



PARAGON

**paragon GmbH & Co. KGaA**  
EquityForum – Spring Conference  
May 17-19, 2021

# paragon Automotive

> 30 yrs  
of experience  
Founded 1988

> 300  
products

> 30  
OEMs  
served as  
Tier 1

> 220  
vehicle types  
with paragon technology

Every  
7th  
vehicle is equipped with  
paragon technology  
globally

> 20%  
of 846  
employees  
in R&D

11  
locations  
worldwide

Overview paragon Automotive

# Market Leading Products

## Sensors

Unique solutions for air quality improvement, e.g.: air quality sensors and improvers, CO2 sensors, particle sensors, electrostatic virus filters, odorifier systems, vital data sensors



## Interior

Various solutions for the acoustics and cockpit area, such as: microphones, display instruments, charging trays, media interfaces, external sound systems



## Digital Assistance

Innovative solutions and technologies for voice control, human-technology interaction and intelligent assistance systems with empathy based on AI and machine learning



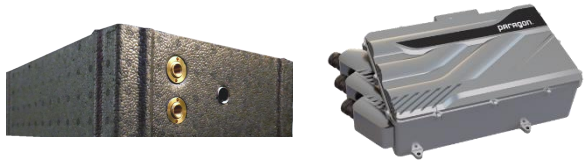
## Kinematics

Technical solutions to increase the efficiency and the comfort of car's moving parts and exterior, e.g. aero-dynamic solutions and convertible systems



## Power

Outstanding solutions in the field of lithium-ion technology and the electric powertrain, such as: starter batteries, traction batteries, DC-DC converters, e-motors on 800V level,



