GROUP INTERIM REPORT
AS OF SEPTEMBER 30, 2019
NINE MONTHS

Highlights from First Six Months 2019

- Group revenue up 11.6 % to € 132.6 million (prior year: € 118.8 million)
- EBITDA drops by 82.2 % to € 3.1 million (prior year: € 17.2 million)
- EBITDA margin at 2.3 % (prior year: 14.5%)
- EBIT decreases to € -14.1 million (prior year: € 7.7 million); EBIT margin at -10.6 % (prior year: 6.5 %)
- Forecast for fiscal year 2019 revised on 12 August to revenue between € 200 million to € 210 million and EBIT margin between -1 % to -2 %

Group Key Figures (IFRS)

€ '000 / as indicated	Jan. 1 to Sep. 30, 2019	Jan. 1 to Sep. 30, 2018	Change in %	Jul. 1 to Sep. 30, 2019	Jul. 1 to Sep. 30, 2018	Change in %
Revenue	132,646	118,807	11.6	36,611	40,217	-9.0
EBITDA	3,053	17,172	-82.2	-2,489	6,135	n. a.
EBITDA margin in %	2.3	14.5	n. a.	-6.8	15.3	n. a.
EBIT	-14,102	7,687	n. a.	-8,701	2,887	n. a.
EBIT margin in %	-10.6	6.5	n. a.	-23.8	7.2	n. a.
Group result	-15,846	1,960	n. a.	-7,924	1,236	n. a.
Earnings per share in €	-2.62	0.27	n. a.	-1.11	0.07	n. a.
Investments (CAPEX)[1]	40,199	24,916	61.3	16,082	9,038	77.9
Operating cash flow	-14,360	-35,356	59.4	12,446	-7,763	n. a.
Free cash flow[2]	-54,559	-60,272	9.5	-3,636	-16,802	78.4
€ '000 / as indicated	Sep. 30, 2019	Sep. 31, 2018	Change in %	Sep. 30, 2019	Sep. 30, 2018	Change in %
Total assets	380,653	362,293	5.1	380,653	331,002	15.0
Equity	160,410	177,799	-9.8	160,410	178,154	-10.0
Equity ratio in %	42.1	49.1	n. a.	42.1	53.8	n. a.
Free liquidity	18,376	48,926	-62.4	18,376	73,517	-75.0
Interest bearing liabilities	140,098	110,636	26.6	140,098	95,564	46.6
Net debt[3]	121,722	61,710	97.2	121,722	22,047	452.1
Employees[4]	1,057	1,032	2.4	1,057	847	24.8

Share

	Sep. 30, 2019	Dec. 31, 2018	Change in %	Sep. 30, 2019	Sep. 30, 2018	Change in %
Closing price in Xetra in €	12.58	17.48	-28.0 %	12.58	37.35	-66.3 %
Number of shares issued	4,526,266	4,526,266	0 %	4,526,266	4,526,266	0 %
Market capitalization in € millions	56.9	79.1	-22.2	56.9	169.1	-112.2

1 CAPEX = Investments in property, plant and equipment + Investments in intangible assets
2 Free cash flow = Operating cash flow – Investments (CAPEX)
3 Net debt = Interest bearing liabilities – liquid funds
4 Plus 49 temporary employees (31 December 2018: 107; June 30, 2018: 88)

Dear shareholders, customers, business partners and employees,

The structural change in the automotive industry continues to be the dominant theme in the media, in the publications of manufacturers and suppliers in the sector and in political debates. Looking at the development of paragon's automotive business, we do not share the concerns of many competitors. According to the German Association of the Automotive Industry (VDA), global passenger car markets certainly showed negative performance in the first nine months of the year. But the decline in the third quarter was lower than in the previous two quarters. New registrations in the German market increased by 2% in the first nine months. The sales from paragon's five largest automotive customers developed in different directions during this period. While Volkswagen, Daimler and above all Audi registered a decline in sales, BMW and especially Porsche were able to increase their market share.

Based on the ability to compensate well for losses of individual customers' market shares due to our specific product portfolio, paragon's automotive business has once again proved to be a reliable backbone of the Group in recent months. After the first three quarters of this year, revenue from customers from the automotive industry amounted to € 94.9 million, which represents an increase of 7.8% compared to the same period of the previous year. Adjusted for one-time effects, EBIT of paragon Automotive amounts to € 2.7 million, which corresponds to an EBIT margin of 2.9%. The paragon Group generated revenue of € 132.6 million in this period, which represents growth of around 12 %. Unadjusted, paragon reported an EBIT of € -14.1 million and an EBIT margin of -10.6%. In particular, the Electromobility operating segment and Body Kinematics business unit – along with the ramp-up of spoiler production for the 992 model series of the Porsche 911 – made significant contributions to the increase in revenue.

