2,486	-112
Up to 1 year[1]	-11	4,150	-4,307	-168
1 – 5 years	-3	7,403	-7,538	-138
Later	–	2,247	-2,290	-43

[1] Without payments in 1st quarter.

T163 MATURITY ANALYSIS OF LIABILITIES FROM NON-DERIVATIVE FINANCIAL INSTRUMENTS

in €m	**Outflows**
1st quarter	-5,650
Up to 1 year[1]	-4,063
1 – 5 years	-7,960
Later	-2,360

[1] Without payments in 1st quarter.

Credit risk

The sale of passenger travel and freight documents mostly takes place via agencies. These agencies are predominantly connected to national clearing systems for billing passenger and cargo sales. The credit rating of the agencies is reviewed by the responsible clearing systems. Due to the broad diversification, credit risk for the agencies is relatively low worldwide. To further reduce credit risk exposure to the agencies, the Lufthansa Group tracks their payment histories and tries to agree on shorter payment deadlines whenever possible, and with the support of the International Air Transport Association (IATA).

Receivables and liabilities between airlines are offset through bilateral arrangements or via an IATA clearing house, insofar as the contracts underlying the services do not explicitly specify otherwise. Systematic settlement of weekly receivables and liability balances significantly reduces the default risk. Fidelity guarantee insurance also covers partial risks within a certain range. Service contracts occasionally require collateral for miscellaneous transactions. All other contractual relationships are subject to credit rules, which, depending on the type and volume of the contract involved, require collateral, credit ratings/references or historical data from prior dealings, particularly payment history, in order to avoid defaults. Credit risks from the MRO business are monitored and managed via a separate credit risk management system. It comprises the calculation, authorisation and monitoring of customer-specific credit limits and the daily monitoring of payments received and receivables past due.

Counterparty risks in connection with credit card companies are monitored closely and incoming payments are reviewed daily. To reduce risks even further, a permanent analysis process examines whether to further tighten credit terms for some settlement partners. In addition to the monitoring of receivables at the Company or segment level, there is also counterparty monitoring at Group level, with individually assigned limits, in order to identify the accumulation of portfolio risks across the entire Group and take appropriate action where necessary. The maximum credit risk for financial assets from the potential insolvency of customers is their carrying amount.

Besides individual write-downs on receivables if a default event occurs, IFRS 9 requires risk provisions to be recognised for expected losses. The Lufthansa Group's trade receivables are exposed to external credit risks for which expected losses have already been taken into consideration in accordance with IFRS 9, in addition to individual write-downs. A simplified impairment model based on an impairment matrix is used for the portion of the receivables portfolio that does not consist of credit card receivables but is subject to external credit risks. The portfolio is divided into clusters based on customer groups, regions and days past due.

A default matrix is calculated on the basis of historical default events in the Lufthansa Group's receivables portfolio, which is supplemented to include forward-looking, publicly available insolvency forecasts. This impairment matrix is applied to trade receivables that are exposed to external credit risk and are not credit card receivables. An impairment matrix is also used for trade and other receivables in the MRO segment. It entails dividing the customer portfolio into four risk classes, with a low, medium, high and very high risk of default. Customers are assigned to each category using the MRO segment's credit risk management system, which is based on fundamental data, market information and payment history. Probabilities of default are derived from historic default events and current market information. Available collateral is taken into account. In addition, the receivables portfolio includes credit card receivables for which the Lufthansa Group is the credit card issuer. Expected losses for these credit card receivables are calculated in a separate model, based on counterparty-specific external ratings and default probabilities. The credit card receivables relate to the AirPlus group and were reclassified as "Assets held for sale". The Lufthansa Group uses a definition of default of 90 days past due for receivables, which are written off in full if the default event occurs. Exceptions are permitted in justified cases, however.

In table T164, Levels 1 and 2 describe expected credit losses, whereas Level 3 shows individual impairment losses on the basis of actual default events.

T164 STATEMENT OF RISK PROVISIONS 2023

in €m	Opening balance risk provision as of 1 Jan 2023	Additions through profit or loss	Reversals through profit or loss	Utilisation	Closing balance risk provision as of 31 Dec 2023	Opening balance gross carrying amount as of 1 Jan 2023	Closing balance gross carrying amount as of 31 Dec 2023
Trade receivables (simplified approach)	**430**	**35**	**-54**	**-77**	**334**	**1,888**	**1,934**
of which from expected losses	42	-3	-5	0	34	1,530	1,654
of which from individual loss allowances	388	38	-49	-77	300	358	280
Trade receivables (credit card receivables)	**10**	**5**	**-9**	**-1**	**5**	**741**	**1,050**
of which Level 1	7	3	-6	0	4	734	1,036
of which Level 2	0	0	0	0	0	1	7
of which Level 3	3	2	-3	-1	1	6	7
Total	**440**	**40**	**-63**	**-78**	**339**	**2,629**	**2,984**

T164 STATEMENT OF RISK PROVISIONS 2022

in €m	Opening balance risk provision as of 1 Jan 2022	Additions through profit or loss	Reversals through profit or loss	Utilisation	Closing balance risk provision as of 31 Dec 2022	Opening balance gross carrying amount as of 1 Jan 2022	Closing balance gross carrying amount as of 31 Dec 2022
Trade receivables (simplified approach)	**505**	**66**	**-45**	**-96**	**430**	**1,951**	**1,888**
of which from expected losses	51	9	-18	0	42	1,453	1,530
of which from individual loss allowances	454	57	-27	-96	388	498	358
Trade receivables (credit card receivables)	**8**	**4**	**0**	**-2**	**10**	**458**	**741**
of which Level 1	6	1	0	0	7	450	734
of which Level 2	0	0	0	0	0	0	1
of which Level 3	2	3	0	-2	3	8	6
Total	**513**	**70**	**-45**	**-98**	**440**	**2,409**	**2,629**

In the reporting year, the Lufthansa Group used the default rates shown in table T165 for each past due category in the impairment matrix for the simplified approach of the impairment model.

T165 IMPAIRMENT MATRIX FOR TRADE RECEIVABLES

		2023						2022					
		Not overdue	1 – 30 days overdue	31 – 60 days overdue	61 – 90 days overdue	More than 90 days overdue	**Total**	Not overdue	1 – 30 days overdue	31 – 60 days overdue	61 – 90 days overdue	More than 90 days overdue	Total
Default rate	%	1.6	1.2	3.7	6.1	9.9	**–**	2.1	2.1	5.0	5.3	12.4	–
Carrying amounts for trade receivables	€m	1,206	318	24	3	103	**1,654**	1,167	235	20	19	89	1,530
Expected loss	€m	19	4	1	–	10	**34**	24	5	1	1	11	42

In order to determine expected losses of credit card receivables according to IFRS 9, the off-balance sheet exposure must be considered, in addition to the on-balance sheet exposure. The off-balance sheet exposure describes the portion of a credit card's unused or available limit. The following overview T166 shows the risk data for the credit card portfolio. Expected losses are calculated at the level of the individual credit card. The variables average default probability and average loss thus relate to the individual credit card.

T166 CONCENTRATION OF CREDIT RISK FROM CREDIT CARD RECEIVABLES

Internal credit rating	Probability of default according to external credit rating	Average probability of default	Average expected loss per concerned credit card in €	Exposure Level 1 impairment model in €m	Exposure Level 2 impairment model in €m	Exposure Level 3 impairment model in €m
On-balance sheet exposure						
Low risk	≤ 2%	0.0%	1	1,035	6	–
Medium risk	> 2.0% to ≤ 6.5%	4.0%	290	–	–	–
High risk	> 6.5%	73.1%	2,659	–	–	7
Total				**1,036**	**7**	**7**
Off-balance sheet exposure						
Low risk	≤ 2%	0.0%	2	8,566	302	–
Medium risk	> 2.0% to ≤ 6.5%	4.0%	162	3	–	–
High risk	> 6.5%	73.1%	–	–	18	–
Total				**8,569**	**321**	**–**

Securities representing debt are rated as shown in table T167 (Standard & Poor's).

T167 SECURITIES RATINGS – DEBT INSTRUMENTS

in €m	
AAA	210
AA +	32
AA	11
AA –	90
A +	85
A	131
A –	258
BBB +	115
BBB	122
Below BBB or unrated	102
Total	**1,156**

The credit risk for derivative financial instruments and securities held at fair value through or without effect on profit and loss is the risk that a counterparty defaults. The maximum credit risk from these instruments is their carrying amount. The counterparty default risk for financial market transactions is limited by defining a maximum risk, taking the credit score given by recognised rating agencies into account.

47 Contingencies and events after the reporting period

T168 CONTINGENT LIABILITIES

in €m	**31 Dec 2023**	As of 31 Dec 2022
From guarantees, bills of exchange and cheque guarantees	2,038	1,446
From warranty contracts	199	249
From providing collateral for third-party liabilities	19	19
	2,256	**1,714**

An amount of EUR 3m (previous year: EUR 3m) within guarantees relates to collateral furnished for joint ventures. Warranty agreements included EUR 160m (previous year: EUR 178m) in contingent liabilities towards creditors of joint ventures. Liabilities under collateral agreements included contingent liabilities of EUR 3m (previous year: EUR 3m) towards creditors of joint ventures. A total of EUR 1,876m (previous year: EUR 1,467m) relates to joint and several guarantees and warranties. This amount is offset by compensatory claims against the co-debtors for EUR 1,823m (previous year: EUR 1,422m). Insofar as annual financial statements have yet to be published, these figures are preliminary.

Otherwise, several provisions for other risks could not be made because an outflow of resources was not sufficiently probable. The potential financial effect of these provisions on the result would have been EUR 49m (previous year: EUR 65m).

Receivables of EUR 119m (previous year: EUR 53m) in connection with legal disputes were not recognised as of 31 December 2023 because the inflow of economic benefits depends on the outcome of the court proceedings.

Legal risks

The Lufthansa Group is exposed to a number of legal risks in the course of its normal business. Based on current knowledge, the assumption is that these will not have any material, lasting effects on the net assets, financial and earnings position, beyond those for which provisions for litigation risks have been created → **Note 37**.

Legal disputes and other claims made against the Group are always subject to uncertainty, however. Management estimates of these risks may also change over time. The actual outcome of these legal disputes may differ from earlier management estimates, which could have significant effects on the net assets, financial and earnings position and the reputation of our Company.

Due to the existing uncertainties described below, we cannot make an assessment of the amount of the respective contingent liabilities or of the group of contingent liabilities. The legal disputes that these statements refer to include:

Risk of successful civil claims for damages in ongoing antitrust proceedings

Various cargo airlines, including Lufthansa Cargo AG and Swiss International Air Lines AG, were involved in a cargo cartel in the period between December 1999 and February 2006. Deutsche Lufthansa AG, Lufthansa Cargo AG and Swiss International Air Lines AG are at risk of civil claims for damages in Norway, Israel, Korea and the Netherlands. The lawsuits have been brought by both direct and indirect customers and are addressed to the airlines as co-debtors.

At present, it is not possible to give a concrete assessment of the outcome of the lawsuits still pending or of the number and amount of any other claims. When evaluating the risk, it should nonetheless be borne in mind that the European Commission's decision on the cargo cartel, which the claimants in the civil lawsuits refer to, among others, is still not legally binding. Following the annulment of this 2010 decision by means of judgements by the European Court of Justice (ECJ) in December 2015, the European Commission sent revised penalty notices in March 2017 in which the content was the same but the reasoning had been altered. The airlines concerned, including Lufthansa Group airlines, again contested them. The objections have since been overruled and the companies have appealed to the European Court of Justice, with the result that the penalty notices are still not effective.

Moreover, an expert economic opinion commissioned by Lufthansa Cargo AG and Swiss International Air Lines AG has come to the conclusion that the cartel did not inflict any actual damage on customers. Even if there were damages (i.e. allegedly higher cartel prices), the court would have to examine whether the claimants passed them on to their own customers (in the case of freight forwarders) or whether they were passed on to the claimants (in the case of end customers). Nonetheless, significant effects on the net assets, financial and earnings position of the Group cannot be ruled out if it should lose any of these legal proceedings.

Legal action by Ryanair against the European Commission's decision on state aid
Ryanair DAC and others have appealed to the General Court (of the European Court of Justice) against the decisions by the European Commission approving stabilisation measures for companies in the Lufthansa Group. Stabilisation measures of around EUR 7.6bn in total are affected for Deutsche Lufthansa AG, Austrian Airlines AG and Brussels Airlines SA/NV. The lawsuit relating to the state aid for Austrian Airlines and Brussels Airlines has since been dismissed in the first instance. This means that the aid for Brussels Airlines is now definitively lawful, but Ryanair has appealed to the European Court of Justice against the ruling to the extent that it concerns Austrian Airlines. The lawsuit against the state aid for Deutsche Lufthansa AG was upheld in May 2023. Lufthansa lodged an appeal against the ruling, but the appeal does not have suspensive effect. It is not clear what the consequences would be if the state aid is ruled to be null and void, because the aid has already been repaid and the Federal Republic of Germany has sold on the open market the equity it received in exchange. Potential indirect consequences include the demand for clawback interest for the period between the allocation and the repayment of the stabilisation funds, as well as the imposition of conditions attached to a new state aid decision. At the time this report was prepared, it was not possible to say what further steps the European Commission will take in its response to the judgment by the European General Court. Deutsche Lufthansa AG expects the European Commission to initiate a formal examination procedure, as it has done in similar cases.

Covenants in connection with the funds granted by the Economic Stabilisation Fund
As well as information and auditing rights for the Economic Stabilisation Fund, the framework agreement with the Economic Stabilisation Fund, which has since been terminated, provided for extensive obligations for the Lufthansa Group including the ban on dividend payments and the ban on cross-subsidising Lufthansa Group companies which were already in difficulty within the meaning of EU Regulation No. 651/2014 on 31 December 2019. Possible differences of opinion between the Lufthansa Group and the European Commission about the applicability of these obligations could represent a potential risk if the European Commission issues a new decision approving the stabilisation, asserting its position and possibly adapting it in line with the ECJ ruling.

This disagreement particularly relates to the ban on dividend payments. The Lufthansa Group has received preliminary statements from departments of the European Commission that are not consistent with the Group's line of argument regarding the inapplicability of the ban to certain companies. In this context, provisions of EUR 55m have been recognised in the 2023 consolidated financial statements, in particular for distributions by equity investments to external shareholders. Deutsche Lufthansa AG assumes, based on its preliminary statements, that if the European Commission issues a new approval decision it will continue to see the payment of dividends as a breach of the aforementioned obligation, meaning that it could demand payment of the amount mentioned above by the Company in a formal decision. The decision by the European Court of Justice declaring the state aid notice to be null and void will delay the proceedings.

Based on the Group's line of argument and the assessment of statements to the contrary made by the departments of the European Commission, the Lufthansa Group believes there is an overwhelming probability, in respect of almost all dividend payments, that the accusation made by the European Commission, namely that the aforementioned obligation has been breached, would not stand up to a judicial review. A possible decision reversing the payment obligation would only be made at a later date. Since, however, it is impossible to assume the almost complete certainty of a court ruling in favour of the Company, as would be required in order to recognise a reimbursement claim in accordance with IAS 37, the aforementioned provision has been recognised for the probable payment obligation in prior years and will be maintained in view of the continuing uncertainty.

No reliable statements can be made at the present time on the outcome of the discussions about differences of opinion regarding the "ban on cross-subsidising" obligation, partly because the state aid notice has been ruled to be null and void. Further significant financial risks for the Company due to ultimately determined violations of agreed obligations therefore still cannot be ruled out.

Tax risks

Tax risks exist largely because of differences in legal opinions between the German tax authorities and the Company. In tax audits for financial years 2001 to 2018, the tax authorities came to a number of different conclusions to those on which the Company had based its tax returns, relating, in particular, to partial write-downs on shareholder loans, the treatment of various lease structures, the acquisition of a foreign subsidiary, and the recognition and measurement of certain provisions and assets. The Lufthansa Group has appealed against the resulting tax assessments. Without abandoning its legal position, almost all the disputed matters were settled in the past by paying the back taxes demanded by the authorities. The Federal Finance Court adopted a different position on partial write-downs in 2019, which led to a more negative assessment of the current proceedings. Further court decisions in 2021, however, resulted in more adjustments to this changed case law. Based on the current assessment, there is now a chance that deductibility will be recognised, at least for partial amounts. No final decision on this matter has yet been taken. To the extent that success in the disputed points is considered to be more likely than not, the corresponding receivables from the tax authorities have been recognised in accordance with IFRIC 23. An oral comment by the tax authorities in the course of the current tax audit queried the taxation of certain foreign income in accordance with the Foreign Tax Act (Außensteuergesetz: AStG), raising additional tax risks in the previous year, although the Company continues to assume that the previous tax treatment is correct. Appropriate provisions have been created for other potentially disputed aspects to the extent that a claim is likely to be made. No provisions have been created for matters that the Company believes are more likely than not to result in a decision in its favour. They could give rise to back payments of around EUR 400m in total (previous year: EUR 450m). The assessment of the amount is subject to uncertainty.

Events after the reporting period

The rating agency Moody's lifted its rating for Deutsche Lufthansa AG from Ba1 to the investment grade level Baa3 on 18 January 2024. According to Moody's, the upgrade was based on the positive trend in operating profitability at the Lufthansa Group, which had improved significantly in 2023.

The upgrade by Moody's means that Deutsche Lufthansa AG is again rated investment grade by all the leading rating agencies.

The Supervisory Board of Deutsche Lufthansa AG voted to carry out a wide-ranging reorganisation of the Executive Board at its meeting on 22 February 2024. The Executive Board is to be reduced from six to five members and responsibilities redistributed.

Christina Foerster, Harry Hohmeister and Detlef Kayser will leave the Executive Board as of 30 June 2024, and Remco Steenbergen will leave the Executive Board at the close of 7 May 2024, the date of the Annual General Meeting.

New members Grazia Vittadini and Dieter Vranckx will be appointed to the Executive Board as of 1 July 2024.

Grazia Vittadini, previously at Rolls-Royce Holdings plc, London, as Chief Technology Officer and Member of the Executive Team, most recently active as a special consultant, will lead the MRO and IT function as Chief Technology Officer, which also includes responsibility for sustainability. Her contract will run for three years.

Dieter Vranckx, previously CEO of SWISS International Airlines, becomes the Executive Board member for Global Markets and Commercial Hub Management. His contract will also run for three years. The areas of Customer Experience and Group Brand Management, which were previously part of Brand Management & Sustainability, are now also his responsibility.

A new candidate is to be found for the position of Chief Financial Officer. Until the position is filled, Michael Niggemann will lead the finance function provisionally in addition to his responsibility on the Executive Board for Human Resources, Logistics and Non-Hub Traffic, (previously Human Resources and Infrastructure).

48 Other financial obligations

As of 31 December 2023, there were order commitments of EUR 20.5bn (previous year: EUR 16.2bn) for capital expenditure on property, plant and equipment, including repairable spare parts, and for intangible assets. There were also capital and shareholder loan commitments of EUR 520m towards equity investments (previous year: EUR 170m), of which EUR 512m (previous year: EUR 62m) relate to joint ventures.

In addition, as of 31 December 2023, payment obligations under lease agreements for which the leased items had not yet been received are as follows:

T169 PAYMENT OBLIGATIONS FOR RIGHT-OF-USE ASSETS NOT YET RECEIVED

in €m	31 Dec 2023	As of 31 Dec 2022
Lease payments 2024 (previous year: 2023)	–	13
Lease payments 2025 to 2028 (previous year: 2024 to 2027)	34	57
Lease payments after 2028 (previous year: 2027)	121	16
Total	**155**	**86**

49 Auditors' fees

The fees paid to the auditors in the financial year and charged to expenses in accordance with Section 314 Paragraph 1 No. 9 HGB are made up as follows:

T170 **AUDITORS' FEES**

in €m	2023	2022
Audit services	6.5	4.7
Other certification services	0.4	0.7
Other services	0.6	2.5
Total	**7.5**	**7.9**

The audit services mainly consist of fees for auditing the annual and consolidated financial statements of Deutsche Lufthansa AG and those of its consolidated subsidiaries, as well as fees for the review of the half-yearly financial statements. Expenses for other assurance services were incurred primarily in connection with fundraising activities. Other services relate mainly to services in the course of the disposal of the LSG group.

The following fees paid to the global EY group, especially abroad, were additionally recognised as expenses:

T171 **ADDITIONAL AUDITORS' FEES**

in €m	2023	2022
Audit services	2.1	2.7
Other certification services	–	–
Other services	0.1	–
Total	**2.2**	**2.7**

The auditor at EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft responsible for the Lufthansa Group is Jörg Bösser. He held this position for the second time in financial year 2023.

COMPOSITION OF THE GROUP

50 Group of consolidated companies

The consolidated financial statements of Deutsche Lufthansa AG include all major subsidiaries, joint ventures and associated companies.

Subsidiaries are entities over which Deutsche Lufthansa AG has rights that give it the ability to control the entity's relevant activities. Relevant activities are those activities that have a significant influence on the entity's return. Deutsche Lufthansa AG therefore only has control over a company when it is exposed to variable returns from the company and its power over the company's relevant activities enables it to influence these returns. This definition of control also applies to structured entities that are identified as such in the list of significant Group companies. In general, the ability to control subsidiaries arises when Deutsche Lufthansa AG holds a direct or indirect majority of voting shares. In structured entities, the ability to control does not come from holding the majority of voting shares, but rather from contractual agreements. Entities are consolidated from the time that the ability to control begins. They cease to be consolidated when the ability to control ends.

Joint arrangements are classified either as joint ventures or as joint operations. A joint arrangement exists when the Lufthansa Group carries on joint business activities with third parties on the basis of a contractual agreement. Joint management or control only exists when decisions on activities that have a significant effect on the returns from an agreement require the unanimous approval of the parties sharing control.

Significant interests in companies that are managed jointly with one or more partners (joint ventures) are accounted for using the equity method. Joint operations are defined by the fact that the parties exercising joint control over the arrangement have rights to the assets attributed to the arrangement and are liable for its debts. Assets and liabilities, revenue and expenses from the significant joint operations are recognised in the consolidated financial statements of the Lufthansa Group in proportion to these rights and obligations.

Associated companies are companies in which Deutsche Lufthansa AG has the opportunity to exercise significant influence over financial and operating policy based on an interest of between 20% and 50%. Significant associated companies are accounted for in the consolidated financial statements using the equity method.

A list of major subsidiaries, joint arrangements and associated companies can be found in tables → T178 to T181, and the list of shareholdings in table → T182.

In addition to Deutsche Lufthansa AG as the parent company, the group of consolidated companies includes 50 domestic and 190 foreign companies, including structured entities (previous year: 52 domestic and 266 foreign companies).

One material joint operation was also included in the consolidated financial statements on a pro rata basis in accordance with IFRS 11. It consists of a German cargo airline operated jointly by Deutsche Post AG and Deutsche Lufthansa AG, which each hold 50% of the share capital and voting rights. The two shareholders are also customers of the company and use the capacities of its cargo aircraft. In contrast to its capital and voting rights, the company's assets and liabilities, as well as its income and expenses, are allocated based on the user relationship of the shareholders according to their contracts.

The changes in the group of consolidated companies during the 2023 financial year are shown in table T172.

T172 CHANGES IN THE GROUP OF CONSOLIDATED COMPANIES FROM 1 JAN 2023 TO 31 DEC 2023

Name, registered office	Additions	Disposals	Reasons
Passenger Airlines business segment			
NTL13 Ltd., Tokyo, Japan	28 Mar 2023		Established
NTL14 Ltd., Tokyo, Japan	28 Mar 2023		Established
NTL15 Ltd., Tokyo, Japan	28 Mar 2023		Established
NTL16 Ltd., Tokyo, Japan	28 Mar 2023		Established
NBB Bluejay Co., Ltd., Tokyo, Japan	19 Apr 2023		Established
NBB-10859 Lease Partnership, Tokyo, Japan	13 Oct 2023		Established
NTL8 Ltd., Tokyo, Japan		28 Mar 2023	Liquidation
Lufthansa Leasing Austria GmbH & Co. OG Nr. 17, Salzburg, Austria		6 Apr 2023	Merger
Yamasa Aircraft LH11 Kumiai, Okayama, Japan		6 Jun 2023	Liquidation
Yamasa Aircraft LH10 Kumiai, Okayama, Japan		21 Jul 2023	Liquidation
Gabriela Finance 2012 Limited, Dublin, Ireland		14 Aug 2023	Liquidation
Raft Co., Ltd. , Tokyo, Japan		13 Oct 2023	Liquidation
FG Unity Leasing Co. Ltd., Tokyo, Japan		20 Oct 2023	Liquidation
FG Vision Leasing Co. Ltd., Tokyo, Japan		20 Oct 2023	Liquidation
NBB Koblenz Lease Co. Ltd., Tokyo, Japan		26 Oct 2023	Liquidation
NBB Rhine Valley Lease LLC, Tokyo, Japan		26 Oct 2023	Liquidation
Catering business segment			
Aerococina S.A. de C.V., Mérida, Mexico		31 Oct 2023	Disposal
Airo Catering Services Eesti OÜ, Tallinn, Estonia		31 Oct 2023	Disposal
Airo Catering Services Latvija SIA, Marupe, Latvia		31 Oct 2023	Disposal
Airo Catering Services Sweden AB, Stockholm, Sweden		31 Oct 2023	Disposal
Airo Catering Services Ukraine, Boryspil, Ukraine		31 Oct 2023	Disposal
AO AeroMEAL, Yemelyanovo, Russian Federation		31 Oct 2023	Immaterial due to sale of LSG
Arlington Services Mexico, S.A. de C.V., Mexico City, Mexico		31 Oct 2023	Disposal
Arlington Services Panama, S.A., Panama-Stadt, Panama		31 Oct 2023	Disposal
Bahia Catering Ltda, Salvador, Brazil		31 Oct 2023	Disposal
Belém Serviços de Bordo Ltda, Belém, Brazil		31 Oct 2023	Disposal
Capital Gain International (1986) Ltd., Hongkong, China		31 Oct 2023	Disposal
Cater Suprimento de Refeições Ltda, Rio de Janeiro, Brazil		31 Oct 2023	Disposal
Caterair Serviços de Bordo e Hotelaria Ltda., Rio de Janeiro, Brazil		31 Oct 2023	Disposal
Charm Food Service Co., Ltd., Incheon, South Korea		31 Oct 2023	Disposal
CLS Catering Services Ltd., Vancouver, British Columbia, Canada		31 Oct 2023	Disposal
Comercializadora de Servicios Limitada, ENEA, Pudahuel, Santiago, Chile		31 Oct 2023	Disposal

T172 CHANGES IN THE GROUP OF CONSOLIDATED COMPANIES FROM 1 JAN 2023 TO 31 DEC 2023

Name, registered office	Additions	Disposals	Reasons
Comisariato de Baja California, S.A. de C.V., Tijuana, Mexico		31 Oct 2023	Disposal
Comisariatos Gotre, S.A. de C.V., Torreon, Mexico		31 Oct 2023	Disposal
Constance Food Group, Inc., New York, USA		31 Oct 2023	Disposal
Fortaleza Serviços de Bordo Ltda., Fortaleza, Brazil		31 Oct 2023	Disposal
Inflight Catering (Proprietary) Limited, Johannesburg, South Africa		31 Oct 2023	Disposal
Inflight Catering Services Limited, Dar es Salaam, Tansania		31 Oct 2023	Immaterial due to sale of LSG
International Food Services Ltd., Hongkong, China		31 Oct 2023	Disposal
LSG Catering (Thailand) Ltd., Bangkok, Thailand		31 Oct 2023	Disposal
LSG Catering China Ltd., Hongkong, China		31 Oct 2023	Disposal
LSG Catering Guam, Inc., Tamuning, USA		31 Oct 2023	Disposal
LSG Catering Hong Kong Ltd., Hongkong, China		31 Oct 2023	Disposal
LSG Catering Saipan, Inc., Saipan, Northern Mariana Islands		31 Oct 2023	Disposal
LSG Holding Asia Ltd., Hongkong, China		31 Oct 2023	Disposal
LSG Lufthansa Service - Sky Chefs do Brasil Catering, Participações Ltda., Guarulhos, Brasilien		31 Oct 2023	Disposal
LSG Lufthansa Service Asia Ltd., Hongkong, China		31 Oct 2023	Disposal
LSG Lufthansa Service Cape Town (Pty) Ltd., Boksburg, Südafrika		31 Oct 2023	Disposal
LSG Lufthansa Service Enterprises Ltd., Hongkong, China		31 Oct 2023	Disposal
LSG Lufthansa Service Guam, Inc., Tamuning, Guam, USA		31 Oct 2023	Disposal
LSG Lufthansa Service Hong Kong Ltd., Hongkong, China		31 Oct 2023	Disposal
LSG Lufthansa Service Saipan, Inc., Saipan, Northern Mariana Islands		31 Oct 2023	Disposal
LSG Sky Chefs (India) Private Ltd., Bangalore, India		31 Oct 2023	Disposal
LSG Sky Chefs (Qingdao) Co., Ltd., Laixi City, China		31 Oct 2023	Disposal
LSG Sky Chefs (Thailand) Ltd., Bangkok, Thailand		31 Oct 2023	Disposal
LSG Sky Chefs Argentina S.A., Ezeiza, Argentina		31 Oct 2023	Disposal
LSG Sky Chefs de Venezuela C.A., Caracas, Venezuela		31 Oct 2023	Disposal
LSG Sky Chefs Havacılık Hizmetleri A.S., Istanbul, Turkey		31 Oct 2023	Immaterial due to sale of LSG
LSG Sky Chefs İstanbul Catering Hizmetleri A.S., Istanbul, Turkey		31 Oct 2023	Immaterial due to sale of LSG
LSG Sky Chefs Kenya Limited, Nairobi, Kenia		31 Oct 2023	Immaterial due to sale of LSG
LSG Sky Chefs Korea Co., Ltd., Incheon, South Corea		31 Oct 2023	Disposal
LSG Sky Chefs New Zealand Limited, Auckland, New Zealand		31 Oct 2023	Disposal
LSG Sky Chefs South Africa (Proprietary) Limited, Johannesburg, South Africa		31 Oct 2023	Disposal
LSG Sky Chefs Supply Chain Solutions, Inc., Wilmington, USA		31 Oct 2023	Disposal
LSG Sky Chefs TAAG Angola, S.A., Luanda, Angola		31 Oct 2023	Disposal
LSG Sky Chefs USA, Inc., Wilmington, USA		31 Oct 2023	Disposal
Myanmar LSG Lufthansa Service Ltd., Yangon, Myanmar		31 Oct 2023	Disposal
Natal Catering Ltda., Aeroporto São Gonçalo do Amarante, Brazil		31 Oct 2023	Disposal
Oakfield Farms Solutions, L.L.C., Wilmington, Delaware, USA		31 Oct 2023	Disposal
OOO LSG Sky Chefs Rus, Moscow, Russian Federation		31 Oct 2023	Immaterial due to sale of LSG
Retail In Motion Asia Limited, Hongkong, China		31 Oct 2023	Disposal
Retail in Motion Latin America SpA, ENEA, Pudahuel, Santiago, Chile		31 Oct 2023	Disposal
Retail in Motion Limited, Dublin, Ireland		31 Oct 2023	Disposal
Retail In Motion México S. de R.L. de C.V., Mexico City, Mexico		31 Oct 2023	Disposal
Retail inmotion Middle East L.L.C., Abu Dhabi, United Arabe Emirate		31 Oct 2023	Disposal
Retail inMotion North America, Inc., Wilmington, USA		31 Oct 2023	Disposal
SCIS Air Security Corporation, Wilmington, USA		31 Oct 2023	Disposal
Servcater Internacional Ltda, Guarulhos, Brasilien		31 Oct 2023	Disposal
Servicios Complementarios de Cabina, S.A. de C.V., Mexiko-Stadt, Mexiko		31 Oct 2023	Disposal
Siam Flight Services Ltd., Bangkok, Thailand		31 Oct 2023	Disposal
Silver Wings Bulgaria OOD, Sofia, Bulgarien		31 Oct 2023	Disposal
Sky Chefs Chile SpA, Santiago, Chile		31 Oct 2023	Disposal
Sky Chefs De Mexico, S.A. de C.V., Mexiko-Stadt, Mexiko		31 Oct 2023	Disposal
Sky Chefs de Panamá S.A., Panama-Stadt, Panama		31 Oct 2023	Disposal
Sky Chefs Things Remembered Services FZE, Ikeja, Nigeria		31 Oct 2023	Disposal
Sky Chefs Things Remembered Services Limited, Lagos, Nigeria		31 Oct 2023	Disposal
Sky Chefs, Inc., Wilmington, USA		31 Oct 2023	Disposal
Western Aire Chef, Inc., Wilmington, USA		31 Oct 2023	Disposal
Additional Businesses and Group Functions			
Lufthansa Group Immobilien GmbH, Frankfurt/Main, Germany	1 Aug 2023		Purchase
LSG Sky Chefs Bremen GmbH, Neu-Isenburg, Germany		1 Jan 2023	Merger
LSG Sky Chefs Leipzig GmbH, Neu-Isenburg, Germany		1 Jan 2023	Merger
Lufthansa Systems GmbH & Co. KG, Raunheim, Germany		12 Sep 2023	Merger

Use of exemption provisions

The following fully consolidated German Group companies made use of the exemption provisions in Section 264 Paragraph 3 and Section 264b HGB in 2023.

