

GROUP INTERIM REPORT
AS OF SEPTEMBER 30, 2021
NINE MONTHS



Key Figures paragon Group¹

€ '000 / as indicated	Jan. 1 to Sep. 30, 2021	Jan. 1 to Sep. 30, 2020	Change	July 1 to Sep. 30, 2021	July 1 to Sep. 30, 2020	Change
Revenue	109,691	83,841	30.8%	33,998	33,802	0.6%
EBITDA ²	14,964	7,521	99.0%	3,750	4,140	-9.4%
EBITDA margin in %	13.6	9.0	52.1%	11.0	12.2	-9.9%
EBIT	2,087	-6,482	132.2%	-643	-877	26.7%
EBIT margin in %	1.9	-7.7	n. a.	-1.9	-2.6	27.1%
Earnings from continuing operations	-2,895	-10,351	72.0%	-2,372	-2,221	-6.8%
Earnings from discontinued operations	-11,137	-32,680	65.9%	-6,830	-10,881	37.2%
Consolidated net income	-14,033	-43,031	67.4%	-9,202	-13,102	29.8%
Earnings per share in € from continuing operations	-0.64	-2.29	72.1%	-0.52	-0.49	7.0%
Earnings per share in € from discontinued operations	-1.25	-9.51	86.8%	-1.51	-2.89	47.8%
Investments (CAPEX) ³	7,156	5,599	27.8%	2,395	2,286	4.8%
Operating cash flow	12,859	8,284	55.2%	8,249	4,206	96.1%
Free cash flow ⁴	5,703	2,685	112.4%	5,854	1,920	204.9%
€ '000 / as indicated	Sep. 30, 2021	Dec. 31, 2020	Change	Sep. 30, 2021	Sep. 30, 2021	Change
Total assets	187,844	200,495	-6.3%	187,844	225,308	-16.6%
Equity	258 ⁵	13,231	-98.0%	258	13,891	-98.1%
Equity ratio in %	0.1	6.6	n. a.	0.1	6.2	n. a.
Cash and cash equivalents	1,963	5,664	-65.3%	1,963	4,256	-53.9%
Interest-bearing liabilities	116,764	135,620	-13.9%	116,764	126,396	-7.6%
Net debt ⁶	114,800	129,956	-11.7%	114,800	122,140	-6.0%
Employees ⁷	802	810	-1.0%	802	794	1.0%

- The paragon Group comprises the Electronics and Mechanics operating segments (paragon Automotive) plus the Electromobility operating segment, which is represented by the fully consolidated Voltabox AG. paragon plans to sell its shares in Voltabox, which is why Voltabox AG is shown as a discontinued operation in accordance with IFRS 5.
- For information on the calculation of EBITDA, please refer to the explanations in the management report in the 2020 Annual Report.
- CAPEX = investments in property, plant and equipment + investment in intangible assets
- Free cash flow = operating cash flow – CAPEX
- The reduction in equity is largely attributable to the losses from discontinued operations (Voltabox AG).
- Net debt = interest-bearing liabilities – cash and cash equivalents.
- Employees in continuing operations plus 115 employees in discontinued operations and 56 temporary workers (December 31, 2020: 186 employees in discontinued operations and 82 temporary workers, September 30, 2020: 182 employees in discontinued operations and 48 temporary workers)

Share

	Sep. 30, 2021	Dec. 31, 2020	Change	Sep. 30, 2021	Sep. 30, 2020	Change
Closing price in Xetra in €	9.32	9.78	-4.7%	9.32	9.30	26.6%
Number of shares issued	4,526,266	4,526,266	0%	4,526,266	4,526,266	0%
Market capitalization in € millions	42.2	44.3	-2.1	42.2	42.1	0.1

At a Glance

The First Nine Months of 2021

- Revenue in the Electronics and Mechanics operating segments (paragon Automotive) rose significantly in the first nine months of 2021 to € 109.7 million (+30.8% vs. 2020, +15.6% vs. 2019)
- Higher sales figures of our innovative product and further market penetration make it possible for paragon to increasingly stand out from the general automotive market
- At € 34.0 million, revenue in Q3/2021 slightly increasing compared with the same period last year despite the reduced production figures of automotive manufacturers
- First large-scale production order from a leading premium OEM for the product innovation DUSTPROTECT (electrostatic virus filter)
- Numerous nominations for adaptive spoilers received from Chinese car manufacturers
- Forecast for paragon Automotive for the current fiscal year affirmed: € 145 million with an EBITDA margin between 12 and 15%, free cash flow still burdened by increased inventories to ensure our ability to deliver

