Quarterly statement

15 November 2022

Q1-3 | 2022

Sales up in the third quarter but earnings significantly burdened by turbulent market environment

"LEONI has had a difficult 3rd quarter. Not without reason, experts are talking about a perfect storm that is confronting the automotive supply sector. Widespread inflation affecting everything from materials to logistics and energy through to wages, stressed supply chains and volatile product call-offs: all of that is leaving its mark. We are continuing on the path mapped out towards LEONI's recovery with all the more determination. We are rigorously keeping control of costs, conducting in-depth discussions with our customers and investing in our future."

Aldo Kamper, Chief Executive Officer of LEONI AG

- Consolidated sales of continuing operations[1] up significantly to € 955 million in the 3rd quarter (previous year: € 893 million); Wiring Systems Division with a 30% sales increase to € 915 million in the 3rd quarter, thereof organic growth of 17.5% thanks, among other factors, to continued ramp-up of key product series and receipt of reimbursements; nine-month sales in continuing operations of € 2,841 million (previous year: € 2,990 million)
- EBIT before exceptional items[2] of the continuing operations down significantly in the 3rd quarter to a loss of € 56 million (previous year: a loss of € 3 million) due particularly to increased raw material and logistics costs not yet fully passed on and persistently high volatility of call-offs as well as to forming contingent losses for expected, inflation-driven cost increases in a net amount of € 31 million; result after nine months likewise significantly lower with a loss of € 86 million (previous year: profit of € 10 million)
- Free cash flow (FCF) of the continuing operations of negative € 63 million (previous year: negative € 85 million) affected mainly by negative EBIT; nine-month FCF of the continuing operations at negative € 2 million (previous year: negative € 182 million), including the FCF of about € 278 million provided by the sale of the BG IN business group
- Outlook for 2022 financial year revised based on the continuing operations: from today's perspective, consolidated sales expected to amount to about € 3.8 billion; EBIT before exceptional items to show a loss in the high eight-digit euro range; FCF from today's perspective in a high positive eight-digit euro range, including the aforementioned FCF boost from the sale of BG IN. The expected effect on FCF of the sale of the BG AM business group is not yet considered here. This transaction is expected to be closed in the fourth quarter.

[1] The continuing operations principally comprise the wiring systems business of the Wiring Systems Division. Business Group Automotive Cable Solutions (BG AM), the sale of which was agreed in May 2022, has been presented in the Group's reporting as a discontinued operation since the 2022 half-year financial report; the previous year's figures were adjusted accordingly

[2] Changed definition versus last year, c.f. page 2 of LEONI's quarterly statement

LEONI Group

€ million (unless stated otherwise)

	Q3			Q1-3		
	2022	2021	Change	2022	2021	Change
Sales from continuing operations	955	893	6.9%	2,841	2,990	(5.0)%
Earnings before interest, taxes and depreciation/amortisation (EBITDA) from continuing operations	(27)	21	>(100)%	93	134	(30.6)%
Earnings before interest and taxes (EBIT) from continuing operations	(71)	(20)	>(100)%	(27)	2	>(100)%
Earnings before interest and taxes (EBIT) from discontinued operations	19	21	(9.5)%	48	74	(35.1)%
Earnings before interest and taxes (EBIT) from continuing operations before exceptional items[1]	(56)	(3)	>(100)%	(86)	10	>(100)%
Consolidated net result	(88)	(27)	>(100)%	(88)	(8)	>(100)%
Earnings per share continuing operations *(€)*	(3.11)	(1.51)	>(100)%	(3.68)	(2.23)	(65.0)%
Free cash flow from continuing operations[2]	(63)	(85)	25.9%	(2)	(182)	>100%
Capital expenditure of continuing operations	55	44	25.0%	116	121	(4.1)%
Equity ratio *(%)*	5.4	7.2	--	5.4	7.2	--
Employees as of 30 Sept *(number)*	95,905	102,262	(6.2)%	95,905	102,262	(6.2)%

Key events

- On 23 May 2022, LEONI AG signed an agreement with Stark Corporation Public Company Limited on the sale of Business Group Automotive Cable Solutions (BG AM). The activities sold generated sales of about € 1.3 billion in the 2021 financial year and were measured at an enterprise value of € 560 million. The expected cash inflow after deducting, among other items, financial liabilities and pension costs is well over € 400 million and will mostly be used to repay financial liabilities. Closing of the sale is subject to various completion conditions, including the required merger and antitrust approvals, which are expected to be issued in the fourth quarter. The LEONI Group's financing partners must also approve closing of the deal. The activities of BG AM have been treated as discontinued operations since the half-year financial report and are no longer included in comment on sales and earnings performance. The assets and liabilities of BG AM were reclassified to the respective 'held for sale' items on the balance sheet.
- The war that broke out between Russia and Ukraine at the end of February 2022 temporarily led to disruption of supply, production and sales at LEONI's western Ukrainian facilities in Stryi and Kolomyia. Thanks especially to the exceptional commitment of LEONI's workforce at both locations, LEONI was then rapidly able to largely resume production. All customer demand is presently being covered. Capacity is being duplicated at other LEONI facilities as a precautionary and supporting measure. Per end of September 2022, the war between Russia and Ukraine incurred related, exceptional costs of € 20 million, an amount by which EBIT before exceptional items is adjusted. Alongside these exceptional factors directly recognisable, for instance through impairments due to production under war conditions, there are also losses of efficiency, for which, however, no adjustment has yet been made and that therefore weigh on EBIT before exceptional items.
- Following the fundamental agreement that LEONI AG reached with its syndicate banks on a refinancing plan in July 2022, which is intended to ensure the Company's financing through to the end of 2025, LEONI has been in engaged

