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

INVITATION TO SECOND NOTEHOLDERS' MEETING

**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 at Bösendamm 11, 33129 Delbrück (hereinafter also "**paragon**" or the "**Issuer**") and the notary public Dr. Dirk Otto with official residence in Frankfurt am Main as chairman of the voting process ("**Chairman of the Voting Process**") hereby invite 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
fällig am 5. Juli 2022**

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 a second noteholders' meeting to be held on

10 March 2022 at 10:00 a.m. (CET) at Artegastraße 1 in 33129 Delbrück.

Admission starts at 9:15 a.m. (CET).

A voting without meeting on the resolution proposals for the second noteholders' meeting set out hereinafter has already taken place in the period commencing on 4 February 2022, at 0:00 hours and ending on 6 February 2022, at 24:00 hours vis-à-vis the notary public Dr. Dirk Otto with official residence in Frankfurt am Main as Chairman of the Voting Process. At this meeting, the necessary quorum (at least half of the outstanding Notes) was not reached. Therefore, the Chairman of the Voting Process determined that a quorum was not present. The invitation to vote in the voting without meeting was published in the Federal Gazette and on the Issuer's website (www.paragon.ag) under "Investor Relations / Bonds / Bondholder Resolution" on 20 January 2022.

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In accordance with section 18 para. 4 sentence 2 German Bond Act (*Schuldverschreibungsgesetz - SchVG*), if a quorum in the voting without meeting is not present, the Chairman of the Voting Process may convene a noteholders' meeting which qualifies as a second meeting within the meaning of section 15 para. 3 sentence 3 German Bond Act. For this reason, a second noteholders' meeting will be convened at which the noteholders will vote again on the resolution items put to the voting without meeting. The following section 1 "Rationale for the noteholders' meeting" as well as the agenda for the second noteholders' meeting set out in section 2 and the Issuer's resolution proposals correspond to the invitation to vote in the voting without meeting published in the Federal Gazette on 20 January 2022. Furthermore, the Issuer has added to the agenda the supplementary motion of Hanseatische Investment-GmbH, Hamburg, dated 20 January 2022 for the appointment of a joint representative and the counter-motion to this supplementary motion of Serone Europe Special Situations Master Fund Limited, Georgetown/Cayman Islands dated 27 January 2022.

Also Noteholders who have already participated in the voting without meeting from 4 February 2022 to 6 February 2022 must - in order to be able to exercise their voting rights under the Notes in the noteholders' meeting - submit a (new) special proof with a (new) blocking notice and then participate in the noteholders' meeting or be represented at it and vote again. Forms and guidance in this connection are available on the Issuer's website (www.paragon.ag) under "Investor Relations / Bonds / Bondholder Resolution".

Important notes

Noteholders should take into account the following information.

The publication of this invitation to the noteholders' meeting does not constitute an offer. In particular, the publication constitutes neither a public offer to sell nor an offer or invitation to acquire, purchase or subscribe for notes or other securities.

The rationale for the noteholders' meeting set out in section 1 below has been voluntarily drawn up by the Issuer to outline to the Noteholders the reasons for the resolution items to be passed in the noteholders' meeting and the concrete resolution proposals. The respective statements should by no means be understood as a conclusive basis for the noteholders' voting behaviour. The Issuer does not warrant that the preliminary notes to this invitation to the noteholders' meeting contain all the information required or appropriate for voting on the resolution items.

This invitation to the noteholders' meeting should not be relied upon as a substitute for an independent examination and evaluation of the resolution items and a further examination of the legal, economic, financial and other circumstances of the Issuer by each individual Noteholder. Noteholders should vote on the resolution items of the noteholders' meeting not solely on the basis of this invitation to the noteholders' meeting but after consultation of their own lawyers, tax and/or financial advisors and considering all the information available on the Issuer.