Key Figures paragon Automotive ¹

€ '000 / as indicated	Jan. 1 to Sep. 30, 2021	Jan. 1 to Sep. 30, 2020	Change
Revenue	109,691	83,841	30.8%
EBITDA ²	14,964	7,521	99.0%
EBITDA margin in %	13.6	9.0	n. a.
EBIT	2,087	-6,482	148.7%
EBIT margin in %	1.9	-7.7	n. a.
Investments (CAPEX) ³	7,156	5,599	40.6%
Operating cash flow	12,859	8,284	55.2%
Free Cashflow ⁴	5,703	2,685	85.7%

€ '000	Sep. 30, 2021	Dec. 31, 2020	Change
Equity	5,976	7,075	-18.3 %

- 1 paragon Automotive comprises the Electronics and Mechanics operating segments, i.e., the business with automotive OEMs as customers. The Electromobility operating segment is represented by Voltabox AG. paragon plans to sell its shares in Voltabox AG.
- 2 For information on the calculation of EBITDA, please refer to the explanations in the management report in the 2020 Annual Report.
- 3 CAPEX = investments in property, plant and equipment + investment in intangible assets.
- 4 Free cash flow = operating cash flow – CAPEX

Dear Shareholders, Customers, Business Partners and Employees,

We can look back on a third quarter that was challenging and successful but not yet satisfactory for us in some areas.

Challenging, because the global automotive production is clearly suffering from the “chip shortage.” Automotive manufacturers closed down their factories on repeated occasions for days and in some cases weeks at a time due to the scarcity of chips. When taking a closer look, it becomes clear that this is not only about a shortage of the most important electronic circuits, but also of many other fundamental goods. paragon promptly increased the inventories of important components because ensuring the ability to deliver was a top priority. paragon clearly succeeded in doing so. We are proud of the fact that we were able to further increase revenue despite the significantly reduced production numbers of our customers. This was due to the further market penetration and customer adoption of our products. We see being a highly innovative company as part of our DNA. A high percentage of our employees work in the area of Research and Development. This made it possible for paragon to also grow in the third quarter despite the reduced production numbers of the automotive industry.

Successful because paragon managed to secure key new orders in the third quarter. Our developers have long been grappling with the question of how to improve the air quality in vehicle interiors. Particulate matter (meaning particles smaller than 10 µm) can pass unimpeded through the air filters currently used in cars. The DUSTPROTECT electrostatic filter developed by paragon also cleanses the air from par-

ticulate matter before it enters the interior of the vehicle. Another part of our DNA is the Push principle. We actively presented these new filters to our customers as a sensible addition to air conditioning systems. Several of our customers are currently subjecting these filters to stringent tests, including endurance runs. One premium OEM has already completed the tests and we received the nomination for series production in the third quarter. We are convinced that the remaining customers will follow because our DUSTPROTECT can demonstrably also filter out viruses (including the coronavirus) in addition to particulate matter. A true innovation that creates considerable added value for all the passengers in the car.

Not yet satisfactory because the share and bond price of paragon GmbH & Co KGaA fell further. The share price does not yet reflect the revenue growth in each of the last five quarters, the clear improvement of the operating result and cash flows as well as the reduction of debt. We cannot be pleased with this. In addition to the generally skeptical environment of the capital mood in relation to the automotive industry, we identified as the primary causes for this unpleasant situation the delayed sale of our stake in Voltabox AG and still not having given the capital market a transparent repayment of the German € 50 million bond.

The numbers presented clearly prove that paragon is still suffering the effects from the current challenges facing the sector despite not being a typical automotive supplier. After lengthy, tough negotiations, the contracts for the sale of our share in Voltabox were concluded on November 12, 2021. An important milestone was able to be reached despite the negative environment.

The German bond is due in July 2022. This due date was set over four years ago. paragon has a detailed plan for the repayment of this bond. Due to the regulation on market abuse, we currently cannot publish any details regarding

the repayment. However, this does not mean that paragon doesn't have a plan. We will inform the capital market about the repayment of the bond as soon as this is legally possible. We continue to ask for your patience and trust until then.

In the third quarter, the committed workforce of the paragon Group was again a fundamental pillar of our success story. We would like to sincerely thank our employees for their service and performance during this challenging situation! We would also like to thank our existing shareholders for their trust and confidence.