T173 USE OF EXEMPTION PROVISIONS

Company name	Seat
Cockpitpersonal GmbH	Frankfurt/Main
Eurowings Aviation GmbH	Cologne
Eurowings Digital GmbH	Cologne
Eurowings GmbH	Dusseldorf
Eurowings Technik GmbH	Cologne
EW Discover GmbH	Frankfurt/Main
Germanwings GmbH	Cologne
Group Engine Management GmbH	Frankfurt/Main
Hamburger Gesellschaft für Flughafenanlagen mbH	Hamburg, Germany
Jettainer GmbH	Raunheim
Lufthansa Asset Management GmbH	Frankfurt/Main
Lufthansa Asset Management Leasing GmbH	Frankfurt/Main
Lufthansa Aviation Training Germany GmbH	Frankfurt/Main
Lufthansa Aviation Training GmbH	Munich
Lufthansa Cargo Aktiengesellschaft	Frankfurt/Main
Lufthansa City Airlines GmbH (previously: City Airlines GmbH)	Munich
Lufthansa CityLine GmbH	Munich
Lufthansa Commercial Holding Gesellschaft mit beschränkter Haftung	Frankfurt/Main
Lufthansa Group Business Services GmbH	Frankfurt/Main
Lufthansa Group Digital Hangar GmbH	Raunheim
Lufthansa Industry Solutions AS GmbH	Norderstedt
Lufthansa Industry Solutions BS GmbH	Raunheim
Lufthansa Industry Solutions GmbH & Co. KG.	Norderstedt
Lufthansa Industry Solutions Verwaltungs GmbH	Norderstedt
Lufthansa Process Management GmbH	Neu-Isenburg
Lufthansa Seeheim GmbH	Seeheim-Jugenheim
Lufthansa Systems GmbH	Raunheim
Lufthansa Technik AERO Alzey GmbH	Alzey
Lufthansa Technik AG	Hamburg, Germany
Lufthansa Technik Immobilien- und Verwaltungsgesellschaft mbH	Hamburg, Germany
Lufthansa Technik Logistik GmbH	Hamburg, Germany
Lufthansa Technik Logistik Services GmbH	Hamburg, Germany
Lufthansa Technik Objekt- und Verwaltungsgesellschaft mbH	Hamburg, Germany
Miles & More GmbH	Frankfurt/Main
time:matters GmbH	Neu-Isenburg
Truffle Holding AG	Frankfurt/Main
Truffle 2 GmbH (previously LSG Lufthansa Service Europa/Afrika GmbH)	Frankfurt/Main
Truffle 3 GmbH (previously Retail in Motion GmbH)	Frankfurt/Main
Truffle 4 GmbH (previously LSG South America GmbH)	Frankfurt/Main
Truffle 5 GmbH (previously LSG Asia GmbH)	Frankfurt/Main

The companies are affiliated with Deutsche Lufthansa AG by means of direct or indirect profit and loss transfer agreements.

The consolidated financial statements include investments in 28 joint ventures and 22 associated companies (previous year: 28 joint ventures and 34 associated companies), of which nine joint ventures (previous year: nine) and two associated companies (previous year: 14) were accounted for using the equity method. The other joint ventures and associated companies were valued at amortised cost due to their minor overall significance.

51 Related party disclosures

Kühne Aviation GmbH, for Klaus-Michael Kühne, notified the Executive Board of Deutsche Lufthansa AG that on 5 July 2022 its share of voting rights in Deutsche Lufthansa AG had exceeded the threshold of 15% and amounted to 15.01% on this date. A significant influence is only assumed when the share of voting rights exceeds 20%.

On the basis of the above assumption, no individual shareholders of Deutsche Lufthansa AG exercise significant influence over the Group. For transactions involving members of the Executive Board and Supervisory Board ("directors' dealings"), see → **Note 52.**

Balances and transactions between the Company and its fully consolidated subsidiaries, which constitute related parties, have been eliminated in the course of consolidation and are not commented on in this Note. Details of transactions between the Lufthansa Group and other related parties are disclosed below.

The Lufthansa Group segments render numerous services to related parties within the scope of their ordinary business activities. Conversely, the companies in question provide services to the Lufthansa Group as part of their normal business. These extensive supply and service relationships take place on the basis of market prices.

In addition, the Lufthansa Group and certain non-consolidated subsidiaries have concluded numerous billing agreements, partly governing the joint use of services. In these cases, the administrative services provided are charged as cost allocations.

The Lufthansa Group's cash management is centralised, and, in this respect, the Group also performs a banking function vis-à-vis the non-consolidated companies of the Group. Non-consolidated Group companies included in the Group's cash management invest their available cash with the Group or borrow funds from the Group and carry out their derivative hedging transactions with the Group. All transactions take place on arm's length terms.

Due to geographical proximity in many cases, a large number of subletting contracts is in place between the Lufthansa Group and related parties. In these cases, the Lufthansa Group usually charges the rental costs and incidental expenses incurred to the companies in question on a pro rata basis.

Table **T174** shows the volume of significant services provided to or by related parties.

T174 VOLUME OF SIGNIFICANT SERVICES PROVIDED TO OR BY RELATED PARTIES

	Volume of services rendered		Volume of services received	
in €m	**2023**	2022	**2023**	2022
Subsidiaries, not consolidated				
Albatros Versicherungsdienste GmbH, Germany	0	0	53	55
amplimind GmbH, Germany	5	0	0	0
Austrian Airlines Technik-Bratislava, s.r.o., Slovakia	2	1	7	13
Austrian Airlines Tele Sales Service GmbH, Austria	0	0	6	4
Aviation Services Network GmbH, Germany	0	0	11	9
Cargo Future Communications (CFC) GmbH, Germany	0	0	10	11
Delvag Versicherungs-AG, Germany	11	8	3	1
DLH Fuel Company mbH, Germany	7	4	1,154	733
Global Load Control (PTY) LTD, South Africa	0	0	6	5
handling counts GmbH, Germany	1	1	14	8
LGSP Lufthansa Ground Service Portugal, Unipessoal Lda., Portugal	0	1	9	9
Lufthansa Aviation Training Austria GmbH, Austria	2	1	10	8
Lufthansa Aviation Training Operations Germany GmbH, Germany	4	1	27	5
Lufthansa Aviation Training Pilot Academy GmbH, Germany	1	1	7	7
Lufthansa Aviation Training USA Inc., USA	0	1	11	9
Lufthansa Consulting GmbH, Germany	1	1	11	7
Lufthansa Engineering and Operational Services GmbH, Germany	4	3	30	30
Lufthansa Global Business Services S.A. de C.V., Mexico	0	0	5	5
Lufthansa Global Business Services Sp. z o. o., Poland	2	1	45	32
Lufthansa Global Tele Sales GmbH, Germany	2	1	87	61
Lufthansa Group Business Services New York LLC, USA	0	0	4	6
Lufthansa Group Security Operations GmbH, Germany	2	2	34	30
LUFTHANSA GROUP TASTE & MORE GmbH, Germany	1	2	19	12
Lufthansa Industry Solutions SHPK, Albania	1	1	17	12
Lufthansa Innovation Hub GmbH, Germany	0	0	8	19
Lufthansa Systems FlightNav AG, Switzerland	0	0	25	25
Lufthansa Systems Hungaria Kft, Hungary	1	0	43	33
Lufthansa Systems Poland Sp. z o.o., Poland	1	2	58	42
Lufthansa Technical Training GmbH, Germany	7	6	23	18
Lufthansa Technik Component Services Asia Pacific Limited, China	0	0	4	5
Lufthansa Technik Middle East FZE, United Arab Emirates	2	2	6	6
Lufthansa Technik Services India Private Limited, India	1	2	8	5
Lufthansa Technik Turbine Shannon Limited, Ireland	3	2	24	13

T174 VOLUME OF SIGNIFICANT SERVICES PROVIDED TO OR BY RELATED PARTIES

in €m	Volume of services rendered		Volume of services received	
	2023	2022	**2023**	2022
time:matters (Shanghai) International Freight Forwarding Ltd., China	8	21	3	4
time:matters Americas, Inc., USA	12	19	1	0
time:matters Asia Pacific Pte. Ltd., Singapore	5	3	1	1
time:matters Courier Terminals GmbH, Germany	10	6	19	15
time:matters Netherlands B.V., Netherlands	5	7	1	1
Wings Handling Palma S.L., Spain	0	0	11	10
ZeroG GmbH, Germany	1	1	11	7
Joint ventures				
Airfoil Services Sdn. Bhd., Malaysia	1	0	6	3
EME Aero Sp.z.o.o, Poland	2	1	461	279
Shanghai Pudong International Airport Cargo Terminal Co. Ltd., China	0	0	5	6
Spairliners GmbH, Germany	35	28	17	9
Star Alliance Services GmbH, Germany	1	1	5	5
Terminal 2 Gesellschaft mbH & Co oHG, Germany	1	0	11	11
Terminal One Group Association, L.P., USA	5	3	10	10
Associated companies				
Aircraft Maintenance and Engineering Corporation, China	11	7	1	2
HEICO Aerospace Holdings Corp., USA	0	1	12	9
AviationPower GmbH, Deutschland	0	0	8	3
AFS Aviation Fuel Services GmbH, Deutschland	0	0	7	7
Other affiliated companies				
Shanghai Pudong International Airport Public Cargo Terminal Co. Ltd. (West), Shanghai, China	0	0	61	27

Tables T175 and T176 show receivables owed by and liabilities to related parties.

T175 RECEIVABLES FROM AFFILIATED COMPANIES

in €m	**2023**	2022
Trade receivables from non-consolidated subsidiaries	33	19
Trade receivables from joint ventures	21	8
Trade receivables from associated companies	2	6
Trade receivables from other affiliated companies	–	–
Total trade receivables	**56**	**33**
Other receivables from non-consolidated subsidiaries	114	107
Other receivables from joint ventures	19	23
Other receivables from associated companies	6	10
Other receivables from other affiliated companies	–	–
Total other receivables	**139**	**140**
Loans to non-consolidated subsidiaries	48	55
Loans to joint ventures	7	3
Loans to associated companies	–	–
Total non-current receivables	**55**	**58**

T176 LIABILITIES TO AFFILIATED COMPANIES

in €m	**2023**	2022
Trade payables to non-consolidated subsidiaries	48	85
Trade payables to joint ventures	40	29
Trade payables to associated companies	3	3
Trade payables to other affiliated companies	3	1
Total trade payables	**94**	**118**
Other liabilities to non-consolidated subsidiaries	312	322
Other liabilities to joint ventures	0	5
Other liabilities to associated companies	0	0
Other liabilities to other affiliated companies	0	0
Total other liabilities	**312**	**327**

52 Supervisory Board and Executive Board

The disclosure of remuneration for key managers required by IAS 24 includes the remuneration of the active members of the Executive Board and Supervisory Board.

The members of the Executive Board and the Supervisory Board as well as the other offices that they hold are named in the combined management report in the section → **Corporate Governance.**

The principles of the remuneration system and the amount of remuneration paid to Executive Board and Supervisory Board members are shown and explained in detail in the remuneration report. The → **remuneration report** forms part of the Annual Report 2023.

Total Executive Board remuneration under IFRS was EUR 29.5m (previous year: EUR 38.5m), including current service costs for pensions of EUR 3.4m (previous year: EUR 3.2m).

The active members of the Executive Board in past reporting years were remunerated as follows:

T177 EXECUTIVE BOARD REMUNERATION (IFRS)

in € thousands	**2023**	2022
Basic salary	6,450	5,934
Other [1]	1,250	1,193
One-year variable remuneration	7,884	7,912
Total short-term remuneration	**15,584**	**15,039**
Share-based remuneration incl. long-term variable remuneration [2]	10,517	20,282
Current service cost for retirement benefits	3,416	3,174
Total long-term remuneration	**13,933**	**23,456**
Total	**29,517**	**38,495**

[1] Other remuneration includes in particular benefits from the use of company cars, discounts in connection with cash outflows from share programmes (→ **Notes to the consolidated financial statements, Note 40)** and concessionary travel in accordance with the relevant IATA regulations. This item also includes a compensation payment to Remco Steenbergen for the forfeiture of benefits with his previous employer totalling EUR 975k (previous year: EUR 975k).

[2] Expenses recognised in the reporting year for long-term variable remuneration for the financial years 2020, 2021, 2022 and 2023.

Pension provisions for Executive Board members active in the 2023 financial year came to EUR 23.8m (previous year: EUR 18.5m).

Provisions of EUR 7,884k (previous year: EUR 7,912k) were recognised in 2023 for the one-year variable remuneration.

An increase of EUR 10,517k (previous year: increase of EUR 20,140k) was recognised for provisions for the future payment of long-term variable remuneration for Executive Board members active in financial year 2023. The payment made in the previous year for long-term share-based remuneration resulted in additional expenses of EUR 142k.

Total remuneration (HGB) paid to the Executive Board of Deutsche Lufthansa AG in financial year 2023 came to EUR 22,138k (previous year: EUR 28,496k).

Current payments and other benefits for former members of the Executive Board and their surviving dependants amounted to EUR 9.2m (EUR 5.7m). This includes payments by subsidiaries as well as benefits in kind and concessionary travel.

Pension obligations toward former Executive Board members and their surviving dependants amount to EUR 49.7m (previous year: EUR 51.3m). They are included in the pension provisions under → **Note 36.**

Expenses for the fixed remuneration of Supervisory Board members came to EUR 2,966k in the 2023 financial year (previous year: EUR 2,170k). Other remuneration amounted to EUR 3k in total (previous year: EUR 62k, mainly attendance fees). Furthermore, the Supervisory Board members of Deutsche Lufthansa AG were paid EUR 13k (previous year: EUR 21k) for their work on supervisory boards of Group companies.

In the reporting year, as in the previous year, no loans or advance payments were made to members of the Executive Board or to members of the Supervisory Board.

In addition to their Supervisory Board remuneration, employee representatives on the Supervisory Board received compensation for their work in the form of wages and salaries including pension entitlements amounting to EUR 1.0m in total in financial year 2023 (previous year: EUR 1.0m).

MAJOR SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

T178 MAJOR SUBSIDIARIES AS OF 31 DEC 2023

Name, registered office	Equity stake in %	Voting share in %	Different reporting period
Passenger Airlines business segment			
Air Dolomiti S.p.A. Linee Aeree Regionali Europee, Dossobuono di Villafranca, Italy	100.00	100.00	
AirTrust AG, Kloten, Switzerland	100.00	100.00	
AUA Beteiligungen Gesellschaft m.b.H., Vienna Airport, Austria	100.00	100.00	
Aura Leasing Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
Auslese Leasing Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
Austrian Airlines AG, Vienna Airport, Austria	100.00	100.00	
Austrian Asset Holding GP S.à r.l. i.L., Luxembourg, Luxembourg	100.00	100.00	
Austrian Asset Holding S.C.S. i.L., Luxembourg, Luxembourg	100.00	100.00	
Bayern Leasing Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
Bremen Leasing Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
Brussels Airlines SA/NV, Brüssel, Belgium	100.00	100.00	
CASTOR Ltd., Tokyo, Japan	0.00	0.00 [1]	
Celine Leasing Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
Cockpitpersonal GmbH, Frankfurt/Main	100.00	100.00	
CRANE LTD., Tokyo, Japan	0.00	0.00 [1]	
Dia Adler Ltd., Tokyo, Japan	0.00	0.00 [1]	
Dia Bach Ltd., Tokyo, Japan	0.00	0.00 [1]	
Dia Falke Ltd., Tokyo, Japan	0.00	0.00 [1]	
Dia Flamingo Ltd., Tokyo, Japan	0.00	0.00 [1]	
Dia Hausen Ltd., Tokyo, Japan	0.00	0.00 [1]	
Dia Himmel Ltd., Tokyo, Japan	0.00	0.00 [1]	
Dia Ibis Ltd., Tokyo, Japan	0.00	0.00 [1]	
Dia Orff Ltd., Tokyo, Japan	0.00	0.00 [1]	
Dia Vogel Ltd., Tokyo, Japan	0.00	0.00 [1]	
Dia Wagner Ltd., Tokyo, Japan	0.00	0.00 [1]	
Doppeladler Leasing Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
Dunkel Leasing Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
Edelweiss Air AG, Zürich, Switzerland	100.00	100.00	
Eifel Leasing Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
Ellen Finance 2010 S.N.C., Puteaux, France	0.00	0.00 [1]	
Empyrée S.A.S., Paris-Cedex, France	0.00	0.00 [1]	
Eurowings Aviation GmbH, Cologne	100.00	100.00	
Eurowings Digital GmbH, Cologne	100.00	100.00	
Eurowings Europe GmbH, Vienna Airport, Austria	100.00	100.00	
Eurowings Europe Limited, St Julian´s, Malta	100.00	100.00	
Eurowings GmbH, Dusseldorf	100.00	100.00	
Eurowings Technik GmbH, Cologne	100.00	100.00	
Evans Leasing Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
Evelyn Leasing Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
EW Discover GmbH, Frankfurt/Main	100.00	100.00	
FG Honest Leasing Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
FK Yocasta Leasing Ltd., Tokyo, Japan	0.00	0.00 [1]	
FL Falcon Leasing Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
FL Uranus Leasing Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
Germanwings GmbH, Cologne	100.00	100.00	
Group Engine Management GmbH, Frankfurt/Main	100.00	100.00	
Helles Leasing Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
Ingrid Finance 2010 S.N.C., Puteaux, France	0.00	0.00 [1]	
JPA No. 237 Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
JPA No. 238 Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
Lahm Leasing Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
LHBD Holding Limited i. L., London, UK	100.00	100.00 [2]	
Lilium Leasing Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
LS-Aviation No.26 Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
LS-Aviation No.35 Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
LS-Aviation No.36 Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
LS-Aviation No.37 Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	

T178 MAJOR SUBSIDIARIES AS OF 31 DEC 2023 (continued)

Name, registered office	Equity stake in %	Voting share in %	Different reporting period
LS-Aviation No.38 Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
Lufthansa City Airlines GmbH, Munich (previously City Airlines GmbH)	100.00	100.00	
Lufthansa CityLine GmbH, Munich Airport	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 10, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 12, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 14, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 15, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 16, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 18, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 19, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 20, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 21, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 22, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 24, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 25, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 26, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 27, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 28, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 29, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 30, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 31, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 32, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 33, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 34, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 35, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 37, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 38, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 39, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 40, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 41, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 42, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 43, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 44, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 45, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 46, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 47, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 48, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 49, Salzburg, Austria	100.00	100.00	
Lufthansa Leasing Austria GmbH & Co. OG Nr. 51, Salzburg, Austria	100.00	100.00	
Lufthansa Malta Aircraft-Leasing Ltd., St. Julians, Malta	100.00	100.00	
Lufthansa Process Management GmbH, Neu-Isenburg	100.00	100.00	
Miles & More GmbH, Frankfurt/Main	100.00	100.00	
Miyah Leasing Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
Muller Leasing Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
NBB Bluejay Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
NBB Dresden Lease Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
NBB Goshawk Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
NBB Harz Lease Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
NBB Rothenburg Lease Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
NBB Saxon Lease Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
NBB-10859 Lease Partnership, Tokyo, Japan	0.00	0.00 [1]	
NBB-8761 Lease Partnership, Tokyo, Japan	0.00	0.00 [1]	
NBB-8783 Lease Partnership, Tokyo, Japan	0.00	0.00 [1]	
NBB-8958 Lease Partnership, Tokyo, Japan	0.00	0.00 [1]	
NBB-9046 Lease Partnership, Tokyo, Japan	0.00	0.00 [1]	
NT#LH Aircraft Leasing Kumiai, Tokyo, Japan	0.00	0.00 [1]	
NTL12 Ltd., Tokyo, Japan	0.00	0.00 [1]	
NTL13 Ltd., Tokyo, Japan	0.00	0.00 [1]	
NTL14 Ltd., Tokyo, Japan	0.00	0.00 [1]	
NTL15 Ltd., Tokyo, Japan	0.00	0.00 [1]	
NTL16 Ltd., Tokyo, Japan	0.00	0.00 [1]	
ÖLB Österreichische Luftverkehrs-Beteiligungs-GmbH, Vienna Airport, Austria	100.00	100.00	
ÖLH Österreichische Luftverkehrs-Holding-GmbH, Vienna Airport, Austria	100.00	100.00 [3]	
ÖLP Österreichische Luftverkehrs-Privatstiftung, Vienna Airport, Austria	0.00	0.00 [4]	
Orchid Leasing Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
Oriental Leasing 24 Company Limited, Dublin, Ireland	0.00	0.00 [1]	
Oriental Leasing 37 Company Limited, Dublin, Ireland	0.00	0.00 [1]	
ORIX Aquila Corporation, Tokyo, Japan	0.00	0.00 [1]	

T178 MAJOR SUBSIDIARIES AS OF 31 DEC 2023 (continued)

Name, registered office	Equity stake in %	Voting share in %	Different reporting period
ORIX Himalia Corporation, Tokyo, Japan	0.00	0.00 [1]	
ORIX Lysithea Corporation, Tokyo, Japan	0.00	0.00 [1]	
ORIX Miranda Corporation, Tokyo, Japan	0.00	0.00 [1]	
ORIX Telesto Corporation, Tokyo, Japan	0.00	0.00 [1]	
Schloss Leasing Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
SL Aurora Ltd., Tokyo, Japan	0.00	0.00 [1]	
SL Prairie Ltd., Tokyo, Japan	0.00	0.00 [1]	
SL Victoria Ltd., Tokyo, Japan	0.00	0.00 [1]	
SMFL Y Lease Nin-i-Kumiai, Tokyo, Japan	0.00	0.00 [1]	
SMFL Y Lease Nin-i-Kumiai Two, Tokyo, Japan	0.00	0.00 [1]	
SN Airholding SA/NV, Brüssel, Belgium	100.00	100.00	
Swiss International Air Lines AG, Basel, Switzerland	100.00	100.00	
Sylvaner Leasing Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
Tancho Leasing Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
TI DC Leasing Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
TI DD Leasing Co. Ltd., Tokyo, Japan	0.00	0.00 [1]	
TimBenNico Finance 2011 S.N.C., Puteaux, France	0.00	0.00 [1]	
TLC Amaryllis Ltd., Tokyo, Japan	0.00	0.00 [1]	
TLC Lavender Ltd., Tokyo, Japan	0.00	0.00 [1]	
TLC Petunia Ltd., Tokyo, Japan	0.00	0.00 [1]	
TLC Salvia Ltd., Tokyo, Japan	0.00	0.00 [1]	
TLC Sweetpea Ltd., Tokyo, Japan	0.00	0.00 [1]	
Tusker Leasing Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
Yamasa Aircraft LH12 Kumiai, Okayama, Japan	0.00	0.00 [1]	
Yamasa Aircraft LH13 Kumiai, Okayama, Japan	0.00	0.00 [1]	
Yamasa Aircraft LH14 Kumiai, Okoyama, Japan	0.00	0.00 [1]	
Yamasa Aircraft LH15 Kumiai, Okayama, Japan	0.00	0.00 [1]	
Yamasa Aircraft LH16 Kumiai, Okayama, Japan	0.00	0.00 [1]	
Yamasa Aircraft LH17 Kumiai, Okayama, Japan	0.00	0.00 [1]	
Yamasa Aircraft LH18 Kumiai, Okayama, Japan	0.00	0.00 [1]	
Yamasa Aircraft LH19 Kumiai, Okayama, Japan	0.00	0.00 [1]	
Yamasa Aircraft LH20 Kumiai, Okayama, Japan	0.00	0.00 [1]	
Yamasa Aircraft LH21 Kumiai, Okayama, Japan	0.00	0.00 [1]	
Yamasa Aircraft LH22 Kumiai, Okayama, Japan	0.00	0.00 [1]	
Yamasa Aircraft LH23 Kumiai, Okayama, Japan	0.00	0.00 [1]	
Yamasa Aircraft LH9 Kumiai, Okayama, Japan	0.00	0.00 [1]	
Logistics business segment			
Flip No. 250 Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
Flip No. 251 Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
Flip No. 252 Co., Ltd, Tokyo, Japan	0.00	0.00 [1]	
FLIP No. 267 Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
FLIP No. 268 Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
FLIP No. 269 Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
Flip No. 275 Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
Flip No. 276 Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
Flip No. 277 Co., Ltd., Tokyo, Japan	0.00	0.00 [1]	
Jettainer Americas, Inc., East Meadow, USA	100.00	100.00	
Jettainer GmbH, Raunheim	100.00	100.00	
Lufthansa Cargo Aktiengesellschaft, Frankfurt/Main	100.00	100.00	
time:matters GmbH, Neu-Isenburg	100.00	100.00	
MRO business segment			
BizJet International Sales & Support, Inc., Tulsa, USA	100.00	100.00	
Hamburger Gesellschaft für Flughafenanlagen mbH, Hamburg	100.00	100.00	
Hawker Pacific Aerospace, Sun Valley, USA	100.00	100.00	
Lufthansa Industry Solutions AS GmbH, Norderstedt	100.00	100.00	
Lufthansa Industry Solutions BS GmbH, Raunheim	100.00	100.00	
Lufthansa Industry Solutions GmbH & Co. KG., Norderstedt	100.00	100.00	
Lufthansa Industry Solutions Verwaltungs GmbH, Norderstedt	100.00	100.00	
Lufthansa Technik AERO Alzey GmbH, Alzey	100.00	100.00	
Lufthansa Technik AG, Hamburg	100.00	100.00	
Lufthansa Technik Airmotive Ireland Holdings Ltd., Dublin, Ireland	100.00	100.00	
Lufthansa Technik Airmotive Ireland Leasing Limited, Dublin, Ireland	100.00	100.00	
Lufthansa Technik Budapest Repülőgép Nagyjavító Kft., Budapest, Hungary	100.00	100.00	
Lufthansa Technik Component Services LLC, Tulsa, USA	100.00	100.00	
Lufthansa Technik Immobilien- und Verwaltungsgesellschaft mbH, Hamburg	100.00	100.00	
Lufthansa Technik Landing Gear Services UK Limited, Kestrel Way, Hayes, UK	100.00	100.00	
Lufthansa Technik Logistik GmbH, Hamburg	100.00	100.00	

T178 MAJOR SUBSIDIARIES AS OF 31 DEC 2023 (continued)

Name, registered office	Equity stake in %	Voting share in %	Different reporting period
Lufthansa Technik Logistik Services GmbH, Hamburg	100.00	100.00	
Lufthansa Technik Malta Limited, Luqa, Malta	92.00	92.00	
Lufthansa Technik North America Holding Corp., Tulsa, USA	100.00	100.00	
Lufthansa Technik Objekt- und Verwaltungsgesellschaft mbH, Hamburg	100.00	100.00	
Lufthansa Technik Philippines, Inc., Manila, Philippines	51.00	51.00	
Lufthansa Technik Puerto Rico LLC, San Juan, Puerto Rico	100.00	100.00	
Lufthansa Technik Shenzhen Co. Ltd., Shenzhen, China	80.00	80.00	
Lufthansa Technik Sofia OOD, Sofia, Bulgaria	75.10	75.10	
Swiss Aviation Software AG, Allschwil, Switzerland	100.00	100.00	
Additional Businesses and Group Functions			
AirPlus Finance S.à.r.l., Luxembourg, Luxembourg	0.00	0.00 [1]	
AirPlus International AG, Kloten, Switzerland	100.00	100.00	
AirPlus International Limited, London, UK	100.00	100.00	
AirPlus International S.r.l., Bologna, Italy	100.00	100.00	
AirPlus International, Inc., Alexandria, USA	100.00	100.00	
AirPlus Payment Management Co. Ltd., Shanghai, China	100.00	100.00	
JASEN Grundstücksgesellschaft mbH & Co. oHG, Grünwald	100.00	50.00 [1]	
LCH Grundstücksgesellschaft Berlin mbH, Frankfurt/Main	100.00	100.00	
LHAMI LEASING LIMITED, Dublin, Ireland	100.00	100.00	
LHAMIH LIMITED, Dublin, Ireland	100.00	100.00	
LSG Sky Chefs Hamburg GmbH, Neu-Isenburg	100.00	100.00	
LSG Sky Chefs UK Ltd. i.L., Orpington, UK			
LSG/Sky Chefs Europe Holdings Ltd., Hounslow, UK			
Lufthansa AirPlus Servicekarten GmbH, Neu-Isenburg	100.00	100.00	
Lufthansa Asset Management GmbH, Frankfurt/Main	100.00	100.00	
Lufthansa Asset Management Leasing GmbH, Frankfurt/Main	100.00	100.00	
Lufthansa Aviation Training Germany GmbH, Frankfurt/Main	100.00	100.00	
Lufthansa Aviation Training GmbH, Munich	100.00	100.00	
Lufthansa Aviation Training Switzerland AG, Opfikon, Schweiz	100.00	100.00	
Lufthansa Commercial Holding Gesellschaft mit beschränkter Haftung, Frankfurt/Main	100.00	100.00	
Lufthansa Group Business Services GmbH, Frankfurt/Main	100.00	100.00	
Lufthansa Group Digital Hangar GmbH, Raunheim	100.00	100.00	
Lufthansa Group Immobilien GmbH, Frankfurt/Main	100.00	100.00	
Lufthansa Leasing Austria 1. Beteiligungs GmbH, Salzburg, Austria	100.00	100.00	
Lufthansa Malta Blues LP, St. Julians, Malta	99.99	99.99	
Lufthansa Malta Corporate Finance Limited, St. Julians, Malta	100.00	100.00	
Lufthansa Malta Finance Holding Limited, St. Julians, Malta	100.00	100.00	
Lufthansa Malta Treasury Services Limited, St. Julians, Malta	100.00	100.00	
Lufthansa Seeheim GmbH, Seeheim-Jugenheim	100.00	100.00	
Lufthansa Systems Americas, Inc., Miami, USA	100.00	100.00	
Lufthansa Systems GmbH, Raunheim	100.00	100.00	
MARDU Grundstücks-Verwaltungsgesellschaft mbH & Co. oHG, Grünwald	100.00	50.00 [1]	
MUSA Grundstücks-Verwaltungsgesellschaft mbH & Co. oHG, Grünwald	100.00	50.00 [1]	
Quinto Grundstücksgesellschaft mbH & Co. oHG, Grünwald	99.73	49.75 [1]	
RPC West GmbH, Neu-Isenburg	100.00	100.00	
Strategic Liquidity, Dusseldorf	100.00	100.00	
Truffle Holding AG (previously LSG Lufthansa Service Holding AG), Frankfurt/Main	100.00	100.00	
Truffle 2 GmbH (previously LSG Lufthansa Service Europa/Afrika GmbH), Frankfurt/Main	100.00	100.00	
Truffle 3 GmbH (previously Retail in Motion GmbH), Frankfurt/Main	100.00	100.00	
Truffle 4 GmbH (previously LSG South America GmbH), Frankfurt/Main	100.00	100.00	
Truffle 5 GmbH (previously LSG Asia GmbH), Frankfurt/Main	100.00	100.00	

[1] Fully consolidated structured entity in accordance with IFRS 10.
[2] The Companies House registration number is: 06939137.
[3] 50.20% of the equity stakes and voting rights are attributed via ÖLP.
[4] Management responsibility for the company lies with the Group.