**NEW**

# **Business Update**

# Operating Business Performance at a Glance

*„paragon Automotive achieves strongest half-year in company history“*

Sales 2020 above expectations 

Quick recovery

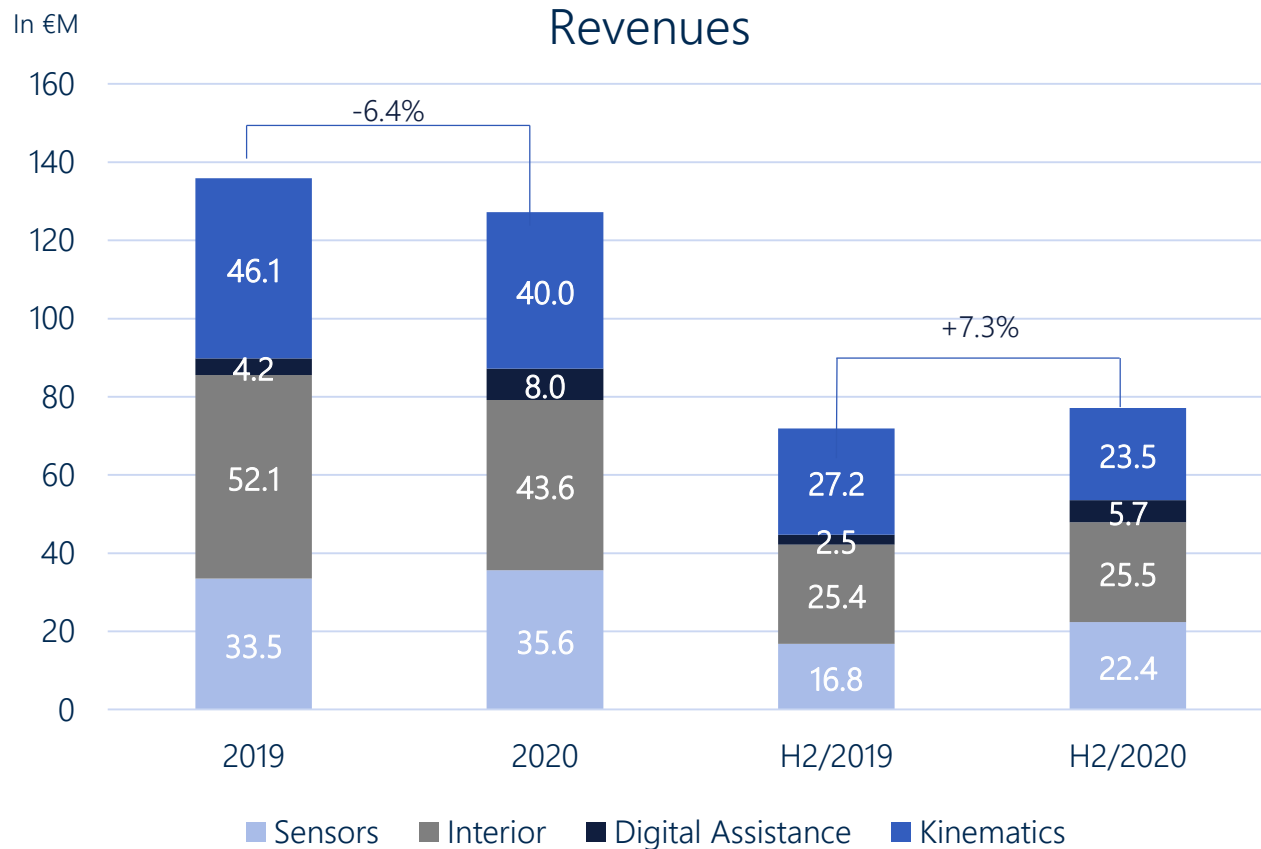
Robust business model

Appropriate decisions

- Implications from pandemic less severe than expected
- Sales in 2nd half of 2020 up 54.2% vs. 1st half of 2020, up 7.3% vs. 2<sup>nd</sup> half of 2019 (above market average)
  - Fast recovery of Chinese market
  - Ramp up new product particle sensor
  - Strong sales of revenue-relevant vehicles
  - Digital Assistance up 88.8% vs. 2019
  - Sensors sales up 6.2% vs. 2019
- 100+ extra shifts for key products by the end of 2020

