



**PARAGON**

**paragon GmbH & Co. KGaA**  
**Deutsches Eigenkapitalforum**

Frankfurt | November 28, 2022

PARAGON  
KONZERNZWISCHENBERICHT  
ZUM 30. SEPTEMBER 2022  
NEUN MONATE

“paragon’s revenue increases by 15.9%  
in the first nine months 2022”

“Annual revenue forecast of  
EUR 170m confirmed”

# Agenda

1. paragon's Business Model
2. Financial Results
3. Bonds
4. Business Update

Perspectives

# Over 30 Years of Automotive Experience

<p><b>1988</b></p>  <p>Founded as electronics manufacturer in Delbrueck</p>	<p><b>1991</b></p> <p>Plant in Zella-Mehlis</p>	<p><b>1993</b></p> <p>Launch of sensor development and production</p> 	<p><b>1995</b></p> <p>New production plant in Suhl</p> 	<p><b>2000s</b></p> <p>paragon's IPO and various acquisitions</p> 	<p><b>2012</b></p> <p>New business unit: kinematics</p> 	<p><b>2011</b></p> <p>Development of modular system for electromobility</p> 	<p><b>2015</b></p> <p>Opening of paragon Kunshan in China</p> 	<p><b>2017</b></p> <p>Voltabox IPO</p>  	<p><b>2017</b></p> <p>Acquisition of HS Genion</p>	<p><b>2018</b></p> <p>Acquisition of SemVox and LPG</p> 	<p><b>2019 -2021</b></p> <p>Voltabox's losses burdened the consolidated report of paragon heavily</p>	<p><b>2021</b></p> <p>Sale of all shares in VOLTABOX<sup>®</sup></p> <p>Focus on automotive</p> 
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# Pure Automotive



