



PARAGON®

GROUP INTERIM REPORT
AS OF SEPTEMBER 30, 2022
NINE MONTHS

paragon Group Key Figures ¹

€ '000 / as indicated	Jan. 1 to Sep. 30, 2022	Jan. 1 to Sep. 30, 2021	Change	July 1 to Sep. 30, 2022	July 1 to Sep. 30, 2021	Change
Revenue	127,122	109,691	15.9%	40,731	33,998	19.8%
EBITDA ²	12,029	14,964	-19.6%	3,139	3,750	-16.3%
EBITDA margin in %	9.5	13.6	-30.6%	7.7	11.0	-30.1%
EBIT	350	2,087	-83.2%	-876	-643	-36.2%
EBIT margin in %	0.3	1.9	-85.5%	-2.2	-1.9	-13.7%
Earnings from continuing operations	-4,531	-2,895	-56.5%	-1,804	-2,372	23.9%
Earnings from discontinued operations	N/A	-11,137	N/A	N/A	-6,830	N/A
Consolidated net income	-4,531	-14,033	67.7%	-1,804	-9,202	80.4%
Earnings per share in € (basic and diluted) from continuing operations	-1.00	-0.64	-56.4%	-1.60	-0.52	-207.9%
Earnings per share in € (basic and diluted) from discontinued operations	N/A	-1.25	N/A	N/A	-1.51	N/A
Earnings per share in € (basic and diluted) from continuing and discontinued operations	N/A	-1.89	N/A	N/A	-2.03	N/A
Investments (CAPEX) ³ (continuing operations)	8,738	7,156	22.1%	3,386	2,395	41.4%
Operating cash flow (continuing operations)	13,465	12,859	4.7%	2,716	8,249	-67.1%
Free cash flow ⁴ (continuing operations)	4,727	5,703	-17.1%	-670	5,854	-111.4%
€ '000 / as indicated	Sep. 30, 2022	Dec. 31, 2021	Change	Sep. 30, 2022	Sep. 30, 2021	Change
Total assets	159,288	159,669	-0.2%	159,288	187,844	-15.2%
Equity	-1,264	3,300	-138.3%	-1,264	258	-589.9%
Equity ratio in %	-0.8	2.1	-138.4%	-0.8	0.1	-677.8%
Cash and cash equivalents	530	1,455	-63.6%	530	1,963	-73.0%
Interest-bearing liabilities	102,872	115,879	-11.2%	102,872	116,764	-11.9%
Net debt ⁵	102,342	114,424	-10.6%	102,342	114,800	-10.9%
Employees ⁶	871	839	3.8%	871	802	8.6%

Share

	Sep. 30, 2022	Dec. 31, 2021	Change	Sep. 30, 2022	Sep. 30, 2021	Change
Closing price in Xetra in €	3.79	7.18	-47.2%	3.79	9.32	-59.3%
Number of shares issued	4,526,266	4,526,266	0%	4,526,266	4,526,266	0%
Market capitalization in € millions	172	32.5	-15.3	172	42.2	-25.0

The First Nine Months of 2022 at a Glance

- paragon’s revenue increased significantly by 15.9% in the first nine months of 2022 to € 127.1 million
- Compared to the last “pre-coronavirus year” of 2019, revenue increased by 34.0%
- The innovative display instruments and kinematics products drove growth in the first nine months
- Selection by a Chinese car manufacturer for an adaptive spoiler for an upcoming electric vehicle, with production planned to take place at paragon’s Chinese plant in Kunshan (local for local)
- This is already the fourth order for adaptive spoilers from local Chinese automakers. The first spoiler order successfully entered production at the paragon plant.
- Selection for supply of the next generation of display instruments for an upcoming electric vehicle of a leading premium manufacturer based in Germany
- EBITDA slightly below target level – noncash one-time effects must be taken into account
- One-time effects relate to noncash book losses from the sale of peripheral activities (€ 0.4 million) and unused production buildings (€ 1.8 million); in addition, there were unrealized exchange rate losses due to a weaker EUR/CHF exchange rate (€ 1.8 million) as of the reporting date
- Revenue forecast for 2022 of € 170 million continues to be confirmed
- Measures to further reduce debt are being implemented as planned

1 The paragon Group comprises the Electronics and Mechanics segments. Due to the sale of Voltabox AG in 2021, the Electromobility operating segment (Voltabox AG) is presented as a discontinued operation as of September 30, 2021.