In recent months, we have launched a comprehensive cost reduction program in the automotive sector for the subsidiary paragon movasys GmbH, which entails a reduction of production costs along with the consolidation of key functions and has already generated substantial synergy effects for the future. In addition, we have pursued a reorganization of our sites in Germany, thereby facilitating not only the reduction of rental costs, but also an increase in efficiency in the subareas of development and production.

The subsidiary Voltabox AG, which represents the Electromobility operating segment, contributed revenue of around € 37.9 million to consolidated net income in the first nine months as planned. As expected, the EBIT margin of Voltabox was -30.0%; the fourth quarter is expected to bring an improvement. As noted in the half-year report, the announced revenue postponements are clearly noticeable in the third and fourth quarter. The countermeasures taken by the company will increasingly help ease the burden on EBIT and stand to reduce fixed costs by approximately 30% in the coming fiscal year. Voltabox has adjusted its human resources in accordance with the expected revenue and thus capacity utilization in the current and upcoming fiscal year.

The rapid repayment of trade receivables due from a major Voltabox customer which arose in the second half of 2018 is proceeding according to plan. The free cash flow for Voltabox as of the end of the year is still expected to be in the negative double-digit range as announced so, as things presently stand, the targeted goal of a significantly improved free cash flow compared to the prior year will be achieved at the Group level. In this context, the Voltabox Management Board emphasized that it continues to see good opportunities for the value-preserving use of stockpiled battery systems in current projects. The demand for the previous generation of Voltabox NMC systems will also continue in the coming year.

Given the positive free cash flow development in the second half of the year, we remain convinced that paragon has an adequate cash position in the current fiscal year and that the cost reduction measures that have been taken are significantly increasing its internal financing capability.

The International Monetary Fund (IMF) expects global growth of 3.0 % for the current year, the slowest pace since the 2008 global financial crisis. In the coming year, the global economy is expected to grow by 3.4 %. Following the slight recovery of the Ifo Business Climate Index in September, the expectations of German companies for their future development also brightened somewhat in October.

Against the background of these economic developments, we are looking intently but also optimistically at the coming fiscal year because the prospects of paragon's specific customer base are still good. According to the latest figures from the renowned market research institute IHS, the growth of paragon customers, nearly all of whom belong to the premium segment, will amount to approximately 4 % in the coming year. In comparison, IHS expects a marginal growth close to zero for the overall market in 2020.

On this basis, we expect to achieve sales in the range of € 225 million to € 240 million in the 2020 fiscal year, which means further Group growth of between 12 % and 14 %. The EBIT should be € 12 million to € 17 million, corresponding to an EBIT margin of 5 % to 7 %. The EBITDA is projected to be between € 34 million and € 39 million, with paragon aiming for an EBITDA margin of between 15 % and 16 %. The company plans to generate a free cash flow in the positive single-digit range. Investment volume should amount to approximately € 32.5 million, thereof around 60 % for capitalized development costs.

Along with the existing business from series production runs started in 2018 and earlier, the performance of Automotive revenue will be encouraging in the upcoming fiscal year, particularly due to the production ramp-ups initiated this year as well as the production starts and expansions planned for 2020. While series launches were primarily recorded in the Mechanics operating segment in the current fiscal year, upcoming developments for the 2020 fiscal year include the initial production of the Dustdetect(R) fine dust particle sensor for use in the Chinese market, the significant increase in quantities of the particle sensor for a high-end German manufacturer that was confirmed following the IAA and substantial increases in deliveries of AI software for digital assistant solutions for use in the high-volume vehicles of leading automotive manufacturers.

Based on a new planning methodology adapted to its business model, the subsidiary Voltabox expects revenue between € 85 million and € 100 million with an EBITDA margin of approximately 15 % and an EBIT margin of 5 % to 7 % in the 2020 fiscal year. The free cash flow of Voltabox is also expected to be in the positive single-digit range in this period. The investment volume of the subsidiary is to amount to EUR 12.5 million, of which around 70 % will be for own work capitalized.

