

The background is an abstract, dynamic composition of blue and white light trails. These trails are curved and flow from the bottom left towards the top right, creating a sense of motion and depth. The colors range from deep, dark blues to bright, almost white highlights, giving the impression of a high-speed tunnel or a futuristic landscape.

PARAGON

paragon GmbH & Co. KGaA
Baader Investment Conference
September 24, 2021

1st half-year

2021

> *Outlook positive*

> *Still high demand*

> *Chip allocation
under control*

> *Growing
profitability*

> *Positive effects
expected for
free cashflow*

2nd half-year

Revenues

75,693 TEUR

+ 51.3 % vs. H1/2020

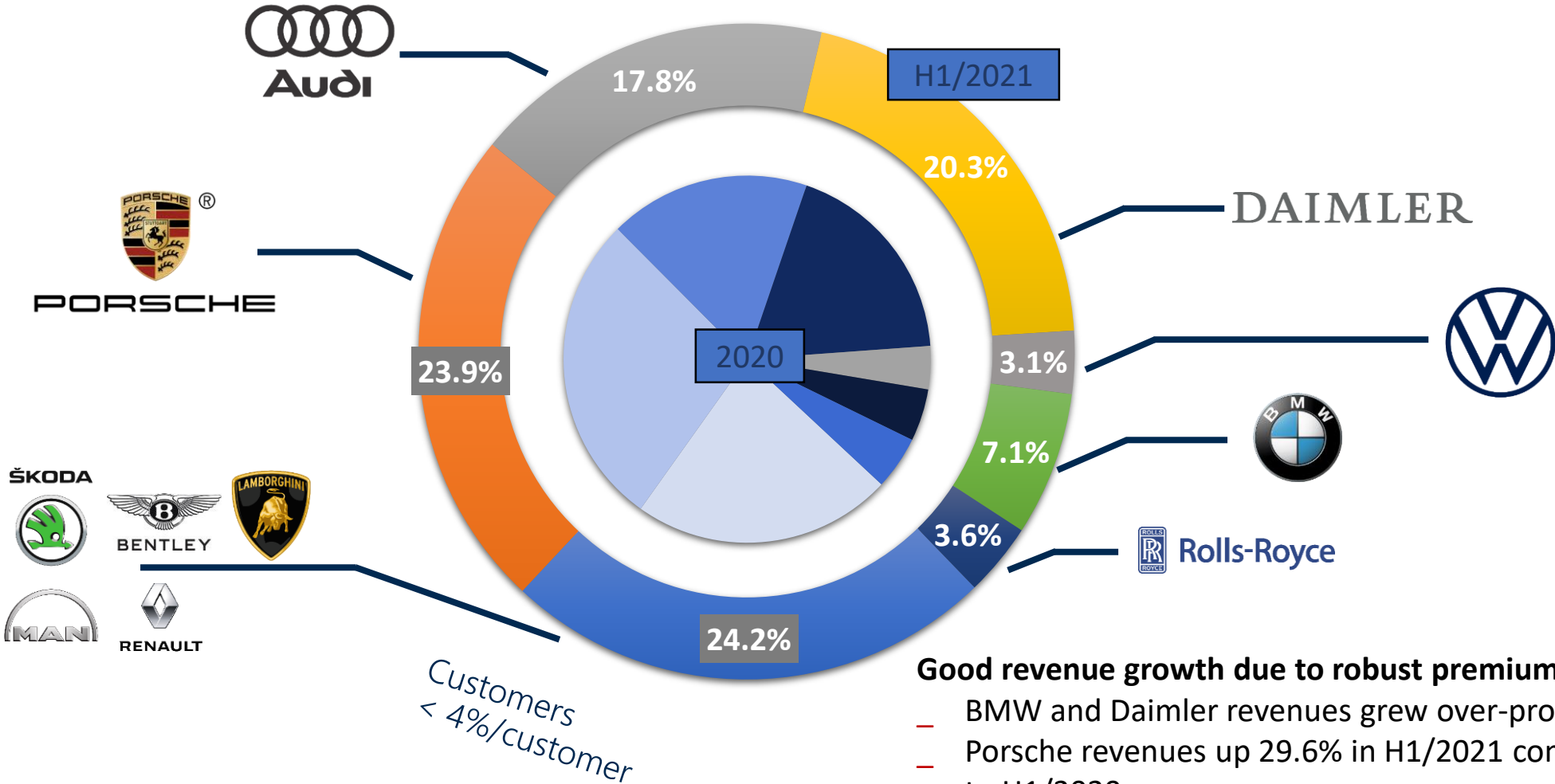
+ 18.3 % vs. H1/2019

EBITDA-Margin

14.8 %

(H1/2020: 6.8 %)