2 For information on the calculation of EBITDA, please refer to the explanations in the management report in the 2021 Annual Report.

3 CAPEX = investments in property, plant and equipment + investment in intangible assets

4 Free cash flow = operating cash flow – investments (CAPEX)

5 Net debt = interest-bearing liabilities – cash and cash equivalents

6 Plus 74 temporary workers, paragon Automotive (December 31, 2021: 61; September 30, 2021: 56)

Foreword by the Management

Dear Shareholders,
Customers,
Business Partners
and Employees,

paragon's gratifying revenue performance continued in the third quarter of the current year. Following revenue growth of 14.1% in the first six months of 2022, the increase accelerated to 15.9% in the first nine months – in each case compared with the same period of the prior year – to € 127.1 million. In the third quarter of 2022, revenue increased by 19.8% to € 40.7 million.

This trend is all the more remarkable given that these results were achieved in a challenging market environment. The automotive industry is facing significant headwinds in 2022 due to the war in Ukraine, supply chain issues, coronavirus lockdowns and bottlenecks in the chip market. paragon's revenue performance is proof that the company has positioned itself well as a technology provider and is managing to increasingly decouple itself from the overall market. paragon will be able to further increase its market share in the medium and long term.

The results of the first nine months are making it possible for us to reconfirm the revenue forecast for 2022, which we already raised twice, of around € 170 million – even taking into account the challenging market environment.

Having been able to report two new major orders for the two operating segments of Sensors and Digital Assistance in the course of 2022, we are pleased to report that we were also selected to fulfill two significant contracts in the Kinematics and Interior operating segments in recent weeks. In the Kinematics operating segment, we received what is now the fourth order from a Chinese car manufacturer to supply adaptive rear spoilers for a future electric car. Pro-

duction will begin as early as summer 2024. The spoilers are to be made at our Chinese plant in Kunshan, where, in accordance with our "local for local" concept, series production of our first spoiler for the Chinese market began in the third quarter. With this additional selection for a contract, it is clear that adaptive spoilers for electric vehicles are becoming increasingly important as energy-saving features that extend range.

In the Interior operating segment, a German premium manufacturer has selected us to supply display instruments for the next generation of an electric SUV. paragon will supply compasses, stopwatches and design clocks for these vehicles. Production will start in December 2024 in Suhl, Thuringia.

Both contracts mean that our order backlog will grow by more than € 30 million well into the second half of this decade. And, it should be noted, none of our products in the five operating segments depend on the internal combustion engine. The transformation of the automotive industry from combustion engines to electric propulsion systems will not have any negative impact on paragon's products and revenue. Rather, we expect – as can be seen with the adaptive spoilers – that demand for paragon products will increase due to the transformation.

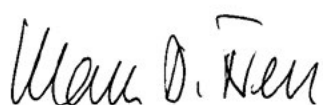
We recently entered into a strategic partnership with filtration specialist Hengst SE. The goal is to combine the expertise of the two companies in regard to filtration solutions that keep dust, bacteria, fungi and viruses out of the vehicle interior on a lasting basis.

We already reported in detail on noncash one-time negative effects when we published our results for the first half of 2022. The sale of noncore activities at our Aachen location and the sale of a production hall that was no longer required resulted in noncash book losses of € 2.2 million, which had a one-time negative effect on our earnings in 2022. An additional negative affect on our EBITDA result came from the development of the CHF/EUR exchange rate up to the reporting date at the end of September 2022. Due

to a strong CHF, paragon had to recognize an unrealized noncash exchange rate loss of € 1.8 million in its earnings in the first nine months. These noncash one-time effects totaling € 4.0 million must be taken into account with regard to the achieved operating EBITDA of € 12.1 million. Profitability at paragon is therefore in line with the communicated target level.

We partially redeemed the CHF bond in August 2021 and in April 2022 for a total of 40%. An outstanding volume of CHF 21 million remains, which is due for repayment in April 2023 together with a partial repayment of € 5 million in regard to the EUR bond. Activities to secure repayments continue to proceed according to plan. .

