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**paragon GmbH & Co. KGaA
Delbrück, Federal Republic of Germany**

VOTING WITHOUT MEETING

INVITATION TO VOTE

**to the holders of the EUR 50,000,000.00 4.5% bearer notes 2017/2022
of paragon GmbH & Co. KGaA
(ISIN: DE000A2GSB86 / WKN: A2GSB8)**

paragon GmbH & Co. KGaA, having its registered office in Delbrück and registered with the Commercial Register of the Local Court of Paderborn under number HRB 13491, with business address Bösendamm 11, 33129 Delbrück (hereinafter also “**paragon**” or the “**Issuer**”), hereby invites the holders (each a “**Noteholder**” and together the “**Noteholders**”) of the

**EUR 50,000,000.00 4.5% bearer notes due 5 July 2022
of paragon GmbH & Co. KGaA**

ISIN: DE000A2GSB86 / WKN: A2GSB8

divided into 50,000 partial bearer notes each in the nominal value of EUR 1,000.00 (each a “**Note**” and together the “**Notes**”) to cast their votes in a voting without meeting

**in the period commencing on 4 February 2022, at 0:00 hours and
ending on 6 February 2022, at 24:00 hours (“Voting Period”)**

vis-à-vis the notary public Dr. Dirk Otto, DENK Rechtsanwälte Partnerschaftsgesellschaft mbB, with official residence in Frankfurt am Main and business premises at Lindenstraße 15, 60325 Frankfurt am Main (“**Chairman of the Voting Process**”) (“**Voting without Meeting**”; the invitation to cast votes in a Voting without Meeting, the “**Invitation to Vote**”).

1. Rationale for the Voting without Meeting

1.1 Stable, grown automotive core business

In recent years, the automotive sector has always been the core of paragon Group's business. Following the sale of its Voltabox share at the beginning of December, paragon is now once again focusing exclusively on this traditionally strong area.

paragon Group's revenue in the automotive business increased from EUR 97.6 million to EUR 146.5 million (based on preliminary figures) in the years 2017 to 2021. The average revenue growth of paragon's automotive business thus amounted to 10.7 percent annually - despite a Corona-related decline in sales of 6.4 percent in 2020. In the past five years, the growth of paragon's automotive core business has also always been significantly higher than that of the global automotive market. With a plus of 23.5 percent in 2018 compared to 2017 (global: -1.0 percent; source: IHS Markit) and an increase in revenue of 12.8 percent in 2019 compared to 2018 (global: -5.5 percent) paragon has stood out from the market. The Covid-related decline in revenue in 2020 amounted to only 6.4 percent (global: -21.9 percent); as a result of the 2021 revenue growth of 15.2 percent (global: +13.8 percent) paragon's revenue is now 7.8 percent higher than in the pre-Covid year 2019.

Furthermore, paragon's recent order development testifies to its outstanding innovative strength - in this case in the voice assistant segment. At the turn of the year, paragon was awarded the largest single automotive contract in its history. The contract is for an AI-based voice assistant that will equip millions of vehicles of one of the world's leading OEM. The order volume is around EUR 40 million over a period of several years.

1.2 Solid performance in 2021 and positive outlook

In 2021, despite the recent turmoil in the automotive sector, the Issuer has capitalised on its highly innovative product portfolio and, following a strong final quarter, fully achieved its revenue and earnings targets for the year 2021.

According to initial preliminary figures, revenue at Group level increased by 15.2 percent to EUR 146.5 million (2020: EUR 127.2 million). This figure is in line with the forecast of around EUR 145 million communicated by the management and shows that paragon successfully compensated for some order call-offs from key major customers and fully achieved its targets. According to preliminary figures, consistent cost management along the entire value chain has resulted in an EBITDA margin of 13.5 percent in 2021 (2020: 10.8 percent), which is also in the forecast range of 12 to 15 percent.

Initial calculations show that there was also a positive development in paragon Group's liquidity situation. A positive free cash flow in the high single-digit million range was generated from operating activities.