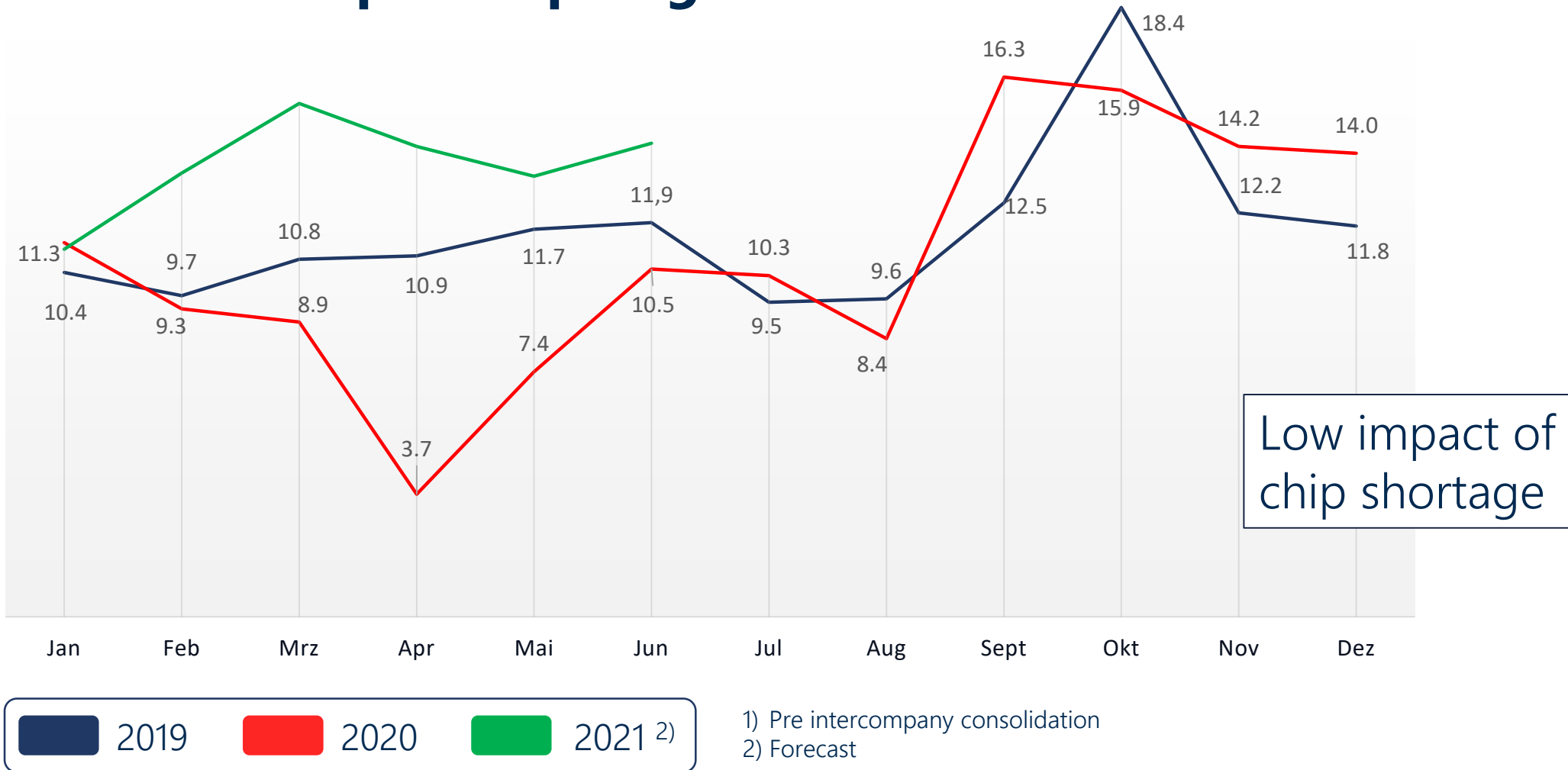
Development paragon Automotive 2020

# Corona Impact lower than Expected

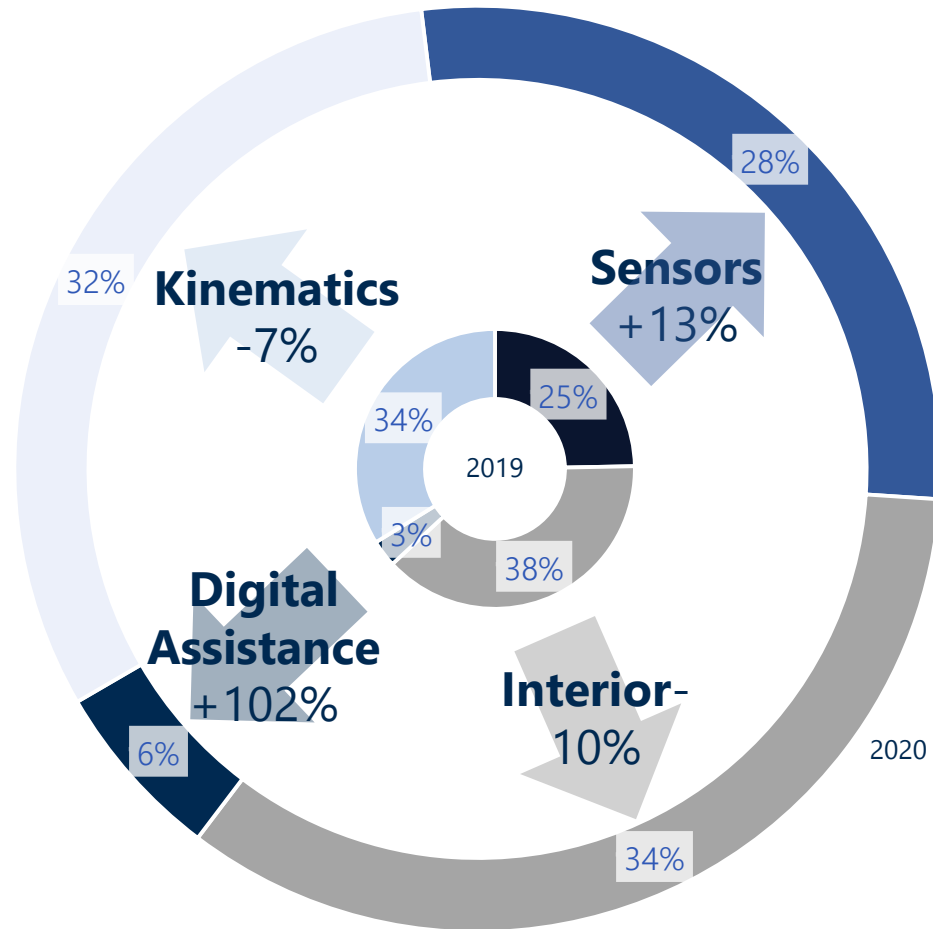


- Sales decrease in 2020 compared to 2019 due to Corona effect in H1/2020
- H2/2020 sales increase of 7.3% realized compared to previous year
- H2/2020 shows current excellent performance