An essential pillar of our success story continues to be the great 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 in these challenging times. Our thanks also go out to our customers and business partners. We would also like to thank our existing shareholders for their trust and confidence.



Klaus Dieter Frers
Chief Executive Officer



Dr. Martin Esser
Chief Financial Officer

paragon in the Capital Market

The German stock market declined significantly in the first nine months of 2022. This reflected several different factors. The first point to mention is the rising inflation rate. The second is the significant deterioration in the economic outlook. The third is Russia's war of aggression against Ukraine. Overall, the DAX 40 was down 24.0% by comparison with the last day of trading in 2021.

The paragon share lost value in the first nine months of the year. After being priced at € 7.18 at the end of 2021, the share reached a low of € 3.74 on September 29, 2022. At the end of the reporting period, the share price was € 3.79, corresponding to a loss of 47.2%. paragon's stock market value thus decreased from € 32.5 million to € 17.2 million.

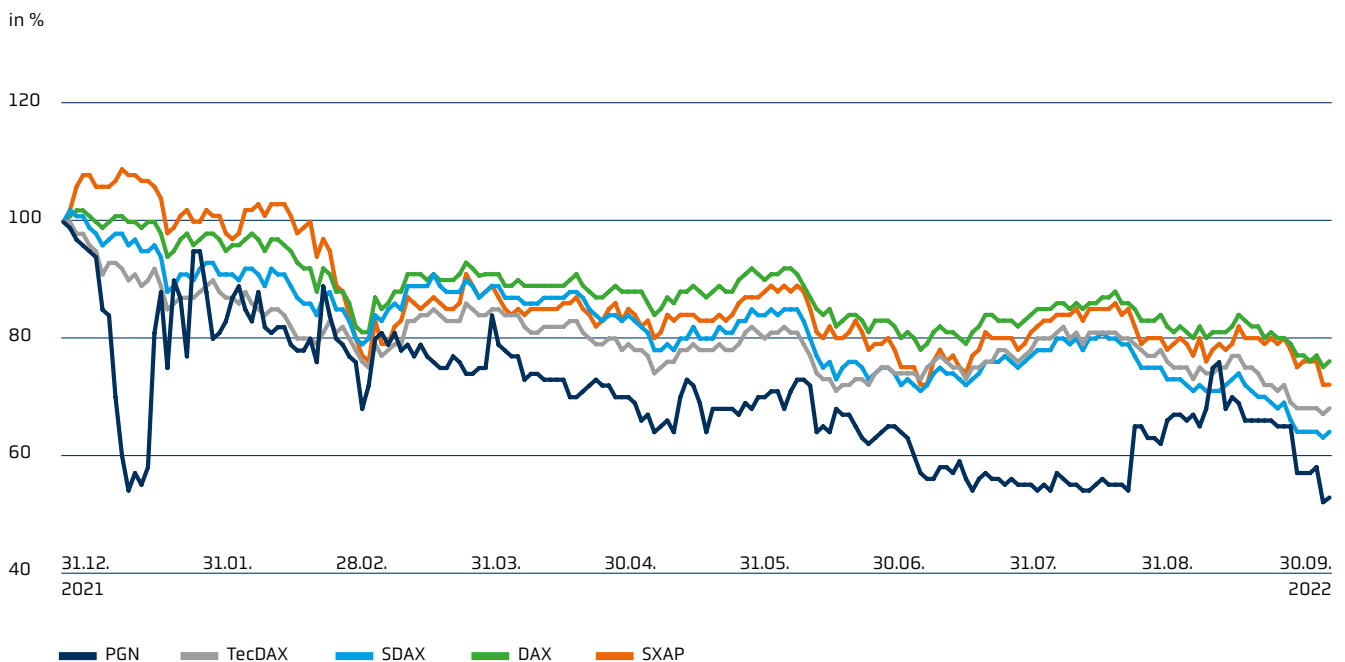
Corporate Bond 2017/27

The corporate bond (ISIN DE000A2GSB86; WKN A2GSB8) that was placed on June 27, 2017, with a total volume of € 50 million has an interest coupon of 4.5% p.a. for the first five years (as of July 5, 2022, in each case). The bond is listed on the open market (free trade) of the Frankfurt Stock Exchange in Deutsche Börse AG's Scale segment for corporate bonds. A company rating is not planned for this bond.

