

GROUP INTERIM REPORT
AS OF JUNE 30, 2021
FIRST HALF YEAR



Group Key Figures at a Glance ¹

€ '000 / as indicated	Jan. 1 to June 30, 2021	Jan. 1 to June 30, 2020 ²	Change ³	Apr. 1 to June 30, 2021	Apr. 1 to June 30, 2020 ²	Change ³
Revenue	79,036	50,039	57.9%	37,564	20,587	82.5%
EBITDA ⁴	9,341	3,381	176.3%	3,516	1,364	157.8%
EBITDA margin in %	11.8	6.8	n/a	9.4	6.6	n/a
EBIT	-1,261	-5,605	77.5%	-2,027	-3,236	37.4%
EBIT margin in %	-1.6	-11.2	n/a	-5.4	-15.7	n/a
Consolidated net income	-4,831	-29,929	83.9%	-4,006	-10,062	60.2%
Earnings per share in €	-0.60	-6.61	6.01	-0.57	-2.22	1.65
Investments (CAPEX) ⁵	4,714	3,313	42.3%	1,500	548	173.7%
Operating cash flow	4,481	4,078	9.9%	2,479	2,703	-8.3%
Free cash flow ⁶	-233	765	n/a	979	2,156	-54.6%
€ '000 / as indicated	June 30, 2021	Dec. 31, 2020	Change	June 30, 2021	June 30, 2020	Change
Total assets	198,461	200,495	-1.0%	198,461	244,738	-18.9%
Equity	9,262	13,231	-30.0%	9,262	24,191	-61.7%
Equity ratio in %	4.7	6.6	n/a	4.7	9.9	n/a
Cash and cash equivalents	5,345	5,664	-5.6%	5,345	3,135	70.5%
Interest-bearing liabilities	132,415	135,620	-2.4%	132,415	126,800	4.4%
Net debt ⁷	127,070	129,956	-2.2%	127,070	123,665	2.8%
Employees ⁸	940	996	-5.1%	940	954	-1.5%

- 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.
- The Electromobility operating segment was reported as a discontinued operation in the prior-year period in accordance with IFRS 5 due to the planned sale of the shares in Voltabox AG.
- The comparability of the values is limited. The Electromobility operating segment was reported as a discontinued operation in the prior-year period in accordance with IFRS 5 due to the planned sale of the shares in Voltabox AG.
- 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 – investments (CAPEX)
- Net debt = interest-bearing liabilities – cash and cash equivalents.
- Plus 67 temporary workers, paragon Automotive (December 31, 2020: 82; June 30, 2020: 9).

Share

	June 30, 2021	Dec. 31, 2020	Change	June 30, 2021	June 30, 2020	Change
Closing price in Xetra in €	11.20	9.78	14.5%	11.20	8.85	26.6%
Number of shares issued	4,526,266	4,526,266	0%	4,526,266	4,526,266	0%
Market capitalization in € millions	50.7	44.3	6.4	50.7	40.1	10.6

At a Glance

The First Half-Year of 2021

- Revenues in the Electronics and Mechanics segments (paragon Automotive) in the first half of 2021 rose significantly [+51.3%] – growth course from the second half of 2020 once again impressively surpassed
- Digital Assistance business unit continues high level of growth and increases revenue in the first half of 2021 by 127,9% – paragon semvox GmbH share increased by a further 8.9% to 95.4%
- Ongoing high demand for DUSTDETECT® particle sensor and air quality sensors from the Sensors business unit – new product portfolio in Acoustics and Cockpit drives strong revenue development in Interior business unit
- paragon Automotive's EBITDA at € 11.2 million – margin more than doubled with 14.8% (H1/2020: € 3.4 million, margin of 6.8%)
- Chip shortage successfully overcome in H1 2021 by systematically building up safety stocks among other things
- Forecast for paragon Automotive for the current fiscal year affirmed: € 145 million with an EBITDA margin between 12 and 15%, free cash flow at around € 12 million

Key Figures paragon Automotive¹

€ '000 / as indicated	Jan. 1 to June 30, 2021	Jan. 1 to June 30, 2020	Change
Revenue	75,693	50,039	51.3%
EBITDA ²	11,215	3,381	231.7%
EBITDA margin in %	14.8	6.8	n/a
EBIT	2,729	-5,605	n/a
EBIT margin in %	3.6	-11.2	n/a
Investments (CAPEX) ³	4,761	3,313	43.7%
Operating cash flow	4,610	4,078	13.0%
Free cash flow ⁴	-151	765	n/a

- 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 the fully consolidated 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 – investments (CAPEX).

