



PARAGON

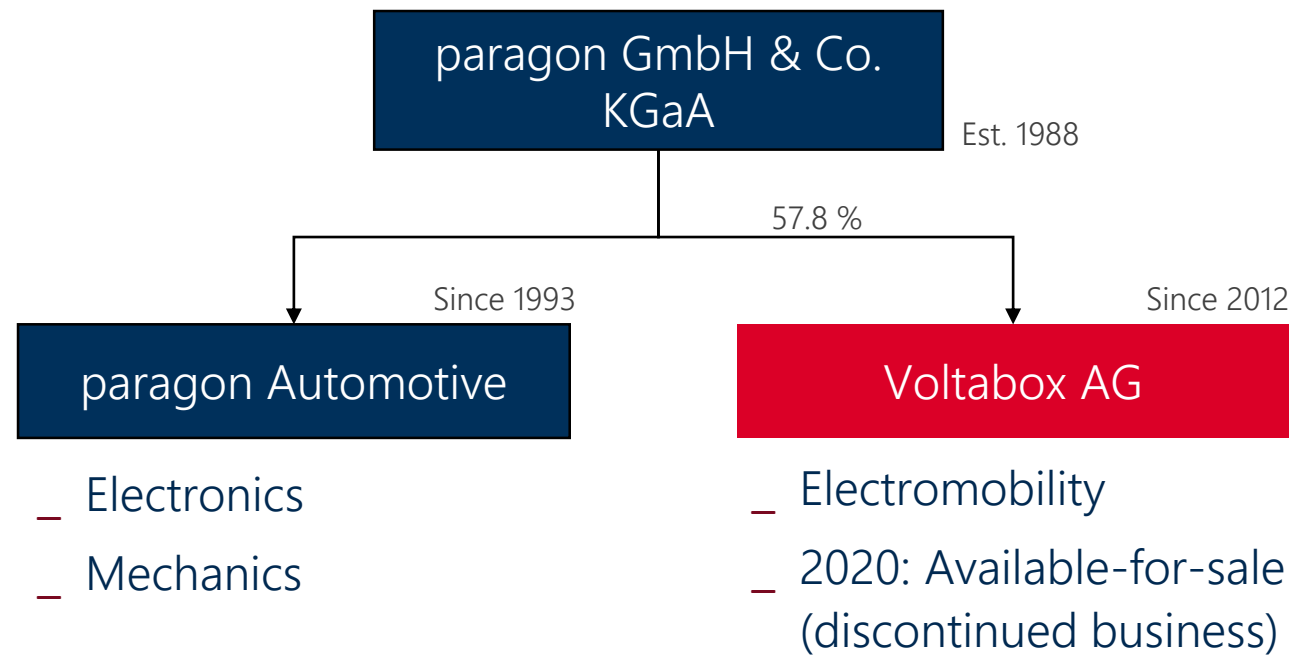
paragon GmbH & Co. KGaA

Annual Report 2019

August 21, 2020

paragon GmbH & Co. KGaA 2019:
Light and Shadow

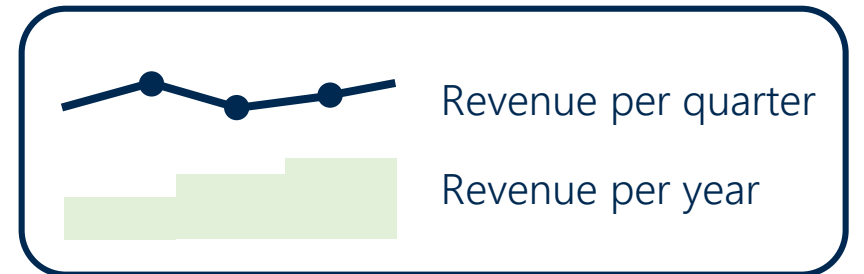
Company structure



Revenue Development Automotive Business



- Revenue 2019 +16% vs. prior year, 7% above plan
- Acoustics as driver +37% and Kinematics +32% in 2019
- Order intake +11.5 %
- Beneficiary of the transformation of the automotive industry
- No influence by diesel crisis and/or trade conflicts