On March 10, 2022, a decision was reached at a creditors' meeting to adjust the bond conditions. In addition to the change to a semiannual interest payment, a higher interest coupon (initially 6.75%) and a PIK component, the final maturity was postponed by five years. Furthermore, partial repayments of € 25 million were arranged for 2023 to 2026 or upon sale of the operating segments.

The corporate bond 2017/27, tradable since June 28, 2017, averaged 47.3% in the first nine months.

Performance of paragon share



Corporate Bond 2019/23

On April 4, 2019, paragon issued a bond under the lead of Helvetische Bank AG for CHF 35 million with a coupon of 4.00% and an initial fixed term of five years. The bond has been listed on the SIX Swiss Exchange under ISIN CH0419041105 since April 23, 2019, and has been interest-bearing since that date, first payable on April 23, 2020. In 2021, the term of the bond was shortened to four years. An initial early repayment of CHF 5.25 million was made on August 3, 2021, and a further repayment of CHF 8.75 million on April 23, 2022. The outstanding nominal volume is thus CHF 21 million.

The CHF bonds 2019/23, tradable since April 23, 2019, averaged 56.9% in the first nine months.

Business Performance

The performance of the European passenger car market in the first nine months of 2022 continued to be characterized by supply chain problems, bottlenecks for semiconductors, coronavirus lockdowns and Russia's war of aggression against Ukraine. Due to these factors, the market level was significantly lower than in the 2021 reference period. However, the order backlog of car manufacturers remains high.

Despite these influences, paragon's business performance in the first nine months of the 2022 fiscal year was characterized by a further increase in sales volume. As in prior quarters, paragon achieved positive growth rates across all operating segments. paragon's revenue increased by 15.9% compared to the same period last year to € 127.1 million. This year-on-year increase in revenue was achieved despite a difficult market environment and is proof that paragon can gain market share even in challenging circumstances.

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

Operating segment	Electronics ¹			Mechanics ²			Eliminations			paragon Automotive		
	9M/ 2022	9M/ 2021	Δ in %	9M/ 2022	9M/ 2021	Δ in %	9M/ 2022	9M/ 2021	Δ in %	9M/ 2022	9M/ 2021	Δ in %
in € thousands or as indicated												
Revenue (third party)	88,106	80,424	9.6	39,016	29,267	33.3	0	0	N/A	127,122	109,691	15.9
Intersegment revenue	768	2,134	-64.0	209	-66	418.3	-977	-2,069	52.8	0	0	N/A
Revenue	88,874	82,558	7.6	39,225	29,201	34.3	-977	-2,069	52.8	127,122	109,691	15.9
EBITDA	10,719	12,108	-11.5	1,310	2,852	-54.1	0	5	-100.0	12,029	14,964	-19.6
EBITDA margin	12.1%	14.7%	-17.8	3.3%	9.8%	-65.8	N/A	N/A	N/A	9.5%	13.6%	-30.6

1 Sensors, Interior, Power and Digital Assistance operating segments

2 Kinematics operating segment (paragon movasys GmbH)

Revenue development in the individual operating segments was as follows:

Breakdown of revenue in € thousands or as indicated	9M/ 2022	Share in %	9M/ 2021	Share in %	Change in %
Sensors	37,248	29.3	34,354	31.3	8.4
Interior	41,123	32.3	37,523	34.2	9.6
Digital Assistance	8,504	6.7	8,484	7.7	0.2
Power	1,231	1.0	62	0.1	N/A
Mechanics ¹	39,016	30.7	29,267	26.7	33.3
paragon Automotive	127,122	100.0	109,691	100.0	15.9

1 Represented by the Kinematics operating segment

The largest operating segment, Electronics, dominated Group activities as expected with revenue of € 88.9 million (prior year: € 82.6 million). Of this amount, € 88.1 million (prior year: € 80.4 million) was attributable to third-party revenue in the Sensors, Interior, Power and Digital Assistance operating segments, which corresponds to 69.3% of Group revenue (prior year: 73.3%). EBITDA for the operating segment amounted to about € 10.7 million (prior year: € 12.1 million).