paragon-Automotive Customer Structure H1/2021



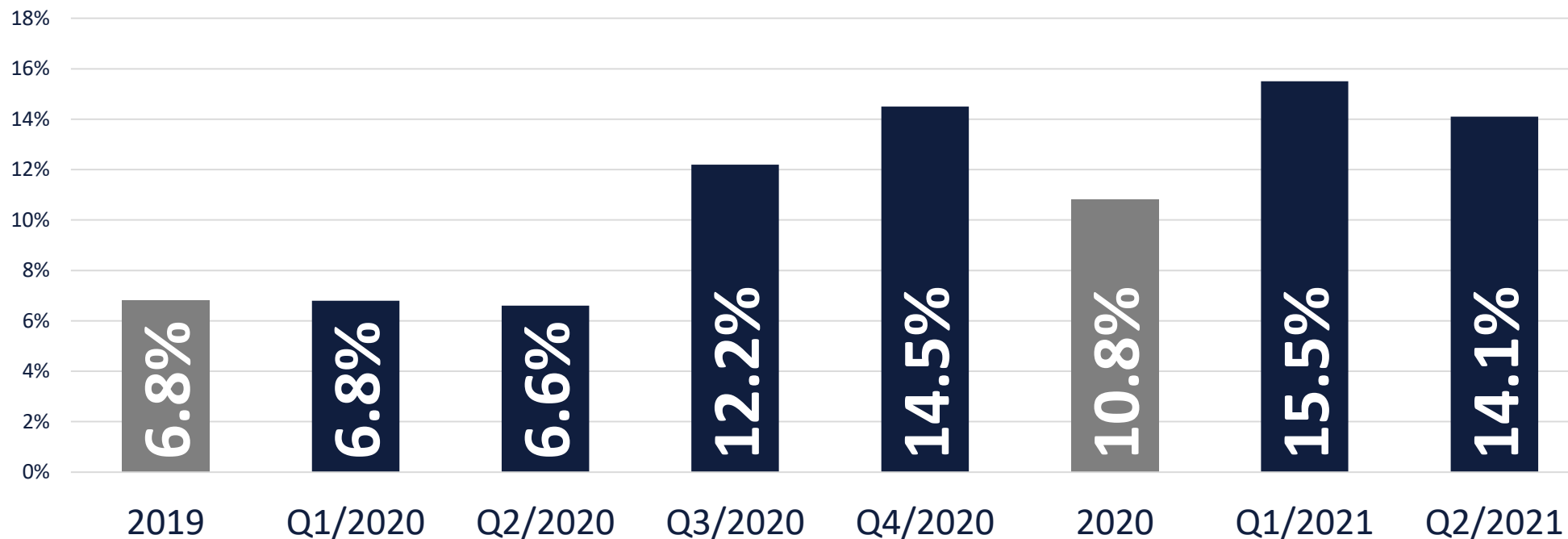
Good revenue growth due to robust premium segment
- BMW and Daimler revenues grew over-proportionally
- Porsche revenues up 29.6% in H1/2021 compared to H1/2020

P&L Development 2020 and H1/2021 in Comparison

P&L paragon-Automotive in mio. EUR	2020 total	Q1/2021	Q2/2021	H1/2021
Revenues	127.2	39.2	36.5	75.7
Capitalized own work	4.9	1.3	1.9	3.2
Change in inventories of finished and unfinished products	-8.5	0.4	0.5	0.9
Other operating income	2.7	0.2	1.1	1.3
Total output	126.4	41.1	40.0	81.1
Cost of materials	-61.6	-20.1	-17.9	-38.0
Personnel expenses	-34.3	-11	-11.3	-22.3
Other operating expenses	-16.7	-4	-5.6	-9.6
EBITDA	13.8	6.10	5.2	11.20
EBITDA in %	10.8%	15.5%	14.1%	14.8%
Depreciations	-24.4	-4.0	-4.5	-8.5
EBIT	-10.6	2.1	0.7	2.7
Profit/(loss)	-7.3	0.6	-1.1	-0.5

