

The background of the slide is an abstract, dynamic composition of light trails. It features a central perspective of a tunnel or path that recedes into the distance, illuminated by bright, glowing light sources. The colors are predominantly shades of blue and purple, with a gradient from deep blue on the left to lighter, almost white-blue on the right. The light trails create a sense of motion and depth, with some lines curving and others straight, suggesting a futuristic or high-tech environment.

PARAGON®

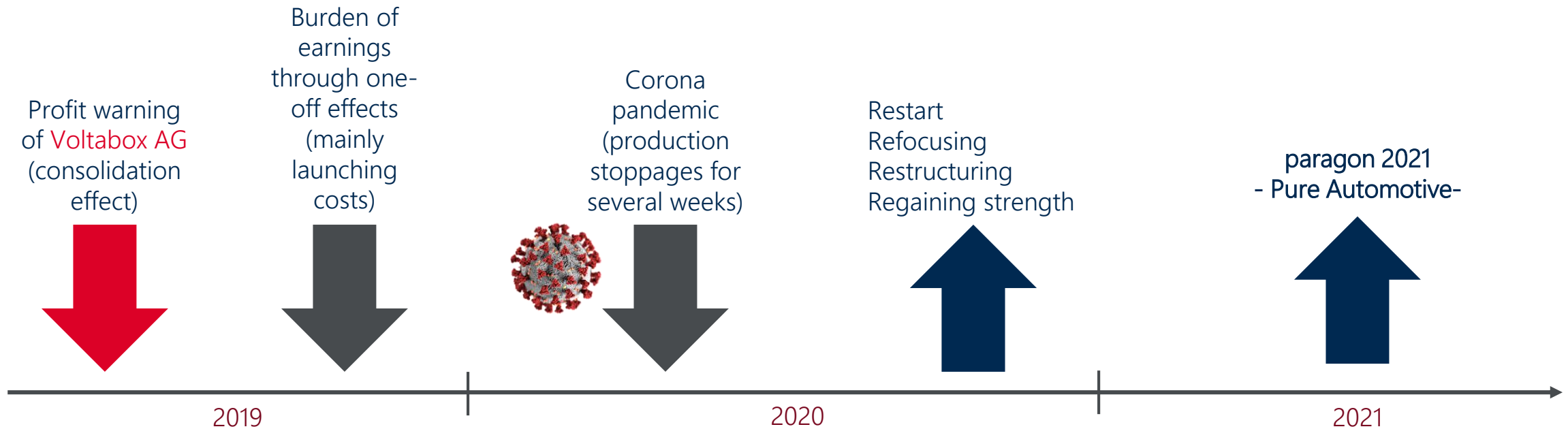
paragon GmbH & Co. KGaA
Analyst / Investor Presentation

Quirin Champions | June 18, 2020

Presenting paragon 2021 - Enhanced Driving -

Business Overview

Adjusting to the „new normal“



Business Overview

paragon Automotive - Retrospective

2019

- ⊕ Beneficiary of the transformation of the automotive industry
- ⊕ No influence of Diesel crisis or trade disputes
- ⊕ Revenue growth 16 %! (Sales core market: -3.9 %)
 - ⊕ Acoustics +37.1 %
 - ⊕ Kinematics +31.7 %
- ⊕ Order intake +11.5 %!