Revenue in the Sensors operating segment increased by 8.4% to € 37.2 million (prior year: € 34.4 million) as a result of the continuation of very high demand for the DUSTDETECT particle sensor and other products in the field of air quality management.

In the Interior operating segment, revenue increased by 9.6% to € 41.1 million (prior year: € 37.5 million), mainly due to strong demand in the display instruments product group (stop-watches, compasses, design clocks).

The Digital Assistance operating segment was able to maintain its previous year's level and again generated sales of € 8.5 million (previous year: € 8.5 million)

The Mechanics operating segment achieved segment revenue of € 39.2 million (prior year: € 29.2 million), of which € 39.0 million is attributable to third-party revenue (prior year: € 29.3 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 operating segment. EBITDA for the segment amounted to € 1.3 million (prior year: € 2.9 million).

In Q1 2022, the buyer of the Voltabox shares exercised their contractually agreed call option. A further 350,000 shares were transferred. This reduced the amount of Voltabox shares held by paragon to 50,699. paragon sold these shares via the stock market in the first weeks of the second quarter. As a result, paragon no longer holds any Voltabox shares since this date.

The EUR bond was originally due in July 2022. The divestment planned by paragon as part of a professional M&A process to finance the repayment of the bond could only be implemented on terms that were not acceptable for paragon. Therefore, paragon has not yet realized this option, but rather the conditions of the EUR bond were adjusted in a creditors' meeting on March 10, 2022. Among other things, the repayment of the bond was modified in such a way that the bond is no longer due in July 2022, but partial repayments are to be made in 2023, 2025 and 2026. The final repayment is scheduled for July 2027.

Following the sale of the shares held in Voltabox AG, Voltabox AG relocated its production activities away from Delbrück. The lease agreement for the production building owned by paragon was terminated. The production building was unused and was sold in the first half of the year including movable assets. The cash inflow (production building plus movable assets) of € 5.3

million was used to further reduce bank loans. In this context, a noncash loss of € 1.8 million had to be recognized in the accounts.

In April 2022, a further partial repayment of the CHF bond in the amount of CHF 8.75 million was made. The outstanding nominal volume is now CHF 21.0 million.

Financial Performance

In the first nine months of the current fiscal year, paragon achieved revenue of roughly € 127.1 million (prior year: € 109.7 million). With inventory changes of € 3.6 million (prior year: € 0.2 million) and capitalized development costs of € 7.1 million (prior year: € 5.2 million), total operating performance amounted to € 140.5 million (prior year: € 116.9 million).

The cost of materials amounted to € 67.6 million (prior year: € 53.7 million). This resulted in a material input ratio (calculated from the ratio of cost of materials to revenue and inventory changes) of 51.7% (prior year: 48.9%).

This results in a gross profit for the first nine months of 2022 of € 72.9 million (prior year: € 63.2 million), which constitutes a gross profit margin of 57.4% (prior year: 57.6%). Personnel expenses amounted to € 38.5 million (prior year: € 32.9 million), resulting in a personnel expense ratio of 30.3% (prior year: 30.0%).

Other operating expenses include the book loss from the sale of the Aachen site totaling € 0.45 million and the sale of the production building no longer in use of € 1.75 million. In addition, noncash exchange rate losses of € 1.80 million were incurred on the CHF bond due to a weaker EUR to CHF exchange rate.

Taking into account the other operating expenses of € 22.4 million (prior year: € 15.4 million), earnings before interest, taxes, depreciation and amortization (EBITDA) totaled € 12.0 million (prior year: € 15.0 million). This corresponds to an EBITDA margin of 9.5% (prior year: 13.6%). After depreciation and amortization of € 11.6 million (prior year: € 12.5 million), earnings before interest and taxes (EBIT) amount to € 0.4 million (prior year: € 2.1 million). The EBIT margin accordingly came to 0.3% (prior year: 1.9%).