# Sales Development paragon Automotive<sup>1)</sup>



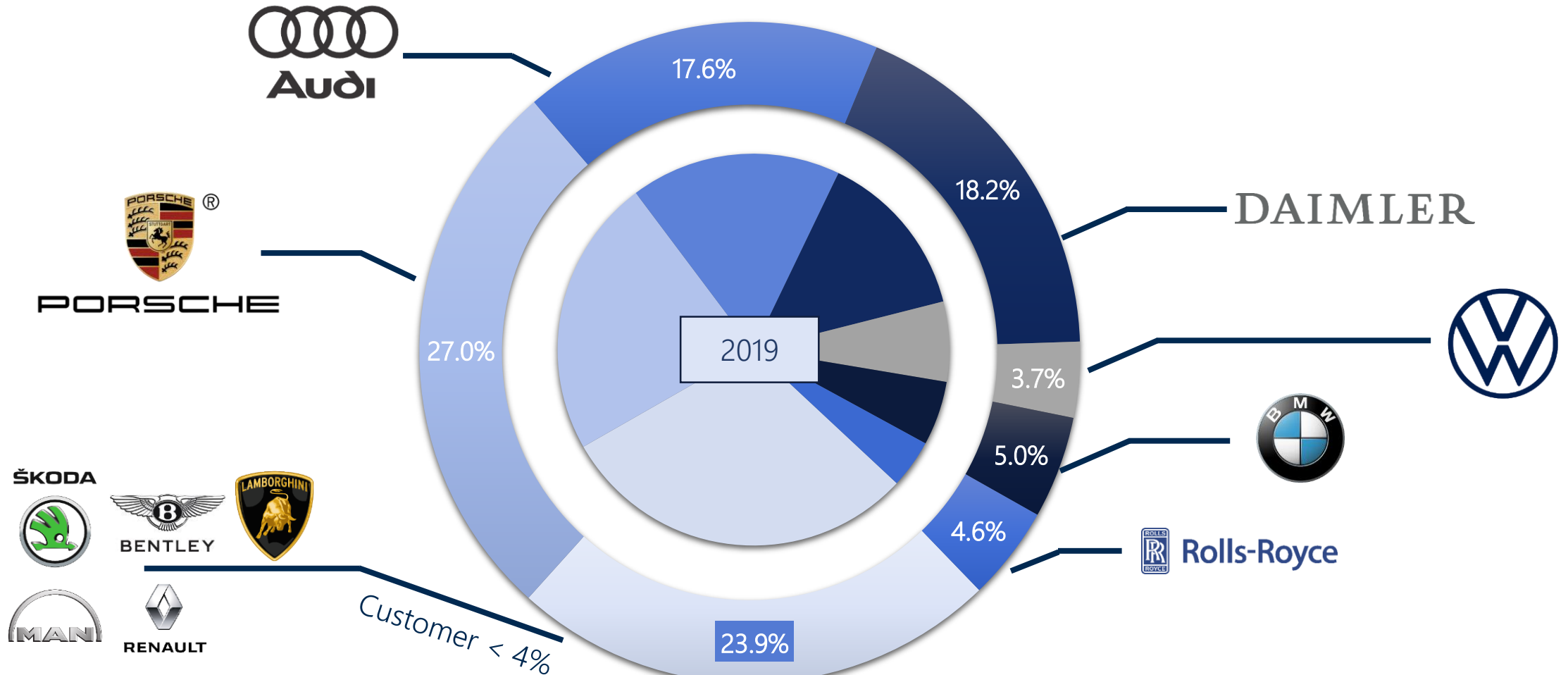
# Relative Sales Split by Business Units: 2019 vs. 2020



