

paragon[®]

GROUP INTERIM REPORT
FROM 1 JAN. TO 30 JUNE 2016
6 MONTHS

Highlights in first half of 2016

- Group revenue rises by 9.4% to € 48.8 million (previous year: € 44.6 million)
- EBITDA rises slightly by 1.3% to € 6.8 million (previous year: € 6.7 million)
- EBIT at € 3.5 million (previous year: € 3.8 million)
- Revenue and earnings forecast for current fiscal year confirmed

Group key figures at a glance (IFRS)

In € thousands/as indicated	Jan 1 to Jun. 30 2016	Jan 1 to Jun. 30 2015	Change in %	Apr. 1 to Jun. 30 2016	Apr. 1 to Jun. 30 2015	Change in %
Revenues	48,822	44,615	9.4	25,668	23,459	9.4
EBITDA	6,798	6,714	1.3	3,764	3,912	- 3.8
EBITDA margin in %	13.9	15.0	n. a.	14.7	16.7	n. a.
EBIT	3,524	3,843	- 8.3	2,165	2,448	- 11.6
EBIT margin in %	7.2	8.6	n. a.	8.4	10.4	n. a.
Net income	669	1,895	- 64.7	578	1,126	- 48.7
Earnings per share in €	0.16	0.46	- 64.7	0.14	0.27	- 48.7
Investments	10,913	13,621	- 19.9	5,955	4,062	46.6
Operating cash flow	4,714	7,946	- 40.7	3,180	5,146	- 38.2
In € thousands/as indicated	Jun. 30 2016.	Jun. 30 2015	Change in %	Jun. 30 2016	Dec. 31 2015	Change in %
Total assets	97,076	78,337	23.9	97,076	92,550	4.9
Equity	19,081	17,912	6.5	19,081	19,402	- 1.7
Equity ratio in %	19.7	22.9	n. a.	19.7	21.0	n. a.
Available liquidity	8,854	9,156	- 3.3	8,854	13,840	- 36.0
Interest-bearing liabilities	54,361	36,561	48.7	54,361	47,868	13.6
Net debt ¹	45,507	27,405	66.1	45,507	34,028	33.7
Employees ²	486	456	6.6	486	482	0.8

Share

	Jun. 30, 2016	Jun. 30, 2015	Change	Jun. 30, 2016	Jun. 30, 2015	Change
Xetra closing price in €	28.52	15.31	86.3%	28.52	31.44	- 9.3%
Number of shares outstanding	4,114,788	4,114,788	0%	4,114,788	4,114,788	0%
Market capitalization in € thousands	117,333	62,989	54,344	117,333	129,361	- 12,028