Klaus Dieter Frers
Chief Executive Officer



Dr. Matthias Schöllmann
Managing Director Automotive

paragon in the Capital Market

Following the slump in the market due to the COVID-19 pandemic in 2020, the international stock market recovered over the further course of that year. This trend continued in the first nine months of 2021 as a result of excellent economic data, rapid progress in national vaccination campaigns and an apparent rapid recovery of the economy based on strong corporate results.

On the whole, Germany's most important stock indices recorded positive performance in the first nine months of 2021 (DAX 11.2%, SDAX 11.8%, TecDAX 16.5%). The STOXX Europe 600 Automobiles & Parts (SXAP) index, which lists the most important European automotive industry stocks, posted a significant increase of 19.2%.

During the same period, the paragon share substantially underperformed the market with a decline in value of 4.7%.

Starting from an initial price of € 9.78, the share achieved a significant jump to its highest price for the first quarter of € 14.00 as of March 31, 2021.

The share price of € 12.65 as of the beginning of April set the highest price for the second quarter early on. From that point forward, the share price moved sideways for more than three months, with only isolated increases in trading volumes. As a result, the lowest price for the second quarter was € 10.65, reached on both May 11 and May 26. On June 30, 2021, the share price stood at € 11.20.

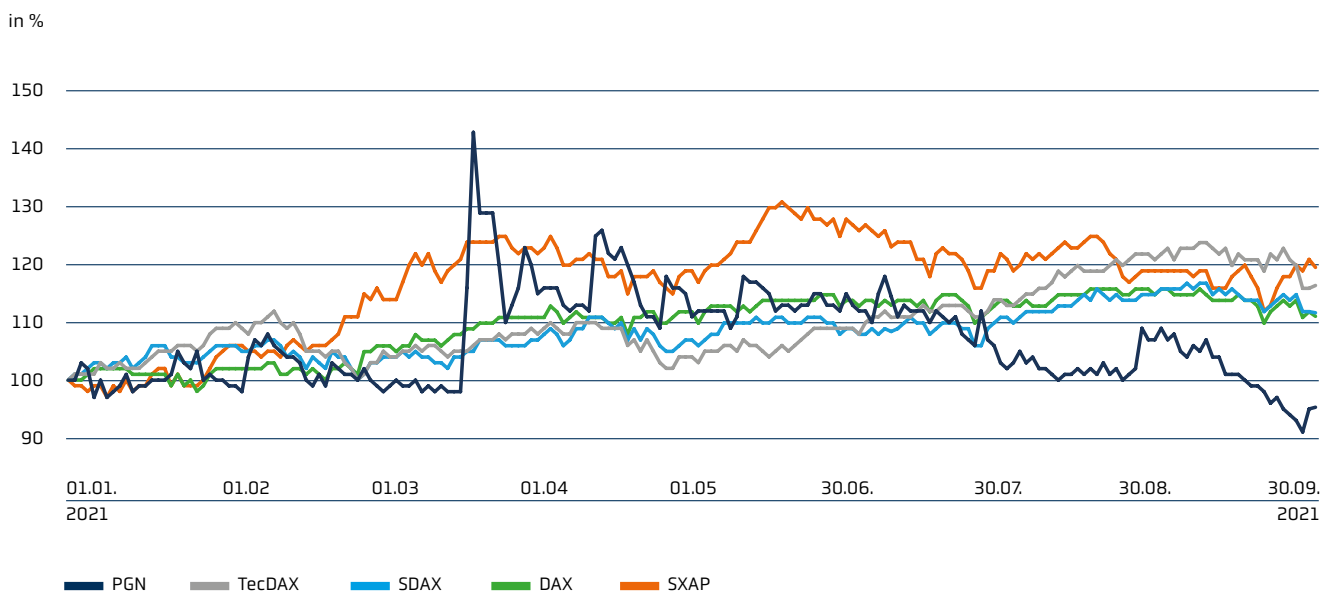
In the third quarter, the paragon share moved between the low of € 8.94 on September 28, 2021, and the high of € 11.05 on July 2, 2021.

As of September 30, 2021, the share closed at € 9.32. Accordingly, the market value of paragon at this time came to € 42.18 million, which corresponds to a drop in value in the first nine months of € 2.1 million.

The corporate bond 2017/22, tradable since June 28, 2017, averaged 78.8% in the first nine months.

The CHF bond 2019/24, tradable since April 23, 2019, averaged 66.8% in the first nine months of the year. A partial payment of CHF 5,250 thousand was made on August 3, 2021.