P&L Development 2017-2019e in Comparison

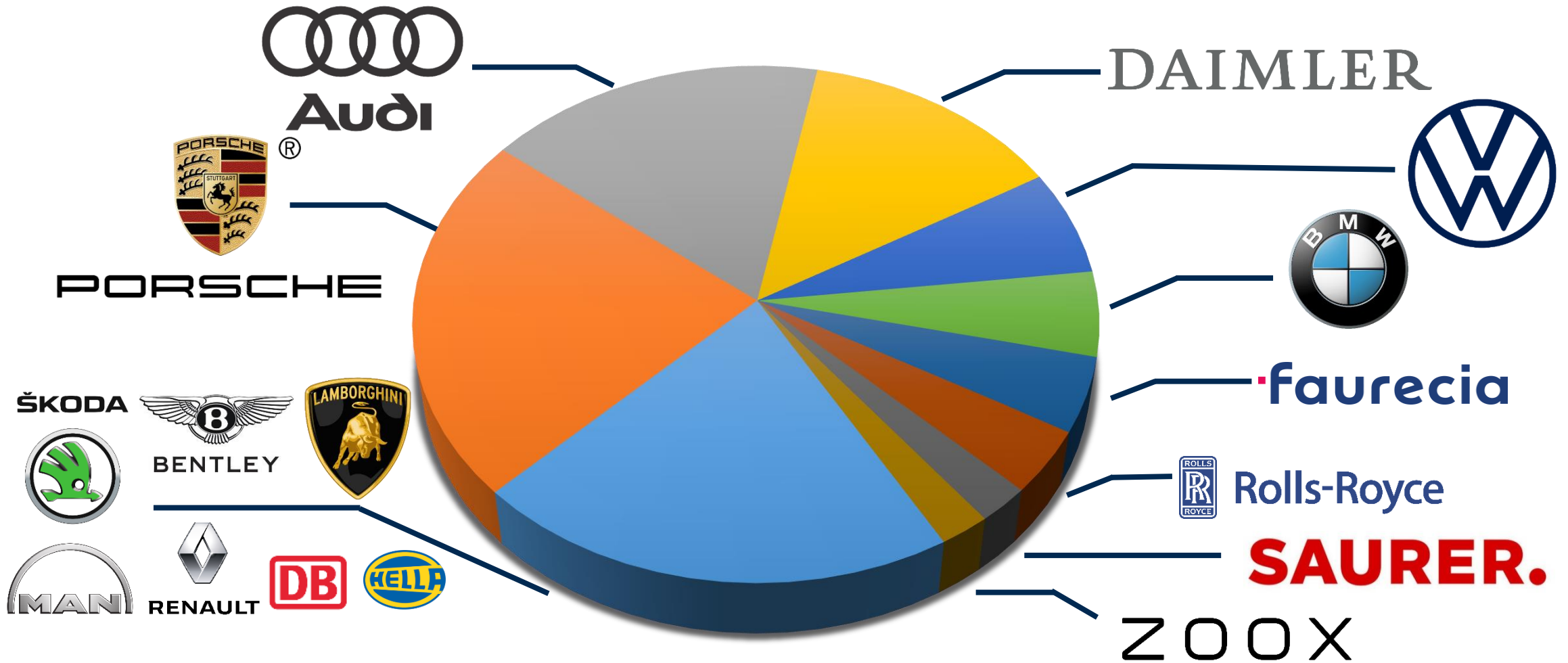
P&L paragon Automotive 2017-2019e (in €'000)	2017	2018	2019e adj.	2019e pro forma
One-off effects 2019 (€ 9.0m)			exclusive	inclusive
Corona-specific devaluations and depreciation 2019 (€ 9.0m)			exclusive	inclusive
Revenues	97,550	120,474	139,594	139,594
Change in inventories	286	1,215	-4,348	-4,348
Other own work capitalized	11,125	12,651	11,321	11,321
Other operating income	1,200	5,058	6,001	6,001
Total operating performance	110,161	139,398	152,568	152,568
Cost of materials	-54,565	-63,684	-76,583	-76,583
Personnel expenses	-28,553	-38,533	-44,197	-44,197
Other operating expenses	-9,626	-16,484	-22,293	-22,293
Operational one-off effects	0	0	9,000	0
EBITDA	17,412	20,023	18,495	9,495
Depreciation	-6,960	-10,802	-14,108	-23,125
EBIT	10,452	9,221	4,387	-13,630