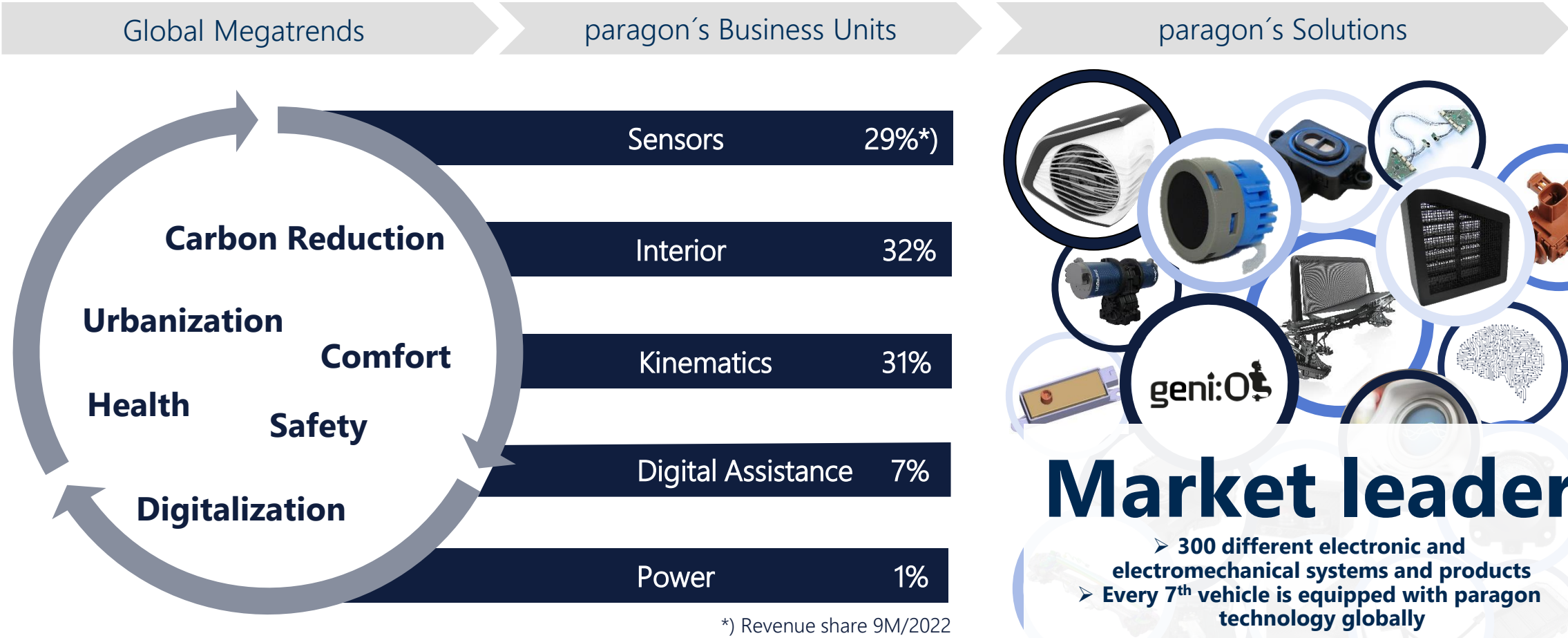
Investment into Voltabox sold in 2021

Tier1 for Blue Chip Customers

Products along Megatrends

Products independent from Type of Drive

# paragon addresses Global Megatrends



# paragon's Products are Independent of Drive Type

Business Unit

## Sensors

**AQS:** Rising production figures and new development based on artificial intelligence

**AQI:** Increasing sales through China business

**Electronic filters:** Great potential for worldwide roll-out - several major orders secured



Business Unit

## Digital Assistance

**Geni:OS:** Next generation AI with proactivity and empathic interaction

Major order for infotainment platform

**Edwin:** Roll-out at various OEMs in Europe and USA



paragon GmbH & Co. KGaA

Business Unit