1 Net debt = Interest-bearing liabilities - available liquidity

2 Plus 94 temporary employees (Jun. 30, 2015: 71; Dec. 31, 2015: 79)

Investor Relations at paragon

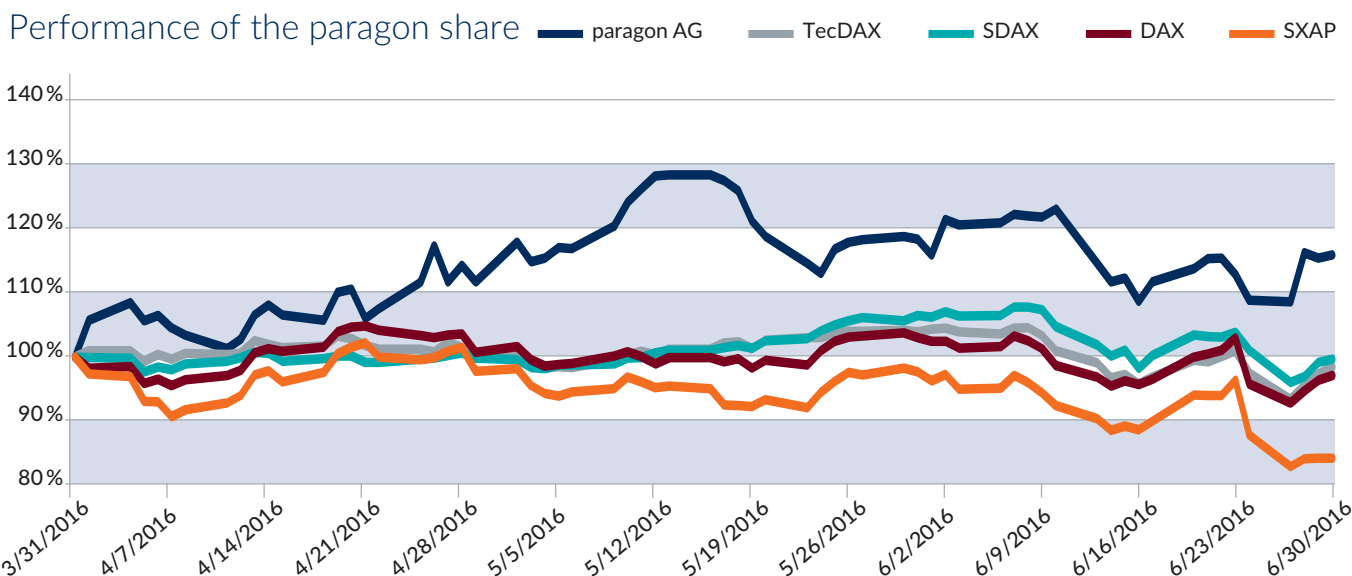
In the second quarter, the capital market was characterized by rapid sentiment swings. This was accompanied by a generally high level of uncertainty, and from June onwards it has been increasingly overshadowed by the U.K. Brexit referendum. While institutional investors were still largely expecting a further decline in prices in April, market sentiment visibly improved again in May. After subsequent profit taking, capital market participants became more inclined to take risks as confidence in a positive outcome for the referendum increased again from mid-June onwards. The victory achieved by those U.K. voters who preferred to leave the EU in the referendum on June 23 therefore came as a surprise for many investors. This led to, among other things, a pronounced downturn in the stock market at the end of June. Since then, uncertainty about the macroeconomic effects of that decision has influenced investment behavior.

As a result, Germany's most important stock indices concluded the quarter in the red (DAX -3%, TecDAX -2%). The STOXX Europe 600 Automobiles & Parts (SXAP) index, which lists the most important European automotive industry stocks, posted a significant quarterly loss of -15%.

In this challenging market environment, the paragon stock proved to be a comparatively stable investment in the second quarter with a value appreciation of 16%. Starting from an opening price of € 26.06, which was close to the quarterly low of € 24.98, the stock clearly exceeded the psychological barrier of € 30 again in mid-May and peaked at € 31.54. The quarter ultimately ended with a closing price of € 28.52. This corresponds to a stock market value of approximately € 117.3 million for paragon AG as of this cutoff date. This represents an increase of around € 15.8 million in the company's market capitalization in the course of the second quarter.

Despite the difficult market environment, the paragon AG corporate bond remained stable in the quarter under review, with an average price of around 108.50%.

Our communication with the capital markets was characterized by many conversations with investors in the second quarter as well. In this respect, the annual general meeting on April 27 was certainly a highlight with some 150 visitors and a capital presence of 55%. In addition to the above, we attended the DVFA Spring Conference on May 9 and the quirin Champions Conference in Frankfurt on June 2 with the explicit aim of presenting the paragon equity story to new institutional investors.



We received no voting rights notifications in the quarter under review: Consequently, there were no significant changes in the shareholder structure.

Dear stockholders,
customers, business partners and employees,

The second quarter was remarkably turbulent. Media outlets were virtually falling over each other with reports and comments about the disruptive changes that the automobile sector is facing. Manufacturers announced new strategies, investments in start-ups and far-reaching collaborations with providers of digital services. Thanks to the increasing number of IT companies entering the market, more attention is also being given to downstream issues, such as necessary adjustments to the traditional corporate cultures. It was not particularly surprising that the 27th AUTOMOBIL FORUM in Munich at the beginning of July was dominated by the topic of digitization. The unbelievably exciting developments in our sector are becoming more and more visible from the outside. According to a report on our sector that was published only recently, manufacturers and automotive suppliers are expecting themes related to CO₂ reduction and air quality, electromobility and innovative operating concepts (human-machine interfaces) to have a defining influence on the automobile over the next two years.