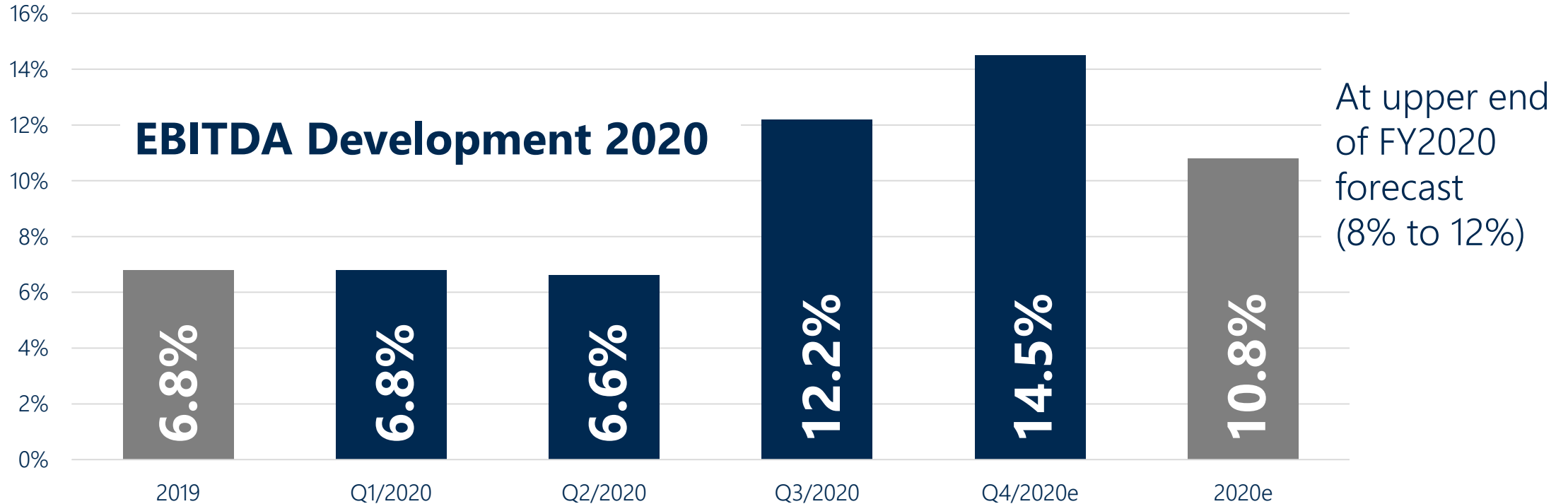
- **Digital assistance:** Continued growth - more and more volume models
- **Kinematics:** Robust premium segment ensures continuous orders
- **Interior:** Various product launches in 2021; loudspeaker systems for OEM customers +9.4%
- **Sensors:** Series ramp-ups of new products show growth trend, especially Dustdetect



# paragon Automotive Customer Structure 2020



# Continuous Improvement of Earnings Situation



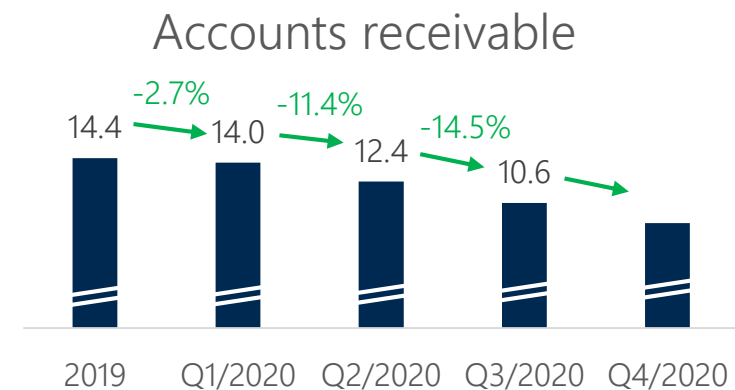
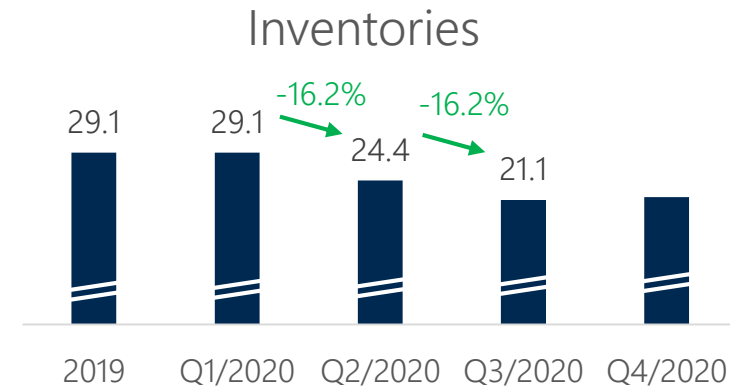
Operational excellence in H2/2020 shows performance potential

H2/2020 EBITDA higher than 2019 EBITDA  
Free cash flow of approx. € 6.0m in H2/2020 strengthens internal financing power

