



PARAGON®

**GROUP INTERIM REPORT**  
AS OF JUNE 30, 2022  
FIRST HALF YEAR

Key Figures paragon Group <sup>1</sup>

€ '000 / as indicated	Jan. 1 to Jun. 30, 2022	Jan. 1 to Jun. 30, 2021	Change	Apr. 1 to June 30, 2022	Apr. 1 to June 30, 2021	Change
Revenue	86,391	75,693	14.1%	44,709	36,486	22.5%
EBITDA <sup>2</sup>	8,890	11,215	-20.7%	3,937	5,153	-23.6%
EBITDA margin in %	10.3	14.8	-30.5%	8.8	14.1	-446.9%
EBIT	1,226	2,729	-55.1%	349	663	-47.4%
EBIT margin in %	1.4	3.6	-60.6%	0.8	1.8	-57.0%
Earnings from continuing operations	-2,727	-523	-421.4%	-2,176	-1,080	-101.5%
Earnings from discontinued operations	n/a	-4,308	n/a	n/a	-2,926	n/a
Consolidated net income	-2,727	-4,831	43.6%	-2,176	-4,006	45.7%
Earnings per share in € (basic and diluted) from continuing operations	-0.60	-0.12	-402.1%	-0.48	-0.24	-101.0%
Earnings per share in € (basic and diluted) from discontinued operations	n/a	-0.48	n/a	n/a	-0.17	n/a
Earnings per share in € (basic and diluted) from continuing and discontinued operations	n/a	-0.60	n/a	n/a	-0.41	n/a
Investments [CAPEX] <sup>3</sup> (continuing operations)	5,352	4,761	12.4%	2,172	3,162	-31.3%
Operating cash flow (continuing operations)	10,749	4,610	133.2%	4,146	2,507	65.4%
Free cash flow <sup>4</sup> (continuing operations)	5,397	-151	n/a	1,974	-655	n/a
€ '000 / as indicated	June 30, 2022	Dec. 31, 2021	Change	June 30, 2022	June 30, 2021	Change
Total assets	160,271	159,669	0.4%	160,271	172,022	-6.8%
Equity	544	3,300	-83.5%	544	10,004	-94.6%
Equity ratio in %	0.3%	2.1%	-83.6%	0.3%	5.8%	n/a
Cash and cash equivalents	1,582	1,455	8.7%	1,582	4,685	-66.2%
Interest-bearing liabilities	105,305	115,879	-9.1%	105,305	120,187	-12.4%
Net debt <sup>5</sup>	103,723	114,424	-9.4%	103,723	115,502	-10.2%
Employees <sup>6</sup>	869	839	3.6%	869	792	9.7%

## Share

	June 30, 2022	Dec. 31, 2021	Change	June 30, 2022	June 30, 2021	Change
Closing price in Xetra in €	4.61	7.18	-35.8%	4.61	11.20	-58.8%
Number of shares issued	4,526,266	4,526,266	0	4,526,266	4,526,266	0
Market capitalization in € millions	20.9	32.5	-11.6	20.9	50.7	-29.8

## Highlights From the First Half of 2022

- paragon's revenue in the first half of 2022 better than expected at € 86.4 million (prior year: € 75.7 million) – increase in revenue of 14.1% despite difficult market environment
- Following growth of 6.3% in the first quarter of 2022 (compared to the first quarter of 2021), revenue increased again significantly by 22.5% in the second quarter (compared to Q2 2021)
- Q2 2022 was the strongest quarter in the company's history in terms of revenue, and the first half of the year was likewise the strongest half-year ever – revenue was driven primarily by the Interior and Kinematics units
- Realized revenue growth in the first half of 2022 demonstrates considerable resilience to negative external influences (coronavirus lockdowns, war in Ukraine, chip shortages, supply chain issues)
- Operating EBITDA on target – noncash one-time effects to be taken into account
- One-time effects relate to noncash book losses from the sale of peripheral activities (€ 0.4 million) and production buildings no longer in use (€ 1.8 million); In addition, there were unrealized exchange rate losses due to a weaker EUR/CHF exchange rate (€ 0.9 million) as of the reporting date
- EBITDA of € 8.9 million in the first six months (prior year: € 11.2 million) mainly influenced by the above-mentioned one-time effects of € 3.1 million – increases in cost of materials and higher logistics and energy costs largely offset by efficiency improvements along the value chain
- Debt reduction continued through partial repayment of CHF 8.75 million bond in April 2022 – EUR bond successfully extended by five years
- Order backlog up to end of 2026 increased by 17% to € 630 million compared to same period of the prior year
- Original revenue forecast for the current fiscal year of € 155 to 165 million raised to € 170 million – operating EBITDA margin still expected to exceed 15% percent