A scenario in which we, with our dynamic business model, are ideally positioned to look to the future with confidence. This is a scenario that we also want to help shape. With our new particle sensor, which monitors the fine-dust pollution in the passenger compartment, we have seized one of these important trends at an early stage. In the second quarter, further progress was made in talks with various manufacturers with respect to a series order. The orders for the current generation of our high-quality hands-free microphones are developing extremely positively. The innovative belt-mic[®] belt microphone is likewise increasing in popularity and will soon be available in a further vehicle model. Furthermore, numerous talks are taking place regarding the future use of our revolutionary sound systems based on bus technology, with which we want to ring in the next generation of high-end acoustic experiences inside the

automobile. Even now, with our MirrorPilot[®], we are already in a position to provide an important part of the human-machine interface within the automobile. The system is highly scalable, modularly structured, and enables manufacturers to develop a multiplicity of new, cloud-based business models with the wireless connection provided by the smartphone. In the second quarter, our body kinematics brought a number of projects for spoiler drives to series production readiness at the same time. We are expecting to receive the series release from the manufacturers before the end of the year.

The Electromobility division was again dominated by its own growth dynamics, which are also captivating our Voltabox employees to an ever-increasing extent. At the end of June, we announced the exclusive strategic partnership with Joy Global, a global leader in the field of mining equipment – the biggest individual order in paragon's corporate history! In this new field of application, we can make outstanding use of the competitive advantages represented by our intelligent lithium-ion battery systems.

The second quarter saw the generation of several new projects as well as follow-up orders for trolley buses. In addition, the Voltabox team developed new customized battery modules for forklift trucks with the explicit aim of opening up the North American intralogistics market. With special battery systems for use in automated guided vehicles of automated production, Voltabox is also already preparing its entry into the next major field of application: "Industry 4.0" Following the successful positioning and swift operational growth of our two Voltabox subsidiaries, it is good to see how a unique start-up culture has emerged among the young engineers, developers and production specialists. This can and will radiate across the entire paragon Group.

The last few months were also characterized by the last construction phase in Delbrück, with which we are significantly extending the production capacities of our Electromobility and Body Kinematics divisions. This large-scale project will be completed in its entirety before the end of the third quarter.

The purpose of our ongoing internal project “paragon process ideal” is to orient our organization more towards agile project management. With this in mind, we have initiated the first pilot projects in the Cockpit division. This is the context in which Microsoft Dynamics AX is going to be integrated into our Group-wide IT environment as a standardized ERP system.

Business was also upbeat for our customers, the manufacturers. While Volkswagen AG, with its new Strategy 2025, proclaimed the biggest process of change in its corporate history at the beginning of June, Daimler AG recorded the strongest half-year since its inception. In addition, BMW AG achieved record sales once again in the first six months. The global sales market for automobiles generally fared very well in the second quarter – albeit with differing regional dynamics. The recently palpable higher level of demand in China and Western Europe from which Volkswagen AG also benefited, as well as the – surprising for some – robust condition of the German sales market, has prompted the German Association of the Automotive Industry to raise its global sales forecast for the current year to 3% growth.

With revenue growth of 9.4% to € 48.8 million in the first six months, our figures are also on exactly the right course for achieving our objectives for the year as a whole while growing considerably faster than the market. The profitability of our growth is impressively underscored by an increase in our EBITDA to € 6.8 million. This dynamism is already being sustained primarily by the Electromobility division as well as the Acoustics

division. With a share of almost half the accumulated lifetime order backlog, however, the Electromobility division alone will play the key role in the long term in what is by far our company’s biggest growth driver.