T179 MAJOR JOINT VENTURES AS OF 31 DEC 2023 [1]

Name, registered office	Equity stake in %	Voting share in %	Different reporting period
Passenger Airlines business segment			
Terminal 2 Gesellschaft mbH & Co oHG, Munich Airport [3]	40.00	40.00	
Günes Ekspres Havacilik Anonim Sirketi (Sun Express), Antalya, Turkey	50.00	50.00	
Logistics business segment			
Shanghai Pudong International Airport Cargo Terminal Co. Ltd., Shanghai, China [3]	29.00	22.22	
MRO business segment			
EME Aero Sp. z.o.o., Jasionka, Poland	50.00	50.00	
LG-LHT Aircraft Solutions GmbH, Hamburg	51.00	50.00	
LG-LHT Passenger Solutions GmbH, Hamburg	51.00	50.00	
N3 Engine Overhaul Services GmbH & Co. KG, Arnstadt	50.00	50.00	
Spairliners GmbH, Hamburg	50.00	50.00	
XEOS Sp. z.o.o., Środa Śląska, Poland [4]	25.00	25.00	

T180 JOINT OPERATIONS AS OF 31 DEC 2023 [2]

Aerologic GmbH, Schkeuditz	50.00	50.00	

T181 MAJOR ASSOCIATED COMPANIES AS OF 31 DEC 2023 [1]

Name, registered office	Equity stake in %	Voting share in %	Different reporting period
MRO business segment			
HEICO Aerospace Holdings Corp., Florida, USA	20.00	20.00	Oktober
Additional Businesses			
Aircraft Maintenance and Engineering Corporation, Peking, China	25.00	28.57	

1) Accounted for using the equity method.
2) Included on a pro rata basis in accordance with IFRS 11.
3) Reported as a joint venture due to joint management.
4) Since this company continues to be jointly managed under the shareholder agreement, despite the reduction in the equity stake to 25% in the reporting year, it continues to be reported as a joint venture.

MISCELLANEOUS EQUITY INVESTMENTS

T182 MISCELLANEOUS EQUITY INVESTMENTS AS OF 31 DEC 2023

Name, registered office	Equity stake in %	Voting share in %
Subsidiaries, not consolidated		
Air Dolomiti Deutschland GmbH, Munich, Germany	100.00	100.00
Airline Marketing Services India Private Limited, Mumbai, India	100.00	100.00
AirPlus International Soluções de Pagamento Limitada, Sao Paulo, Brazil	100.00	100.00
Airport Services Dresden GmbH, Dresden, Germany	100.00	100.00
Airport Services Leipzig GmbH, Schkeudiz, Germany	100.00	100.00
Albatros Financial Solutions GmbH, Cologne, Germany	100.00	100.00
Albatros Versicherungsdienste GmbH, Cologne, Germany	100.00	100.00
amplimind GmbH, Hallbergmoos, Germany	51.00	51.00
AO AeroMEAL, Yemelyanovo, Russian Federation	100.00	100.00
Austrian Airlines Technik-Bratislava, s.r.o., Bratislava, Slovakia	100.00	100.00
Austrian Airlines Tele Sales Service GmbH, Innsbruck, Austria	100.00	100.00
AVIATION Data Hub GmbH, Hamburg, Germany	100.00	100.00
Aviation Quality Services GmbH, Frankfurt/Main, Germany	100.00	100.00
Aviation Services Network GmbH, Friedrichshafen, Germany	100.00	100.00
Avionic Design GmbH, Hamburg, Germany	100.00	100.00
Cargo Future Communications (CFC) GmbH, Büchenbeuren, Germany	100.00	100.00
CB Customs Broker GmbH, Kelsterbach, Germany	100.00	100.00
Delvag Versicherungs-AG, Köln, Germany	100.00	100.00
DLH Fuel Company mbH, Hamburg, Germany	100.00	100.00
DLH Malta Pension Ltd., St. Julians, Malta	100.00	100.00
DLH Malta Transition Limited, St. Julians, Malta	100.00	100.00
FLYdocs Inc. (Delaware Corp.), City of Wilmington, New Castle, USA	100.00	100.00
FLYdocs India Private Limited, Vadoora, India	100.00	100.00
FLYdocs Systems (MIDCO) Limited, Tamworth, Staffordshire, UK	100.00	100.00
Flydocs Systems (TOPCO) Limited, Staffordshire, UK	100.00	100.00
FLYdocs Systems Limited, Tamworth, Staffordshire, UK	100.00	100.00
Gen2 Systems Limited, Tamworth, UK	100.00	100.00
Global Load Control (PTY) LTD, Kapstadt, South Africa	100.00	100.00
Global Tele Sales (PTY) Ltd., Kapstadt, South Africa	100.00	100.00
Global Tele Sales Brno s.r.o., Brno, Czech Republic	100.00	100.00
Global Telesales of Canada, Inc., Peterborough, Canada	100.00	100.00
handling counts GmbH, Frankfurt/Main, Germany	100.00	100.00
help alliance gGmbH, Frankfurt/Main, Germany	100.00	100.00
heyworld GmbH, Frankfurt/Main, Germany	100.00	100.00
Idair GmbH, Hamburg, Germany	100.00	100.00
In-Flight Management Solutions Latin America, S.A. de C.V., Mexico City, Mexico	100.00	100.00
IND Beteiligungs GmbH, Raunheim, Germany	100.00	100.00
Inflight Catering Services Limited, Dar es Salaam, Tansania	61.99	61.99
LCAG Malta Pension Ltd., St. Julians, Malta	100.00	100.00
LCAG Malta Transition Limited, St. Julians, Malta	100.00	100.00
LGSP Lufthansa Ground Service Portugal, Unipessoal Lda., Maia/Oporto, Portugal	100.00	100.00
LHT Malta Pension Ltd., St. Julians, Malta	100.00	100.00
LSG Malta Pension Ltd., St.Julians, Malta	100.00	100.00
LSG Sky Chefs Havacılık Hizmetleri A.S., Istanbul, Turkey	100.00	100.00
LSG Sky Chefs İstanbul Catering Hizmetleri A.S., Istanbul, Turkey	100.00	100.00
LSG Sky Chefs Kenya Limited, Nairobi, Embakasi District, Kenia	50.20	50.20
LSI Malta Pension Ltd., St. Julians, Malta	100.00	100.00
Lufthansa Aviation Training Austria GmbH, Vienne Airport, Austria	100.00	100.00
Lufthansa Aviation Training Operations Germany GmbH, Berlin, Germany	100.00	100.00
Lufthansa Aviation Training Pilot Academy GmbH, Frankfurt/Main, Germany	100.00	100.00
Lufthansa Aviation Training USA Inc., Goodyear, USA	100.00	100.00
Lufthansa Blues Beteiligungs GmbH, Frankfurt/Main, Germany	100.00	100.00
Lufthansa Cagri Merkezi ve Müsteri Hizmetleri A.S., Istanbul, Turkey	100.00	100.00
Lufthansa Cargo Servicios Logisticos de Mexico, S.A. de C.V., Mexico City, Mexico	100.00	100.00
Lufthansa City Center International GmbH, Frankfurt/Main, Germany	50.00	50.00
Lufthansa Consulting Brasil Ldta., Rio de Janeiro, Brazil	99.90	99.90
Lufthansa Consulting GmbH, Frankfurt/Main, Germany	100.00	100.00
Lufthansa Engineering and Operational Services GmbH, Frankfurt/Main, Germany	100.00	100.00
Lufthansa Global Business Services Ltd., Bangkok, Thailand	100.00	100.00
Lufthansa Global Business Services S.A. de C.V., Mexico City, Mexico	100.00	100.00
Lufthansa Global Business Services Sp. z o. o., Krakau, Poland	100.00	100.00
Lufthansa Global Tele Sales GmbH, Berlin, Germany	100.00	100.00
Lufthansa Group Business Services Hong Kong Limited, Hongkong, China	100.00	100.00
Lufthansa Group Business Services Johannesburg (pty) Ltd., Gauteng, South Africa	100.00	100.00

T182 MISCELLANEOUS EQUITY INVESTMENTS AS OF 31 DEC 2023 (continued)

Name, registered office	Equity stake in %	Voting share in %
Lufthansa Group Business Services New York LLC, Wilmington, Delaware, USA	100.00	100.00
Lufthansa Group Business Services Wien GmbH, Vienna, Austria	100.00	100.00
Lufthansa Group Security Operations GmbH, Frankfurt/Main, Germany	100.00	100.00
LUFTHANSA GROUP TASTE & MORE GmbH, Hamburg, Germany	100.00	100.00
Lufthansa Industry Solutions SHPK, Tirana, Albania	100.00	100.00
Lufthansa Innovation Hub GmbH, Berlin, Germany	100.00	100.00
Lufthansa International Finance (Netherlands) N. V., Amsterdam, Netherlands	100.00	100.00
Lufthansa Job Services Norderstedt GmbH, Norderstedt, Germany	100.00	100.00
Lufthansa Leasing Austria GmbH & Co. OG Nr. 52, Salzburg, Austria	100.00	100.00
Lufthansa Leasing Austria GmbH & Co. OG Nr. 53, Salzburg, Austria	100.00	100.00
Lufthansa Leasing Austria GmbH & Co. OG Nr. 54, Salzburg, Austria	100.00	100.00
Lufthansa Leasing Austria GmbH & Co. OG Nr. 55, Salzburg, Austria	100.00	100.00
Lufthansa Leasing Austria GmbH & Co. OG Nr. 56, Salzburg, Austria	100.00	100.00
Lufthansa Malta Blues General Partner GmbH & Co. KG, Frankfurt/Main, Germany	100.00	100.00
Lufthansa Malta Pension Holding Ltd., St. Julians, Malta	100.00	100.00
Lufthansa Pension Beteiligungs GmbH, Frankfurt/Main, Germany	100.00	100.00
Lufthansa Pension GmbH & Co. KG, Frankfurt/Main, Germany	100.00	100.00
Lufthansa Services (Thailand) Ltd., Bangkok, Thailand	100.00	100.00
Lufthansa Services Philippines, Inc., Manila, Philippines	100.00	100.00
Lufthansa Super Star Gesellschaft mit beschränkter Haftung i.L., Berlin, Germany	100.00	100.00
Lufthansa Systems 25. GmbH, Raunheim, Germany	100.00	100.00
Lufthansa Systems Asia Pacific Pte. Ltd., Singapur, Singapore	100.00	100.00
Lufthansa Systems FlightNav AG, Opfikon, Switzerland	100.00	100.00
Lufthansa Systems Hungaria Kft, Budapest, Hungary	100.00	100.00
Lufthansa Systems Poland Sp. z o.o., Danzig, Poland	100.00	100.00
Lufthansa Technical Training GmbH, Hamburg, Germany	100.00	100.00
Lufthansa Technik Component Services Asia Pacific Limited, Hongkong, China	100.00	100.00
Lufthansa Technik Intercoat GmbH, Kaltenkirchen, Germany	51.00	51.00
Lufthansa Technik Middle East FZE, Dubai, United Arab Emirates	100.00	100.00
Lufthansa Technik Milan s.r.l., Somma Lombardo (VA), Italy	100.00	100.00
Lufthansa Technik Services India Private Limited, Neu-Delhi, India	100.00	100.00
Lufthansa Technik Turbine Shannon Limited, Shannon, Ireland	100.00	100.00
Lufthansa Technik Vostok Services OOO, Moskau, Russian Federation	100.00	100.00
Lufthansa UK Pension Trustee Limited, West Drayton, Middlesex, UK	100.00	100.00
Malta Pension Investments, St. Julians, Malta	0.00	100.00
OOO LSG Sky Chefs Rus, Moskau, Russian Federation	100.00	100.00
Oscar Bravo GmbH, Munich, Germany	100.00	100.00
Quinto Grundstücks-Verwaltungsgesellschaft mbH, Grünwald, Germany	94.80	94.80
Reservation Data Maintenance India Private Ltd., Neu-Delhi, India	51.00	51.00
Shared Services International India Private Limited, Neu-Delhi, India	100.00	100.00
Shared Services International, Singapore PTE. LTD, Singapur, Singapore	100.00	100.00
Star Risk Services Inc. i.L., Southlake, USA	100.00	100.00
Swiss WorldCargo (India) Private Limited i.L., Mumbai, India	100.00	100.00
TATS – Travel Agency Technologies & Services GmbH, Frankfurt/Main, Germany	100.00	100.00
time:matters (Shanghai) International Freight Forwarding Ltd., Shanghai, China	100.00	100.00
time:matters Americas, Inc., Miami, USA	100.00	100.00
time:matters Asia Pacific Pte. Ltd., Singapur, Singapore	100.00	100.00
time:matters Austria GmbH, Vienna Airport, Austria	100.00	100.00
time:matters Belgium BVBA, Mechelen, Belgium	100.00	100.00
time:matters Courier Terminals GmbH, Frankfurt/Main, Germany	100.00	100.00
time:matters Netherlands B.V., Schiphol-Rijk, Netherlands	100.00	100.00
Vitech Development AD, Sofia, Bulgaria	75.01	75.01
VPF Malta Pension Ltd., St. Julians, Malta	100.00	100.00
Wings Handling Palma S.L., Madrid, Spain	100.00	100.00
Yilu Travel Services GmbH, Berlin, Germany	100.00	100.00
ZeroG GmbH, Raunheim, Germany	100.00	100.00
Equity investments		
AFS Aviation Fuel Services GmbH, Hamburg, Germany	33.33	33.33
Airfoil Services Sdn. Bhd., Kuala Lumpur, Malaysia	50.00	50.00
Airline Tariff Publishing Co., Dulles, USA	9.77	9.77
AO Aeromar, Moskau Region, Russian Federation	49.00	49.00
ATLECON Fuel LLC, Atlanta, USA	14.29	14.29
AUS Fuel Company, LLC, Austin, USA	6.67	6.67
AviationPower GmbH, Hamburg, Germany	40.83	40.83
Cargo One GmbH, Berlin, Germany	14.35	14.35
Charlotte Fuel Facilities LLC, Charlotte, USA	10.00	10.00
Chelyabinsk Catering Service OOO, Chelyabinsk, Russian Federation	26.00	26.00
Denver Fuel Company, LLC, Newark, USA	5.88	5.88
Dusseldorf Fuelling Services (DFS) GbR, Dusseldorf, Germany	33.33	33.33
EFM – Gesellschaft für Enteisen und Flugzeugschleppen am Flughafen München mbH, Freising, Germany	51.00	51.00
Egyptian Aviation Services Company (S.A.E.), Cairo, Egypt	5.83	5.83

T182 MISCELLANEOUS EQUITY INVESTMENTS AS OF 31 DEC 2023 (continued)

Name, registered office	Equity stake in %	Voting share in %
Entebbe Handling Services limited (ENHAS), Entebbe, Uganda	5.00	5.00
Finairport Service S.r.l. i.L., Rom, Italy	100.00	100.00
Flight Training Alliance GmbH, Frankfurt/Main, Germany	50.00	50.00
Flughafen München Baugesellschaft mbH, Munich Airport, Germany	40.00	40.00
FraAlliance GmbH, Frankfurt/Main, Germany	50.00	50.00
FraCareServices GmbH, Frankfurt/Main, Germany	49.00	49.00
FSH Flughafen Schwechat-Hydranten-Gesellschaft Gmbh & Co OG, Vienna Airport, Austria	14.29	14.29
GOAL German Operating Aircraft Leasing GmbH & Co. KG, Grünwald, Germany	40.00	39.99
GOAL German Operating Aircraft Leasing GmbH, Munich, Germany	40.00	40.00
Guangzhou Baiyun International Airport LSG Sky Chefs Co. Ltd., Guangzhou, China	30.00	28.57
Hamburg Fuelling Services GbR, Hamburg, Germany	25.00	25.00
Hamburg Tank Service GbR, Hamburg, Germany	33.30	33.30
Hydranten-Betriebs OHG, Frankfurt/Main, Germany	49.00	20.00
INAIRVATION GmbH, Edlitz-Thomasberg, Austria	50.00	50.00
Kulinary Holding AG, Opfikon, Switzerland	40.00	40.00
LSG Sky Chefs Catering Egypt S.A.E., Cairo, Egypt	15.00	15.00
Luftfahrzeugverwaltungsgesellschaft GOAL mbH i.L., Grünwald, Germany	40.00	40.00
Lufthansa HNA Technical Training Co., Ltd., Meilan Airport, Hainan, China	50.00	50.00
Lufthansa Leasing GmbH, Grünwald, Germany	49.00	49.00
Lumics GmbH & Co. KG, Hamburg, Germany	50.00	50.00
Lumics Verwaltungs GmbH, Hamburg, Germany	50.00	50.00
Montreal International Fuel Facilities Corporation, Dorval, Canada	8.10	8.10
N3 Engine Overhaul Services Verwaltungsgesellschaft mbH, Hamburg, Germany	50.00	50.00
Orlando Fuel Facilities LLC, Orlando, USA	5.88	5.88
PHL Fuel Facilities LLC, Philadelphia, USA	10.00	10.00
Rydes GmbH, Berlin, Germany	11.40	11.40
SAN Fuel Company, LLC, San Diego, USA	5.56	5.56
Sanya LSG Air Catering Co. Ltd., Sanya, China	45.00	40.00
SCA Schedule Coordination Austria GmbH, Vienna Airport, Austria	25.00	25.00
Shenzhen Airport International Cargo Terminal Company Limited, Shenzhen, China	50.00	50.00
Sichuan Airlines LSG Air Catering Co. Ltd., Chengdu, China	40.00	40.00
STL Fuel Company, LLC, Washington, D.C., USA	10.00	10.00
Terminal One Group Association, L.P., New York, USA	24.75	0.00
Terminal One Management Inc., New York, USA	25.00	25.00
THBG BBI GmbH, Schönefeld, Germany	46.45	46.45
Tolmachevo Catering OOO, Novosibirsk, Russian Federation	26.00	26.00
Turbo Fuel Services Sachsen (TFSS) GbR, Hamburg, Germany	20.00	20.00
UBAG Unterflurbetankungsanlage Flughafen Zürich AG, Rümlang, Switzerland	12.00	12.00
Universal Air Travel Plan, Inc., Washington DC, USA	5.26	5.26
Vancouver Airport Fuel Facilities Corporation, Dorval, Canada	5.72	5.72
Xinjiang HNA LSG Sky Chefs Co. Ltd., Urumqi, China	49.00	40.00
Zentrum für Angewandte Luftfahrtforschung GmbH, Hamburg, Germany	20.00	20.00

DECLARATION BY THE LEGAL REPRESENTATIVES

We declare that, to the best of our knowledge and according to the applicable accounting standards, the consolidated financial statements give a true and fair view of the net assets, the financial and earnings positions of the Group, and that the Group management report, which has been combined with the management report for Deutsche Lufthansa AG, presents a fair view of the course of business, including the business result, and the situation of the Group, and presents the material opportunities and risks to its future development.

Frankfurt, 26 February 2024

The Executive Board

Carsten Spohr
Chairman of the Executive Board

Harry Hohmeister
Member of the Executive Board
Global Markets & Network

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

Christina Foerster
Member of the Executive Board
Brand & Sustainability

Detlef Kayser
Member of the Executive Board
Fleet & Technology

Remco Steenbergen
Member of the Executive Board
Finances

The following Auditor's Report also includes a "Report on the audit of the electronic reproductions of the consolidated financial statements and the combined management report prepared for the purpose of disclosure in accordance with Section 317 Paragraph 3a HGB" ("ESEF Report"). The subject matter on which the ESEF Report is based (ESEF documents to be audited) is not included. The audited ESEF documents can be viewed in or retrieved from the Unternehmensregister (German Company Register, in German language only).

INDEPENDENT AUDITOR'S REPORT

To Deutsche Lufthansa Aktiengesellschaft

Report on the audit of the consolidated financial statements and of the Group management report

Opinions

We have audited the consolidated financial statements of Deutsche Lufthansa Aktiengesellschaft, Cologne, and its subsidiaries (the "Group" or "Lufthansa Group"), which comprise the consolidated income statement and consolidated statement of comprehensive income for the fiscal year from 1 January to 31 December 2023, and the consolidated statement of financial position as at 31 December 2023, consolidated statement of changes in shareholders' equity and consolidated cash flow statement for the fiscal year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the Group management report of Deutsche Lufthansa Aktiengesellschaft, which is combined with the management report of Deutsche Lufthansa Aktiengesellschaft, for the fiscal year from 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of the Group declaration on corporate governance which is published on the website stated in the "Corporate Governance" section of the combined management report, the Group non-financial declaration included in the "Combined non-financial declaration" section of the combined management report and the information on the main characteristics of the entire internal control system (disclosures in accordance with recommendation A.5 of the German Corporate Governance Code (DCGK 2022)) contained in the Opportunities and risk report section of the combined management report under the heading "Internal control system." In addition, we have not audited the content of the disclosures extraneous to management reports extending beyond the prior year in the tables with multi-year comparisons of the combined management report (information pertaining to fiscal years 2019, 2020 and 2021). Disclosures extraneous to management reports are such disclosures that are not required pursuant to Secs. 315, 315a or Secs. 315b to 315d HGB ["Handelsgesetzbuch": German Commercial Code] or German Accounting Standard No. 20 (GAS 20).

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its financial performance for the fiscal year from 1 January to 31 December 2023, and

- the accompanying Group management report as a whole provides an appropriate view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. We do not express an opinion on the content of aforementioned Group declaration on corporate governance, the content of the aforementioned Group non-financial declaration, the aforementioned description of the entire internal control system (disclosures in accordance with recommendation A.5 DCGK 2022) or the aforementioned multi-year comparisons of the Group management report.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the Group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the Group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the Group management report" section of our auditor's report. We are independent of the Group companies in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the Group management report.

Key audit matters in the audit of the consolidated financial statements
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Recognition of traffic revenue, including recognition of liabilities from unused flight documents and customer loyalty programs

Reasons why the matter was determined to be a key audit matter
Passenger flights account for the largest share of the Group's business operations. The related flight documents are paid by the customer before the flight takes place. Prepayments by customers for flight documents are accounted for as contract liabilities from unused flight documents until the flight documents are used. The respective companies recognize flight documents as revenue in profit or loss when the aircraft lands.

Any flight documents that have not been used by the end of the fiscal year, are still valid at year-end and continue to be recognized as contract liabilities from unused flight documents are examined at year-end to determine their age and validity. In addition, historical data is used to estimate how many flight documents will no longer be used. The flight documents with a high probability of no longer being used are recognized as breakage under revenue in profit or loss.

In addition, Deutsche Lufthansa Aktiengesellschaft recognizes contract liabilities from customer loyalty programs in its consolidated financial statements that relate to bonus miles granted to participants in the Miles & More program. Until the bonus miles are redeemed, these contract liabilities are determined on the basis of the relative stand-alone selling price per bonus mile. If participants collect bonus miles with external partners, these are recognized as liabilities until redemption at the prices the external partners paid to Lufthansa. Bonus miles with a high probability of not being redeemed are recognized as revenue over a period of three years based on historical estimates.

From our perspective, the recognition of traffic revenue, including the recognition of contract liabilities from unused flight documents and customer loyalty programs, entails a significant risk of material misstatement and was therefore a key audit matter in our audit, since the estimates of the executive directors have a significant effect on the recognition and valuation of these items, which are specific to the business model and significant in terms of the amount. The estimates and assumptions of the executive directors regarding the passengers' flight document usage and bonus mile redemption patterns are based on complex calculation procedures which are subject to judgment. This relates in particular to revenue from the release of contract liabilities from unused flight documents (breakage revenue) and customer loyalty programs.

Auditor's response
During our audit procedures, we obtained an understanding of the processes implemented by the executive directors of Deutsche Lufthansa Aktiengesellschaft for recognizing traffic revenue and the correct timing of revenue recognition related to breakage and customer loyalty programs by reference to individual transactions from the purchase of the flight documents through to recognition in the consolidated financial statements and tested the controls in place in the respective processes. In addition, with the aid of internal IT specialists, we assessed the design and operating effectiveness of the internal control system established by the Group with regard to the IT systems relevant for the recognition of traffic revenue. In so doing, we assessed in particular the mapping and processing of business processes, the possibilities for IT administrators to make changes and the access rights of individual employees. With regard to services related to IT systems and processes outsourced to third parties, we assessed, with the aid of internal IT specialists, the design and operating effectiveness of the internal control system regarding those IT systems and/or processes relevant for the recognition of traffic revenue, using an assurance report (ISAE 3402 Type 2) on the design and operating effectiveness of the internal control system at the service organization.

Using substantive analytical procedures, we examined whether the revenue generated in fiscal year 2023 correlates with the corresponding contract liabilities from unused flight documents and whether revenue from customer loyalty programs correlates with the corresponding payments received to identify any irregularities in the accounting treatment. We examined the plausibility of and reasons for any deviations and/or irregularities in the correlation. In addition, we used data analytics to identify any irregularities in the posting data compared to relevant document types and system users, among other things. To detect any irregularities in the development of revenue, we checked whether the development of revenue is consistent with the Group’s key performance indicators reported internally and overall industry performance. Moreover, we reconciled individual payments received with the corresponding supporting documents for proof of payments received (e.g., account statements) on a sample basis and checked that they resulted in the derecognition of a receivable from the sale of flight documents.

In particular, we assessed the client’s accounting approach with regard to the requirements for revenue recognition pursuant to IFRS 15. In doing so, we focused on whether Deutsche Lufthansa Aktiengesellschaft and its subsidiaries identified separate performance obligations within a contract, determined a transaction price and allocated it to the separate performance obligations and timed the recognition of revenue in accordance with the provisions of IFRS 15.

During our audit, we reviewed, with regard to the breakage revenue recognized upon the derecognition of contract liabilities from unused flight documents (release), outstanding valid flight documents and their valuation with regard to their sales year and validity. Moreover, we assessed the consistency of the calculation methods used to determine flight prices, fees, taxes and other charges allocable to flight documents that are no longer expected to be used. We tested the plausibility of future expected usage rates for unused flight documents that are used to calculate breakage revenue based on past usage rates and the information on the passengers’ expected future flight patterns provided to us by the executive directors. In particular, we obtained an understanding of the manual accrual postings made in this respect on the basis of the supporting documents. As such manual accrual postings are always made at year-end, we also assessed the accuracy of the accounting cut-off (regarding both breakage revenue and revenue from customer loyalty programs) as part of our assessment of the design and operating effectiveness of the Group’s internal control system. We discussed with our client factors and unique features of the industry as well as the transport conditions of Deutsche Lufthansa Aktiengesellschaft and its subsidiaries that influence the usage ratios and assessed their completeness and plausibility. We tested the plausibility of the effects and described implications of these factors by comparing the usage ratios to periods in which these factors did not apply. To assess the reliability of the forecasts and estimates used, we compared the number of expired tickets to the amount of breakage revenue recognized in the past.

During our audit, we also evaluated the recognition of revenue from customer loyalty programs for participants in the Miles & More program. With regard to the contract liabilities from customer loyalty programs, we assessed the calculation methods applied to determine the release ratios for adequate consistency. We examined the determination of fair value depending on how the respective bonus mile is used (e.g., used for flights with a Lufthansa Group company or a partner airline or used in the form of a bonus in kind) and the underlying assumptions to assess the adequacy of the contract liabilities. We also checked the mathematical accuracy of the calculation of the liabilities from customer loyalty programs.

Our audit procedures did not give rise to any reservations regarding the recognition of traffic revenue, including the recognition of contract liabilities from unused flight documents and customer loyalty programs.

Reference to related disclosures

With regard to the accounting policies used for revenue recognition and contract liabilities, and the related use of judgment, we refer to the disclosures under “3 New international accounting standards in accordance with IFRS and interpretations and summary of the material accounting policies,” “4 Traffic revenue” and “41 Current contract liabilities” in the notes to the consolidated financial statements.

2. Valuation of own and leased aircraft

Reasons why the matter was determined to be a key audit matter
The aircraft reported in the consolidated financial statements of Deutsche Lufthansa Aktiengesellschaft represent a significant portion of the assets of the Lufthansa Group. The aircraft reported include aircraft which are legally owned and used by the Group as well as leased aircraft. There are also aircraft that have been sold and leased back under sale and leaseback transactions.

Aircraft are recognized either by the operating airlines or by aircraft owning companies. Key components of an aircraft that have different useful lives are recognized and depreciated separately. Seats and in-flight entertainment systems installed in commercial aircraft are recognized as separate components. Provided the relevant criteria for recognition are met, the costs for regular extensive maintenance work (e.g., overhauling aircraft or major engine overhauls) are also recognized as a separate component.

