

PARAGON[®]

GROUP INTERIM REPORT
AS OF JUNE 30, 2023
FIRST HALF YEAR



Key Figures paragon Group ¹

€ '000 / as indicated	Jan. 1 to Jun. 30, 2023	Jan. 1 to Jun. 30, 2022	Change	Apr. 1 to June 30, 2023	Apr. 1 to June 30, 2022	Change
Revenue (continuing operations)	86,637	80,741	73%	41,942	41,725	0.5%
EBITDA ² (continuing operations)	8,090	6,419	26.0%	4,248	2,605	63.1%
EBITDA margin in %	9.3%	8.0%	175%	10.1%	6.2%	62.2%
EBITDA paragon semvox GmbH (non-continuing operations)	7,569	2,471	206.3%	6,339	1,332	375.9%
EBITDA (continuing and non-continuing operations)	15,659	8,890	76.1%	10,587	3,937	168.9%
EBIT (continuing operations)	1,180	81	1,356.2%	671	-319	310.2%
EBIT margin in %	1.4%	0.1%	1,257.1%	1.6%	-0.8%	309.1%
Earnings from continuing operations	-5,617	-3,676	-52.8%	-3,301	-2,789	-18.3%
Earnings from discontinued operations	6,999	949	637.5%	6,413	614	844.5%
Consolidated net income	1,383	-2,727	150.7%	3,114	-2,175	-343.2%
Earnings per share in € (basic and diluted) from continuing operations	-1.24	-0.81	-53.2%	-0.73	-0.61	-80.2%
Earnings per share in € (basic and diluted) from discontinued operations	1.55	0.21	636.4%	1.42	0.14	811.7%
Earnings per share in € (basic and diluted) from continued and discontinued operations	0.31	-0.60	150.9%	0.69	-0.47	245.8%
Investments (CAPEX) ³ (continuing operations)	486	3,481	-86.0%	-1,212	1,211	-200.1%
Operating cash flow (continuing operations)	-5,428	10,197	-153.2%	-4,794	4,245	-212.9%
Free cash flow ⁴ (continuing operations)	-5,914	6,716	-188.1%	3,582	3,034	-318.1%

€ '000 / as indicated	June 30, 2023	Dec. 31, 2022	Change	June 30, 2023	June 30, 2022	Change
Total assets	122,216	172,542	-29.2%	122,216	160,270	-23.7%
Equity	2,094	661	216.9%	2,094	544	284.9%
Equity ratio in %	1.7%	0.4%	347.4%	1.7%	0.3%	404.8%
Cash and cash equivalents	563	18,106	-96.9%	563	1,582	-64.4%
Interest-bearing liabilities ⁵	74,302	120,128	-38.1%	74,302	105,305	-29.4%
Net debt ⁶	73,739	102,022	-27.7%	73,739	103,723	-28.9%
Bank and bond liabilities less cash and cash equivalents	59,920	86,041	-30.4%	59,920	91,104	-34.2%
Net debt-equity ratio ⁷	2.60	5.28	-50.8%	2.60	4.67	-44.3%
Employees ⁸	761	729	4.4%	761	731	4.1%

Share

	June 30, 2023	Dec. 31, 2022	Change	June 30, 2023	June 30, 2022	Change
Closing price on Xetra in €	5.90	4.31	36.9%	5.90	4.61	28.0%
Number of shares issued	4,526,266	4,526,266	0%	4,526,266	4,526,266	0%
Market capitalization in € millions	26.7	19.5	7.2	26.7	20.9	5.8

Highlights From the First Half of 2023

- Revenue in continuing operations increased by 7.3% to € 86.6 million (prior year: € 80.7 million)
- Loss of revenue already compensated by the sale of the Digital Assistance operating segment (for comparison: revenue 1st HY 2022 incl. Digital Assistance € 86.4 million)
- Sale of the Digital Assistance operating segment to CARIAD SE the software company of the VW Group completed in July 2023
- Proceeds from the sale were consistently used for debt reduction of the paragon Group: CHF bond repaid in full, EUR bond reduced to € 45.2 million
- Bank and bond liabilities (less cash and cash equivalents) fall to below € 60 million
- EBITDA from continuing operations up 26.0% in first 6 months to € 8.1 million (prior year: € 6.4 million)
- EBITDA – increase in continuing and discontinued operations, taking into account the deconsolidation effect of the Digital Assistance operating segment, by 76.1% to € 15.7 million (prior year: € 8.9 million)
- Forecast for current fiscal year confirmed € 170 million in revenue with EBITDA between € 20 and € 25 million at Group level