This invitation to the noteholders' meeting has been published in the Federal Gazette and on the Issuer's website (www.paragon.ag) under "Investor Relations / Bonds / Bondholder Resolution" since 23 February 2022. In the Issuer's opinion, the information contained therein is up-to-date, unless otherwise stated. This information may become inaccurate after the publication date of the invitation to the noteholders' meeting. Regarding this invitation to the noteholders' meeting, neither the Issuer nor its respective legal representatives, employees or advisors and agents nor their respective legal representatives, employees and advisors undertake to update this invitation or to provide information on circumstances occurring after the date of this invitation to the noteholders' meeting.

Neither the Issuer nor its respective legal representatives, employees or advisors and agents nor their respective legal representatives, employees and advisors, nor any other person, particularly advisors

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named in this invitation to the noteholders' meeting warrant the accuracy and completeness of the information contained herein or assume any liability in connection with this invitation to the noteholders' meeting.

In particular, they are not liable for any damage arising directly or indirectly from the use of the information contained in the invitation to the noteholders' meeting, particularly not for damage caused by investment decisions made on the basis of the invitation to the noteholders' meeting or caused by any inaccuracy or incompleteness of the information contained in the invitation to the noteholders' meeting.

This invitation to the noteholders' meeting contains certain forward looking statements. Forward looking statements include all statements which are not related to historic facts or events. This applies in particular to information on the Issuer's intentions, convictions or current expectations regarding its future financial earning capacity, plans, liquidity, prospects, growth, strategy and profitability as well as economic parameters the Issuer may be exposed to. The forward looking statements are based on current assessments and assumptions

made to the best of the Issuer's knowledge. However, such forward looking statements are subject to risks and uncertainties, as they refer to events and are based on assumptions that may not occur in whole or in part in the future.

The above applies equally if amendments to the resolution proposals are made until the end of the second noteholders' meeting.

1. Rationale for the noteholders' 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 Covid-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.

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According to initial preliminary figures, revenue at Group level increased by 15.2 percent to EUR 146.5 million (2020: EUR 127.2 million). EUR 127.2 Mio.). 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 in a second noteholders' meeting in accordance with the provisions of section 18 German Bond Act after the voting without meeting had not reached a quorum.

2. **Resolution items of noteholders' meeting and Issuer's resolution proposals as well as further motions**

Agenda item 1 – Prolongation of the Term of the Notes and other Amendments to the Terms and Conditions of the Notes

1.1 Resolution proposal of Issuer

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

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| (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. |
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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.

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Wahl- Rückzahlungs- jahr	Wahl- Rückzahl- ungsbetrag (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 5. Juli 2027 (ausschließlich)	101 % des Nennbetrags	5 July 2026 (inclusive) to 5 July 2027 (exclusive)	101 % of the Principal Amount

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

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

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.

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).”

Agenda item 2 – Appointment of a joint representative

2.1 – Supplementary motion of Hanseatische Investment-GmbH, Hamburg dated 20 January 2022

By a supplementary motion dated 20 January 2022, Hanseatische Investment-GmbH has requested that the following resolution be passed:

Resolution on the appointment of a joint representative

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“Ms Daniela Bergdolt, lawyer, Nibelungenstr. 84, 80639 Munich, is appointed as joint representative of all Noteholders. The joint representative shall have the powers granted to it by the Terms and Conditions of the Notes, the German Bond Act or by a majority resolution of the Noteholders. The joint representative shall follow the Noteholders’ instructions. To the extent that the joint representative has been authorised by law to assert rights of the Noteholders, the individual Noteholders are not entitled to assert such rights independently, unless the authorisation expressly provides for this. Furthermore, during the joint representative’s authorisation, the Noteholders are not entitled to exercise any rights to terminate the Notes due to a substantial deterioration in the Issuer’s financial situation in accordance with section 490 German Civil Code.

The joint representative is expressly authorised to exercise all rights of the Noteholders, also in the context of insolvency proceedings, if any, over the assets of the Issuer in Germany and abroad, in particular to lodge all claims arising from the Notes, to exercise voting rights in votes and to approve or reject proposed reorganisation plans or similar arrangements. To the extent that, in individual cases, the Noteholders do not give instructions as to how these rights are to be exercised, the joint representative is authorised to exercise them at its own discretion in the interests of the Noteholders as assessed by it at that time with the diligence of a prudent businessman.