Business Overview

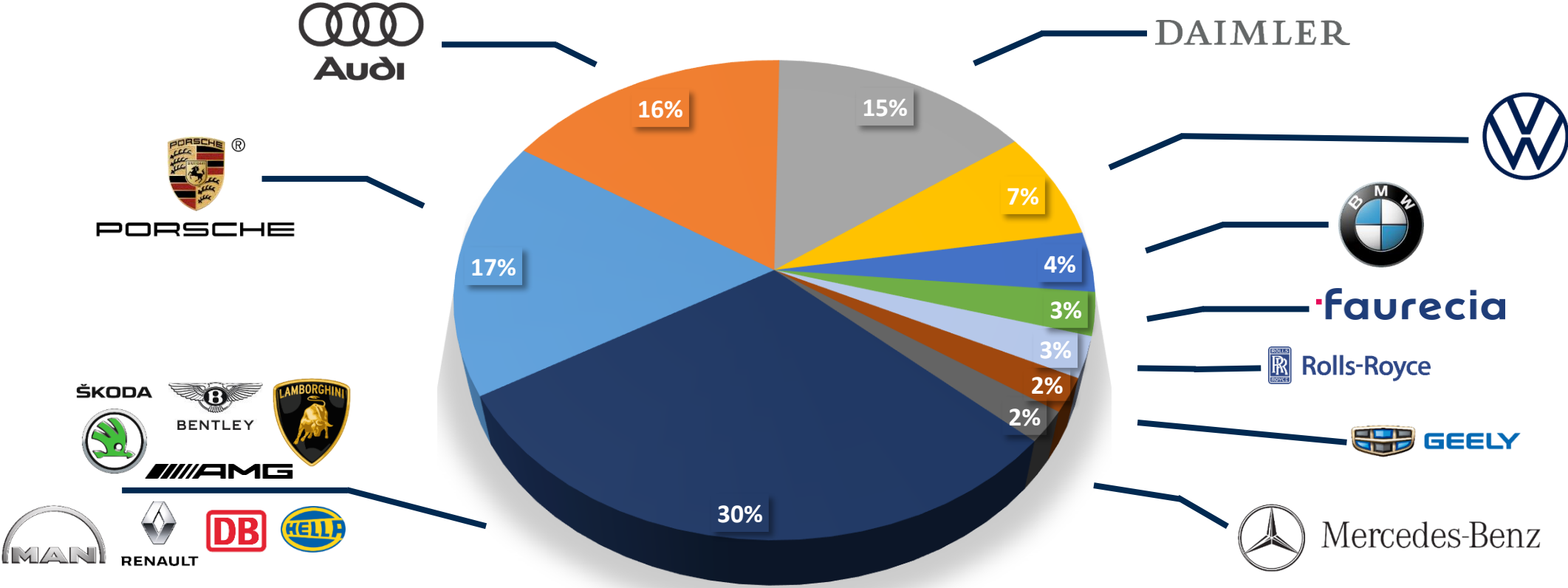
paragon Automotive - Retrospective

2019

- ⊖ Launching costs of Kinematics projects
 - ⊖ One-off effect € 6.0m
 - ⊕ Successful restructuring gaining profit of € 14.2m over lifetime
- ⊖ Integration / consolidation costs of subsidiaries
 - ⊖ One-off effect € 2.5m
 - ⊕ Consolidation of three locations into one new enables savings of € 1.5m annually
- ⊖ Introduction costs of new ERP software
 - ⊖ One-off effect € 0.5m
 - ⊕ Consistent ERP systems in subsidiaries enable significant cost savings

Business Overview

Revenue Share of paragon Automotive Customers



Business Overview

Highlights from paragon's Business Units in 2019



- _ Air Quality Sensor and Ionizer for Porsche electro platform (e.g. Porsche Taycan)
- _ Air Quality Sensor for new Volkswagen MEB electric platform (initially for ID.3)
- _ R&D project: Near-field radar sensor for detecting children on rear seats of vehicles to prevent heat exhaustion (significant potential in the US)

- _ 5 more car models equipped with smart assistants – incl. Golf 8
- _ New platform for building companions
- _ Market entry smart office solution



- _ Major order for microphones for largest VW platform
- _ Nomination by Porsche for new instruments
- _ EISA Awarded ETON loudspeaker Core S3 now being distributed by European market leader for car hifi aftersales