The main revenue drivers for the Electromobility operating segment in the coming year will be the existing market segments of intralogistics, batteries for pedelecs and e-bikes and starter batteries for motorcycles and cars, mining vehicles as well as telecommunications equipment. In the public transportation market segment, the trolleybus area will be augmented by business from the conversion of diesel buses to electric powertrains. Beginning in 2020, Voltabox will supply cooperation partner e-troFit with battery systems for retrofitting projects. Together with partners ZF Friedrichshafen AG and Valeo, diesel drive buses and trucks will be converted to a sustainable drive concept for less than half the purchase price of an electric bus. The system also promises cost advantages for original equipment. The Voltabox Management Board expects this project to contribute revenue in the high single-digit million range. The sales figures planned by partner e-troFit indicate a dramatic revenue increase for subsequent years.

The Voltabox Management Board continues to assume that Voltabox of Texas will make its first positive contribution to earnings in the coming fiscal year. This assumption is based on the promising operational launch of the

U.S. subsidiary's new sales system, which also enables the expansion of the product portfolio to include mobile energy storage systems. Furthermore, the business with stationary energy storage systems for the 5G network, which had originally been planned for 2019, will make an important contribution to revenue.

We would like to thank all our employees for their commitment and achievements in overcoming the current challenges as well as our business partners, customers and shareholders for confirming their trust.

Klaus Dieter Frers
CEO

Dr. Matthias Schöllmann
Managing Director
Automotive

paragon in the Capital Market

Following a start to the year still marked by cautious investor sentiment and a high degree of risk aversion, particularly on the institutional side, rising prices at the beginning of the second quarter also failed to rally market participants. Greater emphasis was initially placed on profit-taking. Genuine buyer interest only began to materialize in late June.

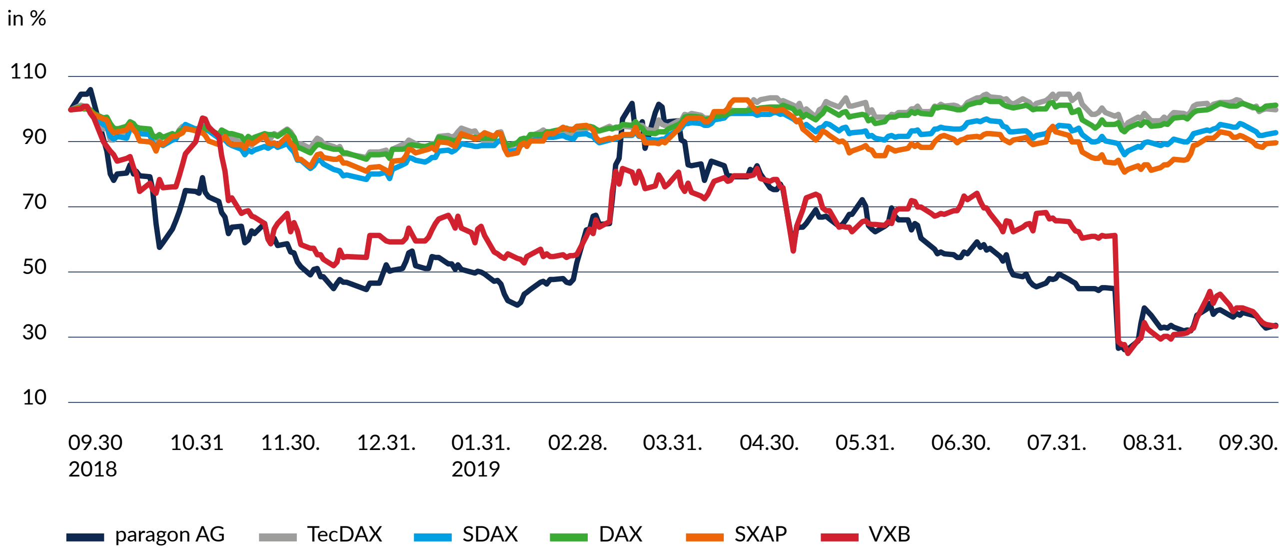
In the third quarter, purchasing managers' indices dropped below critical thresholds in a number of countries as the economic slowdown became increasingly pronounced. This had a corresponding effect on investor sentiment in stock markets. At the beginning of the quarter, the focus was on profit-taking and increasing risk aversion. After an intervening boost from favorable entry prices, investor sentiment deteriorated in late July following a decline in the leading indices. Private investors were particularly pessimistic and expanded their previously established short positions.