- 1 The paragon Group comprises the Electronics and Mechanics segments. Due to the sale of paragon semvox GmbH, the Digital Assistance operating segment is presented as a discontinued operation as of June 30, 2023. The prior-year figures have been adjusted accordingly.
- 2 For information on the calculation of EBITDA, please refer to the explanations in the combined management report in the Annual Report.
- 3 CAPEX = investments in property, plant and equipment + investment in intangible assets
- 4 Free cash flow = operating cash flow – investments (CAPEX)
- 5 Interest-bearing liabilities = liabilities from lease contracts plus loans plus bonds
- 6 Net debt = interest-bearing liabilities – cash and cash equivalents
- 7 According to definition § 3 bond term WKN A2GSB8 (loans plus bonds less cash and cash equivalents divided by EBITDA)
- 8 Plus 88 temporary employees (December 31, 2022: 110)

Foreword by the Management

Dear Shareholders,
Customers, Business Partners
and Employees,

In the first half of 2023, paragon increased revenues in continuing operations, excluding the Digital Assistance operating segment, to € 86.6 million (prior year € 80.7 million). With this revenue increase of 7.3% compared to the same period of the prior year, we were able to more than compensate for the revenue loss due to the exclusion of the discontinued Digital Assistance operating segment in the first half of the year. In terms of revenue, 2023 is the strongest first half-year in the history of paragon Automotive. paragon's positioning as a technology provider is once again paying off.

In May 2023, we successfully completed the sale of paragon semvox GmbH (Digital Assistance operating segment) to CARIAD SE, the software company of the Volkswagen Group. The earnings contribution of paragon semvox GmbH and the effect of deconsolidation are reported in the income statement under the item "Result from discontinued operations" and amount to € 7.0 million.

As already communicated on several occasions, we used the proceeds from the sale to further reduce the debt of the paragon Group. As a result, the CHF bond issued in 2019 was repaid in full in April 2023. The EUR bond extended in 2022 was reduced by € 4.8 million to € 45.2 million. This means that the total bank liabilities and bond liabilities (less cash and cash equivalents) at the end of the first half of 2023 is less than € 60 million. Just before the outbreak of the COVID-19 pandemic in December 2019, at € 121.3 million, this figure was still more than double. We are proud of this reduction in what is certainly a difficult market environment. As a result, our net debt-equity ratio fell to 2.6.

paragon generated EBITDA from continuing operations of € 8.1 million in the first half of 2023. This is an increase of 26.0% compared with the first half of 2022 (€ 6.4 million). EBITDA from discontinued operations (including the effect from the deconsolidation of paragon semvox GmbH) is € 7.6 million, so that the total EBITDA of the paragon Group in the first half of 2023 totals € 15.7 million.

For fiscal year 2023, we communicated a revenue forecast of € 170 million and EBITDA of between € 20 and € 25 million. Taking into consideration current revenue development and high customer orders for the coming months, we are now able to confirm the revenue forecast for 2023.

An essential pillar of our success story is the high motivation of the paragon Group workforce. We would like to express our sincere thanks for their commitment and contribution to the success of the company. We are confident that the progress already made in the operating business will be reflected in the development of the share price. We would also like to thank our existing shareholders for their trust.

Delbrück in August 2023



Klaus Dieter Frers
Chief Executive Officer



Dr. Martin Esser
Chief Financial Officer

paragon in the Capital Market

Performance of the paragon Share

The paragon share gained in value during the first half of 2023. After being priced at €4.31 at the end of 2022, the share reached €5.20 at the end of the first quarter. At the end of the first half of the year, the share price was €5.90. This represents an increase of 36.9% in the first six months. paragon's stock market value thus increased from €19.5 million to €26.7 million.

Corporate Bond 2017/27

The corporate bond placed in June 2017 (ISIN DE000A2GSB86; WKN A2GSB8) with a total volume of €50 million is listed on the open market (free trade) of the Frankfurt Stock Exchange in Deutsche Börse AG's Scale segment for corporate bonds.