Performance of paragon share



Business Performance

Business performance in the first half of the 2021 fiscal year was characterized by strongly rising sales volumes in the core automotive market. In the third quarter, revenue hovered at the level of the same period of the prior year due to the reduced production figures of automotive man-

ufacturers. Overall, paragon was able to generate growth in all continuing operations in the first nine months. Revenue from automotive customers, for example, increased by around one third (30.8%) compared with the same period last year to € 109.7 million. The year-on-year increase in revenue is only partly attributable to the outbreak of the coronavirus pandemic and its impact on business in the prior year. Revenue from continuing operations also grew compared to the first nine months of 2019 by 15.6%.

Operating segment	Electronics ¹			Mechanics ²			Eliminations			paragon Automotive		
	9M/ 2021	9M/ 2020	Δ in %	9M/ 2021	9M/ 2020	Δ in %	9M/ 2021	9M/ 2020	Δ in %	9M/ 2021	9M/ 2020	Δ in %
Revenue (third party)	80,424	56,201	43.1	29,267	27,639	5.9	0	0	n.a.	109,691	83,841	30.8%
Revenue (intersegment)	2,134	3,277	-34.9	-66	464	-114.2	-2,069	-3,740	44.7	0	0	n.a.
Revenue	82,558	59,478	38.8	29,201	28,103	3.9	-2,069	-3,740	44.7	109,691	83,841	30.8%
EBITDA	12,108	8,110	49.3	2,852	199	1,333.2	5	-788	100.6	14,964	7,521	99.0%
EBITDA margin	14.7%	13.6	n. a.	9.8%	0.7%	n. a.	n. a.	n. a.	n. a.	13.6%	9.0%	n.a.

1 Sensors, Interior and Digital Assistance operating segments.

2 Body Kinematics unit (paragon movasys GmbH).

Revenue development in the individual units was as follows:

Breakdown of revenue € '000	9M 2021	Share in %	9M 2020	Share in %	Change in %
Sensors	34,354	31.3	22,602	27.0	52.0
Interior	37,523	34.2	29,148	34.8	28.7
Digital Assistance	8,484	7.7	4,450	5.3	90.7
GB Power	62	0.1	0	0	n.a.
Mechanics ¹	29,267	26.7	27,639	33.0	5.9
paragon Automotive	109,691	100.0	83,841	100.0	30.8

1 Represented by the Kinematics unit

The largest operating segment, Electronics, dominated Group activities as expected with revenue of € 82.6 million (prior year: € 59.5 million). Of this amount, € 80.4 million (prior year: € 56.2 million) was attributable to third-party revenue in the Sensors, Interior and Digital Assistance units, which corresponds to 73.3% of Group revenue (prior year: 67.0%). EBITDA for the operating segment amounted to about € 12.1 million (prior year: € 8.1 million).

Revenue in the Sensors unit increased by 52.0% to € 34.4 million (prior year: € 22.6 million) as a result of the high demand for the DUSTDETECT particle sensor and other products in the field of air quality management.

In the Interior unit, revenue increased by 28.7% to € 37.5 million (prior year: € 29.2 million), mainly due to strong demand in the instruments product group. As a result, the Interior unit has almost returned to its pre-coronavirus level despite the changes to the product portfolio in the meantime.

The new Digital Assistance unit almost doubled in size with growth of 90.7%, generating revenue in the amount of € 8.5 million (prior year: € 4.5 million). This is mainly due to the use of the unit's software solutions in further platforms from a leading global automotive manufacturer. Revenue was generated primarily from income from the paragon semvox GmbH licensing model. In addition, development contracts contributed to the positive performance of the unit.

The Mechanics operating segment achieved segment revenue of € 29.3 million (prior year: € 28.1 million), of which € 29.2 million is attributable to third-party revenue (prior year: € 27.6 million). In addition to increased sales of an adaptive rear spoiler for a German sports car manufacturer, this increase was also attributable to revenue from folding tables for rear passengers in premium and luxury models and of seat adjusters in volume and premium models. Segment revenue with third parties is recognized under paragon movasys GmbH in the Kinematics unit. EBITDA for the operating segment amounted to € 2.85 million (prior year: € 0.2 million).

paragon reduced its stake in Voltabox AG by 550,000 shares from 8,620,000 shares to 8,070,000 shares in the first half of 2021. As a result, paragon still holds 51.0% of the shares in Voltabox AG as of the reporting date. The sale of the shares did not result in a loss of control and was recognized directly in equity.

Financial Performance

In the first nine months of the current fiscal year, paragon achieved revenue of roughly € 109.7 million. With inventory changes of € 0.2 million and capitalized development costs of € 5.3 million, total operating performance amounted to € 116.9 million (prior year: € 87.8 million).