The joint representative shall report to the Noteholders on its activities.

The joint representative shall receive a reasonable remuneration from the Noteholders, unless such remuneration is borne and paid by the company in accordance with the statutory provisions. The reasonable remuneration shall be determined by applying analogously the provisions of the German Act on Lawyers’ Fees (*Rechtsanwaltsvergütungsgesetz*) (for clarification: the relevant value is the nominal amount of the outstanding Notes). Furthermore, the joint representative shall be reimbursed for the costs and expenses incurred by it, including the costs of engaging any external advisors, in particular lawyers, auditors, tax advisors, experts or other professional advisors or experts, which the joint representative deems appropriate for the performance of its duties. The joint representative may rely on the advice or services of the professional advisors or experts. In case of doubt, all authorisations and powers of the joint representative in this resolution shall be construed broadly.

Any amounts due under this resolution shall become due upon due invoicing by the joint representative. The remuneration claim of the joint representative appointed shall not constitute a preferential debt (*Masseverbindlichkeit*) in an insolvency proceedings, if any, over Paragon’s assets, nor shall it constitute costs of the proceedings. The Noteholders agree that the joint representative has the right to retain remunerations and expense reimbursement claims to which it is entitled under this paragraph from amounts paid to it by an insolvency administrator or other third party for the purpose of payment to the Noteholders and, thus, satisfy its fee claims from such proceeds.

The joint representative shall be liable to the Noteholders as joint and several creditors (*Gesamtgläubiger*) for the due performance of its duties; in performing its duties the joint representative shall exercise the care of a prudent businessman. There shall be no breach of duty if the joint representative, when making an entrepreneurial decision, could reasonably assume that it was acting for the benefit of the company on the basis of appropriate information. The joint representative is not subject to the reversal of the burden of proof in accordance with section 92 para. 2 sentence 2 German Stock Corporation Act (*Aktiengesetz*). The liability of the joint representative is limited to ten times the amount of its annual remuneration, unless it has acted with intent or gross negligence. The Noteholders shall decide on the assertion of compensation claims against the joint representative by a majority resolution.

For its activities as joint representative, the joint representative has taken out a financial loss liability insurance (*Vermögensschadenshaftpflichtversicherung*) with an insured sum of EUR 10

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million. The costs of such financial loss liability insurance shall be reimbursed by the Issuer upon presentation of a verifiable invoice and confirmation of payment by the joint representative.”

2.2 – Countermotion of Serone Europe Special Situations Master Fund Limited, Georgetown/Cayman Islands dated 27 January 2022 to the supplementary motion of Hanseatische Investment-GmbH, Hamburg dated 20 January 2022

On 27 January 2022, Serone Europe Special Situations Master Fund Limited, Georgetown/Cayman Islands sent to the Issuer the following countermotion to the supplementary motion of Hanseatische Investment-GmbH, Hamburg:

Resolution on the appointment, remuneration and liability of a joint representative

“Dr. Tobias Moser, lawyer, business address at Maximilianstr. 45, D-80538 Munich (c/o DMR Rechtsanwälte Moser Degenhart Ressmann PartG mbB) is appointed as joint representative of all Noteholders. The joint representative shall have the powers granted to it by the Terms and Conditions of the Notes, the German Bond Act or by a majority resolution of the Noteholders. The joint representative shall follow the Noteholders’ instructions. To the extent that the joint representative has been authorised by law to assert rights of the Noteholders, the individual Noteholders are not entitled to assert such rights independently, unless the authorisation expressly provides for this.

The joint representative is expressly authorised to exercise all rights of the Noteholders, also in the context of insolvency proceedings, if any, over the assets of the company in Germany and abroad, in particular to lodge all claims arising from the Notes, to exercise voting rights in votes and to approve or reject proposed reorganisation plans or similar arrangements. To the extent that, in individual cases, the Noteholders do not give instructions as to how these rights are to be exercised, the joint representative is authorised to exercise them at its own discretion in the interests of the Noteholders as assessed by it at that time with the diligence of a prudent businessman.