Favorable entry prices were identified mainly by institutional investors in early August, despite the negative policy signs that followed the reduction of the key interest rate by the U.S. Federal Reserve and the serious escalation of the trade war between the USA and China with the announcement of additional punitive tariffs. Throughout the rest of the month, however, political developments at the global level ultimately resulted in nervousness in markets. Global political developments ultimately resulted in nervousness, however, and motivated traders of institutional investors in the second half of August.

The mood among private investors lightened as the month drew to a close, even though the trade war remained the dominant subject in the markets. At the end of the quarter, however, professional investor sentiment as measured by the Frankfurt Sentiment Index dropped to its lowest level since 2010. This complex, bearish situation was influenced particularly by leading financial institutions' revisions of their outlooks for the near and medium-term future of the economy at the national and global levels.

On the whole, most German stock indices concluded the first nine months with gains (DAX 17.5 %, SDAX 4.2 %, TecDAX 14.2 %). The STOXX Europe 600 Automobiles & Parts (SXAP) index, which lists the most important European automotive industry stocks, also posted growth of 10.4 %. During the same period, the paragon share substantially underperformed the market with a decline in value of 35.5 %. Starting from an initial price of € 19.50,

Performance of paragon Share



the paragon share rose from the end of February to the high of € 38.55 on March 18. The positive trend was followed by a weaker phase in May, which was accompanied by high trading volumes. After the subsidiary Voltabox's mandatory announcement from May 6 based on BaFin's determination of the need to correct the 2018 consolidated financial statements, the price stabilized quickly, but could hardly develop upward momentum in June and July. In mid-August, the price fell to the low of € 9.93 as a result of the profit warning. A slight correction subsequently occurred, but the share then remained at the level of the closing price at the end of the first nine months of € 12.58. As a result, the stock market value of paragon as of this reporting date was around € 56.9 million. The stock market value loss in the first nine months was therefore € 31.3 million.

The corporate bond 2017/22, tradable since June 28, 2017, averaged 92.27% in the first nine months.

On April 4, 2019, paragon issued a bond under the leadership of Helvetische Bank AG for CHF 35 million with a coupon of 4.00% and a fixed term of five years. The bond has been listed on the SIX Swiss Exchange under the ISIN CH0419041105 since April 23, 2019, and has been interest-bearing since that date, first payable on April 23, 2020. The smallest tradable unit is CHF 5,000. The bond was trading at an average of 90.90% in the first nine months.

Business Performance

The highly favorable operational business performance in the Electromobility operating segment was largely responsible for company growth in the first six months of 2019.

€ '000 / as indicated	Electronics[1]			Mechanics[2]			Electromobility[3]		
	9M 2019	9M 2018	Δ in %	9M 2019	9M 2018	Δ in %	9M 2019	9M 2018	Δ in %
Revenue with third parties	66,336	65,784	0.8	28,520	22,243	28.2	37,790	33,469	12.9
Revenue intersegment	2,445	2,341	4.4	259	34,968	-99.3	75	1	7400.0
Revenue	**68,781**	**66,604**	**3.3**	**28,779**	**57,212**	**-49.7**	**37,865**	**33,470**	**13.1**
EBIT	**-3,087**	**5,781**	**n. a.**	**-4,114**	**-438**	**839.3**	**-11,371**	**2,353**	**n. a.**
EBIT margin	**-4.4%**	**8.7%**	**n. a.**	**-14.4 %**	**-0.8%**	**n. a.**	**-30.0%**	**7.0%**	**n. a.**

€ '000 / as indicated	Eliminiations			Group		
	9M 2019	9M 2018	Δ in %	9M 2019	9M 2018	Δ in %
Revenue with third parties	0	0	0	132,646	118,807	11.6
Revenue intersegment	-2,779	-38,479	92.8	0	0	0
Revenue	**-2,779**	**-38,479**	**92.8**	**132,646**	**118,807**	**11.6**
EBIT	**4,469**	**-8**	**n. a.**	**-14,103**	**7,687**	**n. a.**
EBIT margin	**n. a.**	**n. a.**	**n. a.**	**-10.6%**	**6.5%**	**n. a.**

1 Sensors, Interior and Digital Assistance operating segments.
2 Body Kinematics unit (paragon movasys GmbH).
3 Voltabox subgroup.