1 The paragon Group is comprised of the Electronics and Mechanics operating segments (paragon Automotive). Due to the sale of Voltabox AG in 2021, the Electromobility operating segment (Voltabox AG) is presented as a discontinued operation as of June 30, 2021. The prior-year figures have been adjusted accordingly.

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 82 temporary workers, paragon Automotive (December 31, 2021: 61; June 30, 2021: 67)

# Letter From the Management

Dear Shareholders,  
Customers, Business Partners  
and Employees,

In the second quarter, paragon Automotive was able to achieve revenue of € 44.7 million, almost a quarter higher than the prior-year period (Q2 2021: € 36.5 million). This is impressive confirmation of the growth course we have embarked upon. In the first half of 2022, paragon thus generated revenue of € 86.4 million. This is an increase of 14.1% compared to the prior-year period. In terms of revenue, it is the strongest first half-year in the history of paragon Automotive.

With this growth of 14.1%, paragon was able to clearly distinguish itself from the downward trend in the industry. The automotive industry built and sold significantly fewer cars in the first half of 2022 than in the first half of 2021. This was due to the war in Ukraine, supply chain problems, coronavirus lockdowns and chip shortages. Of course, higher production figures in the automotive industry would have automatically resulted in higher revenue at paragon. However, performance in the first half of the year again proves that paragon's positioning as a technology provider is not only paying off now, but will result in a significant increase in market share in the long term and makes paragon sustainably robust.

As you know, we sold our stake in Voltabox AG in Q4 2021 and therefore have a clear focus on the automotive business again. We continued to streamline the portfolio in the first half of 2022. As reported, we sold the Aachen site to a leading development services provider. In addition, we sold the production building originally leased to Voltabox AG. This production building stood empty after Voltabox left and was not a useful addition to our own production network. We therefore decided to sell the production building and use the capital tied up in it to further reduce our debt. However, these two activities resulted in noncash book

losses of € 2.2 million and thus impacted our earnings in the first half of 2022.

Another negative noncash impact on our earnings resulted from the CHF/EUR exchange rate. Due to a strong CHF, paragon had to recognize an unrealized noncash exchange rate loss of € 0.9 million in its earnings.

Taking into account these noncash one-time negative effects totaling € 3.1 million, the EBITDA of € 8.9 million achieved is noteworthy. Although EBITDA is nominally € 2.3 million lower than in the prior year, operating EBITDA excluding these one-time negative effects proves that the profitability of paragon is at the communicated target level. paragon succeeded in compensating for material cost increases and higher logistics and energy costs in the first half of the year.

In April 2022, we took another important step on our way to reducing net debt with the second partial repayment of bonds from the Swiss franc bond issued in April 2019. Including the first partial repayment in August 2021, we have already repaid 40.0%. This leaves an outstanding amount of CHF 21 million, which is due for repayment in April 2023. The activities to ensure this repayment together with a partial repayment of € 5.0 million in respect of the EUR bond are proceeding according to plan, and we are monitoring them extremely closely. We will provide the capital market with comprehensive information in the fall of 2022.

At an earlier date, we communicated a revenue forecast of € 155 to 165 million for the 2022 fiscal year. Thanks to the pleasing increase in revenue in the first few months of 2022 – which defied the adverse circumstances due to the coronavirus, the war in Ukraine, supply chain problems and chip shortages – we were able to refine the revenue forecast in May, 2022 to approximately € 165 million for 2022. At this time, we had already indicated that we saw potential for further improvement and that we would wait to see how things developed over the next two to three months. Taking into consideration current revenue development and high customer orders for the coming months, we are now able

to raise the revenue forecast for 2022 to € 170 million. We stand by our operative EBITDA margin forecast of > 15% taking into account the one-time negative effects.

The management is still not satisfied with the current share price level. Two current analyst reports show the potential of the paragon share. The experts see a target price of 15.20 euro/share to 19.60 euro/share.