## Kinematics

**Spoiler:** Growing premium segment business with new products and new customers in China

**Actuators:** Significant potential in the growth market of sunroof actuators/LIDAR

**Seating components:** Great opportunities for significant market share



Business Unit

## Interior

**Microphones:** New generations secure follow-up orders

**Loudspeakers and sound systems:** Sustainable growth through exterior loudspeakers for electric vehicles

**Instruments:** Robust sales driver for the business unit and new opportunities in the display sector

**Wireless charging:** New products



Business Unit

## Power

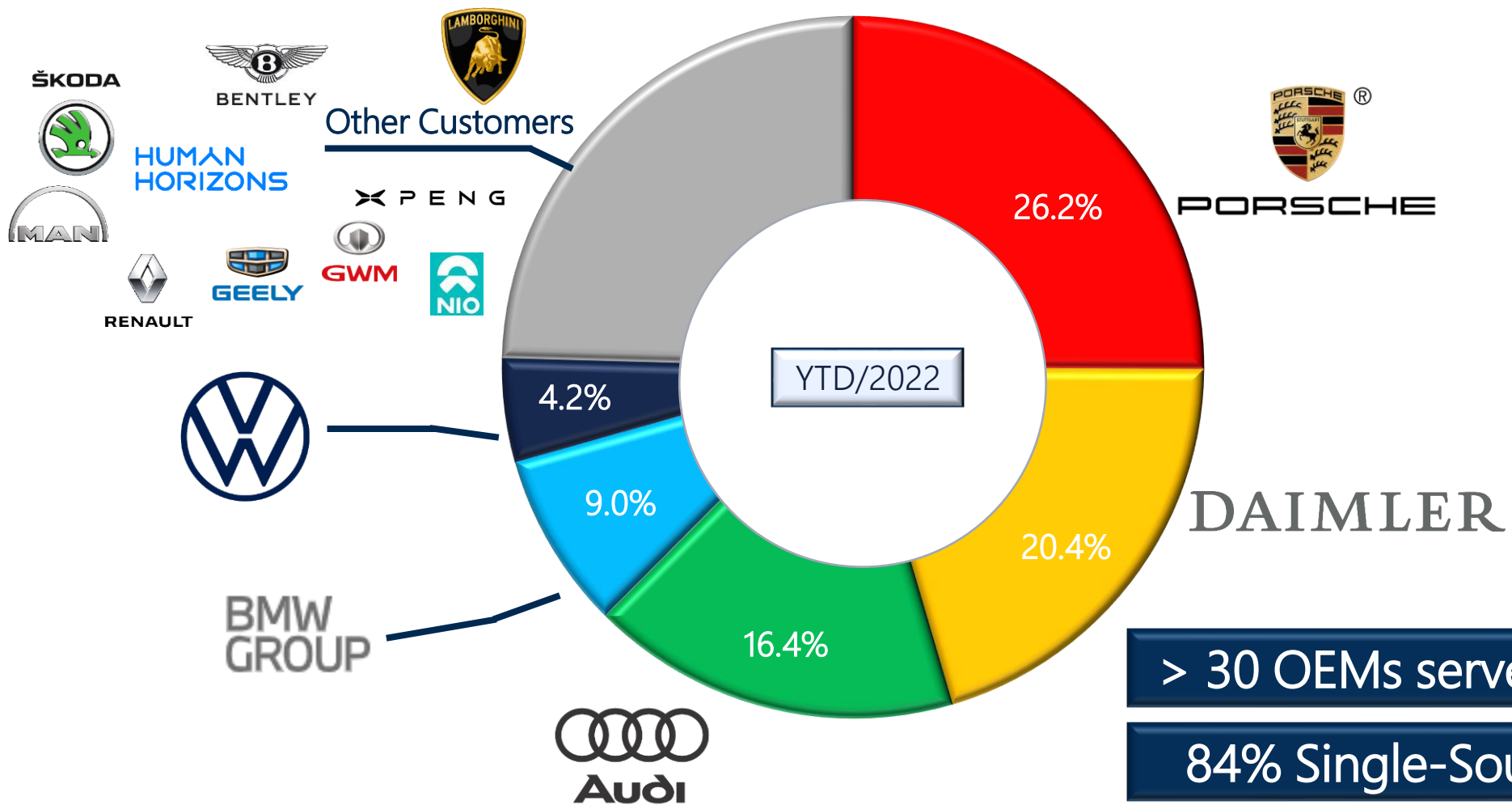
**Starter batteries:** Disruptive technology shift from lead-acid batteries to environmentally friendly, durable and lightweight Li-ion batteries offers significant market opportunities