Sales development in the individual units was as follows:

Distribution of revenues € '000	9M 2019	Share in %	9M 2018	Share in %	Change in %	Q3 2019	Share in %	Q3 2018	Share in %	Change in %
Sensors	24,777	18.7	25,773	21.7	-3.9	8,105	22.1	8,139	20.2	-0.4
Interior*	38,566	29.1	37,321	31.4	3.3	11,889	32.5	9,933	24.7	19.7
Digital Assistance	2,993	2.3	-	-	100.0	1,205	3.3	-	-	100.0
Body Kinematics	28,520	21.5	22,243	18.7	28.2	9,691	26.5	6,803	16.9	42.4
Elektromobility	37,790	28.5	33,469	28.2	12.9	5,723	15.6	15,342	38.2	-62.7
thereof: Deutschland	33,335	25.1	28,465	24.0	17.1	4,577	12.5	13,679	34.0	-66.5
thereof: USA	4,455	3.4	5,005	4.2	-11.0	1,147	3.1	1,663	4.2	-31.0
Total	**132,646**	**100.0**	**118,807**	**100.0**	**11.6**	**36,612**	**100.0**	**40,217**	**100.0**	**-9.0**

* Previously Cockpit and Acoustics.

Financial Performance

In the first nine months of the current fiscal year, paragon GmbH & Co. KGaA generated Group revenue of € 132.6 million (prior year: € 118.8 million), which corresponds to an increase of 11.6 %. The higher level of other operating income of € 4.7 million (prior year: € 0.8 million) is primarily the result of foreign currency effects. With an increase in the inventory of finished and unfinished products of € 5.1 million (prior year: € 9.3 million) due to upstream production services for the coming fiscal year and slightly higher planned capitalized development costs of € 16.1 million (prior year: € 14.5 million), an overall output of € 158.5 million (prior year: € 143.3 million) has been achieved.

The cost of materials increased by 25.0 % to € 90.9 million (prior year: € 72.7 million) mainly due to pre-series production at the subsidiary Voltabox and the typically associated higher procurement prices as well as higher expenses for the use of existing cell technology. This resulted in a temporarily higher material input ratio (calculated from the ratio of cost of materials to revenue and inventory changes) of 66.0 % (prior year 56.8 %).

This results in a gross profit for the first nine months of € 67.6 million (prior year: € 70.6 million), which constitutes a gross profit margin of 50.9 % (prior year: 59.4 %). Personnel expenses rose by 28.4 % year over year to € 46.1 million (prior year: € 35.9 million). The personnel expense ratio was accordingly higher at 34.8 % (prior year: 30.2 %), mainly due to the fact that corresponding resources had been set up in accordance with the originally expected projects.

In consideration of the 4.9 % increase in other operating expenses amounting to € 18.4 million (prior year: € 17.5 million), a decrease of 82.2 % was recorded in earnings before interest, taxes, depreciation and amortization (EBITDA), which totaled € 3.1 million (prior year: € 17.2 million), corresponding to an EBITDA margin of 2.3 % (prior year: 14.5 %). After increased depreciation and amortization and impairments totaling € 17.2 million (prior year: € 9.5 million), earnings before interest and taxes (EBIT) decreased to € -14.1 million (prior year: € 7.7 million). The EBIT margin therefore fell to -10.6 % (prior year: 6.5 %) due in particular to the revenue postponements at Voltabox and the cost-intensive production ramp-ups in the Mechanics operating segment, as well as the integration costs incurred by the acquired companies.

With a reduced financial result of € -4.5 million (prior year: € -3.9 million) and positive income taxes of € 2.8 million (prior year: negative income taxes of € 1.9 million), the paragon Group generated a consolidated income of € -15.8 million (prior year: € 2.0 million) in the reporting period. This corresponds to earnings per share of € -2.62 (prior year: € 0.27). Minority interests accounted for € 4.0 million of consolidated income (prior year: € 0.7 million).

Net Assets

As of September 30, 2019, total assets had increased to € 380.7 million (31 December 2018: € 362.3 million). This is attributable mainly to the € 29.1 million increase in noncurrent assets to € 205.8 million (31 December 2018: € 176.7 million), while current assets fell by € 10.8 million to € 174.9 million (31 December 2018: € 185.6 million).

The increase in noncurrent assets is primarily the result of the € 21.3 million increase in property, plant and equipment to € 71.8 million (31 December 2018: € 50.5 million) due to the first-time application of the new IFRS 16 accounting standards on leases effective as of 1 January 2019, investments in a new building complex and new production lines. Furthermore, intangible assets also increased by € 4.8 million to € 96.5 million (31 December 2018: € 91.7 million) and deferred taxes to € 4.7 million (31 December 2018: € 2.2 million).