[1] This key figure represents adjustment of EBIT for exceptional, non-recurring factors to facilitate better comparability between the periods and interpretation of operating profitability. Starting from the 2022 financial year, effects stemming from the Group's refinancing, restructuring measures, M&A transactions as well as extraordinary costs related to the Ukraine war are classified as exceptional items.
[2] Prior-year figure appropriately adjusted due to reclassification of bank accounts pledged to factoring partners in the amount of € 3,007 k (Q3) and € 3,780 k (Q1-3)

in constructive talks with these banks aimed at setting out this agreement in a detailed, documented form. At the same time, there have been constructive talks with the borrower's note creditors to likewise agree on a detailed refinancing plan that integrates with that of the syndicate banks who are remaining committed for the long term. Accordingly, their consent is still required. Furthermore, execution is subject to updating and finalising the expert opinion on restructuring pursuant to the S6 standard of the German Institute of Public Auditors (IDW S6), which must confirm LEONI AG's continued ability to restructure, as well as the consent of the boards of the financing partners involved and of LEONI AG's Supervisory Board. LEONI AG remains confident of concluding the envisaged refinancing with all involved lenders soon and of thereby ensuring the LEONI Group's ongoing financing through to the end of 2025.

- Against this backdrop, LEONI AG will, probably in the course of 2023, carry out a combination of a capital increase from authorised capital and issue of a mandatory convertible bond, which will involve issuing shares or rights and obligations to purchase shares in an amount of up to 50 percent of its share capital.
- The sale of key parts of the industrial business pooled in Business Group Industrial Solutions (BG IN) of the Wire & Cable Solutions Division to BizLink Holding Inc. was closed on 20 January 2022. The operations sold were measured at an enterprise value of about € 450 million and generated sales of about € 510 million in the 2021 financial year. The cash inflow realised upon completion after deducting financial liabilities and pension costs, among other things, is about € 314 million and is being used to boost liquidity. The generated gain of about € 125 million is presented under reported consolidated EBIT.
- Work on implementing the new ValuePlus performance and strategy programme, which builds on the VALUE 21 programme successfully completed in 2021, began at the beginning of 2022. Thanks to ValuePlus, LEONI made progress during the first three quarters in both streamlining the Wiring Systems Divisions business model and optimising performance. Through its structured approach to avoiding added costs and passing any on LEONI managed to offset major parts of inflation-driven increases in raw material costs in 2022. Furthermore, the ongoing performance optimisation counteracted additional costs in production due, for example, to volatility and wage inflation. While negative effects of the global market setting could thus be significantly dampened, they could not be entirely offset.

Sales performance

Group sales performance
(€ million)

	Q3		Q1-3	
		%		%
Sales from continuing operations, previous year	**893**		**2,990**	
Organic change	115	12.9%	105	3.5%
Effects of changes in the scope of consolidation	(142)	(15.9)%	(434)	(14.5)%
Currency translation effect	30	3.4%	75	2.5%
Copper price effect	60	6.7%	105	3.5%
Sales from continuing operations, current year	**955**	**6.9%**	**2,841**	**(5.0)%**
Sales from discontinued operations, current year	**328**		**955**	
Consolidated sales	**1,284**		**3,796**	

- Sales of continuing operations (excl. BG AM) up by 7 percent year on year in the third quarter and down by 5 percent in the first nine months, affected mainly by disposal of the BG IN business; in the third quarter and the nine-month period, organic growth despite persisting bottlenecks involving semiconductors, occasionally reduced output in Ukraine because of the war and indirect effects of reduced call-offs from customers because of disruptions in global supply chains and the various lockdowns in China; positive impact from, among other factors, customers contributing to costs; furthermore positive effect of the increased price of copper as well as currency translation
- Sales of the discontinued operation at € 328 million in the third quarter (previous year: € 276 million) and at € 955 million in the first nine months (previous year: € 829 million); sales increase in both the third quarter and the nine-month period due principally to the growth in volume, copper price increases and positive effects of currency translation
- Consolidated sales gains in the third quarter of 13 percent in EMEA and of 8 percent in the Americas offset by 1 percent decrease in Asia; in the first nine months, sales increases of 1 percent in EMEA and of 2 percent in the Americas opposed by considerable, 8 percent decline in Asia

Earnings

Consolidated EBIT before exceptional items
(€ million)

	Q3		Q1-3	
	2022	**2021**	**2022**	**2021**
EBIT from continuing operations before exceptional items[1]	**(56)**	**(3)**	**(86)**	**10**
Mergers & Acquisitions	(9)	(14)	100	1
Restructuring	(2)	0	(8)	(1)
Refinancing	(5)	(3)	(13)	(8)
Exceptional costs related to the war in Ukraine	1	0	(20)	0
EBIT from continuing operations	**(71)**	**(20)**	**(27)**	**2**
EBIT from discontinued operations, current year	19	21	48	74
Consolidated EBIT	**(52)**	**0**	**22**	**76**

- EBIT before exceptional items from the continuing operations down significantly versus the previous year with a loss of € 56 million in the third quarter (previous year: a loss of € 3 million) and a loss of € 86 million in the first nine months (previous year: a gain of € 10 million); along with the pro-rata absence of the profit contribution from BG IN there was major pressure due to increased raw material and logistics costs, which could not yet be fully passed on to customers; furthermore ongoing loss of efficiency because of persistently high volatility in customer call-offs as a consequence of disruptions in the global supply chains involving particularly semiconductors and lockdowns in China; in the third quarter, positive effects on earnings from agreements reached with customers on compensation for additional costs incurred due to volatility, opposed by increase in contingent losses because of expected rise in factor costs (materials and personnel) as well as decline in volume and adverse exchange rate effect, compensation for which is presently being negotiated with customers
- Exceptional items in the third quarter comprised costs related to the sale of WCS companies and refinancing; in the first nine months, they mainly comprised income from completing the sale of BG IN, refinancing costs as well as restructuring expenses related to the planned shutdown of LEONI’s facility in Brake, Germany and exceptional costs related to the war in Ukraine, which primarily involve impairment of production assets