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 in these challenging times. We are confident that the 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. Martin Esser  
Chief Financial Officer

## paragon in the Capital Market

The German stock market lost a significant amount of ground in both the first and second quarter of 2022. This reflected several different factors. The first point to mention is the rising inflation rate. The continued spread of the Omicron variant of SARS-CoV-2 is a second factor. The third is Russia's war of aggression against Ukraine. Overall, the DAX 40 was down 20.0% by comparison with the last day of trading in 2021.

The paragon share lost ground in the first half of the year. After being priced at € 7.18 at the end of 2021, the share reached a low of € 3.90 on January 14, 2022. At the end of the reporting period, the share price was € 4.61, corresponding to a loss of 35.8%. paragon's stock market value thus decreased from € 32.5 million to € 20.9 million.

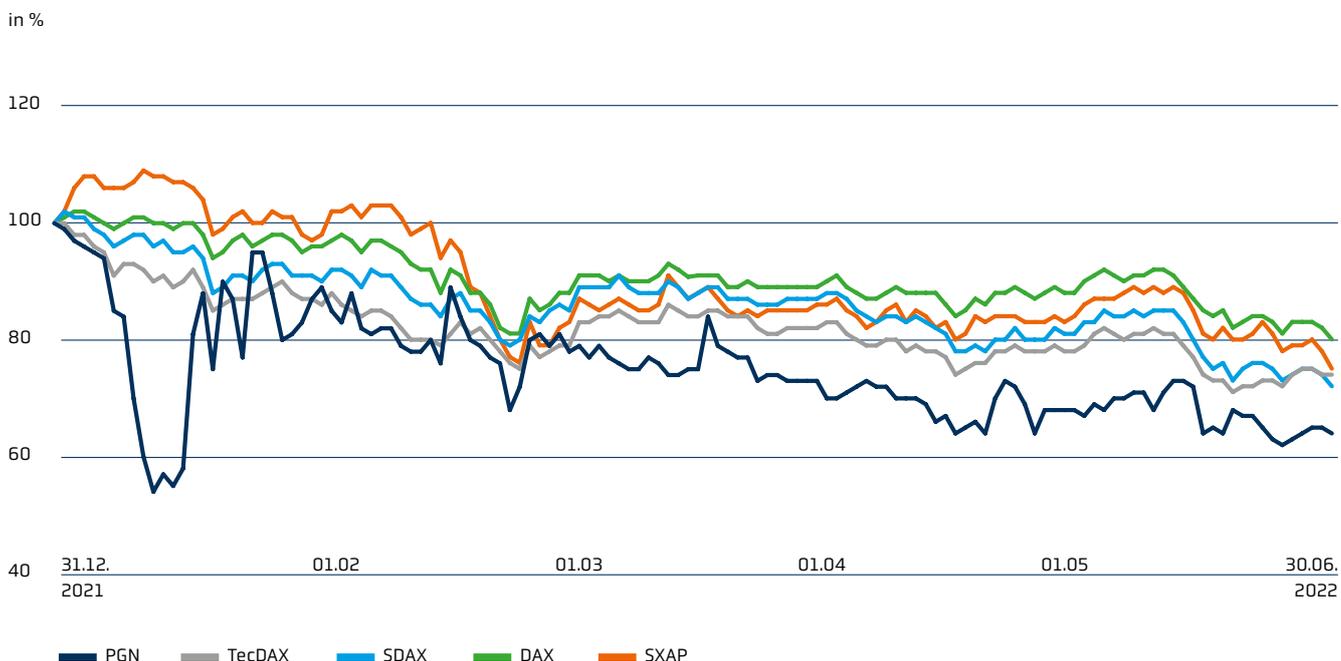
### Corporate Bond 2017/27

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 each year). 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 2025 or upon sale of the operating segments.

The corporate bond 2017/27, tradable since June 28, 2017, averaged 53.2% in the first six 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. A first 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 bond 2019/23, tradable since April 23, 2019, averaged 61.0% in the first half of the year.

## Business Performance

The performance of the global car market in the second quarter and thus in the entire first half 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 effects, the market level in both the second quarter of 2022 and the entire first half of the year was below the comparable period in 2021. However, demand for cars remains strong.