In the case of intra-Group transactions (e.g., intra-Group sales or contributions), adjustment entries must be made at Group level during consolidation in order to continue to recognize the assets at their depreciated consolidated acquisition/production cost.

The recoverability of the aircraft that are earmarked for continued use in flight operations in the Group operational planning (GOP) is determined using the recoverability of the cash-generating units (CGUs) to which they are allocated. In connection with estimating the recoverability of own and leased aircraft in the consolidated financial statements, management must make planning assumptions in the GOP which have a significant impact on the measurement of the relevant CGU.

From our perspective, the valuation of owned and leased aircraft was a key audit matter in our audit as the valuation of this item, which is significant in amount, is highly complex due to the component approach on the one hand and intra-Group transactions that need to be eliminated on the other, such that there is an elevated risk of material misstatement. Furthermore, the recoverability of the item is regularly based on estimates and assumptions made by the executive directors in terms of the GOP underlying measurement of the CGU.

Auditor's response
We firstly scrutinized the internal control system established by the executive directors for the valuation of own and leased aircraft by testing the design of the processes and assessing the risk of material misstatement.

In order to assess the depreciated consolidated acquisition/production cost of the aircraft and the appropriate accounting treatment of individual components, we obtained an understanding of the presentation of intra-Group transactions by reconciling the reporting data used in the elimination of intra-Group profits and losses, which are posted at the level of the respective Group company, and recalculating the adjustment entries. Furthermore, as part of our substantive analytical procedures, we initially developed an expectation for the item balance as of the reporting date, based on our knowledge of the existing fleet, depreciation as well as additions to and disposals of aircraft in the fiscal year. We then compared our expectation with the depreciated consolidated acquisition/production cost and depreciation recognized for aircraft. In the context of these substantive analytical procedures, we tested the plausibility of any deviations and/or anomalies and whether they were well founded.

For leased aircraft and sale and leaseback transactions, we first examined the underlying agreements and assessed the effects of the contractual terms on the valuation, in the case of sale and leaseback transactions in particular with regard to the recognition and/or cut-off of accounting gains. We recalculated right-of-use assets and lease liabilities arising from such transactions based on the underlying contract data and reconciled them with the amounts posted as of the reporting date.

An assessment of the recoverability of aircraft in the consolidated financial statements is based on the allocation of aircraft to CGUs and the recoverability of the relevant CGU as a whole. We checked the allocation of aircraft to the individual CGUs by reconciling the carrying amounts transferred in the CGU impairment test. We also checked the substance of the allocation in a reconciliation with a fleet list per airline as the aircraft are allocated to the CGU of the airline operating the aircraft. With regard to the assessment of the recoverability of the aircraft in the economic ownership of the Group and earmarked for continued use in flight operations, we examined the fleet planning in connection with the GOP for internal consistency and analyzed whether it is in line with industry forecasts. We analyzed management's disclosures on the key planning assumptions, strategic objectives, expected developments and operational measures and their inclusion/reflection in the cash flows and assessed their plausibility (transparency, consistency, lack of contradiction). Our analysis was based on analyst estimates, both for the Company as well as in relation to comparable companies, along with other external forecasts on the development of the airline industry (market studies) and macroeconomic forecasts. In addition, we assessed the method used in the impairment test designed by the executive directors and assessed whether it gave rise to an impairment for the relevant CGU, which needed to be allocated to the aircraft.

Our audit procedures did not lead to any reservations relating to the valuation of own and leased aircraft.

Reference to related disclosures
With regard to the valuation of aircraft, we refer to the disclosures in the notes to the consolidated financial statements under "3 New international accounting standards in accordance with IFRS and interpretations and summary of the material accounting policies" and "20 Aircraft and reserve engines including right-of-use assets," "23 Leases" and "10 Depreciation, amortization and impairment."

3. Recoverability of deferred tax assets

Reasons why the matter was determined to be a key audit matter
The deferred tax assets arising from tax loss carryforwards and deductible temporary differences reported in the consolidated financial statements of Deutsche Lufthansa Aktiengesellschaft constitute an asset of Deutsche Lufthansa Aktiengesellschaft and its subsidiaries which is significant in amount. When accounting for the deferred tax assets, the Lufthansa Group assesses the extent to which it is probable that sufficient taxable profit will be available in the future to allow the deferred tax assets to be utilized.

The recoverability of the deferred tax assets is based on estimates and assumptions made by the Executive Board in relation to the future operating performance of the taxable Group companies. The Executive Board has prepared a Group operational planning (GOP) for fiscal years 2024 to 2027 and, based thereon, forecast taxable profit for the taxable Group companies.

From our perspective, the assessment of the recoverability of this item, which is significant in amount, was a key audit matter in our audit as it is based to a large extent on the judgments, estimates and assumptions of the executive directors regarding sufficient taxable profit, particularly in light of current global security developments, including the war between Russia and Ukraine, the conflict between Israel and Hamas, various coups in Africa, ongoing tensions between China and Taiwan as well as possible knock-on effects on international economic relationships and the related uncertainty surrounding the future development of air travel.

Auditor's response
We firstly scrutinized the internal control system established by the executive directors for the determination and recognition of deferred taxes by testing the design of the processes and assessing the risk of material misstatement.

To assess the recoverability of the deferred tax assets, with the aid of our valuation specialists, we analyzed the executive directors' forecasts of the further taxable profit, checked their mathematical accuracy and discussed them with the responsible management level. We analyzed management's disclosures on the key planning assumptions, strategic objectives, expected developments and operational measures and their inclusion/reflection in the cash flows and assessed their plausibility (transparency, consistency, lack of contradiction). Our analysis was based on analyst estimates, both for the Lufthansa Group as well as in relation to comparable companies, along with other external forecasts on the development of the airline industry (market studies) and macroeconomic forecasts. We also checked the reconciliation from the GOP to the tax planning by making inquiries of the responsible employees of Deutsche Lufthansa Aktiengesellschaft and its subsidiaries and of management as well as through recalculations, plausibility testing and analysis of the reconciliation items.

We assessed the positive and negative evidence of sufficient taxable profit likely being available in the future considered by management for the recognition of deferred tax assets and their individual significance for the overall assessment, discussed them with the responsible management level and examined their plausibility (transparency, consistency, lack of contradiction).

Our tax specialists were involved in all phases of the audit.

Our audit procedures did not lead to any reservations relating to the assessment of the recoverability of deferred tax assets.

Reference to related disclosures
With regard to the recognition of deferred tax assets and judgments made by the Executive Board in financial reporting and sources of estimation uncertainty, we refer to the disclosures in the notes to the consolidated financial statements under "3 New international accounting standards in accordance with IFRS and interpretations and summary of the material accounting policies" and "15 Income taxes."

Other information
The Supervisory Board is responsible for the report of the Supervisory Board in the "Report of the Supervisory Board" section. The executive directors and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] on the German Corporate Governance Code, which is part of the Group declaration on corporate governance. In all other respects, the executive directors are responsible for the other information. The other information comprises the aforementioned Group declaration on corporate governance, the aforementioned Group non-financial declaration, the aforementioned description of the entire internal control system (disclosures in accordance with recommendation A.5 DCGK 2022) and the aforementioned other information included in the Group management report. The other information also comprises parts to be included in the annual report, of which we received a version prior to issuing this auditor's report, in particular:

— The letter from the Executive Board to the shareholders in the "Letter from the Executive Board" section of the annual report

— The explanations on the Deutsche Lufthansa Aktiengesellschaft share in the "Lufthansa share" section of the annual report

— The declaration by the executive directors in the "Declaration by the legal representatives" section of the annual report

— The remuneration report in the "Remuneration report" section of the annual report

— The ten-year overview in the "Ten-year overview" section of the annual report

but not the consolidated financial statements, not the management report disclosures whose content is audited and not our auditor's report thereon.

Our opinions on the consolidated financial statements and on the Group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

— is materially inconsistent with the consolidated financial statements, with the Group management report or our knowledge obtained in the audit, or

— otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the Group management report
The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the Group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the Group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the Group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW and supplementary compliance with the ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this Group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the Group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the Group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial and financial position of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the Group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

— Evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

— Perform audit procedures on the prospective information presented by the executive directors in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance on the electronic rendering of the consolidated financial statements and the Group management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the Group management report (hereinafter the "ESEF documents") contained in the file "DLH-2023-12-31-de.zip" and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the Group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the Group management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying Group management report for the fiscal year from 1 January to 31 December 2023 contained in the "Report on the audit of the consolidated financial statements and of the Group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the Group management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) (06.2022) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents
The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the Group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.

- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited Group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Art. 10 of the EU Audit Regulation
We were elected as group auditor by the Annual General Meeting on 9 May 2023. We were engaged by the Supervisory Board on 9 May 2023. We have been the group auditor of Deutsche Lufthansa Aktiengesellschaft without interruption since fiscal year 2020.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to Group companies the following services that are not disclosed in the consolidated financial statements or in the Group management report or have been engaged to provide them:

- Limited assurance engagement on the non-financial declaration pursuant to Secs. 289b et seq. and 315b et seq. HGB

- Various agreed-upon procedures and assurance services that result from contractual obligations (especially under leases, loan agreements and retirement benefit agreements)

- Reasonable assurance engagement relating to the system of Deutsche Lufthansa Aktiengesellschaft designed to ensure compliance with the requirements under Sec. 32 (1) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] for the period from 1 January to 31 December 2023

- Audit of the remuneration report pursuant to Sec. 162 (3) AktG

- Voluntary audits of financial statements as of 31 December 2023

- Project-based assurance engagement involving a migration of IT-based accounting-related systems pursuant to IDW AsS 850 for Lufthansa AirPlus Servicekarten GmbH, Neu-Isenburg

- Specified procedures engagement at Albatros Service Center GmbH, Cologne, in accordance with Sec. 24 FinVermV ["Finanzanlagenvermittlungsverordnung": German Financial Investment Brokerage Ordinance]

Other matter – Use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited Group management report as well as the assured ESEF documents. The consolidated financial statements and the Group management report converted to the ESEF format – including the versions to be published in the Unternehmensregister [German Company Register] – are merely electronic renderings of the audited consolidated financial statements and the audited Group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Jörg Bösser.

Eschborn/Frankfurt/Main, 5 March 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Bösser	Jansen
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

REMUNERATION REPORT

The remuneration report provides detailed, individualised information about the remuneration awarded and due to active and former members of the Executive Board and Supervisory Board of Deutsche Lufthansa AG in the 2023 financial year, as well as the target remuneration granted for the 2023 financial year. The report complies with the requirements of Section 162 AktG and the relevant financial reporting standards (HGB, IFRS). A summary of the remuneration system for the Executive Board in the 2023 financial year can be found in table T184 on page 280. Further detailed information about the remuneration systems for the members of the Executive Board and Supervisory Board of Deutsche Lufthansa AG is provided on the Company's website **investor-relations.lufthansagroup.com/en/events/annual-general-meeting/annual-general-meeting-2023.html.**

A look back at the remuneration year 2023

One of the Lufthansa Group's most successful years in economic terms

Just three years after the coronavirus pandemic and the threat of insolvency that this precipitated, the Lufthansa Group achieved the third-best result in its history in financial year 2023. Thanks to our customers' undiminished need for travel, the Lufthansa Group experienced the strongest summer in the Company's history in terms of revenue. For the first time, all the airlines in the Group were profitable and some even reported record earnings.

The Executive Board also systematically pursued the central strategy of focusing on the core airline business in financial year 2023, with several important M&A activities. Furthermore, operating stability was improved significantly, although great challenges and bottlenecks remain throughout the industry.

Changes to the remuneration system for the Executive Board from 2023 onwards

At its meeting in December 2022 the Supervisory Board adopted changes to the remuneration system approved by the Annual General Meeting on 5 May 2020, which take effect from the 2023 financial year. The changes were based on a comprehensive review of the existing remuneration system by the Supervisory Board. In particular, they are intended to reflect the changes in the underlying conditions. The main changes are summarised below:

T183 OVERVIEW OF CHANGES TO THE SYSTEM OF EXECUTIVE BOARD REMUNERATION

Aspect	Change
One-year variable remuneration (annual bonus)	– Adjustment of financial performance targets: 40% Adjusted EBIT 40% Adjusted free cash flow – Increase in weighting of collective and individual commercial and sustainability targets to 20%
Long-term variable remuneration (LTI)	– Adjustment of financial performance targets: 30% relative total shareholder return compared with the sector index 50% Adjusted ROCE – Increase in weighting of strategic and sustainability targets to 20%
Maximum remuneration in accordance with Section 87a Paragraph 1 Sentence 2 No. 1 AktG	– Increase in maximum remuneration for the Chairman of the Executive Board and for an Executive Board member judged outstanding by the Supervisory Board Chairman of the Executive Board and CEO: EUR 11m Outstanding Executive Board member: EUR 6.5m Ordinary Executive Board members: EUR 5m

The modified remuneration system for the Executive Board members was presented to the Annual General Meeting on 9 May 2023 for approval in accordance with Section 120a (1) AktG and approved with a majority of 89.47%. The remuneration system applied to all active Executive Board members in 2023.

Adjustments in remuneration for the Executive Board

At its meeting held in March 2023, the Supervisory Board reappointed Carsten Spohr as CEO and Chair of the Executive Board of Deutsche Lufthansa AG, and Remco Steenbergen as CFO and member of the Executive Board, in each case as of 1 January 2024 for a five-year term expiring 31 December 2028. In this context the Supervisory Board adjusted the remuneration for Carsten Spohr and Remco Steenbergen on the basis of a comprehensive review to determine whether the amount and structure of Executive Board remuneration was appropriate.

In view of the long-standing management of the Lufthansa Group by Carsten Spohr, during which he successfully navigated the Group through difficult crises and challenges, and was responsible for the most economically successful years in its history, the Supervisory Board decided to raise all the components of remuneration for Carsten Spohr. This fully reflects Carsten Spohr's vital role as long-standing Chief Executive Officer and his prominent position, particularly in the perception of the general public, as well as his achievements, not least during the coronavirus pandemic.

At the same time the Supervisory Board emphasised Remco Steembergen's position as an outstanding Executive Board member and raised his remuneration in all remuneration components to 1.3 times that of an ordinary Executive Board member. This decision underlines Mr Steenbergen's particular importance as the Chief Financial Officer and his excellent performance in this role. Remco Steenbergen joined the Lufthansa Group at the time of its most difficult financial crisis and as CFO played a major role in overcoming this crisis quickly.

The changes took effect for both Carsten Spohr and Remco Steenbergen on 1 January 2023. For the adjustments to target remuneration see also T185.

Adjustments to the remuneration of Supervisory Board members

The Executive Board and Supervisory Board proposed changes at the Annual General Meeting 2023 to the remuneration of Supervisory Board members, which had been essentially unchanged since 2013. It remains the case that the remuneration is structured as a purely fixed remuneration. The proposed changes related to an adjustment to the annual remuneration for working on the Supervisory Board and its committees in line with market standards, and the cancellation of an attendance fee of EUR 500 previously paid for personal attendance at a physical meeting.

The Annual General Meeting on 9 May 2023 approved the changes to the remuneration of Supervisory Board members in Article 14 of the Articles of Association with 98.27% of the votes, and approved and confirmed the underlying changes to the remuneration system. The new Supervisory Board remuneration has applied since 1 January 2023.

Vote on the remuneration report for the 2022 financial year at the Annual General Meeting 2023

The remuneration report prepared pursuant to Section 162 AktG for the remuneration awarded and due to each individual member of the Executive Board and the Supervisory Board of Deutsche Lufthansa for the 2022 financial year was presented to the Annual General Meeting on 9 May 2023 in order for a resolution to be passed. The Annual General Meeting approved this report with a majority of 86.15%.

Generally speaking, the Lufthansa Group received very positive responses from investors regarding the structure and transparency of the remuneration report for the 2022 financial year. Any suggested improvements were taken into consideration in this remuneration report for the 2023 financial year. Accordingly, this report includes in particular detailed disclosures on the individual performance factor set by the Supervisory Board for the short-term variable remuneration of the individual Executive Board members.

Remuneration of Executive Board members

The system for remunerating Executive Board members takes account of the Company's size, complexity and economic situation, as well as its prospects. It is also aligned with the Company strategy thereby creating an incentive for successful and sustainable governance. At the same time, it takes into account the responsibilities and performance of the Executive Board as a whole and of the individual members, as well as the Company's current position. For this reason, the remuneration system is based on transparent, performance-related parameters relevant to Company performance and sustainability.

The Supervisory Board is responsible for the structure of the remuneration system for Executive Board members and for defining the individual benefits. The Steering Committee assists the Supervisory Board, monitors the appropriateness of the remuneration system and prepares the Supervisory Board's resolutions. In the event of material changes to the remuneration system, but at least every four years, the remuneration system is presented at the Annual General Meeting for approval.

Overview of the remuneration system

The following table provides an overview of the components of the remuneration system for Executive Board members for 2023, the structure of the individual remuneration components and the targets on which these are based.

T184 EXECUTIVE BOARD REMUNERATION SYSTEM 2023

Component	Objective	Structure
Performance-unrelated remuneration		

Basic salary		– Annual basic salary
		– Paid in twelve monthly rates
		  – Chairman of the Executive Board and CEO: EUR 1,634,000
		  – Outstanding Executive Board member: EUR 1,118,000
		  – Ordinary Executive Board members: EUR 860,000

Ancillary benefits	Shall reflect the role and responsibilities in the Executive Board. Should ensure a reasonable basic income and prevent unreasonable risk-taking	– Company car with driver, industry-standard concessionary flights for private travel in accordance with IATA standards for airline employees, insurance premiums
Retirement benefits	Shall ensure adequate retirement benefits	Annual allocation of a fixed amount within the scope of a defined-contribution system – Chairman of the Executive Board and CEO: EUR 990,000 – Outstanding Executive Board member: EUR 585,000 – Ordinary Executive Board members: EUR 450,000
Performance-related remuneration		
One-year variable remuneration (Annual bonus)	Intended to support profitable growth while taking into consideration liquidity management as well as the collective responsibility of the Executive Board and the individual performance of its members	– Adjusted EBIT versus target (40%) – Adjusted free cash flow versus target (40%) – Collective and individual business and sustainability targets (20%) – Individual performance factor (coefficient of 0.8 – 1.2) – Cap: 200% of target amount – Payable in cash or shares

Long-term variable remuneration (LTI)	Intended to promote a sustainable increase in enterprise value, while aligning the interests of the Executive Board members with those of shareholders	– Allocation of virtual Lufthansa shares with a four-year duration
		– Final number of virtual shares dependent on:
		  – Adjusted ROCE during the performance period versus annual target (50%)
		  – Relative TSR of Lufthansa share versus sector index NYSE Arca Global Airlines Index (30%)
		  – Strategic and sustainability targets (20%)
		– Performance depending on absolute trend for Lufthansa share (incl. dividends) during the programme
		– Cap: 200% of target amount
		– Payable in cash or shares

End-of-service benefits		
Mutually agreed termination **Not used in the 2023 financial year.**	Shall avoid unreasonably high severance payments	– Severance payment limited to remainder of service contract or two times annual remuneration (cap)
Post-contractual non-compete clause **Not used in the 2023 financial year.**	Protects the Company's interests	– One-year non-compete clause after leaving the Executive Board, with payment of compensation of 50% of basic salary – Company may waive non-compete clause (with six months' notice)
Change of control **Not used in the 2023 financial year.**	Shall ensure independence in takeover situations	– Severance payment corresponding to the remuneration owed for the remainder of the service contract, up to 100% of the cap on severance pay
Other compensation rules		

Share Ownership Guidelines	Intended to strengthen the equity culture and align interests of Executive Board members and shareholders	– Obligation to invest in Lufthansa shares over a period of four years
		  – Chairman of the Executive Board and CEO: 200% of basic salary
		  – Ordinary Executive Board members: 100% of basic salary
		– Holding obligation for the duration of work on the Executive Board: graduated annual reduction of 25% of shareholding after leaving the Executive Board

Compliance and performance clawback **Not used in the 2023 financial year.**	Shall ensure sustainable Company development	– Supervisory Board has the right to withhold annual bonus and LTI or recover remuneration already paid

Maximum remuneration in accordance with Section 87a Paragraph 1 Sentence 2 No. 1 AktG	Shall prevent uncontrolled high payments	– Reduction in variable remuneration if maximum for a financial year is exceeded:
		  – Chairman of the Executive Board and CEO: EUR 11.0 m
		  – Outstanding Executive Board member: EUR 6.5m
		  – Ordinary Executive Board members: EUR 5.0m

Review of the appropriateness of Executive Board remuneration

In the 2023 financial year the Supervisory Board once again considered in detail the appropriateness of the Executive Board's remuneration and reviewed its amount and structure, coming to the conclusion that it is appropriate.

When reviewing the appropriateness of Executive Board remuneration, the Supervisory Board also considers whether it is market-standard by examining the amount and structure of Executive Board remuneration at comparable companies and the relation between remuneration for the Executive Board and for senior managers and the workforce as a whole, also over time. (see T199, p. 297ff.).

To determine whether it is appropriate and market-standard, the target and maximum remuneration are assessed on the basis of Deutsche Lufthansa AG's position in a comparable market, as defined by reference to revenue, employees and market capitalisation. The comparable market consists of companies listed on the DAX and MDAX, since they are of a similar size as of the assessment date.

For the vertical appropriateness review, the Supervisory Board looks at the remuneration of both senior executives and the workforce as a whole, with regard to the German Group companies in the Lufthansa collective bargaining group.

Target remuneration

The following table shows the remuneration granted to the members of the Executive Board for the 2023 and 2022 financial years, with a breakdown for the Chairman of the Executive Board, the Executive Board member for the finance function, determined by the Supervisory Board to be of particular importance, and the other members of the Executive Board.

T185 **TARGET REMUNERATION AND RELATIVE PROPORTION IN 2023 AND 2022**

	Chairman of the Executive Board				Outstanding Executive Board member responsible for "Finance"				Ordinary Executive Board members			
	2023 in € thousands	**2023** Stake	2022 in € thousands	2022 Stake	**2023** in € thousands	**2023** Stake	2022 in € thousands	2022 Stake	**2023** in € thousands	**2023** Stake	2022 in € thousands	2022 Stake
Fixed remuneration												
Basic salary	1,892	33.6%	1,634	33.6%	1,118	33.6%	860	33.6%	860	33.6%	860	33.6%
Variable remuneration												
One-year variable remuneration	1,320	23.4%	1,140	23.4%	780	23.4%	600	23.4%	600	23.4%	600	23.4%
Long-term variable remuneration	2,420	43.0%	2,090	43.0%	1,430	43.0%	1,100	43.0%	1,100	43.0%	1,100	43.0%
Target direct remuneration	**5,632**	**100%**	**4,864**	**100%**	**3,328**	**100%**	**2,560**	**100%**	**2,560**	**100%**	**2,560**	**100%**

Maximum remuneration

In addition to the caps on the one-year and long-term variable remuneration, in accordance with Section 87a Paragraph 1 Sentence 2 No. 1 AktG the Supervisory Board has capped the total amount of remuneration received by each Executive Board member in a given financial year. Since 2023, this maximum remuneration has been EUR 11m for the Chairman of the Executive Board, EUR 6.5m for the Executive Board member for the finance function and EUR 5m for the other ordinary Executive Board members and relates to actual expenses or the actual payment of remuneration agreed for the financial year (including retirement benefit commitments). If remuneration for a financial year exceeds this cap, the variable remuneration is reduced accordingly.

Compliance with the maximum remuneration limit for the 2023 financial year

Since the amount paid out for the long-term variable remuneration in 2023 will only be known on 31 December 2026 due to the four-year performance period, definitive information about compliance with the remuneration cap for the remuneration granted in the 2023 financial year can only be provided in the remuneration report for the 2026 financial year.

Compliance with the maximum remuneration limit for the 2020 financial year
For the 2020 financial year, the Supervisory Board specified a maximum amount for the overall remuneration granted to the Executive Board members for the financial year. Following the end of the performance period for the long-term variable remuneration 2020 (LTI 2020) on 31 December 2023, it is clear that none of the Executive Board members active in the 2020 financial year exceeded this maximum amount. The following table provides a detailed overview of the amounts of remuneration granted for the individual Executive Board members for the 2020 financial year, including the respective maximum amounts.

T186 **MAXIMUM REMUNERATION FOR FINANCIAL YEAR 2020**

	Carsten Spohr, Chairman of the Executive Board Chairman since 1 May 2014; Executive Board member since 1 Jan 2011		Christina Foerster Executive Board member since 1 Jan 2020		Harry Hohmeister Executive Board member since 1 Jan 2013		Detlef Kayser Executive Board member since 1 Jan 2019		Michael Niggemann Executive Board member since 1 Jan 2020		Thorsten Dirks Executive Board member until 30 Jun 2020 [3]		Ulrik Svensson Executive Board member until 30 Apr 2020	
in € thousands	2020	2020 (max.)	2020	2020 (max.)	2020	2020 (max.)	2020	2020 (max.)	2020	2020 (max.)	2020	2020 (max.)	2020	2020 (max.)
Fixed remuneration														
Basic salary [1]	1,471	1,634	774	860	774	860	774	860	774	860	387	430	272	287
Ancillary benefits	19	19	1	1	15	15	6	6	1	1	11	11	5	5
Total	**1,490**	**1,653**	**775**	**861**	**789**	**875**	**780**	**866**	**775**	**861**	**398**	**441**	**277**	**292**
Variable remuneration														
One-year variable remuneration 2020 [2]	–	2,280	–	1,200	–	1,200	–	1,200	–	1,200	–	–	51	400
Long-term variable remuneration 2020	321	4,180	169	2,200	169	2,200	169	2,200	169	2,200	–	–	56	733
Total	**321**	**6,460**	**169**	**3,400**	**169**	**3,400**	**169**	**3,400**	**169**	**3,400**	**0**	**0**	**107**	**1,133**
Service cost	925	925	450	450	483	483	460	460	450	450	251	251	160	160
Total remuneration	**2,736**	**9,038**	**1,394**	**4,711**	**1,441**	**4,758**	**1,409**	**4,726**	**1,394**	**4,711**	**649**	**692**	**544**	**1,585**
Maximum remuneration as defined in Section 87a Paragraph 1 Sentence 2 No. 1 AktG		**9,500**		**5,000**		**5,000**		**5,000**		**5,000**		**2,500**		**1,667**

[1] Including voluntary waiver of 20% of basic salary for the period from April to September 2020 due to the coronavirus crisis.
[2] Including the waiver of claims to the one-year variable remuneration in 2020 due to the coronavirus crisis.
[3] In accordance with his severance agreement, Mr Dirks is not entitled to variable remuneration for the 2020 financial year.

Variable remuneration in the 2023 financial year

The performance criteria for one-year and long-term variable remuneration are derived from the Company's strategic goals and operational management. They aim to boost profitability, set incentives for growth at the same time and take the importance of liquidity management (including investing activities) and the optimal use of capital into account. For this reason, Adjusted EBIT, Adjusted Free Cash Flow and Adjusted ROCE are the relevant performance indicators for the Lufthansa Group and the main performance criteria for variable remuneration. Taking the interests of shareholders and other stakeholders into account, this is intended to ensure the sustainability of the business and reflect the Lufthansa Group's social and ecological responsibilities.

On the basis of the remuneration system, the Supervisory Board determined the targets and minimum and maximum amounts for the financial performance indicators and selected focus topics for the sustainability targets for the variable remuneration for the 2023 financial year. The Supervisory Board ensured that the targets were demanding and ambitious.

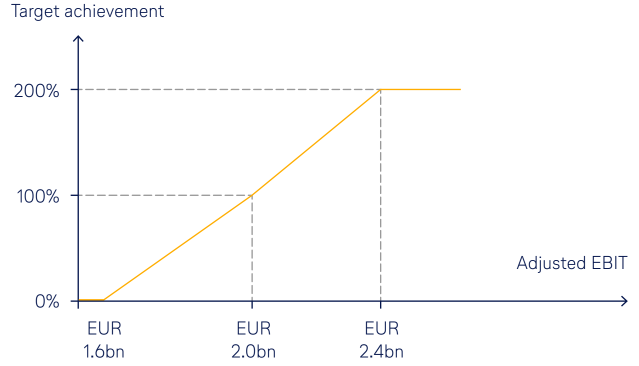
For both the annual bonus and the long-term variable remuneration, the possible range of performance against both the individual financial and sustainability targets is between 0% and 200%.

One-year variable remuneration (annual bonus 2023)

80% of the one-year variable remuneration for the 2023 financial year is based on financial targets and 20% on overall and individual business and sustainability targets.

In the spirit of value-based management, the Group's key performance indicators for its financial targets, Adjusted EBIT and Adjusted Free Cash Flow, each account for 40% of the target achievement. For the 2023 financial year, as in prior years, the Supervisory Board defined "Customers" and "Employees" as focal points for the business and sustainability targets in the one-year variable remuneration and thus took the key stakeholders' interests into consideration.

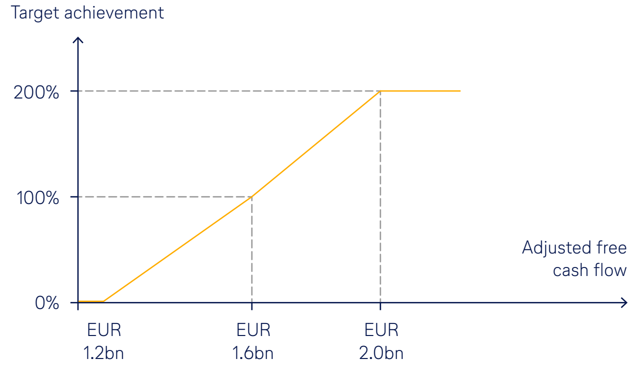
C30 ANNUAL BONUS 2023: TARGET AND TARGET ACHIEVEMENT ADJUSTED EBIT



Adjusted EBIT 2023: EUR 2,682m | Target achievement: 200%

The financial targets are set by the Supervisory Board on the basis of the medium-term Group budget for the upcoming financial year. The target for Adjusted EBIT in the 2023 financial year was EUR 2.0bn. For the Adjusted Free Cash Flow parameter the target was EUR 1.6bn. Interim figures are interpolated on a straight-line basis. The targets and performance against the financial targets are shown in the diagrams.

C31 ANNUAL BONUS 2023: TARGET AND TARGET ACHIEVEMENT ADJUSTED FREE CASH FLOW

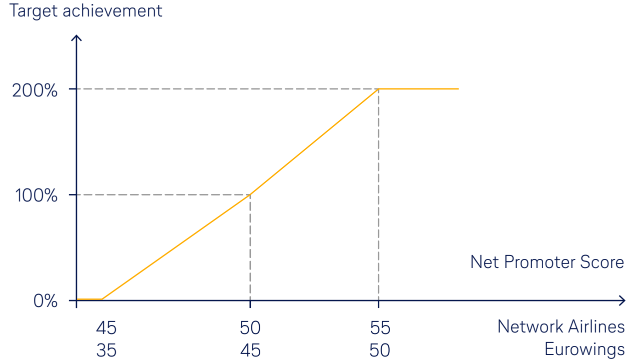


Adjusted free cash flow 2023: EUR 1,846m | Target achievement: 161.5%

Overall, the level of target achievement for the financial targets for the one-year variable remuneration for the 2023 financial year is 180.75%.