**Buffer batteries:** 12-volt buffer batteries for electric cars as an attractive market opportunity

**Traction batteries:** Focus on motorcycles and scooters



# paragon's Premium Automotive Customers YTD 2022



> 30 OEMs served as Tier 1

84% Single-Source share



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# 9M/2022: Financial Highlights in a Nutshell



## P&L Development

<b>Income Statement in EURm</b>	<b>2021</b>	<b>9M 2022</b>
Revenues	146.9	127.1
Other own work capitalized	7.4	7.1
Change of finished goods	0.4	3.6
Other operating income	4.8	2.7
<b>Total operating performance</b>	<b>159.5</b>	<b>140.5</b>
Costs of materials	-72.9	-67.6
Personnel expenses	-44.6	-38.5
Other operating expenses	-22	-22.4
<b>EBITDA</b>	<b>20.0</b>	<b>12.0</b>
Depreciation & amortization	-19.2	-11.7
<b>EBIT</b>	<b>0.8</b>	<b>0.3</b>

Revenues increased by 15.9% to EUR 127.1m in the first nine months

EBITDA of EUR 12.0m despite noncash one-time effects:

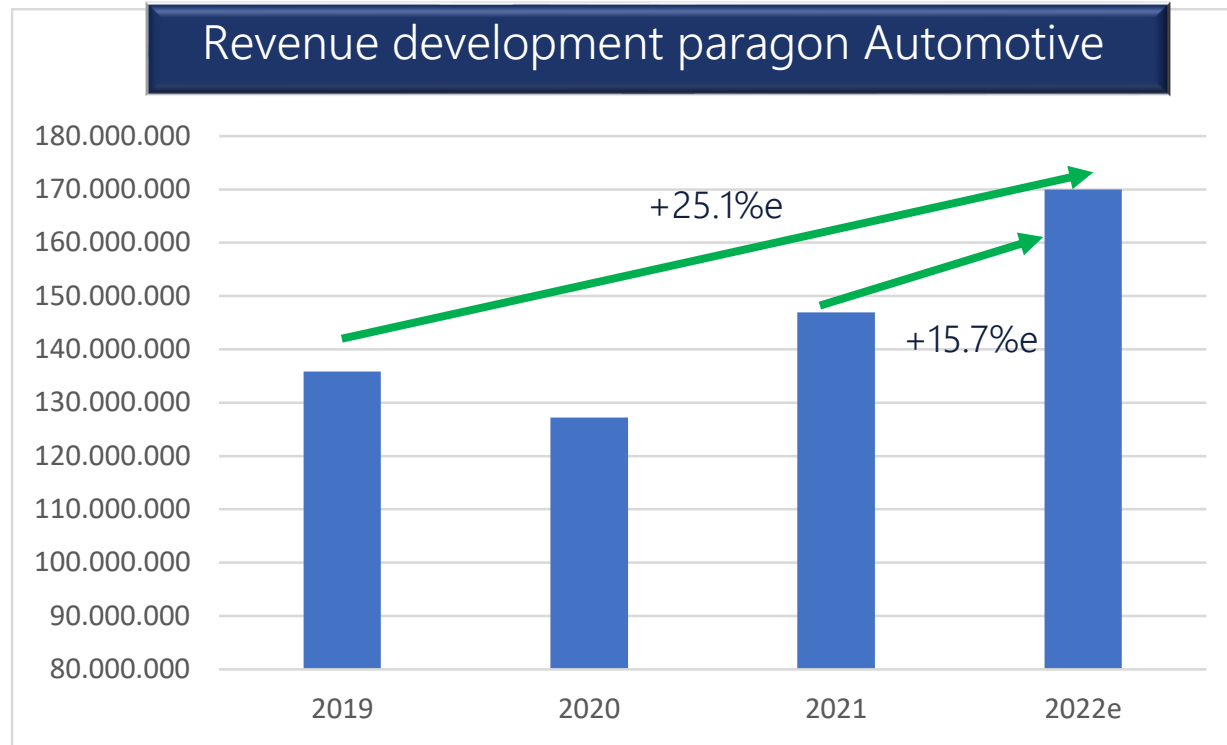
Sale of Aachen-activities in first quarter 2022 (book loss of EUR 0.45m)

Unrealized currency losses due to weaker EUR to CHF (book loss EUR 1.8m)

Sale of vacant production hall (book loss EUR 1.75m)

Operational EBITDA at EUR 16.0m (12.6%)

# Expected Revenue Increase of 25.1% compared to pre-Corona year 2019



Revenues increased to EUR 127.1m in the first nine months 2022

- ⇒ Increase of 15.9% compared to 9M2021
- ⇒ Increase in Q3/2022 of 19.8% compared to Q3/2021
- ⇒ Increase of 15.7% expected for complete year 2022

Organic growth in all business units despite challenging headwinds in the last 2 years

Robust business model due to innovative products and solid customer base

# Headwinds in 9M/2022

## Wage and salary costs:



paragon adjusted wage and salaries in H1/2022 to reflect higher cost of living

On the other hand paragon was able to achieve efficiency increases in direct and indirect area next to higher revenues

As a result:  
Average headcount increased only by 6.5% (from 879 in 9M 2021 to 936 in 9M 2022) compared revenue increase of 15.9% => This enabled paragon to overcome this headwind

## Electricity and heating costs:



paragon's energy costs increased in accordance with the market by 75% in 9M 2022 compared to 9M 2021

Of course paragon initiated activities to reduce the energy consumption

However, more important is that paragon does not maintain an energy intensive production. Total energy costs increased therefore "only" from 0.7% to 1.1% of total revenues