Despite these influences, paragon's business performance in the first six months of the 2022 fiscal year was characterized by a further increase in sales volumes. As in prior quarters, paragon achieved positive growth rates across all operating segments. paragon's revenue increased by 14.1% compared to the same period last year to € 86.4 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 <sup>1</sup>			Mechanics <sup>2</sup>			Eliminations			paragon Automotive		
	6M/ 2022	6M/ 2021	Δ in %	6M/ 2022	6M/ 2021	Δ in %	6M/ 2022	6M/ 2021	Δ in %	6M/ 2022	6M/ 2021	Δ in %
€ '000 / as indicated												
Revenue (third party)	59,603	54,506	9.4	26,788	21,187	26.4	0	0	n/a	86,391	75,693	14.1
Intersegment revenue	455	1,492	-69.5	105	-45	n/a	-560	-1,447	-61.3	0	0	n/a
<b>Revenue</b>	<b>60,058</b>	<b>55,998</b>	<b>7.3</b>	<b>26,893</b>	<b>21,142</b>	<b>27.2</b>	<b>-560</b>	<b>-1,447</b>	<b>-61.3</b>	<b>86,391</b>	<b>75,693</b>	<b>14.1</b>
<b>EBITDA</b>	<b>8,550</b>	<b>9,060</b>	<b>-5.6</b>	<b>340</b>	<b>1,992</b>	<b>-82.9</b>	<b>0</b>	<b>163</b>	<b>n/a</b>	<b>8,890</b>	<b>11,215</b>	<b>-20.7</b>
<b>EBITDA margin</b>	<b>14.2%</b>	<b>16.2%</b>	<b>-12.0%</b>	<b>1.3%</b>	<b>9.4%</b>	<b>-86.6%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>10.3%</b>	<b>14.8%</b>	<b>-30.5%</b>

1 Sensors, Interior, Digital Assistance and Power units

2 Kinematics unit (paragon movasys GmbH)

The largest operating segment, Electronics, dominated Group activities as expected with revenue of € 60.1 million (prior year: € 56.0 million). Of this amount, € 59.6 million (prior year: € 54.5 million) was attributable to third-party revenue in the Sensors, Interior, Digital Assistance and Power units, which corresponds to 69.0% of Group revenue (prior year: 72.0%). The segment thus achieved revenue growth of 7.2%. EBITDA for the operating segment amounted to about € 8.6 million (prior year: € 9.06 million).

The Mechanics operating segment achieved segment revenue of € 26.9 million (prior year: € 21.1 million), of which

€ 26.8 million is attributable to third-party revenue (prior year: € 21.2 million). This increase was primarily due to the significant increase in sales of adaptive rear spoilers for German sports car manufacturers. Segment revenue with third parties is recognized under paragon movasys GmbH in the Kinematics unit and accounted for 31.0% of Group revenue in the first six months (prior year: 28.0%). EBITDA for the operating segment amounted to € 0.3 million (prior year: € 2.0 million).

Revenue development in the individual units was as follows:

<b>Breakdown of revenue</b> € '000 / as indicated	<b>6M/ 2022</b>	<b>Share in%</b>	<b>6M/ 2021</b>	<b>Share in%</b>	<b>Change in%</b>
Sensors	25,060	29.0	24,043	31.8	4.2
Interior	28,508	33.0	25,105	33.1	13.6
Digital Assistance	5,650	6.5	5,330	7.0	6.0
GB Power	384	0.5	28	0.1	1,271.4
Mechanics <sup>1</sup>	26,788	31.0	21,187	28.0	26.4
<b>paragon Automotive</b>	<b>86,391</b>	<b>100.0</b>	<b>75,693</b>	<b>100.0</b>	<b>14.1</b>

1 Represented by the Kinematics unit

As a result of the high demand for products in the field of air quality management, revenue in the Sensors unit in the first half of the year amounts to € 25.1 million, 4.2% higher than in the prior year.

In the Interior unit, revenue increased by 13.6% to € 28.5 million (prior year: € 25.1 million), mainly due to strong demand in the display instruments product group (stop-watches, clocks and compasses).

The Digital Assistance unit achieved growth of 6.0%, increasing revenue to € 5.7 million (prior year: € 5.3 million). Revenue continues to be generated primarily from income from the paragon semvox GmbH licensing model as well as development contracts.

paragon sold its Aachen site to a development service provider in the reporting period, within the scope of a transfer of company ownership. This company's personnel and noncurrent assets were also transferred. The selling price

realized was slightly lower than the carrying amount of the noncurrent assets. This resulted in a noncash book loss of € 0.45 million. This loss has been recognized under other operating expenses.

