

paragon acquires 82 percent of SemVox GmbH and launches business division for digital assistance systems

- **paragon concludes purchase agreement for acquisition of 82 percent of SemVox GmbH stake - option for further 18 percent secured**
- **With the new Digital Assistance division, paragon is implementing its announced entry into the digital business**
- **SemVox is a leading B2B technology supplier for proactive assistants based on Artificial Intelligence and Machine Learning**
- **Numerous vehicle types already equipped with SemVox technology**
- **Expansion of the paragon product portfolio will enable OEMs to obtain complete solutions for speech assistance systems from a single source**

Delbrück, Germany, September 12, 2018 –paragon GmbH & Co. KGaA [ISIN DE0005558696] creates a new business division for digital assistance systems: the company acquires 82 percent of the shares in SemVox GmbH, Saarbrücken, for € 16.4 million. The tech company develops efficient solutions for voice control, diverse human-machine interaction and intelligent assistance systems based on artificial intelligence.

The sellers of the stake are the four founders of SemVox GmbH and four investors, including the German Forschungszentrum für Künstliche Intelligenz GmbH, Saarbrücken, and M. Ladendorf Beteiligung GmbH, Trier. The four founders will continue to hold shares in the company for at least three years and will assume management and executive functions. The transaction will be completed by the beginning of October 2018 at the latest.

SemVox GmbH was founded ten years ago as a spin-off of the German Research Center for Artificial Intelligence (Saarbrücken) and has a renowned customer portfolio in the automotive industry. In 2017, the company won the Car HMI Special Jury Award. SemVox employs more than 60 people in Saarbrücken, who together have more than 150 person years of experience in the field of digital assistance.

"In the new connected world of automobiles, every vehicle is a digital device on wheels that communicates with the driver and the environment," explains Klaus Dieter Frers, CEO of paragon GmbH. "We are very pleased that we have won the pearl of artificial intelligence in Germany for ourselves and that we are thus realizing the announced entry into the digital business. Once again we are demonstrating that we can find smart answers to the influential trends in the automotive industry".

"We are very happy that new and exciting opportunities are opening up for SemVox and its employees now as part of the paragon Group. Together we will significantly increase our influence in the value chain of the new digital ecosystems developing with high dynamics," emphasizes Dr.-Ing. Norbert Pflieger, Chairman of the Management Board of SemVox GmbH, who will continue to be a top member of the management team.

SemVox sees itself as a leading B2B technology supplier for proactive assistants based on artificial intelligence and machine learning. Today, SemVox technology is already part of numerous vehicle types. Over the next five years, more than 13 million vehicles will be equipped with SemVox solutions. The company will continue to enable customers to develop their own intelligent assistants using the platform supplied by SemVox. In addition, paragon and SemVox are pursuing the goal of significantly expanding the range of integrative solutions. In addition to products and systems from the areas of sensors, interior, body kinematics and electromobility, paragon will also provide customers with hardware and software for the development of speech assistance systems. paragon is thus increasingly developing into a full-service provider for OEMs. SemVox expects sales in the mid single-digit million range in the 2018 financial year. The company is already operating profitably.

paragon has been dealing with the human-machine interface in vehicles for 25 years. Just recently, the Group bundled its competencies in this area by merging the previous "Acoustics" and "Cockpit" business units to form the "Interior" division. This is based in Bexbach near Saarbrücken and is to move into a new building with SemVox (in future: paragon semvox

GmbH, Digital Assistance division) in Limbach-Kirkel by the end of 2018 in order to develop forward-looking product innovations and thus shape the digital future of the automotive industry.

About paragon GmbH & Co. KGaA

paragon GmbH & Co. KGaA (ISIN DE0005558696), which is listed in the regulated market (Prime Standard) of the Frankfurt Stock Exchange, develops, produces and distributes forward-looking solutions in the field of automotive electronics, body kinematics and e-mobility. As a market-leading direct supplier to the automotive industry, the company's portfolio includes the Electronics operating segment's innovative air-quality management, state-of-the-art display systems and connectivity solutions, and high-end acoustic systems. In the Mechanics operating segment, paragon develops and produces active mobile aerodynamic systems. With Voltabox AG (ISIN DE000A2E4LE9), a subsidiary that is also listed on the regulated market (Prime Standard) of the Frankfurt Stock Exchange, the Group is also active in the rapidly growing Electromobility operating segment with its cutting-edge lithium-ion battery systems developed in-house.

In addition to the company headquarters in Delbrück (North Rhine-Westphalia, Germany), paragon GmbH & Co. KGaA and its subsidiaries operate sites in Suhl (Thuringia, Germany), Nuremberg and Landsberg am Lech (Bavaria, Germany), St. Georgen (Baden-Württemberg, Germany), Bexbach (Saarland, Germany) and Aachen (North Rhine-Westphalia, Germany) as well as in Kunshan (China) and Austin, Texas (USA).

Additional information about paragon can be found at www.paragon.ag.

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