With a financial result of € -4.8 million (prior year: € -4.4 million), the paragon Group generated a consolidated income of € -4.5 million in the reporting period (prior year: € -14.0 million including discontinued operations). This corresponds to earnings per share of € -1.00 (prior year: € -0.64).

Net Assets

As of September 30, 2022, total assets had decreased to € 159.3 million (December 31, 2021: € 159.7 million). Fixed assets decreased due to asset disposals. This is offset by systematic build-up of inventories. In addition, trade and other receivables increased by € 3.3 million.

Equity decreased to € -1.3 million as of the reporting date (December 31, 2021: € 3.3 million), particularly due to the negative total consolidated net income. This caused the equity ratio to decrease to -0.8% (December 31, 2021: 2.1%).

The term of the EUR bond was extended in the reporting period. The EUR bond in the amount of € 45.0 million is thus now reported as a long-term bond. Only the € 5.0 million portion due in April 2023 is reported as a short-term bond. As of the reporting date of December 31, 2021, this bond was still entirely reported as a short-term bond.

Noncurrent provisions and liabilities increased to € 71.3 million (December 31, 2021: € 28.3 million), mainly due to the change in the reporting of the EUR bond.

Current provisions and liabilities decreased to € 89.3 million, also due to the modified reporting of the EUR bond (December 31, 2021: € 128.1 million). This was offset by higher trade payables of € 26.2 million (prior year: € 13.9 million) and higher other liabilities of € 21.8 million (prior year: € 15.0 million).

Financial Position

Cash flow from operating activities in continuing operations increased in the period under review to € 13.5 million (prior year: € 12.9 million). This is mainly attributable to the noncash loss on the disposal of the production building originally leased to Voltabox AG and the activities at the Aachen site, and to the increase in trade payables and other liabilities.

Cash flow from investing activities in continuing operations decreased in the period under review to € -0.5 million (prior year: € 4.7 million). This was positively affected in particular by the disposal of the production hall and the activities at the Aachen site. On the other hand, cash outflows for investments in intangible assets increased by € 1.8 million. The higher cash flow in the previous year can be explained by the disposal of operational buildings in the third quarter of the prior year. These buildings were sold and leased back.

The cash flow from financing activities decreased slightly in the reporting period by € 0.5 million to € -13.9 million (prior year: € -13.4 million), especially as a result of the partial repayment of the CHF bond and planned loan repayments.

Cash and cash equivalents totaled € 0.5 million as of the end of the reporting period (December 31, 2021: € 1.5 million).

Opportunity and Risk Report

In the first nine months of 2022, there have been no significant changes in the opportunities and risks described in detail under “Opportunity and Risk Report” in the 2021 Annual Report. The 2021 Annual Report is available on the internet at <https://ir.paragon.ag>.

Forecast

The forecast for the current fiscal year and the underlying assumptions are explained in detail in the combined management report for the 2021 fiscal year. Accordingly, Management expects the automotive business to generate revenue of around € 155 to 165 million, with an EBITDA margin in excess of 15%. Free cash flow is expected to be around € 12 million. Thanks to the positive sales performance in the first six months of 2022 and a high order backlog, Management has raised the revenue forecast to approximately € 170 million in the context of publication of the 2022 half-year report.

Development of key performance indicators:

in € thousands or as indicated	2021	Since start of year 9M/2022	Adj. forecast 2022
Financial performance indicators			
Revenue	€ 146.9 million	€ 127.1 million	Approx. € 170 million
EBITDA margin	13.6%	9.5%	> 15%
Free cash flow	€ -3.8 million	€ 4.7 million	Approx. € 12 million

Condensed Interim Consolidated Financial Statements:

Consolidated Statement of Comprehensive Income for the Period from January 1 to September 30, 2022 (IFRS)

