LEONI

Interim Report

11 August 2021

Q2 and H1 | 2021

LEONI continues recovery in the second quarter – full-year outlook raised

"Following a satisfactory start to the year, our strong second quarter underscored that LEONI is heading into the right direction to steadily return to a successful track. Our sales have bounced back significantly and our ongoing, consistent implementation of all measures necessary to boost performance and efficiency are proving effective. We can look forward to the second half of the year with confidence. At the same time, we must continue to act prudently given the continuing uncertainties in the market. The bottlenecks in global supply chains that already weighed on our business in the first half of the year will continue to pose a major challenge going forward, too."

Aldo Kamper, Chief Executive Officer of LEONI AG

- LEONI continues recovery: Consolidated sales well above the previous year's weak figures due to Covid-19 with increases of 47 percent in the first half and 92 percent in the second quarter
- Significantly higher EBIT before exceptional items as well as before VALUE 21 costs; profit of € 87 million after six months (previous year: negative € 112 million) and € 48 million in the second quarter (previous year: negative € 96 million)
- Free cash flow of negative € 110 million in the first half of 2021 (previous year: negative € 244 million), particularly due to sales and copper price-driven increase in working capital; improvement to negative € 10 million in the second quarter, largely due to better earnings and expansion of factoring volumes
- Supply bottlenecks of critical components and materials and production disruptions among carmakers due to shortage of semiconductors weighed on the first half; further bottlenecks in global supply chains expected in the second half
- VALUE 21 update: annual gross cost savings potential of more than € 650 million from 2022 achieved as of 30 June 2021
- Progress with WCS carve-out: Sale of the WCS' LEONI Schweiz AG units as well as the Data Communication and Compound business units based at Stolberg successfully closed in the first and second quarters, respectively; major parts of Business Group Industrial Solutions classified as 'held for sale' at the end of the second quarter
- Sales and earnings outlook raised following uptrend in the first half: a significant year-on-year sales increase to at least € 5 billion and a significant improvement compared to the previous year in EBIT before exceptional items as well as before VALUE 21 costs to at least € 100 million now expected for 2021; a significant year-on-year decrease in free cash flow still expected

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Interim group management report

LEONI Group

€ million

	Q2			H1		
	2021	2020	Change	2021	2020	Change
Sales	1,296	673	92.5%	2,649	1,802	47.0%
Earnings before interest, taxes and depreciation/amortisation (EBITDA)	75	(76)	>100.0%	181	(80)	>100.0%
Earnings before interest and taxes (EBIT)	25	(129)	>100.0%	76	(186)	>100.0%
EBIT before exceptional items as well as before VALUE 21 costs[1]	48	(96)	>100.0%	87	(112)	>100.0%
Consolidated net result	(9)	(123)	93.0%	19	(190)	>100.0%
Earnings per share *(€)*	(0.27)	(3.75)	92.8%	0.58	(5.80)	>100.0%
Free cash flow	(10)	(244)	95.7%	(110)	(244)	54.9%
Capital expenditure	40	69	(42.7)%	92	167	(45.1)%
Equity ratio *(%)*	7.9	11.7	--	7.9	11.7	--
Employees as of 30 June *(number)*	101,734	90,932	11.9%	101,734	90,932	11.9%

Economic conditions

- Global economy picked up further in the first six months of 2021: Against the backdrop of vaccination progress and successful government support measures, the International Monetary Fund again raised its forecasts in April and reaffirmed these in July
- International car markets in the first half of the year: strong growth compared to the same, Covid-19-affected period of the previous year, but still below pre-crisis levels; according to the German Association of the Automotive Industry (VDA), respectively, new vehicle registrations in Europe, the United States and China were up by nearly 30 percent; bottlenecks in the supply of semiconductors prevented a faster market recovery
- IHS Global Insight says that output of passenger cars and light commercial vehicles in the period from January to June was up by almost 30 percent year on year, with increases in all regions; globally, production of heavy commercial vehicles down slightly, growth in the Americas and EMEA region was more than offset by decline in Asia

[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. Exceptional items comprise significant impairment of goodwill, intangible assets, property, plant and equipment as well as other assets, major expenses for contingent losses on customer contracts, costs in preparation for carving out the Wire & Cable Solutions Division (excl. internal costs), refinancing costs (incl. consultant, bank and solicitor fees; apart from the costs that are attributed to interest expenses) as well as non-recurring factors related to strategic decisions and external additional expenses in connection with the Covid-19 pandemic (for example additional shuttle transport, protective clothing, face guards and disinfectant). Costs for the VALUE 21 programme comprise all the related restructuring and severance costs as well as third-party consultant fees.

Overview of the LEONI Group's business performance

- LEONI continues recovery: Consolidated sales up on the previous year's weak, Covid-19-affected figures with increases of 47 percent in the first half of the year and of 92 percent in the second quarter
- EBIT before exceptional items as well as before VALUE 21 costs significantly improved as a result of more sales and positive operating results, due mainly to VALUE 21: to € 87 million in the first half (previous year: a loss of € 112 million and to € 48 million in the second quarter (previous year: loss of € 96 million)
- Free cash flow of negative € 110 million in the first half (previous year: negative € 244 million) in particular due to an increase in working capital driven by sales and the price of copper; free cash flow of negative € 10 million in the second quarter (previous year: negative € 244 million)
- VALUE 21 performance and strategy programme still being implemented diligently: annual gross cost savings potential of more than € 650 million from 2022 achieved as of 30 June 2021
- Sales and earnings forecasts raised following good performance in the first half: a significant year-on-year sales increase to at least € 5 billion (2020: € 4.1 billion) and a significant improvement compared to the previous year in EBIT before exceptional items as well as before VALUE 21 costs to at least € 100 million (2020: a loss of € 59 million) now expected for 2021; a significant year-on-year decrease in free cash flow still projected (2020: negative € 69 million)

Key events

- Focus continues to be on supply chains: bottlenecks in the supply of critical components and materials remain a challenge and entail increased costs; production stoppages among carmakers due to the shortage of semiconductors causing volatility in uptake from customers involving loss of sales and pressure on earnings
- WCS carve-out progress: Sale of LEONI Schweiz AG including its subsidiary LEONI Studer AG as well as of the Data Communication and Compound business units belonging to LEONI Kerpen GmbH in Stolberg successfully completed in the first half of 2021; as of 30 June 2021, ongoing negotiations on the sale of the key parts of Business Group Industrial Solutions and reclassification of the corresponding assets and liabilities to 'held for sale'
- Covid-19: Focus continues to be on protecting staff; vaccinations offered at our plants outside Germany, for instance in Egypt, Brazil, Mexico, Romania, Russia, Serbia and Ukraine; vaccinations in Germany started in June with favourable feedback
- Mandate of Aldo Kamper, LEONI AG's Chief Executive Officer since 2018, prematurely extended for a further five years to 31 December 2026; Hans-Joachim Ziems, appointed for one year from 1 April 2020 as Chief Restructuring Officer to implement our restructuring plan, left the Board of Directors at the end of March as planned

Sales performance

Group sales performance
(€ million)

	Q2		H1	
		%		%
Sales, previous year	**673**		**1,802**	
Organic change	628	93.2%	836	46.4%
Effects of changes in the scope of consolidation	(37)	(5.5)%	(37)	(2.1)%
Currency translation effects	(17)	(2.6)%	(48)	(2.7)%
Copper price effects	49	7.3%	97	5.4%
Sales, current year	**1,296**	**92.5%**	**2,649**	**47.0%**

- Consolidated sales up by 47 percent in the first half of 2021 and by 92 percent in the second quarter; mostly organic growth due, among other factors, to having started and ramped up new wiring system projects; previous year's figures, especially so for the second quarter of 2020, severely affected by the Covid-19 pandemic; beneficial effect of the increased price of copper largely cancelled out by adverse impact of currency effect and the smaller scope of consolidation in the first six months due to the sale of LEONI Schweiz AG
- Sales growth in both divisions in the first half of 2021; a 54 percent gain in the Wiring Systems Division (WSD) and one of 37 percent in the Wire & Cable Solutions (WCS) segment
- Increase in all regions: Sales in the Americas up by 59 percent to € 441 million; in the EMEA region by 46 percent to € 1,841 million and in Asia by 37 percent to € 368 million

Earnings

Consolidated EBIT before exceptional items as well as before VALUE 21 costs
(€ million)

	Q2		H1	
	2021	**2020**	**2021**	**2020**
EBIT before exceptional items as well as before VALUE 21 costs	**48**	**(96)**	**87**	**(112)**
Exceptional items, of which	(18)	(28)	(2)	(62)
impairment charges	(4)	(13)	(13)	(33)
provisions to cover contingent losses	0	(4)	1	(8)
refinancing costs	(2)	(4)	(5)	(13)
costs to prepare for WCS carve-out	(3)	0	(4)	(2)
other non-recurring effects due strategic decisions	(4)	0	33	0
additional, third-party Covid-19-related costs	(6)	(7)	(13)	(7)
VALUE 21 costs, of which	(4)	(5)	(9)	(12)
consultancy expenses	(3)	(3)	(7)	(7)
restructuring	0	(1)	0	(3)
other expenses	(1)	(1)	(2)	(2)
EBIT	**25**	**(129)**	**76**	**(186)**