paragon Automotive - Retrospective

2019

- ⊖ Launching costs of Kinematics projects
 - ⊖ One-off effect € 6.0m
 - ⊕ Successful restructuring gaining profit of € 15.7m over lifetime
- ⊖ Integration / consolidation costs of subsidiaries
 - ⊖ One-off effect € 2.5m
 - ⊕ Consolidation of three locations into one new enables savings of € 1.5m annually
- ⊖ Introduction costs of new ERP software
 - ⊖ One-off effect € 0.5m
 - ⊕ Consistent ERP systems in subsidiaries enable cost savings of € 0.3m annually

paragon Automotive Customer Structure 2019



Success through USPs

Share Single Source
paragon Automotive 2019:

86 %

- Customers appreciate technologically sophisticated and innovative products from paragon
- paragon has a high degree of trust and support

„There is no alternative to paragon.“*

*Aggregated confirmation by paragon customers.

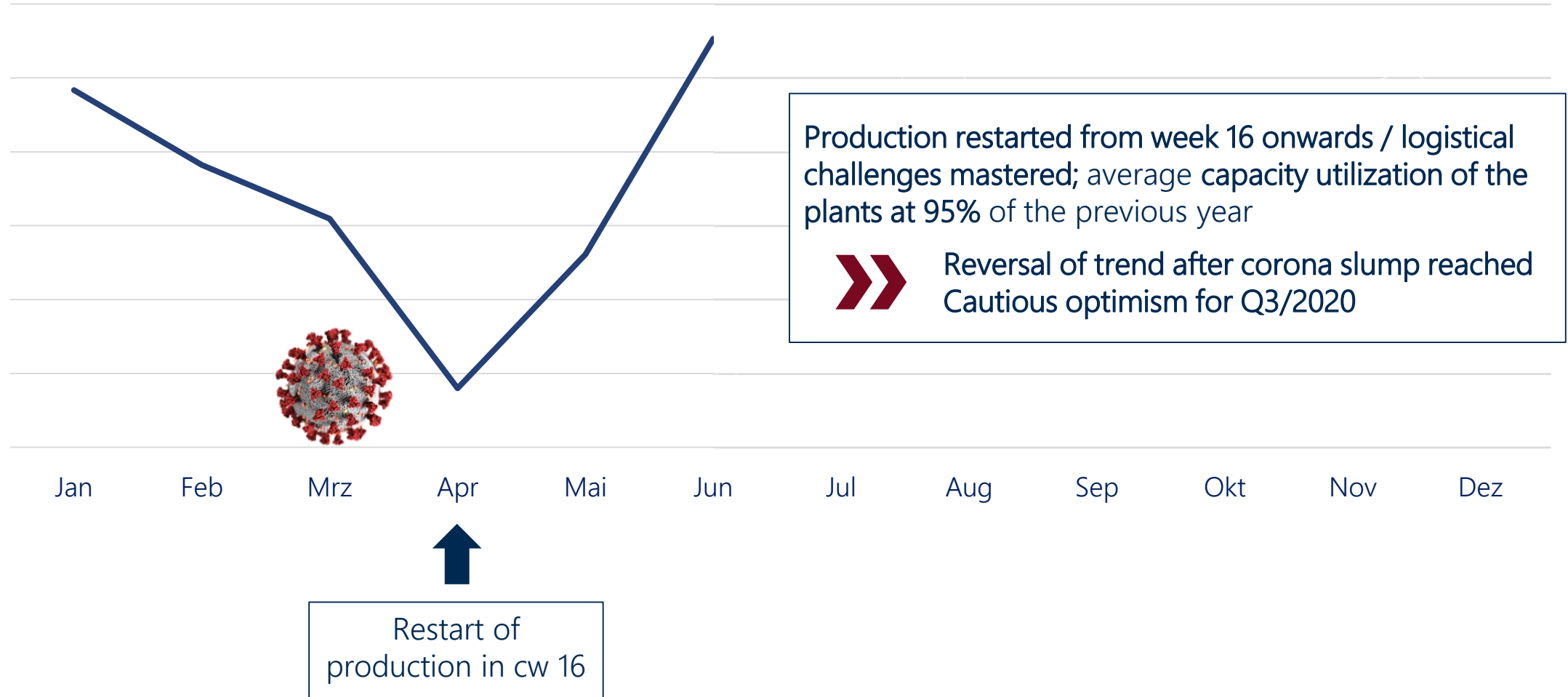
paragon Automotive - Retrospective

2020

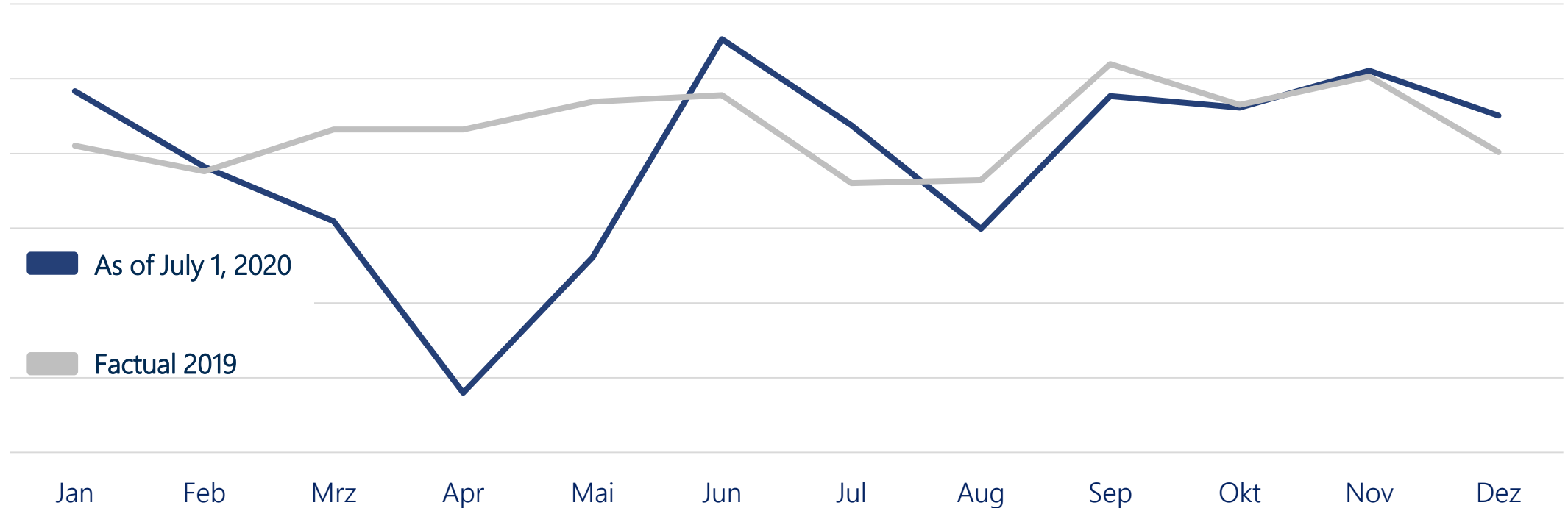
- ⊕ January: Perfect start of the year
 - ⊕ Sensors +12.3 %
 - ⊕ Overall turnover +10 %

- ⊖ March: Comprehensive production stoppages at all automotive customers
 - ⊖ All paragon production plants closed
 - ⊖ Short-time work

Revenue Development in H1/2020 Shows V Formation



Forecast H2/2020 at the Previous Year's Level



Incl.: One-off sales January to June
Excl.: One-off sales July to December 2020

Key Figures 1. Quarter 2020

- Sales Q1 2020 (€ 29.5 m) down 3.9% compared to Q1 2019 (€ 30.4m)
- EBITDA margin Q1 2020 of 6.8%
- EBITDA Q1 2020 includes € 0.9m unrealized losses on the CHF Bond → **Adjusted € 2.9m**
- Despite complete shutdown as of 20.03.2020 within planning

In €m	2019	Q1 2020
Revenue	139.6	29.5
Capitalised development costs	11.3	1.9
Other operating income	6.0	1.8
Total performance	156.9	33.1
Material costs	- 80.9	-16.0
Personnel costs	-44.2	-10.6
Material expenses	-22.6	-4.5
EBITDA	9.2	2.0
Depreciation	-23.2	-4.4
EBIT	-14.0	-2.3