# Focus on Working Capital Management

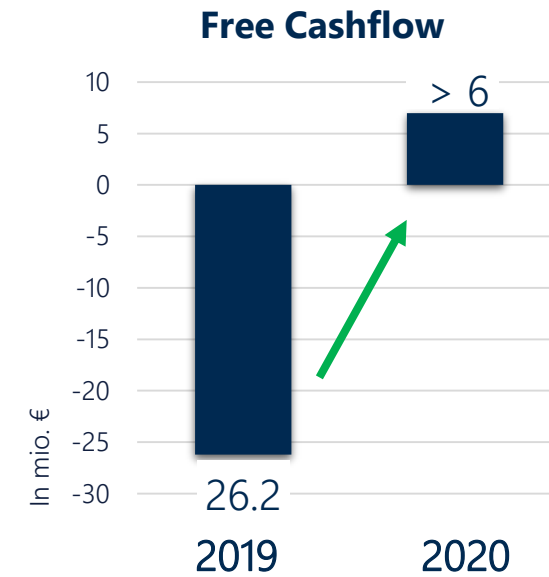
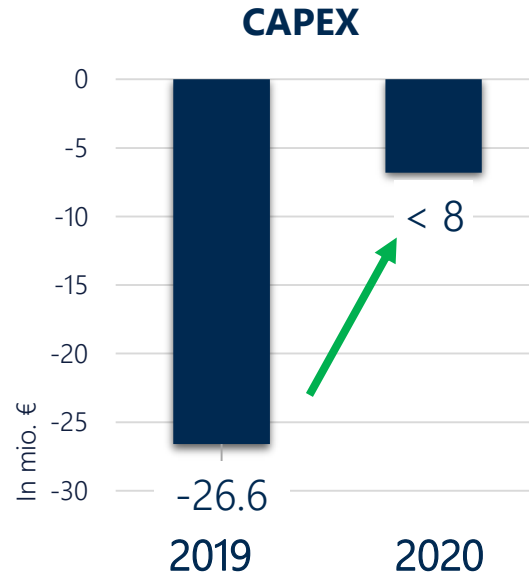
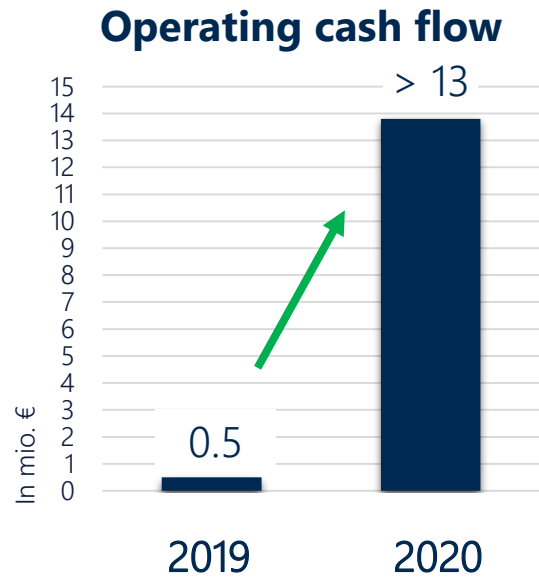
- Reduction of inventories by 25.7% in 2020 due to active inventory management
- Reduction of receivables by 38.2% in 2020 due to improved collection of overdue and one time payments from customers

>> Significantly improved free liquidity as of Dec 31st, 2020 due to operating performance and working capital management



# Cost Reductions and Efficiency Measures Show Effect

**Significant improvements achieved despite COVID-19 pandemic**



# **Sharpened Portfolio for Forthcoming Growth**

# Major Steps in Sales Process Done – Few Challenges to be Solved

LOI from December 2020

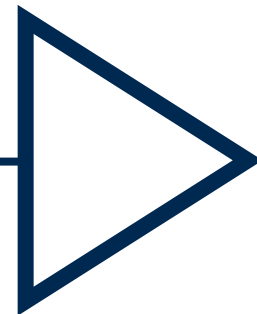
- Due Diligence successfully completed
- Changed deal structure in progress
- Higher financial proceeds expected



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Large industrial battery manufacturer (shareholder is one of the investors) is interested in extensive cooperation with Voltabox AG

- Agreement on structure
- Voltabox AG: Concentration on industry and buses
- Approval process in progress



Negotiations between paragon and Swiss investor group continue solution-oriented

Sharpened Portfolio for Forthcoming Growth

# Flow-Shape-Design® - Revolution of the Li-Ion Industry

**47%**

WEIGHT REDUCTION

**100%**

UTILIZATION OF SPACE  
CLAIMS

**43%**

COST SAVINGS

Enhanced safety | Shock and vibration resistance | Simplified assembly | Thermal insulation | Fire-retardant foam material | Easy service | Increased lifetime | Higher load capacity | **Higher range** | Lower investment costs and maintenance costs | Advantageous applications

▶ The solution to the "cell-to-system" and "cell-to-vehicle" discussion



# paragon Becomes Flow-Shape-Design® Licensee of Voltabox

- \_ In alignment with prospect buyer but independent from Voltabox sale
- \_ Using proven processes at paragon for automotive applications
- \_ Wide range of applications for passenger cars, trucks and motorcycles
- \_ First relevant sales in the single-digit million range expected in 2022