## Supply chain issues:



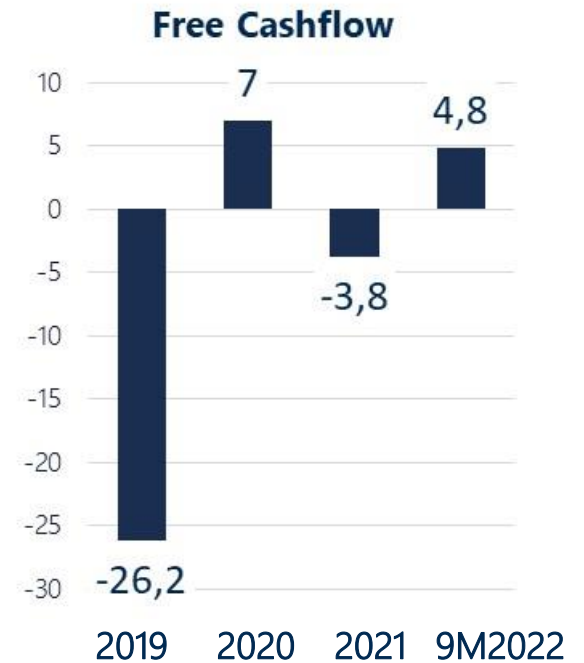
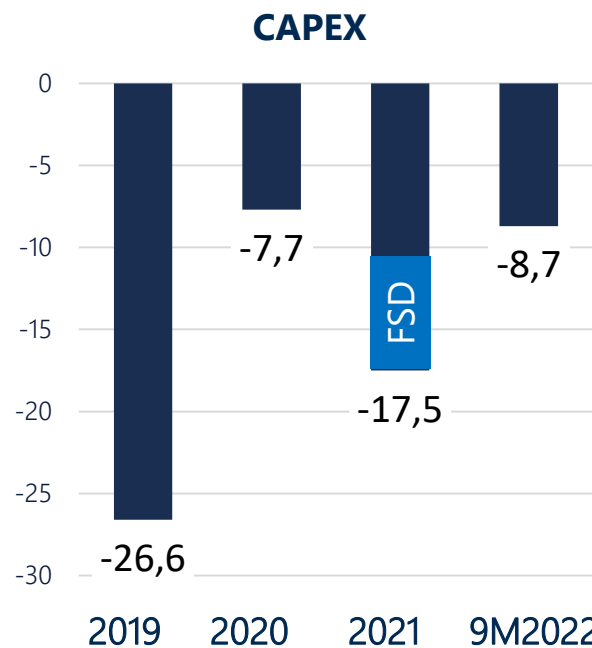
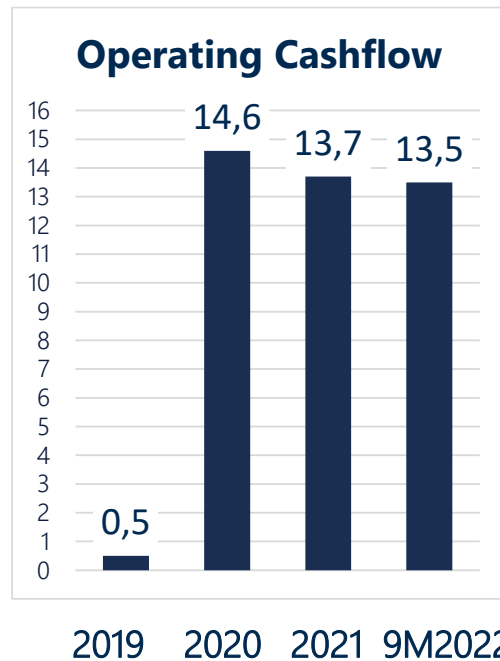
paragon is also confronted with recent supply chain challenges. The purchasing department was able to get all necessary components (esp. chips) delivered on time to ensure deliveries to our automotive customers

paragon increased for various components the safety stock (see also next page).

Due to generally higher transportation costs logistic costs increased in 9M 2022 from 2.2% of total revenues to 2.7%

