

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 digital data stream.

**PARAGON**

**paragon GmbH & Co. KGaA**  
**Eigenkapitalforum**  
November 22, 2021

# Pure Automotive

Sale of Voltabox

Tier1 for Blue Chip Customers

Products along Megatrends

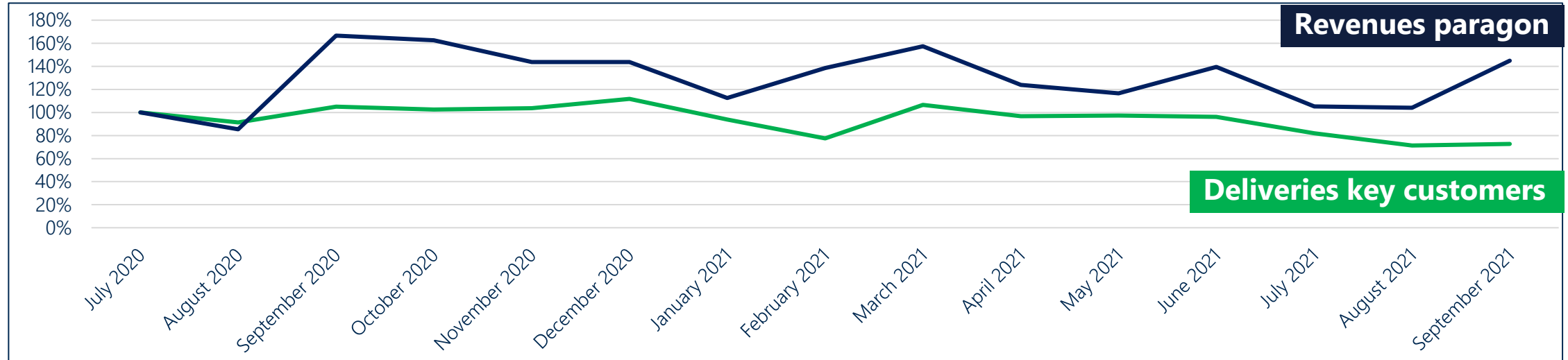
Products independent from Type of Drive

## Sale of Voltabox AG Shares is final

- \_ Shares of loss-making **financial investment Voltabox AG** sold to two different investors:
  - \_ Trionity Invest GmbH, Fürth: 28% (Trionity has call option for the remaining 2%)
  - \_ EW-Trade AG, Steinhausen (Switzerland): 21%
 despite extremely negative environment
- \_ paragon bought Voltabox **Automotive business incl. exclusive licence of FSD technology** for cars, trucks, two-wheelers and aerospace
- \_ Former Supervisory Board stepped down
- \_ Investor Trionity will use call option after BaFin's waiver of mandatory offer
- \_ paragon focuses on automotive market and expands new business unit Power



# paragon outperforms Key Customers post-Corona



- Key customers: VW Group, Daimler Group, BMW Group (together >75% of paragon revenues)
- paragon revenues increase despite decreasing customer deliveries
- New products + higher takerate + new customers resulting in higher market penetration
- paragon's innovative products crucial for increased separation from overall market development

**Success concept:**  


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**paragon's DNA**





## paragon's DNA

**Inspiration** More than 60 key technologies to approach Megatrends

**Innovation** More than 220 engineers for advanced engineering in R&D

**Introduction** First mover approach due to Push Principle

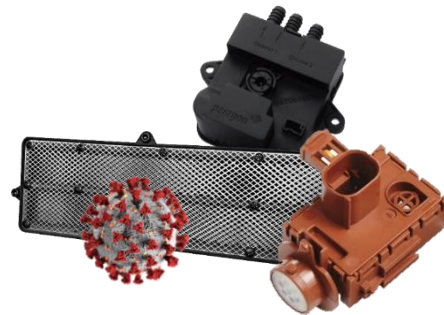
**Integration** Market entry barriers through Automated Series Production

We invest in R&D and automatization !