Dear Shareholders, Customers, Business Partners and Employees,

The first six months of the current fiscal year have seamlessly continued the best half-year in the company's history in the second half of 2020. paragon continues to be extremely stable in the development of its operating business.

In the second quarter, paragon Automotive was able to achieve revenue of more than two thirds higher than the prior-year period with € 36.5 million (Q2 2020: € 20.6 million). The increase is only partially attributable to the revenue losses from plant closures in spring 2020. Furthermore, we achieved an excellent and very rapid restart of our production last year and were able to maintain the high level following the catch-up effects. Our current results once again indicate that paragon's positioning is not only paying off temporarily, but also promises a significant increase in market share in the long term.

With an EBITDA of € 11.2 million, we are well on course for our forecast EBITDA margin for the whole year of between 12 and 15%. With paragon Automotive's revenue of € 75.7 million in the first six months, we have proven that our forecast for this fiscal year is realistic. In the past few years, we have been able to regularly manage the second half of the year more successfully than the first six months. A drastic worsening of the semiconductor shortage is seen as a potential risk by us. However, we have managed this risk well so far. We have already pointed out that paragon has systematically built up inventories that ensure our ability to deliver over a period of several weeks.

In the second quarter, our Power business unit contributed to Group revenue for the first time – we will successively expand the share. With sales of € 11.5 million and € 12.4 million respectively, the Sensors and Interior business units were responsible for around 65% of the revenue for paragon Automotive in the second quarter. The massive interest in our DUSTDETECT® particle sensor and the strong demand for paragon air quality sensors are responsible for the development in the Sensors business unit. The second quarter once again showed that we have generated a sustainable effect on revenue realization with solutions from the Cockpit and,

in particular, Acoustics specialist areas with the adjustment of the product portfolio in the Interior business unit that we prepared last year. However, the largest percentage increase was once again achieved by the young Digital Assistance business unit – growth in the second quarter was a strong 166%.

At the beginning of August, we took an important step on our way to reducing net debt with the first partial repayment of bonds from the Swiss franc bond issued in April 2019. This accelerated approach to reducing liabilities is possible because in recent months we have consistently implemented measures to optimize earnings and thus strengthen free cash flow generation. This strategy significantly improves our starting position in terms of putting the financing of future growth on a new, solid footing in the coming months.

An essential pillar of our success story is the commitment of the paragon Group workforce. We would like to sincerely thank our employees for their service and performance! Together with our customers, we are delighted by our success. We are confident that our progress in the operating business will be reflected in the development of the share price in the future. 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