For the sustainability parameter “Customers”, the Net Promoter Score[1] (→ **Combined non-financial declaration, p. 73ff.**), i.e. the proportion of customers recommending the Company, is used. The corresponding results are taken from the Network Airlines (Lufthansa German Airlines, SWISS, Austrian Airlines and Brussels Airlines) and from Eurowings, with three quarters weighted for the Network Airlines and one quarter for Eurowings. Interim figures are interpolated on a straight-line basis.

C32 ANNUAL BONUS 2023: SUSTAINABILITY TARGET “CUSTOMERS”

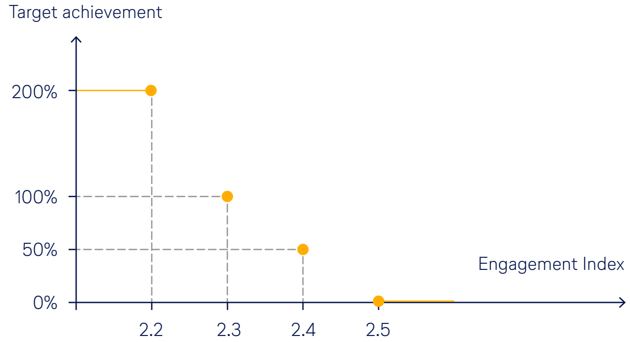


Network Airlines: 27, Eurowings: 44 | Target achievement: 22.5%

The Engagement Index is used for the parameter “Employees” (→ **Non-financial declaration, p. 73ff.**). It measures the extent to which employees identify with the Company, as well as their commitment and willingness to recommend the Company to others. Each index score corresponds to a performance level. The 100% target is based on the average external benchmark.

[1] The Net Promoter Score is a registered service mark of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

C33 ANNUAL BONUS 2023: SUSTAINABILITY TARGET “EMPLOYEES”



Engagement Index: 2.2 | Target achievement: 200%

The “Customers” and “Employees” targets each account for 10% of the 2023 annual bonus. The following table shows performance against the business and sustainability targets for the 2023 financial year.

T187 ANNUAL BONUS 2023: TARGET ACHIEVEMENT BUSINESS AND SUSTAINABILITY TARGETS

	Weighting in %	100% target	Actual value	Target achievement in %
Customer (NPS)	**10**			**22.50**
Network Airlines (3/4)		50	27	0.00
Eurowings (1/4)		45	44	90.00
Employee (Engagement Index)	10	2.3	2.2	200.00
Total	**20**			**111.25**

Overall, the level of target achievement for the 2023 annual bonus based on the weighted target achievement of the financial and sustainability targets is thus 166.85%.

In addition, the Supervisory Board can apply an individual performance factor (bonus/malus factor) of 0.8 to 1.2 when assessing the performance of each individual Executive Board member for the annual bonus. This is based on the individual performance targets set annually by the Supervisory Board and the individual Executive Board members. In addition to the targets for the individual Executive Board members, these comprise over-arching targets for the entire Executive Board to reflect the collective responsibility of its members as a decision-making body. At the end of the financial year, these are reviewed by the Steering Committee and the Supervisory Board.

The Steering Committee and Supervisory Board assessed performance against the individual targets at the end of the 2023 financial year. The following table provides an overview of the predefined individual and collective targets for the financial year 2023 and their assessment for the definition of the individual performance factor for the annual bonus 2023.

T188 ANNUAL BONUS 2023: INDIVIDUAL PERFORMANCE FACTOR

2023 targets	Evaluation
Ensuring operational stability	Significant stabilisation of flight operations compared to previous year, particularly in terms of punctuality and regularity
Greater focus on premium positioning	Implementation of organisational measures and definition of a clear “roadmap to premium”
Strengthening of the leadership and corporate culture	Group-wide cultural programme implemented
Internationalisation: further development in relation to relevant sales and labour markets as well as consolidation and partnership options	Initiation & implementation of various M&A transactions, e.g. LSG group, Lufthansa AirPlus Servicekarten GmbH, ITA Airways
Implementation of the Company’s strategy, particularly in the following areas: — Customers: designing a digital premium travel experience — Digitalisation: utilisation of customer-related innovation and digitalisation potential — ESG measures — Profitability: safeguarding of investment capability and competitiveness, subject to efficient allocation of capital — Human resources: strengthening the Company’s attractiveness as an employer	Expansion of digital self services; continued fleet modernisation and expansion of market position for sustainable aviation fuels; strengthening of balance sheet (incl. reduction in net indebtedness); Engagement Index result matching top level in precrisis period and improvement of ranking in terms of attractiveness as employer

Including the collective performance and the individual contributions of the Executive Board members, the Supervisory Board defined an individual performance factor of 1.05 for all Executive Board members for the 2023 financial year. For each Executive Board member, the performance factor was then multiplied by the overall target achievement from the financial, business and sustainability targets.

The following table shows the overall level of target achievement and the resulting amount paid for the annual bonus 2023 for each individual member of the Executive Board.

T189 OVERALL TARGET ACHIEVEMENT AND PAYMENT AMOUNTS ANNUAL BONUS 2023 in € thousands

Board member	Target amount	Overall target achievement in %	Individual performance factor	Payment amount
Carsten Spohr	1,320	166.85	1.05	2,313
Christina Foerster	600	166.85	1.05	1,051
Harry Hohmeister	600	166.85	1.05	1,051
Detlef Kayser	600	166.85	1.05	1,051
Michael Niggemann	600	166.85	1.05	1,051
Remco Steenbergen	780	166.85	1.05	1,367

Long-term variable remuneration (LTI)

To promote the long-term, sustainable development of the Company, the long-term variable remuneration, and therefore the majority of variable remuneration, depends on the achievement of long-term targets. Taking the absolute and relative share performance into account aligns the interests of Executive Board members closely with those of shareholders.

The current long-term variable remuneration includes still ongoing programmes from several financial years, which are partly based on remuneration systems in effect before 1 January 2023. This particularly includes the long-term variable remuneration granted in the 2020 financial year (LTI 2020), for which the four-year programme ended on 31 December 2023. The following tables provide an overview of the current LTI programmes for the members of the Executive Board, including the performance criteria set by the Supervisory Board.

C34 CURRENT LTI PROGRAMMES AS OF 31 DECEMBER 2023

Financial year		2020	2021	2022	2023	2024	2025	2026
LTI 2020								Performance period
Performance criteria (0% – 200% target achievement	– TSR in relation to the DAX (42.5%) – Adjusted ROCE (avg. 4 years, 42.5%) – Reduction in specific carbon emissions per passenger-kilometre flown (15%)	1 January 2020			31 December 2023			
LTI 2021								
Performance criteria (0% – 200% target achievement)	– End stabilisation measures[1] (42.5%) – Cumulative Adjusted EBIT 2022–2024[1] (42.5%) Condition: Adjusted EBIT 2021 > Adjusted EBIT 2020 – Reduction in specific carbon emissions per passenger-kilometre flown (15%)		1 January 2021			31 December 2024		
LTI 2022								
Performance criteria (0% – 200% target achievement)	– TSR in relation to the DAX (42.5%) – Adjusted ROCE (avg. 4 years, 42.5%) – Reduction in carbon intensity in grammes of CO_2 per revenue-tonne kilometre (15%)			1 January 2022			31 December 2025	
LTI 2023								
Performance criteria (0% – 200% target achievement)	- TSR in relation to the NYSE Arca Global Airlines Index (30%) – Adjusted ROCE (50%) – Reduction in carbon intensity in grammes of CO_2 per revenue-tonne kilometre (20%)				1 January 2023			31 December 2026

[1] Performance criteria differing from those in the remuneration system approved by the Annual General Meeting 2020. Please see also the explanation provided in the 2022 remuneration report, p. 281f.

Long-term variable remuneration commitment 2023 (LTI 2023)
Since financial year 2020, the long-term variable remuneration commitment for Executive Board members has been share-based. At the beginning of the performance period, the Executive Board members receive a number of virtual shares corresponding to the value of the contractually granted target amount. The number of virtual shares is determined by reference to the average price of the Lufthansa share in the first 60 trading days after the four-year performance period begins. The average price for the LTI 2023 is EUR 9.55. The following table shows the number of virtual shares allotted on a contingent basis to the individual Executive Board members as LTI 2023 in the reporting year.

T190 **CONDITIONALLY ALLOCATED SHARES LTI 2023 – ALLOCATION PRICE: EUR 9.55**

Board member	Target amount in € thousands	Number of conditionally committed virtual shares
Carsten Spohr	2,420	253,403
Christina Foerster	1,100	115,183
Harry Hohmeister	1,100	115,183
Detlef Kayser	1,100	115,183
Michael Niggemann	1,100	115,183
Remco Steenbergen [1]	–	–

[1] In accordance with the severance agreement reached with Remco Steenbergen in February 2024 on his departure from the Executive Board, Reemco Steenbergen is no longer entitled to the LTI 2023.

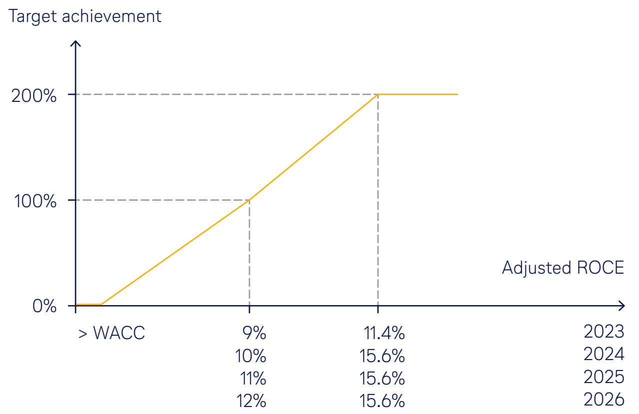
The final number of virtual shares at the end of the four-year performance period depends on the achievement of the financial performance targets Adjusted ROCE (50%) and relative total shareholder return (30%), as well as the strategic and sustainability targets (20%).

The Supervisory Board has specified the “Environment” parameter as a core area of focus for the strategic and sustainability targets in the LTI 2023. This provides a long-term incentive for the environmental goal of reducing carbon emissions.

Performance against the target of Adjusted ROCE is measured by comparing the average Adjusted ROCE over the four-year performance period with a target set by the Supervisory Board at the beginning of the performance period for each year of the programme. The Supervisory Board refers to the Group’s four-year operational planning for the purpose of this measurement. The lower limit should not be below what is required to cover the weighted average cost of capital (WACC). This is in line with the strategic objective of earning a return on capital employed that is higher than the cost of capital.

The Supervisory Board determines the target performance for each year based on the actual figures and the defined performance curve. Interim figures are interpolated on a straight-line basis. Overall target achievement is measured at the end of the four-year performance period as the average of the target achievements for the individual years. The following chart shows the targets for the LTI 2023.

C35 **LTI 2023: TARGET ADJUSTED ROCE**



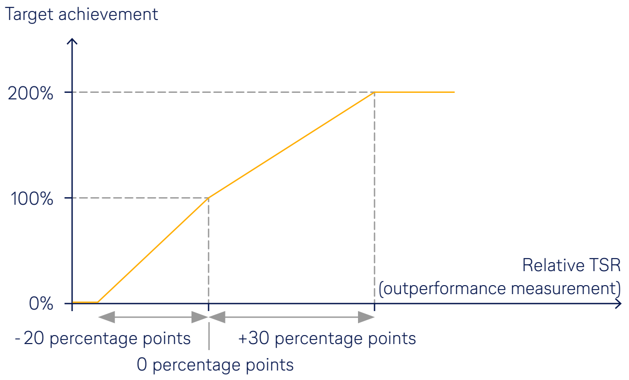
The actual average Adjusted ROCE reached in the financial years making up the four-year performance period and the resulting level of target achievement are published in the remuneration report for the financial year at the end of the respective performance period.

TSR performance for the LTI 2023 is calculated at the end of the four-year performance period, by comparing the share return for Deutsche Lufthansa AG with the share return for the NYSE Arca Global Airlines Index. To calculate the TSR performance, the average price for the Deutsche Lufthansa AG share for the last 60 exchange trading days before the start of the performance period is compared with the average share price for the last 60 exchange trading days before the end of the performance period. Consideration is taken of fictitiously reinvested dividends. TSR performance is measured in the same way for the NYSE Arca Global Airlines Index. The relative TSR is then measured as the difference between the TSR performance of Deutsche Lufthansa AG and the TSR performance of the NYSE Arca Global Airlines Index in percentage points (outperformance).

The target achievement is then calculated on this basis at the end of the four-year performance period using the defined performance curve. The design of the performance curve includes the market-standard elements of share-based remuneration components in the European market. Target achievement is 100% if the TSR of Deutsche Lufthansa AG corresponds to the TSR for the peer group index. If the relative TSR is 20 percentage points or less, the target achievement is zero. If the relative TSR is 30 percentage points or more, the target achievement is 200%. Interim figures are interpolated on a straight-line basis.

C36 LTI 2023: TARGET RELATIVE TOTAL SHAREHOLDER RETURN

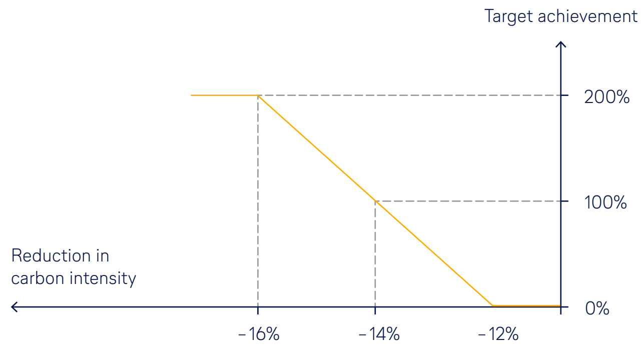
Total shareholder return for the Lufthansa share compared with the NYSE Arca Global Airlines Index



The "Environment" sustainability target is based on the Lufthansa Group's long-term strategy. Since 2022 the Lufthansa Group's carbon reduction targets have been based on the industry-wide and internationally acknowledged Science-based Targets (SBT), which are in line with the targets set by the Paris Climate Agreement. The Lufthansa Group thus undertakes to achieve a scientifically based intensity target relating to its specific carbon emissions, measured in terms of grammes per revenue tonne-kilometre. The reduction target for the LTI 2023 is based on the long-term target of a 30.6% reduction in specific carbon emissions by 2030 compared with the 2019 base year (→ **Combined non-financial declaration, p. 73ff.**). The target for the LTI 2023 is a 14 percentage point reduction in carbon intensity by the end of the performance period on 31 December 2026. The end points of the range are defined by a deviation of +/– 2 percentage points from the target. Interim figures are interpolated on a straight-line basis.

C37 LTI 2023: SUSTAINABILITY TARGET "ENVIRONMENT"

Reduction in CO_2 intensity compared with the base year 2019



To calculate performance, the level of target achievement in terms of the reduction of specific carbon emissions is determined at the end of the four-year performance period. This is then counted towards the overall level of target achievement for the LTI 2023 at the end of the performance period with a weighting of 20%.

At the end of the performance period, the number of virtual shares granted conditionally is multiplied by the total target achievement, which is made up of the weighted financial and sustainability performance targets, in order to obtain the final number of virtual shares. To calculate the payment amount, the final number of virtual shares is multiplied by the average price of the Lufthansa share over the last 60 trading days of the performance period, plus dividends paid during the performance period. Payment is generally in cash.

Long-term variable remuneration 2020 (LTI 2020)

The long-term variable remuneration commitment for the financial year 2020 (LTI 2020) is also share-based. At the beginning of the performance period, the Executive Board members received a number of virtual shares corresponding to the contractually agreed target amount. As with the LTI 2023, the number of virtual shares is determined by reference to the average price of the Lufthansa share in the first 60 trading days after the four-year performance period begins. The average price for the LTI 2020 is EUR 9.48, after adjustment for the effects of the capital increase in 2021.

The final number of virtual shares in the LTI 2020 depends on the achievement of the financial performance targets Adjusted ROCE (42.5%) and the relative total shareholder return compared with the companies in the DAX (42.5%), as well as the strategic and sustainability targets (15%). Please see the detailed comments in the remuneration report 2020 (→ **Annual Report 2020, p. 256ff.**).

Performance against the target of Adjusted ROCE is measured by comparing the average Adjusted ROCE over the four-year performance period with a strategic target set by the Supervisory Board at the beginning of the performance period. This was derived from the Group's operational planning and amounted to 7% for the LTI 2020. The end points of the range were defined by a deviation of +/– 3 percentage points from the target. Interim figures are interpolated on a straight-line basis.

To calculate the TSR performance, the average share price for the last 60 exchange trading days before the start of the performance period is compared with the average share price for the last 60 exchange trading days before the end of the performance period. Dividends are taken into account as notionally reinvested. The companies in the DAX are used as the peer group for the relative TSR in the LTI 2020; both those in the index at the beginning and at the end of the performance period. The TSR performance of all companies is ranked and the relative performance of Deutsche Lufthansa AG determined by its percentile position. Target achievement is 100% if the TSR of Deutsche Lufthansa AG corresponds to the median (50th percentile) for the peer group. A performance on or below the 25th percentile corresponds to a target achievement of 0%. The maximum of 200% is achieved for a TSR on or above the 75th percentile. Interim figures are interpolated on a straight-line basis.

The target achievement for the financial targets in the LTI 2020 are presented in the following table.

T191 LTI 2020: FINANCIAL TARGETS – TARGETS AND TARGET ACHIEVEMENT

	Objective			**Target achievement**	
	0%	100%	200%		in %
Adjusted ROCE (avg. 2020–2023)	4%	7%	10%	**–0.92%**	**0%**
Relative TSR compared with the DAX	25th percentile	50th percentile	75th percentile	**8th percentile**	**0%**
Total					**0%**

The Supervisory Board specified the "Environment" parameter as a core sustainability target for the LTI 2020. The IATA targets for fuel efficiency were used, i.e. the average kerosene consumption to carry a passenger 100 kilometres (→ **Combined non-financial declaration, p. 73ff.**), which provide for an improvement of 1.5% p.a. in specific fuel consumption and thus an improvement in specific carbon emissions. A target of 100% was therefore defined as an annual improvement of 1.5% in specific fuel consumption. The end points of the range are defined by a deviation of +/– 1.5 percentage points from the annual target. Interim figures are interpolated on a straight-line basis. The LTI 2020 includes emissions from Lufthansa's own fleet as well as those from wet-lease flights.

To calculate performance, the achievement of the environmental target is determined by the Supervisory Board annually over the four-year performance period. These annual target achievement figures then account for one quarter of the total performance against the sustainability target at the end of the performance period.

The levels of target achievement for the "Environment" parameter for the LTI 2020 are presented in the following table. On this basis, the overall level of target achievement for the "Environment" parameter is 127.67%.

T192 TARGET ACHIEVEMENT FOR SUSTAINABILITY TARGET IN LTI 2020
Annual reduction of CO_2 emissions

Year of performance period	Reduction in CO_2 emissions compared to previous year	Target achievement	Weighting
2020	+13.76%	0.00%	1/4
2021	–3.14%	200.00%	1/4
2022	–11.41%	200.00%	1/4
2023	–1.66%	110.67%	1/4
Total		**127.67%**	

Overall, the level of target achievement for the long-term variable remuneration for the 2020 financial year is thus 19.15%.

To calculate the payment amount from the LTI 2020 at the end of the performance period, the number of virtual shares granted conditionally is first multiplied by the total target achievement, which is made up of the weighted financial and sustainability performance targets, in order to obtain the final number of virtual shares. The final number of virtual shares is then multiplied by the average price of the Lufthansa share over the last 60 trading days of the performance period. For the LTI 2020 this is EUR 7.61. The following table shows the calculation of the individual payments for eligible Executive Board members.

T193 PAYMENT AMOUNTS UNDER LTI 2020 – OVERALL TARGET ACHIEVEMENT 19.15%

Board member	Target remuneration in € thousands	Number of conditionally committed shares (start price: € 9.48[1])	Final number of virtual shares	Payment amount in € thousands (end price: € 7.61)
Carsten Spohr	2,090	220,464	42,219	321
Christina Foerster	1,100	116,034	22,220	169
Harry Hohmeister	1,100	116,034	22,220	169
Detlef Kayser	1,100	116,034	22,220	169
Michael Niggemann	1,100	116,034	22,220	169
Ulrik Svensson (until 30 Apr 2020)	367	38,678	7,407	56

[1] After adjustment for the effects of the capital increase in the 2021 financial year.

Malus and clawback rule

In the event of an intentional or grossly negligent breach of statutory obligations or internal policies (compliance penalty or clawback), or if variable remuneration components dependent on achieving certain targets are paid on the basis of false data (performance clawback), the Supervisory Board has the right to withhold or demand repayment of the one-year and long-term variable remuneration. Enforcement of the withholding or repayment claim is at the professional discretion of the Supervisory Board.

The Supervisory Board did not make use of the right to withhold or demand repayment of variable remuneration components in 2023.

Share Ownership Guidelines

The Share Ownership Guidelines (SOG) have been an integral part of the remuneration system for the Executive Board since 2019. They oblige the Chairman of the Executive Board to acquire Lufthansa shares worth twice his basic salary and ordinary Executive Board members to acquire shares worth one year's gross basic salary and to hold them for their term of office and beyond. Executive Board members must demonstrate annually that they meet this obligation.

The minimum number of Lufthansa shares to be purchased by the current Executive Board members was determined at the beginning of the term of office based on the average share price over the 125 trading days before the service contract begins. Shares are to be acquired over a four-year period. Existing shareholdings can be included in the calculation.

In connection with the restrictions on Executive Board remuneration for the duration of the ESF stabilisation measures, the Supervisory Board has decided to suspend the four-year acquisition period for as long as the stabilisation measures are in place, starting on 21 June 2020. After the stabilisation measures were fully brought to a close on 13 September 2022, this period has now resumed and will be extended accordingly for the current Executive Board members.

T194 SHAREHOLDINGS OF CURRENT EXECUTIVE BOARD MEMBERS

	Number of Lufthansa shares which must be held according to SOG	Shareholdings as of 31 Dec 2023
Carsten Spohr	180,596[1]	321,950
Christina Foerster	56,126	38,408
Harry Hohmeister	41,044	152,096
Detlef Kayser	41,044	44,640
Michael Niggemann	56,126	100,000
Remco Steenbergen	128,847[1]	130,000

[1] In each case, taking into consideration the adjustment in the amount of basic pay as of 1 January 2023

The shares acquired in accordance with the SOG are to be held until the end of the service contract with the Executive Board member. After they leave, Executive Board members may sell 25% of their SOG shares per year.

Retirement benefits

The members of the Executive Board receive retirement benefit commitments based on a defined contribution plan. For the duration of their employment, every Executive Board member receives a fixed annual amount credited to their personal pension account. As of 1 January 2023, this amounts to EUR 990k for Mr Spohr, the Chairman of the Executive Board, to EUR 585k for Mr Steenbergen, the Chief Financial Officer, and to EUR 450k for an ordinary Executive Board member.

The investment guidelines are based on the investment concept for the Lufthansa Pension Trust, which also applies to staff members of Deutsche Lufthansa AG.

Retirement benefits are paid when the beneficiary reaches the retirement age of 60 years (if they are no longer an Executive Board member) or in the event of disability or death. If employment ends before retirement age is reached, the beneficiaries or their surviving dependants acquire a retirement benefit credit as defined in the investment concept. Deutsche Lufthansa AG guarantees the amounts paid into the retirement benefit account.

A supplementary risk capital sum will be added to the pension credit in the event of a claim for a disability pension or a pension for surviving dependants. This sum consists of the average contributions paid into the pension account over the past three years multiplied by the number of full years by which the claimant is short of the age of 60 from the time a pension entitlement arises.

The pension credit is paid out in ten instalments. On application by the Executive Board member or their surviving dependants, a payment as a lump sum or in fewer than ten instalments may also be made, subject to approval by the Company. The pension credits received until 31 December 2018 by Carsten Spohr and Harry Hohmeister may also be paid as an annuity, on application and with the approval of the Company.

Under his contract as a pilot, which is currently not active, Carsten Spohr is entitled to a transitional pension in accordance with the wage agreement “Transitional pensions for cockpit staff”. If Carsten Spohr leaves the Executive Board before he reaches the age of 60 and resumes his employment as a pilot, he is entitled to draw a “Transitional pension for cockpit staff at Lufthansa” once he becomes 60 or on request once he turns 55, in accordance with the provisions of the wage agreement. This additional benefit is paid if certain conditions of eligibility are met and provides for a monthly pension of up to 60% of the last modified salary until the beneficiary reaches the age of 63.

Pension entitlements in financial year 2023

The total amount of pension entitlements earned by active Executive Board members in the 2023 financial year was EUR 3.3m (previous year: EUR 3.0m) according to HGB and EUR 3.4m (previous year: EUR 3.2m) according to IFRS and was recognised in staff costs (current service cost). The individual service cost and present values of pension entitlements are as follows:

T195 PENSION ENTITLEMENTS ACCORDING TO HGB AND IFRS

	HGB		HGB		IFRS		IFRS	
	Current service costs		Settlement amount of pension obligations		Current service costs		Defined-benefit obligations (DBO)	
in € thousands	**2023**	2022	**31 Dec 2023**	As of 31 Dec 2022	**2023**	2022	**31 Dec 2023**	As of 31 Dec 2022
Carsten Spohr	958	810	10,493	8,730	996	865	10,490	8,728
Christina Foerster	426	427	2,060	1,411	457	459	2,053	1,398
Harry Hohmeister	442	435	4,887	4,018	450	451	4,887	4,017
Detlef Kayser	436	431	2,680	1,983	451	453	2,680	1,982
Michael Niggemann	430	433	2,111	1,457	461	464	2,100	1,438
Remco Steenbergen	589	450	1,635	909	601	482	1,634	907
Total	**3,281**	**2,986**	**23,866**	**18,508**	**3,416**	**3,174**	**23,844**	**18,470**

Remuneration awarded and due in financial year 2023 pursuant to Section 162 AktG
Pursuant to Section 162 AktG, the remuneration report must disclose the remuneration awarded and due to each current or former member of the Executive Board or the Supervisory Board in the past financial year.

Remuneration will be considered to have been awarded if it has fallen due in the reporting period and the individual Executive Board member has actually received it ("payment-based perspective"). According to the prevailing legal opinion regarding the interpretation of the term "award" in Section 162 AktG, remuneration components may, as an alternative, already be presented in the remuneration report for the reporting year in which the one-year or long-term activity constituting the basis for this remuneration has been performed in full ("accumulation-based perspective"). This perspective enables transparent reporting that is easy to understand, with the level of performance in the respective reporting year matching the level of remuneration. As in the previous year, the accumulation-based perspective is therefore used in the present report for the term "award" within the meaning of Section 162 AktG.

Accordingly, the amounts paid out for the annual bonus are already shown in the following tables for the reporting year, even though they will only be paid out after the end of the reporting year in question. Analogously, the amounts paid out for the long-term variable remuneration components are indicated in the reporting year in which the performance period ends, even though here too the payment will only be made in the following year.

The following section shows the remuneration awarded and due to each individual active and former Executive Board member in 2023, in accordance with Section 162 Paragraph 1 Sentence 1 AktG.

As well as the annual bonus for the 2023 financial year, the variable remuneration components awarded in this sense in the financial year include the payment under the LTI 2020.

Executive Board members active in the financial year
Table T196 shows the remuneration awarded and due to Executive Board members active in 2023 as defined in Section 162 Paragraph 1 Sentence 1 AktG, as well as the relative proportions of individual fixed and variable remuneration components. Although the expenses for retirement benefit commitments are not classified as awarded or owed remuneration within the meaning of Section 162 Paragraph 1 Sentence 1 AktG, they are also shown in the following tables for the sake of transparency and correspond to the service cost for pensions and other contractually agreed retirement benefits in accordance with IAS 19.

T196 REMUNERATION AWARDED AND DUE IN ACCORDANCE WITH SECTION 162 PARAGRAPH 1 SENTENCE 1 AKTG – EXECUTIVE BOARD MEMBERS ACTIVE IN 2023

	Carsten Spohr, Chairman of the Executive Board Chairman since 1 May 2014; Member of the Executive Board since 1 Jan 2011				Christina Foerster Member of the Executive Board since 1 Jan 2020				Harry Hohmeister Member of the Executive Board since 1 Jan 2013			
in € thousands	**2023**	**2023**[1]	2022	2022[1]	**2023**	**2023**[1]	2022	2022[1]	**2023**	**2023**[1]	2022	2022[1]
Fixed remuneration												
Basic salary	1,892	41.3%	1,634	38.5%	860	40.6%	860	44.6%	860	40.4%	860	38.1%
Ancillary benefits	51	1.1%	38	0.9%	39	1.8%	27	1.4%	47	2.2%	34	1.5%
Total	**1,943**	**42.5%**	**1,672**	**39.4%**	**899**	**42.4%**	**887**	**46.0%**	**907**	**42.6%**	**894**	**39.6%**
Variable remuneration												
One-year variable remuneration	2,313	50.5%	2,280	53.8%	1,051	49.6%	1,042	54.0%	1,051	49.4%	1,200	53.1%
Long-term variable remuneration	–		–		–		–		–		–	
LTI 2020 (2019)	321	7.0%	199	4.7%	169	8.0%	–		169	7.9%	104	4.6%
Option programme LH-Performance 2018	–		90	2.1%	–		–		–		60	2.7%
Total	**2,634**	**57.5%**	**2,569**	**60.6%**	**1,220**	**57.6%**	**1,042**	**54.0%**	**1,220**	**57.4%**	**1,364**	**60.4%**
Total remuneration as defined in Section 162 AktG	**4,577**	**100.0%**	**4,241**	**100.0%**	**2,119**	**100.0%**	**1,929**	**100.0%**	**2,127**	**100.0%**	**2,258**	**100.0%**
Service cost	996	–	865	–	457	–	459	–	450	–	451	–
Total remuneration	**5,573**	**–**	**5,106**	**–**	**2,576**	**–**	**2,388**	**–**	**2,577**	**–**	**2,709**	**–**

[1] The relative proportions indicated here relate to the total remuneration shown in the table as defined in Section 162 AktG excluding retirement benefit expenses.