Due to the consolidation effect, the Voltabox investment, which had been highly loss-making in recent years and has been sold in the meantime, had temporarily distracted attention from the automotive sector's highly dynamic operating performance. Now that the sale has been completed paragon's strong performance and potential are again clearly visible.

So far, paragon has been able to successfully meet the challenges in the supply chain through forward-looking measures (long-term planning, increased inventories). For the current year, the Issuer expects revenues of EUR 155 to 165 million with an improved EBITDA margin of over 15 percent. This would correspond to a revenue growth of up to 13 percent. Current customer orders for the next few months are around 15 percent higher than in the same months of the preceding year and thus at a high level.

1.3 Continuing attractive investment opportunity for existing Noteholders

After considering other options, such as the sale of a subsidiary to finance the repayment of the Notes, or a refinancing through the issuance of new notes, paragon has decided to offer Noteholders the extension of the term of the existing Notes by a further five years on unchanged terms.

In view of the pleasing performance in 2021, coupled with paragon Group's growth prospects and a well-filled order pipeline, paragon wants to maintain its well-established access to the capital market and offer existing Noteholders a continuing attractive investment opportunity in the current interest rate environment along with the chance to continue participating in paragon's strong growth and innovations in the future.

paragon expects to continue its dynamic growth also in the coming years and has set itself the target of achieving revenue of EUR 250 to 300 million by 2026. By means of targeted measures, profitability is set to be gradually raised to an EBITDA margin of 20 percent.

At the same time, paragon is systematically pursuing a sustainable debt reduction. To this end, the company continues to examine the possibility of a short-term partial repayment of the Notes using funds from divestments in its portfolio. Therefore, after expiry of the respective non-call periods, it is planned to provide for the option to redeem outstanding Notes during their term. For this purpose, an early redemption will be explicitly included as an option of the Issuer in the Terms and Conditions of the Notes.

For the prolongation of the Notes a resolution by the Noteholders is required. In accordance with the Terms and Conditions of the Notes (§ 11), this resolution shall be passed as a voting without meeting in accordance with the provisions of section 18 German Bond Act (*Schuldverschreibungsgesetz - SchVG*)).

2. Items of Voting without Meeting and proposed resolutions of Issuer

2.1 Amendment of the term of the Notes

The Issuer proposes that the following resolution be passed:

“§ 4 (a) of the Terms and Conditions of the Notes is amended and restated as follows:

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| (a) Die Schuldverschreibungen werden am 5. Juli 2027 (der “Fälligkeitstermin“) zum Nennbetrag zurückgezahlt (der „Rückzahlungsbetrag“). Eine vorzeitige Rückzahlung findet außer in den nachstehend genannten Fällen nicht statt. | (a) The Notes will be redeemed at par (the “Final Redemption Amount”) on 5 July 2027 (the “Redemption Date”). There will be no early redemption except in the following cases. |
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2.2 Amendment of Issuer's redemption rights

“§ 4 (c) of the Terms and Conditions of the Notes is amended and restated as follows:

- (c) **Vorzeitige Rückzahlung nach Wahl der Emittentin.** Die Emittentin ist berechtigt, die jeweils ausstehenden Schuldverschreibungen mit einer Frist von mindestens 30 Tagen und höchstens 60 Tagen durch Bekanntmachung gemäß § 12 und im Einklang mit diesem § 4 (c) insgesamt oder teilweise ab dem ersten Kalendertag des jeweiligen Wahl-Rückzahlungsjahrs (wie nachstehend definiert) zu dem dann anwendbaren Wahl-Rückzahlungsbetrag (Call) (wie nachstehend definiert) zuzüglich etwaiger bis zum relevanten Wahl-Rückzahlungstag (ausschließlich) aufgelaufener und noch nicht gezahlter Zinsen zu kündigen und vorzeitig zurückzuzahlen.
- (c) **Early Redemption at the Option of the Issuer.** The Issuer may, upon not less than 30 days' and not more than 60 days' notice to be given by publication in accordance with § 12 and in compliance with this § 4 (c), declare due and redeem the Notes, in whole or in part, as of the first calendar day of the respective Call Redemption Year (as defined below) at the applicable Call Redemption Amount (as defined below) plus accrued and unpaid interest to (but excluding) the relevant Call Redemption Date (as defined below) fixed for redemption.