In the public domain, the discussions about the social and economic consequences of the Brexit decision are likely to remain with us for quite some time. We have no commercial premises in the United Kingdom and our direct sales to British premium markets totaled only around 3% of Group revenue in the first six months. We therefore believe that the British exit from the EU will not lead to any direct impairment of our business development. Despite the market turmoil at the end of June in connection with the above, the paragon stock once again remained pleasingly robust and even appreciated in value.

We would like to take this opportunity to thank all employees for their outstanding work and our business partners, customers, and shareholders for their trust.



Klaus Dieter Frers
Chief Executive Officer



Dr. Stefan Schwehr
Chief Technology Officer

Interim Management Report

Business Performance and Major Events

With paragon AG's revenues growing by 9.4% to € 25.7 million (prior year: € 23.5 million), the Group's existing growth dynamics were also maintained in the second quarter. This was mainly attributable to the excellent operational business development in the Acoustics and Electromobility divisions. This, in turn, brought revenue growth of 9.4% to € 48.8 million in the first six months (prior year: € 44.6 million). This means that the company is still well on the way to achieving its forecast revenue growth of around 8% in fiscal year 2016. As of June 30, paragon had already received 97.5% of the customer order volumes required to achieve its sales target.

Breakdown of Revenues by Business Division

The Sensors division generated revenue growth of 5.9% to € 8.8 million in the second quarter (prior year: € 8.3 million). Among other things, this development was characterized by increased take-rates of optional extras that include paragon sensors in current vehicle models. In the first six months, this brought revenue growth of 3.9% to € 17.5 million (prior year: € 16.8 million).

The Acoustics division achieved revenue growth of 18.8% to € 4.6 million in the second quarter (prior year: € 3.8 million). Particularly significant in this respect was the increased output quantity of the current version of the premium hands-free microphone vario-mic® and the start of series production for the belt microphone belt-mic® for a further platform. In the first six months, revenue increased by 16.8% to € 8.9 million (prior year: € 7.6 million).

The Cockpit division recorded revenue growth of 4.8% to € 8.9 million in the second quarter (prior year: € 8.5 million). This resulted partly from the global launch of a smartphone cradle for motorcycles, featuring a wireless charging function. At the same time, pre-series production commenced for the new generation of clocks manufactured for a long-standing customer. In the first six months, revenue increased by 0.5% to € 16.2 million (prior year: € 16.2 million).

The Body Kinematics division continued to be strongly influenced by a number of series production developments for fiscal year 2017 that ran parallel to each other. Prominent among the development activities were freely adjustable rear spoilers for optimizing the aerodynamics. Revenue decreased by 55.1% to € 0.7 million in the second quarter as a result of the product life-cycle (prior year: € 1.5 million). In the first six months, there was a decrease of 36.9% to € 1.7 million (prior year: € 2.7 million).

Business division In € thousands/as indicated	first half 2016	Share in %	first half 2015	Share in %	Change in %	2 nd Quarter 2016	Share in %	2 nd Quarter 2015	Share in %	Change in %
Sensors	17,495	35.8	16,831	37.7	3.9	8,814	34.3	8,322	35.5	5.9
Acoustics	8,901	18.2	7,619	17.1	16.8	4,553	17.7	3,832	16.3	18.8
Cockpit	16,242	33.3	16,167	36.2	0.5	8,868	34.6	8,464	36.1	4.8
Body Kinematics	1,675	3.4	2,653	6.0	- 36.9	686	2.7	1,528	6.5	- 55.1
Electromobility	4,509	9.3	1,345	3.0	235.2	2,747	10.7	1,313	5.6	109.2
thereof: Voltabox Deutschland GmbH	1,356	2.8	64	0.1	n. a.	1,035	4.0	32	0.1	n. a.
thereof: Voltabox of Texas, Inc.	3,153	6.5	1,281	2.9	n. a.	1,712	6.7	1,281	5.5	n. a.
Total	48,822	100.00	44,615	100.0	9.4	25,668	100.00	23,459	100.00	9.4

With revenue growth of 109.2% to € 2.7 million in the second quarter (prior year: € 1.3 million), the best growth dynamics were again shown by the Electromobility division, which is represented by the two wholly-owned Voltabox subsidiaries. Production was dominated by the large battery systems for use in trolley buses and the modules for forklift trucks. The starter batteries were still at the validation stage. In the first six months, revenue increased by 235.2% to € 4.5 million (prior year: € 1.3 million).