The joint representative shall report to the Noteholders on its activities.

The joint representative shall receive a reasonable remuneration to be borne by the company in accordance with section 7 para. 6 German Bond Act. If the remuneration is not borne and paid in accordance with the statutory provisions, for example in case of the company’s insolvency, the joint representative shall receive a reasonable remuneration from the insolvency dividend (*Insolvenzquote*) to which the Noteholders are entitled. The reasonable remuneration shall be calculated on the basis of the hours incurred at a reasonable hourly rate. The remuneration shall be limited to three times the remuneration resulting from an analogous application of the provisions of the German Act on Lawyers’ Fees. (for clarification: the relevant value is the nominal amount of the outstanding Notes). Furthermore, the joint representative shall be reimbursed for the costs and expenses incurred by it, including the costs of engaging any external advisors, in particular financial advisors, lawyers, auditors, tax advisors, experts or other professional advisors or experts, which the joint representative deems appropriate for the performance of its duties. The joint representative may rely on the advice or services of the professional advisors or experts. In case of doubt, all authorisations and powers of the joint representative in this resolution shall be construed broadly.

Any amounts due under this resolution shall become due upon due invoicing by the joint representative. The remuneration claim of the joint representative appointed shall not constitute a preferential debt (*Masseverbindlichkeit*) in an insolvency proceedings, if any, over the company’s assets, nor shall it constitute costs of the proceedings. The Noteholders agree that the joint representative has the right to retain remunerations and expense reimbursement claims to which it is entitled under this paragraph from amounts paid to it by an insolvency administrator or other third

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party for the purpose of payment to the Noteholders and, thus, satisfy its fee claims from such proceeds. The Noteholders are under no obligation to make any additional contributions.

The joint representative shall be liable to the Noteholders as joint and several creditors (*Gesamtgläubiger*) for the due performance of its duties; in performing its duties the joint representative shall exercise the care of a prudent businessman. There shall be no breach of duty if the joint representative, when making an entrepreneurial decision, could reasonably assume that it was acting for the benefit of the company on the basis of appropriate information. The joint representative is not subject to the reversal of the burden of proof in accordance with section 92 para. 2 sentence 2 German Stock Corporation Act (*Aktiengesetz*). The liability of the joint representative is limited to ten times the amount of its annual remuneration, unless it has acted with intent or gross negligence. The Noteholders shall decide on the assertion of compensation claims against the joint representative by a majority resolution.

For its activities as joint representative, the joint representative is entitled to take out a financial loss liability insurance (*Vermögensschadenshaftpflichtversicherung*) with an adequate insured sum. The costs of such financial loss liability insurance shall be reimbursed by the company upon presentation of a verifiable invoice and confirmation of payment by the joint representative.”

3. Legal basis for second noteholders’ 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. 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 accordance with section 18 German Bond Act in conjunction with § 12 (c)(ii) of the Terms and Conditions of the Notes, a voting without meeting on the resolution items according to the agenda for the second noteholders’ meeting has already taken place in the period between 4 February 2022 until 6 February 2022. At this meeting, the necessary quorum (at least half of the outstanding Notes) was not reached. Accordingly, the Chairman of the Voting Process had established that the voting without meeting had no quorum. In accordance with section 18 para. 4 sentence 2 German Bond Act, if a voting without meeting does not have quorum, a noteholders’ meeting may be convened for the purpose of passing the resolutions anew, which qualifies as a second noteholders’ meeting.
- 3.4 The noteholders’ meeting convened with this invitation shall have a quorum in respect of the resolutions referred to in this invitation to the noteholders’ meeting for which a qualified majority of at least 75 percent of the voting rights participating in the vote is required, if the persons present represent at least 25 percent of the outstanding Notes.
- 3.5 In order to be effective, the resolutions on agenda item 1 pursuant to clause 3 of this invitation to the second noteholders’ meeting require a majority of at least 75 percent of the voting rights participating in the voting in accordance with § 11 (b) sentence 2 of the Terms and Conditions of the Notes. In order to be effective, the resolutions on agenda item 2.1 and 2.2 pursuant to clause 2 of this invitation to the second noteholders’ meeting require at least a simple majority of the voting rights participating in the voting in accordance with § 11 (b) sentence 2 of the Terms and Conditions of the Notes.