Business Overview

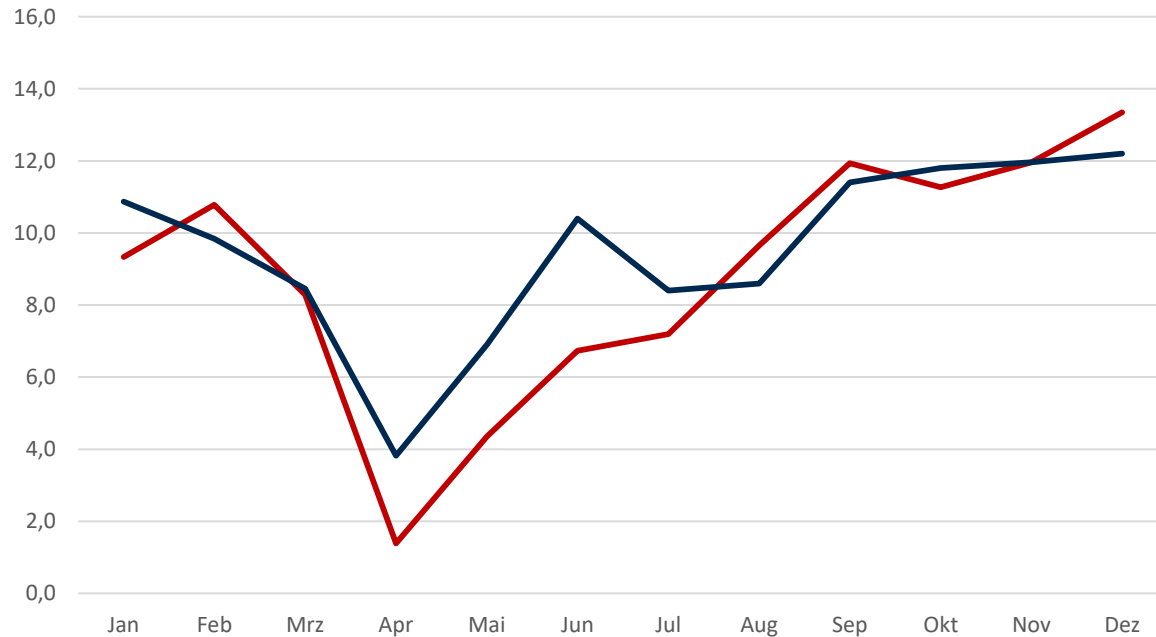
paragon Automotive - Retrospective

2020

- ⊖ January: Perfect start of the year
 - ⊕ Sensors +12.3 %
 - ⊕ Overall turnover +10 %
- ⊖ March: Comprehensive production stoppages at all automotive customers
 - ⊖ All paragon production plants closed
 - ⊖ Short-time work

Business Overview

Comparison Corporate Development to McKinsey Expectations



- Revenue scenario post Corona paragon
- Revenue scenario McKinsey*

Source: McKinsey & Company COVID-19 Automotive Outlook, Release: April 16, 2020

- Initiated measures show effect
- Restart of production in calendar week 18
- Current capacity utilization of the plants between 70 and 75 % compared to pre-Corona plannings
- On-hand call-offs show a tendency towards 80 to 85 percent capacity utilization in upcoming months



Actually less impact of the pandemic than predicted by external forecasts

Business Overview

Success through USPs

Share Single Source
paragon-Automotive 2019:

86 %

- Customers appreciate technologically sophisticated and innovative products from paragon
- paragon has a high degree of trust and support

„There is no alternative to paragon.“*

*Aggregated confirmation by paragon customers.

Outlook

Using the Time



Sharpen the focus!

Outlook

The Outcome of the Pandemic

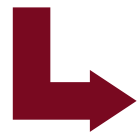
"What was right before Corona couldn't be wrong after the pandemic."



"Live goes on after Corona."



The Corona pandemic is a game-changer!