Forecast 2020e

Adjusted forecast 2020 paragon Automotive (post-Corona)

Revenue 2020e

€ 105 to 115m

>> -20% vs. planning pre-Corona

EBITDA margin 2020e

8 to 12%

Investments

about € 20m

Voltabox Business Performance in 2019

Initial planning

Ambitious growth expected // Very good order situation // Set-up of structures

Hard brake

Postponement of projects & revenues

Changed conditions

Refocusing, Realigning, Restructuring

Comprehensive balance sheet adjustment at Voltabox AG

- _ Considering Voltabox "available for sale"
- _ Implications from corona partly to be taken into account as early as 2019
 - _ Conversion of provisional/non-durable impairments in value into permanent impairments in value (impairment principle) >> extraordinary depreciation

./.	54.2	€m	Impairment of current assets
./.	6.6	€m	Impairment on goodwill
./.	27.1	€m	Impairment on PPE and intangible assets
./.	9.2	€m	Reverse transaction sale of IP rights
./.	3.0	€m	Provision for impending losses
Σ	./.	€ 100.1m	

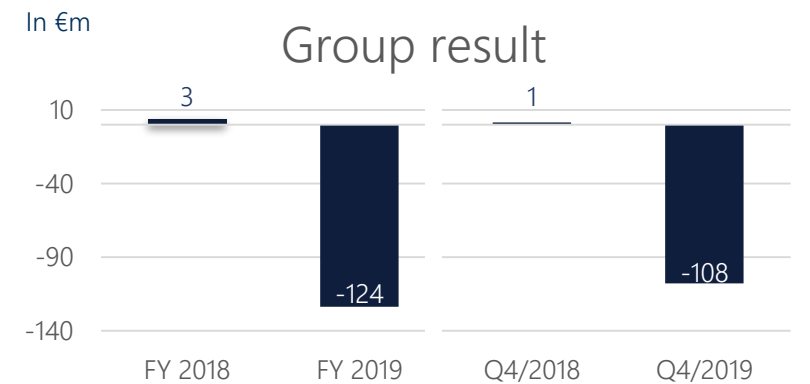
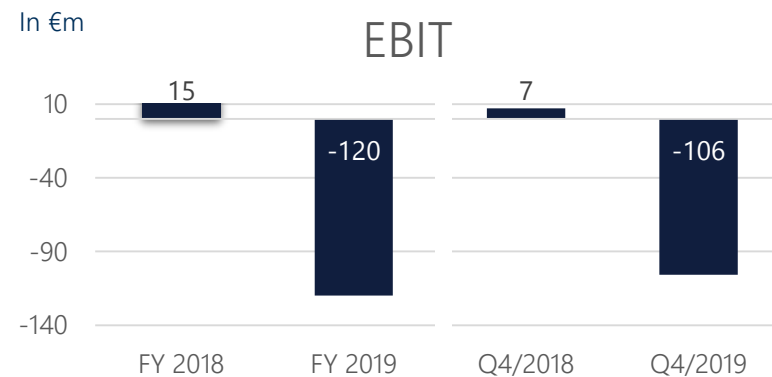
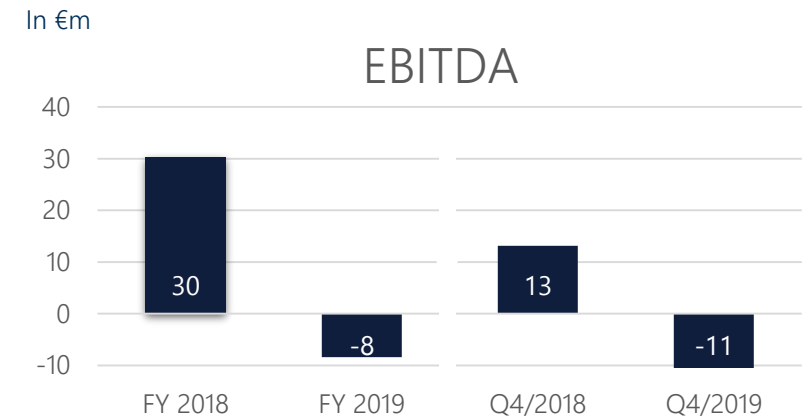
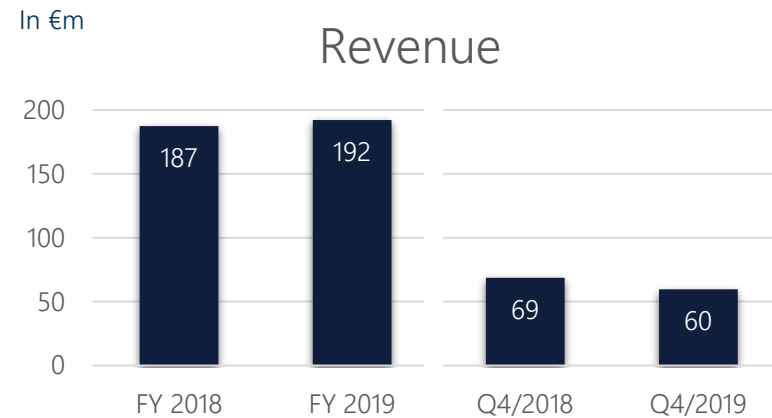
- _ Voltabox fully consolidated >> Immediate effect on paragon's consolidated financial statements