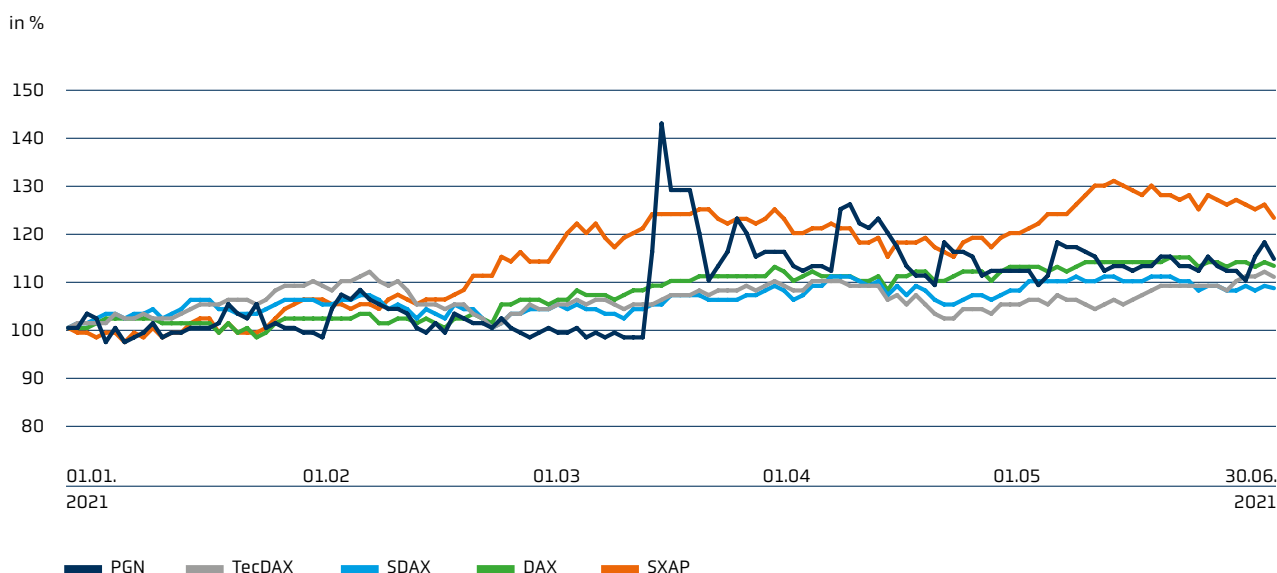
paragon in the Capital Market

After the volatile and temporarily severely impaired performance of the most important German indices in 2020, the stock markets appeared to recover at the beginning of the current calendar year and set their sights on new records. For example, the DAX crossed the 14,000 point threshold for the first time, and it was hardly conceivable at the time that the index would reach significantly further to a new all-time high beyond 15,000 points by mid-March. Political development in the U.S. in particular fueled the optimism of the capital market participants for positive economic momentum. German investors did not want to share the euphoria of the American stock markets to the same extent following the inauguration of Joe Biden as the 46th President of the United States. Instead, fears of growing coronavirus mutations quickly took hold. In addition, optimism about the start-up of the vaccine campaign in Germany was very limited at that time. It took a significant setback in the markets to raise investors' hopes of new opportunities. For example, the Frankfurt Sentiment Index rose by 27 points to +32 in one fell swoop at the beginning of February – the highest level for the index since November 28, 2018. Subsequently, however, the mood on the bond and capital markets was dominated by fears of inflation. Investors focused primarily on profit-taking during this phase. As a result, the Frankfurt

Sentiment Index for institutional investors fell by 12 points to +7 in mid-March. Private investors, on the other hand, were much more optimistic and increased their Sentiment Index by 3 points to +20. More than a month earlier, the Sentiment Index of this panel was still at its lowest point of the year at +5 points. Since then, the mood of private investors did not improve quickly, but just gradually. The performance of the DAX at the end of March was expected to be in the same vein, even if private investors had become more cautious in the meantime. At a new all-time high of more than 15,000 points, hopes for a strong economic recovery from the coronavirus pandemic dominated above all.

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, particularly in the USA, the stock markets gained further momentum. Investor optimism was reinforced by the announcement of the comprehensive U.S. infrastructure program with a total volume of around \$ 2.3 trillion. Accordingly, despite significant shifts on the commodity markets and the resulting burdens on the industry, the bull market combined with a high risk appetite, as revealed by the Bank of America (BoFA) fund manager survey, was also apparent in the second quarter. With an interim correction at the beginning of May, institutional investors with a medium-term trading horizon, who were surveyed as part of the

Performance of the paragon Share



Börse Frankfurt Sentiment Index to gauge market sentiment, saw their pessimism confirmed. The index slipped to -24 points, reflecting a clear majority of bearish investors on the professional side. Capital market participants seemed to interpret any correction in this phase as a healthy sign and subsequently helped the DAX to repeatedly improve marginally on its all-time high – albeit without any significant follow-up demand. Private investors were generally more positive about further upward momentum for the stock markets during this phase, with an almost equal amount of optimists and pessimists. The meeting of the Federal Open Market Committee in the second half of June, in which it was asserted that there is sufficient probability of a U.S. key interest rate hike sooner than expected, also influenced trading on the German stock exchanges. As a result, the DAX was pulled sharply lower, but was subsequently able to show a strong counter-reaction.

On the whole, Germany's most important stock indices recorded positive performance in the first half of the year (DAX 13.2%, SDAX 8.5%, TecDAX 10.9%). The STOXX Europe 600 Automobiles & Parts (SXAP) index, which lists the most important European automotive industry stocks, posted a significant increase of 23.2%.