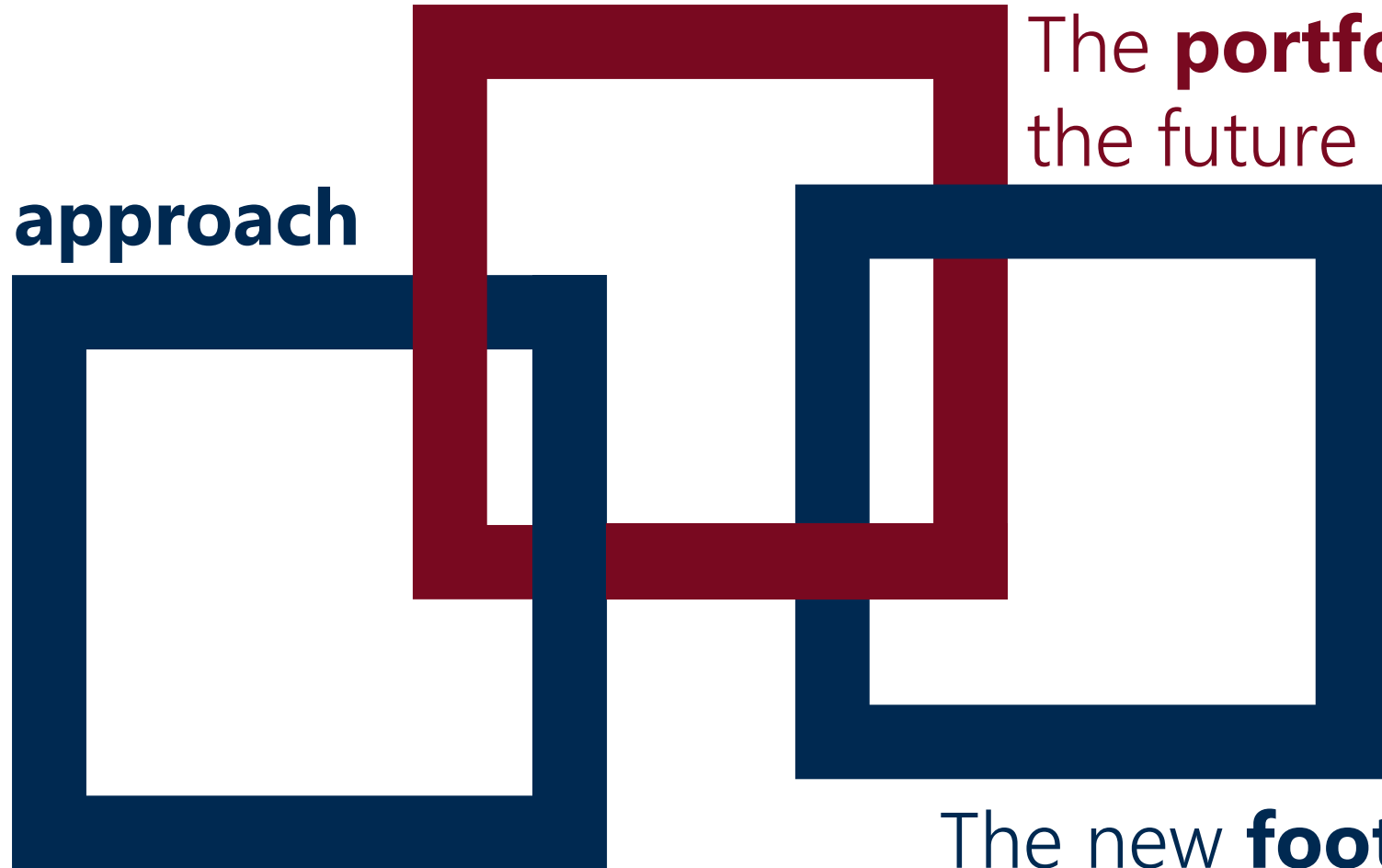
Once the pandemic is over it'll be a completely new ball game and the industry will be in a different position.