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 as of the balance sheet 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 six months of the current fiscal year, paragon achieved revenue of around € 86.4 million (prior year: € 75.7 million). With inventory changes of € 3.6 million (prior year: € 0.9 million) and capitalized development costs of € 4.9 million (prior year: € 3.2 million), total operating performance amounted to € 96.8 million (prior year: € 81.0 million).

The cost of materials amounted to € 46.7 million (prior year: € 38.0 million). This resulted in a material input ratio (calculated from the ratio of cost of materials to revenue and inventory changes) of 51.8% (prior year: 49.6%).

Gross profit for the first half of the year was € 50.2 million (prior year: € 43.0 million), which constitutes a gross profit margin of 58.1% (prior year: 56.8%). Personnel expenses amounted to € 25.8 million (prior year: € 22.3 million), resulting in a personnel expense ratio of 29.8% (prior year: 29.4%).

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 € 0.9 million were incurred on the CHF bond due to a weaker EUR to CHF exchange rate.

Taking into account the other operating expenses of € 15.5 million (prior year: € 9.5 million), earnings before interest, taxes, depreciation and amortization (EBITDA) totaled € 8.9 million (prior year: € 11.2 million). This corresponds to an EBITDA margin of 10.3% (prior year: 14.8%). After depreciation and amortization of € 7.6 million (prior year: € 8.2 million), earnings before interest and taxes (EBIT) amount to € 1.2 million (prior year: € 2.7 million). The EBIT margin accordingly came to 1.4% (prior year: 3.6%).

With a financial result of € 3.0 million (prior year: € 3.0 million) and income taxes of € 0.9 million (prior year: € 0.2 million), the paragon Group generated a consolidated income of € -2.7 million (prior year: € -4.8 million including discontinued operations) in the reporting period. This corresponds to earnings per share of € -0.60 (prior year: € -0.60).

## Net Assets

As of June 30, 2022, total assets had increased slightly to € 160.3 million (December 31, 2021: € 159.7 million). This development is mainly attributable to a systematic build-up of inventories. This was mainly done in order to ensure full delivery capability for paragon customers despite the semiconductor shortage. In addition, trade and other receivables increased. This was offset by the disposal of noncurrent assets.

Equity decreased to € 0.5 million as of the balance sheet date (December 31, 2021: € 3.3 million), particularly due to the negative total consolidated net income. This caused the equity ratio to decrease to 0.3 % (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 December 31, 2021, this bond was still entirely reported as a short-term bond.

Noncurrent provisions and liabilities increased to € 72.6 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 € 87.1 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 € 23.5 million (prior year: € 13.9 million) and higher other liabilities of € 19.6 million (prior year: € 15.0 million).

## Financial Position

Cash flow from operating activities increased in the period under review to € 10.7 million (prior year: € 4.6 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 investment activity increased slightly in the period under review to € 0.9 million (prior year: € 0.2 million), which is mainly due to the disposal of both the production building and the activities at the Aachen site.

The cash flow from financing activities decreased in the reporting period by € 8.1 million to € -11.5 million (prior year: € -3.4 million), especially as a result of the partial repayment of the CHF bond and planned loan repayments. Cash and cash equivalents totaled € 1.6 million as of the end of the reporting period (December 31, 2021: € 1.5 million).

## Opportunity and Risk Report

In the first six 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.

## Development of Key Performance Indicators

€ '000 / as indicated	2021	Since start of year 6 M/2022	Adj. 2022 forecast
<b>Financial performance indicators</b>			
Revenue	€ 146.9 million	€ 86.4 million	approx. € 170 million
EBITDA margin	13.6%	10.3%	> 15%
Free cash flow	€ -3.8 million	€ 5.4 million	approx. € 12 million