During the same period, the paragon share substantially outperformed the market with an increase in value of 14.5%. Starting from an initial price of € 9.78, the paragon share showed itself to be very resistant to downward and upward swings over almost the entire period. As a result, the lowest price for this quarter was € 9.45 on January 11, 2021. Momentum for a slight upturn was only noticeable at the end of January and then in mid-February, when the share price temporarily rose to € 10.56. On March 31, 2021, the share price made a significant jump to the high price of € 14.00. The share price of € 12.65 as of the beginning of April was already a high price for the second quarter. From then on, 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. As of June 30, 2021, the share closed at € 11.20. Accordingly, the market value of paragon at this time came to € 50.7 million, which corresponds to an increase in value in the first half of the year of € 6.4 million.

The corporate bond 2017/22, tradable since June 28, 2017, averaged 62.75% in the first half of the year.

The CHF bond 2019/24, tradable since April 23, 2019, averaged 76.39% in the first six months of the year.

Business Performance

Business performance in the first six months of the 2021 fiscal year was characterized by strongly rising sales volumes in the core automotive market. paragon was able to generate growth across all units here. Revenue from automotive customers, for example, increased by more than half (51.3%) to € 75.7 million compared with the same period last year. At the overall Group level, revenue growth amounted to 33.1%. 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. Automotive revenue also grew by 18.3% compared to the first half of 2019.

Operating segment	Electronics ¹			Mechanics ²			Eliminations			paragon Automotive		
	6M/ 2021	6M/ 2020	Δ in %	6M/ 2021	6M/ 2020	Δ in %	6M/ 2021	6M/ 2020	Δ in %	6M/ 2021	6M/ 2020	Δ in %
€ '000 / as indicated												
Revenue (third party)	54,506	33,565	62.4	21,187	16,474	28.6	0	0	n/a	75,693	50,039	51.3
Intersegment revenue	1,493	1,935	-22.8	-45	412	-110.9	-1,447	-2,347	38.3	0	0	n/a
Revenue	55,998	35,500	57.7	21,142	16,886	25.2	-1,447	-2,347	38.3	75,693	50,039	51.3
EBITDA	9,060	3,692	145.4	1,992	289	589.3	163	-600	n/a	11,215	3,381	231.7
EBITDA margin	16.2%	10.4%	n/a	9.4%	1.7%	n/a	n/a	n/a	n/a	14.8%	6.8%	n/a

1 Sensors, Interior and Digital Assistance business units.

2 Kinematics business unit (paragon movasys GmbH).

3 The Electromobility operating segment was reported as a discontinued operation in the prior-year period in accordance with IFRS 5 due to the planned sale of the shares in Voltabox AG.

Market segments	paragon Automotive		Electromobility ¹		Eliminations		Entire paragon Group	
	6M/ 2021	6M/ 2020	6M/ 2021	6M/ 2020	6M/ 2021	6M/ 2020	6M/ 2021	6M/ 2020
€ '000 / as indicated								
Revenue (third party)	75,693	50,039	3,343	-	0	-	79,036	-
Intersegment revenue	0	0	0	-	0	-	0	-
Revenue	75,693	50,039	3,343	-	0	-	79,036	-
EBITDA	11,215	3,381	-1,874	-	0	-	9,341	-
EBITDA margin	14.8%	6.8%	-56.1%	-	n/a	-	11.8%	-

1 The Electromobility operating segment was reported as a discontinued operation in the prior-year period in accordance with IFRS 5 due to the planned sale of the shares in Voltabox AG.

With regard to the comparability of the prior year's figures, please note that the figures attributable to the Voltabox subgroup (Electromobility operating segment) are not shown for the prior year in view of the application of IFRS 5. Due to the delay in the sale of the Voltabox shares, Voltabox AG was fully consolidated again as of June 30, 2021 (analogous to the procedure as of December 31, 2020). Comparability is therefore limited.

Revenue development in the individual units was as follows:

Breakdown of revenue € '000	6M 2021	Share in%	6M 2020	Share in%	Change in%
Sensors	24,043	30.4	13,156	22.2	82.7
Interior	25,105	31.8	18,070	30.4	38.9
Digital Assistance	5,330	6.7	2,339	3.9	127.9
Power	28	0.1	0	0	100.0
Mechanics ¹	21,187	26.8	16,474	27.7	28.6
Subtotal paragon Automotive	75,693	95.8	50,039	84.3	51.3
Electromobility	3,343	4.2	9,343	15.7	-64.2
Total	79,036	100.0	59,382	100.0	33.1

¹ Represented by the Kinematics unit.