Outlook

The Re-invention of paragon

The new **approach**

The **portfolio** of
the future



The new **footprint**



The new approach - Enhanced Driving -

Move
& Support

Breathe
& Protect

Listen
& Act

See
& Assist

Feel
& Relax

Outlook

The portfolio of the future

Listen and act

- Microphones **NEW**
- Exterior sound **NEW**
- Loudspeakers
- Mini-Woofer **NEW**
- Sound system **NEW**
 - Modular/scaleable platform
 - Distributed or centralized
 - 3D sound experience



„Best car soundsystem on the planet!“

Source: connect.de

See and assist

- Digital assistance, AI based **NEW**
 - Adaptive voice control
 - Multimodal interaction
 - Data protection
 - Platform for building companions **NEW**
- Connection Box for seamless handover **NEW**
 - Embedded Infotainment
 - Mobile applications
 - Cloud services
- Supplementary instruments
- Hidden technologies
 - Smart surfaces **NEW**
 - Passenger – individual control context **NEW**

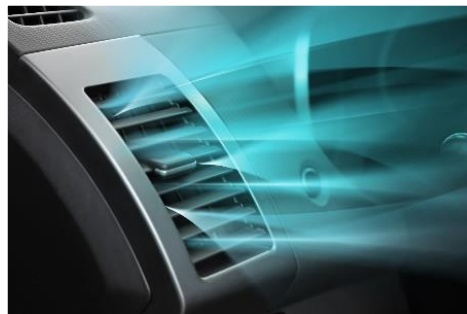


Outlook

The portfolio of the future

Breathe and protect

- Air Quality Sensors
- Ionizer
- Vital data sensors **NEW**
- Child Presence Detection **NEW**
- Anti-virus electrostatic filter **NEW**



Feel and relax

- Electric drives for seats
- Sensors for seats **NEW**
- Road noise cancelation **NEW**



Move and support

- Front and rear spoilers (incl. drives)
- Drives for wind deflectors and sunroofs **NEW**