- The income tax expense of continuing operations rose by € 1 million in the third quarter; in the first nine months, tax expense came to € 51 million (previous year: € 33 million); attributable principally to deferred tax expense, to differences in balance sheet items as well as the change to loss carryforwards and valuation allowances on deferred tax assets especially as a consequence of signing an agreement to sell BG AM
- Consolidated net loss (incl. BG AM) of € 88 million in the third quarter (previous year: € 27 million), of which the continuing operations accounted for € 102 million (previous year: € 49 million); in the first nine months, net loss of € 88 million (previous year: € 8 million), of which the continuing operations accounted for € 120 million (previous year: € 73 million)
- The discontinued operation generated after-tax earnings of € 14 million in the third quarter (previous year: € 22 million) and of € 32 million in the first nine months (previous year: € 65 million); due mainly to considerably increased raw material and logistics costs

[1] This key figure represents adjustment of EBIT for exceptional, non-recurring factors to facilitate better comparability between the periods and interpretation of operating profitability. Starting from the 2022 financial year, effects stemming from the Group's refinancing, restructuring measures, M&A transactions as well as extraordinary costs related to the Ukraine war are classified as exceptional items.

Assets and financial position

Group free cash flow
(€ million)

	Q3		Q1-3	
	2022	2021[1]	2022	2021[6]
Cash flows from operating activities of continuing operations	(21)	(48)	(173)	(88)
Cash flows from capital investment activities of continuing operations	(42)	(37)	171	(94)
Free cash flow from continuing operations	**(63)**	**(85)**	**(2)**	**(182)**
Free cash flow from discontinued operations	23	(5)	(54)	(19)
Group free cash flow	**(40)**	**(90)**	**(56)**	**(201)**

- Free cash flow from continuing operations of negative € 63 million in the third quarter (previous year: negative € 85 million): in the first nine months, free cash flow at negative € 2 million (previous year: negative € 182 million); benefiting especially from the sale of BG IN in the amount of € 278 million and the trend in working capital; opposing effect stemming principally from operating performance in terms of EBIT
- Significant reduction in cash outflow due to the business activity of continuing operations in the third quarter thanks mainly to positive trend in working capital offsetting the negative EBIT; well below the previous year's level in the first nine months as the positive trend in working capital could only partially offset the lower EBIT
- Cash flows from capital investment activities largely at the level of the same quarter of the previous year; positive free cash flow in the first nine months (previous year: cash outflow), characterised mainly by the cash inflow from the sale of BG IN; after adjusting for this extraordinary factor, a larger cash outflow for capital spending than in the previous year

Group capital expenditure
(€ million)

	Q3		Q1-3	
	2022	2021	2022	2021
Addition excluding rights of use (IFRS 16) of continuing operations	52	40	107	98
Addition of rights of use (IFRS 16) of continuing operations	4	4	9	24
Capital expenditure (additions to property, plant and equipment as well as intangible assets) of continuing operations	**55**	**44**	**116**	**121**

- The capital expenditure on property, plant and equipment as well as intangible assets of the continuing operations rose to € 55 million in the third quarter (previous year: € 44 million), primarily so in the Wiring Systems Division; in the first nine months, capital expenditure amounted to € 116 million (previous year: € 121 million), of which € 105 million (previous year: € 99 million) in the WSD and € 9 million (previous year: € 21 million) in the continuing WCS operations
- Capital expenditure excluding the addition of rights of use (IFRS 16) of the continuing operations well up on the previous year with € 52 million in the third quarter; this includes particularly capacity expansion and adjustment for new customer projects on customer request as well as precautionary duplication of Ukrainian production lines at other locations to safeguard delivery capability

[1] Prior-year figure appropriately adjusted due to reclassification of bank accounts pledged to factoring partners in the amount of € 3,007 k (Q3) and € 3,780 k (Q1-3).