- EBIT before exceptional items as well as before VALUE 21 costs at € 87 million in the first half of 2021 (previous year: a loss of € 112 million) and at € 48 million in the second quarter (previous year: a loss of € 96 million); significant improvement due to volume and mix-related factors, also beneficial effect in terms of operating profitability particularly due to VALUE 21 effects, which were offset among other things by additional costs due to bottlenecks in the supply of critical components and materials as well as pressure on earnings because of the semiconductor supply crisis
- Exceptional items due to strategic decisions in the first half of the year comprised income of € 31 million from completion in the first quarter of the sale of LEONI Schweiz AG, mainly because of having realised accrued exchange gains, which were recognised in other comprehensive income as of 31 December 2020 and reclassified to other operating income following the sale; portfolio measures relating to LEONI Kerpen GmbH resulted in a net negative effect of € 6 million, of which € 8 million in impairment charges and a non-recurring benefit of € 2 million due to strategic decisions; additional asset impairments amounting to € 4 million in the WCS segment; the previous year's exceptional items included asset impairments in the WCS segment and refinancing costs
- Cost of sales up by 35 percent in the first half of 2021 and thus disproportionately increased less than sales; gross profit on sales improved from € 134 million to € 391 million; sales expenses, which included additional freight costs because of bottlenecks in the supply of input materials, rose by 15 percent; other operating profit up from € 18 million to € 37 million thanks among other factors to proceeds from the sale of LEONI Schweiz AG
- Finance costs in the period from January to June 26 percent up on the previous year because of increased interest charges
- After-tax profit of € 19 million in the first six months (previous year: a loss of € 190 million)

Financial situation

Group free cash flow
(€ million)

	Q2		H1	
	2021	**2020**	**2021**	**2020**
Cash flows from operating activities	23	(221)	(39)	(235)
Cash flows from capital investment activities	(33)	(23)	(71)	(8)
Free cash flow	**(10)**	**(244)**	**(110)**	**(244)**

- Free cash flow in the first half of 2021 at negative € 110 million (previous year: negative € 244 million), particularly due to an increase in working capital driven by sales and the price of copper; free cash flow of negative € 10 million in the second quarter (previous year: negative € 244 million)
- Cash spent on operating activities in the first half in the amount of € 39 million (previous year: outflow of € 235 million); improvement versus the first half of 2020 due mainly to the consolidated net income; negative effects of sales and copper price-related increase in receivables and inventories partly offset by resumed increase in factoring volumes as well as the trend in liabilities; positive operating cash flow of € 23 million in the second quarter (previous year: negative € 221 million) thanks to the significantly improved consolidated result and favourable trend in working capital, due principally to enlarged factoring volumes
- Cash outflow for spending on intangible assets as well as property plant and equipment of € 79 million in the first six months at roughly the previous year's level (previous year: € 81 million); cash inflow from the disposal of LEONI Schweiz AG; therefore, cash outflow due to capital spending of € 71 million (previous year: spending of € 8 million); cash inflow in the same period of the previous year of € 73 million due mainly to receipts related to sale-and-leaseback transactions

Group capital expenditure
(€ million)

	Q2		H1	
	2021	**2020**	**2021**	**2020**
Addition excl. rights of use (IFRS 16)	33	28	71	62
Addition of rights of use (IFRS 16)	6	41	21	105
Capital expenditure (additions to tangible and intangible assets)	**40**	**69**	**92**	**167**

- Total capital expenditure reduced significantly to € 92 million in the first half of 2021 (previous year: € 167 million), of which € 65 million (previous year: € 135 million) in the Wiring Systems Division and € 26 million (previous year: € 32 million) in the WCS segment
- Capital investment excluding rights of use (IFRS 16) up by € 9 million; accrual of rights of use (IFRS 16), which in the pre-year period principally comprised sale-and-leaseback transactions, down significantly

Group net financial debts
(€ million)

	30/06/2021	31/12/2020
Cash and cash equivalents	210	187
Current financial debts	(96)	(50)
Long-term financial debts	(1,575)	(1,543)
Net financial position	**(1,461)**	**(1,406)**
Cash and cash equivalents contained in 'Assets held for sale'	9	8
Financial debt contained in 'Liabilities held for sale'	(109)	(26)
Net financial debts including items contained in 'Assets / liabilities held for sale'	**(1,561)**	**(1,423)**

- Net financial debts[1] as of 30 June 2021 up from the turn of the year by € 138 million to € 1,561 million due, among other factors, to the negative free cash flow
- Increase due mainly to having drawn more funds from the existing syndicate loan (RCF I) as well as using the second, final tranche of a guaranteed working capital loan facility (RCF III)

- The LEONI Group's freely available liquidity[1] amounted to € 372 million at the end of the first half of 2021 (31/12/2020: € 422 million), of which € 219 million in cash and € 154 million in available credit lines; as of the reporting date, guarantees to the amount of € 59 million (31/12/2020: € 80 million) were already deducted; decrease in available liquidity versus the end of 2020 due mainly to the increased need for liquidity pertaining to current operations despite enlargement of the RCF III credit facility by € 90 million
- See Risk and opportunity report concerning risks related to liquidity and financing

Asset situation

- LEONI's consolidated balance sheet as of 30 June 2021 enlarged by 4 percent versus 31 December 2020, to € 3,632 million
- Assets and liabilities of major parts of the Business Group Industrial Solutions reclassified to 'held for sale', particularly because, on the asset side, of a reduction in property, plant and equipment by 8 percent to € 1,266 million, in intangible assets by 20 percent to € 44 million and in goodwill by 45 percent to € 71 million as well as, on the liabilities side, of a decrease in trade liabilities by 4 percent to € 788 million; on the other hand, the item 'assets held for sale' increased from € 89 million to € 354 million while the item 'liabilities held for sale' was up from € 80 million to € 244 million; as of 31 December 2020 these items still included the reclassified assets and liabilities of LEONI Schweiz AG, the sale of which was completed in the first quarter of 2021
- Other significant asset changes: Increase in inventories by 8 percent to € 541 million, mainly as a consequence of the growth in business and the increased copper price; increase in current contract assets by 42 percent to € 133 million, also due primarily to business expansion; a 46 percent rise in current financial assets, due mainly to existing dividend receivables from our joint venture in Langfang, China; trade receivables down 13 percent to € 453 million, increased factoring and the reclassification described, among other factors, meanwhile more than offsetting the sales-driven growth
- Other significant changes in liabilities: current financial debts and current proportion of long-term financial debts up from € 50 million to € 96 million principally because of the due repayment of a borrower's note loan in 2022; a 2 percent increase in non-current financial debts to € 1,575 million (see section headed Financial Situation regarding key changes); pension provisions diminished by 31 percent to € 128 million because of the higher level of market interest rates; equity growth of 8 percent to € 287 million thanks to positive six-month result; equity ratio consequently improved from 7.6 percent to 7.9 percent; focus continues to be on bolstering the equity base

[1] including items contained in 'Assets / liabilities held for sale'

Wiring Systems Division (WSD)

Sales performance

WSD sales performance
(€ million)

	Q2		H1	
		%		%
Sales, previous year	**378**		**1,079**	
Organic change	436	>100.0%	593	54.9%
Currency translation effects	(8)	(2.2)%	(26)	(2.4)%
Copper price effects	10	2.6%	16	1.5%
Sales, current year	**816**	**>100.0%**	**1,661**	**54.0%**

- Sales growth of 54 percent in the first half of 2021 and, despite fallout from the semiconductor shortage crisis, of more than 100 percent in the second quarter; compared with the Covid-19-hit pre-year figures this involved mostly organic growth, due, among other factors, to the beneficial contributions of new wiring system projects that were started and ramped up
- Gains everywhere in regional terms: the biggest increase in the first six months, of 58 percent, recorded in EMEA, also the most important region in absolute terms of, followed by the Americas with a 55 percent gain and Asia with a 26 percent rise

Earnings

WSD EBIT before exceptional items as well as before VALUE 21 costs
(€ million)

	Q2		H1	
	2021	2020	2021	2020
EBIT before exceptional items as well as before VALUE 21 costs	**12**	**(83)**	**9**	**(103)**
Exceptional items	(9)	(20)	(20)	(32)
VALUE 21 costs	(4)	(4)	(9)	(10)
EBIT	**(1)**	**(107)**	**(19)**	**(145)**

- EBIT before exceptional items as well as before VALUE 21 costs substantially improved in both the first half of 2021 and in the second quarter; beneficial effects of volume increase and uptrend in operating performance opposed, among other factors, by major additional costs related to bottlenecks in the supply of input materials as well as pressure on earnings because of the semiconductor supply crisis
- Key exceptional items: additional, third-party expenses to protect staff in connection with the Covid-19 pandemic as well as pro-rata costs to refinance the Group

Key events WSD

- Start and ramp-up of wiring system projects for various e-mobility platforms and car models: complex ramp-ups successfully mastered in the first half
- Order intake with a projected volume of € 0.7 billion in the first half of 2021 (previous year: € 0.6 billion); expected project volume of € 20.1 billion covering the entire term of the projects as of 30 June 2021 (31/12/2020: € 21.2 billion), of which € 5.6 billion (31/12/2020: € 5.9 billion) were e-mobility projects
- Limited availability of materials on the market: Bottlenecks in the supply of critical components and materials as a major logistical challenge that entails increased costs; production stoppages among carmakers because of the shortage of semiconductors impacted the uptake from our customers