## **Condensed Interim Consolidated Financial Statements**

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

€ '000	Jan. 1 to Jun. 30, 2022	Jan. 1 to Jun. 30, 2021 <sup>1</sup>	Apr. 1 to Jun. 30, 2022	Apr. 1 to Jun. 30, 2021 <sup>1</sup>
<b>Revenue</b>	<b>86,391</b>	<b>75,693</b>	<b>44,709</b>	<b>36,486</b>
Other operating income	1,887	1,293	875	1,072
Increase or decrease in inventory of finished goods and work in progress	3,641	894	2,940	457
Other own work capitalized	4,914	3,155	2,237	1,913
<b>Total operating performance</b>	<b>96,833</b>	<b>81,035</b>	<b>50,761</b>	<b>39,927</b>
Cost of materials	-46,668	-38,014	-23,832	-18,003
<b>Gross profit</b>	<b>50,165</b>	<b>43,022</b>	<b>26,929</b>	<b>21,925</b>
Personnel expenses	-25,762	-22,262	-13,356	-11,243
Depreciation of property, plant and equipment and amortization of intangible assets	-7,633	-8,214	-3,579	-4,315
Impairment of property, plant and equipment and intangible assets	-31	-271	-9	-174
Other operating expenses	-15,513	-9,546	-9,636	-5,530
Financial income	19	37	6	24
Financial expenses	-3,052	-3,042	-1,884	-1,555
<b>Financial result</b>	<b>-3,033</b>	<b>-3,005</b>	<b>-1,878</b>	<b>-1,531</b>
<b>Earnings before taxes (EBT)</b>	<b>-1,807</b>	<b>-276</b>	<b>-1,529</b>	<b>-869</b>
Income taxes	-920	-247	-647	-211
Earnings from continuing operations	-2,727	-523	-2,176	-1,080
Earnings from discontinued operations	n/a	-4,308	n/a	-2,926
<b>Consolidated net income</b>	<b>-2,727</b>	<b>-4,831</b>	<b>-2,176</b>	<b>-4,006</b>
Earnings per share in € (basic and diluted) from continuing operations	-0.60	-0.12	-0.48	-0.24
Earnings per share in € (basic and diluted) from discontinued operations	n/a	-0.48	n/a	-0.17
Earnings per share in € (basic and diluted) from continuing and discontinued operations	-0.60	-0.60	-0.48	-0.41
Average number of shares outstanding (basic and diluted)	4,526,266	4,526,266	4,526,266	4,526,266
<b>Other comprehensive income</b>				
Currency translation reserve from continuing operations	-29	130	-8	19
Currency translation reserve from discontinued operations	n/a	-1,065	n/a	393
<b>Total comprehensive income</b>	<b>-2,756</b>	<b>-5,765</b>	<b>-2,184</b>	<b>-3,594</b>

1 Due to the sale of Voltabox AG in 2021, the Electromobility operating segment (Voltabox AG) is presented as a discontinued operation as of June 30, 2021. The prior-year figures have been adjusted accordingly.

## Consolidated Balance Sheet as of June 30, 2022 (IFRS)

€ '000	Jun. 30, 2022	Dec. 31, 2021
<b>ASSETS</b>		
<b>Noncurrent assets</b>		
Intangible assets	54,600	54,533
Goodwill	21,875	21,875
Property, plant and equipment	28,918	37,998
Financial assets	135	574
Other assets	468	473
	<b>105,996</b>	<b>115,453</b>
<b>Current assets</b>		
Inventories	28,412	23,965
Trade receivables	12,411	10,859
Income tax assets	210	221
Other assets	11,660	7,717
Cash and cash equivalents	1,582	1,455
	<b>54,275</b>	<b>44,216</b>
<b>Total assets</b>	<b>160,271</b>	<b>159,669</b>

€ '000	Jun. 30, 2022	Dec. 31, 2021
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
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	-2,727	-5,960
Currency translation differences	221	250
	<b>544</b>	<b>3,300</b>
<b>Noncurrent provisions and liabilities</b>		
Noncurrent liabilities from lease contracts	9,707	9,496
Noncurrent loans	8,128	10,182
Noncurrent bonds	45,000	0
Deferred taxes	6,730	5,692
Pension provisions	3,028	2,931
	<b>72,593</b>	<b>28,301</b>
<b>Current provisions and liabilities</b>		
Current portion of liabilities from lease contracts	2,912	2,582
Current loans and current portion of noncurrent loans	13,223	14,580
Trade payables	23,458	13,870
Liabilities to affiliated companies	0	17
Short-term bonds	26,335	79,038
Other provisions	1,008	2,015
Income tax liabilities	648	927
Other current liabilities	19,550	15,037
	<b>87,134</b>	<b>128,068</b>
<b>Total equity and liabilities</b>	<b>160,271</b>	<b>159,669</b>