- Net financial debts[1] in the amount of € 1,525 million on 30 September 2022 (31/12/2021: € 1,540 million); slight decrease versus 2021 yearend due principally to the effect of deconsolidating BG IN amounting to € 127 million and scheduled repayment of borrower's note loans in the amount of € 54 million; opposing effect of further draw-down from an existing syndicate loan in the amount of € 145 million (RCF I) as well as a smaller amount of cash and cash equivalents of € 27 million
- The LEONI Group's freely available liquidity[2] amounted to € 230 million at the end of the third quarter of 2022 (31/12/2021: € 412 million), of which € 145 million cash and € 85 million available credit lines; guarantees amounting to € 54 million (31/12/2021: € 54 million) were already deducted as at the balance sheet date. The development of freely available liquidity was influenced mainly by further draw-down from existing syndicate loans in the amount of € 145 million (RCF I) as well as a smaller amount of cash and cash equivalents of € 27 million
- The risks that might have a materially negative impact on LEONI's business as well as its asset, financial and earnings situation, relevant opportunities and the structure of its risk and opportunity management systems are comprehensively presented in LEONI's Combined Management Report 2021. There are furthermore risks stemming from ramp-up of major projects.
- The risk situation described in the 2021 management report with respect to the war in Ukraine has developed further. Thanks to a comprehensive package of measures, longer-term production stoppages at LEONI and thus among customers were hitherto successfully avoided. The planning to duplicate production outside Ukraine has progressed and ensured the financial participation of customers. The risks of larger-scale disruptions of supply on the procurement side, longer-term production outages, the destruction of assets and thus losses of sales as well as adverse effect on customer call-offs will nevertheless persist if war events change.
- The risk mitigating measures to ensure medium-term liquidity have been applied as planned since 2020; the continually updated restructuring plan in line with the IDW S 6 auditing standard, which takes account of the effects of the war between Russia and Ukraine, assumes that LEONI will be fully financed with overwhelming probability provided refinancing is successful.
- Unforeseeable developments, particularly in connection with the Covid-19 pandemic, the war in Ukraine and the underlying conditions thereby changed (shortage of semiconductors, delays in parts supply from China, persisting volatility in customer call-offs, increased raw material, transport and staffing costs), could lead to further falling short of LEONI's planning. If such developments went far beyond the planning assumptions or other negative effects on liquidity simultaneously occur, they could present an existence-threatening liquidity risk as defined by Section 322 (2) sentence 3 of the German Commercial Code (HGB).
- The Board of Directors has, alongside measures included in the restructuring plan, initiated other operational measures to improve profitability and liquidity especially in connection with the risks stemming from the war in Ukraine (duplication of production in other countries and cost absorption by customers) and is monitoring these regularly.
- In addition to the operational measures aimed at improving profitability and liquidity, the Board of Directors has initiated measures particularly with the (partial) disposals of WCS that have either been completed, already agreed or planned, which are intended to improve liquidity and establish ability to refinance in the short and medium term.
- Given the maturity of major loans, there will be a need to refinance by the end of 2022 at the latest. Following the fundamental agreement that LEONI AG reached with its syndicate banks on a refinancing plan in July 2022, which is intended to ensure the Company's financing through to the end of 2025, LEONI has been in engaged in constructive talks with these banks aimed at setting out this agreement in a detailed, documented form. At the same time, there have been constructive talks with the borrower's note creditors to likewise agree on a detailed refinancing plan that integrates with that of the syndicate banks who are remaining committed for the long term. Accordingly, their consent is still required. Furthermore, execution is subject to updating and finalising the expert opinion on restructuring pursuant to the S6 standard of the German Institute of Public Auditors (IDW S6), which must confirm LEONI AG's continued ability to restructure, as well as the consent of the boards of the financing partners involved and of LEONI AG's Supervisory Board. LEONI AG remains confident of concluding the envisaged refinancing with all involved lenders soon and of thereby ensuring the LEONI Group's ongoing financing through to the end of 2025. Overall, the refinancing plan will, when implemented as planned, reduce the financial liabilities by € 574 million, of which € 442 million will stem from repayment of liabilities using the funds from the BG AM sale and € 132 million is likely to come from restructuring the remaining RCF I receivables. Against this backdrop, LEONI AG will, probably in the course of

[1] Net financial liabilities including items containing 'assets / liabilities held for sale': € 100 million on 30/09/2022; € 106 million on 31/12/2021
[2] Including items contained in 'Assets / liabilities held for sale'

2023, carry out a combination of a capital increase from authorised capital and issue of a mandatory convertible bond, which will involve issuing shares or rights and obligations to purchase shares in an amount of up to 50 percent of its share capital (equity transaction). As long as the refinancing plan is not contractually realised, the various closing conditions for the sale of Business Group Automotive Cable Solutions (BG AM) have not yet been fulfilled and the LEONI Group's financing partners have not yet granted their consent, there continues to be an existence-threatening financing risk to LEONI's ability to remain a going concern as defined by Section 322 (2) sentence 3 of the German Commercial Code (HGB).

- The Board of Directors rates the prospects of success of measures launched and planned, especially to overcome the fallout from the Covid-19 pandemic as well as the Ukraine war and the thereby changed underlying conditions (semiconductor shortage, delays in parts supply from China, persisting volatility in customer uptake, increased raw material, transport and personnel costs) and the financing risk at the end of 2022, based on information currently available and considering the described challenges with respect to business performance, LEONI's liquidity situation as well as continuation of its business activity, as given with overwhelming probability.

Wiring Systems Division (WSD)

Sales performance

WSD sales performance
(€ million)

	Q3		Q1-3	
		%		%
Sales, previous year	**704**		**2,365**	
Organic change	123	17.5%	125	5.3%
Currency translation effect	28	4.0%	68	2.9%
Copper price effect	61	8.7%	92	3.9%
Sales, current year	**915**	**30.0%**	**2,650**	**12.1%**

- Sales in third quarter and in first nine months up significantly on the previous year's levels despite persisting pressure due to volatile customer call-offs because of disruptions in the global supply chains – particularly involving semiconductors – and temporarily reduced output in Ukraine because of the war; alongside organic growth due to further ramp-up of key product series and the cost contributions by customers, positive effect from increase in the price of copper and currency translation; previous year severely affected by fallout from the semiconductor crisis
- Third-quarter sales increases in all regions: Americas up 28 percent, EMEA up 32 percent and Asia up 19 percent on the previous year's level; sales increases in the first nine months of 15 percent in the Americas and of 14 percent in EMEA opposed by a 3 percent decrease in Asia

Earnings

WSD EBIT before exceptional items
(€ million)

	Q3		Q1-3	
	2022	2021	2022	2021
EBIT before exceptional items	**(52)**	**(11)**	**(83)**	**(21)**
Mergers & Acquisitions	(8)	(3)	(10)	(5)
Restructuring	(1)	(2)	(9)	(6)
Refinancing	(5)	(2)	(10)	(6)
Exceptional costs related to the war in Ukraine	1	0	(20)	0
EBIT	**(64)**	**(18)**	**(131)**	**(38)**