The largest operating segment, Electronics, dominated Group activities as expected with revenue of € 56.0 million (prior year: € 35.5 million). Of this amount, € 54.5 million (prior year: € 33.6 million) was attributable to third-party revenue in the Sensors, Interior and Digital Assistance units, which corresponds to 68.9% of Group revenue (prior year: 56.5%). EBITDA for the operating segment amounted to about € 9.1 million (prior year: € 3.7 million).

Revenue in the Sensors unit increased by 82.7% to € 24.0 million (prior year: € 13.2 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 38.9% to € 25.1 million (prior year: € 18.1 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 more than doubled in size with growth of 127.9%, generating revenue of € 5.3 million (prior year: € 2.3 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 € 21.2 million (prior year: € 16.5 million), almost all of which was attributable to third-party revenue (prior year: € 16.5 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 and accounted for 26.8% of Group revenue in the first quarter (prior year: 27.7%). EBITDA for the operating segment amounted to € 2.0 million (prior year: € 0.3 million).

The Electromobility operating segment's revenue of € 3.3 million (prior year: € 9.3 million) were entirely attributable to third-party revenue. The operating segment is represented by the subsidiary Voltabox AG, which is held for sale. During the period under review, the operating segment accounted for 4.2% of Group revenue (prior year: 15.7%). EBITDA for the operating segment amounted to € -1.9 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

It should be noted that for the prior year, the figures attributable to the Voltabox subgroup (Electromobility operating segment) were not shown in view of the application of IFRS5. Due to the delay in the sale of the Voltabox shares, Voltabox AG was fully consolidated again as of June 30, 2021 (analogous to the procedure as of December 31, 2020). Comparability is only possible to a limited extent, which is why comparability figures for the prior year are not presented.

In the first half of the current fiscal year, paragon achieved revenue of roughly € 79.0 million. With inventory changes of € 1.6 million and capitalized development costs of € 3.8 million, total operating performance amounted to € 87.6 million.

The cost of materials was € 40.3 million. This resulted in a material input ratio (calculated from the ratio of cost of materials to revenue and inventory changes) of 52.1%.

Gross profit for the first half of the year was € 47.3 million, which constitutes a gross profit margin of 59.8%. Personnel expenses amounted to € 26.0 million, resulting in a personnel expense ratio of 32.9%.

Taking into account the other operating expenses of € 11.9 million, earnings before interest, taxes, depreciation and amortization (EBITDA) totaled € 9.3 million. This corresponds to an EBITDA margin of 11.8%. After depreciation and amortization of € 10.3 million and an impairment of property, plant and equipment and intangible assets in the amount of € 0.3 million, earnings before interest and taxes (EBIT) amounted to € -1.3 million. The EBIT margin accordingly came to -1.6%.

With a financial result of € 3.3 million and income taxes of € 0.3 million, the paragon Group generated consolidated net income of € -4.8 million in the reporting period, corresponding to earnings per share of € -0.60.

Net Assets

As of June 30, 2021, total assets had decreased to € 198.5 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 € 9.3 million as of the reporting date (December 31, 2020: € 13.2 million), in particular due to the negative total consolidated net income, which was only partially offset by the share reduction recognized directly in equity. This caused the equity ratio to decrease to 4.7% (December 31, 2020: 6.6%).

Noncurrent provisions and liabilities increased to € 108.2 million (December 31, 2020: € 92.7 million), mainly as a result of the reclassification of parts of the CHF bond (€ 19.9 million) from current to noncurrent bonds. For further information, please refer to the Annual Report of the paragon Group as of December 31, 2020.

Current provisions and liabilities decreased to € 81.0 million, also due to the modified reporting of the CHF bond (December 31, 2020 € 94.6 million).

Financial Position

Cash flow from operating activities decreased in the period under review to € 4.5 million (prior year: € 13.3 million). Against the backdrop of the global shortage of semiconductors, paragon systematically increased safety stock levels in inventories. This resulted in a cash outflow of € 5.1 million. Cash flow from investment activity improved in the period under review to € 0.2 million (prior year: € -12.0 million), mainly due to the partial sale of the property in Nordhagen. In addition, the company reduced investments in property, plant and equipment and intangible assets.

The cash flow from financing activities decreased in the reporting period by € 2.9 million to € -5.0 million (prior year: € -2.1 million), especially as a result of planned loan repayments.

Cash and cash equivalents totaled € 5.3 million as of the end of the reporting period (December 31, 2020: € 5.7 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>.

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.