T196 REMUNERATION AWARDED AND DUE IN ACCORDANCE WITH SECTION 162 PARAGRAPH 1 SENTENCE 1 AKTG – EXECUTIVE BOARD MEMBERS ACTIVE IN 2023 (continued)

	Detlef Kayser Member of the Executive Board since 1 Jan 2019				Michael Niggemann Member of the Executive Board since 1 Jan 2020				Remco Steenbergen Member of the Executive Board since 1 Jan 2021			
in € thousands	**2023**	**2023** [1]	2022	2022 [1]	**2023**	**2023** [1]	2022	2022 [1]	**2023**	**2023** [1]	2022	2022 [1]
Fixed remuneration												
Basic salary	860	40.6%	860	42.3%	860	40.6%	860	42.2%	1,118	31.7%	860	27.8%
Ancillary benefits	37	1.7%	26	1.3%	38	1.8%	32	1.6%	63	1.8%	61	2.0%
Total	**897**	**42.4%**	**886**	**43.6%**	**898**	**42.4%**	**892**	**43.7%**	**1,181**	**33.5%**	**921**	**29.7%**
Variable remuneration												
One-year variable remuneration	1,051	49.6%	1,042	51.3%	1,051	49.6%	1,147	56.3%	1,367	38.8%	1,200	38.8%
Long-term variable remuneration	–		0	0	–		–		–		–	
LTI 2020 (2019)	169	8.0%	104	5.1%	169	8.0%	–		–		–	
Option programme LH-Performance 2018	–		–		–		–		–		–	
Total	**1,220**	**57.6%**	**1,146**	**56.4%**	**1,220**	**57.6%**	**1,147**	**56.3%**	**1,367**	**38.8%**	**1,200**	**38.8%**
Other [2]	–	–	–	–	–	–	–	–	975	27.7%	975	31.5%
Total remuneration as defined in Section 162 AktG	**2,117**	**100.0%**	**2,032**	**100.0%**	**2,118**	**100.0%**	**2,039**	**100.0%**	**3,523**	**100.0%**	**3,096**	**100.0%**
Service cost	451	–	453	–	461	–	464	–	601	–	482	–
Total remuneration	**2,568**	**–**	**2,485**	**–**	**2,579**	**–**	**2,503**	**–**	**4,124**	**–**	**3,578**	**–**

[1] The relative proportions indicated here relate to the total remuneration shown in the table as defined in Section 162 AktG excluding retirement benefit expenses.
[2] The Supervisory Board agreed to a one-off gross payment of EUR 2,925,000 to Remco Steenbergen in compensation for his loss of benefits from his previous employer. The compensation was paid in three instalments of EUR 975k each in the years 2021, 2022 and 2023, and is not offset against the maximum remuneration for those years as defined in Section 87a Paragraph 1 Sentence 2 No. 1 AktG.

In 2023, the members of the Executive Board received no benefits or promises of benefits from third parties relating to their work on the Executive Board.

Former Executive Board members

Table T197 shows the remuneration awarded and due to former Executive Board members in 2023 in accordance with Section 162 Paragraph 1 sentence 1 AktG. In accordance with Section 162 Paragraph 5 AktG, no personal data was disclosed for former Executive Board members who left the Executive Board before 31 December 2013.

T197 REMUNERATION AWARDED AND DUE IN ACCORDANCE WITH SECTION 162 PARAGRAPH 1 SENTENCE 1 AKTG - FORMER EXECUTIVE BOARD MEMBERS

	Fixed and variable remuneration		Pensions		
in € thousands	Ancillary benefits	LTI 2020	Annuity	Capital payment	**Total**
Thorsten Dirks Member of the Executive Board until 30 June 2020	–	–	–	1,663	1,663
Ulrik Svensson Member of the Executive Board until 30 April 2020	1	56	–	–	57
Bettina Volkens Member of the Executive Board until 31 December 2019	2		–	3,491	3,493
Karl Ulrich Garnadt Member of the Executive Board until 30 April 2017	2	–	–	116	118

Total current payments and other benefits to former Executive Board members (including the individual payments shown in Table T197) and their surviving dependants came to EUR 9.2m in the reporting year (previous year: EUR 5.7m). This also includes non-cash benefits and concessionary travel. Pension obligations toward former Executive Board members and their surviving dependants amount to EUR 49.7m (previous year: EUR 51.3m).

Remuneration of Supervisory Board members

Structure of Supervisory Board remuneration

The rules for the remuneration of Supervisory Board members applicable since 1 January 2023 are based on a resolution passed by the Annual General Meeting on 9 May 2023. The remuneration is still structured as a purely fixed remuneration, whereby the attendance fee paid for attending a physical meeting no longer applies as of 1 January 2023. The Supervisory Board remuneration reflects the responsibility assumed by the members of the Supervisory Board and the scope of their work. Additional remuneration is an appropriate reflection of the higher time commitment by the Chair and the Deputy Chair of the Supervisory Board, and by the members and Chairs of the committees.

Section 113 Paragraph 3 AktG stipulates that the Annual General Meeting of a listed company must pass a resolution on Supervisory Board remuneration at least every four years. The Annual General Meeting on 9 May 2023 approved the changes to the remuneration of Supervisory Board members in Article 14 of the revised Articles of Association with 98.27% of the votes, and approved and confirmed the underlying changes to the remuneration system.

Ordinary Supervisory Board members receive remuneration of EUR 100k for each financial year in accordance with Section 14 Paragraph 1 of the Articles of Association. The Chairman receives EUR 300k and the Deputy Chairman EUR 150k. The Chair of the Audit Committee and the Chair of the Steering Committee receive an additional EUR 100k each; other members of the Audit Committee receive an additional EUR 50k. Chairs of other committees receive an additional EUR 50k and other members of other committees receive an additional EUR 25k. Remuneration for committee work is subject to the proviso that the committee must have met at least once in the financial year. The additional remuneration for committee work is limited to two committee payments, whereby in this case the two highest committee payments are taken.

If Supervisory Board members leave the Supervisory Board or a position on one of its committees for which additional remuneration is paid during the course of a financial year, they receive their remuneration pro rata temporis. Pro rata temporis remuneration for committee work is subject to the proviso that the committee must have met at least once before their departure.

Fixed remuneration and remuneration for committee work are due at the end of each financial year. Supervisory Board remuneration for the 2023 financial year was paid in January 2024.

Remuneration awarded and due in financial year 2023 pursuant to Section 162 AktG

The remuneration awarded and due to Supervisory Board members for the 2023 financial year (fixed remuneration, remuneration for committee work and attendance fees) amounted to EUR 2,965k (previous year: EUR 2,229k).

Table T198 shows the amounts for the individual Supervisory Board members. The fixed remuneration and the remuneration for committee work is the remuneration owed for the financial year in question, since this remuneration falls due at the close of that financial year.

T198 REMUNERATION AWARDED AND DUE IN ACCORDANCE WITH SECTION 162 AKTG – SUPERVISORY BOARD MEMBERS

	2023[1]					2022[2]						
	Fixed remuneration		**Remuneration for committee work**		**Total Supervisory Board remunera-tion**	Fixed remuneration		Remuneration for committee work		Attendance fees		Total Supervisory Board remuneration
	in € thousands	**in %**	**in € thousands**	**in %**	**in € thousands**	in € thousands	in %	in € thousands	in %	in € thousands	in %	in € thousands
Karl-Ludwig Kley	300	80.0	75	20.0	375	240	78.7	60	19.7	5.0	1.6	305
Christine Behle	150	86.2	24	13.8	174	120	84.2	20	14.0	2.5	1.8	143
Alexander Behrens (until 28 Jul 2023)	57	67.1	28	32.9	85	80	70.2	30	26.3	4.0	3.5	114
Tim Busse (since 29 Jul 2023)	43	100.0	–	0.0	43	–	0.0	–	0.0	–	0.0	–
Jörg Cebulla (until 28 Jul 2023)	57	67.1	28	32.9	85	80	69.6	30	26.1	5.0	4.3	115
Erich Clementi	100	66.7	50	33.3	150	80	97.6	–	–	2.0	2.4	82
Thomas Enders	100	57.1	75	42.9	175	80	64.5	40	32.3	4.0	3.2	124
Karl Gernandt (since 9 May 2023)	65	100.0	–	0.0	65	–	0.0	–	0.0	–	0.0	–
Sara Grubisic (since 29 Jul 2023)	43	81.1	10	18.9	53	–	0.0	–	0.0	–	0.0	–
Christian Hirsch (since 29 Jul 2023)	43	68.3	20	31.7	63	–	0.0	–	0.0	–	0.0	–
Jamila Jadran (since 29 Jul 2023)	43	100.0	–	0.0	43	–	0.0	–	0.0	–	0.0	–
Jürgen Jennerke (until 28 Jul 2023)	57	100.0	–	0.0	57	80	97.0	–	0.0	2.5	3.0	83
Arne Christian Karstens (since 29 Jul 2023)	43	68.3	20	31.7	63	–	0.0	–	0.0	–	0.0	–
Michael Kerkloh	100	66.7	50	33.3	150	80	70.2	30	26.3	4.0	3.5	114
Carsten Knobel	100	66.7	50	33.3	150	80	71.4	30	26.8	2.0	1.8	112
Holger Benjamin Koch	100	74.6	34	25.4	134	80	98.2	–	0.0	1.5	1.8	82
Harald Krüger	100	44.4	125	55.6	225	80	48.5	80	48.5	5.0	3.0	165
Marvin Reschinsky (since 29 Jul 2023)	43	81.1	10	18.9	53	–	0.0	–	0.0	–	0.0	–
Birgit Rohleder	100	100.0	–	0.0	100	80	97.0	–	0.0	2.5	3.0	83
Miriam Sapiro (until 9 May 2023)	35	100.0	–	0.0	35	80	98.2	–	0.0	1.5	1.8	82
Ilja Schulz (until 28 Jul 2023)	57	57.0	43	43.0	100	80	76.9	20	19.2	4.0	3.8	104
Britta Seeger	100	100.0	–	0.0	100	80	99.4	–	0.0	0.5	0.6	81
Birgit Spineux (until 28 Jul 2023)	57	100.0	–	0.0	57	80	97.0	–	0.0	2.5	3.0	83
Astrid Stange	100	100.0	–	0.0	100	80	97.6	–	0.0	2.0	2.4	82
Olivia Stelz (until 28 Jul 2023)	57	100.0	–	0.0	57	80	97.0	–	0.0	2.5	3.0	83
Angela Titzrath	100	80.0	25	20.0	125	80	98.2	–	0.0	1.5	1.8	82
Klaus Winkler	100	67.6	48	32.4	148	80	69.9	30	26.2	4.5	3.9	115
Total	**2,250**	**75.9**	**715**	**24.1**	**2,965**	**1,800**	**80.8**	**370**	**16.6**	**59.0**	**2.6**	**2,229**

[1] Remuneration for financial year 2023 due according to Section 162 AktG, paid in January 2024.
[2] Remuneration for financial year 2022 due according to Section 162 AktG, paid in January 2023.

The contributions made for the insurance premium for the members of the Supervisory Board within the scope of Deutsche Lufthansa AG's group accident insurance policy totalled EUR 2k (previous year: EUR 3k). Furthermore, the Supervisory Board members of Deutsche Lufthansa AG were paid EUR 13k (previous year: EUR 21k) for their work on supervisory boards of Group companies.

Disclosures on relative changes in Executive Board and Supervisory Board remuneration, the remuneration of the rest of the workforce and Company profitability

Table **T199** shows the annual change in remuneration for members of the Executive Board and the Supervisory Board, the average remuneration of the remaining workforce and the annual change in this remuneration, as well as year-on-year changes in selected earnings indicators for the Lufthansa Group. The remuneration of Executive Board members and Supervisory Board members shown in Tables **T196** and **T198** represents the remuneration awarded and due in the financial year within the meaning of Section 162 Paragraph 1 Sentence 1 AktG.

Profitability is partly shown by reference to revenue and Adjusted EBIT for the Lufthansa Group. The latter is a key performance indicator for the Group and forms the basis for the financial targets in the variable remuneration of the Executive Board. The net profit for the year for Deutsche Lufthansa AG is also shown.

The presentation of average remuneration for FTE employees is based on the employees of the German companies in the Lufthansa collective bargaining group (without Lufthansa CityLine GmbH). A further distinction is made between the total workforce and those covered by collective bargaining agreements. The changes in remuneration compared with the financial year 2022 reflect the pay scale increases in 2023, offset by structural effects from the departure of long-standing employees and the simultaneous recruitment of staff with entry-level remuneration.

T199 COMPARATIVE PRESENTATION OF CHANGES IN THE REMUNERATION OF THE EXECUTIVE BOARD, THE SUPERVISORY BOARD AND THE WORKFORCE, AS WELL AS THE DEVELOPMENT OF PROFITABILITY[1]

	2019	2020	Change 19/20	2021	Change 21/20	2022	Change 22/21	2023	Change 23/22
I. Executive Board remuneration in € thousands									
Active Executive Board members									
Carsten Spohr	4,587	2,888	**-37.0%**	1,676.0	**-42.0%**	4,241	**153.0%**	4,577	**7.9%**
Christina Foerster (since 1 Jan 2020)	–	775	**–**	904.0	**16.6%**	1,929	**113.4%**	2,119	**9.8%**
Harry Hohmeister	2,711	1,700	**-37.3%**	901.0	**-47.0%**	2,276	**152.6%**	2,127	**-6.5%**
Detlef Kayser	872	780	**-10.6%**	893.0	**14.5%**	2,032	**127.5%**	2,117	**4.2%**
Michael Niggemann (since 1 Jan 2020)	–	775	**–**	902.0	**16.4%**	2,039	**126.1%**	2,118	**3.9%**
Remco Steenbergen (since 1 Jan 2021)	–	–	**–**	1,898.0	**–**	3,096	**63.1%**	3,523	**13.8%**
Former Executive Board members									
Thorsten Dirks (until 30 Jun 2020)	1,538	709	**-53.9%**	–	**-100.0%**	60	**–**	1,663	**2,671.7%**
Ulrik Svensson (until 30 Apr 2020)	1,718	639	**-62.8%**	–	**-100.0%**	2,158	**–**	57	**-97.4%**
Bettina Volkens (until 31 Dec 2019)	2,715	914	**-66.3%**	–	**-100.0%**	144	**–**	3,493	**2,325.7%**
Karl-Ulrich Garnadt (until 30 Apr 2017)	254	–	**-100.0%**	1	**–**	130	**12,900.0%**	118	**-9.2%**
II. Average remuneration for workforce in €									
Overall workforce in Germany	69,253	59,814	**-13.6%**	59,117	**-1.2%**	79,780	**35.0%**	86,535	**8.5%**
Pay-scale staff in Germany	63,705	55,939	**-12.2%**	55,237	**-1.3%**	72,350	**31.0%**	78,505	**8.5%**
III. Earnings indicators in €m									
Net profit/loss for the year Deutsche Lufthansa AG	595	-780	**-231.1%**	-2,310	**-196.2%**	-2,664	**-15.3%**	6,765	**353.9%**
Adjusted EBIT	2,026	-5,451	**-369.1%**	-1,666	**69.4%**	1,509	**190.6%**	2,682	**-77.7%**
Revenue	36,424	13,589	**-62.7%**	16,811	**23.7%**	32,770	**94.9%**	35,422	**8.1%**

[1] Figures for Executive Board and Supervisory Board members and the workforce are based on remuneration awarded and due in 2023 within the meaning of Section 162 Paragraph 1 Sentence 1 AktG.

T199 COMPARATIVE PRESENTATION OF CHANGES IN THE REMUNERATION OF THE EXECUTIVE BOARD, THE SUPERVISORY BOARD AND THE WORKFORCE, AS WELL AS THE DEVELOPMENT OF PROFITABILITY[1] (continued)

	2019	2020	Change 19/20	2021	Change 21/20	2022	Change 22/21	2023	Change 23/22
IV. Remuneration Supervisory Board[2)3)] **in € thousands**									
Karl-Ludwig Kley	305	265	–13.1%	302	13.8%	305	1.2%	375	23.0%
Christine Behle	143	124	–13.3%	141	13.7%	143	1.1%	174	22.2%
Alexander Behrens (until 28 Jul 2023)	114	97	–14.9%	113	16.0%	114	1.3%	86	–24.9%
Jörg Cebulla (until 28 Jul 2023)	114	98	–14.0%	113	14.8%	115	2.2%	86	–25.6%
Erich Clementi (since 5 May 2020)	–	45	–	81	80.0%	82	1.2%	150	82.9%
Thomas Enders (since 5 May 2020)	–	57	–	121	112.3%	124	2.5%	175	41.1%
Christian Hirsch (8 May 2018 until 31 Dec 2020 & since 29 Jul 2023)	80	70	–12.5%	–	–	–	–	63	
Jürgen Jennerke (8 Dec 2020 until 28 Jul 2023)	–	5	–	81	1,520.0%	83	1.9%	57	–30.5%
Michael Kerkloh (since 2 Sep 2020)	–	33	–	112	237.9%	114	2.2%	150	31.6%
Carsten Knobel	113	97	–14.2%	111	14.4%	112	0.9%	150	33.9%
Holger Benjamin Koch	82	71	–13.4%	81	14.1%	82	0.6%	134	64.7%
Harald Krüger (since 5 May 2020)	–	46	–	142	209.1%	165	16.0%	225	36.4%
Birgit Rohleder	82	71	–13.4%	81	14.1%	83	1.9%	100	21.2%
Miriam Sapiro (until 9 May 2023)	82	70	–14.6%	81	15.0%	82	1.2%	35	–56.8%
Ilja Schulz (until 28 Jul 2023)	104	90	–13.5%	102	12.8%	104	2.5%	100	–4.0%
Britta Seeger (since 4 May 2021)	–	–	–	54	–	81	49.3%	100	24.2%
Birgit Spineux (1 Jan 2021 until 28 Jul 2023)	–	–	–	81	–	83	1.9%	57	–30.5%
Astrid Stange (since 5 May 2020)	–	45	–	81	80.0%	82	1.2%	100	22.0%
Olivia Stelz (until 28 Jul 2023)	82	71	–13.4%	81	14.1%	83	1.9%	57	–30.5%
Angela Titzrath (since 2 Sep 2020)	–	25	–	81	222.0%	82	1.2%	125	53.4%
Klaus Winkler	82	70	–14.6%	113	60.7%	115	1.8%	148	29.6%

[1] Figures for Executive Board and Supervisory Board members and the workforce are based on remuneration awarded and due in 2023 within the meaning of Section 162 Paragraph 1 Sentence 1 AktG.

[2] Up to and including the 2022 financial year, in addition to fixed remuneration for membership of the Supervisory Board and its committees, the Supervisory Board's remuneration also includes the attendance fees paid for personal attendance at a physical meeting up to this date.

[3] Disclosures do not include Tim Busse, Karl Gernandt, Sara Grubisic, Jamila Jadran, Arne Christian Karstens or Marvin Reschinsky, since they have only been Supervisory Board members since 2023 and therefore received no Supervisory Board remuneration in previous years.

For the Supervisory Board
Dr Karl-Ludwig Kley, Chairman

For the Executive Board
Carsten Spohr, Chairman

FURTHER INFORMATION

GRI-INDEX

T200 GRI CONTENT INDEX

Statement of use	Deutsche Lufthansa AG has reported the information cited in this GRI content index for the period 01. January 2023 - 31. December 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard		Disclosures		Location Annual Report including the combined non-financial declaration of the Lufthansa Group 2023 (unless stated otherwise)
GRI 2:	**General Disclosures 2021**	2-1	Organizational details	Name: Deutsche Lufthansa AG Type of ownership and legal structure → **p. 165** Location of company headquarters → **p. 165** Countries → **p. 259ff.**
		2-2	Entities included in the organization's sustainability reporting	List of entities → **p. 259ff.** Composition of the Group/group of consolidated companies → **p. 18** Disclosures on the business model → **p. 18** In view of the different activities of the entities in the group of consolidated companies, only those entities are included in the measurement of individual performance indicators that make a material contribution to this performance indicator and are necessary for an understanding of it.
		2-3	Reporting period, frequency and contact point	Annual Report including combined non-financial declaration Reporting period: 1 January – 31 December 2023 Date of publication: 7 March 2024 Contact → **p. 329**
		2-4	Restatements of information	The Lufthansa Group monitors its Compliance Management System via various performance indicators in line with its defined purpose. Following a review of the informative value of the performance indicators used to date, these were revised in the reporting year. They now comprise training ratios and the number of reports submitted. → **p. 113**
		2-5	External assurance	→ **p. 268**
		2-6	Activities, value chain and other business relationships	Principles of the Group/Business activities and Group structure → **p. 18**
		2-7	Employees	Employees → **p. 30** To the extent that the Lufthansa Group gathers additional data, the data for the reporting year is only available after the publication date and is published subsequently in the Lufthansa Group's "Sustainability Fact Sheet 2023" for the reporting year. Data for the previous year is published in the "Sustainability Fact Sheet 2022". **Sustainability Fact Sheet 2022, p. 27ff.**
		2-9	Governance structure and composition	Principles of the Group/Business activities and Group structure → **p. 18** Corporate Governance/Supervisory Board and Executive Board → **p. 148**
		2-12	Role of the highest governance body in overseeing the management of impacts	Corporate responsibility is firmly established in the organisational structure → **p. 76f.**
		2-13	Delegation of responsibility for managing impacts	Corporate responsibility is firmly established in the organisational structure → **p. 76f.**

T200 GRI CONTENT INDEX

GRI Standard		Disclosures		Location Annual Report including the combined non-financial declaration of the Lufthansa Group 2023 (unless stated otherwise)
		2-14	Role of the highest governance body in sustainability reporting	Material aspects → **p. 75f.**
		2-15	Conflicts of interest	Corporate Governance/Supervisory Board and Executive Board/Mandates → **p. 148**
		2-17	Collective knowledge of the highest governance body	The ESG strategy is reviewed annually and discussed with the Executive Board as part of the Strategic Roadmap Discussions. In addition, the details of the more stringent reporting requirements from the 2024 financial year onwards resulting from the required transposition of the Corporate Sustainability Reporting Directive (CSRD) were presented, together with their significance for the Lufthansa Group. → **p. 76f.**
		2-19	Remuneration policies	Remuneration report → **p. 278**
		2-20	Process to determine remuneration	Remuneration report → **p. 278**
		2-22	Statement on sustainable development strategy	Group strategy → **p. 19**
		2-23	Policy commitments	Values and guidelines → **p. 74f.** Code of conduct **investor-relations.lufthansagroup.com** Corporate Governance & Compliance **investor-relations.lufthansagroup.com**
		2-24	Embedding policy commitments	Values and guidelines → **p. 74f.** Environmental concerns → **p. 78ff.** Business ethics and compliance → **p. 110ff.** Responsible supply chain management → **p. 117f.**
		2-25	Processes to remediate negative impacts	**responsibility.lufthansagroup.com**
		2-26	Mechanisms for seeking advice and raising concerns	Advisory services are an integral part of the Compliance Management System → **p. 111** Whistle-blower channels for reporting compliance violations. → **p. 112**
		2-28	Membership associations	Active involvement in national and international associations and sustainability initiatives → **p. 78** **responsibility.lufthansagroup.com**
		2-29	Approach to stakeholder engagement	Material aspects → **p. 75f.**
		2-30	Collective bargaining agreements	Labour union partners are firmly established at the Lufthansa Group. → **p. 101**
GRI 3:	**Material Topics 2021**	3-1	Process to determine material topics	Materiality analysis → **p. 75f.**
		3-2	List of material topics	G22 → **p. 76**
		3-3	Management of material topics	The reporting structure of the combined non-financial declaration reflects the material aspects identified. It includes a separate chapter for each material aspect. Each chapter reports on impact management by describing the conceptual approach, the organisational foundations and responsibilities, targets, measures and performance indicators. Table of contents → **p. 73** About this combined non-financial declaration → **p. 74**
GRI 204:	**Procurement Practices 2015**	3-3	Management of material topics	Responsible supply chain management → **p. 117ff.**
GRI 205:	**Anti-corruption 2016**	3-3	Management of material topics	Business ethics and compliance, including fighting corruption and bribery. → **p. 110ff.**
		205-2	Communication and training about anti-corruption policies and procedures	Performance indicator → **p. 113**

T200 GRI CONTENT INDEX

GRI Standard		Disclosures		Location Annual Report including the combined non-financial declaration of the Lufthansa Group 2023 (unless stated otherwise)
GRI 206:	**Anti-competitive Behavior 2016**	3-3	Management of material topics	Business ethics and compliance, including fighting corruption and bribery. → **p. 110ff.**
GRI 305:	**Emissions 2016**	3-3	Management of material topics	Climate protection → **p. 79ff.**
		305-1	Direct (Scope 1) GHG emissions	Performance indicator → **p. 87**
		305-2	Energy indirect (Scope 2) GHG emissions	The data for the reporting year is only available after the publication date and is published subsequently in the Lufthansa Group's "Sustainability Fact Sheet 2023" for the reporting year. Data for the previous year is published in the "Sustainability Fact Sheet 2022". **Sustainability Fact Sheet 2022, p. 21**
		305-3	Other indirect (Scope 3) GHG emissions	The data for the reporting year is only available after the publication date and is published subsequently in the Lufthansa Group's "Sustainability Fact Sheet 2023" for the reporting year. Data for the previous year is published in the "Sustainability Fact Sheet 2022". **Sustainability Fact Sheet 2022, p. 21**
		305-4	GHG emissions intensity	Performance indicator → **p. 87**
		305-5	Reduction of GHG emissions	The data for the reporting year is only available after the publication date and is published subsequently in the Lufthansa Group's "Sustainability Fact Sheet 2023" for the reporting year. Data for the previous year is published in the "Sustainability Fact Sheet 2022". **Sustainability Fact Sheet 2022, p. 3**
		305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	The data for the reporting year is only available after the publication date and is published subsequently in the Lufthansa Group's "Sustainability Fact Sheet 2023" for the reporting year. Data for the previous year is published in the "Sustainability Fact Sheet 2022". **Sustainability Fact Sheet 2022, p. 20**
GRI 306:	**Waste 2020**	3-3	Management of material topics	Waste management → **p. 90ff.**
		306-1	Waste generation and significant waste-related impacts	→ **p. 90**
		306-2	Management of significant waste-related impacts	→ **p. 91 ff.**
GRI 308:	**Supplier Environmental Assessment 2016**	3-3	Management of material topics	Responsible supply chain management → **p. 117ff.**
		308-1	New suppliers that were screened using environmental criteria	In order to identify human rights, environmental, compliance and financial risks within the supply chain even before a contract is awarded and to ensure compliance with the Group's standards, the Lufthansa Group has established a supplier review process. → **p. 118** Risk management system updated → **p. 119**

T200 GRI CONTENT INDEX

GRI Standard	Disclosures		Location Annual Report including the combined non-financial declaration of the Lufthansa Group 2023 (unless stated otherwise)
GRI 401: Employment 2017	3-3	Management of material topics	Employee concerns → **p. 98ff.** Attractiveness as an employer → **p. 99ff.** Diversity and equal opportunities → **p. 102ff.** Health and safety at work → **p. 106ff.**
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Offerings are structured differently for specific employee groups and entities. Health care → **p. 106ff.** Other services → **p. 99f.** To the extent that the Lufthansa Group gathers additional data, the data for the reporting year is only available after the publication date and is published subsequently in the Lufthansa Group's "Sustainability Fact Sheet 2023" for the reporting year. Data for the previous year is published in the "Sustainability Fact Sheet 2022". → **Sustainability Fact Sheet 2022, p. 28–35**
	401-3	Parental leave	To the extent that data is gathered, the data for the reporting year is only available after the publication date and is published subsequently in the Lufthansa Group's "Sustainability Fact Sheet 2023" for the reporting year. Data for the previous year is published in the "Sustainability Fact Sheet 2022". Parents taking parental leave, by gender: **Sustainability Fact Sheet 2022, p. 30**
GRI 403: Occupational Health and Safety 2018	3-3	Management of material topics	Health and safety at work → **p. 106ff.**
	403-1	Occupational health and safety management system	→ **p. 106ff.**
	403-2	Hazard identification, risk assessment, and incident investigation	→ **p. 106ff.**
	403-3	Occupational health services	→ **p. 106ff.**
	403-4	Worker participation, consultation, and communication on occupational health and safety	→ **p. 106ff.** Health Index as key indicator for employee health improves slightly → **p. 108**
	403-5	Worker training on occupational health and safety	→ **p. 106ff.** Processes have been established to provide for transparency and standardised mandatory training on occupational health and safety → **p. 106ff.**
	403-6	Promotion of worker health	Health-promoting services established → **p. 106ff.**
	403-9	Work-related injuries	Accident figures enable effectiveness audits → **p. 108**
GRI 404: Training and Education 2016	3-3	Management of material topics	Transformation capability → **p. 104ff.**
	404-2	Programs for upgrading employee skills and transition assistance programs	→ **p. 104ff.**
GRI 405: Diversity and Equal Opportunity 2016	3-3	Management of material topics	Business ethics and compliance → **p. 110ff.** Diversity and equal opportunities → **p. 102ff.**
	405-1	Diversity of governance bodies and employees	To the extent that data is gathered, the data for the reporting year is only available after the publication date and is published subsequently in the Lufthansa Group's "Sustainability Fact Sheet 2023" for the reporting year. Data for the previous year is published in the "Sustainability Fact Sheet 2022". Women on the Supervisory Board: **Sustainability Fact Sheet 2022, p. 31** Employees by professional group and gender: **Sustainability Fact Sheet 2022, p. 27**

T200 GRI CONTENT INDEX

GRI Standard		Disclosures		Location Annual Report including the combined non-financial declaration of the Lufthansa Group 2023 (unless stated otherwise)
GRI 406:	**Non-discrimination 2016**	3-3	Management of material topics	Business ethics and compliance → **p. 110ff.** Diversity and equal opportunities → **p. 102ff.** Respect for human rights → **p. 113ff.**
GRI 407:	**Freedom of Association and Collective Bargaining 2016**	3-3	Management of material topics	Business ethics and compliance → **p. 110ff.** Attractiveness as an employer → **p. 99ff.** Responsible supply chain management → **p. 117ff.** Respect for human rights → **p. 113ff.**
GRI 408:	**Child Labor 2016**	3-3	Management of material topics	Business ethics and compliance → **p. 110ff.** Responsible supply chain management → **p. 117ff.** Respect for human rights → **p. 113ff.**
GRI 409:	**Forced or Compulsory Labor 2016**	3-3	Management of material topics	Business ethics and compliance → **p. 110ff.** Responsible supply chain management → **p. 117ff.** Respect for human rights → **p. 113ff.**
GRI 413:	**Local Communities 2016**	3-3	Management of material topics	Active noise abatement → **p. 88ff.** Social concerns → **p. 108ff.**
GRI 414:	**Supplier Social Assessment 2016**	3-3	Management of material topics	Responsible supply chain management → **p. 117ff.**
		414-1	New suppliers that were screened using social criteria	In order to identify human rights, environmental, compliance and financial risks within the supply chain even before a contract is awarded and to ensure compliance with the Group's standards, the Lufthansa Group has established a supplier review process. → **p. 118** Risk management system updated → **p. 119**
GRI 415:	**Public Policy 2016**	3-3	Management of material topics	Responsible political engagement → **p. 116f.**
GRI 416:	**Customer Health and Safety 2016**	3-3	Management of material topics	Customer concerns → **p. 93ff.**
		416-1	Assessment of the health and safety impacts of product and service categories	High customer satisfaction is a key success factor for Lufthansa Group → **p. 93f.**
GRI 418:	**Customer Privacy 2016**	3-3	Management of material topics	Data protection and data security are playing an increasingly important role → **p. 94**
Additional information beyond GRI standards		3-3	Management of material topics	Environmental concerns → **p. 78ff.**
		3-3	Management of material topics	Active noise abatement → **p. 88ff.**
			Performance indicator	Percentage of aircraft that meet the 10 dB criterion of the ICAO Chapter 4 standard → **p. 90**
		3-3	Management of material topics	Operational stability → **p. 94f.**
			Performance indicator	Departure punctuality, regularity → **p. 95**
		3-3	Management of material topics	Product and services → **p. 95ff.**
			Performance indicator	Customer satisfaction/Net Promoter Score → **p. 98**
			Performance indicator	Compliance-related report numbers → **p. 113**
		3-3	Management of material topics	Respect for human rights → **p. 113ff.**
		3-3	Management of material topics	Applicability of the EU Taxonomy Regulation → **p. 120**