The cost of materials was € 53.7 million. This resulted in a material input ratio (calculated from the ratio of cost of materials to revenue and inventory changes) of 49.1%.

This results in a gross profit for the first nine months of 2021 of € 63.2 million (prior year: € 42.9 million), which constitutes a gross profit margin of 57.6%. Personnel expenses amounted to € 32.9 million (prior year: € 24.3 million), resulting in a personnel expense ratio of 30.0%. The increase in personnel costs is due to the fact that reduced working hours were widely used in 2020.

Taking into account the other operating expenses of € 15.4 million, earnings before interest, taxes, depreciation and amortization (EBITDA) totaled € 15.0 million. This corresponds to an EBITDA margin of 13.6%. EBITDA of € 7.5 million almost doubled compared with the same period last year.

After depreciation and amortization of € 12.5 million (prior year: € 12.4 million) and impairment of property, plant and equipment and intangible assets of € 0.4 million (prior year: € 1.6 million), earnings before interest and taxes (EBIT) amounted to € 2.1 million (prior year: € -6.5 million). The EBIT margin accordingly came to 1.9% (prior year: -7.7%).

With a financial result of € -4.4 million (prior year: € -4.8 million) and income taxes of € 0.6 million (prior year: tax income in the amount of € 1.0 million), the paragon Group generated income of € -2.9 million (prior year: € -10.4 million) in continuing operations. This corresponds to earnings per share of € -0.64 (prior year: € -2.29).

Net Assets

As of September 30, 2021, total assets had decreased to € 187.8 million (December 31, 2020: € 200.5 million). This development is mainly attributable to the decrease in property, plant and equipment also due to the pro rata sale of property in Nordhagen. This was offset by the deliberate and systematic build-up of inventories. The build-up took place in order to ensure full delivery capability for paragon customers despite worldwide supply difficulties due to the semiconductor shortage.

Equity decreased to € 0.3 million as of the reporting date (December 31, 2020: € 13.2 million), in particular due to the negative earnings from discontinued operations, which were only partially offset by the share reduction recognized directly in equity. This caused the equity ratio to decrease to 0.1% (December 31, 2020: 6.6%).

Noncurrent provisions and liabilities decreased to € 48.0 million (December 31, 2020: € 92.7 million), mainly as a result of the reclassification of parts of the German bond from noncurrent to current bonds.

Current provisions and liabilities increased to € 139.6 million due to the modified reporting of the German bond (December 31, 2020 € 94.5 million).

Financial Position

Cash flow from operating activities in continuing operations increased in the period under review to € 12.9 million (prior year: € 8.2 million). This is mainly due to the significantly improved earnings. At the same time, the safety stock levels in inventories were systematically increased against the backdrop of the global shortage of semiconductors. This resulted in a cash outflow of € 4.1 million.

Cash flow from investing activities in continuing operations improved in the period under review to € 4.7 million (prior year: € -1.4 million). This was positively influenced by the partial sale of the property in Nordhagen in the first quarter of 2021. Furthermore, the company sold and rented back commercial buildings in the third quarter. The cash inflows from this amount to € 7.0 million. This inflow of funds was used to partially repay the CHF bond.

Cash flow from financing activities in continuing operations amounted to € -13.4 million (prior year: € -7.4 million). Essential components are the partial repayment of the CHF bond in the amount of 15% (meaning CHF 5.25 million) on August 3, 2021, as well as contractual and extraordinary partial payments for loans. The cash inflows from the sale of shares in Voltabox AG in the amount of € 1.4 million is represented as a cash flow from financing activities.

Cash and cash equivalents for continuing operations totaled € 2.0 million as of the end of the reporting period (December 31, 2020: € 3.9 million).

Opportunity and Risk Report

In the first six months of 2021, there have been no significant changes in the opportunities and risks described in detail under “Opportunity and Risk Report” in the 2020 Annual Report. The 2020 Annual Report is available on the internet at <https://ir.paragon.ag>.

In addition to these explanations, we currently assume that the risk with regard to the scarcity of semiconductors needed for automotive production explained in the 2020 annual report will continue to affect the production figures of manufacturers until at least Q2 2022.

Forecast

The forecast for the current fiscal year and the underlying assumptions are explained in detail in the combined management report for the 2020 fiscal year. Accordingly, Management expects the automotive business to generate revenue of around € 145 million with an EBITDA margin of 12 to 15%. Free cash flow is expected to be around € 12 million.