- Significant deterioration of EBIT before exceptional items in the third quarter and in the first nine months; major pressure on operating profit because of increased raw material and logistics costs that could not yet be fully passed on to customers and increase in contingent losses due to expected rise in factor costs (materials and personnel) as well as decline in volume and adverse exchange rate effects, compensation for which is currently being negotiated with customers; in addition, ongoing loss of efficiency because of reduced customer call-offs owing to the semiconductor crisis, lockdowns in China as well as missing components from other automotive suppliers in Ukraine and staff availability in some regions; a non-recurring drain on income of about € 7 million furthermore stemmed from change of currency items in the context of carving out the discontinued operations.
- Exceptional items in the third quarter comprised costs related to the sale of WCS companies and refinancing; in the first nine months, mainly costs pertaining to the sale of WCS companies and refinancing, restructuring expenses related to the planned shutdown of LEONI's facility in Brake, Germany as well as exceptional costs related to the war in Ukraine, which primarily involve impairment of production assets

Key events WSD

- Secure supply to customers despite the war in Ukraine and high volatility of call-offs because of disruptions in the supply chains and the resulting production stoppages and changes among customers
- Continued duplication of Ukrainian production capacity in LEONI's worldwide production network, especially so in Eastern Europe and North Africa
- Rising raw material and logistics costs remain a challenge; solutions to passing on added costs via price increases already being negotiated with customers
- Order intake with an expected project volume of € 0.3 billion in the third quarter (previous year: € 0.9 billion); expected project volume of € 21.5 billion covering the entire term of the projects as of 30 September 2022 (previous year: € 20.4 billion), of which € 7.0 billion (previous year: € 5.5 billion) e-mobility projects
- Newly opened Innovation Industrialization Center (IIC) in Kitzingen synchronises product and process development on the way towards the next-generation wiring system; IIC provides sustainable savings potential through, among other factors, globally standardised production processes and shorter ramp-up times

Wire & Cable Solutions Division (WCS)

Sales performance

WCS sales performance
(€ million)

	Q3		Q1-3	
		%		%
Sales from continuing operations, previous year	**189**		**625**	
Organic change	(8)	(4.2)%	(20)	(3.2)%
Effects of changes in the scope of consolidation	(142)	(75.1)%	(434)	(69.4)%
Currency translation effect	2	1.1%	7	1.1%
Copper price effect	(1)	(0.5)%	13	2.1%
Sales from continuing operations, current year	**40**	**(78.8)%**	**192**	**(69.3)%**
Sales from discontinued operations, current year	328		955	
Sales, current year	**368**		**1,147**	

- Continuing operations substantially downsized by the sale of BG AM
- Sales from the continuing operations down significantly year on year in both the third quarter and the first nine months; driven mainly by the portfolio adjustment, including the sale of BG IN

Earnings

WCS EBIT before exceptional items
(€ million)

	Q3		Q1-3	
	2022	2021	2022	2021
EBIT from continuing operations before exceptional items	**(4)**	**8**	**(5)**	**30**
Mergers & Acquisitions	0	(11)	162	6
Restructuring	(1)	2	1	5
Refinancing	0	(1)	(3)	(2)
EBIT from continuing operations	**(5)**	**(2)**	**155**	**39**
EBIT from discontinued operations	19	21	48	74
EBIT	**14**	**18**	**204**	**113**

- Significant reduction in the EBIT before exceptional items of the continuing operations in the third quarter and first nine months; beyond the pro-rata absence of the earnings contribution from BG IN and other units sold, adversely affected by substantially increased raw material and logistics costs
- Key exceptional factors in the first nine months: income from closing the sale of BG IN in 2022 as well as of LEONI Switzerland and Kerpen in the previous year; income from the internal sale of the umbrella brand to the Group parent company – consolidation at Group level

Key events WCS

- Key parts of the industrial business pooled in Business Group Industrial Solutions (BG IN) sold at the beginning of the year
- Agreement on sale of Business Group Automotive Cable Solutions (BG AM) signed in the second quarter
- Further carve-out activities progressing

Supplementary report

No events of special significance and with material impact on the LEONI Group’s asset, financial and earnings situation occurred after close of the reporting period and until this statement was released.

Outlook

- LEONI AG’s Board of Directors decided on 2 November 2022 to revise its forecast for the current 2022 financial year versus its ad-hoc announcement of 14 March 2022 based on its continuing operations. The forecast was issued on 2 November 2022 as part of an ad-hoc announcement that also reported the preliminary figures for the third quarter of 2022.
- As things stand, the consolidated sales of the continuing operations are expected to amount to about € 3.8 billion in the financial year 2022. EBIT before exceptional items of the continuing operations is projected to be in the heavily negative eight-digit euro range. The free cash flow of the continuing operations will, from current perspective, be in the high, positive eight-digit euro range, which will include the cash of € 278 million provided by the sale of BG IN. The expected FCF benefit from the sale of the BG AM business group is not yet considered here; this transaction is expected to be closed in the fourth quarter.

Notes regarding forward-looking statements

This quarterly statement contains forward-looking statements that are based on management's current assumptions and estimates concerning future trends. Such statements are subject to risk and uncertainty that LEONI cannot control or precisely assess. Should imponderables occur or assumptions on which these statements are based prove to be incorrect, actual results could deviate considerably from those described in these statements. LEONI assumes no obligation to update forward-looking statements to adjust them to events following publication of this quarterly statement.

Due to rounding, it may be that some figures in this and other documents do not add up precisely to the stated total and that presented percentages do not precisely reflect the absolute figures to which they refer.

Financial publications are available on LEONI's website at www.leoni.com.

This interim report is published in German and English. In case of doubt or conflict, the German language version will prevail.