Financial Performance

paragon AG generated consolidated revenues of € 48.8 million in the first six months (prior year: € 44.6 million), which constitutes an increase of 9.4%. Due to increased development activity in the Electromobility division and the transition of several products from the pre-series stage to series production, the increase in the cost of materials was disproportionately low at 7.5%, resulting in a total of € 26.5 million (prior year: € 24.7 million). Accordingly, the material input ratio decreased to 54.3% (prior year: 55.3%). Taking into account the lower level of own work capitalized during the course of the year, gross profit for the first six months amounted to € 29.1 million (prior year: € 26.6 million), which constitutes a gross profit margin of 52.3% (prior year: 51.9%). Personnel costs increased mainly as a result of the new hires in connection with the operational growth in the new divisions – especially in the field of development – by 13.1% to € 14.6 million (prior year: € 12.9 million). The personnel expense ratio accordingly came to 29.8% (prior year: 28.8%). Earnings before interest, taxes, depreciation and amortization (EBITDA) rose by 1.3% to € 6.8 million (prior year: € 6.7 million), which corresponds to an EBITDA margin of 13.9% (prior year: 15.0%). After increased depreciation and amortization of € 3.3 million (prior year: € 2.9 million) as well as other operating expenses of € 7.7 million (prior year: € 7.0 million), earnings before interest and taxes (EBIT) amounts to € 3.5 million (prior year: € 3.8 million). The EBIT margin comes to 7.2% (prior year: 8.6%). With a net finance income adversely affected by higher financing expenses in the amount of € -1.6 million (prior year: € -1.0 million) and higher income taxes of € 1.3 million (prior year: € 0.9 million), the paragon Group generated a

profit for the period of € 0.7 million (prior year: € 1.9 million). This corresponds to earnings per share of € 0.16 (prior year: € 0.46).

Net Assets and Financial Position

The total assets increased as of June 30, 2016 to € 97.1 million (June 30, 2015: € 78.3 million). This growth was driven mainly by the acquisition of the building in Artegastrasse 1 in Delbrück, the production building in Austin, Texas (US), and capitalized development expenses.

Non-current assets increased to € 66.3 million (June 30, 2015: € 43.2 million). This was due to increased investments in property, plant and equipment in connection with the development of new business divisions and to a higher volume of development work capitalized due to numerous new projects compared to the previous year. Current assets decreased to € 30.8 million (June 30, 2015: € 35.2 million). This development is primarily the result of a reduction in liquid funds amounting to € 5.8 million (June 30, 2015: € 11.2 million) as a consequence of ongoing renovation work, the reduction in trade payables and the increased level of inventories in order to ensure delivery capacity, especially in the Electromobility division.

Non-current provisions and liabilities increased by € 14.3 million to € 45.8 million (June 30, 2015: € 31.5 million), which can be mainly attributed to the increase in long-term loans to € 21.6 million (June 30, 2015: € 10.5 million). Current provisions and liabilities increased to € 32.2 million (June 30, 2015: € 29.0 million) mainly as a result of the increase in current loan liabilities.

paragon AG's equity increased by 6.5% to € 19.1 million (June 30, 2015: € 17.9 million). Given the marked rise in total assets, the equity ratio decreased as expected to 19.7% (June 30, 2015: 22.9%).

Cash flow from operating activities decreased in the period under review to € 4.7 million (prior year: € 7.9 million), which was largely due to a reduction in trade payables following a significant increase in the previo-

us year resulting from higher inventories in the new divisions.

Cash flow from investment activity decreased in the period under review as planned to € 10.9 million (prior year: € 13.6 million).

Cash and cash equivalents totaled € 5.7 million as of the end of the reporting period (prior year: € 11.2 million).