Eine teilweise Kündigung und teilweise vorzeitige Rückzahlung der Schuldverschreibungen durch die Emittentin kann jedoch nur unter der Voraussetzung erfolgen, dass (i) Schuldverschreibungen mit einem Gesamtnennbetrag von mindestens EUR 5.000.000,00 (in Worten: Euro fünf Millionen) gekündigt und zurückgezahlt werden und (ii) nach der teilweisen vorzeitigen Rückzahlung noch Schuldverschreibungen in einem Gesamtnennbetrag von mindestens EUR 20.000.000 (in Worten: zwanzig Millionen Euro) ausstehen.

An early termination and redemption in part of the Notes may only be declared by the Issuer and shall only valid under the condition that (i) the aggregate principal amount of Notes so terminated and redeemed is at least EUR 5,000,000.00 (in words: five million euros) and (ii) Notes in the aggregate principal amount of at least EUR 20,000,000 (in words: twenty million euros) remain outstanding following the partly early redemption.

Wahl-Rückzahlungsjahr	Wahl-Rückzahlungsbetrag (Call)	Call Redemption Year	Call Redemption Amount
5. Juli 2025 (einschließlich) bis 5. Juli 2026 (ausschließlich)	102 % des Nennbetrags	5 July 2025 (inclusive) to 5 July 2026 (exclusive)	102 % of the Principal Amount
5. Juli 2026 (einschließlich) bis	101 % des Nennbetrags	5 July 2026 (inclusive) to	101 % of the Principal Amount

5. Juli 2027
(ausschließlich)

„**Wahl-Rückzahlungstag**“ bedeutet denjenigen Tag, der in der Erklärung der Kündigung nach diesem § 4(c) als Tag der Rückzahlung festgelegt wurde.

Die vorzeitige Rückzahlung der Schuldverschreibungen nach diesem § 4(c) ist den Anleihegläubigern durch eine unwiderrufliche Kündigungserklärung zu erklären, die gemäß § 12 bekannt zu machen. Die Kündigungserklärung hat die folgenden Angaben zu beinhalten: (i) eine Erklärung, ob die Schuldverschreibungen ganz oder teilweise zurückgezahlt werden und im letzteren Fall den Gesamtnennbetrag der zurückzuzahlenden Schuldverschreibungen, (ii) den Wahl-Rückzahlungstag, der nicht weniger als 30 Tage und nicht mehr als 60 Tage nach dem Tag der Kündigungserklärung durch die Emittentin gegenüber den Anleihegläubigern liegen darf und (iii) den Wahl-Rückzahlungsbetrag (Call), zu dem die Schuldverschreibungen zurückgezahlt werden. Der Wahl-Rückzahlungstag muss ein Geschäftstag im Sinne von § 5(c) sein.

5 July 2027
(exclusive)

„**Call Redemption Date**“ means the date specified in the notice pursuant to § 4 (c) as the relevant redemption date.

The early redemption of the Notes pursuant to this § 4 (c) shall be declared by the Issuer to the Noteholders by way of an irrevocable notice of termination to be published in accordance with § 12. Such notice of termination shall specify the following details: (i) a statement as to whether the Notes are to be redeemed in whole or in part and, in the latter case, the aggregate principal amount of the Notes which are to be redeemed; (ii) the Call Redemption Date, which shall be not less than 30 days and not more than 60 days after the date on which the notice of termination is being given by the Issuer to the Noteholders, and (iii) the Call Redemption Amount at which the Notes are to be redeemed. The Call Redemption Date must be a Business Day within the meaning of § 5(c).