Status commercialization FSD

18 inquiries in advanced processing; first orders finalized	<b>50%</b> <b>VOLTABOX</b> non-Automotive	Intralogistics, buses, agricultural and construction machinery, communal vehicles, stationary applications, rail systems
	<b>50%</b> <b>PARAGON</b> Automotive mainly OEMs	Traction batteries Starter batteries



+21 Requests in requirement check

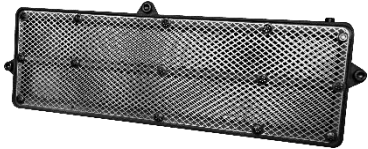


Sharpened Portfolio for Forthcoming Growth

# Activity-Fields Offer Solutions for all Senses

## Breathe & Protect

- \_ Electrostatic Virus Filter
- \_ Child Presence Detection
- \_ Air Quality Sensors
- \_ Vital Data Sensor
- \_ Ionizer



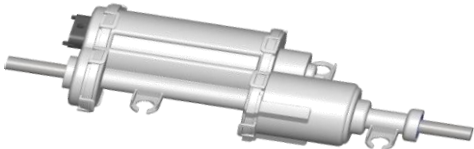
## See & Assist

- \_ Digital Assistance, AI based
- \_ Connection Box
- \_ Hidden Technologies **NEW**



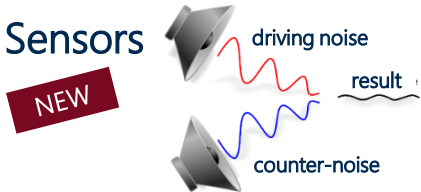
## Move & Support

- \_ Front and Rear Spoiler
- \_ Drive for Wind Deflector and Sun Roof **NEW**



## Feel & Relax

- \_ Seat Components
- \_ Tables, Cradles & Consoles
- \_ Road Noise Cancelation
- \_ Seat Condition Sensors **NEW**



## Listen & Act

- \_ Loudspeakers / Car-Hifi
- \_ Microphones
- \_ External Sound
- \_ 3D Sound System **NEW**