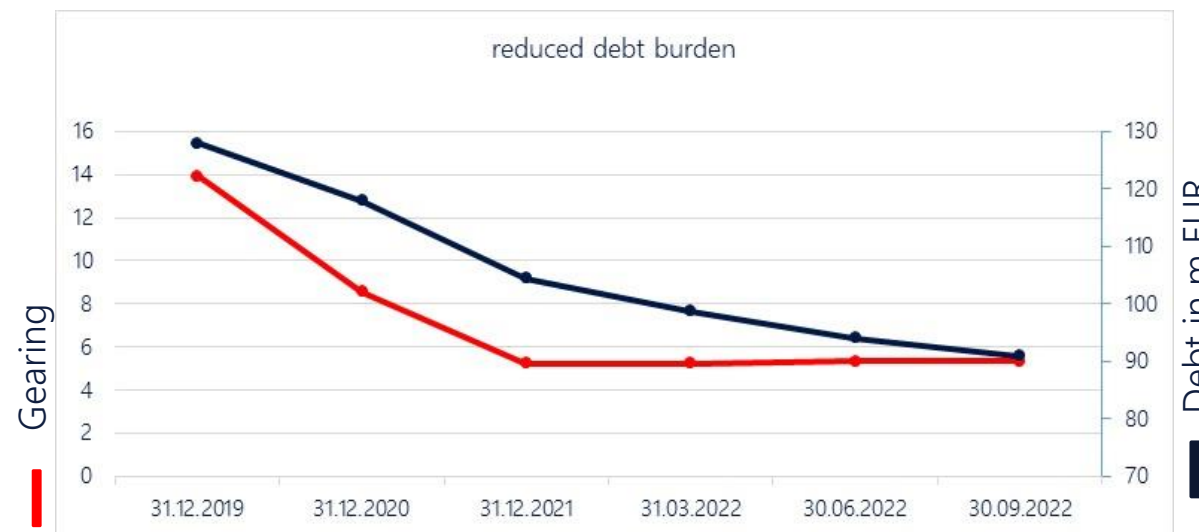
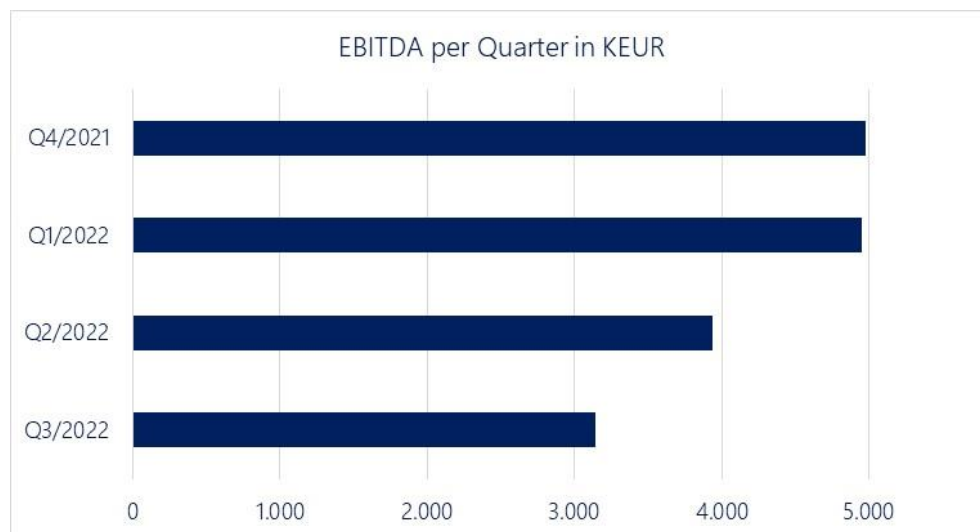
# 2022: Cost Reductions and Efficiency Increases show Effect

Free cashflow impacted by increase in inventories (EUR 3.7m)



Free Cash Flow not suffering from one-time effects

# Actual Gearing at 5.3



paragon-Automotive achieved EUR 17.0m EBITDA in the last 12 months

Total liabilities to banks and bondholders have been reduced from EUR 127.9 by EUR 37.0m to EUR 90.9m from Dec. 2019 to September 2022

Increased profitability and reduced debt improve **gearing** (debt to EBITDA) since December 2019 from 13.9 to 5.3 at the end of September 2022 - paragon is committed to further deleveraging step-by-step

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# Bond Report

## Prolongation of EUR-bond

- Prolongation was alternative to sale of subsidiary
- 99.9% vote for prolongation until July 2027 reached
- Terms and conditions improved for the bondholders - Planning certainty achieved for paragon
- Repayment of EUR 5.0m due on April 23, 2023
- Technical process for the repayment will be a public offer

## CHF-bond already repaid by 40%

- Final repayment of CHF 21m due on April 23, 2023
- Alternative plans for repayment/refinancing are progressing
- Information to the market in the near future only as paragon is bound to MAR

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## Recent Business Wins



### Kinematics

- Adaptive Spoiler for a Chinese EV company starting in summer 2024
- “Energy saving feature”
- Already 4<sup>th</sup> nomination in China for adaptive spoilers
- Booked business just for adaptive spoilers for our Kunshan plant increases to EUR 46m

## Recent Business Wins



### Interior

- Instruments for an European Premium OEM
- Used in new electric SUV
- Start of production in our Suhl-plant in Summer 2024
- Lifetime revenue > EUR 20m

## paragon increased Investment into paragon semvox

geni:O\$



### Digital Assistance

- paragon acquired 82% of the shares in paragon semvox in 2018
- In 2020 and 2021 paragon increased the share to 95.4%
- Now, paragon acquired the remaining shares
- paragon is the sole shareholder of paragon semvox