3. Legal basis for Voting without Meeting, quorum and majority requirement

- 3.1 In accordance with § 11 (a) of the Terms and Conditions of the Notes the Issuer may amend the Terms and Conditions with consent by a majority resolution of the Noteholders pursuant to section 5 et seq. German Bond Act, as amended from time to time.
- 3.2 Resolutions of the Noteholders shall be passed either in a noteholders' meeting in accordance with § 11(c)(i) of the Terms and Conditions of the Notes or by means of a Voting without Meeting in accordance with § 11(c)(ii) of the Terms and Conditions of the Notes pursuant to section 18 German Bond Act. The decision is incumbent on the Issuer.
- 3.3 In the event of a Voting without Meeting, a quorum shall be deemed to exist pursuant to section 18 para. 1 German Bond Act in conjunction with section 15 para. 3 sentence 1 German Bond Act if at least fifty percent of the Notes outstanding at the time the resolution is passed participate in the Voting without Meeting.
- 3.4 In order to be effective, resolutions pursuant to clause 2 of this Invitation to Vote require a majority of at least 75 percent of the voting rights participating in the Voting without Meeting in accordance with § 11 (b) sentence 2 of the Terms and Conditions of the Notes.

4. Legal consequences if resolutions are adopted

If the Noteholders validly adopt the resolutions pursuant to clause 2, this has, in particular, the following legal consequences:

A resolution of the Noteholders passed with the required majority is equally binding on all Noteholders.

5. Procedure of Voting without Meeting and type of voting

5.1 The Voting without Meeting is chaired by the notary Dr. Dirk Otto, Frankfurt am Main in his capacity as Chairman of the Voting Process pursuant to section 18 para. 2 German Bond Act.

5.2 Noteholders wishing to participate in the Voting without Meeting must submit their vote in text form (section 126 b German Civil Code (*Bürgerliches Gesetzbuch - BGB*)) during the Voting Period (from 4 February 2022, at 0:00 hours to 6 February 2022, at 24:00 hours) to the Chairman of the Voting Process at the address below (“**Voting**”). A Voting is deemed to have been made upon receipt by the Chairman of the Voting Process. Votes not received by the Chairman of the Voting Process within the Voting Period, i.e. too early or too late, will not be taken into account.

5.3 Voting shall be made by mail, fax or email to the following address:

Notary Dr. Dirk Otto
- Chairman of the Voting Process -
DENK Rechtsanwälte Partnerschaftsgesellschaft mbB
“2017/2022 Notes of paragon GmbH & Co. KGaA: Voting without Meeting”

Postal address: Lindenstraße 15, 60325 Frankfurt am Main
Fax: +49 (0)69 975828-28
Email: abstimmung@denk-legal.de

The following documents shall be enclosed to the voting document, unless such evidence has already been provided:

- evidence of the right to participate in the Voting without Meeting in the form of a Special Proof with Blocking Notice issued by the depository bank (as defined in clause 6.3);
- evidence of statutory power of representation in accordance with clause 6.5 if the Noteholder is represented by a legal representative (e.g. a child by its parents, a ward by its guardian) or official administrator (e.g. an insolvency debtor by the appointed insolvency administrator); and
- a power of attorney in accordance with clause 8, if the Noteholder is represented by a third party in the Voting without Meeting.

Furthermore, Noteholders who are legal entities or partnerships under German law or under foreign law are requested to provide evidence of their power of representation by submitting a current excerpt from a relevant register or other equivalent confirmation in accordance with clause 6.4. Presentation of such evidence is not a prerequisite for participation in the Voting without Meeting.

- 5.4 In order to facilitate and expedite the counting of votes, Noteholders are requested to use the Voting form provided by the company which will be available for download on the Issuer's website at www.paragon.ag under "Investor Relations / Bonds / Bondholder Resolution" as of the date of publication of this Invitation to Vote. The validity of a Voting does not depend on the use of such form. The Voting form will also include any counter-motions and/or supplementary motions that are filed in due form and in due time. If the Chairman of the Voting Process receives timely and duly filed counter-motions after publication of this Invitation to Vote, the form will be updated accordingly.
- 5.5 The voting result is determined by the addition method. In the addition method, only the Yes votes and the No votes are counted. All votes duly cast in the Voting Period and accompanied by the required supporting documents will be taken into account.