Wire & Cable Solutions Division (WCS)

Sales performance

WCS sales performance
(€ million)

	Q2		H1	
		%		%
Sales, previous year	**296**		**723**	
Organic change	192	64.9%	243	33.6%
Effects of changes in the scope of consolidation	(37)	(12.5)%	(37)	(5.1)%
Currency translation effect	(9)	(3.1)%	(22)	(3.0)%
Copper price effects	39	13.3%	81	11.2%
Sales, current year	**480**	**62.5%**	**988**	**36.7%**

- Sales rose by 37 percent in the first half of 2021 and by 63 percent in the second quarter; main driver: organic growth; additional, beneficial effect from the increased price of copper offset by negative effect of currency translation as well as, in the second quarter, also the smaller scope of consolidation due to having sold LEONI Schweiz AG
- Gains in all regions: Sales in the Americas rose by 64 percent in the period from January to June, by 48 percent in Asia and by 25 percent in the EMEA region, the most important in terms of volumes
- Strong increases in the automotive sector; industrial business also showing an uptrend, especially so in the factory automation, robotics, transportation as well as medical technology segments

Earnings

WCS EBIT before exceptional items as well as before VALUE 21 costs
(€ million)

	Q2		H1	
	2021	2020	2021	2020
EBIT before exceptional items as well as before VALUE 21 costs	**36**	**(12)**	**77**	**(9)**
Exceptional items	(9)	(8)	18	(30)
VALUE 21 costs	0	(1)	0	(2)
EBIT	**27**	**(21)**	**95**	**(40)**

- EBIT before exceptional items as well as before VALUE 21 costs significantly improved in both the first half of 2021 and the second quarter; beneficial effects of volume and mix-related factors as well as implementation of VALUE 21 measures
- Key exceptional items in the first half: Income of € 31 million from completion of the sale of LEONI Schweiz AG, mainly by realising accrued exchange gains; opposed by net, negative effects of € 6 million pertaining to portfolio measures at LEONI Kerpen GmbH as well as asset impairment charges amounting to € 4 million; exceptional items in the previous year mainly involved asset impairments

Key events WCS

- Order intake of € 1,041 million in the first half of 2021 (previous year: € 709 million); book to bill ratio above 1
- Sale of LEONI Schweiz AG including its subsidiary LEONI Studer AG successfully completed effective 30 March 2021
- Partial sale of LEONI Kerpen GmbH: Data Communication and Compound business units based at Stolberg sold effective 30 June 2021; more than 160 jobs at the location saved; business activity involving the oil and gas industry will be terminated in fiscal 2021; automotive segment will be relocated to other LEONI's facilities; Stolberg site affected by flooding in mid-July, see Supplementary Report
- Negotiations ongoing as of 30 June 2021 to sell key parts of Business Group Industrial Solutions, corresponding assets and liabilities reclassified to 'held for sale'

Transactions with related parties

- We refer to our comments under Note 12, Transactions with related parties, in the selected explanatory notes to the condensed interim consolidated financial statements with respect to transactions with related parties.

Supplementary report

- Disastrous flooding occurred in several of Germany's river regions in mid-July 2021. This also severely affected LEONI Kerpen GmbH's production facility in Stolberg. LEONI is currently examining the extent of the damage and its impact on the asset, financial and earnings situation. This also encompasses the insurance cover.
- On 22 June 2021, Pierer Industrie AG declared its intention to make a voluntary public bid to purchase about 9.6 percent of the shares in LEONI AG. If the bid is successful, Pierer Industrie AG could raise its stake in LEONI AG to as much as 24.9 percent. This offer was made public on 30 July 2021. The Board of Directors will make a statement in this regard by the statutory deadline.
- Beyond this, 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 report was signed.

Risk and opportunity report

- The risks that might have a materially negative impact on our business as well as our asset, financial and earnings situation, relevant opportunities and the structure of our risk and opportunity management systems are comprehensively presented in our Combined Management Report 2020.
- Since 2020, mitigating measures to ensure short and medium-term liquidity in accordance with the restructuring concept pursuant to the expert opinion on restructuring in line with the IDW S6 auditing standard (milestones of the expert opinion on restructuring in line with the IDW S6 auditing standard) as well as to lower the risks brought about by the Covid-19 pandemic have been planned and applied; they also form the basis for diminishing future liquidity risk. These measures are also presented in our Annual Report 2020. Among other things, we consequently signed the RCF II and RCF III (guaranteed working capital loan) credit lines in fiscal 2020 (while the second tranche of RCF III only became available to draw upon in April 2021), and we reached and applied agreements to extend the amount of our factoring. We furthermore moved forward with our work on the sale of WCS sub-segments. Moreover, our VALUE 21 programme was diligently implemented and new measures were consistently applied. Unforeseen developments, especially adverse effects due to the Covid-19 pandemic, constitute an existential risk in analogy to Section 322 (2) sentence 3 of the German Commercial Code (HGB) to LEONI despite the better-than-projected sales and earnings as well as the significant progress made with restructuring measures by the first half of 2021 if they go far beyond our planning assumptions or other negative effects on liquidity simultaneously occur.
- The extent and duration of the Covid-19 pandemic continue to be difficult to estimate. The measures required to contain the Covid-19 virus or a possible further wave of infection due to virus mutations could delay or impede economic recovery. LEONI nevertheless assumes that a significant market downturn will probably not occur. Worldwide, there continues to be the risk at production facilities that, depending on the local vaccination rates, disruption of production could happen because of outbreaks in the area. It is conceivable in this connection that authorities might apply such measures as conditions for production or temporary shutdowns until infection rates are back under control. However, given the young average age of our workforce, any illness is more likely to be shorter-lived and less severe, meaning that any disruptions or delays would probably be rather shorter.
- With respect to the supply chain – especially so far as semiconductors are concerned – curtailment of production in the automotive industry continues to be likely. The impact on uptake from our customers will probably persist in the

second half of 2021. There could likewise continue to be bottlenecks in the supply of input materials for our own production. Both factors could consequently exert adverse effect on LEONI's earnings.

- Some of our major loans mature by the end of 2022 at the latest, meaning we will need to refinance. If LEONI were to be unable to refinance at that time, the Company would be exposed to an existential risk in analogy to Section 322 (2) sentence 3 of the German Commercial Code (HGB). We planned and applied measures to mitigate this risk, which are also presented in detail in our Annual Report 2020. The Board of Directors has, alongside the operational measures aimed at improving profitability and liquidity, taken action particularly with the planned and partly already implemented (partial) sales of the WCS Division to bring LEONI's gearing into a target corridor matching the sector average, which will establish the ability to refinance. In addition, we held and are planning and initiating talks with banks, factoring / reverse-factoring finance providers and credit insurers.
- In summary, the Board of Directors rates the prospects of success of measures launched and planned, especially to overcome the fallout from the Covid-19 pandemic and the refinancing risk at the end of 2022, based on information currently available and considering the uncertainty of the Covid-19 pandemic for business performance, LEONI's liquidity situation as well as continuation of its business activity, as given with overwhelming probability.

Outlook

Economic conditions

- The International Monetary Fund projects global growth of 6 percent for full-year 2021 (World Economic Outlook, July 2021 Update); forecasts for industrialised nations raised versus the estimate of April 2021, but lowered for developing and emerging countries; the reasons for the general confidence include fiscal support measures in some major economies and the beneficial effect of increasing vaccination rates in the second half; nevertheless substantial risk given uncertainty about the trajectory of the Covid-19 pandemic going forward, unequal vaccination progress in wealthy and poor countries as well as aggravating material supply bottlenecks
- The automotive industry is also likely to expand in full-year 2021; IHS Global Insight says that output of passenger cars and light commercial vehicles should increase in all regions and grow by 10 percent worldwide; production of vehicles with alternative drive systems will probably be up by 17 percent; output of heavy commercial vehicles is likely to drop slightly because of increases in the Americas and EMEA region being cancelled out by decline in Asia

The LEONI Group's business performance

- On 29 July 2021, LEONI communicated in an ad hoc that it has raised its forecast for fiscal-2021 sales and earnings.
- LEONI expects to still be confronted with a variety of challenges during the remainder of the year. These include the persisting Covid-19 pandemic and the ongoing bottlenecks in global supply chains, which are impacting on the availability of critical components and materials and could lead to production stoppages among carmakers and at LEONI in the coming months.
- Against the background of the positive development in the first half of the year, the Board of Directors nevertheless decided today to raise its sales and earnings outlook. It now expects a significant year-on-year increase (2020: € 4.1 billion) in Group sales to at least € 5 billion and a significant year-on-year increase (2020: negative € 59 million) in EBIT before exceptional items as well as before VALUE 21 costs to at least € 100 million for the full year 2021 (previous expectations: significant year-on-year increase in Group sales and significant year-on-year improvement of EBIT before exceptional items as well as before VALUE 21 costs, which should reach at least break-even). Positive impacts on sales are related to the continuation of the recovery in demand in the automotive and industrial sectors and the significantly higher copper price. Positive effects on earnings are expected from positive volume and mix effects as well as positive impacts from the VALUE 21 programme and the restructuring concept.