In March 2022, a decision was reached at a creditors' meeting to adjust the bond conditions. In addition to a now semi-annual interest payment and a higher interest coupon, the final maturity was postponed by five years to July 5, 2027. Furthermore,

partial repayments of €25 million were arranged for 2023 to 2025 or upon sale of the operating segments or subsidiaries with consideration of repayments made in the meantime. In the first half of 2023, the nominal value of the bond was reduced from €50.0 million to €45.2 million.

The interest on the bond depends on the net debt-equity ratio of the paragon Group. The interest rate is currently 9.25%. Based on the reduced leverage ratio forecast as of December 31, 2023, paragon expects an interest rate on the bond of 7.5% in fiscal year 2024.

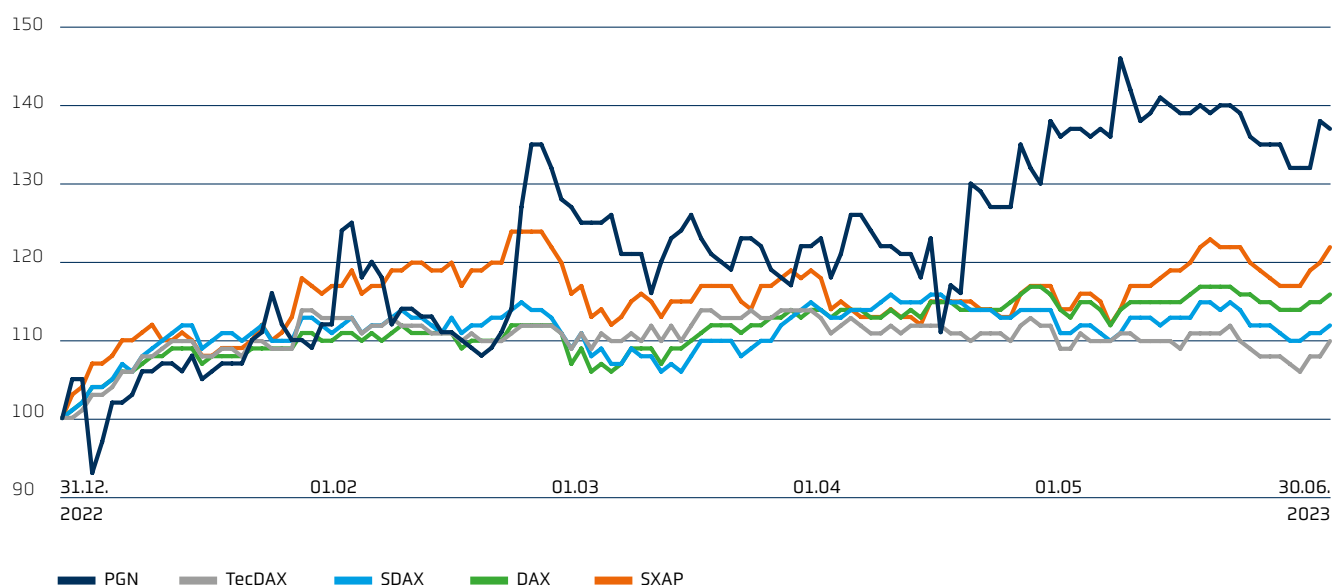
At the end of the half-year, the bond closed at 64.6%.

Corporate Bond 2019/23

On April 4, 2019, paragon issued a bond under the leadership of Helvetische Bank AG for CHF 35 million with a coupon of 4.00% and a fixed term of originally five years. The bond was listed on the SIX Swiss Exchange under ISIN CH0419041105 since April 23, 2019, and was interest-bearing since that date,

Performance of paragon Share

in %



first payable on April 23, 2020. On April 7, 2021, the maturity of the bond was shortened to four years, and an early redemption of CHF 5.25 million on August 3, 2021, and CHF 8.75 million on April 23, 2022, was arranged. The outstanding nominal volume as of December 31, 2022, was thus still CHF 21.00 million.

After completion of a public buyback program in the first quarter of 2023, the outstanding nominal volume was reduced to CHF 12.6 million. This remaining amount was repaid at the end of April 2023. The CHF bond has thus been repaid in full.