4. Legal consequences if resolutions are adopted

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If the Noteholders validly adopt resolutions on the resolution items 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. Right to participate, voting rights and evidence

- 5.1 Each Noteholder who provides evidence of its holding of the Notes in accordance with the provisions of clause 5.4 of this invitation by the time of admission to the noteholders' meeting is entitled to participate in the noteholders' meeting.
- 5.2 Each Noteholder participates in the voting on the basis of the nominal value of the outstanding Notes of the Bond of paragon GmbH & Co. KGaA held by it at the time of the resolution. Each Note with a nominal value of EUR 1,000 grants one vote. Apart from that, section 6 German Bond Act shall apply.
- 5.3 In order to participate in the noteholders' meeting or to exercise voting rights, Noteholders do not have to register prior to the meeting. The Issuer and the Chairman of the Voting Process waive the corresponding requirement pursuant to §11(c)(i) of the Terms and Conditions of the Notes. However, for organisational purposes, Noteholders are requested, to submit the documents referred to in clause 5.4 to the Issuer for review to the extent possible in advance of the noteholders' meeting. 5.4 Noteholders have to prove their entitlement to participate in the noteholders' meeting and voting in accordance with section 10 para. 3 sentence 2 German Bond Act upon admission to the noteholders' meeting, at the latest. As evidence, a special statement in text form (section 126 b German Civil Code) issued by the depository bank or the clearing system confirming that the Noteholders are holding the Notes together with a blocking notice of the depository bank shall be submitted ("**Special Proof with Blocking Notice**").

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. In the Terms and Conditions of the Notes, "depository bank" means any bank or other recognised financial institution authorised to engage in securities custody business with which the Noteholder maintains a custody account for the Notes, including the clearing system. Clearing system within the meaning of the Terms and Conditions of the Notes means Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany, and any successor in function.

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 as of (and including) the date on which the special proof is sent until the end of the voting at the noteholders' meeting.

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

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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 / Bondholder Resolution".

In order to facilitate the organisation of the noteholders' meeting and to accelerate the access control, Noteholders are requested to submit the Special Proof with Blocking Notice pursuant to clause 5.4 to the extent possible prior to the noteholders' meeting, by no later than 9 March 2022, at 24:00 hours (CET), at the following address:

paragon GmbH & Co. KGaA
c/o Link Market Services GmbH
"2017/2022 Notes of paragon GmbH & Co. KGaA: Second Noteholders' Meeting"
Landshuter Allee 10, 80637 Munich
Fax: +49 89 21027-289
Email: versammlung@linkmarketservices.de

However, Noteholders do not have to make use of this option in order to be admitted to the noteholders' meeting. Please note, however, that the Special Proof with Blocking Notice must then be presented upon admission to the noteholders' meeting. Noteholders should also note that, in the event that a third party or the proxies appointed by the Issuer are authorised, a Special Proof with Blocking Notice must be submitted or proven in addition to the form of proxy. The possibility of prior transmission serves to facilitate this procedure.