SUSTAINABLE DEVELOPMENT GOALS (SDG) INDEX

T201 SUSTAINABLE DEVELOPMENT GOALS (SDG)

SDG	Sub-target	Aspect/issue	Lufthansa Group's contribution to achieving the global SDGs as defined in the 2030 Agenda of the United Nations	Page
3 GOOD HEALTH AND WELL-BEING	3.3	Employee concerns/Health and safety at work	Preventive vaccination campaigns are being carried out. The Lufthansa Group offers its employees the chance to get vaccinated to protect them against a serious bout of influenza. The Group's Medical Services provided 4,395 vaccinations in 2023.	→ p. 108
	3.4	Employee concerns/Health and safety at work	Psychosocial counselling provides stability in difficult situations Health-promoting services are established	→ p. 107
			Managers and employees receive support covering the challenges of hybrid working	→ p. 107
			Processes have been established to provide for transparency and standardised mandatory training on occupational health and safety	→ p. 108
	3.8	Employee concerns/Health and safety at work	The Medical Centres in Hamburg, Frankfurt and Munich provide a holistic range of healthcare services spanning occupational and aviation medicine, infectious diseases, tropical medicine and travel medicine, outpatient and emergency care and socio-medical counselling.	→ p. 108
			The entire Medical Services department, including Psychosocial Counselling and Passenger Medical Care, is certified according to the DIN ISO 9001:2015 quality management system. This certificate was renewed on the basis of an external audit in the summer of 2023.	→ p. 106
			In 2023, the Health Index was again tracked through the "involve me!" employee survey. The figure of 2.32 represented a slight improvement on the previous year's 2.42. The results are measured on a scale from 1 (best) to 5 (worst).	→ p. 108
			Accident figures enable effectiveness audits: In 2023, the accident figures included all of the companies that are insured in Germany by the employers' liability insurance association for the transport sector and that employ a total of 88% of the Lufthansa Group's employees worldwide and 94% of its employees in Germany. In addition, by comparison with 2022, SWISS, Austrian Airlines and most of the international production businesses of the Lufthansa Technik group were included. For every one million hours worked, the initial incidence of work-related injuries in the reporting year was 7.8. However, the figure calculated for 2023 is provisional, since the data will be compared with the employers' liability insurance association after the publication of this report. All events that resulted in downtime of at least one calendar day are included in the calculation of this indicator. By way of comparison, the volume of accidents for all of the companies insured with the employers' liability insurance association for the transport sector amounted to 25.4 accidents per one million hours worked in 2022. This figure only takes into account accidents resulting in three or more days off work.	→ p. 108
4 QUALITY EDUCATION	4.5	Social concerns	The main objective of help alliance is to empower disadvantaged young people worldwide to lead an independent life via development projects. help alliance enables the expansion of social projects as well as opportunities for voluntary work. In 2023, help alliance broadened the range of voluntary work options available in its aid projects through the establishment of six additional help alliance communities. With 30 help alliance communities at 36 locations, the organisation thus offers employees opportunities for social engagement. In 2023, it also supported nine new projects in the areas of education, work and income and completed ten projects.	→ p. 109
			Access to schooling funded in India	→ p. 110
			help alliance and Lufthansa Cargo support people in Turkey and Syria	→ p. 109
			Support for disadvantaged people: In 2023, more than 52,000 disadvantaged people around the world received support through help alliance projects. This means that the number of beneficiaries of help alliance projects rose by 37% in comparison with 2022. In 2023, help alliance was responsible for 54 aid projects in 30 countries with a project volume of just under EUR 4.3m. Of these funds, 81% was allocated to educational projects, 14% to work- and income-related activities and 5% to emergency relief measures. In 2023, the project volume increased by 30%. A total of 163 Lufthansa Group employees served as project managers for help alliance or led help alliance communities in the reporting year.	→ p. 110

T201 SUSTAINABLE DEVELOPMENT GOALS (SDG)

SDG	Sub-target	Aspect/issue	Lufthansa Group's contribution to achieving the global SDGs as defined in the 2030 Agenda of the United Nations	Page
	4.5	Employee concerns/ Transformation capabilities	Multiple changes call for long-term transformation process and continuous transformation support: Employees are offered regular professional training courses in order to continuously update their skills and abilities. In 2022, a department was established with the task of conducting a structured evaluation of the impacts on future roles and competence profiles of employees in all professional groups and to accompany them through changes. In the reporting year, this approach was applied to the administrative employees of Deutsche Lufthansa AG for the first time. The findings will be recorded in 2024, together with those from the participating departments, and measures will be identified on this basis. In this context, the Lufthansa Group has established a supportive process that enables employees to analyse the future viability of their own skill sets and to compare them with the current and future requirements for their roles. This is combined with wide-ranging opportunities for self-directed learning. Besides the traditional Group-wide training portfolio offered by the Lufthansa Group Campus, all employees in the Lufthansa Group have access to over 12,000 digital video courses in German and English, enabling self-directed learning.	→ **p. 104f.**
7 AFFORDABLE AND CLEAN ENERGY	7.2	Environmental concerns/ Climate protection	In the past decade, the Lufthansa Group has paid close attention to research into SAF (i.e. synthetic kerosene produced from renewable energy sources) and its testing and use. Since this time, the Lufthansa Group has worked in partnerships to drive key technologies for SAF production. Through letters of intent the Lufthansa Group secures access to required SAF volumes.	→ **p. 80**
			Sustainable aviation fuel to be used more widely: SAF sales are set to be increased via the continuous development of more sustainable products, which customers can use throughout the travel chain, e.g. during the booking process or in-flight.	→ **p. 82**
			To enable the continuous procurement of SAF on the spot market, up to USD 250 million has been released for the period up to 2026 by the Executive Board of Deutsche Lufthansa AG. In addition, options for long-term supply commitments around the world are under consideration. These are expected to offer considerable production volumes and security of supply from around 2025 onwards. 2023, two further letters of intent were signed in order to secure a permanent supply of sustainable aviation fuels for the Lufthansa Group. In the long term, the Lufthansa Group will provide support for innovative supply concepts with the goal of transforming today's start-ups and developers into tomorrow's suppliers. In this regard, the Lufthansa Group focuses on synthetic kerosene based on residual materials, ligneous biomass and renewable electrical energy (power-to-liquid – PtL) as well as on research into the direct use of sunlight for fuel synthesis. To accelerate the market introduction of particularly forward-looking sustainable aviation fuels, the Lufthansa Group intends to establish an SAF Buyers Alliance next year. This is intended to pool demand on the part of multiple corporate customers, to enable the construction of pilot systems for fuel generation.	→ **p. 82**
			In 2023, Lufthansa German Airlines signed a letter of intent for a research partnership with the German Aerospace Center, Munich Airport, Airbus and MTU for operational testing of every aspect of PtL use in daily flight operations. This includes a wide range of questions relating to the use of SAF, such as the use of pure (100%) PtL fuel and the effect of SAF on the formation of contrails.	→ **p. 83**
			At the political level, the Lufthansa Group supports a global strategy for the supply of sustainable aviation fuels, such as through its membership of the ICAO Fuel Task Group since 2023. At the level of the EU, the Lufthansa Group advocates a simplification of the compliance processes for SAF-related regulation and has prepared a position paper on a book and claim system. This involves trading SAF on the basis of certificates rather than physically.	→ **p. 83**

T201 SUSTAINABLE DEVELOPMENT GOALS (SDG)

SDG	Sub-target	Aspect/issue	Lufthansa Group's contribution to achieving the global SDGs as defined in the 2030 Agenda of the United Nations	Page
8 DECENT WORK AND ECONOMIC GROWTH	8.2	About this combined non-financial declaration	Value-based management is an integral element of sustainable corporate governance for the Lufthansa Group. Sustainability considerations are increasingly helping to ensure financial resilience. The financial strategy of the Lufthansa Group seeks to increase its Company value in a sustainable manner.	p. 75
			The impact of the Company on non-financial aspects is taken into account in the Group risk management system of the Lufthansa Group.	p. 74
		Employee concerns/ Transformation capabilities	Hybrid event formats support employees' ongoing development	p. 105
			Mobility and flexibility are key building blocks for modern working environments. By the end of 2023, all Lufthansa Group employees had access to cloud-based software. In addition to mobile devices, this software is an important prerequisite for remote and flexible working.	p. 105
			The Lufthansa Group helps its employees to act sustainably in relation to environmental and social issues in their fields of work. In 2023, the Lufthansa Group once again ran its Green Explorer learning and engagement programme for 150 selected above-average performers, the aim being to transform them into multipliers and driving forces for promoting sustainability in daily business operations.	p. 106
			Service Management Professional apprenticeship continues: 2023, 336 employees successfully completed this skill-building programme. This means that 1,830 employees have successfully completed this training since the programme was first introduced.	p. 105f.
	8.5	Employee concerns/ Attractiveness as an employer	Uniform performance and potential assessment enable that talent is retained.	p. 100
			Key remuneration components and additional benefits are offered.	p. 99
			Employer value proposition (EVP) is introduced to enhance the Group's attractiveness as an employer. In the context of the EVP, the updated employer brand "Lufthansa Group careers" was launched. This was accompanied by three major marketing campaigns, which supported the successful recruitment of more than 14,890 employees in 2023.	p. 100
			Working and employment conditions for employees and managers are flexible and are adapted continually	p. 99f.
			The Engagement Index provides information about the Company's attractiveness as an employer and has been tracked by the voluntary annual employee survey involve me! since 2015. In 2023, the Engagement Index value was 2.2 and increased by 0.2 compared with the previous year's level of 2.4.	p. 101
	8.7	Business ethics and compliance/ Respect for human rights	Respect for human rights is a key issue for the Lufthansa Group. As an employer, the Lufthansa Group directly contributes to the livelihoods of more than 96,677 employees and their families worldwide. Its value chain also includes a large number of business partners whose employees contribute indirectly to the Lufthansa Group's business success and may be dependent on it. This means that the Lufthansa Group shares responsibility for the concerns of its own workforce and, indirectly, for those of the employees along its value chain too. This is also reflected in working conditions at the Group companies, the guarantee of freedom of association and assembly, rules to ensure gender equality and the inclusion of minorities. It is also demonstrated in the expectation expressed in the Supplier Code of Conduct that the business partners included in the value chain should also adhere to these same principles.	p. 113f.
			In 2023, the Executive Board of Deutsche Lufthansa AG approved a policy statement on the human rights strategy of the Lufthansa Group. This policy statement reflects the Company's commitment to ensuring respect for human rights. It describes how the Lufthansa Group fulfils its due diligence requirements, which high-priority human rights- and environment-related risks have been identified on the basis of the risk analysis and which human rights- and environment-related expectations apply to the employees of the Lufthansa Group and its suppliers. This is supplemented by the Lufthansa Group's Code of Conduct, which applies to all board members, managers and employees of the Lufthansa Group, and its Supplier Code of Conduct. These two codes of conduct were revised in 2023 and now also reflect the requirements of the German Corporate Due Diligence in Supply Chains Act (LkSG).	p. 114
			The Lufthansa Group updates management approach for addressing human trafficking	p. 114
			Mandatory trainings on human rights, diversity and inclusion established. Information formats and campaigns for employees to be conducted Dialogue formats support the development of knowledge on corporate responsibility	p. 115f.
			Processes for reporting human rights violations implemented	p. 114f.
			Human rights- and environment-related risk analysis implemented	p. 115

T201 SUSTAINABLE DEVELOPMENT GOALS (SDG)

SDG	Sub-target	Aspect/issue	Lufthansa Group's contribution to achieving the global SDGs as defined in the 2030 Agenda of the United Nations	Page
	8.8	Responsible supply chain management/ Procurement practices	Group procurement policy includes obligation to assume social and environmental responsibility. Procedure established for reporting risks and violations. Human rights- and environment-related obligations are part of supplier contracts	→ p. 117f.
			The Supplier Code of Conduct was revised in 2023 and now also includes the requirements of the German Corporate Due Diligence in Supply Chains Act.	→ p. 119
			Supplier risk management system has been updated Target oriented portfolio of measures implemented for use in case of identified risks	→ p. 119
			Expanded information formats enhance the development of knowledge on social and environmental responsibility	→ p. 119
		Employee concerns/ Attractiveness as an employer	Unrestricted freedom of association is an established feature of the Lufthansa Group.	→ p. 99
			Labour union partners are firmly established at the Lufthansa Group: As of 31 December 2023, of the 63,176 Lufthansa Group employees in Germany, 76% were covered directly by collective bargaining arrangements. The remaining 24% are largely managers and non-payscale employees in senior positions. However, many of the arrangements for these non-payscale employees are also based on the collective bargaining agreements. In the Europe region, 98% of employees at Austrian Airlines and 87% of those at SWISS have an employment contract covered by collective agreements.	→ p. 101
		Employee concerns/ Health and safety at work	See SDGs 3.3, 3.4 and 3.8	
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.4	Environmental concerns/Climate protection/Research and innovation	Fleet renewal is continuously driven forward: The Lufthansa Group fleet was expanded by 29 new aircraft in 2023, including Airbus A320neos, A321neos, A350-900s and Boeing 787-9s, which are powered by modern engines. For example, the A320neo aircraft is one of the most modern and most environmentally friendly aircraft in the world and is much quieter than comparable aircraft types. Since 2019, the Lufthansa Group has more than doubled the share of latest technology in its fleet to 20% (142 aircraft). A total of 18 older aircraft have been removed from the Group fleet in exchange. In December 2023, a total of 80 additional Boeing 737 MAX and Airbus A220-300 short- and medium-haul aircraft were ordered and 120 purchase options were signed. Together with previous orders, the order book now comprises around 260 latest-generation aircraft.	→ p. 82
			The Hydrogen Aviation Lab is testing maintenance and ground processes for future aircraft generations with hydrogen as a primary energy source	→ p. 85
			Fleet renewal is continuously driven forward The AeroSHARK surface coating developed jointly by Lufthansa Technik and BASF, which is named after the microscopic ribbing modelled on shark skin, reduces aircraft air resistance. At the end of 2023, the Lufthansa Group had a total of 15 Boeing 777s fitted with AeroSHARK in service, including 11 Boeing 777-300ERs at SWISS and 4 Boeing 777Fs at Lufthansa Cargo. Following the modification of all Group aircraft of these two types, cumulative savings in excess of 8,000 tonnes of fuel and more than 25,000 tonnes of CO_2 per year are expected in the future.	→ p. 82

T201 SUSTAINABLE DEVELOPMENT GOALS (SDG)

SDG	Sub-target	Aspect/issue	Lufthansa Group's contribution to achieving the global SDGs as defined in the 2030 Agenda of the United Nations	Page
	9.5	Environmental concerns/Climate protection/Research and innovation	Flight operations management optimised thanks to artificial intelligence: Together with Google Cloud, the Lufthansa Group has developed the Operations Decision Support Suite (OPSD) management tool. This in turn can help to avoid carbon emissions, for instance by ensuring that the aircraft with the optimum fuel-saving profile is selected for a specific route or that seat occupancy is optimised. It was introduced in 2023 at SWISS, as the first airline in the Lufthansa Group.	→ p. 84
			More efficient concepts for departure and approach are being implemented and progress made with the digitalisation of approach technologies: Modern, satellite-based Required Navigation Performance (RNP) technology plays an important role in the introduction of new flight procedures at European airports. With this technology, the International Civil Aviation Organization (ICAO) has set minimum standards for the navigation performance required of an aircraft. A shorter RNP departure route newly introduced at Stuttgart Airport in 2023 is used by Eurowings aircraft, saving around 26 tonnes of fuel and thus 81 tonnes of CO_2 in 2023. Austrian Airlines also uses the fuel-saving RNP approach procedure at Vienna Airport. This procedure also affects noise emissions.	→ p. 84
			The Lufthansa Group has been involved in various research projects examining the atmosphere and the climate since 1994. As part of the European research infrastructure I-AGOS (In-service Aircraft for a Global Observing System), the Lufthansa Group works closely with its research partners from the Karlsruhe Institute of Technology and the Jülich Research Centre to equip selected passenger aircraft with measuring instruments that collect data about the condition of the atmosphere on scheduled flights. This data is freely accessible and is used by around 300 organisations worldwide. It helps scientists to acquire new knowledge about climate change and the atmosphere and to detect long-term changes. Since 2021, Lufthansa Airlines' Airbus A350 "Erfurt" has been undergoing conversion for use as the new platform for the IAGOS-CARIBIC (Civil Aircraft for the Regular Investigation of the Atmosphere Based on an Instrument Container) measurement system. The second key project milestone was achieved in 2023. The newly developed measurement probe system was installed in an aircraft for the first time in order to complete a flight programme agreed with the certification authority. As a final step, the new measuring equipment container is to be developed and approved for use by external research partners of the Lufthansa Group. A maiden flight with the overall system is due to take place at the end of 2024.	→ p. 85f.
			The Lufthansa Group is examining measures to reduce its overall climate impact: At Germany's National Aviation Conference in September 2023, the German airlines announced test flights aimed at avoiding contrails which impact the climate. Lufthansa Airlines will take part in these flights as part of the D-KULT research project, which has been under way since 2022. SWISS is participating in the three-year CICONIA project, which is funded by the EU. Since mid-2023, this project has been looking into what are known as non-CO_2 effects, such as contrails, and how to reduce them. The data sources and IT applications required for climate-optimised flight planning, as well as the related processes for cooperation between the meteorological service, the scientific community and airlines, are being developed and tested in the projects D-KULT and CICONIA, which are coordinated with each other. Since the end of 2023, within the scope of an as yet undefined regulatory framework for non-CO_2 climate impacts such as those related to contrails, the Lufthansa Group has provided its expertise and information to support the German Aerospace Center with the development of a reporting and review system required by the European Commission.	→ p. 86
	9.4/9.5	Environmental concerns/Active noise abatement/Research and innovation	Since 2001, the Lufthansa Group has played an active and continuous role in research projects and implements noise reduction measures which are coordinated with relevant stakeholders.	→ p. 88
			Investment in modern and quieter aircraft: the Lufthansa Group modernises its fleet continuously. Aircraft that went into service in 2023, including Airbus A320neos, A321neos, A350-900s, Boeing 787-9s and Boeing 777Fs, have modern engines and are much quieter than comparable older aircraft types.	→ p. 88
			Noise-reducing technologies are being deployed for the existing fleet.	→ p. 88f.
			Optimised flight procedures and flight routes are being developed in cooperation with system partners.	→ p. 89
			99.6% of the operational Group fleet meets the standard for aircraft noise (10-decibel criterion of the ICAO Chapter 4 standard).	→ p. 90

T201 SUSTAINABLE DEVELOPMENT GOALS (SDG)

SDG	Sub-target	Aspect/issue	Lufthansa Group's contribution to achieving the global SDGs as defined in the 2030 Agenda of the United Nations	Page
10 REDUCED INEQUALITIES	10.2	Employee concerns/Diversity and equal opportunities	New projects and initiatives are aimed at increasing the proportion of women with management responsibility: Within the Executive Board project Female Leadership Boost launched in 2021, the Lufthansa Group has set itself the task of establishing the topic of gender diversity in its leadership culture on a lasting basis. The project comprises a broad portfolio of individual development measures for talented women, in addition to a fixed percentage of women on shortlists for management positions, including special programmes for junior managers and networks for them to share their experiences. In November 2023, the eight-month programme NextUp Women was introduced to help women take their next career step towards a management position and provide assistance through a series of modules building upon one another, in which they explore topics such as leadership and carry out a strengths and weaknesses analysis.	→ p. 103f.
			The proportion of women at management levels increased slightly in 2023. Overall, the proportion of women in management roles in the Lufthansa Group at the end of 2023 was 22.3%, compared with 20.4% in the previous year. In line with the German Act on Equal Participation of Men and Women in Executive Positions in the Public and Private Sectors (FüPoG), women accounted for 9.7% of positions at the first management level and 17.8% at the second management level at Deutsche Lufthansa AG on 31 December 2023. By comparison, they represented 9.4% at the first management level and 15.4% at the second management level at the end of 2022.	→ p. 104
			Event provides information on digital accessibility and supports greater awareness of inclusion. All employees of the Lufthansa Group were invited to attend either in person or virtually, with around 600 taking up this invitation.	→ p. 104
			Focus on diversity as a culture-promoting measure: in 2023, the Lufthansa Group launched a cultural programme, Lufthansa Group Cultural Journey powered by Diversity. This is intended to help strengthen the cultural coherence of the individual airlines, businesses and segments. To facilitate communication for both German-speaking and non-German-speaking employees, the Lufthansa Group has been offering the opportunity to learn twelve languages via a digital learning platform since 2023. In addition, all job descriptions and contracts have also been published or made available in English since 2023. To make further progress in internationalising the Group, target ratios have been specified for its talent and trainee programmes to ensure a certain proportion of participants from countries outside the Group's home markets. The targets of 30% for trainee programmes and 10% for internal talent programmes were already achieved in 2023. The Globalists talent programme introduced in 2023 is designed to identify foreign above-average performers interested in a rotation to the Group's home markets (DACHB). In the reporting year alone, this programme enabled 72 global talented individuals to forge ahead in their careers.	→ p. 103
			The Lufthansa Group demonstrates its commitment to openness, tolerance and diversity. With its marketing campaign "The World Says Yes To You", which ran in 2023 on posters in major German cities, in magazines and daily newspapers and on social media, Lufthansa Airlines positioned itself as a reliable partner for the LGBTQ community and underlined its commitment to openness, tolerance and diversity. The "Lovehansa" special livery for the Airbus A320neo with the tail number D-AINY from 2022 was originally intended to be displayed for six months. This time limit has been lifted and the livery is now a permanent addition to the Lufthansa Airlines fleet.	→ p. 104
			People from a total of 162 countries worked in the Lufthansa Group in 2023.	→ p. 104
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2	Environmental concerns/Climate protection/Energy and fuel efficiency	Fuel efficiency (see SDG 13.1)	
		Environmental concerns/ Climate protection	Intermodal transport to Lufthansa Group hubs being expanded: in 2023, the frequency of the partner service with Austrian Federal Railways between Vienna and Salzburg was stepped up. This made up for the fact that the flight covering the same route was not re-introduced following the COVID-19 pandemic. In addition, two new destinations were added to the partnership with Deutsche Bahn: Augsburg and Siegburg/Bonn.	→ p. 83
	12.4	Environmental concerns/ Waste management	Conceptual framework defined for all passenger airlines to systematically reduce waste on board and promote the circular economy	
			Lufthansa Cargo and Lufthansa Technik focus on conserving resources and the circular economy	→ p. 90
	12.5	Environmental concerns/ Waste management	Passenger airlines are reducing in-flight waste in all categories	→ p. 90
			Lufthansa Cargo is organising waste separation with its service providers	→ p. 91f.
			New Lufthansa Technik waste collection centre optimises waste management	→ p. 93
	12.6	Responsible supply chain management/ Procurement practices	Sustainability in the supply chain is firmly established at the company.	→ p. 93
			The Lufthansa Group's expectations of its suppliers in terms of social, environmental and ethical responsibility are summarised in the Supplier Code of Conduct, which is accessible on the Lufthansa Group website.	→ p. 117
			The supplier risk management system also takes into consideration requirements under the German Corporate Due Diligence in Supply Chains Act (LkSG)	→ p. 117
		About this combined non-financial declaration	Reporting by the Lufthansa Group, see SDG 16.10	→ p. 118

T201 SUSTAINABLE DEVELOPMENT GOALS (SDG)

SDG	Sub-target	Aspect/issue	Lufthansa Group's contribution to achieving the global SDGs as defined in the 2030 Agenda of the United Nations	Page
	12.8	Customer concerns/Product and services	In designing its range of products and services, the Lufthansa Group has also taken sustainability issues into account to meet the growing demand for more sustainable products. This includes offers designed to compensate or reduce the carbon emissions caused by flights, waste avoidance and a continuously expanding selection of intermodal travel options.	→ p. 95f.
			An expanded offer of more sustainable products	→ p. 97f.
13 CLIMATE ACTION	13.1	Environmental concerns/ Climate protection	Emission reduction targets are part of Executive Board remuneration.	→ p. 81
			Lufthansa Group also defines its own expanded emission reduction targets. As befits its pioneering role in climate protection, the Lufthansa Group has defined its own carbon reduction targets which demonstrate an extra level of ambition. The Lufthansa Group's carbon emissions reduction target was successfully validated by the SBTi in the summer of 2022. The SBTi, a joint initiative of CDP, the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), develops sector-specific criteria for climate protection, applies these criteria to participating companies and validates the corresponding corporate targets. With its SBTi validation, the Lufthansa Group became the first airline group in Europe with a scientifically profound CO_2 reduction target in line with the goals of the Paris Agreement of 2015. Lufthansa Group is among the first three airlines worldwide to have their reduction targets validated by the SBTi. Specifically and in accordance with the SBTi guidance, the Lufthansa Group has committed to reducing its carbon intesity, i.e. its carbon emissions per transported tonne-kilometre (passenger and cargo), by 30.6% in the period from 2019 to 2030. This target may only be achieved by reducing fuel consumption or by substituting fossil fuel with SAF. Over and above the reduction required by the SBTi targets, the Group aims to achieve its self-imposed target of cutting net carbon emissions in half by 2030 compared to 2019 by means of voluntary offsets. The Lufthansa Group aims to be carbon neutral in 2050.	→ p. 81
			Specific CO_2 emissions per passenger-kilometre drop to new best value for the Lufthansa Group. The absolute CO_2 emissions resulting from the combustion of kerosene by Lufthansa Group aircraft in 2023 increased by 16% to 26.8 million tonnes (previous year: 23.1 million tonnes) due to the rise in demand and the expanded flight capacity. CO_2 emissions per transported tonne-kilometre declined by 2.8 grammes to 833.9 grammes (previous year: 836.7 grammes). Specific CO_2 emissions per passenger-kilometre were 1.8% lower than in the previous year at 88.4 grammes (previous year: 90.0 grammes). No distinction is made in these disclosures between fossil and biogenic CO_2 emissions. The Lufthansa Group improved its performance by 2.7% in 2023 compared with 2019 in terms of the core KPI of the Science-based Targets Initiative (measured in grammes of CO_2 per revenue tonne-kilometre). The reduction in specific emissions in the Group fleet compared with the previous year was mainly due to an increase in the passenger load factor, changes in the route network, that resulted in a structural increase in average flight length. Longer routes typically create lower specific emissions because the emissions from take-offs and landings, which are higher than in-flight emissions, become less significant in overall terms as the flight distance increases. Despite this, the efficiency improvement was below expectations. Longer flight routes (detours) because of airspace closures due to armed conflicts resulted in higher fuel consumption, whereas tonne-kilometres are still measured by the great-circle distance and not the kilometres actually flown.	→ p. 87
			The Lufthansa Group aims to switch to carbon-neutral mobility on the ground in its home markets by 2030.	→ p. 86
			Sustainable aviation fuels to be used more widely (see SDG 7.2).	
			Further progress with fleet renewal (see SDG 9.4).	
			Technical measures being developed for the existing fleet (see SDG 9.4).	
			Flight operations management optimised thanks to artificial intelligence (see SDG 9.5)	
			67 fuel-saving projects pursued in 2023 to significantly reduce carbon emissions. Another 25,100 tonnes of carbon emissions were thus permanently eliminated in the reporting year. The quantity of kerosene saved amounted to around 8,000 tonnes – this is equivalent to approximately 97 return flights between Munich and New York with an Airbus A350-900 aircraft.	→ p. 83f.
			More efficient concepts for departure and approach are being implemented and progress made with the digitalisation of approach technologies (see SDG 9.5).	
			Progress made in the OPS Sustainability Program contributes to carbon reduction targets	→ p. 84
			More sustainable flight offerings for customers are being expanded	→ p. 85
			Mandatory offsets of carbon emissions (ICAO/CORSIA, EU ETS, CH EHS, UK ETS).	→ p. 84f.
			The Lufthansa Group voluntarily compensates the carbon emissions from its own duty trips. In 2023, 74,545 tonnes of CO_2 were compensated through the climate protection organisations myclimate, Climate Partner, Squake and Climate Austria.	→ p. 85

T201 SUSTAINABLE DEVELOPMENT GOALS (SDG)

SDG	Sub-target	Aspect/issue	Lufthansa Group's contribution to achieving the global SDGs as defined in the 2030 Agenda of the United Nations	Page
	13.1	Environmental concerns/ Climate protection	The Lufthansa Group aims to achieve carbon-neutral mobility in its ground processes by 2030 with electromobility or the use of other emission-free vehicles. For this purpose, the smaller locations of Berlin, Dusseldorf, Cologne and Stuttgart were included alongside the Group's major sites in 2023. A total of 26 electric apron vehicles were purchased for these smaller locations. This brings the total number of electric vehicles at these locations to 46 in 2023, which is equivalent to around 4% of these locations' total operational vehicle fleet. In 2023, the number of all-electric company cars in the Lufthansa Group's fleet rose from 374 vehicles in the previous year (of which 255 in Germany) to 554. They thus account for a share of 36%.	→ p. 87
		Employee concerns/ Attractiveness as an employer	The Lufthansa Group has expanded its company car electromobility offering for employees by providing financial support for electric vehicles. More than 50% of newly ordered company cars were fully electric in the reporting year thanks to this measure. In addition, 104 charging stations for electric vehicles were installed in the employee car park at the Lufthansa Aviation Center in Frankfurt in 2023. Overall, there are 212 such charging stations in Germany. As well as the contribution to the "job ticket" for use of public transport, which the Group's employees have been offered for many years now, the Lufthansa Group has been enabling its employees in Germany to lease bicycles again since 2023. Around 60,000 employees are thus able to lease a bicycle on favourable conditions and around 4,000 lease agreements were concluded in 2023.	→ p. 100f.
	13.2	Environmental concerns/ Climate protection	Single European airspace is intended to reduce emissions.	→ p. 83
	13.3	About this combined non-financial declaration	Corporate responsibility is firmly established in the organisational structure: the highest monitoring body in the area of sustainable management is the Supervisory Board. Effective 1 January 2023, the Supervisory Board established an ESG Committee to advise the Supervisory Board, its committees and the Executive Board on environmental, social, and good governance issues that are essential to the sustainable economic development of the Company.	→ p. 76f.
			The ESG strategy is reviewed annually and discussed with the Executive Board as part of the Strategic Roadmap Discussions. In 2023, the focus was on the Lufthansa Group's carbon transition pathway and supporting measures, such as its Sustainable Aviation Fuel (SAF) strategy and in-flight and ground-based efficiency measures. In addition, aspects of the more stringent reporting requirements from the 2024 financial year onwards resulting from the required implementation of the Corporate Sustainability Reporting Directive (CSRD) and their significance for the Lufthansa Group were presented.	→ p. 76f.
			External ratings: Lufthansa Group's sustainability management is rated positively, above the industry average.	→ p. 77
		Environmental concerns/ Climate protection	A Strategic Roadmap Discussion (SRD) was held in the reporting year to discuss sustainability aspects impacting the environment in greater detail. SRD is an established format in which relevant strategic topics are discussed with the Executive Board of the Lufthansa Group. The focus was on the field of action "Low emissions in flight operations", including the Lufthansa Group's Sustainable Aviation Fuel strategy (SAF strategy), as well as the ESG risk landscape and the more stringent reporting requirements applicable from the 2024 financial year onwards as a result of the implementation of the Corporate Sustainability Reporting Directive (CSRD) for the Lufthansa Group.	→ p. 78
			Numerous measures and transparent communication support the implementation of the environmental strategy. Determination of the Lufthansa Group's total carbon footprint, with annual audits by external experts. The total carbon footprint which is determined annually and audited by external experts as well as measures to reduce the consumption of resources and carbon emissions are provided in detail and in a transparent manner to the global non-profit organisation CDP, among other entities. As a supportive part of the environmental strategy the Lufthansa Group persues communicative approaches of communication activities. The communication campaign "#MakeChangeFly" is supplemented by an information campaign on the Lufthansa Group's websites and by various events intended to raise awareness among partners, customers and the general public, both nationally and internationally. On social media channels, the hashtag #MakeChangeFly is likewise used to refer to the development of relevant sustainability activities. Under this slogan, the Lufthansa Group also continuously keeps its employees informed of the Group's sustainability activities via its internal communication channels.	→ p. 78ff.
	13.1 – 13.3	Environmental concerns/ Climate protection	The Lufthansa Group supports the climate protection targets of the aviation sector.	→ p. 81
			Intermodal transport to Lufthansa Group hubs being expanded. In 2023, the frequency of the partner service with Austrian Federal Railways between Vienna and Salzburg was stepped up. This made up for the fact that the flight covering the same route was not re-introduced following the COVID-19 pandemic. In addition, two new destinations were added to the partnership with Deutsche Bahn: Augsburg and Siegburg/Bonn.	→ p. 83
		EU Taxonomy	Applicability and disclosures required by the EU Taxonomy Regulation (EU) 2020/852	→ p. 120ff.