Investment in paragon semvox GmbH

paragon GmbH & Co. KGaA sold all its shares in paragon semvox GmbH to CARIAD SE, a wholly owned subsidiary of the VW Group, by notarized agreement dated December 1, 2022. The transaction was closed on May 12, 2023. As a result of the sale, paragon GmbH & Co. KGaA lost control over the subsidiary paragon semvox GmbH. For this reason, paragon semvox GmbH is accounted for as a “discontinued operation” in accord-

ance with IFRS 5 and was deconsolidated in the first half of the year. paragon semvox GmbH represented the Digital Assistance operating segment within the paragon Group.

Business Performance

Compared with the prior year, the European and US passenger car markets experienced extremely positive development in the first half of 2023. However, it should be noted that the market volume in the same period of the prior year was at a low level due to shortages of semiconductors and Russia’s war of aggression on Ukraine. In the first half of 2023, new registrations were up 18% in Europe and 13% in the United States. Growth in the Chinese market was 9% compared with the same period of the prior year.

As in the prior quarters, paragon’s business performance in the first six months of the 2023 fiscal year was characterized by increases in sales volumes in both operating segments. Revenue increased by 7.3%, from €80.7 million in the first three months of 2022 to €86.6 million in the first half of 2023. The Mechanics operating segment in particular recorded a significant increase in revenue to €31.2 million (prior year: €26.8 million).

The revenue trend for paragon’s two operating segments was as follows:

Operating segment	Electronics ¹			Mechanics ²			Eliminations			paragon Automotive		
	6M 2023	6M 2022	Δ in %	6M 2023	6M 2022	Δ in %	6M 2023	6M 2022	Δ in %	6M 2023	6M 2022	Δ in %
€ '000 / as indicated												
Revenue with third parties	55,422	53,953	2.7	31,216	26,788	16.5	0	0	N/A	86,637	80,741	7.3
Intersegment revenue	521	455	14.4	1,231	104	1,084	-1,752	-599	213.4	0	0	N/A
Revenue	55,942	54,408	2.8	32,447	26,892	20.7	-1,752	-599	213.4	86,637	80,741	7.3
EBITDA	6,311	6,079	3.8	1,779	340	423.3	0	0	N/A	8,090	6,419	26.0
EBITDA margin	11.3%	11.2%	1.0	5.5%	1.3%	333.7	N/A	N/A	N/A	9.3%	8.0%	17.5

1 Sensors, Interior and Power operating segments.

2 Kinematics operating segment (paragon movasys GmbH).

The largest operating segment, Electronics, dominated Group activities as expected with revenue of €55.9 million (prior year: €54.4 million). Of this amount, €55.4 million (prior year: €54.0 million) was attributable to third-party revenue in the Sensors, Interior, and Power units, which corresponds to 64.0% of Group revenue (prior year: 66.8%). The segment thus achieved revenue growth of 2.7%. EBITDA for the operating segment amounted to about €6.3 million (prior year: €6.1 million).

The Mechanics operating segment achieved segment revenue of €32.4 million (prior year: €26.9 million), of which €31.2 million is attributable to third-party revenue (prior year: €26.8 million). This increase was primarily due to the significant increase in sales of adaptive rear spoilers for German and Chinese sports car manufacturers. Segment revenue with third parties is recognized under paragon movasys GmbH in the Kinematics unit and accounted for 36.0% of Group revenue in the first six months of 2023 (prior year: 33.2%). EBITDA for the segment amounted to €1.8 million (prior year: €0.3 million).

Revenue development in the individual operating segments was as follows:

Breakdown of revenue € '000 / as indicated	6M 2023	Share in %	6M 2022	Share in %	Change in %
Sensors	23,365	27.0	25,061	31.0	-6.8
Interior	28,292	32.7	28,508	35.3	-0.8
GB Power	3,764	4.3	384	0.5	813.5
Mechanics ¹	31,216	36.0	26,788	33.2	16.5
paragon Automotive	86,637	100.0	80,741	100.0	7.3

1 Represented by the Kinematics operating segment

As a result of the discontinuation of a vehicle series in the second quarter of 2023, revenue in the Sensors operating segment amounted to €23.4 million in the first half of the year, down from the prior year's level of €25.1 million.