paragon Group: Fiscal Year 2019

P&L Key Figures paragon Group

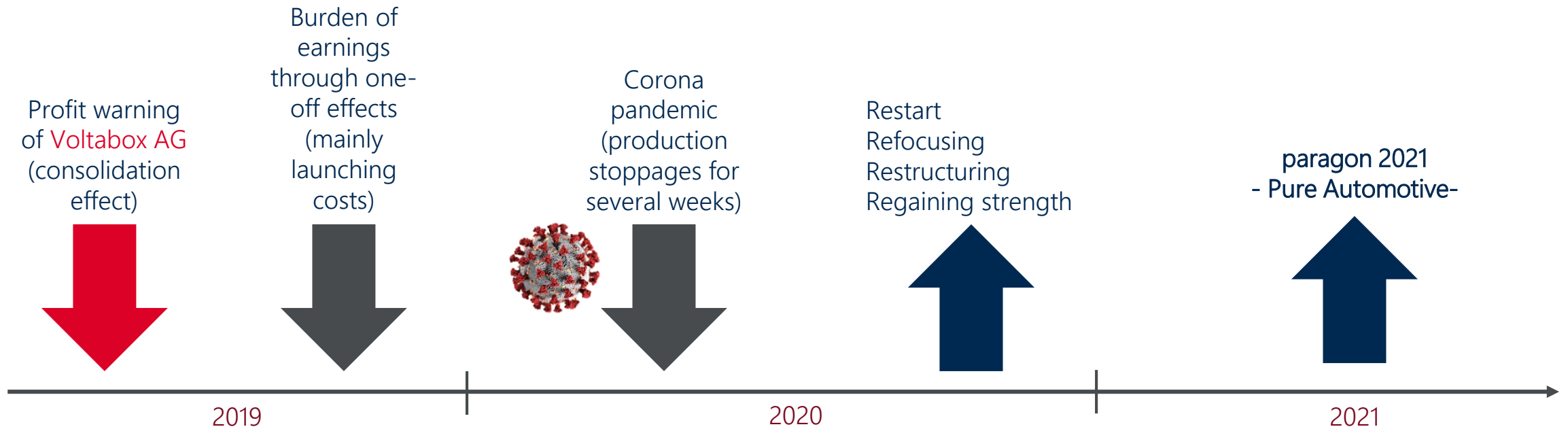
Results significantly influenced by:

- Balance sheet adjustment Voltabox AG
- Foreign currency expenses due to refinancing
- Special effects due to consolidation, integration and series start-ups



