

paragon Resolves to Issue New Corporate Bond

- Refinancing of the acquisition of 82 percent of the shares in SemVox GmbH and expansion financing in the automotive sector
- Construction activities planned to consolidate and expand the sites in Delbrück
- Acquisition and refinancing of property in Limbach-Kirkel and Landsberg am Lech
- Improvements to the current financial structure and general company financing
- Klaus Dieter Frers: “We acquired SemVox at a strategically favorable time”

Delbrück, October 15, 2018 – The management of paragon GmbH & Co. KGaA has today decided to offer a new bond with a nominal value of € 1,000 per bond by way of a public offer and a private placement. The target volume of the bond is € 50 million. The term is expected to begin on October 31, 2018. The redemption date will be October 31, 2023.

The cash inflows from the issuance will be destined toward, among other things, the refinancing of the acquisition of SemVox GmbH, a specialist for digital voice control applications and artificial intelligence. paragon announced the purchase of 82 percent of SemVox’s shares in September 2018. The technology company develops efficient solutions for voice recognition, a variety of Human-Machine-Interactions and intelligent assistance systems based on artificial intelligence. At the same time, paragon announced the establishment of a new operating segment for digital assistance systems.

“With SemVox, we have acquired the leading B2B technology supplier in the area of digital assistance at a strategically favorable time,” said Klaus Dieter Frers, Chairman of the Board of paragon GmbH. “With this gem of the artificial intelligence industry, we have won ten years of development time and can enable automobile manufactures to build their own, independent online marketplaces, among other things. paragon is successful because we develop products with the needs of our end customers in mind.”

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In addition to refinancing the acquisition of SemVox, paragon intends to use the proceeds generated by the bonds to finance its planned growth in the automotive sector. Furthermore, the cash inflows will be used for the construction activities planned in Delbrück. paragon intends to consolidate and expand the separate sites in Delbrück on a twelve-hectare plot of land. paragon will use these funds to finance the purchase of further property in Limbach-Kirkel and Landsberg am Lech. Ultimately, the proceeds will contribute to the improvement of the current financial and interest rate structures.

The offer consists of a public offer in the Federal Republic of Germany and the Grand Duchy of Luxembourg submitted via the DirectPlace subscription function of Deutsche Börse AG in the XETRA trade system for the collection and handling of subscription orders as well as a private placement by Bankhaus Lampe KG (as the sole global coordinator and bookrunner) to qualified investors and other investors in accordance with the applicable exemption provisions for private placements in the Grand Duchy of Luxembourg, the Federal Republic of Germany and in other specific countries with the exception of the United States of America, Canada, Australia and Japan.

The offer period for the public offer is expected to begin on October 23, 2018, and is expected to end on October 25, 2018 (2 p.m. CET) (right to early closure reserved). An interest margin will be set and published before the start of the planned offering period. The nominal interest rate and the total nominal amount of the planned bond will be determined and reported separately after the end of the planned offering period (presumably October 25, 2018).

The offer is subject to the condition that bonds with a minimum total nominal value of € 30 million will be placed. The inclusion of the bond in trading on the open market of the Frankfurt Stock Exchange in Deutsche Börse AG's Scale segment for corporate bonds will take place on the issue date, which is expected to be October 31, 2018 (subject to trading on terms of issue before the issue date).

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Once approved, which is expected for October 16, 2018, the prospectus can be viewed and downloaded on the website of the company (www.ir.paragon.ag), the Frankfurt Stock Exchange (www.boerse-frankfurt.de) and the Luxembourg Stock Exchange (www.bourse.lu).

Management opted for debt financing in order to avoid diluting the value of the company's interest held by our current shareholders through the issuing of new shares.

Further information about paragon GmbH & Co. KGaA is available at www.ir.paragon.ag.

Important Note:

This publication is for informational purposes only and constitutes neither an offer to sell nor an invitation to treat nor an invitation to subscribe to securities. A public offer of securities outside Germany and Luxembourg will not take place and is not planned. The planned public offer in Germany and Luxembourg will be made exclusively on the basis of the securities prospectus to be approved by the Commission de Surveillance du Secteur Financier (CSSF), to be notified to the Federal Financial Supervisory Authority of Germany (BaFin) and published before the start of the offer. The securities prospectus will be able to be viewed and downloaded after publication on the issuer's website at www.ir.paragon.ag.

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paragon GmbH & Co. KGaA does not intend to register any possible offers, either entirely or partially, in the United States, or publicly offer securities in the United States.

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About paragon GmbH & Co. KGaA

paragon GmbH & Co. KGaA (ISIN DE0005558696), which is listed in the regulated market (Prime Standard) of the Frankfurt Stock Exchange, develops, produces and distributes forward-looking solutions in the field of automotive electronics, body kinematics and e-mobility. As a market-leading direct supplier to the automotive industry, the company's portfolio includes the Electronics operating segment's innovative air-quality management, state-of-the-art display systems and connectivity solutions, and high-end acoustic systems. In the Mechanics operating segment, paragon develops and produces active mobile aerodynamic systems. With Voltabox AG (ISIN DE000A2E4LE9), a subsidiary that is also listed on the regulated market (Prime Standard) of the Frankfurt Stock Exchange, the Group is also active in the rapidly growing Electromobility operating segment with its cutting-edge lithium-ion battery systems developed in-house.

In addition to the company headquarters in Delbrück (North Rhine-Westphalia, Germany), paragon GmbH & Co. KGaA and its subsidiaries operate sites in Korntal-Münchingen and St. Georgen (Baden-Württemberg, Germany), Landsberg am Lech and Nuremberg (Bavaria, Germany), Aachen (North Rhine-Westphalia, Germany), in Bexbach and Saarbrücken (Saarland, Germany), in Suhl (Thuringia, Germany) as well as in Kunshan (China) and Austin, Texas (USA).

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