- For free cash flow, the Board of Directors continues to expect a significant decrease compared to the previous year (2020: negative € 69 million). Among the reasons for this expected free cashflow development are the increase in net working capital due to the stronger than expected sales recovery and the development of the copper price as well as the fact that some exceptional items in connection with the restructuring concept were already booked in 2020 but will become cash-effective in 2021. An example in that context is the restructuring at the Stolberg site.
- Effects from possible further divestments or acquisitions are not included in the outlook.

Condensed interim consolidated financial statements

for the period from 1 January to 30 June 2021

Consolidated income statement

€ '000, except information on shares

	Q2		H1	
	2021	**2020**	**2021**	**2020**
Sales	1,296,014	673,417	2,649,077	1,801,585
Cost of sales	(1,105,911)	(660,178)	(2,258,389)	(1,667,628)
Gross profit on sales	**190,103**	**13,239**	**390,688**	**133,957**
Selling expenses	(59,108)	(46,773)	(126,378)	(109,583)
General and administration expenses	(81,946)	(69,237)	(158,927)	(157,788)
Research and development expenses	(32,616)	(31,905)	(67,729)	(68,462)
Other operating income	2,507	5,085	36,944	18,321
Other operating expenses	(4,484)	(7,290)	(18,894)	(17,868)
Result from associated companies and joint ventures	10,728	7,848	20,352	15,375
EBIT	**25,184**	**(129,033)**	**76,056**	**(186,048)**
Finance revenue	(453)	424	840	697
Finance costs	(16,277)	(16,655)	(32,553)	(25,932)
Other income / expenses relating to equity investments	0	0	105	65
Income before taxes	**8,454**	**(145,264)**	**44,448**	**(211,218)**
Income taxes	(17,062)	22,702	(25,272)	21,670
Consolidated net income / loss	**(8,608)**	**(122,562)**	**19,176**	**(189,548)**
due to: holders of equity in the parent company	(8,740)	(122,538)	18,889	(189,569)
non-controlling interests	132	(24)	287	21
Earnings per share in € (basic and diluted)	(0.27)	(3.75)	0.58	(5.80)
Weighted average no. of shares outstanding (basic and diluted)	32,669,000	32,669,000	32,669,000	32,669,000

Consolidated statement of comprehensive income

(€ ‘000)

	Q2		H1	
	2021	2020	2021	2020
Consolidated net income / loss	**(8,608)**	**(122,562)**	**19,176**	**(189,548)**
Other comprehensive income				
Items that cannot be reclassified to the income statement:				
Actuarial gains or losses on defined benefit plans	8,249	(45,585)	30,399	(9,378)
Income taxes applying to items of other comprehensive income that are not reclassified	(1,640)	8,192	(2,235)	436
Items that can be reclassified to the income statement:				
Cumulative translation adjustments				
Gains / losses arising during the period	5,614	(2,449)	9,156	(13,668)
Less reclassification adjustments included in the income statement	0	0	(36,358)	(2,220)
Total cumulative translation adjustments	5,614	(2,449)	(27,202)	(15,888)
Cash flow hedges				
Gains / losses arising during the period	5,027	3,776	3,872	(20,439)
Less reclassification adjustments included in the income statement	(2,847)	3,161	(4,413)	1,072
Total cash flow hedges	2,180	6,937	(541)	(19,367)
Parts of the items that can be reclassified to the income statement, which pertain to associates and joint ventures	(480)	(208)	1,217	76
Income taxes applying to items of other comprehensive income that are reclassified	(216)	(1,342)	509	2,702
Other comprehensive income (after taxes)	**13,707**	**(34,455)**	**2,147**	**(41,419)**
Total comprehensive income	**5,099**	**(157,017)**	**21,323**	**(230,967)**
due to: holders of equity in the parent company	4,967	(157,019)	21,038	(231,023)
non-controlling interests	132	2	285	56

Consolidated statement of financial position

(€ '000)

ASSETS	30/06/2021	31/12/2020	30/06/2020
Cash and cash equivalents	209,595	187,489	170,160
Trade accounts receivable	453,477	518,388	380,521
Other current financial assets	81,207	55,784	57,726
Other current assets	189,137	166,978	157,850
Receivables from income taxes	6,968	18,947	26,398
Inventories	541,420	499,612	564,040
Contract assets	133,438	94,052	120,535
Assets held for sale	353,534	88,836	0
Total current assets	**1,968,776**	**1,630,086**	**1,477,230**
Property, plant and equipment	1,265,625	1,382,962	1,419,782
Intangible assets	44,009	55,224	57,448
Goodwill	70,908	129,380	135,408
Shares in associated companies and joint ventures	31,069	49,908	26,045
Contract assets	84,268	81,193	87,257
Other non-current financial assets	8,653	9,532	9,492
Deferred taxes	68,097	64,616	107,102
Other non-current assets	90,374	94,112	136,006
Total non-current assets	**1,663,003**	**1,866,927**	**1,978,540**
Total ASSETS	**3,631,779**	**3,497,013**	**3,455,770**

EQUITY AND LIABILITIES	30/06/2021	31/12/2020	30/06/2020
Current financial debts and current proportion of long-term financial debts	96,127	50,142	80,421
Trade accounts payable	787,720	824,552	512,748
Current financial liabilities	39,107	64,755	100,977
Income taxes payable	27,275	19,912	16,238
Other current liabilities	212,558	190,675	221,029
Provisions	71,588	91,971	95,617
Liabilities held for sale	244,352	80,263	0
Total current liabilities	**1,478,727**	**1,322,270**	**1,027,030**
Long-term financial debts	1,574,794	1,542,873	1,643,934
Long-term financial liabilities	16,422	18,572	18,898
Other non-current liabilities	13,545	13,020	11,203
Pension provisions	128,254	185,597	192,454
Other provisions	109,307	121,513	87,043
Deferred taxes	23,442	27,203	70,037
Total non-current liabilities	**1,865,764**	**1,908,778**	**2,023,569**
Share capital	32,669	32,669	32,669
Additional paid-in capital	290,887	290,887	290,887
Retained earnings	61,181	42,292	182,626
Accumulated other comprehensive income	(99,266)	(101,415)	(102,805)
Holders of equity in the parent company	285,471	264,433	403,377
Non-controlling interests	1,817	1,532	1,794
Total equity	**287,288**	**265,965**	**405,171**
Total EQUITY and LIABILITIES	**3,631,779**	**3,497,013**	**3,455,770**

Consolidated statement of cash flows

(€ ‘000)

	Q2		H1	
	2021	**2020**	**2021**	**2020**
Consolidated net income / loss	(8,608)	(122,562)	19,176	(189,548)
Adjustments to reconcile cash provided by operating activities:				
Income taxes	17,062	(22,702)	25,272	(21,670)
Net interest	15,810	14,088	31,918	22,988
Dividend income	0	0	(105)	(65)
Depreciation and amortisation	49,890	52,770	104,917	105,902
Impairment of non-current assets and of assets held for sale	(3,311)	6,824	4,078	25,587
Non-cash result relating to associates and joint ventures	(10,728)	(7,848)	(20,352)	(15,375)
Result of asset disposals	459	216	636	(9,770)
Effect of deconsolidation	9,935	0	(21,680)	0
Change in operating assets and liabilities				
Change in receivables and other financial assets	104,449	99,876	(8,872)	163,334
Change in inventories	(59,060)	23,486	(154,682)	(27,337)
Change in other assets	(48,138)	28,278	(65,675)	(51)
Change in restructuring provisions	(1,439)	(10,423)	(14,324)	(26,787)
Change in other provisions	(3,701)	(4,693)	(5,849)	(11,101)
Change in liabilities	(47,168)	(284,003)	59,191	(267,402)
Income taxes paid	(13,056)	5,650	(13,750)	(1,059)
Dividends received	20,665	0	20,770	17,055
Cash flows from operating activities	**23,061**	**(221,043)**	**(39,331)**	**(235,299)**
Capital expenditure on intangible assets	(725)	(1,145)	(3,927)	(3,210)
Capital expenditure on property, plant and equipment	(33,228)	(28,236)	(74,689)	(77,867)
Capital expenditure on other financial assets	0	0	0	(750)
Cash receipts from disposals of intangible assets	0	0	20	0
Cash receipts from disposals of tangible assets	24	6,494	386	73,397
Cash receipts from disposals of other financial assets	0	0	1	0
Income from the disposal of a business operation / subsidiaries less cash and cash equivalents paid	469	0	7,566	0
due to: disposal proceeds € 15,207 k (previous year: € 0) disposed cash and cash equivalents € 7,641 k (previous year: € 0)				
Cash flows from capital investment activities	**(33,460)**	**(22,887)**	**(70,643)**	**(8,430)**
Cash receipts from borrowing	71,069	358,248	192,428	549,386
Cash repayments of financial debts	(13,350)	(71,501)	(35,821)	(256,383)
Interest paid	(14,964)	(13,393)	(27,761)	(21,408)
Interest received	296	274	410	471
Cash flows from financing activities	**43,051**	**273,628**	**129,256**	**272,066**
Change in cash and cash equivalents	32,652	29,698	19,282	28,337
Currency adjustments	477	(942)	3,448	(2,390)
Cash and cash equivalents at beginning of period	185,543	141,404	195,942	144,213
of which carried on the balance sheet under the item ‘Assets held for sale’	*0*	*0*	*8,453*	*0*
of which carried on the balance sheet under the item ‘cash and cash equivalents’	*185,543*	*141,404*	*187,489*	*144,213*
Cash and cash equivalents at end of period	218,672	170,160	218,672	170,160
of which carried on the balance sheet under the item ‘Assets held for sale’	*9,077*	*0*	*9,077*	*0*
of which carried on the balance sheet under the item ‘cash and cash equivalents’	*209,595*	*170,160*	*209,595*	*170,160*