The development of current assets was primarily caused by two counteractive effects. Inventories increased by € 39.5 million to € 98.4 million, mainly as a result of the supply of production material, which will primarily be used for production as part of Voltabox's already initiated projects starting in the 2020 fiscal year (31 December 2018: € 58.9 million). Other assets increased by € 6.0 million to € 20.1 million (31 December 2018: € 14.1 million) by the recognition of contractual assets and tax receivables. Meanwhile, cash and cash equivalents decreased by € 36.3 million to € 5.6 million (31 December 2018: € 41.8 million), mainly as a result of the expansion of operating activities as well as the reduction of short-term loans. In addition, trade receivables decreased by € 20.0 million to € 50.7 million (31 December 2018: € 70.7 million) in accordance with the agreement with an important Voltabox customer.

Equity decreased by € 17.4 million to € 160.4 million as of the balance sheet date (31 December 2018: € 177.8 million), particularly due to the negative consolidated net income of € -11.9 million (31 December 2018: € 2.3 million). This caused the equity ratio to decrease to 42.1 % (31 December 2018: 49.1 %).

Noncurrent provisions and liabilities increased by € 33.9 million to € 134.0 million (31 December 2018: € 100.1 million), which was caused primarily by the increase in noncurrent bonds by € 30.4 million to € 80.3 million (31 December 2018: € 49.9 million) through the issue of the CHF bond in the second quarter, together with the increase in noncurrent liabilities from finance leases of € 5.2 million to € 6.1 million (31 December 2018: € 0.9 million) resulting from the first-time application of the new IFRS 16 accounting standards on leases.

Current provisions and liabilities rose slightly by € 1.8 million to € 86.2 million (31 December 2018: € 84.4 million). This is due to the sharp increase in trade payables by € 13.7 million to € 41.9 million (31 December 2018: € 28.2 million) and the increase in the current portion of lease liabilities to € 3.5 million (31 December 2018: € 0.9 million). Meanwhile, liabilities from current loans and the current portion of noncurrent loans increased to € 33.8 million (31 December 2018: € 41.4 million) and other current liabilities decreased by € 6.9 million to € 5.9 million (31 December 2018: € 12.7 million).

Financial Position

Cash flow from operating activities significantly improved in the period under review to € -14.4 million (prior year: € -35.4 million). This was mainly due to the € 13.6 million decrease in trade receivables (prior year: increase of € 25.0 million) and the € 6.0 million increase in trade payables. In addition to the negative EBT of EUR -18.6 million, the increase in inventories by EUR 11.6 million and the decrease in other provisions and pension provisions by EUR 1.9 million (prior year: increase of EUR 0.3 million) had a counteracting effect. After expenses in the same period of the prior year, paragon now recorded non-cash income of € 3.2 million.

Cash flow from investment activity improved in the period under review by € 13.3 million to € -40.2 million (prior year: € -53.5 million), which was largely due to the fact that payments for investments in long-term financial assets as well as payments for the acquisition of consolidated companies were not incurred in the current reporting period compared to the prior year. Payments for investments in property, plant and equipment were € 15.0 million higher. Meanwhile, payments for investments in intangible assets were € 0.3 million higher.

Cash flow from financing activities improved by € 10.1 million to € 18.3 million in the reporting period (prior year: € 8.2 million), particularly as a result of the net inflow from the CHF bond issue of € 29.8 million (prior year: net outflow of € -13.7 million). At the same time, loans totaling € 18.2 million (prior year: € 3.4 million) were repaid.

Cash and cash equivalents totaled € 5.6 million as of the end of the reporting period (31 December 2018: € 41.8 million).

Opportunity and Risk Report

It was explained in the 2018 Annual Report that the increase in trade receivables resulted in an increase in the relevance of counterparty default risks compared to the previous year, although there was no increase in the underlying individual risks. In the 2019 fiscal year, the Management Board's view that the relevance will decrease in the current fiscal year came true. In this respect, the counterparty default risk as of 30 September 2019 no longer results in a higher risk assessment.

Furthermore, in the first nine months of the 2019 fiscal year, there have been no significant changes in the individual risks compared with the opportunities and risks described in detail under "Opportunity and Risk Report" in the 2018 Annual Report. However, the past months have shown that the automotive market is in a state of upheaval and that a financial and economic downturn could also adversely affect paragon's business activities and earnings position. The 2018 Annual Report can be accessed on the internet at https://ir.paragon.ag.