Financial calendar

Balance sheet press, analyst and investor conference	22 March 2023
Quarterly statement, 1st quarter 2023	11 May 2023
Annual General Meeting 2023	24 May 2023
Interim Report for the 1st half of 2023	9 August 2023
Quarterly statement, 3rd quarter 2023	15 November 2023

Contact

Investor Relations

Rolf Becker	+49 911 2023-134	invest@leoni.com

Media Relations

Gregor le Claire	+49 911 2023-226	presse@leoni.com

LEONI AG • Marienstrasse 7 • 90402 Nuremberg

www.leoni.com

Key financial information

for first through third quarter of the 2022 financial year

Consolidated income statement

€ '000, except information on shares

	Q3		Q1-3	
	2022	2021	2022	2021
Sales	955,133	893,185	2,841,374	2,989,595
Cost of sales	(884,409)	(761,499)	(2,599,823)	(2,569,520)
Gross profit on sales	**70,724**	**131,686**	**241,551**	**420,075**
Selling expenses	(34,005)	(36,332)	(105,577)	(137,791)
General and administration expenses	(70,103)	(69,840)	(206,978)	(200,643)
Research and development expenses	(31,744)	(30,896)	(101,145)	(95,393)
Other operating income	2,052	1,593	148,528	34,771
Other operating expenses	(19,594)	(22,606)	(29,708)	(45,262)
Result from associated companies and joint ventures	12,043	6,026	26,571	26,378
EBIT	**(70,627)**	**(20,369)**	**(26,758)**	**2,135**
Finance revenue	205	74	881	327
Finance costs	(15,899)	(14,538)	(43,453)	(41,834)
Other income / expenses relating to equity investments	0	0	0	105
Income before taxes	**(86,321)**	**(34,833)**	**(69,330)**	**(39,267)**
Income taxes	(15,409)	(14,472)	(50,842)	(33,442)
Income after taxes of continuing operations	**(101,730)**	**(49,305)**	**(120,172)**	**(72,709)**
Income after taxes of discontinued operations	13,699	22,292	32,073	64,872
Consolidated net loss	**(88,031)**	**(27,013)**	**(88,099)**	**(7,837)**
due to: holders of equity in the parent company	(88,031)	(26,830)	(88,320)	(7,941)
non-controlling interests	0	(183)	221	104
Earnings per share in € (basic and diluted)				
from continuing operations	(3.11)	(1.51)	(3.68)	(2.23)
from discontinued operations	0.42	0.68	0.98	1.99
Weighted average no. of shares outstanding (basic and diluted)	32,669,000	32,669,000	32,669,000	32,669,000

After the sale of the business encompassing automotive standard and special cables pooled in Business Group Automotive Cable Solutions (BG AM) agreed in May 2022, this unit has, as of the 2022 half-year report, been carried as a discontinued operation in the Group's reporting; the continuing business comprises principally that of the Wiring Systems Division; the previous year's figures were adjusted accordingly.

Consolidated statement of comprehensive income

(€ '000)

	Q3 2022	Q3 2021	Q1-3 2022	Q1-3 2021
Consolidated net loss	**(88,031)**	**(27,013)**	**(88,099)**	**(7,837)**
Other comprehensive income				
Items that cannot be reclassified to the income statement:				
Actuarial gains or losses on defined benefit plans	(6,947)	(6,314)	33,018	24,085
Income taxes applying to items of other comprehensive income that are not reclassified	(884)	1,333	(4,319)	(902)
Items that can be reclassified to the income statement:				
Cumulative translation adjustments				
Gains / losses arising during the period	(2,743)	1,348	(5,858)	10,504
Less reclassification adjustments included in the income statement	1,971	0	(7,077)	(36,358)
Total cumulative translation adjustments	(772)	1,348	(12,935)	(25,854)
Cash flow hedges				
Gains / losses arising during the period	14,865	(4,423)	25,755	(551)
Less reclassification adjustments included in the income statement	(3,177)	0	(2,214)	(4,413)
Total cash flow hedges	11,688	(4,423)	23,541	(4,964)
Parts of the items that can be reclassified to the income statement, which pertain to associates and joint ventures	121	471	845	1,688
Income taxes applying to items of other comprehensive income that are reclassified	(747)	1,107	(1,845)	1,616
Other comprehensive income (after taxes)	**2,459**	**(6,478)**	**38,305**	**(4,331)**
Total comprehensive income	**(85,572)**	**(33,491)**	**(49,794)**	**(12,168)**
due to: holders of equity in the parent company	(85,572)	(33,309)	(50,015)	(12,271)
non-controlling interests	0	(182)	221	103

Consolidated statement of financial position

(€ '000)

ASSETS	30/09/2022	31/12/2021	30/09/2021
Cash and cash equivalents	122,701	164,635 [1]	129,278 [1]
Trade accounts receivable	356,554	392,718	417,152
Other current financial assets	64,976	91,073 [1]	60,186 [1]
Other current assets	159,940	133,757	180,715
Receivables from income taxes	12,168	15,458	11,663
Inventories	348,893	470,015	564,756
Contract assets	143,725	111,636	138,516
Assets held for sale	834,155	415,043	391,628
Total current assets	2,043,112	1,794,335	1,893,894
Property, plant and equipment	925,746	1,271,416	1,259,004
Intangible assets	27,883	38,147	41,347
Goodwill	68,722	68,722	68,722
Shares in associated companies and joint ventures	38,221	53,416	38,470
Contract assets	68,590	69,485	81,449
Other non-current financial assets	15,485	13,595	7,908
Deferred taxes	50,269	54,515	71,387
Other non-current assets	86,648	85,479	83,514
Total non-current assets	1,281,564	1,654,775	1,651,801
Total ASSETS	**3,324,676**	**3,449,110**	**3,545,695**