Consolidated statement of changes in equity

(€ '000)

	Share capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income: Cumulative translation adjustments	Accumulated other comprehensive income: Cash flow hedges	Accumulated other comprehensive income: Actuarial gains and losses	Equity attributable to shareholders in the parent company	Non-controlling interests	Total
1 January 2020	**32,669**	**290,887**	**372,195**	**59,026**	**1,096**	**(121,473)**	**634,400**	**1,738**	**636,138**
Consolidated net loss			(189,569)				(189,569)	21	(189,548)
Other comprehensive income				(15,847)	(16,665)	(8,942)	(41,454)	35	(41,419)
Total comprehensive income							(231,023)	56	(230,967)
30 June 2020	**32,669**	**290,887**	**182,626**	**43,179**	**(15,569)**	**(130,415)**	**403,377**	**1,794**	**405,171**

	Share capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income: Cumulative translation adjustments	Accumulated other comprehensive income: Cash flow hedges	Accumulated other comprehensive income: Actuarial gains and losses	Equity attributable to shareholders 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 income			18,889				18,889	287	19,176
Other comprehensive income				(25,983)	(32)	28,164	2,149	(2)	2,147
Total comprehensive income							21,038	285	21,323
30 June 2021	**32,669**	**290,887**	**61,181**	**20,972**	**2,982**	**(123,220)**	**285,471**	**1,817**	**287,288**

Selected explanatory information on the notes to the condensed interim consolidated financial statements

for the period from 1 January 2021 to 30 June 2021

Principles

These interim financial statements were, in accordance with the International Accounting Standard IAS 34, Interim Financial Reporting as it is to be applied within the European Union, prepared as a condensed interim report. These financial statements do not include all the disclosures and information required for annual consolidated financial statements and are therefore related to the consolidated financial statements as of 31 December 2020. LEONI prepares and publishes its condensed interim consolidated financial statements in euro (€). The presented condensed interim consolidated financial statements and interim group management report as of 30 June 2021 were subjected to a review by the auditors. The quarterly information presented in these interim consolidated financial statements is supplemental and has not been subject to a review by the auditors.

The risks that may have a materially negative impact on our business situation, our asset, financial and earnings situation, the key opportunities and the structure of our risk and opportunity management system are presented in our Annual Report 2020. The mitigating measures to ensure short to medium-term liquidity and counter the risks caused by the Covid-19 pandemic are also outlined in the Annual Report 2020 and have been implemented. Unforeseen developments, especially adverse effects due to the Covid-19 pandemic, constitute an existential risk in analogy to Section 322 (2) sentence 3 of the German Commercial Code (HGB) to LEONI despite the better-than-projected sales and earnings as well as the significant progress made with restructuring measures by the first half of 2021 if they go far beyond our planning assumptions or other negative effects on liquidity simultaneously occur. As some of our major loans mature by the end of 2022 at the latest, we will need to refinance. If LEONI were to be unable to refinance at that time, the Company would be exposed to a further, existential risk in analogy to Section 322 (2) sentence 3 of the German Commercial Code (HGB).

We planned and applied measures to mitigate this risk, which are also presented in detail in our Annual Report 2020. The Board of Directors has, alongside the operational measures aimed at improving profitability and liquidity, taken action particularly with the planned and partly already implemented (partial) disposals of the WCS Division to bring LEONI’s gearing into a target corridor matching the sector average, which will establish the ability to refinance. The Board of Directors rates the prospects of success of measures launched and planned, especially to overcome the fallout from the Covid-19 pandemic and the refinancing risk at the end of 2022, based on information currently available and considering the uncertainty of the Covid-19 pandemic for business performance, LEONI’s liquidity situation as well as continuation of its business activity, as given with overwhelming probability (for more detail see the Interim group management report 2021, Risk and opportunity report).

The Board of Directors authorised release of the condensed interim consolidated financial statements on 4 August 2021.

1. Valuation methods and accounting policies

The consolidation, valuation and accounting methods applied are in line with those in the 2020 consolidated financial statements, where they are described in the notes.

The IFRS 16 Covid-19-Related Rent Concessions Amendments published by the IASB on 28 May 2020 were adopted into European law on 9 October 2020. These amendments make it easier for lessees, when applying the requirements under IFRS 16, to account for modifications to a lease due to rent concessions as a consequence of the coronavirus pandemic. The changes apply to rent concessions that reduce rental payments due on or before 30 June 2021. On 31 March 2021, the IASB announced that the application period for these amendments would be extended by one year; the EU’s endorsement is presently still pending. LEONI does not make use of these easements.

There is an obligation to apply for the first time for the 2021 financial year Phase 2 of the amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts and IFRS 16, Leases, the requirements of which must be applied from 1 January 2021. These amendments are intended to mitigate the impact of IBOR reform on financial reporting. This reform comprises replacement of various interest rate benchmarks known as Interbank Offered Rates (IBORs), which are applied to a variety of financial instruments. The cash flows included in a hedging relationship thereby change, causing uncertainty in terms of their timing and amount. Given the previous requirements under IFRS 9 and IAS 39, it could therefore be necessary to end hedge accounting. The first phase of these amendments was already applied in the 2020 financial year.

The second phase of the IBOR project deals with questions concerning financial reporting at the time an existing interest rate benchmark is replaced with an alternative interest rate. LEONI applies the easements granted by the amendments to the standards with respect to accounting for affected financial instruments. An analysis of LEONI's existing financial instruments found that its designated interest rate hedging relationships and key parts of its variable-interest loans relate to the EURIBOR reference rate. This fulfils the requirements of the EU Benchmarks Regulation (BMR) and is not affected by the reform. The analysis furthermore found cases of local drawing on credit lines in foreign currency (e.g. in USD and GBP) and other financial instruments that are affected by the BMR. LEONI will modify these contracts in the current financial year with respect to the new, alternative, risk-free reference rates (ARRs) to facilitate making use of the easements granted by IBOR Phase 2.

Beyond that, there is no obligation to apply changes in legislation or major standards for the first time for the 2021 financial year. Changes in details do not have a material impact on the condensed consolidated interim financial statements and are therefore not explained further.

When preparing its condensed consolidated interim financial statements, management makes judgements, estimates and assumptions that influence the amounts of assets, liabilities and contingent liabilities as well as the expense and income reported on the balance sheet date. The uncertainty that these assumptions and estimates entail could, however, in future periods cause major adjustment to the carrying amounts of the assets and liabilities concerned. Estimates and judgements based on the Covid-19 pandemic are subject to the currently unforeseeable worldwide consequences of increased uncertainty. Like any company operating worldwide LEONI must deal with challenges in the supply chain, logistics, limited availability of staff and, in some cases, its customers changing the quantities they take up. Measures that the Company took, for example by setting up a Coronavirus Task Force, and also financial support from governments had mitigating effect. The extent and duration of the Covid-19 pandemic continue to be difficult to estimate. The measures required to contain the Covid-19 virus or a possible further wave of infection due to virus mutations could delay or impede economic recovery. LEONI nevertheless assumes that a significant market downturn will probably not occur. Worldwide, there continues to be the risk at production facilities that, depending on the local vaccination rates, disruption of production could happen because of outbreaks in the area. It is conceivable in this connection that authorities might apply such measures as conditions for production or temporary shutdowns until infection rates are back under control. However, given the young average age of our workforce, any illness is more likely to be shorter-lived and less severe, meaning that any disruptions or delays would probably be rather shorter. High risk likewise defines the prospects for LEONI's most important customer industries. Accordingly, the forecasts are also subject to major uncertainty. The rapid progress being made with coronavirus vaccinations and treatment methods is nevertheless exerting a positive effect. With respect to the supply chain – especially so far as semiconductors are concerned – curtailment of production in the automotive industry continues to be likely. Progressing and ongoing spread of the coronavirus could lead to loss of sales and unexpected impact on earnings and liquidity. There are major risks in this respect given highly infectious virus mutations. Covid-19-induced impact on the condensed interim consolidated financial statements could furthermore stem from interest-rate adjustments in Germany and elsewhere, from volatile foreign exchange rates, bad debt, changing sales and cost structures or uncertain forecasts with respect to the size and timing of cash flows. These factors could affect fair values and the carrying amounts of assets and liabilities, the size and timing of revenue recognition as well as cash flows. The probable economic trend as well as country-specific, government measures were considered based on the information available at the time in updating these estimates and judgements pertinent to preparing these condensed interim consolidated financial statements.

2. Scope of consolidation

In addition to LEONI AG, which is based at Marienstrasse 7 in Nuremberg and is registered with the Nuremberg local court under number HRB 202, all the subsidiaries that are either directly or indirectly controlled by LEONI AG are included in the condensed interim consolidated financial statements.

The disposal of two subsidiaries based in Switzerland changed the scope of consolidation in the reporting period. We refer in this regard to the section below.