Events After the Balance Sheet Date

On October 4, the subsidiary Voltabox made use of a contractually guaranteed option for a stake in the cooperation partner ForkOn, headquartered in Haltern am See, Germany. As part of the fleet management start-up's pre-Series A round of financing, Voltabox acquired an interest in the single-digit range in the company.

Forecast

The Management's original forecast for the current fiscal year and the underlying assumptions are explained in detail in the combined management report for the 2018 fiscal year. The Management originally expected Group revenue of € 230 million to € 240 million and a Group EBIT margin of around 8%. The investment volume should amount to around € 40 million – thereof around 45% capitalized development costs.

On August 12, 2019, the Management announced an adjustment of its revenue and earnings forecast for the 2019 fiscal year. The essential reasons are increasing market weakness in the automotive industry and the corrected annual forecast for the publicly traded subsidiary Voltabox. In the automotive business, the changed product mix has had an unfavorable impact on profitability. At Voltabox, revenue delays are occurring in the U.S. business, while a temporary production stoppage is underway due to the conversion of an important cell supplier to the latest technology.

Based on the changed forecast of the listed subsidiary Voltabox for the year as a whole, the Management of paragon GmbH expects revenue of € 200 million to € 210 million and an EBIT margin of -1% to -2% for the current year. Investment volume (CAPEX) should still amount to approximately € 40 million, of which 45% is planned for capitalized development costs. The Voltabox subgroup is expected to contribute between € 70 million and € 80 million (previously between € 105 million and € 115 million) to the consolidated Group revenue, with an EBIT margin of -8% to -9% (previously between 8 % and 9%). Voltabox plans to spend around € 14 million on CAPEX investments.

Development of Key Performance Indicators

€ '000 / as indicated	2018	Year-to-date / First nine months 2019	Forecast 2019 As of March 7, 2019	Forecast 2019 As of August 12, 2019
Financial performance indicators				
Group revenue	187,383	132,646	€ 230 million to € 240 million	€ 200 million to € 210 million
EBIT margin	7.9 %	-10.6 %	about 8 %	-1 % to -2 %
Investments (CAPEX)*	48,805	40,199	about € 40 million	about € 40 million

* CAPEX = Investments in property, plant and equipment + Investments in intangible assets

Condensed Interim Consolidated Financial Statements

Consolidated Statement of Comprehensive Income for the period from January 1 to September 30, 2019 (IFRS)

€ '000	Jan. 1 to Sep. 30, 2019	Jan. 1 to Sep. 30, 2018	Jul. 1 to Sep. 30, 2019	Jul. 1 to Sep. 30, 2018
Group revenue	**132,646**	**118,807**	**36,611**	**40,217**
Other operating income	4,660	751	1,229	211
Increase or decrease in inventory of finished goods and work in progress	5,105	9,266	3,979	7,611
Other own work capitalized	16,060	14,501	5,382	5,502
Total operating performance	**158,471**	**143,325**	**47,201**	**53,541**
Cost of materials	-90,903	-72,712	-29,758	-28,209
Gross profit	**67,568**	**70,613**	**17,443**	**25,332**
Personnel expenses	-46,143	-35,935	-15,122	-12,731
Depreciation of property, plant and equipment, and amortization of intangible assets	-16,391	-9,386	-5,745	-3,128
Impairment of property, plant and equipment and intangible assets	-764	-99	-467	-30
Other operating expenses	-18,372	-17,506	-4,810	-6,466
Earnings before interest and taxes (EBIT)	**-14,102**	**7,687**	**-9,061**	**2,887**
Financial income	10	3	1	2
Financial expenses	-4,525	-3,860	-1,512	-994
Financial result	**-4,515**	**-3,857**	**-1,511**	**-992**
Earnings before taxes (EBT)	**-18,617**	**3,831**	**-10,212**	**1,895**
Income taxes	2,771	-1,871	2,288	-659
Group result	**-15,846**	**1,960**	**-7,924**	**1,236**
Earnings per share in € (basic)	-2.62	0.27	-1.11	0.07
Earnings per share in € (diluted)	-2.62	0.27	-1.11	0.07
Average number of outstanding shares (basic)	4,526,266	4,526,266	4,526,266	4,526,266
Average number of outstanding shares (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	-370	263	0	-44
Total comprehensive income	**-16,216**	**2,223**	**-7,924**	**1,192**
Group result attributable to minority interests				
Shareholder paragon Group	-11,872	1,244	-5,046	335
Non-controlling interests	-3,974	716	-2,878	901
Total comprehensive income attributable to minority interests				
Shareholder paragon Group	-12,124	1,373	-5,046	305
Non-controlling interests	-4,092	850	-2,878	887