- H1/2021 revenues on plan compared to budget (145 mio. EUR)
- EBITDA of 14.8% at the upper end of the range communicated to capital market

EBITDA in % per Quarter



Fluctuation in EBITDA margin in Q1/2021 and Q2/2021 mainly due to unrealized currency gains and losses

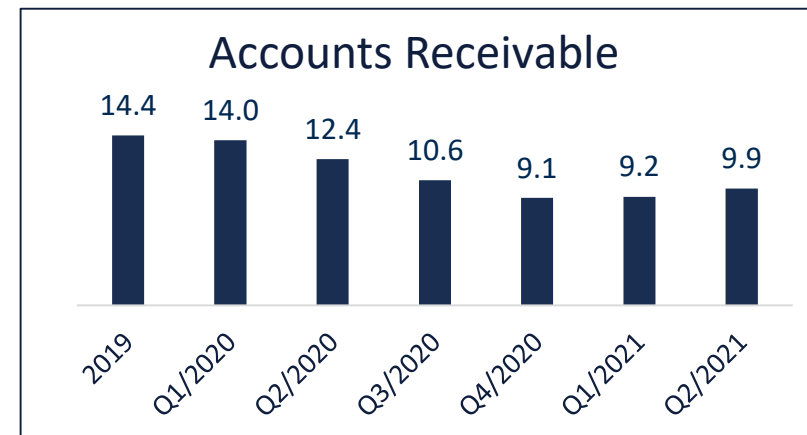
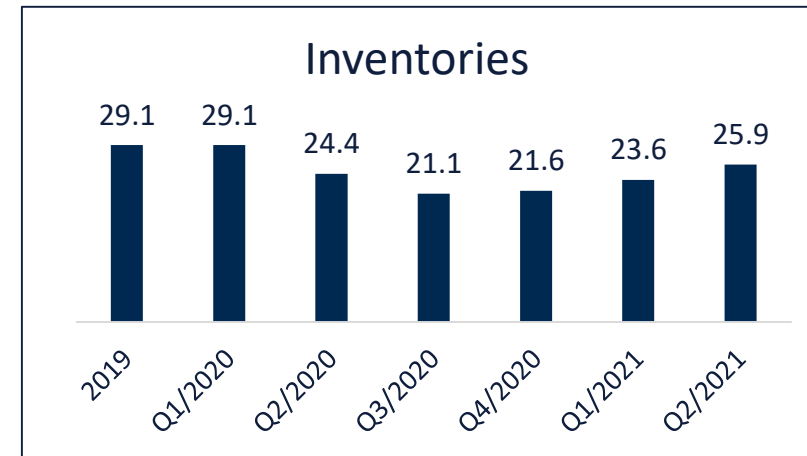
Focus on Working Capital Management

Inventories

- + 4.3 mio. EUR compared to December 2020
- Need to ensure delivery capability despite chip allocation
- But negative impact on free cashflow (see later slide)

Accounts Receivable

- + 0.8 mio. EUR compared to December 2020
 - Seasonal effect
- Decrease of 2.5 mio. EUR compared to June 2020