Development of Key Performance Indicators:

€ '000 / as indicated	2020	Since start of year 9 M/2021	Forecast 2021 paragon Automotive
Financial performance indicators			
Revenue	127,179	109,691	approx. € 145 million
EBITDA margin	10.8%	13.6%	12 to 15%
Free cash flow	6,976	5,703	approx. € 12 million

Condensed Interim Consolidated Financial Statements

for the Period from January 1 to September 30, 2021 (IFRS)

€ '000	Jan. 1 to Sept. 30, 2021	Jan. 1 to Sept. 30, 2020	Jul. 1 to Sept. 30, 2021	Jul. 1 to Sept. 30, 2020
Revenue	109,691	83,841	33,998	33,802
Other operating income	1,768	2,276	474	147
Increase or decrease in inventory of finished goods and work in progress	215	-2,475	-679	-562
Other own work capitalized	5,248	4,115	2,093	1,002
Total operating performance	116,922	87,757	35,886	34,389
Cost of materials	-53,698	-44,817	-15,684	-18,313
Gross profit	63,224	42,940	20,201	16,076
Personnel expenses	-32,889	-24,283	-10,628	-7,334
Depreciation of property, plant and equipment and amortization of intangible assets	-12,459	-12,443	-4,245	-3,513
Impairment of property, plant and equipment and intangible assets	-419	-1,560	-148	-1,504
Other operating expenses	-15,370	-11,136	-5,824	-4,602
Financial income	49	23	13	3
Financial expenses	-4,453	-4,849	-1,411	-1,541
Financial result	-4,404	-4,826	-1,398	-1,538
Earnings before taxes (EBT)	-2,317	-11,308	-2,041	-2,415
Income taxes	-578	957	-331	194
Earnings from continuing operations	-2,895	-10,351	-2,372	-2,221
Earnings from discontinued operations	-11,137	-32,680	-6,830	-10,881
Consolidated net income	-14,033	-43,031	-9,202	-13,102
Earnings per share from continuing operations in € (basic and diluted)	-0.64	-2.29	-0.52	-0.49
Earnings per share from discontinued operations in € (basic and diluted)	-1.25	-9.51	-1.51	-2.89
Average number of shares outstanding (basic and diluted)	4,526,266	4,526,266	4,526,266	4,526,266
Other comprehensive income				
Currency translation reserve	-737	4,874	198	1,771
Total comprehensive income	-14,769	-38,157	-12,598	-11,331

1 Due to the planned sale of Voltabox AG, the Electromobility operating segment (Voltabox AG) was presented as a discontinued operation in accordance with IFRS 5.

Consolidated Balance Sheet as of September 30, 2021 (IFRS)

€ '000	Sep. 30, 2021 ¹	Dec. 31, 2020 ²
ASSETS		
Noncurrent assets		
Intangible assets	48,454	59,608
Goodwill	21,875	21,875
Property, plant and equipment	37,192	60,135
Financial assets	121	1,521
Other assets	455	1,810
Deferred tax assets	146	0
	108,242	144,949
Current assets		
Inventories	25,700	27,345
Trade receivables	10,012	11,645
Income tax assets	210	69
Other assets	9,101	10,824
Cash and cash equivalents	1,963	5,664
Assets classified as held for sale	32,616	0
	79,602	55,546
Total assets	187,844	200,495

€ '000	Sep. 30, 2021	Dec. 31, 2020
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	4,526	4,526
Capital reserve	15,485	15,485
Minority interests	677	5,792
Revaluation reserve	-1,202	-1,202
Profit/loss carried forward	-10,143	16,625
Consolidated net income	-8,561	-27,803
Currency translation differences	-524	-191
	258	13,231
Noncurrent provisions and liabilities		
Noncurrent liabilities from lease contracts	6,777	14,822
Noncurrent loans	11,079	16,997
Noncurrent bonds	19,434	50,563
Special item for investment grants	676	742
Deferred taxes	6,556	6,274
Pension provisions	3,491	3,345
	48,013	92,742
Current provisions and liabilities		
Current portion of liabilities from lease contracts	3,807	3,894
Current loans and current portion of noncurrent loans	17,314	16,659
Short-term bonds	58,352	32,685
Trade payables	16,822	17,493
Other provisions	2,789	2,609
Income tax liabilities	826	841
Other current liabilities	14,923	20,340
Liabilities in connection with assets intended for sale	24,739	0
	139,573	94,522
Total equity and liabilities	187,844	200,495

Consolidated Cash Flow Statement for the Period from January 1 to September 30, 2021 (IFRS)