## paragon and Hengst Forge Strategic Partnership

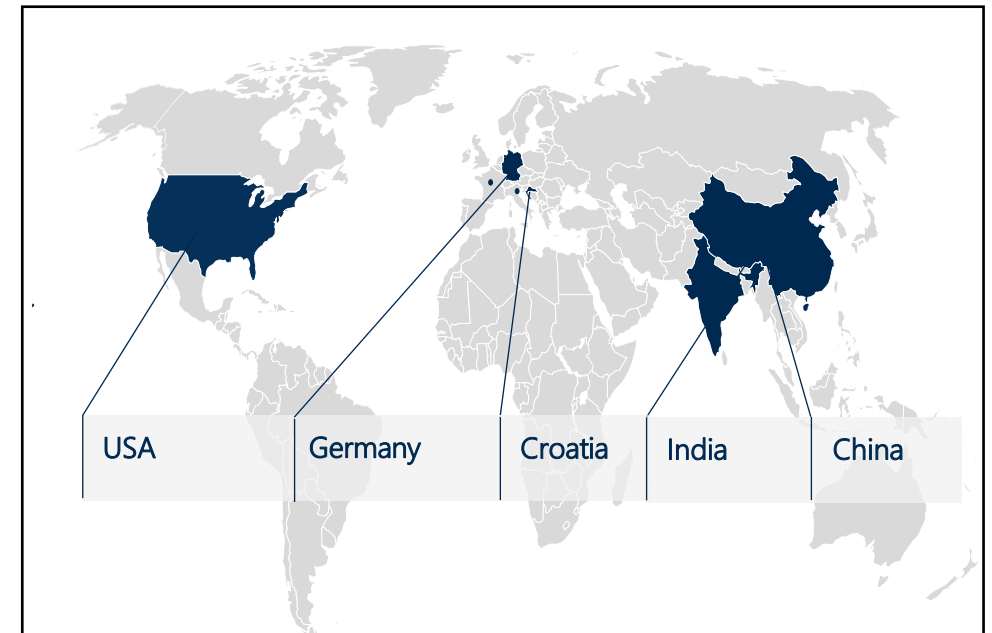


### Sensors

- Hengst SE is a well-known filtration specialist, located in Münster
- Goal is to combine the expertise in regard to filtration solutions that keep dust, bacteria, fungi and viruses out of the vehicle interior
- paragon's electric anti-virus filter DUSTPROTECT as part of a system solution

# Technology Provider for more than Three Decades

- Year of foundation: 1988
- Corporate form: GmbH & Co. KGaA (limited partnership)
- General Partner: paragon GmbH (unlimited liability)
- Management: Klaus Dieter Frers, founder and CEO  
Dr. Martin Esser, CFO
- Stock exchange: Listed in Frankfurt/Main since 2000  
ISIN DE0005558696
- Employees: ~950 worldwide  
(>25% in R&D)



## Publication of Inside Information on November 9, 2022

- paragon GmbH & Co. KGaA was informed by K. Frers on November 9, 2022, that a third party has appropriated the rights to realize the founder's complete paragon share package under dubious circumstances and against his will
- On November 11, 2022, a start-up called "ElectricBrands AG" was able to get 1,355,000 paragon-shares (=29.94%) out of Frers' paragon share package
- Mr. Frers holds 20.06% of the voting rights now
- ElectricBrands AG verbally declared not to sell their stake actually or to plan to acquire more shares
  
- Legal form of a GmbH & Co. KGaA acts as bastion against hostile takeovers
- Sole management and control of a GmbH & Co. KGaA lies on the general partner (=paragon GmbH)
- paragon GmbH is fully family owned and not affected by the actions of ElectricBrands
- Mr. Frers remains Managing Director of paragon GmbH
- No change in terms of operations and strategy of paragon GmbH & Co. KGaA



## **paragon's Business Model proves as Robust**

- **Revenues up by 15.9% in a challenging market**
- High level of order releases for Q4/2022 and 2023
- Revenue **Forecast 2022 confirmed: EUR 170m** (expected growth rate of 15.7% compared to 2021)
- **No dependency on type of drive** but beneficiary of transformation
- After the recent acquisition paragon is the sole shareholder in paragon semvox
- paragon outperforming the automotive sector since years
- Customer and product portfolio focussed on today's and tomorrow's sweet spots **Range extension, well-being in the cabin and battery solutions**
- **Communication to the capital market about the repayment of the CHF-bond in the near future**

## **Thank you for your attention.**

Please do not hesitate to directly contact Dr. Martin Esser in case of further questions.

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