€ '000	Jan. 1 to Sept. 30, 2022	Jan. 1 to Sept. 30, 2021 ¹	Jul. 1 to Sept. 30, 2022	Jul. 1 to Sept. 30, 2021 ¹
Revenue	127,122	109,691	40,731	33,998
Other operating income	2,695	1,768	808	474
Increase or decrease in inventory of finished goods and work in progress	3,632	215	-9	-679
Other own work capitalized	7,062	5,248	2,148	2,093
Total operating performance	140,511	116,922	43,678	35,886
Cost of materials	-67,597	-53,698	-20,929	-15,684
Gross profit	72,914	63,224	22,749	20,201
Personnel expenses	-38,532	-32,889	-12,770	-10,628
Depreciation of property, plant and equipment and amortization of intangible assets	-11,635	-12,459	-4,002	-4,245
Impairment of property, plant and equipment and intangible assets	-44	-419	-13	-148
Other operating expenses	-22,353	-15,370	-6,840	-5,824
Financial income	26	49	7	13
Financial expenses	-4,863	-4,453	-1,811	-1,411
Financial result	-4,837	-4,404	-1,804	-1,398
Earnings before taxes (EBT)	-4,487	-2,317	-2,680	-2,041
Income taxes	-44	-578	876	-331
Earnings from continuing operations	-4,531	-2,895	-1,804	-2,372
Earnings from discontinued operations	N/A	-11,137	N/A	-6,830
Consolidated net income	-4,531	-14,033	-1,804	-9,202
Earnings per share in € (basic and diluted) from continuing operations	-1.00	-0.64	-0.40	-0.52
Earnings per share in € (basic and diluted) from discontinued operations	N/A	-1.25	N/A	-0.77
Earnings per share in € (basic and diluted) from continuing and discontinued operations	-1.00	-1.89	-0.40	-1.51
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	-31	87	-2	0
Currency translation reserve from discontinued operations	N/A	-824	N/A	198
Total comprehensive income	-4,562	-14,769	-1,806	-9,004

1 Due to the sale of Voltabox AG in 2021, the Electromobility operating segment (Voltabox AG) is presented as a discontinued operation as of September 30, 2021.

Consolidated Balance Sheet as of September 30, 2022 (IFRS)

€ '000	Sep. 30, 2022	Dec. 31, 2021
ASSETS		
Noncurrent assets		
Intangible assets	54,106	54,533
Goodwill	21,875	21,875
Property, plant and equipment	28,949	37,998
Financial assets	121	574
Other assets	468	473
	105,519	115,453
Current assets		
Inventories	27,671	23,965
Trade receivables	14,206	10,859
Income tax assets	162	221
Other assets	11,200	7,717
Cash and cash equivalents	530	1,455
	53,769	44,216
Total assets	159,288	159,669

€ '000	Sep. 30, 2022	Dec. 31, 2021
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	4,526	4,526
Capital reserve	15,485	15,485
Revaluation reserve	-677	-677
Profit/loss carried forward	-16,284	-10,323
Consolidated net income	-4,533	-5,960
Currency translation differences	-219	250
	-1,264	3,300
Noncurrent provisions and liabilities		
Noncurrent liabilities from lease contracts	9,592	9,496
Noncurrent loans	7,697	10,182
Noncurrent bonds	45,000	0
Deferred taxes	5,883	5,692
Pension provisions	3,078	2,931
	71,250	28,301
Current provisions and liabilities		
Current portion of liabilities from lease contracts	3,127	2,582
Current loans and current portion of noncurrent loans	12,607	14,580
Trade payables	24,849	79,038
Liabilities to affiliated companies	26,242	13,870
Short-term bonds	0	17
Other provisions	59	2,015
Income tax liabilities	575	927
Other current liabilities	21,843	15,037
	89,302	128,068
Total equity and liabilities	159,288	159,669

Consolidated Cash Flow Statement for the Period from January 1 to September 30, 2022 (IFRS)