EQUITY AND LIABILITIES	30/09/2022	31/12/2021	30/09/2021
Current financial debts and current proportion of long-term financial debts	1,039,273	579,679	101,450
Trade accounts payable	601,681	739,919	726,355
Current financial liabilities	37,153	67,934	53,201
Income taxes payable	23,314	24,691	25,591
Other current liabilities	211,793	207,498	195,201
Provisions	57,049	67,326	53,660
Liabilities held for sale	458,837	260,761	261,790
Total current liabilities	2,429,100	1,947,808	1,417,248
Long-term financial debts	508,529	1,018,837	1,601,094
Long-term financial liabilities	9,378	9,396	6,675
Other non-current liabilities	15,922	15,774	13,664
Pension provisions	76,396	123,223	131,611
Other provisions	72,905	76,305	100,164
Deferred taxes	34,485	28,355	21,442
Total non-current liabilities	717,615	1,271,890	1,874,650
Share capital	32,669	32,669	32,669
Contingent capital of € 6,534 k (previous year: € 6,534 k)			
Additional paid-in capital	290,887	290,887	290,887
Retained earnings	(93,750)	(5,430)	34,351
Accumulated other comprehensive income	(51,845)	(90,150)	(105,745)
Holders of equity in the parent company	177,961	227,976	252,162
Non-controlling interests	0	1,436	1,635
Total equity	177,961	229,412	253,797
Total EQUITY and LIABILITIES	**3,324,676**	**3,449,110**	**3,545,695**

[1] Prior-year figure appropriately adjusted due to reclassification of bank accounts pledged to factoring partners in the amount of € 5,459 k and € 8,829 k, respectively

Consolidated statement of cash flows

(€ ‘000)

	Q3 2022	Q3 2021	Q1-3 2022	Q1-3 2021
Income after taxes of continuing operations	(101,730)	(49,305)	(120,172)	(72,709)
Adjustments to reconcile cash provided by operating activities:				
Income taxes	15,416	14,537	50,842	33,442
Net interest	13,946	15,050	39,838	40,715
Dividend income	0	0	0	(105)
Depreciation and amortisation	43,284	41,128	120,195	132,046
Impairment of non-current assets and of assets held for sale	2,426	8,180	16,437	12,258
Non-cash result relating to associates and joint ventures	(12,043)	(6,026)	(26,571)	(26,378)
Result of asset disposals	176	79	(7,291)	939
Effect of deconsolidation	256	0	(122,424)	(21,680)
Change in operating assets and liabilities				
Change in receivables and other financial assets	(48,902)	30,795 [1]	(105,533)	36,928 [1]
Change in inventories	6,705	(23,164)	(68,593)	(121,165)
Change in other assets	7,104	321	(87,182)	(49,523)
Change in restructuring provisions	(2,399)	(6,835)	(3,022)	(19,088)
Change in other provisions	17,127	(20,285)	1,478	(26,730)
Change in liabilities	26,241	(61,516)	123,174	(32,401)
Income taxes paid	(10,602)	(11,826)	(27,743)	(16,145)
Dividends received	22,045	20,597	43,611	41,367
Cash flows from operating activities of continuing operations	**(20,950)**	**(48,270)**	**(172,956)**	**(88,229)**
Cash flows from operating activities of discontinued operations	35,710	4,130	(19,957)	3,985
Cash flows from operating activities	**14,760**	**(44,140)** [1]	**(192,913)**	**(84,244)** [1]
Capital expenditure on intangible assets	(1,066)	(2,477)	(9,410)	(6,404)
Capital expenditure on property, plant and equipment	(45,584)	(35,378)	(105,758)	(96,401)
Cash receipts from disposals of intangible assets	0	150	0	170
Cash receipts from disposals of tangible assets	345	445	5,979	809
Cash receipts from disposals of other financial assets	0	100	2	101
Income from the disposal of a business operation / subsidiaries less cash and cash equivalents paid	4,103	0	280,636	7,566
due to: disposal proceeds € 321,341 k (previous year: € 15,207 k) due to: disposed cash and cash equivalents € 40,705 k (previous year: € 7,641 k)				
Cash flows from capital investment activities of continuing operations	**(42,202)**	**(37,160)**	**171,449**	**(94,159)**
Cash flows from capital investment activities of discontinued operations	(12,787)	(9,104)	(34,508)	(22,748)
Cash flows from capital investment activities	**(54,989)**	**(46,264)**	**136,941**	**(116,907)**

Consolidated statement cash flows continued next page

[1] Prior-year figure appropriately adjusted due to reclassification of bank accounts pledged to factoring partners in the amount of € 3,007 k (Q3) and € 3,780 k (Q1-3)

Consolidated statement of cash flows - *continued*

(€ '000)

Cash receipts from acceptance of financial debts	16,466	40,256	152,722	233,745
Cash repayments of financial debts	(12,485)	(9,483)	(94,863)	(44,829)
Interest paid	(15,658)	(14,495)	(33,131)	(36,322)
Interest received	273	371	1,033	781
Cash flows from financing activities of continuing operations	**(11,404)**	**16,649**	**25,761**	**153,375**
Cash flows from financing activities of discontinued operations	(2,020)	(3,234)	(3,287)	(10,704)
Cash flows from financing activities	**(13,424)**	**13,415**	**22,474**	**142,671**
Change in cash and cash equivalents	(53,653)	(76,989) [1]	(33,498)	(58,480) [1]
Currency adjustments	(1,271)	856	6,819	4,304
Cash and cash equivalents at beginning of period	200,157	212,850	171,912	190,893
of which carried on the balance sheet under the item 'Assets held for sale'	*28,440*	*9,077*	*7,277*	*8,453*
of which carried on the balance sheet under the item 'Cash and cash equivalents'	*171,717*	*203,773*	*164,635*	*182,440*
Cash and cash equivalents at end of period	145,233	136,717 [1]	145,233	136,717 [1]
of which carried on the balance sheet under the item 'Assets held for sale'	*22,532*	*7,439*	*22,532*	*7,439*
of which carried on the balance sheet under the item 'Cash and cash equivalents'	*122,701*	*129,278* [1]	*122,701*	*129,278* [1]

After the sale of the business encompassing automotive standard and special cables pooled in Business Group Automotive Cable Solutions (BG AM) agreed in May 2022, this unit has, as of the 2022 half-year report, been carried as a discontinued operation in the Group's reporting; continuing business comprises principally that of the Wiring Systems Division; the previous year's figures were adjusted accordingly.