The Management Board of the subsidiary Voltabox, which was still fully consolidated as of the reporting date, expects revenue of around € 15 million for fiscal year 2021, with an EBITDA margin of -15%. Free cash flow is expected to be approx. € -5 million.

Development of Key Performance Indicators

€ '000 / as indicated	2020	Since start of year 6 M/2021	Forecast 2021		
			paragon Automotive	Voltabox AG subgroup	Group as a Whole
Financial performance indicators					
Revenue	127,179	75,693	approx. € 145 million	approx. € 15 million	approx. € 160 million
EBITDA margin	10.8%	14.8%	12 to 15%	-15%	10 to 12%
Free cash flow	6,976	-151	approx. € 12 million	approx. € -5 million	€ 5 to 7 million

Condensed Interim Consolidated Financial Statements

Consolidated Statement of Comprehensive Income for the Period from January 1 to June 30, 2021 (IFRS)

€ '000	Jan. 1 to June 30, 2021	Jan. 1 to June 30, 2020 ¹	1. Apr. bis June 30, 2021	1. Apr. bis June 30, 2020 ¹
Revenue	79,036	50,039	37,564	20,587
Other operating income	3,080	2,129	1,147	340
Increase or decrease in inventory of finished goods and work in progress	1,643	-1,913	1,561	-342
Other own work capitalized	3,833	3,113	2,156	1257
Total operating performance	87,592	53,368	42,427	21,842
Cost of materials	-40,312	-26,504	-19,001	-12,051
Gross profit	47,281	26,864	23,427	9,791
Personnel expenses	-26,027	-16,949	-13,101	-6,373
Depreciation of property, plant and equipment and amortization of intangible assets	-10,331	-8,930	-5,369	-4,544
Impairment of property, plant and equipment and intangible assets	-271	-56	-173	-56
Other operating expenses	-11,913	-6,534	-6,810	-2,054
Financial income	37	20	0	1
Financial expenses	-3,305	-3,308	-1,714	-1,655
Financial result	-3,269	-3,288	-1,714	-1,654
Earnings before taxes (EBT)	-4,529	-8,893	-3,741	-4,890
Income taxes	-301	763	-265	392
Earnings from discontinued operations	n/a	-21,799	n/a	-5,564
Consolidated net income	-4,831	-29,929	-4,006	-10,062
Earnings per share in € (basic)	-0.60	-6.61	-0.57	-2.22
Earnings per share in € (diluted)	-0.60	-6.61	-0.57	-2.22
Average number of shares outstanding (basic)	4,526,266	4,526,266	4,526,266	4,526,266
Average number of shares outstanding (diluted)	4,526,266	4,526,266	4,526,266	4,526,266
Other comprehensive income				
Actuarial gains and losses	0	0	0	0
Currency translation reserve	-935	159	412	559
Total comprehensive income	-5,765	-29,770	-3,594	-9,503

1 Due to the planned sale of Voltabox AG, the Electromobility operating segment (Voltabox AG) was presented as a discontinued operation in the prior year. Comparability with the reporting period is limited.

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

€ '000	June 30, 2021	Dec. 31, 2020
ASSETS		
Noncurrent assets		
Intangible assets	57,761	59,608
Goodwill	21,875	21,875
Property, plant and equipment	52,201	60,135
Financial assets	1,521	1,521
Other assets	1,867	1,810
Deferred tax assets	112	0
	135,337	144,949
Current assets		
Inventories	32,407	27,345
Trade receivables	11,042	11,645
Income tax assets	216	69
Other assets	14,114	10,824
Cash and cash equivalents	5,345	5,664
	63,123	55,546
Total assets	198,461	200,495

€ '000	June 30, 2021	Dec. 31, 2020
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	4,526	4,526
Capital reserve	15,485	15,485
Minority interests	3,909	5,792
Revaluation reserve	-1,202	-1,202
Profit/loss carried forward	-10,143	16,625
Consolidated net income	-2,709	-27,803
Currency translation differences	-604	-191
	9,262	13,231
Noncurrent provisions and liabilities		
Noncurrent liabilities from lease contracts	13,179	14,822
Noncurrent loans	13,486	16,997
Noncurrent bonds	70,885	50,563
Special item for investment grants	698	742
Deferred taxes	6,524	6,274
Pension provisions	3,442	3,345
	108,214	92,742
Current provisions and liabilities		
Current portion of liabilities from lease contracts	3,522	3,894
Current loans and current portion of noncurrent loans	18,580	16,659
Trade payables	16,908	17,493
Short-term bonds	12,763	32,685
Other provisions	5,790	2,609
Income tax liabilities	831	841
Other current liabilities	22,590	20,340
	80,984	94,522
Total equity and liabilities	198,461	200,495