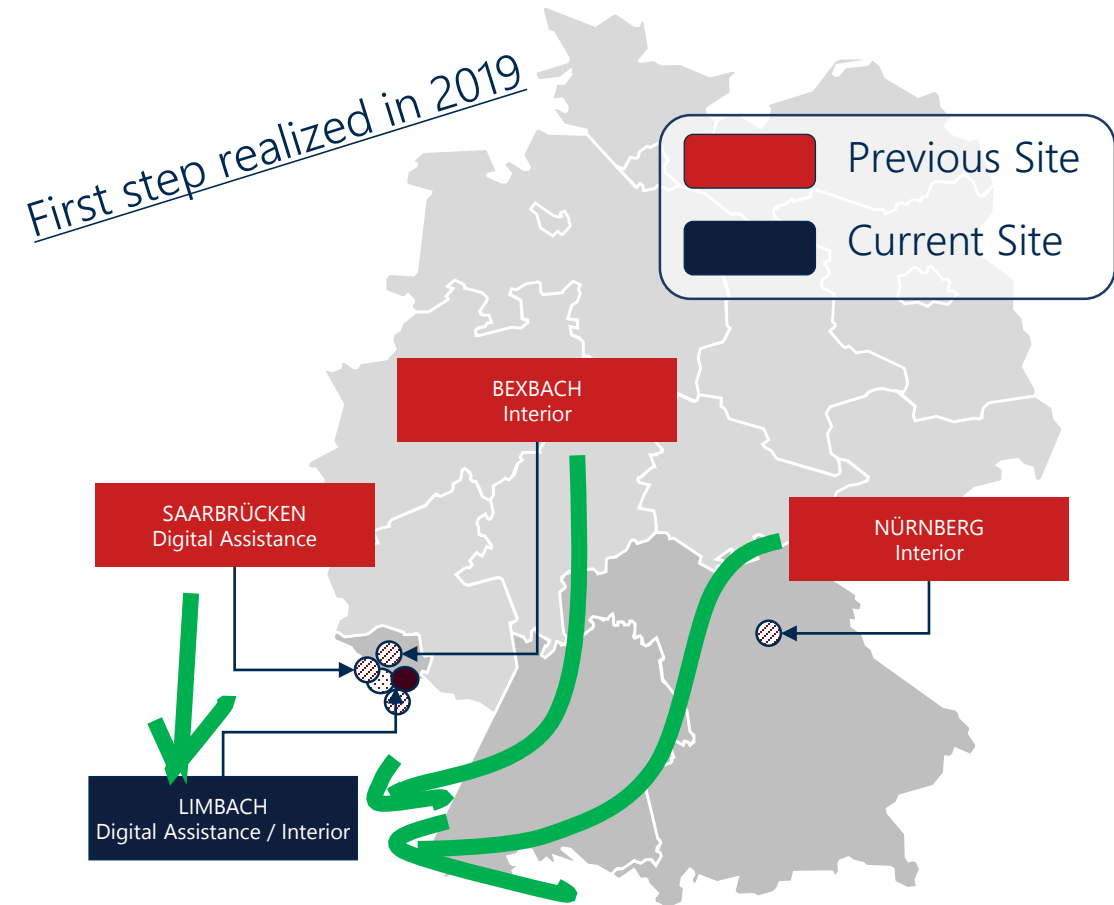


Outlook

paragon 2021

The new footprint

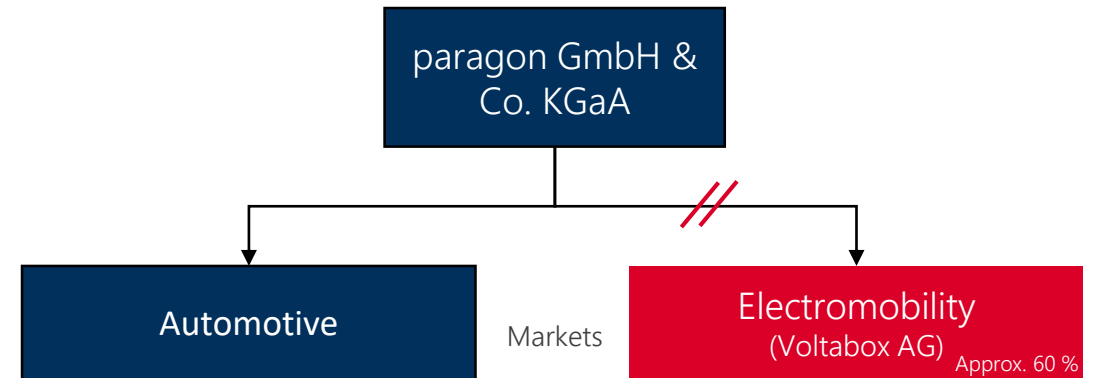
- Fewer locations with
- Dedicated tasks
- Low-cost-countries considered



Outlook

The sale of Voltabox is the enabler

- Stock market doesn't value paragon's financial investment Voltabox
 - No overlap between both company's business models
 - Buyer to scale up Voltabox's business globally
 - Sales process going very well
- >> Proceeds to be invested into paragon's Automotive business plus debt relief



Outlook

Next steps expected



- paragon is confronted with discretionary decisions due to Coronavirus pandemic (e.g. valuation of receivables)
- Still significant uncertainties in the financial statements and forecast about matters relating to the future against the backdrop of dynamic economic consequences of the COVID-19 pandemic at paragon customers
- No secured data basis, future call-off behaviour of the automotive industry cannot be forecast (which is extremely important in times of a looming recession)
 - >> bandwidth too high

Aim

- >> Correct reflection of worldwide threatening consequences of the pandemic on paragon’s business
- >> Best possible transparency and substantiated statements for capital markets

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The background features a glowing blue and orange car driving through a tunnel of binary code (0s and 1s). The car is rendered in a wireframe style, and the tunnel walls are composed of curved lines of binary digits. The overall aesthetic is high-tech and digital.

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Note: this presentation was printed climate neutral