[1] Prior-year figure appropriately adjusted due to reclassification of bank accounts pledged to factoring partners in the amount of € 3,007 k (Q3) and € 3,780 k (Q1-3)

Consolidated statement of changes in equity

(€ ‘000)

				Accumulated other comprehensive income					
	Share capital	Additional paid-in capital	Retained earnings	Cumulative translation adjustments	Cash flow hedges	Actuarial gains and losses	Holders of equity in the parent company	Non-controlling interests	Total
1 January 2021	**32,669**	**290,887**	**42,292**	**46,955**	**3,014**	**(151,384)**	**264,433**	**1,532**	**265,965**
Consolidated net loss			(7,941)				(7,941)	104	(7,837)
Other comprehensive income				(24,165)	(3,348)	23,183	(4,330)	(1)	(4,331)
Total comprehensive income							(12,271)	103	(12,168)
30 September 2021	**32,669**	**290,887**	**34,351**	**22,790**	**(334)**	**(128,201)**	**252,162**	**1,635**	**253,797**
1 January 2022	**32,669**	**290,887**	**(5,430)**	**29,718**	**(763)**	**(119,105)**	**227,976**	**1,436**	**229,412**
Consolidated net loss			(88,320)				(88,320)	221	(88,099)
Other comprehensive income				(12,090)	21,696	28,699	38,305	0	38,305
Total comprehensive income							(50,015)	221	(49,794)
Disposal of non-controlling interests								(1,657)	(1,657)
30 September 2022	**32,669**	**290,887**	**(93,750)**	**17,628**	**20,933**	**(90,406)**	**177,961**	**0**	**177,961**

Segment information

€ '000, employees excluded

	Q3			Q1-3		
	2022	2021	Change (%)	2022	2021	Change (%)
Wiring Systems						
Sales, gross	915,367	704,046	30.0%	2,650,113	2,365,224	12.0%
Less intersegment sales	116	133	(12.8)%	379	448	(15.4)%
External sales (sales to third parties)	915,251	703,913	30.0%	2,649,735	2,364,776	12.1%
EBIT	(63,788)	(18,353)	>(100.0)%	(131,433)	(37,851)	>(100.0)%
as a percentage of external sales	(7.0)%	(2.6)%	---	(5.0)%	(1.6)%	---
EBIT before exceptional items	(51,505)	(11,138)	>(100.0)%	(82,627)	(20,910)	>(100.0)%
as a percentage of external sales	(5.6)%	(1.6)%	---	(3.1)%	(0.9)%	---
Employees	91,792	94,577	(2.9)%	91,792	94,577	(2.9)%
Wire & Cable Solutions						
Sales, gross	437,931	526,605	(16.8)%	1,348,258	1,642,324	(17.9)%
Less intersegment sales	69,617	61,121	13.9%	201,218	188,626	6.7%
External sales (sales to third parties)	368,314	465,484	(20.9)%	1,147,040	1,453,698	(21.1)%
of which continuing operations	39,882	189,272	(78.9)%	191,640	624,819	(69.3)%
EBIT	13,852	18,142	(23.6)%	203,514	113,272	79.7%
of which continuing operations	(5,100)	(2,385)	>(100.0)%	155,246	39,194	>100.0%
as a percentage of external sales	3.8%	3.9%	---	17.7%	7.8%	---
EBIT before exceptional items	14,293	28,488	(49.8)%	46,221	105,165	(56.0)%
of which continuing operations	(4,410)	7,766	>(100.0)%	(4,913)	30,101	>(100.0)%
as a percentage of external sales	3.9%	6.1%	---	4.0%	7.2%	---
Employees	3,900	7,473	(47.8)%	3,900	7,473	(47.8)%
Consolidation / LEONI AG						
Sales, gross	(69,733)	(61,254)	(13.8)%	(201,597)	(189,074)	(6.6)%
Less intersegment sales	69,734	61,254	13.8%	201,597	189,074	6.6%
External sales (sales to third parties)	---	---	---	---	---	---
EBIT	(1,740)	369	---	(50,572)	792	---
EBIT before exceptional items	270	368	---	1,439	791	---
Employees	213	212	0.5%	213	212	0.5%
Group						
Sales, gross	1,283,565	1,169,397	9.8%	3,796,774	3,818,474	(0.6)%
Less intersegment sales	---	---	---	---	---	---
External sales (sales to third parties)	1,283,565	1,169,397	9.8%	3,796,774	3,818,474	(0.6)%
of which continuing operations	955,133	893,185	6.9%	2,841,374	2,989,595	(5.0)%
EBIT	(51,676)	158	>(100.0)%	21,509	76,214	(71.8)%
of which continuing operations	(70,628)	(20,369)	>(100.0)%	(26,758)	2,135	>(100.0)%
EBIT as a percentage of external sales	(4.0)%	0.0%	---	0.6%	2.0%	---
EBIT before exceptional items	(36,942)	17,718	>(100.0)%	(34,967)	85,046	>(100.0)%
of which continuing operations	(55,643)	(3,004)	>(100.0)%	(86,102)	9,983	>(100.0)%
as a percentage of external sales	(2.9)%	1.5%	---	(0.9)%	2.2%	---
Employees	95,905	102,262	(6.2)%	95,905	102,262	(6.2)%