At €28.3 million, revenue in the Interior operating segment in the first six months of 2023 was at roughly the same high level as in the same period of the prior year (€28.5 million), mainly due to constant demand in the display instruments product group (stopwatches, watches and compasses).

The new Power operating segment increased revenues by €3.4 million from €0.4 million in the first half of 2022 to €3.8 million in the first half of 2023. This is due to increased volumes of a lithium-ion battery for an OEM, the new start-up of another battery in the second quarter of 2023 and higher invoiced development costs. Due to the aforementioned new start-up of the additional battery, paragon also expects significant revenue growth for the second half of the year.

In the Kinematics operating segment, revenue increased by 16.5% to €31.2 million (prior year: €26.8 million). This makes the Kinematics operating segment the largest segment within the paragon Group for the first time.

Financial Performance

In the first six months of the current fiscal year, paragon achieved revenue of around €86.6 million (prior year: €80.7 million). With inventory changes of €-1.4 million (prior year: €2.8 million) and capitalized development costs of €0.3 million (prior year: €3.1 million), total operating performance amounted to €88.4 million (prior year: €88.4 million).

The lower level of own work capitalized in the first half of 2023 is attributable to increased customer reimbursements for development services.

The cost of materials amounted to €46.9 million (prior year: €46.4 million). This resulted in a slightly reduced material input ratio (calculated from the ratio of cost of materials to revenue and inventory changes) of 55.0% (prior year: 55.6%).

Gross profit for the first half of the year was €41.5 million (prior year: €42.0 million), which constitutes a gross profit margin of 47.9 % (prior year: 52.0%). Personnel expenses amounted to €22.8 million (prior year: €21.2 million), resulting in a personnel expense ratio of 26.4% (prior year: 26.3%). The higher personnel expenses in absolute terms are attributable both to wage and salary increases and to an increase in the number of employees.

Taking into account the other operating expenses of €10.6 million (prior year: €14.3 million), earnings before interest, taxes, depreciation and amortization (EBITDA) totaled €8.1 million (prior year: €6.4 million). This corresponds to an EBITDA margin of 9.3% (prior year: 8.0%). After depreciation and amortization of €6.9 million (prior year: €6.3 million), earnings before interest and taxes (EBIT) amount to €1.2 million (prior year: €0.1 million). The EBIT margin accordingly came to 1.4% (prior year: 0.1%).

With a financial result of €-7.4 million (prior year: €-3.0 million) and deferred income taxes of €0.6 million (prior year: €-0.8 million), the paragon Group generated a consolidated net income

from continuing operations of €-5.6 million (prior year: €-3.7 million) in the reporting period. This corresponds to earnings per share of €-1.24 (prior year: €-0.81). The financial result in the first half of 2023 was impacted by the one-off costs of €3.5 million for interim financing to ensure the punctual repayment of the CHF bond in April 2023.

Taking into account the result from discontinued operations of €7.0 million (prior year: €0.9 million), consolidated net income amounted to €1.4 million euros (prior year: €-2.7 million). This corresponds to earnings per share of €0.31 (prior year: €-0.60).

The result from discontinued operations includes a deconsolidation gain of €5.9 million. This is the difference between the proceeds from the sale of €38.8 million and the net assets of the discontinued operation (paragon semvox GmbH) of €31.6 million less transaction costs incurred of €1.3 million.

Net Assets

As of June 30, 2023, total assets decreased to €122.2 million (December 31, 2022: €172.5 million). This development is mainly due to the deconsolidation of paragon semvox GmbH and the use of the proceeds from the sale to further reduce debt. Fixed assets are reduced in particular by depreciation, amortization and write-downs. In addition, inventories were also reduced through active stock reductions. This was offset by an increase in trade and other receivables. The increase in the latter is due to the recognition of the final purchase price installment of €4.7 million from CARIAD SE. This was paid in mid-July 2023.

Equity decreased to €2.1 million as of the reporting date (December 31, 2022: €0.7 million), particularly due to the positive total consolidated net income resulting from the deconsolidation gain. This caused the equity ratio to decrease to 1.7% (December 31, 2022: 0.4%).

Noncurrent provisions and liabilities decreased to €43.5 million (December 31, 2022: €67.4 million), due on the one hand to scheduled repayments of loans and lease liabilities and on the other hand to a change in the presentation of the EUR bond 2017/2027. Due to the sale of paragon semvox GmbH to CARIAD SE, a partial amount of €20 million is now to be reported as a current bond liability.