Consolidated Balance Sheet as of September 30, 2019 (IFRS)

€ '000	Sep. 30, 2019	Dez. 31, 2018
ASSETS		
Noncurrent assets		
Intangible assets	96,451	91,688
Goodwill	30,514	30,395
Property, plant and equipment	71,826	50,527
Financial assets	326	326
Other assets	2,012	1,528
Deferred taxes	4,660	2,193
	205,789	**176,657**
Current assets		
Inventories	98,384	58,927
Trade receivables	50,728	70,713
Income tax receivables	91	91
Other assets	20,087	14,064
Liquid funds	5,574	41,841
	174,864	**185,636**
Total assets	**380,653**	**362,293**

€ '000	Sep. 30, 2019	Dec. 31, 2018
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	4,526	4,526
Capital reserve	15,165	15,165
Minority interests	57,737	61,900
Revaluation reserve	-802	-802
Profit/loss carried forward	97,086	95,883
Group result	-11,872	2,334
Currency translation differences	-1,430	-1,207
	160,410	**177,799**
Noncurrent provisions and liabilities		
Noncurrent liabilities from finance lease	6,105	937
Noncurrent loans	16,340	17,579
Noncurrent bonds	80,309	49,881
Special item for investment grants	851	917
Deferred taxes	23,555	24,059
Pension provisions	3,030	2,885
Other noncurrent liabilities	3,837	3,837
	134,027	**100,095**
Current provisions and liabilities		
Curent portion of liabilities from finance lease	3,503	861
Current loans and current portion of noncurrent loans	33,841	41,378
Trade payables	41,927	28,242
Other provisions	476	579
Income tax liabilities	618	618
Other current liabilities	5,851	12,721
	86,216	**84,399**
Total equity and liabilities	**380,653**	**362,293**

Consolidated Cash Flow Statement for the period from January 1 to September 30, 2019 (IFRS)

€ '000	Jan. 1 to Sep. 30, 2019	Jan. 1 to Sep. 30, 2018
Earnings before taxes (EBT)	**-18,617**	**3,831**
Depreciation/amortization of noncurrent fixed assets	16,391	9,386
Financial result	4,515	3,856
Gains (-), losses (+) from the disposal of property, plant and equipment and financial assets	0	4
Increase (+), decrease (-) in other provisions and pension provisions	-1,925	259
Income from the reversal of the special item for investment grants	-66	-66
Other non-cash income and expenses	3,172	-1,325
Increase (-), decrease (+) in trade receivables, other receivables, and other assets	13,551	-24,958
Impairment of intangible assets	764	98
Increase (-), decrease (+) in inventories	-39,457	-27,883
Increase (+), decrease (-) in trade payables and other liabilities	11,418	5,404
Interest paid	-4,525	-3,860
Income taxes	419	-102
Cash flow from operating activities	**-14,360**	**-35,356**
Cash receipts from the disposal of property, plant and equipment	0	0
Cash payments for investments in property, plant and equipment	-23,291	-8,326
Cash payments for investments in intangible assets	-16,908	-16,590
Cash payments for investments in financial assets	0	-19,911
Cash payments for the acquisition of consolidated companies and other business units	0	-8,692
Interest received	10	3
Cashflow from investment activities	**-40,189**	**-53,516**
Dividends to shareholders	-1,321	-1,132
Loan repayments	-18,220	-3,445
Proceeds from loans	9,159	27,075
Repayments of liabilities from finance lease	-1,124	-627
Net proceeds from bond issue	29,788	-13,689
Cashflow from financing activities	**18,282**	**8,182**
Changes in cash and cash equivalents	-36,267	-80,690
Cash and cash equivalents at the beginning of the period	41,841	145,826
Cash and cash equivalents at the end of the period	5,574	65,136

Financial Calendar 2019

November 25–27, 2019	Eigenkapitalforum, Frankfurt am Main

paragon GmbH & Co. KGaA
Artegastraße 1
33129 Delbrück / Germany
Phone: +49 (0) 5250 9762 – 0
Fax: +49 (0) 5250 9762 – 60
E-Mail: investor@paragon.ag
Twitter: @paragon_ir
www.paragon.ag