6. Right to participate, voting rights and evidence

- 6.1 Each Noteholder who provides evidence of its holding of the Notes at the time of Voting in accordance with the provisions of clause 6.3 by the end of the Voting Period at the latest shall be entitled to participate in the Voting without Meeting.
- 6.2 Each Noteholder participates in the Voting without Meeting on the basis of the nominal value held by it or the notional share of its entitlement to the Notes of paragon GmbH & Co. KGaA outstanding at the time of the resolution. Each Note entitles its holder to one vote.
- 6.3 Noteholders are required to provide evidence of their right to participate in the Voting without Meeting by the end of the Voting Period at the latest. For this purpose, a statement in text form (section 126 b German Civil Code) issued by the depository bank confirming that the Noteholder is holding the Notes at the time of Voting together with a blocking notice in accordance with lit. a) and b) below ("**Special Proof with Blocking Notice**") shall be submitted to the Chairman of the Voting Process:

a) Special proof

The special proof required is a confirmation issued by the depository bank specifying (i) the full name and address of the Noteholder and (ii) the total nominal value of the Notes held in the Noteholder's custody account kept with this depository bank as at the date of issue of such confirmation.

b) Blocking notice

The required blocking notice of the depository bank is a notice confirming that the Notes of paragon GmbH & Co. KGaA held by the Noteholder are blocked by the depository bank during the entire Voting Period.

For information on the formalities of the Special Proof with Blocking Notice, Noteholders should contact their respective depository bank.

Noteholders who (i) have not submitted the Special Proof with Blocking Notice in text form (section 126 b German Civil Code) by the end of the Voting Period at the latest and/or (ii) have not or not in due time provided for the blocking of their Notes are not entitled to vote. In such cases, the voting right may also not be exercised by any proxy of the Noteholder either.

A sample form of the Special Proof with Blocking Notice which may be used by the depository bank may be downloaded from the Issuer's website at www.paragon.de under "Investor Relations / Bonds / Bond Resolution".

- 6.4 Proxies of Noteholders who are legal entities or partnerships under German law (e.g. *Aktiengesellschaft*, *GmbH*, *Kommanditgesellschaft*, *Offene Handelsgesellschaft*, *Unternehmergesellschaft* or *GbR*) or under foreign law (e.g. Limited under English law) are requested to provide, in addition to the Special Proof with Blocking Notice, evidence as to their power of representation by the end of the Voting Period at the latest. This may be done by submitting a current excerpt from the relevant register (e.g. commercial register, register of associations) or an equivalent confirmation (e.g. certificate of incumbency, secretary certificate). Evidence of the power of representation in accordance with this clause 6.4 is not a prerequisite for the consideration of votes at the Voting without Meeting.
- 6.5 If Noteholders are represented by a legal representative (e.g. a child by its parents, a ward by its guardian) or official administrator (e.g. an insolvency debtor by the appointed insolvency administrator), the legal representative or official administrator shall, in addition to the Special Proof with Blocking Notice of the person represented by it, provide appropriate evidence as to its statutory power of representation (e.g. by presentation of a copy of the civil status documents or certificate of appointment) by the end of the Voting Period at the latest.

7. Representation by proxies

Each Noteholder may be represented at the Voting by a proxy at its option (section 14 German Bond Act in conjunction with section 18 para. 1 German Bond Act) which exercised the voting right on behalf of the Noteholder. The proxy granted by the principal to the representative requires text form within the meaning of section 126 b German Civil Code. A form which may be used to grant a proxy is available on the Issuer's website at www.paragon.ag under "Investor Relations / Bonds / Bond Resolution". Proof of the granting of proxy is to be provided to the Chairman of the Voting Process by the end of the Voting Period at the latest by submitting the proxy declaration in text form. Also in case of a Voting by a proxy, evidence of a Special Proof with Blocking Notice of the principal and (where relevant) of the principal's power of representation (cf. clause 6.5) must be provided to the Chairman of the Voting Process by the end of the Voting Period at the latest.

8. Countermotions and supplementary motions

- 8.1 Each Noteholder is entitled to submit own resolution proposals ("**Countermotion**") on the resolution items on which a resolution is passed pursuant to this Invitation to Vote.