Financial Management and Control System

paragon AG's corporate strategy is sustained by focused financial management whose essential control parameters are the development of liquidity and the capital structure. Its operational implementation comprises comprehensive liquidity management based on established controlling structures.

The equity ratio and net debt serve as indicators for the capital structure and liquidity. Net debt is determined by subtracting available liquidity from interest-bearing liabilities.

Opportunity and Risk Report

In the first six months of 2016, there have been no significant changes in the opportunities and risks described in detail under "Opportunity and Risk Report" in the 2015 Annual Report. The 2015 Annual Report can be accessed on the internet at www.paragon.ag/en/investors.

Forecast

Taking into account the positive outlook for the automotive industry and the dynamic growth in the market

for lithium-ion batteries, the Managing Board confirmed its earlier forecast for the current year in the 2015 Annual Report at the end of February.

Based on the current competitive position of the paragon Group and the extensive investments made in recent years, particularly in developing production sites in Germany, the U.S., and most recently in China, the Managing Board expects paragon to generate significantly higher growth than the global automotive industry once again in fiscal year 2016. The main growth drivers in the current fiscal year are likely to be the Electromobility division (Voltabox) as well as the Sensors and Acoustics divisions in the medium term.

Consolidated revenues are expected to grow by around 8% in the current fiscal year and thus to exceed the € 100 million mark. This is expected to be accompanied by above-average earnings growth with an EBIT margin of around 9%.

paragon's Managing Board expects an investment volume of around € 14.0 million in the current year. Investments in operating sites will be made mainly in Germany in 2016.

As planned, the large-scale order placed in the last fiscal year for lithium-ion starter batteries is included in the forecast only with a small revenue contribution in the second half. The further significant expansion planned in the Electromobility division is intended to make the paragon Group more independent of macroeconomic factors in the automotive industry. The strategic partnership with Joy Global that was announced at the end of June has no influence on the forecast for the current fiscal year. For fiscal year 2017, consolidated revenues are still expected to generate growth in the range of 15% to 20%.

The forecast is based on orders on hand at the beginning of the fiscal year. Looked at from a lifetime perspective, the Group had orders on hand totaling approximately € 1.2 billion as of June 30, 2016.

Against this backdrop, the Managing Board is expecting an equity ratio at around the prior-year level of approximately 21% as of the end of fiscal year 2016, accompanied by a further increase in total equity and liabilities.

Development of key performance indicators

In € thousands or as indicated	2015	Since start of year / first half 2016	Forecast	
			2016	2017
Financial performance indicator				
Group revenue	94,990	48,822	approx. 8 % growth	15 – 20 % growth
EBIT margin	8.2%	7.2%	approx. 9 %	n. a.
Investments	33,170	10,913	approx. 14.000	n. a.
Equity ratio	21.0%	19.7%	approx. 21 %	n. a.

Condensed interim consolidated financial statements:
 Consolidated statement of comprehensive income of paragon AG,
 Delbrück, for the period from January 1 to June 30, 2016 (IFRS)

In € thousands	Jan. 1 – Jun. 30, 2016	Jan. 1 – Jun. 30, 2015	Apr. 1 – Jun. 30, 2016	Apr. 1 – Jun. 30, 2015
Revenue	48,822	44,615	25,668	23,459
Other operating income	434	1,742	170	490
Increase or decrease in inventory of finished goods and work in progress	52	1,361	- 388	904
Other own work capitalized	6,293	3,541	2,997	2,206
Total operating performance	55,601	51,259	28,447	27,059
Cost of material	- 26,528	- 24,675	- 13,546	- 12,865
Gross profit	29,073	26,584	14,901	14,194
Personnel expenses	- 14,554	- 12,863	- 7,458	- 6,573
Depreciation of property, plant and equipment and amortization of intangible assets	- 3,274	- 2,857	- 1,599	- 1,460
Impairment of property, plant and equipment and intangible assets	0	- 14	0	- 4
Other operating expenses	- 7,721	- 7,007	- 3,679	- 3,709
Earnings before interest and taxes (EBIT)	3,524	3,843	2,165	2,448
Financial income	1	158	0	4
Financial expenses	- 1,554	- 1,168	- 805	- 600
Financial result	- 1,553	- 1,010	- 805	- 596
Earnings before taxes (EBT)	1,971	2,833	1,360	1,852
Income taxes	- 1,302	- 938	- 782	- 726
Consolidated net income	669	1,895	578	1,126
Earnings per share in € (basic)	0.16	0.46	0.14	0.27
Earnings per share in € (diluted)	0.16	0.46	0.14	0.27
Average number of shares outstanding (basic)	4,114,788	4,114,788	4,114,788	4,114,788
Average number of shares outstanding (diluted)	4,114,788	4,114,788	4,114,788	4,114,788
Other comprehensive income				
Actuarial gains and losses	0	0	0	0
Currency translation reserve	38	- 152	- 143	0
Total comprehensive income	707	1,743	435	1,126