Outlook

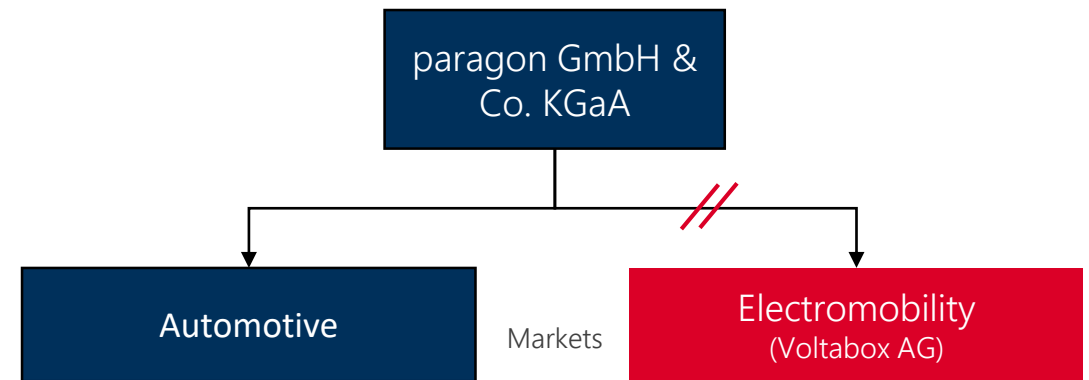
Adjusting to the „new normal“



Outlook

The sale of Voltabox is the enabler

- _ Stock market doesn't value paragon's financial investment Voltabox
 - _ No overlap between both company's business models
 - _ Buyer to scale up Voltabox's business globally
 - _ Sales process going very well
- >> Proceeds to be invested into paragon's Automotive business plus debt relief