3. Acquisitions and disposals of subsidiaries as well as of assets and liabilities held for sale

On 30 March 2021, LEONI sold LEONI Schweiz AG including its subsidiary LEONI Studer AG, which were allocated to the Wire & Cable Solutions segment. The subsidiaries were deconsolidated on the day of their disposal as control over them also passed to the purchaser on this date. The consideration to be paid by the purchaser was € 14,270 k. Due to the sale, the Group realised a gain totalling € 30,549 k in the first half of 2021 and expense in 2020 of € 28,482 k through measurement of the assets and liabilities held for sale. The net gain therefore amounted to € 2,067 k. The 2021 income stemmed especially from an exchange gain in the amount of € 35,760 k, which at the time of the transaction was reclassified from other comprehensive income to the income statement and presented under other operating income.

The overview below shows the assets and liabilities disposed at the time of the transaction as well as the effect on profit or loss recognised in the first half of 2021:

€ '000

	Deconsolidated upon disposal
Trade accounts receivable	19,331
Inventories	42,900
Other current assets	3,055
Property, plant and equipment	23,013
Intangible assets	710
Other non-current assets	1,178
Cash and cash equivalents	7,641
Deconsolidated assets	**97,827**
Financial liabilities	34,885
Trade accounts payable	15,026
Other current liabilities	6,641
Provisions	18,018
Other non-current liabilities	3,777
Deconsolidated liability	**78,346**
Net assets	**19,481**
Consideration received	14,270
Deconsolidated net assets	(19,481)
Deconsolidated OCI	35,760
Net effect	**30,549**

On 30 June 2021, LEONI Kerpen GmbH's Data Communication and Compound business units were sold in the form of an asset deal. The sale price was € 937 k. The overall loss on the deal was presented under other operating expenses and amounted to € 8,869 k, with € 7,733 k already having been anticipated in the 1st quarter of 2021 as part of reclassifying the business to assets and liabilities held for sale. Principally, the transaction involved disposal of tangible assets with a carrying amount of € 3,567 k and inventories amounting to € 7,870 k. LEONI Kerpen GmbH's other business activities will be either discontinued or relocated in fiscal 2021. The Stolberg site was affected by flooding in mid-July 2021 (c.f. Note (14), Events after the balance sheet date, for more detail).

Since June 2021, LEONI has been engaged in advanced negotiations to sell key parts of Business Group Industrial Solutions, which is allocated to the Wire & Cable Solutions segment. LEONI believes the disposal is highly likely to be completed within the next twelve months. For this reason, the assets and liabilities amounting to € 353,534 k and € 244,352 k, respectively, were classified on 30 June 2021 as held for sale with the following main groups:

€ '000

	30/06/2021
Trade accounts receivable	44,868
Inventories	103,976
Other current assets	19,754
Property, plant and equipment	112,762
Intangible assets	8,043
Goodwill	54,358
Other non-current assets	9,773
Assets held for sale	**353,534**
Current financial debt	5,236
Trade accounts payable	58,444
Other current liabilities	32,586
Short-term provisions	3,965
Long-term financial debt	103,395
Other non-current liabilities	5,092
Long-term provisions	35,636
Liabilities held for sale	**244,352**
Net held-for-sale assets presented on the balance sheet	**109,182**

Gains on currency translation in the amount of € 6,005 k pertain to the business unit held for sale, which, as of 30 June 2021, are still presented in accumulated other income and will not be recognised in income until the time the business unit held for sale is disposed.

Through classification as 'held for sale', the disposal group was allocated goodwill in the amount of € 54,358 k based on the relative fair values. The residual goodwill of the remaining Business Group Industrial Solutions in the amount of € 5,855 k was spread among the units staying in the Group, which are not part of the disposal group in accordance with IFRS 5, and tested for impairment. At the level of three cash-generating units, the residual goodwill was written down by € 3,623 k.

Explanations

4. Segment information

The Group has two segments subject to reporting. Detailed information on the segments is contained in the interim group management report as of 30 June 2021 as well as the Group management report for the 2020 financial year.

The information by segment was as follows for the period under report:

€ '000, employees excluded

	Q2 2021	Q2 2020	Q2 Change (%)	H1 2021	H1 2020	H1 Change (%)
Wiring Systems						
Gross sales	815,738	377,718	>100.0%	1,661,178	1,078,727	54.0%
less intersegment sales	197	(59)	>100.0%	315	53	>100.0%
External sales (sales to third parties)	815,541	377,776	>100.0%	1,660,863	1,078,675	54.0%
EBIT	(1,172)	(107,213)	98.9%	(19,498)	(145,415)	86.6%
as a percentage of external sales	(0.1)%	(28.4)%	---	(1.2)%	(13.5)%	---
EBIT before exceptional items as well as before VALUE 21 costs	12,227	(82,940)	>100.0%	9,496	(103,334)	>100.0%
as a percentage of external sales	1.5%	(22.0)%	---	0.6%	(9.6)%	---
Employees	93,790	82,405	13.8%	93,790	82,405	13.8%
Wire & Cable Solutions						
Gross sales	544,408	320,288	70.0%	1,115,719	790,131	41.2%
less intersegment sales	63,935	24,648	>100.0%	127,505	67,221	89.7%
External sales (sales to third parties)	480,473	295,640	62.5%	988,214	722,910	36.7%
EBIT	26,568	(21,041)	>100.0%	95,130	(40,136)	>100.0%
as a percentage of external sales	5.5%	(7.1)%	---	9.6%	(5.6)%	---
EBIT before exceptional items as well as before VALUE 21 costs	35,591	(12,152)	>100.0%	77,172	(8,652)	>100.0%
as a percentage of external sales	7.4%	(4.1)%	---	7.8%	(1.2)%	---
Employees	7,728	8,310	(7.0)%	7,728	8,310	(7.0)%
Consolidation / LEONI AG						
Gross sales	(64,132)	(24,589)	>(100.0)%	(127,820)	(67,274)	(90.0)%
less intersegment sales	64,132	24,589	>100.0%	127,820	67,274	90.0%
External sales (sales to third parties)	---	---	---	---	---	---
EBIT	(212)	(779)	---	425	(496)	---
EBIT before exceptional items as well as before VALUE 21 costs	(212)	(779)	---	424	(497)	---
Employees	216	217	(0.5)%	216	217	(0.5)%
Group						
Gross sales	1,296,014	673,417	92.5%	2,649,077	1,801,585	47.0%
less intersegment sales	---	---	---	---	---	---
External sales (sales to third parties)	1,296,014	673,417	92.5%	2,649,077	1,801,585	47.0%
EBIT	25,184	(129,033)	>100.0%	76,056	(186,048)	>100.0%
EBIT as a percentage of external sales	1.9%	(19.2)%	---	2.9%	(10.3)%	---
EBIT before exceptional items as well as before VALUE 21 costs	47,606	(95,871)	>100.0%	87,092	(112,483)	>100.0%
as a percentage of external sales	3.7%	(14.2)%	---	3.3%	(6.2)%	---
Employees	101,734	90,932	11.9%	101,734	90,932	11.9%

5. Sales

Revenue from customers were broken down by the time when the goods or services were transferred, as presented in the table below.

€ '000

	H1/2021	H1/2020
Group		
Transfer at a point in time	1,525,834	1,027,654
Transfer over a particular period of time	1,123,243	773,931
of which development services	17,937	17,898
of which customised products	1,105,306	756,034
Sales	**2,649,077**	**1,801,585**
	H1/2021	**H1/2020**
Wiring Systems		
Transfer at a point in time	537,620	304,744
Transfer over a particular period of time	1,123,243	773,931
of which development services	17,937	17,898
of which customised products	1,105,306	756,034
Sales	**1,660,863**	**1,078,675**
	H1/2021	**H1/2020**
Wire & Cable Solutions		
Transfer at a point in time	988,214	722,910
Sales	**988,214**	**722,910**

Six-month sales came to € 2,649 million (previous year: € 1,802 million) and were thus 47 percent up on the previous year.

The principal factors contributing to this increase were the previous year's weak sales due to Covid-19 and the good, mostly organic growth in the current year.

6. Earnings before interest and taxes (EBIT)

The result before interest and taxes rose from a loss of € 186 million in the first half of the previous year (the information hereinafter described as 'previous year' in each case refers to the first half of the previous year) to earnings of € 76 million in the first half of 2021. The EBIT adjusted for non-recurring items as well as for the VALUE 21 performance and strategy programme (cf. > interim group management report for more detail) was up by € 199 million to € 87 million (previous year: loss of € 112 million). The main drivers were especially the improved volume and mix-related effects as well as favourable impact on operating profit due primarily to VALUE 21. Heavy additional costs due to bottlenecks in the supply of input materials as well as pressure on earnings because of the semiconductor supply crisis were among the factors exerting an opposing effect. In the first six months of the previous year, the fallout from the coronavirus crisis and the related losses of sales had still severely affected EBIT as well.

The cost of sales rose by 35 percent in the first half of 2021 and thus by disproportionately less than sales. Gross profit on sales improved from € 134 million to € 391 million.