Condensed interim consolidated financial statements: Consolidated balance sheet of paragon AG, Delbrück, as of June 30, 2016 (IFRS)

In € thousands	June 30, 2016	June 30, 2015
ASSETS		
Non-current assets		
Intangible assets	29,579	16,206
Goodwill	843	868
Property, plant and equipment	35,498	25,616
Financial assets	326	376
Other assets	87	85
	66,333	43,151
Current assets		
Inventories	15,156	13,689
Trade receivables	6,235	6,717
Income tax claims	1,320	1,169
Other assets	2,297	2,375
Cash and cash equivalents	5,735	11,236
	30,743	35,186
Summe Aktiva	97,076	78,337

In € thousands	June 30, 2016	June 30, 2015
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	4,115	4,115
Capital reserve	2,450	2,450
Revaluation deficit	- 766	- 781
Profit/loss carried forward	12,867	10,492
Consolidated net income for the period	669	1,895
Currency translation differences	- 254	- 259
	19,081	17,912
Non-current provisions and liabilities		
Non-current lease obligations	2,526	1,631
Non-current loans	21,637	10,529
Non-current bonds	13,575	13,419
Investment grants	1,136	1,224
Deferred tax liabilities	4,727	2,671
Pension provisions	2,200	1,995
	45,801	31,469
Current provisions and liabilities		
Current portion of lease obligations	915	546
Current loans and current portion of non-current loans	15,708	10,436
Trade payables	8,732	10,200
Other provisions	1,338	243
Income tax liabilities	44	88
Other current liabilities	5,457	7,443
	32,194	28,956
Total equity and liabilities	97,076	78,337

Condensed interim consolidated financial statements: Consolidated cash flow statement of paragon AG, Delbrück, for the period from Januar 1 to June 30, 2016 (IFRS)

In € thousands	Jan. 1 – Jun. 30, 2016		Jan. 1 – Jun. 30, 2015	
Earnings before income taxes (EBT)	1,971		2,834	
Depreciation/amortization of non-current assets	3,274		2,857	
Financial result	1,553		1,010	
Gains (-), losses (+) from the disposal of property, plant and equipment and financial assets	- 3		- 13	
Increase (+), decrease (-) in other provisions and pension provisions	1,248		- 406	
Income from the reversal of the special item for investment grants	- 44		- 44	
Other non-cash income and expenses	29		0	
Increase (-), decrease (+) in trade receivables, other receivables, and other assets	3,373		2,438	
Impairment of intangible assets	0		14	
Increase (-), decrease (+) in inventories	- 3,939		- 6,778	
Increase (+), decrease (-) in trade payables and other liabilities	- 1,027		7,997	
Interest paid	- 1,554		- 1,168	
Income taxes	- 167		- 795	
Cash flow from operating activities		4,714		7,946
Cash receipts from disposals of property, plant and equipment	25		26	
Cash payments for investments in property, plant and equipment	- 3,294		- 7,762	
Cash payments for investments in intangible assets	- 6,464		- 4,640	
Cash payments to acquire consolidated companies and other business units	- 1,155		- 1,219	
Interest received	1		5	
Cash flow from investing activities		- 10,887		- 13,590
Distributions to shareholders	- 1,029		- 1,029	
Cash payments for loan repayments	- 2,164		- 3,019	
Amounts paid on insolvency ratio	0		607	
Cash proceeds from borrowings	7,077		7,172	
Cash repayments for liabilities from finance leases	- 429		- 115	
Cash flow from financing activities		3,455		3,616
Cash-effective change in liquidity	- 2,718		- 2,028	
Cash and cash equivalents at beginning of period	8,454		13,264	
Cash and cash equivalents at end of period	5,735		11,236	