€ '000	Jan. 1 to Sep. 30, 2021 ¹	Jan. 1 to Sep. 30, 2020 ²
Earnings before taxes (EBT)	-2,317	-11,308
Depreciation/amortization of noncurrent assets	12,459	12,443
Financial result	4,404	4,826
Gains (-) / losses (+) from the disposal of property, plant and equipment and financial assets	-433	0
Increase (+) / decrease (-) in other provisions and pension provisions	1,381	3,950
Income from the reversal of the special item for investment grants	-66	-65
Increase (-) / decrease (+) in trade receivables, other receivables, and other assets	1,830	-2,291
Depreciation of noncurrent assets	419	1,560
Increase (-) / decrease (+) in inventories	-4,105	8,025
Increase (+) / decrease (-) in trade payables and other liabilities	3,771	-3,860
Interest paid	-4,492	-4,826
Income taxes	441	-170
Cash flow from operating activities of continuing operations	12,859	8,284
Cash flow from operating activities from discontinued operations	-4,448	4,774
Cash receipts from the disposal of property, plant and equipment	11,876	4,186
Cash payments for investments in property, plant and equipment	-1,907	-1,484
Cash payments for investments in intangible assets	-5,248	-4,115
Interest received	0	23
Cash flow from investing activities in continuing operations	4,720	-1,390
Cash flow from investing activities from discontinued operations	-1,012	-8,564
Net proceeds from the sale of shares	1,440	0
Bond repayments	-4,843	0
Loan repayments	-8,092	-5,488
Proceeds from loans	0	450
Cash payments for finance lease liabilities	-1,899	-2,377
Cash flow from financing activities in continuing operations	-13,394	-7,415
Cash flow from financing activities from discontinued operations	-2,260	-501
Continuing operations		
Changes in cash and cash equivalents	-1,364	-521
Cash and cash equivalents at beginning of period	3,327	4,421
Cash and cash equivalents at end of period	1,963	3,900
Discontinued operations		
Changes in cash and cash equivalents	-2,171	-4,291
Cash and cash equivalents at beginning of period	2,337	5,036
Cash and cash equivalents at end of period	166	745

Consolidated Statement of Changes in Equity for the Period from January 1 to September 30, 2021 (IFRS)

€ '000	Subscribed capital	Capital reserve	Revaluation reserve	Currency translation reserve	Retained profit		Minority interests	Total
					Loss carryforward	Consolidated net income		
Jan. 01, 2020	4,526	15,485	-1,202	-191	-11,179	0	5,792	13,231
Consolidated net income	0	0	0	0	0	-8,561	-5,471	-14,033
Currency translation	0	0	0	-333	0	0	-404	-737
Other comprehensive income	0	0	0	-333	0	0	-404	-737
Total comprehensive income	0	0	0	-333	0	-8,561	-5,875	-14,769
Decreased shareholding in Voltabox	0	0	0	0	1,036	0	761	1,797
Sep. 30, 2021	4,526	15,485	-1,202	-524	-10,143	-8,561	677	258

€ '000	Subscribed capital	Capital reserve	Revaluation reserve	Currency translation reserve	Retained profit		Minority interests	Total
					Profit carried forward	Consolidated net income		
Jan. 01, 2020	4,526	15,485	-1,202	-1,354	14,393	0	20,759	52,607
Consolidated net income	0	0	0	0	0	-28,258	-13,349	-41,607
Currency translation	0	0	0	2,892	0	0	0	2,892
Other comprehensive income	0	0	0	2,892	0	0	0	2,892
Total comprehensive income	0	0	0	2,892	0	-28,258	-13,349	-38,715
Sep. 30, 2020	4,526	15,485	-1,202	1,538	14,393	-28,258	7,410	13,715

1 Due to the planned sale of Voltabox AG, the Electromobility operating segment (Voltabox AG) is presented as a discontinued operation.

2 Due to the planned sale of Voltabox AG, the Electromobility operating segment (Voltabox AG) is presented as a discontinued operation.

Notes

Accounting Principles

The consolidated interim financial statements of paragon GmbH & Co. KGaA as of September 30, 2021, have been prepared in accordance with uniform accounting and valuation principles issued by the International Financial Reporting Standards (IFRS), which were also applied in the consolidated financial statements as of December 31, 2020. The Standards of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) valid as of the end of the reporting period shall apply. A detailed description of the principles governing reporting and consolidation, as well as the accounting and measurement methods that were applied, is published in the notes to the consolidated financial statements of the 2020 annual report.