Selling expenses, which included additional freight costs because of bottlenecks in the supply of input materials, rose by 15 percent to € 126 million. General administrative as well as research and development costs remained at roughly the previous year's level in the first six months. There was an increase in other operating income from € 18 million to € 37 million due, among other factors, to proceeds from the sale of LEONI Schweiz AG. In particular, this income stemmed from realising accrued exchange gains, which were still contained in accumulated other comprehensive income as of 31 December 2020. Other operating expenses rose by 6 percent to € 19 million and included, among other items, the loss on the disposal of LEONI Kerpen GmbH's Data Communication and Compound business units amounting to € 9 million as well as goodwill impairment in the amount of € 4 million. Income from associated companies and joint ventures, which stemmed principally from our joint venture in Langfang, China, was up from € 15 million in the first six months of the previous year to € 20 million in the first half of 2021.

Compared with the same period of the previous year, exceptional items were down from costs of € 62 million to costs of € 2 million. In the previous year, this included impairment of WCS Division assets and refinancing costs.

At € 9 million, the costs incurred by the VALUE 21 programme in the first half of 2021 were lower than in the pre-year period (€ 12 million).

7. Income taxes

Reported receivables from income tax totalling € 6,968 k were down by € 11,979 k from 31 December 2020. This reduction is attributable mainly to refund of a tax receivable recognised as of 31 December 2020 because of the extended options for carrying back losses in the United States under the CARES Act (Coronavirus Aid, Relief, and Economic Security Act).

The reported income taxes of € 25,272 k (previous year: tax income of € 21,670 k) comprised current tax expense of € 36,390 k (previous year: tax income of € 6,192 k) and deferred tax income of € 11,118 k (previous year: € 15,478 k) that was attributable to differences in balance sheet items, the change to loss carryforwards and reduction of reversed valuation allowances on deferred tax assets. The reduction in valuation allowances was due, among other factors, to capitalising of in the previous year impaired deferred tax assets in Germany in the amount of € 4,576 k.

The tax rate was 56.9 percent (previous year: 10.3 percent). This was attributable primarily to not having recognised deferred tax assets against current losses.

8. Leases

The development of right of use assets by asset class during the reporting year and their position as of the reporting date is set out below:

€ '000

	Land, leasehold rights and buildings	Technical equipment, plant and machinery	Other equipment, factory and office equipment	Total
Net carrying amount on 1 January 2020	**167,276**	**21,026**	**13,923**	**202,225**
Acquisition costs on 1 January 2020	**196,907**	**24,793**	**19,964**	**241,664**
Additions	100,327	2,671	2,021	**105,019**
Disposals	7,122	294	1,157	**8,573**
30 June 2020	**290,112**	**27,170**	**20,828**	**338,110**
Accumulated depreciation on 1 January 2020	**29,631**	**3,767**	**6,041**	**39,439**
Increase in depreciation	17,104	3,141	2,692	**22,937**
Increase in impairment	534	0	0	**534**
Disposals	2,059	281	1,144	**3,484**
30 June 2020	**45,210**	**6,627**	**7,589**	**59,426**
Net carrying amount on 30 June 2020	**244,902**	**20,543**	**13,239**	**278,684**
Net carrying amount on 1 January 2021	**239,522**	**19,667**	**12,497**	**271,686**
Acquisition costs on 1 January 2021	**297,406**	**28,747**	**22,425**	**348,578**
Currency differences	5,512	725	191	**6,428**
Additions	16,646	1,491	2,995	**21,132**
Reclassification to assets held for sale	35,461	907	2,939	**39,307**
Disposals	6,967	432	2,290	**9,689**
30 June 2021	**348,058**	**31,438**	**26,260**	**327,142**
Accumulated depreciation on 1 January 2021	**57,884**	**9,080**	**9,928**	**76,892**
Currency differences	1,253	256	65	**1,574**
Increase in depreciation	17,264	3,123	3,461	**23,848**
Increase in impairment	0	0	0	**0**
Reclassification to assets held for sale	9,887	377	1,411	**11,675**
Disposals	3,815	462	2,258	**6,535**
30 June 2021	**82,473**	**12,374**	**12,607**	**84,104**
Net carrying amount on 30 June 2021	**265,585**	**19,064**	**13,653**	**243,038**

Lease liabilities recognised in financial liabilities developed as follows during the reporting period:

€ '000

	2021
Carrying amount on 1 January	**270,463**
Additions	23,573
Reclassification to assets held for sale	(28,104)
Compounding	5,187
Repayment (amount paid including interest)	(31,672)
Carrying amount on 30 June	**239,447**
of which short-term	44,472
of which long-term	194,975

The decrease in rights of use as well as liabilities pertaining to leases was due mainly to reclassification in BG IN to assets held for sale.

9. Pension provisions

Pension provisions as of 30 June 2021 amounted to € 128,254 k and were thus down by € 57,343 k or about 31 percent compared with the amount on 31 December 2020. Alongside the liabilities reclassified to held for sale in the amount of € 31 million, the once again increased discount rates of 1.90% (31/12/2020: 1.25%) in the United Kingdom and of 1.27% (31/12/2020: 0.90%) in Germany reduced pension provision by an overall figure of € 26 million.

10. Financial liabilities

The sum of current and non-current financial liabilities was € 1,670,921 k on 30 June 2021 (31/12/2020: € 1,593,015 k). In addition, € 108,631 k was reclassified to liabilities held for sale as part of the impending disposal of Business Group Industrial Solutions. The increased funding requirement was covered, among other means, by the further utilisation of an existing syndicate loan (RCF I with a total available amount of € 750 million and maturing in mid-2023). Additional drawing of € 99 million in the first half of 2021 increased total utilisation of RCF I to € 559 million. Utilisation of the syndicated loan converted in the previous year, RCF II (with a fixed maturity date at the end of 2022), was down by € 3 million in the first half of 2021 to a total of € 218 million, of which € 80 million was reclassified to liabilities held for sale. The available amount of this loan totalled € 245 million on 30 June 2021 (of which € 80 million pertained to entities classified as held for sale). Furthermore, the remaining € 90 million of the RCF III working capital loan in the amount of € 330 million that matures at the end of 2022 was drawn in April 2021. This loan is 90 percent guaranteed by the German government and the federal states of Bavaria, Lower Saxony and North Rhine-Westphalia as part of measures to provide coronavirus-related aid (jumbo guarantee provided by the federal government and federal states in connection with the consequences of the Covid-19 pandemic). RCF III was consequently utilised in full by 30 June 2021.

Because the credit lines used (RCF I – III) are not expected to be repaid within the next 12 months, they were reported under non-current financial liabilities on the balance sheet as of 30 June 2021.

Financial liabilities as of 30 June 2021 also included borrower's note loans in the amount of € 399 million. These are mostly due for repayment in the years 2023 and 2024. Borrower's note loans in the amount of € 45 million were reclassified to current financial liabilities in the first half of 2021.

Lease liabilities after reclassification of € 28,104 k to liabilities held for sale amounted to € 239,447 k on 30 June 2021 (31/12/2020: € 270,463 k).

11. Financial instruments

The tables below show the financial instruments held in the Group on 30 June 2021 and on 31 December 2020. The amounts presented in the 'Carrying amount 30/06/2021' column may deviate from those in other columns of a row because the other columns include all financial instruments, also those that are shown in separate balance sheet items as part of a disposal group pursuant to IFRS 5. Further explanation of this can be found in Note 4 'Acquisitions and disposals of subsidiaries as well as of assets and liabilities held for sale'.

€ '000

	Measurement category pursuant to IFRS 9	Carrying amount 30/06/2021	Recognition pursuant to IFRS 9 Amortised cost	Fair value recognised in equity	Fair value recognised in profit or loss	Fair value 30/06/2021
Assets						
Cash and cash equivalents	AC	209,595	218,672			218,672
Trade accounts receivable	AC	410,470	455,338			455,338
Other financial receivables	AC	81,350	84,563			84,563
Financial assets held for sale	FVTPL	43,007			43,007	43,007
Other primary financial assets						
Investments	FVTPL	73			73	73
Derivative financial assets						
Derivatives without a hedging relationship	FVTPL	1,084			1,084	1,084
Derivatives with a hedging relationship	n/a	7,352		7,352		7,352
Liabilities						
Trade accounts payable	AC	787,720	846,164			846,164
Liabilities to banks	AC	1,032,892	1,113,419			1,113,314
Borrower's note loans	AC	398,510	398,510			388,466
Other financial liabilities	AC	44,363	48,336			48,336
Lease liabilities	n/a	239,447	267,551			n/a
Derivative financial liabilities						
Derivatives without a hedging relationship	FVTPL	6,597			6,597	6,597
Derivatives with a hedging relationship	n/a	4,641		4,641		4,641
Of which aggregated by categories according to IFRS 9:						
Financial assets at amortised cost	AC	758,573	758,573			758,573
Financial assets at fair value through profit or loss	FVTPL	44,164			44,164	44,164
Financial liabilities at amortised cost	AC	2,406,429	2,406,429			2,396,280
Financial liabilities at fair value through profit or loss	FVTPL	6,597			6,597	6,597