- 8.2 Noteholders whose Notes together amount to at least 5 percent of the outstanding Notes of the Bond can request that new items for the passing of a resolution be announced (“**Supplementary Motion**”).
- 8.3 Countermotions and Supplementary Motions are to be addressed to the Issuer or the Chairman of the Voting Process and may be submitted by mail, fax or email to the Chairman of the Voting Process or the Issuer to one of the following addresses prior to the Voting Period:

paragon GmbH & Co. KGaA
- Investor Relations -
“2017/2022 Notes of paragon GmbH & Co. KGaA: Voting without Meeting”
Bösendamm 11, 33129 Delbrück
Fax: +49 52 50 97 62-60
Email: investor@paragon.ag

or:

Notary Dr. Dirk Otto, Frankfurt am Main
- Chairman of the Voting Process -
DENK Rechtsanwälte Partnerschaftsgesellschaft mbB
“2017/2022 Notes of paragon GmbH & Co. KGaA: Voting without Meeting”

Postal address: Lindenstraße 15, 60325 Frankfurt am Main
Fax: +49 (0)69 975828-28
Email: abstimmung@denk-legal.de

- 8.4 Any Countermotion and/or Supplementary Motion must be submitted together with a Special Proof with Blocking Notice (cf. clause 6.3). In the event of a Supplementary Motion, Noteholders who request that an additional item is put to resolution must also furnish evidence that they jointly represent 5 percent of the outstanding Notes.

9. Information about outstanding Notes

Currently, Notes in the amount of EUR 50,000,000.00, divided into 50,000 partial notes each in the nominal value of EUR 1,000.00 are outstanding.

In case of an increase in the volume of the Notes in the period between the publication of this announcement and the commencement of the Voting Period, the increased amount shall prevail.

The Issuer or any of its affiliated companies are currently not entitled to any Notes. Furthermore, no Notes of paragon GmbH & Co. KGaA are currently held for the account of the Issuer or its affiliated companies.

10. Additional information

Noteholders may obtain further information on the progress of the process and answers to frequently asked questions (FAQs) on the Issuer’s website at www.paragon.ag under “Investor Relations / Bonds / Bondholder Resolution”.

11. Documents

From the date of publication of this Invitation to Vote until the end of the Voting Period, the following documents are available to Noteholders on the Issuer's website at www.paragon.ag under "Investor Relations / Bonds / Bondholder Resolution":

- this Invitation to Vote in a Voting without Meeting together with the terms thereof on which the participation in the Voting without Meeting and the exercise of voting rights depend;
- the Terms and Conditions of the Notes of paragon GmbH & Co. KGaA;
- the Voting form (the form already published will be updated, if necessary);
- the proxy form to grant power of attorney to third parties; and
- the sample form for the Special Proof with Blocking Notice.

Upon request by a Noteholder, copies of the aforementioned documents will be sent to such Noteholder immediately and free of charge. The request is to be sent by mail, fax or email to:

paragon GmbH & Co. KGaA
- Investor Relations -
"2017/2022 Notes of paragon GmbH & Co. KGaA: Voting without Meeting"
Bösendamm 11, 33129 Delbrück
Fax: +49 52 50 97 62-60
Email: investor@paragon.ag

Delbrück, January 2022

***paragon GmbH & Co. KGaA
(represented by paragon GmbH)
The Management***

Also the notary public Dr. Dirk Otto, Frankfurt am Main, appointed by paragon GmbH & Co. KGaA in his capacity as Chairman of the Voting Process invites the Noteholders of paragon GmbH & Co. KGaA to cast their votes in a Voting without Meeting within the Voting Period commencing on 4 February 2022, at 0:00 hours and ending on 6 February 2022, at 24:00 hours (incoming) in text form (section 126 b German Civil Code) vis-à-vis the Chairman of the Voting Process in accordance with the aforementioned Invitation to Vote and puts to vote the proposed resolution on the amendment of § 4 (a) and § 4(c) of the Terms and Conditions of the Notes submitted by the Issuer under clause 2 of the Invitation to Vote.

Frankfurt am Main, January 2022

Dr. Dirk Otto, notary public