

## paragon Signs Letter of Intent With Swiss Investors for First Partial Sale of Blocks of Voltabox Shares

- paragon signs LOI for sale of first blocks of shares and grant of call options to Swiss investors
- Simultaneous successful reinvestment of equity positions over the counter
- Optimistic forecast for 2021: Approximately € 140 million in automotive revenues at 12 to 15% EBITDA margin and € 10 to 12 million free cash flow expected

Delbrück, Germany, December 10, 2020 – paragon [ISIN DE0005558696] has signed a letter of intent with Swiss investors for the sale of the first block of Voltabox AG shares. The LOI comprises 18% of the share capital of the paragon financial investment and the granting of call options for acquiring further shares of up to around 32% of Voltabox's share capital. Meanwhile, the revolutionary Voltabox-Flow-Shape-Design® (FSD) battery concept is completely reshuffling the cards in the battery systems market, according to paragon's Management. paragon expects this to increase the value of its shares.

paragon decided at the beginning of March this year to sell the Voltabox AG subsidiary because it no longer saw synergy effects over time and the company is now active in entirely different markets. The new investors, headquartered in Switzerland, would initially acquire an 18% share in Voltabox. Subject to the completion of an in-depth due diligence review, a purchase agreement for the partial block will be concluded by the end of January. The letter of intent also provides that, in addition to the sale of the block of shares, various call options will be granted to allow the investors to gradually increase their stake to 29.9% and ultimately to around 50%. paragon GmbH & Co. KGaA would remain a Voltabox shareholder until further notice in order to participate in the expected recovery in value of the financial investment Voltabox. However, long-term involvement with Voltabox AG is not planned.

“paragon is in the fortunate position of being able to wait for the recovery of the Voltabox share after the difficult market environment in 2020. With the Flow-Shape-Design, which was essentially conceived by Voltabox CEO Jürgen Pampel, Voltabox has again catapulted itself to

the forefront of technological development in the battery industry,” emphasizes paragon founder Klaus Dieter Frers, who is also Chairman of the Voltabox AG Supervisory Board.

“I would be very satisfied with the newly found solution and the expected entrance of the new investors. We would also expect this to have an effect on the market launch of our new Flow-Shape-Design battery concept. We are currently engaging in a number of interesting discussions with well-known vehicle manufacturers and industrial companies regarding the technology. This gives us a chance to make significant inroads into the automotive sector. In this regard, it is to our advantage to have the expertise of paragon as an experienced automotive supplier at our side for the foreseeable future,” explains Jürgen Pampel, CEO of Voltabox AG.

In the meantime, paragon took advantage of the favorable market development to reduce its stake in Voltabox to 54.5% through over-the-counter reallocations of share blocks. With the planned investor participation, the stake would decrease to a level that will lead to termination of the full consolidation of Voltabox AG in the consolidated financial statements of paragon GmbH & Co. KGaA. Further details on the investors’ entry will be published after the signing that is planned for the end of January.

“By selling the shares to the investors and via the stock exchange, we can achieve our goal of gradually reducing paragon’s debt while focusing on the profitable core automotive business,” explains Klaus Dieter Frers, main shareholder and Chairman of the Board of paragon GmbH. “Following our successful management of the coronavirus challenge and the foreseeable implementation of our plan to sell Voltabox, we are now clearly on track for 2021.”

In 2020, paragon Automotive will close with revenues of around € 125 million despite the six-week plant closures in the spring that resulted from the coronavirus. After the third quarter, which had a positive free cash flow of € 1.8 million (the cumulative figure was € 2.7 million

after nine months), a positive free cash flow is also expected for the last quarter. The EBITDA margin for fiscal year 2020 should be within the forecast range of 8 to 12%.

Orders already received from customers in terms of pure product revenues (excluding non-recurring revenues such as development services) for the first quarter of 2021 show a clear upward trend, up more than 20% compared with the prior year. For the coming year, paragon's Management therefore plans to achieve revenues of approximately € 140 million in the automotive sector. This is roughly equivalent to the revenues in fiscal year 2019, which would mean a 12% increase in revenues compared to 2020. The EBITDA margin for 2021 is expected to be in the region of 12 to 15%. On this basis, paragon is aiming for a free cash flow of € 10 to 12 million.

#### **Profile: 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. In addition, the Group holds a stake in Voltabox AG (ISIN DE000A2E4LE9), a subsidiary that is also listed on the regulated market (Prime Standard) of Deutsche Börse AG in Frankfurt a.M., which is active in the rapidly growing electromobility segment with cutting-edge lithium-ion battery systems developed inhouse.

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), Landsberg am Lech and Neu-Ulm (Bavaria, Germany), St. Georgen (Baden-Württemberg, Germany), Limbach (Saarland, Germany), Aachen (North Rhine-Westphalia, Germany) as well as in Kunshan (China), Oroslavje (Croatia) and Austin (Texas, USA).

Additional information about paragon can be found at [www.paragon.ag](http://www.paragon.ag).

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