Condensed interim consolidated financial statements:
Consolidated Statement of Changes in Equity of paragon AG, Delbrück,
for the period from January 1 to June 30, 2016 (IFRS)

In € thousands	Subscribed capital	Capital reserve	Revaluation deficit	Reserve from currency translation	ACCUMULATED PROFIT		Total
					Profit carried forward	Net income	
January 1, 2015	4,115	2,450	- 781	- 106	11,521	0	17,198
Net income	0	0	0	0	0	1,895	1,895
Actual gains and losses	0	0	0	0	0	0	0
Currency translation	0	0	0	- 152	0	0	- 152
Other comprehensive income	0	0	0	- 152	0	0	- 152
Comprehensive Income	0	0	0	- 152	0	1,895	1,743
Dividend payout	0	0	0	0	- 1,029	0	- 1,029
June 30, 2015	4,115	2,450	- 781	- 258	10,492	1,895	17,912

In € thousands	Subscribed capital	Capital reserve	Revaluation deficit	Reserve from currency translation	ACCUMULATED PROFIT		Total
					Profit carried forward	Net income	
January 1, 2016	4,115	2,450	- 766	- 292	13,896	0	19,402
Net income	0	0	0	0	0	669	669
Actual gains and losses	0	0	0	0	0	0	0
Currency translation	0	0	0	38	0	0	38
Other comprehensive income	0	0	0	38	0	0	38
Comprehensive Income	0	0	0	38	0	669	707
Dividend payout	0	0	0	0	- 1,029	0	- 1,029
June 30, 2016	4,115	2,450	- 766	- 254	12,867	669	19,081

Condensed Notes to the Consolidated Interim Financial Statements as of June 30, 2016

Accounting Principles

The consolidated interim financial statements of paragon AG as of June 30, 2016, 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 Annual Report for the period from January 1 to December 31, 2015. 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.

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.

The existing consolidated group consists of KarTec GmbH, paragon Automotive Technology (Shanghai) Co., Ltd., paragon Automotive (Kunshan) Co., Ltd., Voltabox of Texas, Inc., Voltabox Deutschland GmbH, production GmbH and SphereDesign GmbH.

Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows

The chapters "Financial Performance" and "Net Assets and Financial Position" 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 AG.

Managing Board and Supervisory Board

As of June 30, 2016, there have been no changes in the composition of the managing and supervisory bodies compared to December 31, 2015.

Significant Events After the End of the Reporting Period

After the end of the reporting period on June 30, 2016, the Managing Board has not been aware of any events with particular significance for, or any considerable impact on, the company's financial performance, net assets or financial position.

Related Party Disclosures

As of June 30, 2016, there have been no changes in the composition of related parties compared to December 31, 2015.

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, August 16, 2016

The Managing Board

Financial Calendar

March 17, 2016	Edison-Automotive Tech Conference, London
April 27, 2016	Publication of Interim Report as of March 31, 2016 – (1 st Quarter)
April 27, 2016	Annual General Meeting, Delbrück
May 9, 2016	7 th DVFA Spring Conference 2016, Frankfurt am Main
June 2, 2016	Quirin Champions 2016, Frankfurt am Main
August 16, 2016	Publication of Interim Report as of June 30, 2016 (6 Months)
November 18, 2016*	Publication of Interim Report as of September 30, 2016 (9 Months)
November 21-23, 2016*	German Equity Forum 2016, Frankfurt am Main

* expected date

paragon AG

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