Current provisions and liabilities decreased to €76.6 million due to the repayment of bonds (December 31, 2022: €104.5 million). Trade receivables decreased to €22.7 million (prior year: €25.0 million), and other current liabilities increased to €17.7 million (prior year €16.3 million).

Financial Position

Cash flow from operating activities decreased in the period under review to €-5.4 million (prior year: €10.2 million). This is mainly attributable to the increase in working capital. The company was able to reduce trade payables by €2.2 million. On the other hand, trade receivables and other assets increased mainly due to the purchase price installment from CARIAD SE for the sale of paragon semvox GmbH still outstanding at the reporting date. Furthermore, the non-recurring financing costs of €3.5 million for the interim financing continue to have a negative impact on operating cash flow.

Cash flow from investing activities increased to €32.8 million in the reporting period (prior year: €2.7 million), mainly due to the proceeds from the sale of the Digital Assistance operating segment.

Cash flow from financing activities decreased to €-44.9 million in the reporting period (prior year: €-12.4 million) as a result of the further repayment of the two bonds, the repayment of the interim financing, and due to scheduled repayments of loans and lease liabilities.

Cash and cash equivalents totaled €0.6 million as of the end of the reporting period (December 31, 2022: €18.1 million).

Opportunity and Risk Report

In the first six months of 2023, there have been no significant changes in the opportunities and risks described in detail under “Opportunity and Risk Report” in the 2022 Annual Report. The 2022 Annual Report is available on the internet at <https://ir.paragon.ag>.

Events After the Reporting Period

paragon GmbH & Co KGaA received the final purchase price installment from CARIAD SE for the sale of paragon semvox GmbH in July 2023. The sales process has thus been successfully completed.

Forecast

The forecast for the current fiscal year and the underlying assumptions are explained in detail in the combined management report for the 2022 fiscal year. Accordingly, the Management expects revenue of approximately €170 million with an EBITDA of between €20 and €25 million at Group level.

Development of key performance indicators

In € million or as indicated	2022	Since start of year 6M 2023	2023 forecast
Financial performance indicators			
Revenue from continuing operations	€160.3 million	€86.6 million	Approx. €170 million
EBITDA of continuing and non-continuing operations	€16.3 million	€15.7 million	€20 to 25 million

Condensed Interim Consolidated Financial Statements

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Consolidated Statement of Comprehensive Income for the Period from January 1 to June 30, 2023 (IFRS)

€ '000	Jan. 1 to Jun. 30, 2023	Jan. 1 to Jun. 30, 2022 ¹	Apr. 1 to Jun. 30, 2023	Apr. 1 to Jun. 30, 2022 ¹
Revenue	86,637	80,741	41,942	41,725
Other operating income	2,776	1,819	1,071	813
Increase or decrease in inventory of finished goods and work in progress	-1,375	2,795	-631	2,567
Other own work capitalized	334	3,053	258	1,286
Total operating performance	88,371	88,409	42,638	46,392
Cost of materials	-46,899	-46,435	-21,473	-23,711
Gross profit	41,472	41,974	21,165	22,681
Personnel expenses	-22,832	-21,235	-11,772	-11,001
Depreciation of property, plant and equipment and amortization of intangible assets	-6,911	-6,306	-3,578	-2,914
Impairment of property, plant and equipment and intangible assets	0	-31	0	-9
Other operating expenses	-10,550	-14,320	-5,145	-9,075
Earnings before interest and taxes (EBIT)	1,180	82	671	-318
Financial income	63	19	0	6
Financial expenses	-7,485	-3,018	-4,432	-1,868
Financial result	-7,421	-2,999	-4,432	-1,863
Earnings before taxes (EBT)	-6,242	-2,917	-3,762	-2,181
Income taxes	626	-758	462	-608
Earnings from continuing operations	-5,617	-3,676	-3,301	-2,789
Earnings from discontinued operations	6,999	949	6,413	614
Consolidated net income	1,383	-2,727	3,113	-2,174
Earnings per share in € (basic and diluted) from continuing operations	-1,24	-0,81	-0,73	-0,61
Earnings per share in € (basic and diluted) from discontinued operations	1,55	0,21	1,42	0,14
Earnings per share in € (basic and diluted) from continuing and discontinued operations	0,31	-0,60	0,69	-0,48
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 from continuing operations	-166	-29	-100	-8
Total comprehensive income	1,217	-2,756	3,013	-2,183

1 Due to the sale of paragon semvox GmbH, the Digital Assistance operating segment is presented as a discontinued operation as of June 30, 2023. The prior-year figures have been adjusted accordingly.