T201 SUSTAINABLE DEVELOPMENT GOALS (SDG)

SDG	Sub-target	Aspect/issue	Lufthansa Group's contribution to achieving the global SDGs as defined in the 2030 Agenda of the United Nations	Page
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.5	Business ethics and compliance/ Compliance management and fighting corruption and bribery	Code of Conduct provides framework for acting with integrity and responsibility and is available on the Lufthansa Group website.	→ p. 110
			Fighting corruption and bribery is an integral part of the Compliance Management System. The Compliance Management System follows the auditing standard of the Institute of Public Auditors in Germany (IDW PS 980) and is based on the following pillars: compliance culture, compliance targets, identification of compliance risks, compliance programme, compliance organisation, compliance communication and compliance monitoring.	→ p. 111
			Web-based compliance training increases risk awareness.	→ p. 111
			Overall in 2023, a total of 39,824 employees in 168 Group companies took part in web-based compliance training. This corresponds to a participation ratio of 97.9%.	→ p. 113
			Risk-based business partner due diligence aims to ensure integrity of suppliers and service providers	→ p. 112
	16.10	About this combined non-financial declaration	For the 2023 financial year, Deutsche Lufthansa AG has published a combined non-financial declaration in accordance with Sections 315b and 315c of the German Commercial Code (HGB) in conjunction with Sections 289b to 289e HGB.	→ p. 74
			The results of the materiality analysis were noted and approved by the management in the reporting year. They form the basis for selecting the aspects and issues described in this combined non-financial declaration.	→ p. 76
			The Lufthansa Group reports in accordance with the compulsory EU Taxonomy Regulation and voluntarily in accordance with TCFD, SASB and with reference to the GRI Standards.	→ p. 74
		Business ethics and compliance/ Compliance management and fighting corruption and bribery	Whistle-blower channels make it possible to report compliance violations	→ p. 112
			The Lufthansa Group received a total of 81 reports of possible irregularities in the reporting year via its various channels. Of these, 24 were compliance-related. Seven reports were investigated in detail via the described procedure.	→ p. 113
		Business ethics and compliance/ Responsible political engagement	The Lufthansa Group attaches great importance to transparency in its political engagement and is listed in the EU Transparency Register under the number 0714344663-32. Moreover, the Company features in the lobbying register of the German Bundestag (lower house of parliament) under the registration number R001474. The Lufthansa Group regularly publishes its position on current political issues and upcoming decisions in its Policy Brief (which is addressed to political decision makers but also accessible to the general public). In 2023, explanations were provided on topics relating to the harmonisation of the European airspace (the "Single European Sky"), the new Lufthansa Group fares for more sustainable flying and the prerequisites for the potential expansion of SAF via a book and claim system.	→ p. 116
		Customer concerns/Data protection and security	The Lufthansa Group has a data protection management system in place in its Group companies that meets the requirements of the European General Data Protection Regulation (EU GDPR). The Group has established an organisational structure for data protection that is dedicated to ensuring compliance with the rights of data subjects and the duties of controllers. This entailed creating easily reachable points of contact, both internally and externally, and establishing processes to fulfil information requests by data subjects within the required period, for example. Current information about the processing of personal data is also provided on the Group companies' websites. Awareness of this subject is regularly promoted among the employees of the Lufthansa Group through mandatory web-based data protection and data security training. Another goal is to ensure the comprehensive prevention of cyber risks, which have gained in importance due to the increasing digitalisation of business processes.	→ p. 94

T201 SUSTAINABLE DEVELOPMENT GOALS (SDG)

SDG	Sub-target	Aspect/issue	Lufthansa Group's contribution to achieving the global SDGs as defined in the 2030 Agenda of the United Nations	Page
17 PARTNERSHIPS FOR THE GOALS	17.16	About this combined non-financial declaration	Since 2002, the Lufthansa Group has applied the principles of the UN Global Compact for sustainable and responsible corporate governance. In addition, it supports the Sustainable Development Goals (SDGs) of the Agenda 2030, as adopted by the UN member states in 2015.	→ p. 74
		Environmental concerns	Active involvement in national and international associations and sustainability initiatives: Relevant issues include climate protection, noise abatement, circular economy and human rights. The Lufthansa Group is an active member of associations such as the International Air Transport Association (IATA), Airlines for Europe (A4E), the German Aviation Association (BDL), the Federation of German Industries (BDI), the German Aerospace Industries Association (BDLI, represented by Lufthansa Technik AG), the German Equities Institute (DAI) and econsense, the Forum for Sustainable Development of German Business. Via these associations the Lufthansa Group also has direct contact with national ministries and EU. In addition, SWISS is a member of the Umbrella Federation of Swiss Aerospace (Aerosuisse) and swiss-cleantech, the Swiss umbrella organisation for climate-aware businesses. Austrian Airlines is a member of the umbrella association Aviation Industry Austria, which was founded in 2022 when the Austrian Aviation Association (ÖLFV) merged with the Austrian Aeronautics Industries Group (AAIG).	→ p. 78
			Other partnerships and cooperation agreements (see SDGs 9.4, 9.5 and 13.1 – 13.3)	

INDEPENDENT AUDITOR'S REPORT

ON A LIMITED ASSURANCE ENGAGEMENT REGARDING THE COMBINED NON-FINANCIAL DECLARATION

To Deutsche Lufthansa Aktiengesellschaft, Köln

We have performed a limited assurance engagement on the non-financial statement of Deutsche Lufthansa Aktiengesellschaft, Köln, (hereinafter the "Company") which is combined with the non-financial statement of the Group which comprises the "Principles of the Group" section of the group management report incorporated by reference, for the period from 1 January 2023 to 31 December 2023 (hereinafter the "non-financial Reporting").

Not subject to our assurance engagement are other references to disclosures made outside the non-financial Reporting.

Responsibilities of the executive directors

The executive directors of the Company are responsible for the preparation of the non-financial Reporting in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB ["Handelsgesetzbuch": German Commercial Code] and Art. 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder as well as in accordance with their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as set out in section "Applicability and Disclosures in Accordance with the EU Taxonomy Regulation (EU) 2020/852" of the non-financial Reporting.

These responsibilities of the Company's executive directors include the selection and application of appropriate methods for the preparation of the non-financial Reporting and making assumptions and estimates about individual non-financial disclosures of Deutsche Lufthansa Aktiengesellschaft that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a non-financial Reporting that is free from material misstatement, whether due to fraud (manipulation of the non-financial Reporting) or error.

The EU Taxonomy Regulation and the Delegated Acts adopted thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "Applicability and Disclosures in Accordance with the EU Taxonomy Regulation (EU) 2020/852" of the non-financial Reporting. They are responsible for the defensibility of this interpretation. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and quality assurance of the auditor's firm

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements - in particular the BS WP/vBP ["Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer": Professional Charter for German Public Accountants/German Sworn Auditors] in the exercise of their Profession and the IDW Standard on Quality Management issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

Responsibilities of the auditor

Our responsibility is to express a conclusion with limited assurance on the non-financial Reporting based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's non-financial Reporting is not prepared, in all material respects, in accordance with Sec. 315c in conjunction with Secs.

289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors disclosed in section "Applicability and Disclosures in Accordance with the EU Taxonomy Regulation (EU) 2020/852" of the non-financial Reporting. Not subject to our assurance engagement are other references to disclosures made outside the non-financial Reporting.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the auditor.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the sustainability organization and stakeholder engagement,
- Inquiries of the relevant employees regarding the selection of topics for the non-financial Reporting, the impact and risk assessment and the policies of the Deutsche Lufthansa AG for the topics identified as material,
- Inquiries of the relevant employees involved in the preparation of the non-financial Reporting about the preparation process, about the internal controls related to this process as well as disclosures in the non-financial Reporting,
- Inspection of the relevant documentation of the systems and processes for collecting, aggregating and validating relevant data in the reporting period,
- Identification and assessment of risks of material misstatement in the non-financial Reporting,
- Analytical procedures on selected disclosures in the non-financial Reporting,
- Evaluation of the process to identify the economic activities taxonomy-eligible and taxonomy-aligned as well as the corresponding disclosures in the non-financial Reporting,
- Evaluation of the presentation of disclosures in the non-financial Reporting.

In determining the disclosures in accordance with Art. 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial Reporting of Deutsche Lufthansa Aktiengesellschaft for the period from 1 January 2023 to 31 December 2023 is not prepared, in all material respects, in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors as disclosed in section "Applicability and Disclosures in Accordance with the EU Taxonomy Regulation (EU) 2020/852" of the non-financial Reporting.

We do not express an assurance conclusion on the other references to disclosures made outside the non-financial Reporting.

Restriction of use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

General Engagement Terms and Liability

The enclosed “General Engagement Terms” as issued by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] on January 1st 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained therein no. 9 and to the exclusion of liability towards third parties. We accept no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the report to reflect events or circumstances arising after it was issued, unless required to do so by law. It is the sole responsibility of anyone taking note of the summarized result of our work contained in this report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Eschborn/Frankfurt/Main, 5 March 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Bösser	Misko
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

INDEPENDENT AUDITOR'S REPORT

ON THE AUDIT OF THE REMUNERATION REPORT PURSUANT TO SECTION 162 PARAGRAPH 3 AKTG

To Deutsche Lufthansa Aktiengesellschaft

Opinion

We have audited the formal aspects of the remuneration report of Deutsche Lufthansa Aktiengesellschaft, Cologne, for the fiscal year from 1 January 2023 to 31 December 2023 to determine whether the disclosures required by Sec. 162 (1) and (2) AktG ["Aktiengesetz": German Stock Corporation Act] have been made therein. In accordance with Sec. 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures required by Sec. 162 (1) and (2) have been made in the accompanying remuneration report in all material respects. Our opinion does not cover the content of the remuneration report.

Basis for the opinion

We conducted our audit of the remuneration report in accordance with Sec. 162 (3) AktG and in compliance with the IDW Auditing Standard: Audit of the Remuneration Report in Accordance with Sec. 162 (3) AktG (IDW AuS 870 (09.2023)). Our responsibilities under this provision and standard are further described in the "Responsibilities of the auditor" section of our report. As an audit firm, we applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1). We complied with the professional obligations pursuant to the WPO ["Wirtschaftsprüferordnung": German Law Regulating the Profession of Wirtschaftsprüfer (German Public Auditor)] and the BS WP/vBP ["Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer": Professional Charter for German Public Accountants/German Sworn Auditors] including the requirements regarding independence.

Responsibilities of the management board and supervisory board

The management board and supervisory board are responsible for the preparation of the remuneration report and the related disclosures in compliance with the requirements of Sec. 162 AktG. In addition, they are responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

Responsibilities of the auditor

Our objectives are to obtain reasonable assurance about whether the disclosures required by Sec. 162 (1) and (2) AktG are made in the remuneration report in all material respects and to express an opinion thereon in a report.

We planned and performed our audit so as to determine the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by Sec. 162 (1) and (2) AktG. In accordance with Sec. 162 (3) AktG, we have not audited the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

Consideration of misrepresentations

In connection with our audit, our responsibility is to read the remuneration report considering the knowledge obtained in the audit of the financial statements and, in doing so, remain alert for indications of whether the remuneration report contains misrepresentations in relation to the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

If, based on the work we have performed, we conclude that there is a misrepresentation, we are required to report that fact. We have nothing to report in this regard.

Eschborn/Frankfurt/Main, 5 March 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Bösser	Jansen
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

TEN-YEAR OVERVIEW

T202 TEN-YEAR OVERVIEW

		2023	2022[8]	2021[7]	2020	2019	2018[6]	2017[5]	2016	2015	2014[4]
Income statement Lufthansa Group											
Revenue	EUR m	35,442	30,895	16,811	13,589	36,424	35,542	35,579	31,660	32,056	30,011
Result											
Adjusted EBITDA	EUR m	4,910	3,719	593	-2,890	4,718	5,016	5,009	3,338		
Adjusted EBIT	EUR m	2,682	1,520	-1,666	-5,451	2,026	2,836	2,969	1,752	1,817	1,171
Adjusted EBIT margin	%	7.6	4.9	-9.9	-40.1	5.6	8.0	8.3	5.5	5.7	3.9
EBIT	EUR m	2,669	1,419	-2,316	-7,353	1,857	2,974	3,297	2,275	1,676	1,000
Profit/loss before income taxes	EUR m	2,317	1,249	-2,606	-8,631	1,860	2,784	3,158	2,248	2,026	180
Income taxes	EUR m	-380	-239	413	1,865	-615	-588	-784	-445	-304	-105
Net profit/loss attributable to shareholders of Lufthansa AG	EUR m	1,673	791	-2,191	-6,725	1,213	2,163	2,340	1,776	1,698	55
Main cost items											
Staff costs	EUR m	8,344	7,277	6,328	6,436	9,121	8,811	8,172	7,354	8,075	7,335
Fees and charges	EUR m	4,487	3,730	2,155	1,796	4,523	4,457	6,357	5,736	5,651	5,265
Fuel	EUR m	7,931	7,601	2,409	1,875	6,715	6,087	5,232	4,885	5,784	6,751
Depreciation, amortisation and impairment	EUR m	2,242	2,245	2,351	4,389	2,776	2,205	2,383	1,769	1,715	1,528
Net interest	EUR m	-348	-409	-441	-334	-315	-144	-195	-218	-170	-256
Balance sheet Lufthansa Group											
Asset structure											
Non-current assets	EUR m	29,772	28,080	29,063	29,444	31,374	27,559	24,749	24,504	23,526	22,227
Current assets	EUR m	15,549	15,255	13,475	10,040	11,285	10,654	11,029	10,193	8,936	8,247
of which liquid assets	EUR m	8,265	8,301	7,666	5,460	3,385	3,235	3,948	3,937	3,093	2,738
Capital structure											
Shareholders' equity	EUR m	9,709	8,474	4,490	1,387	10,256	9,573	9,110	7,149	5,845	4,031
of which issued capital	EUR m	3,063	3,060	3,060	1,530	1,224	1,217	1,206	1,200	1,189	1,185
of which reserves	EUR m	4,923	4,554	3,581	6,542	7,710	6,083	5,461	4,084	2,881	2,728
Liabilities	EUR m	35,612	34,861	38,048	38,097	32,403	28,640	26,668	27,548	26,617	26,443
of which pension provisions	EUR m	2,895	2,069	6,676	9,531	6,659	5,865	5,116	8,364	6,626	7,231
of which borrowing	EUR m	13,943	15,151	16,670	15,368	10,030	6,685	6,814	6,575	6,370	5,958
Total assets	EUR m	45,321	43,335	42,538	39,484	42,659	38,213	35,778	34,697	32,462	30,474

T202 TEN-YEAR OVERVIEW

		2023	2022 [8]	2021 [7]	2020	2019	2018 [6]	2017 [5]	2016	2015	2014 [4]
Other financial data Lufthansa Group											
Capital expenditure	EUR m	3,609	2,425	1,356	1,312	3,666	3,805	3,529	2,231	2,568	2,773
of which on tangible and intangible assets	EUR m	3,544	2,365	1,318	1,249	3,486	3,709	3,338	2,160	2,454	2,699
of which on financial investments	EUR m	65	60	38	63	180	96	191	71	114	74
Cash flow from operating activities	EUR m	4,945	5,168	399	-2,328	4,030	4,109	5,368	3,246	3,393	1,977
(Adjusted) Free cash flow [1]	EUR m	1,846	2,526	-1,049	-3,669	203	288	2,117	1,138	834	-297
Indebtedness											
gross	EUR m	13,947	15,172	16,689	15,382	10,047	6,724	6,832	6,638	6,440	6,156
Net	EUR m	5,682	6,871	9,023	9,922	6,662	3,489	2,884	2,701	3,347	3,418
Lufthansa share											
Share price [2]	€	8.05	7.77	6.18	7.72	11.71	14.06	21.92	8.76	10.39	9.87
Dividends proposed/paid	EUR m	359	–	–	–	–	380	377	234	232	–
Dividend per share proposed/paid	€	0.30	–	–	–	–	0.80	0.80	0.50	0.50	–
Operational ratios Lufthansa Group											
Return on sales (Profit/loss before income taxes-/revenue)	%	6.5	4.0	-15.5	-63.5	5.1	7.8	8.9	7.1	6.3	0.6
Return on capital employed (Profit/loss before income taxes plus interest on liabilities/total assets)	%	6.4	4.0	-5.1	-20.8	5.3	7.8	9.9	7.3	7.3	2.0
Return on equity (Profit/loss after income taxes/shareholders' equity)	%	20.0	11.9	-48.8	-487.8	12.1	22.9	26.1	25.2	29.5	1.9
Return on equity (Profit/loss before income taxes/shareholders' equity)	%	23.9	14.7	-58.0	-622.3	18.1	29.1	34.7	31.4	34.7	4.5
Equity ratio (Shareholders' equity/total assets)	%	21.4	19.6	10.6	3.5	24	25.1	25.5	20.6	18.0	13.2
Gearing (Net indebtedness plus pension provisions/shareholders' equity)	%	88.3	105.5	349.6	1,402.5	129.9	97.7	87.8	154.8	170.6	264.2
Leverage (Net indebtedness/total assets)	%	12.5	15.9	21.2	25.1	15.6	9.1	8.1	7.8	10.3	11.2
Internal financing ratio (Cash flow/capital expenditure)	%	137.0	213.1	29.4	-177.4	109.9	108	152.1	145.5	132.1	71.3
Adjusted net debt/Adjusted EBITDA (since 2017); Debt repayment ratio (until 2016)	%	1.7	2.3	25.8	–	2.8	1.8	1.5	28.7	30.7	20.8
Revenue efficiency (Cash flow/revenue)	%	14.0	16.7	2.4	-17.1	11.1	11.6	15.1	10.3	10.6	6.6
Adjusted ROCE (Adjusted EBIT – 25% taxes)/average capital employed [3]	%	13.1	7.6	-7.4	-16.7	6.6	10.6	11.9	7.0	8.3	5.4
Net working capital (Current assets less current liabilities)	€bn	-4.2	-2.5	-1.2	-4.6	-4.7	-5.6	1.6	-0.8	-3.5	-2.7
Non-current asset ratio (Non-current assets/total assets)	%	65.7	64.8	68.3	74.6	73.5	72.1	69.2	70.6	72.5	72.9

T202 TEN-YEAR OVERVIEW

		2023	2022 [8]	2021 [7]	2020	2019	2018 [6]	2017 [5]	2016	2015	2014 [4]
Depreciation ratio for aircraft/reserve engines (Accumulated depreciation/accumulated acquisition costs)	%	61.0	60.1	58.8	55.9	50.7	51.7	52.5	49.7	51.6	51.4
Staff ratios											
Average number of employees	Number	110,264	106,889	107,643	125,207	137,784	134,330	128,856	123,287	119,559	118,973
Revenue/employee	€	321,429	289,038	156,174	108,532	264,356	264,587	276,114	256,799	268,119	252,251
Staff costs/revenue	%	23.5	23.6	37.6	47.4	25.0	24.8	23	23.2	25.2	24.4
Traffic figures Lufthansa Group											
Passengers	million	122.5	101.8	46.9	36.4	145.3	141.9	129.3	109.7	107.7	106
Available seat-kilometres	million	300,582	259,428	145,139	109,828	358,803	349,391	322,875	286,555	273,975	268,104
Revenue seat kilometres	million	249,269	207,030	89,397	69,462	296,217	284,639	261,149	226,639	220,396	214,643
Passenger load factor	%	82.9	79.8	61.6	63.2	82.6	81.5	80.9	79.1	80.4	80.1
Available cargo tonne-kilometres	million	15,497	14,194	11,867	10,560	17,379	16,349	15,754	15,117	14,971	14,659
Revenue cargo tonne-kilometres	million	8,735	8,562	8,477	7,373	10,664	10,896	10,819	10,071	9,930	10,249
Cargo load factor	%	56.4	60.3	71.4	69.8	61.4	66.6	68.7	66.6	66.3	69.9
Number of flights	Number	946,132	826,603	460,029	390,263	1,187,728	1,163,565	1,128,745	1,021,919	1,003,660	1,001,961
Commercial aircraft	Number	721	710	713	757	763	763	728	617	600	615

[1] Since 2018: Adjusted free cash flow, adjusted for the IFRS 16 effect.
[2] Figures adjusted until 2020 for effects of the new shares issued as part of the capital increase in September 2021.
[3] Determination until 2020: Adjusted ROCE (Adjusted EBIT plus interest income on liquidity less 25% taxes)/average capital employed.
[4] The figures for the 2014 financial year were adjusted retrospectively due to the new reporting method.
[5] The figures for the 2017 financial year were adjusted retrospectively to reflect the restated capitalisation of engine maintenance events and IFRS 9.
[6] The figures for the 2018 financial year were adjusted retrospectively to reflect the restated compensation payments for flight cancellations and delays.
[7] The figures for the 2021 financial year were adjusted retrospectively due to amendments in the definition of the figures.
[8] The figures for the 2022 financial year were adjusted due to the reclassification of the Catering segment to discontinued operations.

GLOSSARY

A

Adjusted EBIT
Main earnings metric for the Company's forecast. This relates to EBIT (earnings before interest and taxes) adjusted by non-recurring, non-operating effects.

Adjusted net debt/Adjusted EBITDA
Measure of the Group's debt-servicing capacity. By using Adjusted net debt, it also includes pension provisions as well as classic net indebtedness.

C

Call option
The right to purchase a specific underlying security within a specified period of time at an agreed price.

Cash flow
Measure of a company's financial and earnings potential. It is calculated as the difference between the inflow and outflow of cash and cash equivalents generated from ongoing business activities during the financial year.

Compliance
Institutionalised arrangements for ensuring that a company's management and staff duly comply with all statutory provisions and prohibitions.

D

Deferred taxes
A balance sheet item used to show taxable and deductible temporary differences. Deferred taxes reflect the temporary differences between assets and liabilities recognised for financial reporting purposes and such amounts recognised for income tax purposes.

Dividend yield
Indicator for assessing the profitability of an investment in shares. It is determined by dividing the dividend by the share price at the close of the reporting year and then multiplying it by 100.

E

EBIT
Financial indicator denoting earnings before interest and taxes. This is calculated from total operating income less operating expenses plus the result from equity investments.

EBITDA
Financial indicator denoting earnings before interest, taxes, depreciation and amortisation. Depreciation relates to items of property, plant and equipment and amortisation to intangible assets – both terms apply equally to non-current and current assets. The figure also includes impairment losses on equity investments accounted for under the equity method and on assets held for sale.

Equity ratio
Financial indicator expressing the ratio of shareholders' equity to total assets.

Equity method
Accounting method for measuring income derived from a company's investments in associated companies and joint ventures. Under this method, investment income equals a share of net income proportional to the size of the equity investment.

F

Free cash flow
Financial indicator expressing the operating cash flow remaining in the reporting period after deducting net cash used for investing activities.

Free float
Shares of a company that are widely held and can be traded on the stock exchange without restrictions.

G

Group of consolidated companies
Group of subsidiaries included in a company's consolidated financial statements.

H

Hub
In the aviation industry a hub refers to an airline's transfer airport, a central connecting point for different routes. Passengers and goods are transported from the original starting point to the airport's hub. From there they are carried to their destination by a second flight alongside passengers and goods from other departure points.

I

IATA
International Air Transport Association – the international trade association for the airline industry.

Impairment charges
Losses recognised on the carrying amount of assets. Impairment charges are recognised when an asset's "recoverable value" (the higher of fair value less costs to sell and value in use) is below its carrying amount. By contrast, depreciation or amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

J

Jet fuel crack
Price difference between crude oil and kerosene.

L

Low-cost carrier
Low-cost carrier are airlines which offer largely low ticket prices but with reduced service levels and sometimes additional charges on board and on the ground. Flights are mostly from secondary airports outside the major cities (e. g. Hahn in the Hunsrück area outside Frankfurt).

M

MRO
Short for maintenance, repair and overhaul of aircraft.

N

Net indebtedness / net liquidity
Financial indicator denoting non-current borrowing less cash, cash equivalents and current securities.

Network Airlines
In contrast to low-cost carriers, these airlines offer a wide-ranging, normally global route network via one or more hubs, with synchronised connecting flights.

P

Passenger load factor / cargo load factor
Measure of capacity utilisation in per cent. The cargo load factor expresses the ratio of capacity sold to available capacity. The passenger load factor refers to passenger transportation and the cargo load factor to cargo transport or total traffic.

R

Rating
A standardised measure used on international financial markets to judge and categorise a company's creditworthiness. A rating can enable conclusions to be drawn about whether an issuer is capable of meeting in full its obligations under the terms of the issue.

Return On Capital Employed – ROCE
Parameter for measuring value creation. EBIT, to which interest income on liquidity has been added and taxes of 25% subtracted, is divided by the average capital employed. The resulting value reflects the relative return on the capital employed.

Return on sales
Financial indicator expressing the net profit before taxes in relation to sales revenue.

Registered shares with transfer restrictions
Registered shares that may only be transferred with the approval of the company.

S

Seat-kilometre/tonne-kilometre

Standard output units for air transport. An available seat-kilometre (ASK) denotes one seat offered flown for one kilometre; a revenue passenger-kilometre (RPK) denotes one paying passenger transported for one kilometre. An offered tonne-kilometre (TKO) denotes the offered capacity equivalent of one tonne of load (passengers and/or cargo) for one kilometre; a revenue tonne-kilometre (RTK) denotes one tonne of load (passengers and/or cargo) transported for one kilometre.

T

Total shareholder return

Financial indicator Expressing the overall return that an investor earns from the increase in the market capitalisation or share price, plus the dividend payment. Total shareholder return is calculated from the share price at the close of the reporting year plus the dividend paid in respect of the previous year, multiplied by 100 and divided by the share price at the close of the previous year.

Trade working capital

Financial indicator for assessing a company's liquidity, measured as the difference between its current assets and its current liabilities.

Traffic revenue

Revenue generated solely from flight operations. It comprises revenue from transporting passengers and cargo as well as related ancillary services.

U

Unit costs/unit revenues

Key performance indicator for air transport. Unit costs (CASK) denote the operating expenses divided by available seat-kilometres. Unit revenue (RASK) denotes the revenue divided by available seat-kilometres.

W

Weighted average cost of capital – WACC

The average return required on the capital employed at a company. The return on capital is calculated using the weighted average return required for both debt and equity.

Wet lease

Leasing of an aircraft from another airline, including its cockpit and cabin crews as well as maintenance and insurance.

Y

Yields

Average traffic revenue generated per unit of output. Based on total seat/passenger-kilometres or tonne-kilometres sold, but they can also be calculated per unit of traffic volume, e. g. per passenger carried or per kilometre flown.

CHART AND TABLE OVERVIEW

CHART

TABLE

Notes to the consolidated income statement

Notes to the consolidated statement of financial position

Notes to the segment reporting

Notes to the consolidated cash flow statement

Other disclosures

Composition of the Group

Remuneration report

Further information

EDITORIAL

Published by
Deutsche Lufthansa AG
Venloer Str. 151 – 153
50672 Cologne, Germany

Entered in the Commercial Register of Cologne District Court under HRB 2168

Editorial staff
Dennis Weber (Editor)
Patrick Winter
Malte Happel

Concept and design
RYZE Digital
www.ryze-digital.de

Legend
→ Internal references
Internet links

CONTACT

Dennis Weber
+ 49 69 696 – 28008

Deutsche Lufthansa AG
Investor Relations
LAC, Airportring
60546 Frankfurt/Main
Phone: + 49 69 696-28008
E-Mail: investor.relations@dlh.de

The latest financial information is available online
www.lufthansagroup.com/investor-relations

FINANCIAL CALENDAR 2024

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

Deutsche Lufthansa AG
Investor Relations
Lufthansa Aviation Center
Airportring
60546 Frankfurt/Main
Germany

investor.relations@dlh.de

lufthansagroup.com
lufthansagroup.com/investor-relations
lufthansagroup.com/responsibility

Note
In this Annual Report, the terms “Lufthansa Group” and “Group” are used synonymously.
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 to which they refer.