Goodwill 2021 unchanged

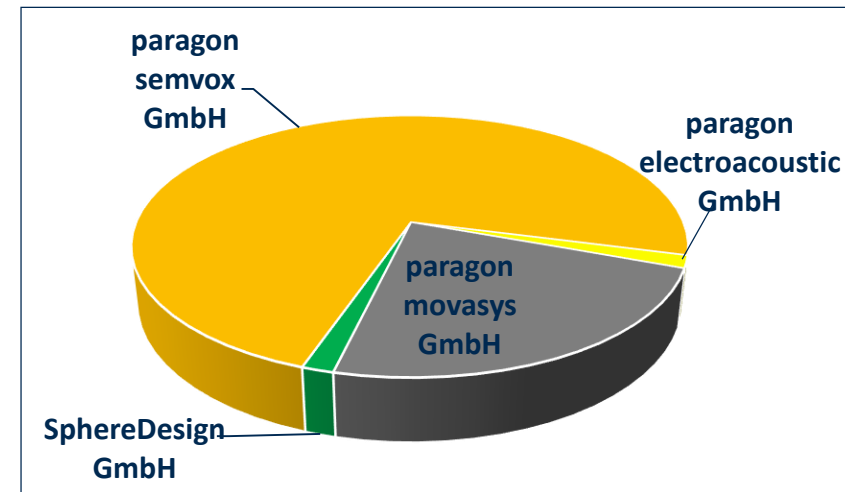
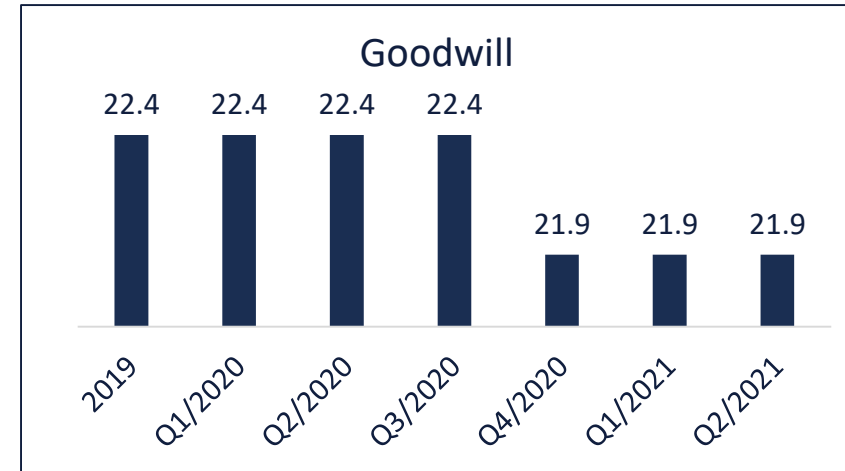
Goodwill amounts to 21.9 mio. EUR since December 2020

→ 16.1 mio. EUR (73.5%) by **paragon semvox GmbH**

→ **paragon semvox GmbH** shows revenue increase of 127.9% compared to H1/2020; AI technology with increasing penetration rate in European market

→ 5.1 mio. EUR (23.3%) relate to **paragon movasys GmbH**

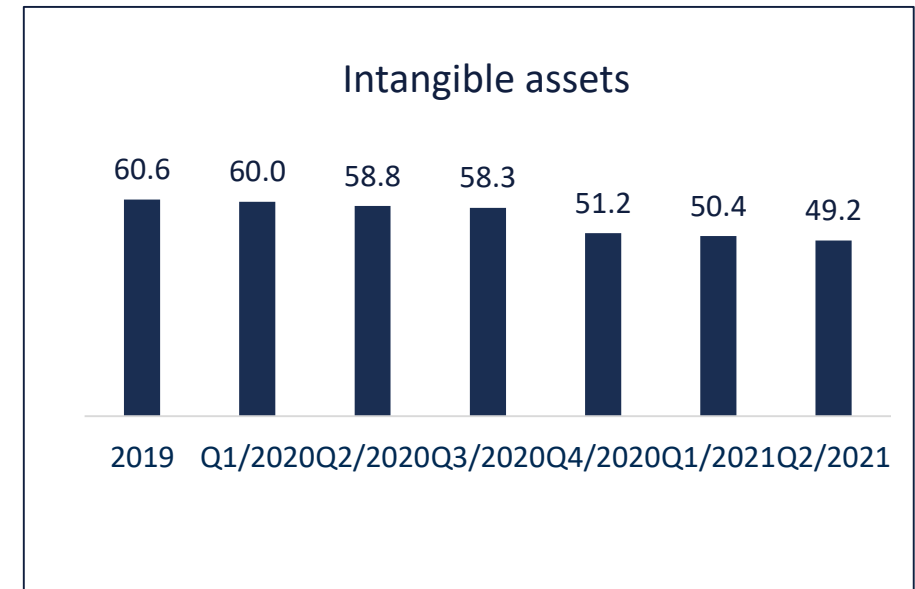
→ 0.3 mio. EUR each are attributable to **SphereDesign GmbH** and **paragon electroacoustic GmbH**