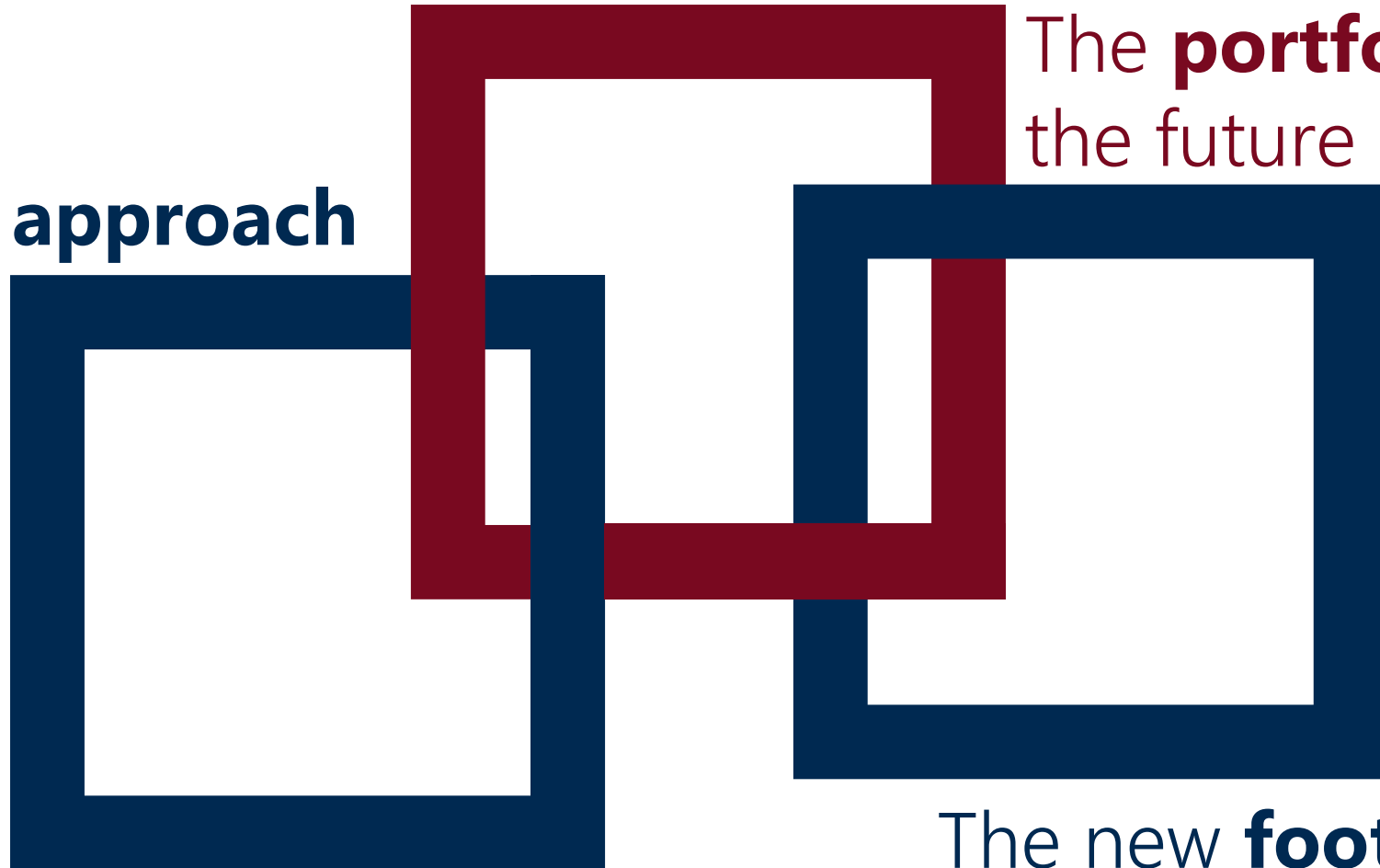


Presenting paragon 2021 - Pure Automotive -

The Re-invention of paragon

The new **approach**

The **portfolio** of the future



The new **footprint**

The paragon 2021

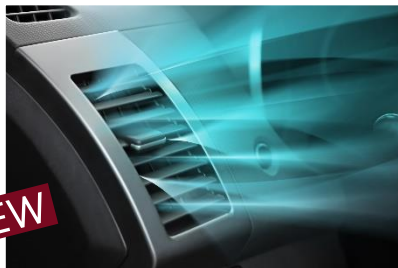
Feel and relax

- Seat components
- Tables, cradles & consoles
- Sensors for seats **NEW**
- Road noise cancelation **NEW**



Breathe and protect

- Air quality sensors
- Ionizer
- Vital data sensors **NEW**
- Child Presence Detection **NEW**
- Anti-virus electrostatic filter **NEW**



The portfolio of the future



See and assist

- Digital assistance, AI based
- Hidden technologies **NEW**
- Connection Box for seamless handover **NEW**

Move and support

- Front and rear spoilers (incl. drives)
- Drives for wind deflectors and sunroofs **NEW**



Listen and act

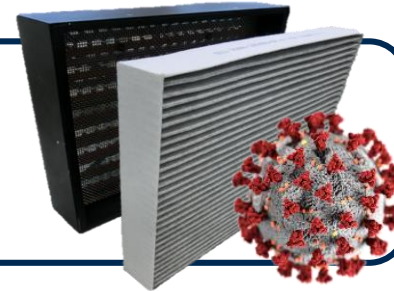
- Microphones
- Loudspeakers / Car-Hifi
- 3D sound system **NEW**
- Exterior sound **NEW**



New Products

VIRUS PROTECTION by electrostatic filter (market launch January 2021)

Particle filter "Dustprotect" with up to 10 times faster cleaning of the vehicle cabin from viruses and fine dust



External loudspeaker for electric vehicles

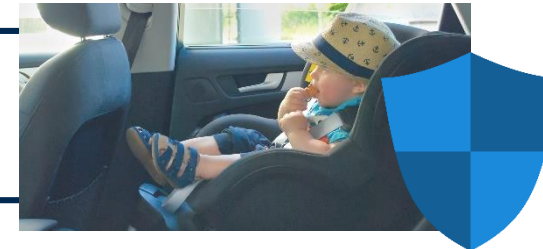
Mandatory requirement for pedestrian warning

Vital data sensors

Health surveillance of the driver (legal requirement for autonomous vehicles)

Near-field radar sensor for detecting children in parked vehicles

Great potential in the USA due to legal requirements



Connection Box - Cost-effective integration of digital assistants via smartphone app

Integrated infotainment, mobile applications, certified cloud services

The paragon 2021 - Driving Perfection -

Move
& Support

Breathe
& Protect

Listen
& Act

See
& Assist

Feel
& Relax



PARAGON®

paragon GmbH & Co. KGaA

Artegastraße 1
33129 Delbrück

Tel.: +49 (0) 5250 9762 - 141

E-Mail: investor@paragon.ag