6. Representation by proxies and legal representatives

- 6.1 Each Noteholder may be represented at the voting by a proxy of its choice (section 14 German Bond Act).
- 6.2 The proxy granted as well as any instructions given by the principal to the representative require text form within the meaning of section 126b 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 / Bondholder Resolution".
- 6.3 Proof of the granting of a proxy is to be provided. Also when voting by proxy, the requirements on the provision of evidence of the Noteholders' right to participate in the voting by providing the Special Proof with Blocking Notice shall apply.
- 6.4 Against the background of the COVID-19 pandemic, the company requests you to refrain from travelling to the meeting in person, if possible, and instead authorise either the proxies appointed by the company or any other person who is already present at the meeting to vote for you as proxy.
- 6.5 Noteholders who do not wish to authorise a third party they have selected themselves may grant a power of attorney with voting instructions to the proxies appointed by the company, Daniela Gebauer and Guido Janzen, both employees of Link Market Services GmbH, Munich (each a "**Proxy**"). A form for this purpose may be downloaded from the Issuer's website (www.paragon.ag) under "Investor Relations / Bonds / Bondholder Resolution". The Proxy requires specific instructions on how to vote. The instruction may also be to always and on all resolutions vote as proposed or recommended by the Issuer.

The Proxy is not entitled to take any action at the meeting beyond mere voting, make motions, ask questions or issue any statements.

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Powers of attorney and instructions from Noteholders who have sent a valid Special Proof with Blocking Notice to the Issuer will be accepted by the Proxy until the end of the general debate also by email to versammlung@linkmarketservices.de.

- 6.6 Noteholders who wish not to attend the noteholders' meeting in person in accordance with the notice in clause 6.5 may follow the meeting online after having sent a valid Special Proof with Blocking Notice to the Issuer at the address stated in the form for evidencing the holding of Notes. The access data required to follow the online transmission will be sent to interested Noteholders by mail or email after submission of a valid Special Proof with Blocking Notice.

For organisational reasons and taking into account the mail delivery time, Noteholders who wish to follow the online transmission are requested to send the Special Proof with Blocking Notice as early as possible, at the latest, however, on the third calendar day prior to the day of the second noteholders' meeting, i.e. 7 March 2022, 24:00 hours (CET). Access via your own internet connection is, in general, possible by computer, tablet or smartphone, provided that the connection is stable. In this case, you can only listen or, if you follow the meeting online, also watch. You can exert influence, for example, by issuing a separate power of attorney to the Proxies and giving instructions by email pursuant to clause 6.5.

The Issuer points out that it does not assume any liability in the event of technical difficulties, which cannot be completely ruled out in electronic communication.

- 6.7 The Issuer also allows Noteholders to submit questions to the Issuer in advance. The Issuer will then examine whether it can answer them in advance for all Noteholders by providing the respective information on its website at www.paragon.ag under "Investor Relations / Bonds / Bondholder Resolution". Noteholders are requested to send their questions to the Issuer by email, fax or mail:

paragon GmbH & Co. KGaA
c/o Link Market Services GmbH
"2017/2022 Notes of paragon GmbH & Co. KGaA: Second Noteholders' Meeting"
Landshuter Allee 10, 80637 Munich
Fax: +49 89 21027-289
Email: versammlung@linkmarketservices.de

7. Countermotions and supplementary motions

- 7.1 Within the statutory period, each Noteholder is entitled to submit countermotions ("**Counter-motion**") on the resolution items on which, pursuant to this invitation to the noteholders' meeting, resolutions are to be passed.
- 7.2 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**").
- 7.3 Countermotions and Supplementary Motions are to be addressed to the Issuer by mail, fax or email to the following address:

paragon GmbH & Co. KGaA
- Investor Relations -
"2017/2022 Notes of paragon GmbH & Co. KGaA: Second Noteholders' Meeting"
Bösendamm 11, 33129 Delbrück
Fax: +49 52 50 97 62-60
Email: investor@paragon.ag

7.4 Any Countermotion and/or Supplementary Motion must be submitted together with a Special Proof with Blocking Notice (cf. clause 5.3). 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.

8. Information about outstanding Notes

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

9. 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".