## Drive & Electrify

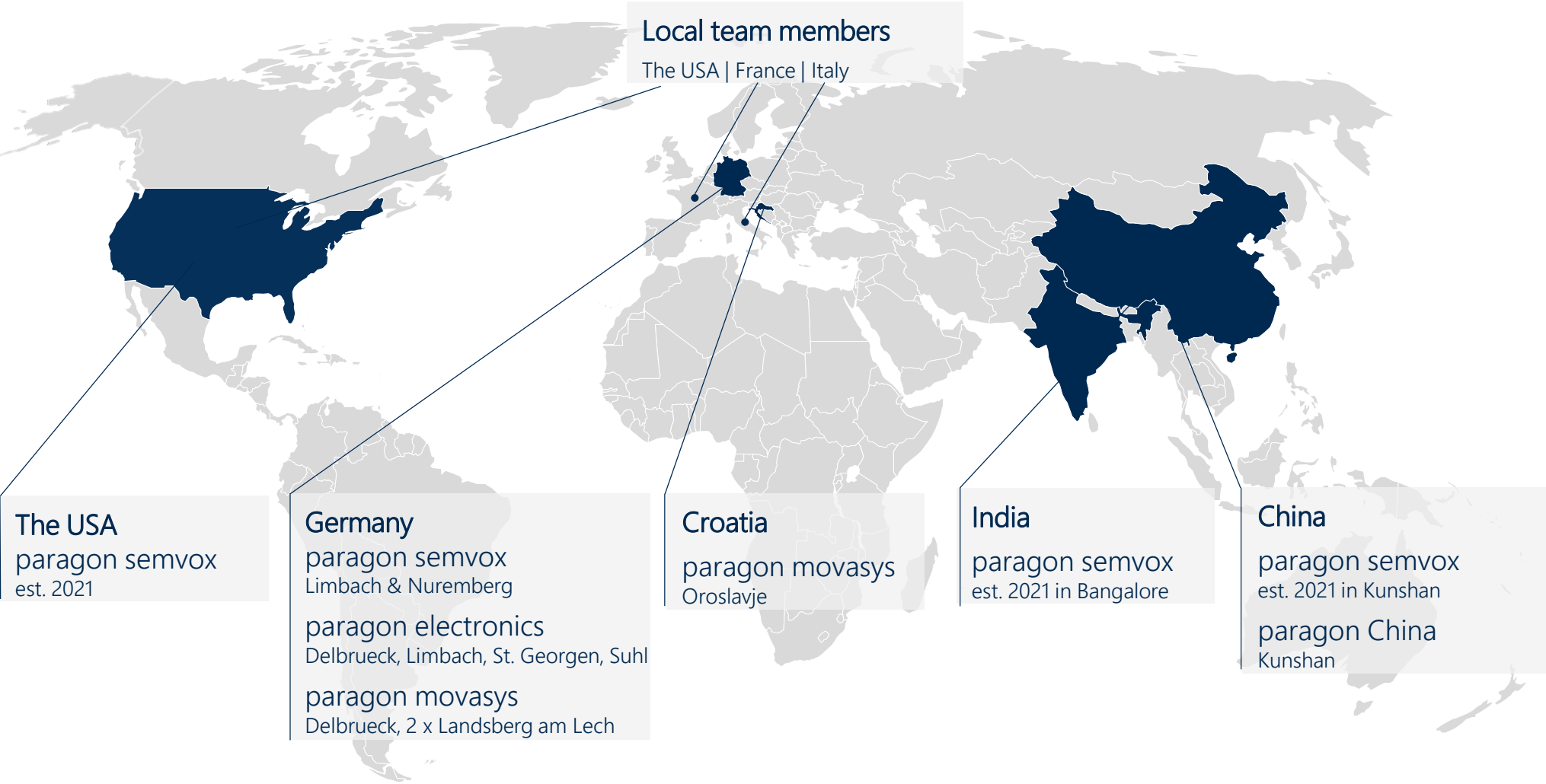
**NEW**

- \_ Power Electronics **NEW**
- \_ Starter Batteries **NEW**
- \_ Traction Batteries **NEW**



# Sharpened Portfolio for Forthcoming Growth

## Global Footprint



# Outlook

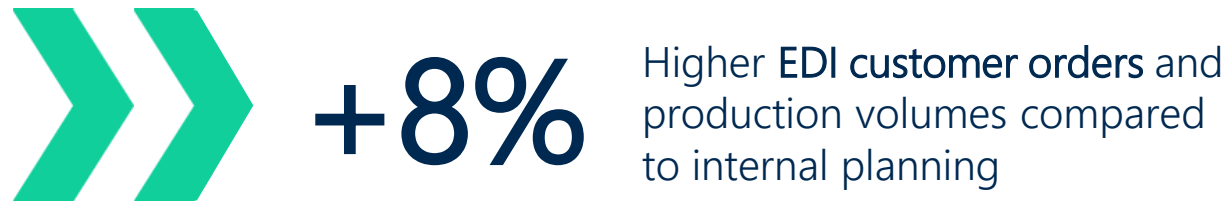
Outlook

# Forecast 2021 paragon Automotive



- Result of bottom up planning of all business units
- Comparison with external databases (IHS)
- Forecast 2021: Above pre-Corona revenues
- EBITDA H2/2020 demonstrates that forecast 2021 is realistic (12% to 15%)
- Revenues 2021e: +3.9% vs. 2019;  
+14.2% vs. 2020
- +4.9% above growth of automotive market (IHS)

# Highlights 2021



# First Figures Q1/2021

paragon Automotive in mio. EUR	Q1/ 2020	Q1/ 2021e
Revenues	29.5	39.2
Capitalized own work	1.9	1.2
Change in inventories of finished and unfinished products	-1.6	0.4
Other operating income	1.7	0.2
<b>Total operating performance</b>	<b>31.5</b>	<b>41.1</b>
Cost of materials	-14.4	-20.3
Personnel expenses	-10.6	-10.8
Other operating expenses	-4.5	-4.0
<b>EBITDA</b>	<b>2.0</b>	<b>6.0</b>
<b>EBITDA in %</b>	<b>6.8%</b>	<b>15.4%</b>
Earnings	-3.6	0.6

Q1/2021:

- +33% revenues increase vs. 2020
- +29% revenues increase vs. 2019
- Own work capitalized declines
- EBITDA increased by factor 3

**→ Strong start in 2021**

## Executive Summary

- \_ Robust business model proven in Corona pandemic
- \_ Key products for premium customers in growing markets
- \_ Organic growth above market average
- \_ **Best half-year in company history**
- \_ **Free cash flow in second half of 2020 > € 1.0m/month; to be continued in 2021**
- \_ Guidance 2021 above pre-Corona level
- \_ Revenues in first quarter around 33% over prior year; EBITDA margin increases to 15%
- \_ EBITDA ratio of 20% achievable in medium term

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