Intangible Assets reduced according to Plan

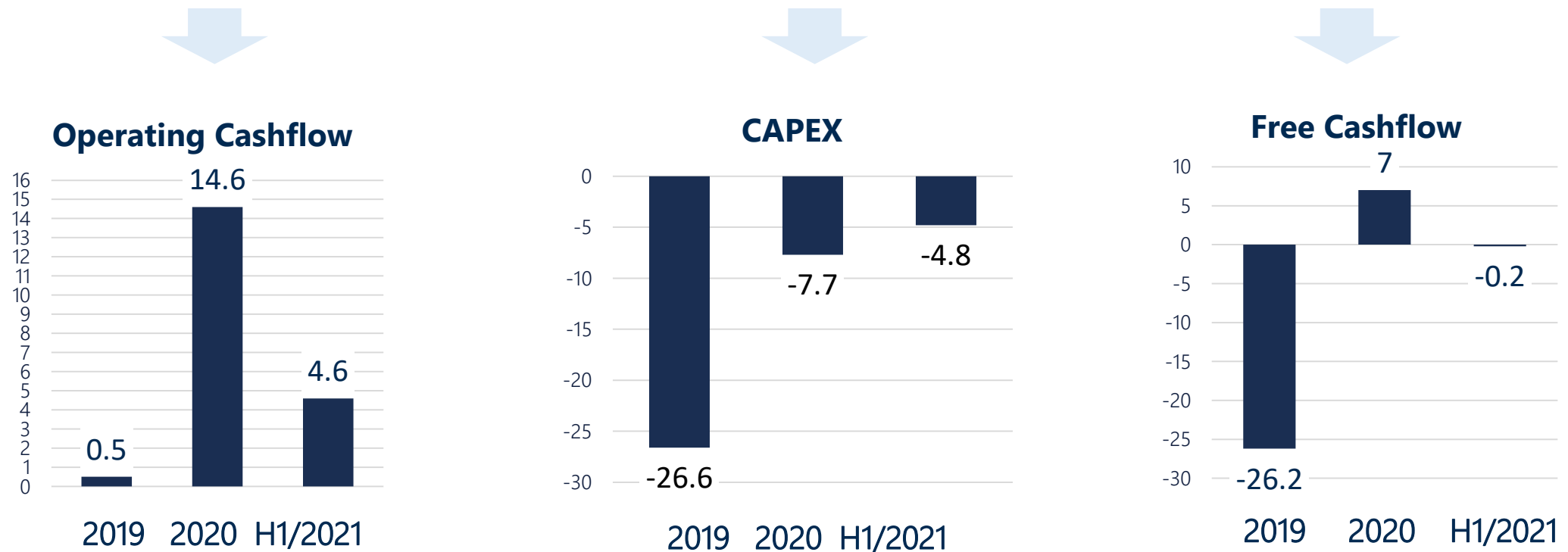
Intangible assets

- Reduction of 9.6 mio. EUR in last 12 months (./16.3%)
- Thereof 12.5 mio. EUR intangible assets acquired in business acquisitions, which are amortized on a scheduled basis
- Thereof 32.7 mio. EUR IAS 38 projects