Consolidated Balance Sheet as of June 30, 2023 (IFRS)

€ '000	Jun. 30, 2023	Dec. 31, 2022
ASSETS		
Noncurrent assets		
Intangible assets	33,483	37,360
Goodwill	5,745	5,745
Property, plant and equipment	27,703	30,830
Investments in Associates and Joint Ventures	1,642	1,642
Other assets	456	468
	69,030	76,046
Current assets		
Inventories	23,917	25,188
Trade receivables	9,620	7,660
Income tax assets	147	217
Other assets	18,939	9,553
Cash and cash equivalents	563	18,106
Assets classified as held for sale	0	35,771
	53,186	96,496
Total assets	122,216	172,542

€ '000	Jun. 30, 2023	Dec. 31, 2022
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	4,526	4,526
Capital reserve	15,485	15,485
Revaluation reserve	21	21
Profit/loss carried forward	-19,651	-16,284
Consolidated net income	1,599	-3,367
Currency translation differences	115	281
	2,094	661
Noncurrent provisions and liabilities		
Noncurrent liabilities from lease contracts	9,139	11,085
Noncurrent loans	5,951	7,313
Noncurrent bonds	25,000	45,000
Deferred taxes	979	1,596
Pension provisions	2,480	2,383
	43,549	67,378
Current provisions and liabilities		
Current portion of liabilities from lease contracts	4,680	4,895
Current loans and current portion of noncurrent loans	8,580	30,550
Short-term bonds	20,952	21,284
Trade payables	22,745	24,950
Other provisions	1,576	1,057
Income tax liabilities	319	288
Other current liabilities	17,720	16,253
Liabilities directly associated with assets classified as held for sale	0	5,226
	76,573	104,503
Total equity and liabilities	122,216	172,542

Consolidated Cash Flow Statement for the Period from January 1 to June 30, 2023 (IFRS)

€ '000	Jan. 1 to Jun. 30, 2023	Jan. 1 to Jun. 30, 2022 ¹
Earnings before taxes (EBT)	-6,243	-2,917
Depreciation/amortization of noncurrent assets	6,911	6,303
Financial result	7,422	2,999
Gains (-)/losses from the disposal of property, plant and equipment and financial assets	0	2,221
Increase (+)/decrease (-) in other provisions and pension provisions	616	-1,144
Other noncash income and expenses	-1,123	905
Increase (-)/decrease (+) in trade receivables, other receivables and other assets	-6,878	-5,696
Depreciation of noncurrent assets	0	31
Increase (-)/decrease (+) in inventories	1,271	-3,601
Increase (+)/decrease (-) in trade payables and other liabilities	-738	13,423
Interest paid	-7,293	-1,785
Income taxes	626	-542
Cash flow from operating activities of continuing operations	-5,428	10,197
Cash flow from operating activities from discontinued operations	1,960	552
Cash receipts from the disposal of property, plant and equipment	0	5,800
Cash payments for investments in property, plant and equipment	-398	-524
Cash payments for investments in intangible assets	-88	-2,957
Cash receipts from the sale of long-term securities	0	416
Cash receipts from the sale of consolidated companies and other business units	33,238	0
Cash flow from investing activities in continuing operations	32,752	2,735
Cash flow from investing activities from discontinued operations	-1,801	-1,871
Loan repayments	-22,188	-4,316
Bond repayments	-20,352	-8,613
Repayments of lease liabilities	-2,161	-1,617
Proceeds from lease liabilities	0	2,156
Change in OCI	-166	0
Cash flow from financing activities in continuing operations	-44,867	-12,390
Cash flow from financing activities from discontinued operations	-155	905
Changes in cash and cash equivalents (continuing)	-17,543	541
Cash and cash equivalents at beginning of period (continuing)	18,106	980
Cash and cash equivalents at end of period (continuing)	563	1,520

1 Due to the sale of paragon semvox GmbH, the Digital Assistance operating segment is presented as a discontinued operation as of June 30, 2023. The prior-year figures have been adjusted accordingly.