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

€ '000	Jan. 1 to June 30, 2021	Jan. 1 to June 30, 2020 ¹
Earnings before taxes (EBT)	-4,529	-8,893
Depreciation/amortization of noncurrent assets	10,331	8,930
Financial result	3,269	3,114
Increase (+)/decrease (-) in other provisions and pension provisions	3,278	3,954
Income from the reversal of the special item for investment grants	-44	-43
Other non-cash income and expenses	-545	-605
Increase (-)/decrease (+) in trade receivables, other receivables, and other assets	-2,744	748
Depreciation of noncurrent assets	271	0
Increase (-)/decrease (+) in inventories	-5,062	2,819
Increase (+)/decrease (-) in trade payables and other liabilities	1,665	-2,821
Interest paid	-1,216	-3,125
Income taxes	-193	0
Discontinued operations	n/a	9,252
Cash flow from operating activities	4,481	13,330
Cash receipts from the disposal of property, plant and equipment	4,911	0
Cash payments for investments in property, plant and equipment	-880	-200
Cash payments for investments in intangible assets	-3,833	-3,113
Interest received	0	11
Discontinued operations	n/a	-8,741
Cash flow from investing activities	198	-12,043
Net proceeds from the sale of shares	1,440	0
Loan repayments	-4,150	-6,581
Proceeds from loans	529	229
Proceeds from the inclusion of finance lease obligations	0	4,291
Cash payments for finance lease liabilities	-2,817	0
Discontinued operations	n/a	-74
Cash flow from financing activities	-4,998	-2,135
Changes in cash and cash equivalents	-319	-848
Cash and cash equivalents at beginning of period	5,664	9,456
Cash and cash equivalents at end of period	5,345	8,608

1 Due to the planned sale of Voltabox AG, the Electromobility operating segment (Voltabox AG) was presented as a discontinued operation in the prior year. Comparability with the reporting period is limited.

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

€ '000	Subscribed capital	Capital reserve	Revaluation reserve	Revaluation reserve	Retained profit		Minority interests	Total
					Loss carried forward	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	-2,709	-2,122	-4,831
Currency Translation	0	0	0	-413	0	0	-522	-935
Other comprehensive income	0	0	0	-413	0	0	-522	-935
Total comprehensive income	0	0	0	-413	0	-2,709	-2,643	-5,765
Decreased shareholding in Voltabox AG	0	0	0	0	1,036	0	761	1,797
June 30, 2021	4,526	15,485	-1,202	-604	-10,143	-2,709	3,909	9,262

€ '000	Subscribed capital	Capital reserve	Revaluation reserve	Revaluation reserve	Retained profit		Minority interests	Total
					Loss carried forward	Consolidated net income		
January 1, 2020	4,526	15,485	-1,202	-1,354	14,393	0	20,759	52,607
Consolidated net income	0	0	0	0	0	-17,305	-12,624	-29,929
Currency Translation	0	0	0	1,513	0	0	0	1,513
Other comprehensive income	0	0	0	1,513	0	0	0	1,513
Total comprehensive income	0	0	0	1,513	0	-17,305	-12,624	-28,416
June 30, 2020	4,526	15,485	-1,202	159	14,393	-17,305	8,135	24,191

Notes

Accounting Principles

The consolidated interim financial statements of paragon GmbH & Co. KGaA as of June 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 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 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 June 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.

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, 2021, there have been no changes in the composition of the management and supervisory bodies compared to December 31, 2020.

Events After the Reporting Period

No reportable events occurred after the reporting period.

Related Party Disclosures

As of June 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, August 24, 2021



Klaus Dieter Frers
Chairman of the
Management Board



Dr. Matthias Schöllmann
Managing Director
Automotive

Financial Calendar 2021

August 24, 2021	Group Interim Report as of June 30, 2021 – First half year
August 31, 2021	Annual General Meeting, Delbrück/virtual
November 22, 2021	Group Interim Report as of September 30, 2021 – Nine months
November 22 – 24, 2021	Equity Forum, Frankfurt am Main/virtual

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