Cost Reductions and Efficiency Increases show Effect

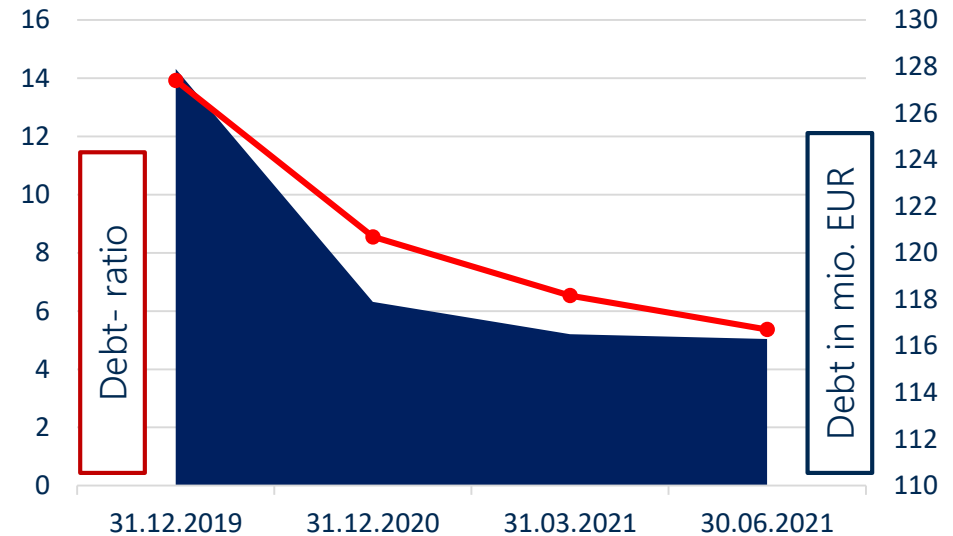
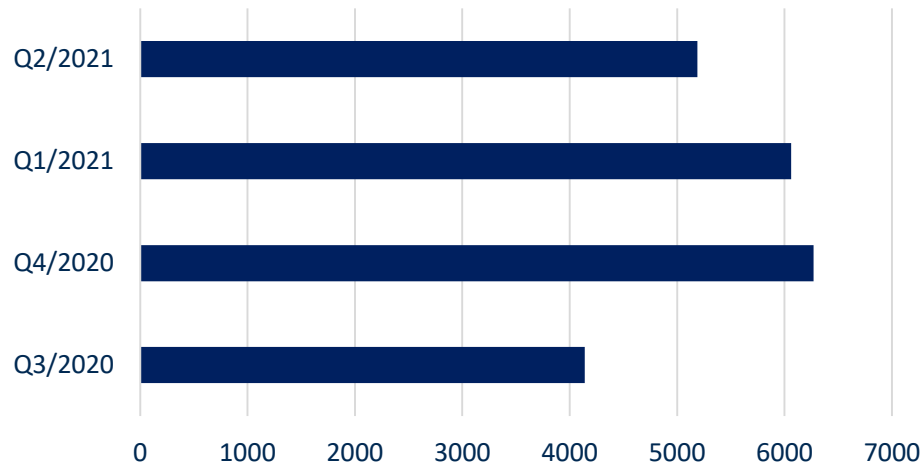
Free cashflow in H1/2021 impacted by increase in inventories (4.3 mio. EUR)



Stronger focus on inventory management in H2/2021 to achieve 2021 targets

EBITDA and Debt levels last twelve months

EBITDA per quarter in TEUR



paragon-Automotive achieved 21.7 mio. EUR EBITDA in the last 12 months

Total liabilities to banks and bond holders have been reduced by 11.6 mio. EUR to 116.3 mio. EUR since Dec. 2019

Increased profitability and reduced debt improve **debt ratio** (debt to EBITDA) since December 2019 from 13.9 to 5.4 at the end of June 2021



Sale of Voltabox AG Shares



Separate sale of Voltabox USA
- Shortly before completion -

- Contract ready for signing
- Buyer is customer of Voltabox USA
- Cash drain stopped

Accelerated repayment of CHF-bond

- Term reduced to 4 years; final repayment on April 23, 2023 
- Nominal value repayment of 15% of the outstanding bonds (= CHF 5.25 million) of originally CHF 5,000 (= CHF 750) plus accrued interests on August 3, 2021 
- Nominal value repayment of 25% of the outstanding bonds (= CHF 8.75 million) of originally CHF 5,000 (= CHF 1,250) plus accrued interests on April 23, 2022

Potential for further Debt Reduction

- _ Repayment of 50 mio. EUR bond in mid-2022 instead of refinancing
 - All relevant activities initiated
 - Progress within expectations