Consolidated Statement of Changes in Equity for the Period from January 1 to June 30, 2023 (IFRS)

€ '000	Subscribed capital	Capital reserve	Revaluation reserve	Currency translation reserve	Retained profit		Total
					Loss carryforward	Consolidated net income	
January 1, 2023	4,526	15,485	21	281	-16,284	-3,367	661
Appropriation of net profit	0	0	0	0	-3,367	3,367	0
Net income for the year	0	0	0	0	0	1,599	1,599
Currency translation	0	0	0	-166	0	0	-166
Other comprehensive income	0	0	0	-166	0	0	-166
Total comprehensive income	0	0	0	-166	-3,367	4,966	1,433
Jun. 30, 2023	4,526	15,485	21	115	-19,651	1,599	2,094

€ '000	Subscribed capital	Capital reserve	Revaluation reserve	Currency translation reserve	Retained profit		Total
					Loss carryforward	Consolidated net income	
January 1, 2022	4,526	15,485	-677	250	-10,323	-5,960	3,300
Appropriation of net profit	0	0	0	0	-5,960	5,960	0
Net income for the year	0	0	0	0	0	-2,727	-2,727
Currency translation	0	0	0	-29	0	0	-29
Other comprehensive income	0	0	0	-29	0	0	-29
Total comprehensive income	0	0	0	-29	-5,690	3,233	-2,756
Jun. 30, 2022	4,526	15,485	-677	221	-16,284	-2,727	544

Notes

Accounting Principles

The consolidated interim financial statements of paragon GmbH & Co. KGaA as of June 30, 2023, 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, 2022. 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 2022 annual report.

The form and content of the consolidated half-year 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 of the paragon Group also includes the domestic subsidiaries paragon movasys GmbH (including its Croatian subsidiary paragon movasys d.o.o.), paragon electronic GmbH, paragon electroacoustic GmbH (including its subsidiary ETON Soundsysteme GmbH), paragon electroderive GmbH and Nordhagen Immobilien GmbH. Furthermore, the Chinese subsidiaries paragon Automotive Kunshan Co., Ltd. and paragon Automotive Technology (Shanghai) Co., Ltd. and, in India, paravox Automotive Pvt Ltd. (99 %), are included in the scope of consolidation of the paragon Group. The investment in Hepa GmbH (50%) is accounted for using the equity method in accordance with IAS 28. Unless otherwise stated, paragon holds 100% of the shares in each company. paragon semvox GmbH is no longer included in paragon's consolidated group as of the reporting date and was deconsolidated in the reporting period.

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 June 30, 2023, there have been no changes in the composition of the Supervisory Board and the Executive Board compared to December 31, 2022.

Events After the Reporting Period

paragon GmbH & Co KGaA received the final purchase price installment from CARIAD SE for the sale of paragon semvox GmbH in July 2023. The sales process has thus been successfully completed. Additionally, no reportable events occurred after the reporting period.

Related Party Disclosures

Since November 2022, ElectricBrands AG has held 29.94% of the voting rights of paragon GmbH & Co. KGaA. During the business initiation, Electric Brands was paid a total of €5.0 million as of the balance sheet date of June 30, 2023 (Dec. 31, 2022: €2.7 million), which will be offset against future expected business.

Additionally, as of June 30, 2023, the nature and amount of the paragon Group's transactions with related parties have not changed significantly compared to December 31, 2022. For further information, please refer to paragon's consolidated financial statements of December 31, 2022, in the 2022 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 that 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 that 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, August 21, 2023



Klaus Dieter Frers
Chief Executive Officer

Financial Calendar

August 21, 2023	Group Interim Report as of June 30, 2023 – First Half-Year
August 24, 2023	Earnings Call (Second Quarter)
September 4, 2023	Equity Forum Fall Conference, Frankfurt am Main
September 18, 2023	Baader Investment Conference, Munich
November 1, 2023	Equity Forum (Deutsche Börse), Frankfurt a.M.
November 13, 2023	Group Interim Report as of September 30, 2023 – Nine-Month

Imprint

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