The form and content of the consolidated quarterly report comply with the reporting requirements of the Deutsche Börse. The report represents an update of the Annual Report, taking the period under review into consideration. It is concerned with the current period under review and should be read in conjunction with the Annual Report and the additional information about the company contained therein. The aforementioned Annual Report can be viewed on the internet at www.paragon.ag.

In addition to the parent company, the scope of consolidation for the paragon Group includes the domestic subsidiaries paragon movasys GmbH, paragon semvox GmbH (share: 95.4%), paragon electronic GmbH, SphereDesign GmbH, paragon electroacoustic GmbH, ETON Soundsysteme GmbH, paragon electrodrive GmbH and Nordhagen Immobilien GmbH. Furthermore, the foreign subsidiaries paragon Automotive Kunshan Co., Ltd, and paragon Automotive Technology (Shanghai) Co., Ltd., are also included in the scope of consolidation for the paragon Group. Unless otherwise stated, paragon holds 100% of the shares in each company.

The Group currently also includes Voltabox AG (share as of September 30, 2021: around 50.9%), which is also listed

in the Prime Standard segment of the Frankfurt Stock Exchange, together with its foreign subsidiaries Voltabox of North America, Inc., Voltabox of Texas, Inc. and Voltabox Kunshan Co., Ltd. (currently inactive). In 2020, the Management of paragon decided to initiate a sales process for the shares held in Voltabox AG. Voltabox AG is presented as a discontinued operation in the quarterly financial statement.

Application of IFRS 5 – Voltabox AG Subgroup

paragon GmbH & Co. KGaA plans to complete the sale of the Voltabox subgroup in the short term. As a result of the sale, paragon GmbH & Co. KGaA will lose control over the subsidiaries Voltabox AG, Voltabox of Texas, Inc., Voltabox of North America, Inc. and Voltabox Kunshan Co., Ltd. For this reason, the Voltabox subgroup is accounted for as a “discontinued operation” in accordance with IFRS 5. The assets and liabilities of the discontinued operation will be recognized as “held for sale” on the statement of financial position.

The Voltabox subgroup originated from a spin-off of the paragon Group. It represents the Electromobility operating segment in the paragon Group. The subgroup includes the companies listed and an investment in ForkOn GmbH.

As of the balance sheet date, paragon GmbH & Co. KGaA holds approximately 51% of Voltabox AG and is therefore the parent company of the Voltabox subgroup. paragon GmbH & Co. KGaA plans to sell all its shares during fiscal year 2021.

Statement of Comprehensive Income, Balance Sheet, Statement of Cash Flows

The chapters “Financial Position and Net Assets” and “Financial Performance” provide a detailed overview and specific explanations regarding the consolidated statement of comprehensive income, the consolidated statement of financial position and the consolidated statement of cash flows of paragon GmbH & Co. KGaA.

Management and Supervisory Board

As of September 30, 2021, there have been no changes in the composition of the management compared to December 31, 2020.

Prof. Dr. Lutz Eckstein resigned his Supervisory Board mandate with effect from the end of the Annual General Meeting on August 31, 2021. On the same day, Prof. Dr. Iris Gräßle was appointed as new Supervisory Board Chairwoman.

Events After the Reporting Period

On November 12, 2021, contracts with two different investors were signed independently of each other that together make up around 49% of the Voltabox shares. paragon's stake shrinks to approximately 2%; one of the buyers has a call-out option. At the same time, paragon took over the automotive activities of Voltabox including an exclusive license for the innovative Flow-Shape Design technology for the automotive and aerospace industries.

Related Party Disclosures

As of September 30, 2021, the nature and amount of the paragon Group's transactions with related parties have not changed significantly compared to December 31, 2020. For further information, please refer to paragon's consolidated financial statements of December 31, 2020 in the 2020 annual report.

Notes on the Preparation of the Consolidated Interim Financial Statements

An audit or review of these consolidated interim financial statements has been waived.

Declaration by the Legal Representatives

We declare to the best of our knowledge and in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, financial position, and earnings of the Group in accordance with German principles of proper accounting, and in the interim Group management report, the development of business including the business results and the position of the Group, is portrayed in such a way that a true and fair view is conveyed and the significant opportunities and risks of the Group's foreseeable development in the remainder of the fiscal year are described.

Delbrück, Germany, November 22, 2021



Klaus Dieter Frers
Chairman
of the Board



Dr. Matthias Schöllmann
Managing Director
of Automotive

Finanzkalender 2021

November 22-24, 2020

Equity Forum, Frankfurt am Main/virtual

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