- _ Various fallback options available

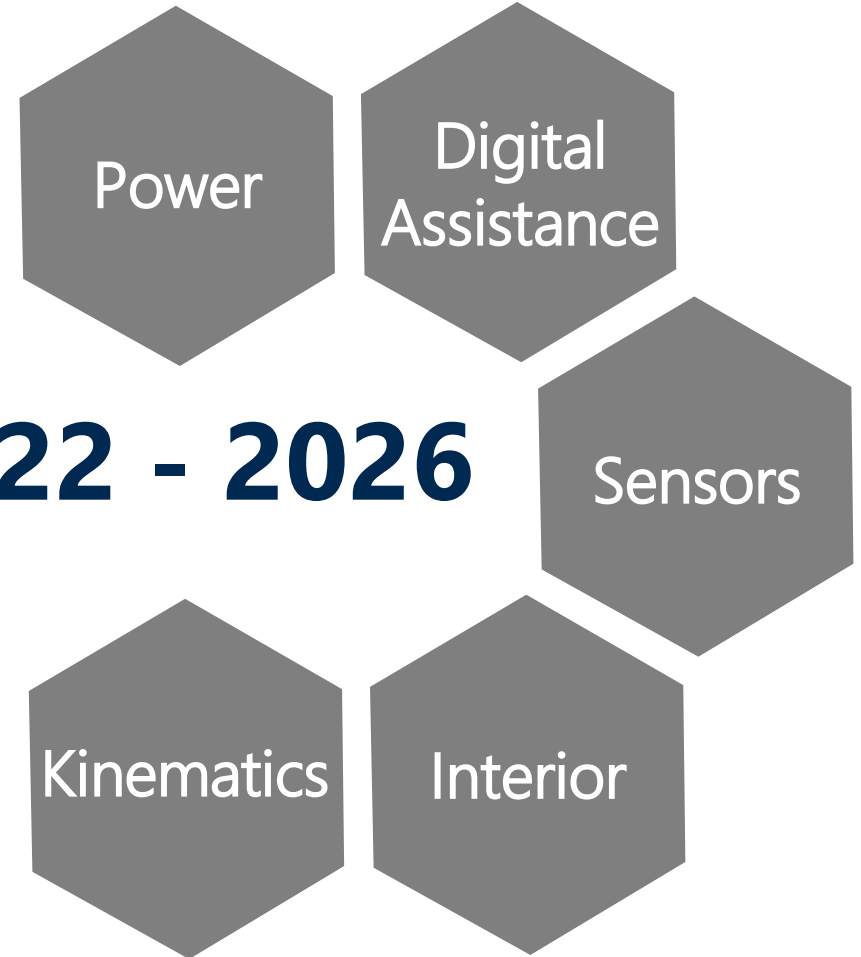


Forecast 2021 paragon-Automotive unchanged



- Result of bottom-up planning of all business units
- Comparison with external databases (IHS)
- EBITDA in H1/2021 (14.8%) shows that forecast in 2021 of 12% to 15% is realistic

Market opportunities 2022 - 2026



Business Unit

Sensors

- **AQS:** increasing production figures and new development based on artificial intelligence
- **AQI:** increasing sales due to China business
- **Electrical filters:** high potential for large-scale roll-out



Business Unit

Interior

- **Microphones:** new generation secures follow-up orders
- **Loudspeakers & sound systems:** sustained growth through exterior loudspeakers for electric vehicles
- **Instruments:** robust revenue driver of business unit



Business Unit

Digital Assistance

- **Edwin:** in every 3rd car of VW-Group with additional scaling potential
- **geni:OS:** next generation AI with proactivity and emphatic interaction secures competitive advantage



geni:OS

Business Unit

Kinematics

- **Spoilers:** stable premium segment business with new products and customers
- **Actuators:** significant potential in the growth market of sunroof drives
- **Seating components:** huge opportunities for significant market share through existing access to OEMs



Takeover Voltabox Automotive Business

- Transfer of current orders
- Purchase of necessary production equipment
- Licensing of Flow-Shape-Design technology

Business Unit

Power

- **Starter batteries:** next generation for existing motorcycle business, huge chances for passenger cars
- **Buffer batteries:** 12-volt buffer batteries for electric cars as attractive market opportunity
- **Traction batteries:** focus on motorcycle and scooters



The background is an abstract, motion-blurred image with a color palette of deep blues, purples, and whites. The lines are curved and create a sense of depth and movement, resembling a tunnel or a high-speed train track receding into the distance.

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