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

€ '000	Jan. 1 to Jun. 30, 2022	Jan. 1 to Jun. 30, 2021 <sup>1</sup>
<b>Earnings before taxes (EBT)</b>	-1,807	-276
Depreciation/amortization of noncurrent assets	7,633	8,214
Financial result	3,033	3,006
Gains (-)/losses from the disposal of property, plant and equipment and financial assets	2,221	0
Increase (+)/decrease (-) in other provisions and pension provisions	-910	3,610
Income from the reversal of the special item for investment grants	0	-44
Increase (-)/decrease (+) in trade receivables, other receivables, and other assets	-5,490	-4,401
Depreciation of noncurrent assets	31	271
Increase (-)/decrease (+) in inventories	-4,447	-4,390
Increase (+)/decrease (-) in trade payables and other liabilities	11,543	265
Interest paid	-1,819	-1,452
Income taxes	-144	-193
<b>Cash flow from operating activities of continuing operations</b>	<b>10,749</b>	<b>4,610</b>
<b>Cash flow from operating activities of discontinued operations</b>	<b>n/a</b>	<b>-129</b>
Cash receipts from the disposal of property, plant and equipment	5,800	4,910
Cash payments for investments in property, plant and equipment	-534	-1,605
Cash payments for investments in intangible assets	-4,818	-3,155
Cash receipts from the sale of long-term securities	416	0
<b>Cash flow from investing activities of continuing operations</b>	<b>864</b>	<b>150</b>
<b>Cash flow from investing activities of discontinued operations</b>	<b>n/a</b>	<b>48</b>
Bond repayments	-8,613	0
Loan repayments	-3,411	-3,595
Cash payments for finance lease liabilities	-1,617	-1,247
Proceeds from the inclusion of finance lease obligations	2,156	0
Cash inflow from the sale of shares	0	1,440
<b>Cash flow from financing activities of continuing operations</b>	<b>-11,486</b>	<b>-3,402</b>
<b>Cash flow from financing activities of discontinued operations</b>	<b>n/a</b>	<b>-1,596</b>
Changes in cash and cash equivalents	127	1,358
Cash and cash equivalents at beginning of period	1,455	3,327
Cash and cash equivalents at end of period	1,582	4,685

1 Due to the sale of Voltabox AG in 2021, the Electromobility operating segment (Voltabox AG) is presented as a discontinued operation as of June 30, 2021. The prior-year figures have been adjusted accordingly.

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

€ '000	Subscribed capital	Capital reserve	Revaluation reserve	Currency translation reserve	Retained profit		Total
					Loss carryforward	Consolidated net income	
<b>January 1, 2022</b>	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
<b>Other comprehensive income</b>	0	0	0	-29	0	0	-29
Total comprehensive income	0	0	0	-29	-5,690	3,233	-2,756
<b>June 30, 2022</b>	4,526	15,485	-677	221	-16,284	-2,727	544

€ '000	Subscribed capital	Capital reserve	Revaluation reserve	Currency translation reserve	Retained profit		Minority interests	Total
					Loss carryforward	Consolidated net income		
<b>January 1, 2021</b>	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
<b>Decreased shareholding in Voltabox</b>	0	0	0	0	1,036	0	761	1,797
<b>June 30, 2021</b>	4,526	15,485	-1,202	-604	-10,143	-2,709	3,909	9,262

## Notes

### Accounting Principles

The consolidated interim financial statements of paragon GmbH & Co. KGaA as of June 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 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](http://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 June 30, 2022, there have been no changes in the composition of the Supervisory Board compared to December 31, 2021.

### Events After the Reporting Period

No reportable events occurred after the reporting period.

#### 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 balance sheet date. With this exception, as of June 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, 8/22/2022



Klaus Dieter Frers  
Chief Executive Officer

## Financial Calendar

August 22, 2022	Group Interim Report as of June 30, 2022 – Half-Year
September 5 – 6, 2022	Equity Forum (Fall Conference), Frankfurt a.M.
September 19 – 23, 2022	Baader Investment Conference, Munich
November 22, 2022	Group Interim Report as of September 30, 2021 – Nine-Month
November 28 – 30, 2022	Equity Forum (Deutsche Börse), Frankfurt a.M.

## Imprint

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