€ '000	Jan. 1 to Sept. 30, 2022	Jan. 1 to Sep. 30, 2021 ¹
Earnings before taxes (EBT)	-4,487	-2,317
Depreciation/amortization of noncurrent assets	11,635	12,459
Financial result	4,837	4,404
Gains (-)/losses (+) from the disposal of property, plant and equipment and financial assets	2,221	-433
Increase (+)/decrease (-) in other provisions and pension provisions	-1,809	1,381
Income from the reversal of the special item for investment grants	0	-66
Other noncash income and expenses	1,761	0
Increase (-)/decrease (+) in trade receivables, other receivables, and other assets	-6,825	1,830
Depreciation of noncurrent assets	44	419
Increase (-)/decrease (+) in inventories	-3,706	-4,105
Increase (+)/decrease (-) in trade payables and other liabilities	14,345	3,771
Interest paid	-4,405	-4,492
Income taxes	-146	441
Income tax payments	0	-434
Cash flow from operating activities of continuing operations	13,465	12,859
Cash flow from operating activities of discontinued operations	N/A	-4,448
Cash receipts from the disposal of property, plant and equipment	7,808	11,876
Cash payments for investments in property, plant and equipment	-1,676	-1,907
Cash payments for investments in intangible assets	-7,062	-5,248
Cash receipts from the sale of long-term securities	416	0
Cash flow from investing activities of continuing operations	-514	4,720
Cash flow from investing activities of discontinued operations	N/A	-1,012
Bond repayments	-9,263	-4,843
Loan repayments	-4,458	-8,092
Proceeds from the inclusion of finance lease obligations	2,300	0
Cash payments for finance lease liabilities	-2,455	-1,899
Net proceeds from the sale of shares	0	1,440
Cash flow from financing activities of continuing operations	-13,876	-13,394
Cash flow from financing activities of discontinued operations	N/A	-2,260
Continuing operations	-925	-1,364
Changes in cash and cash equivalents	1,455	3,327
Cash and cash equivalents at beginning of period	530	1,963

1 Due to the sale of Voltabox AG in 2021, the Electromobility operating segment (Voltabox AG) is presented as a discontinued operation as of September 30, 2021.

Consolidated Statement of Changes in Equity for the Period from January 1 to September 30, 2022 (IFRS)

€ '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	-4,532	-4,532
Currency translation	0	0	0	-31	0	0	-31
Other comprehensive income	0	0	0	-31	0	0	-31
Total comprehensive income	0	0	0	-31	-5,960	1,428	-4,564
September 30, 2022	4,526	15,485	-677	-219	-16,284	-4,533	-1,264

€ '000	Subscribed capital	Capital reserve	Revaluation reserve	Currency translation reserve	Retained profit		Minority interests	Total
					Loss carryforward	Consolidated net income		
January 1, 2021	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
September 30, 2021	4,526	15,485	-1,202	-524	-10,143	-8,561	677	258

Notes

Accounting Principles

The consolidated interim financial statements of paragon GmbH & Co. KGaA as of September 30, 2022, 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, 2021. 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 2021 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 (incl. its Croatian subsidiary paragon movasys d.o.o.), paragon semvox GmbH (share: 95.4%), paragon electronic GmbH, SphereDesign GmbH, paragon electroacoustic GmbH (incl. its subsidiary ETON Soundsysteme GmbH), paragon electrodrive 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. Unless otherwise stated, paragon holds 100% of the shares in each company.

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 May 31, 2022, Dr. Matthias Schöllmann left the management of paragon GmbH.

As of September 30, 2022, there have been no changes in the composition of the Supervisory Board compared to December 31, 2021.

Events After the Reporting Period

The founder of paragon and managing director of the general partner, paragon GmbH, Klaus Dieter Frers, informed the company on November 9, 2022 that, under circumstances that have not yet been finally clarified in legal terms, a third party has acquired the rights to realize his entire paragon share package against his will and has announced their realization.

paragon GmbH & Co. KGaA regards these events as an attempt of a hostile takeover. Its general partner paragon GmbH has declared to the company that, irrespective of the outcome of the proceedings, the sole management of the company lies with paragon GmbH and Mr Frers remains its managing director. Mr Frers has announced legal actions against the realization of his share package.

Related Party Disclosures

In March 2022, Frers Grundstücksverwaltungs GmbH & Co. KG partially repaid the loan extended in the 2020 fiscal year in the amount of € 1.8 million. The loan is thus valued at € 1.3 million as of the reporting date. With this exception, as of September 30, 2022, the nature and amount of the paragon Group's transactions with related parties have not changed significantly compared to December 31, 2021. For further information, please refer to paragon's consolidated financial statements of December 31, 2021, in the 2021 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, 11/10/2022



Klaus Dieter Frers
Chief Executive Officer

Financial Calendar 2022

November 28 to 30, 2022

Equity Forum (Deutsche Börse), Frankfurt a.M.

Impressum

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