	Measurement category pursuant to IFRS 9	Carrying amount 31/12/2020	Recognition pursuant to IFRS 9 Amortised cost	Fair value recognised in equity	Fair value recognised in profit or loss	Fair value 31/12/2020
Assets						
Cash and cash equivalents	AC	187,489	195,942			195,942
Trade accounts receivable	AC	487,747	494,391			494,391
Other financial receivables	AC	41,450	41,927			41,927
Financial assets held for sale	FVTPL	30,641			30,641	30,641
Other primary financial assets						
Investments	FVTPL	1,113			1,113	1,113
Derivative financial assets						
Derivatives without a hedging relationship	FVTPL	13,208			13,208	13,208
Derivatives with a hedging relationship	n/a	9,546		9,546		9,546
Liabilities						
Trade accounts payable	AC	824,552	849,642			849,642
Liabilities to banks	AC	925,168	950,383			950,275
Borrower's note loans	AC	397,312	397,312			384,536
Other financial liabilities	AC	76,772	77,401			77,401
Lease liabilities	n/a	270,463	271,670			n/a
Derivative financial liabilities						
Derivatives without a hedging relationship	FVTPL	1,047			1,047	1,047
Derivatives with a hedging relationship	n/a	5,580		5,580		5,580
Of which aggregated by categories according to IFRS 9:						
Financial assets at amortised cost	AC	732,260	732,260			732,260
Financial assets at fair value through profit or loss	FVTPL	44,962			44,962	44,962
Financial liabilities at amortised cost	AC	2,274,738	2,274,738			2,261,854
Financial liabilities at fair value through profit or loss	FVTPL	1,047			1,047	1,047

Due to the short terms of the cash and cash equivalents, trade receivables (excluding factoring) and other current receivables, the fair values largely corresponded to the carrying amounts as they did in the previous year.

The item cash and cash equivalents includes bank deposits in the amount of € 5,823 k (31/12/2020: € 5,049 k) that are pledged to factoring partners and are therefore not available to LEONI.

The fair values of other financial receivables with residual terms of more than one year corresponded to the present values of the payments associated with the assets, taking into account the current interest-rate parameters that reflected market-related and partner-related changes in conditions.

Trade payables and other liabilities usually had short residual terms; the amounts recognised represented an approximation of the fair values.

The fair values of liabilities to banks, the borrower's note loans and the other non-current financial liabilities were determined as the present values of the payments relating to the liabilities based on the respectively applicable yield curves and taking into account the Group-specific margins. For this reason, the fair values must be allocated to hierarchy level 2.

The fair values of the foreign exchange transactions were based on current reference rates observable on the market and taking into consideration forward premiums or discounts. LEONI takes account of the risk of non-fulfilment by business partners and the risk of non-fulfilment on the part of the Group by determining correction values, known as credit value adjustments (CVAs) or debt value adjustments (DVAs), based on applying a premium / discount. The fair values of the interest rate hedging instruments (interest swaps) were based on discounted future cash flows. The applicable market interest rates and volatilities were used for the residual maturities of the financial instruments.

Valuation method to determine fair value

The tables below contain an overview of the valuation methods used for measuring the fair value of the financial instruments concerned as well as their fair value hierarchy classification:

€ '000

30/06/2021	**Prices quoted on active markets (level 1)**	**Valuation methods where all principal parameters are based on observable market data (level 2)**	**Valuation methods where all principal parameters are not based on observable market data (level 3)**	**Total**
Assets measured at fair value				
Primary financial assets				
Financial assets held for sale		43,007		**43,007**
Investments			73	**73**
Derivative financial assets				
Derivatives without a hedging relationship		1,084		**1,084**
Derivatives with a hedging relationship		7,352		**7,352**
Liabilities measured at fair value				
Derivative financial liabilities				
Derivatives without a hedging relationship	451	6,146		**6,597**
Derivatives with a hedging relationship		4,641		**4,641**

31/12/2020	Prices quoted on active markets (level 1)	Valuation methods where all principal parameters are based on observable market data (level 2)	Valuation methods where all principal parameters are not based on observable market data (level 3)	Total
Assets measured at fair value				
Primary financial assets				
Financial assets held for sale		46,215		**46,215**
Investments			1,113	**1,113**
Derivative financial assets				
Derivatives without a hedging relationship	971	12,237		**13,208**
Derivatives with a hedging relationship		9,546		**9,546**
Liabilities measured at fair value				
Derivative financial liabilities				
Derivatives without a hedging relationship		1,047		**1,047**
Derivatives with a hedging relationship		5,580		**5,580**

There were no movements between the individual levels during the financial year or in the previous year.

Other information

12. Transactions with related parties

LEONI maintains relationships with associates and joint ventures as part of its ordinary business activities. This involves LEONI purchasing products and services on market terms. During the period under report, the Company generated income of € 8,780 k (previous year: € 6,006 k) from sales and providing services to associates and joint ventures. There were receivables from these companies in the amount of € 32,300 k (31/12/2020: € 6,929 k), which included dividends of € 20,764 k (31/12/2020: € 0). LEONI generated the income and receivables mainly from its business relationship with its joint venture in Langfang, China. There was a loan receivable from an associated company in the amount of € 4,125 k (31/12/2020: € 3,750 k).

Mr Hans-Joachim Ziems was a member of the Board of Directors until 31 March 2021. Until Mr Ziems' departure, LEONI procured services from Ziems & Partner Unternehmensberater (consultants) in the amount of € 1,903 k. Furthermore, at the time Mr Ziems left the Board of Directors there were liabilities to this company in the amount of € 2,550 k. The services were procured on standard market terms.

13. Board of Directors and Supervisory Board

LEONI AG's Supervisory Board prematurely reappointed Aldo Kamper as Chief Executive Officer for a further five years. His present contract runs to the end of 2021 and was extended to 31 December 2026. Aldo Kamper has been LEONI AG's CEO since September 2018.

Hans-Joachim Ziems left the Board of Directors upon expiry of his one-year mandate on 31 March 2021. As Chief Restructuring Officer from 1 April 2020, he was responsible for implementing the Company's restructuring plan. There will be no successor to his function on the Board of Directors.

Mr Klaus Rinnerberger was elected to the Supervisory Board on 19 May 2021. He has more than 20 years of experience in the automotive industry and will contribute his expertise in the areas of restructuring, financing and strategic development on LEONI AG's Supervisory Board. He succeeds Mr Dirk Kaliebe, who was judicially appointed as a member of LEONI AG's Supervisory Board in August 2020 and whose mandate expired at the time of our 2021 Annual General Meeting.

14. Events after the balance sheet date

Disastrous flooding occurred in several of Germany's river regions in mid-July 2021. This also severely affected LEONI Kerpen GmbH's production facility in Stolberg. LEONI is currently examining the extent of the damage and its impact on the asset, financial and earnings situation. This also encompasses the insurance cover.

On 22 June 2021, Pierer Industrie AG declared its intention to make a voluntary public bid to purchase about 9.6 percent of the shares in LEONI AG. If the bid is successful, Pierer Industrie AG could raise its stake in LEONI AG to as much as 24.9 percent. This offer was made public on 30 July 2021. The Board of Directors will make a statement in this regard by the statutory deadline.

There were otherwise no events of any 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 report was signed.

Nuremberg, 4 August 2021

The Board of Directors

Aldo Kamper   Ingrid Jägering

Responsibility statement

We hereby declare that to the best of our knowledge, and in accordance with the applicable principles for half-year financial reporting, the interim consolidated financial statements based on observing the principles of proper accounting give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group during the remainder of the financial year.

Nuremberg, 4 August 2021

The Board of Directors

Aldo Kamper

Ingrid Jägering

Review report

To LEONI AG, Nuremberg/Germany

We have reviewed the condensed interim consolidated financial statements – comprising the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated balance sheet, the consolidated statement of changes in equity as well as selected explanatory notes to the financial statements - and the interim group management report for the period from 1 January to 30 June 2021 of LEONI AG, Nuremberg, that are part of the half-year financial report pursuant to § 115 WpHG (Wertpapierhandelsgesetz: German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the executive directors. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany (IDW)). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of personnel of the entity and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements of LEONI AG, Nuremberg, have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Without modifying our opinion, we draw attention to section “Principles” in the notes to the condensed interim consolidated financial statements and to section “Risk and oportunity Report”, of the interim group management report, in which the executive directors describe uncertainties of the future business development due to the Covid-19 pandemic, despite better sales and earnings performance than planned and significant progress made with regard to the restructuring measures up to the first half of 2021, as well as the expiration of significant parts of the current financing at the end of the financial year 2022 as risks relating to the Group’s ability to continue as a going concern. To ensure refinancing at the end of the financial year 2022 and to ensure liquidity, the timely and successful implementation of further planned measures is necessary, in particular sales of selected units of the WCS Division. The timely implementation of the measures is one assumption underlying the executive directors’ current multi-year plan. As presented in the condensed interim consolidated financial statements and the interim group management report, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern, and constitute risks with regard to the Group’s ability to continue as a going concern within the meaning of section 322 (2) sentence 3 HGB.

Furthermore, we draw attention to the fact that the separately presented quarterly information as well as the respective explanatory comments within the condensed interim consolidated financial statements and the interim group management report have not been subject of our review.

Nuremberg, 5 August 2021

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed: Sebastian Kiesewetter	Signed: Alexander Hofmann
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Notes regarding forward-looking statements

This interim report 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 interim report.

Rounding differences may for arithmetical reasons occur in the tables, charts and references versus the mathematically precise figures (monetary units, percentages, etc.).

Financial publications are available on our 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

Quarterly statement, 3rd quarter 2021	10 November 2021

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