10. Documents

From the date of publication of this invitation until the end of the second noteholders' meeting, the following documents are available to the Noteholders on the Issuer's website (www.paragon.ag) under "Investor Relations / Bonds / Bondholder Resolution":

- this invitation to the second noteholders' meeting including any announced Supplementary Motions and Countermotions;
- the Terms and Conditions of the Notes of paragon GmbH & Co. KGaA;
- the proxy and instruction form to grant power of attorney to the Proxies appointed by the company;
- 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: Second Noteholders' Meeting"
Bösendamm 11, 33129 Delbrück
Fax: +49 52 50 97 62-60
Email: investor@paragon.ag

11. Meeting attendance compensation

For expenses incurred by the Noteholders in connection with their attendance in the noteholders' meeting, the Issuer shall reimburse all participating Noteholders an amount of 0.25 percent of the outstanding nominal value that the respective participant notifies to the noteholders' meeting, but at least EUR 25.00. Forms for requesting the meeting attendance compensation are also available to the Noteholders on the Issuer's website (www.paragon.ag) under "Investor Relations / Bonds / Bondholder Resolution".

12. Organisational note on current restrictions due to the Covid-19 situation

The company expressly points out that, due to currently applicable legal requirements in connection with the Covid-19 pandemic, persons will only be admitted to the second noteholders' meeting if the respective **participant is fully vaccinated** (two vaccinations with one of the vaccines approved in the European Union according to the list published by the Paul-Ehrlich-Institut) **or has recovered** (vaccinated recovered persons, i.e. persons who have had a Covid-19 infection proven by a PCR test and have received at least one vaccination before or after) **and in addition can present a negative test result (2G+ rule, i.e. proof of complete vaccination or recovery from Covid-19 and a Covid rapid test that is not older than 24 hours)**.

A negative test result may be presented in form of an antigen rapid test (not older than 24 hours) or a PCR test (not older than 48 hours). **Participants of the noteholders' meeting who have not already received one of the two aforementioned tests in advance may have a rapid test (antigen test) carried out on site before joining the noteholders' meeting. Please be aware that there may be waiting times.**

The additional testing requirement does not apply to persons who have received a total of three vaccinations with one of the vaccines approved in the European Union according to the list published by the Paul-Ehrlich-Institut (including any combination with the COVID-19 vaccine from Janssen (Johnson & Johnson)). Persons who have a medical certificate stating that they cannot be vaccinated against Covid-19 for health reasons shall be treated as immunised persons if they have an antigen rapid test taken no more than 24 hours ago or a PCR test taken no more than 48 hours ago certified by a recognised laboratory. On-site testing will also be possible.

The Issuer reserves the right to adapt the above provisions to any changes in the Corona Protection Provisions of the State of North Rhine-Westphalia or the Federal Republic of Germany occurring up to the date of the noteholders' meeting.

13. Privacy policy

Since 25 May 2018, Regulation (EU) 2016/679 (General Data Protection Regulation, "GDPR") has applied across Europe. The protection of the Noteholders' personal data and the legally compliant processing of such data are of crucial importance to the Issuer. Therefore, on its website at www.paragon.ag under "Investor Relations / Bonds / Bondholder Resolution", the Issuer has outlined which data subject rights Noteholders have (including the right to complain to a supervisory authority) and how the Issuer generally handles data for the processing of which it is responsible. In connection with the administration of the Notes and the upcoming voting, the Issuer processes the following categories of Noteholders' data: contact details, number of Notes held by the Noteholders, information on the depository bank; if applicable, data on a representative appointed by a Noteholder. The Issuer processes this data exclusively in order to perform the contracts relating to the Notes (Art. 6 para. 1 lit. b GDPR) and in order to comply with statutory obligations (e.g. under the German Bond Act). The Issuer stores this data as long as this is required by statutory provisions (under tax law and the German Bond Act). The aforementioned data will be transmitted to the notary public Dr. Dirk Otto and, if applicable, to other service providers, lawyers and

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tax advisors who assist the Issuer in organising the upcoming voting. If Noteholders attend the noteholders' meeting online, additional personal data will be processed in "log files" in order to technically enable the online transmission to registered Noteholders only. This includes, for example, the IP address, the web browser used by the respective Noteholders and the date and time of access.

This data will be deleted after the noteholders' meeting has been closed.

The Issuer does not use this data for purposes other than those stated herein.

Delbrück, February 2022

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

Frankfurt am Main, February 2022

*Dr. Dirk Otto, Notary Public
Chairman of the Voting Process*