# Business Units Offer Solutions for all Senses

## Sensors

- Air quality sensors
- Particulate matter sensors
- Electronic filters
- Ioniser



## Interior

- Loudspeakers and sound systems
- Microphones
- Touch controls
- Wireless charging
- Instruments



## Digital Assistance

- Voice control and proactive AI based assistance

**geni:O** 

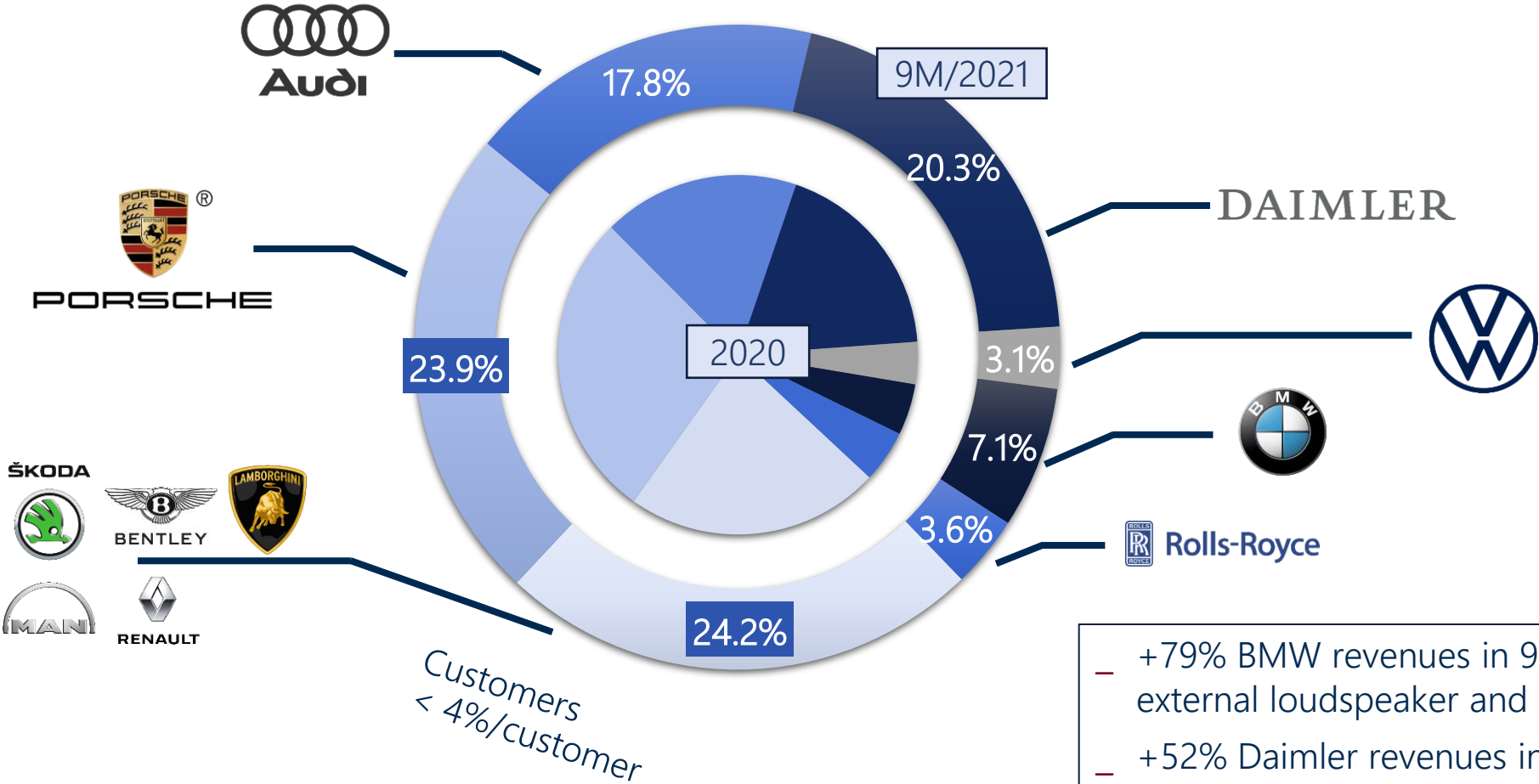


## Kinematics

- Spoilers
- Seat components
- Special mechanics

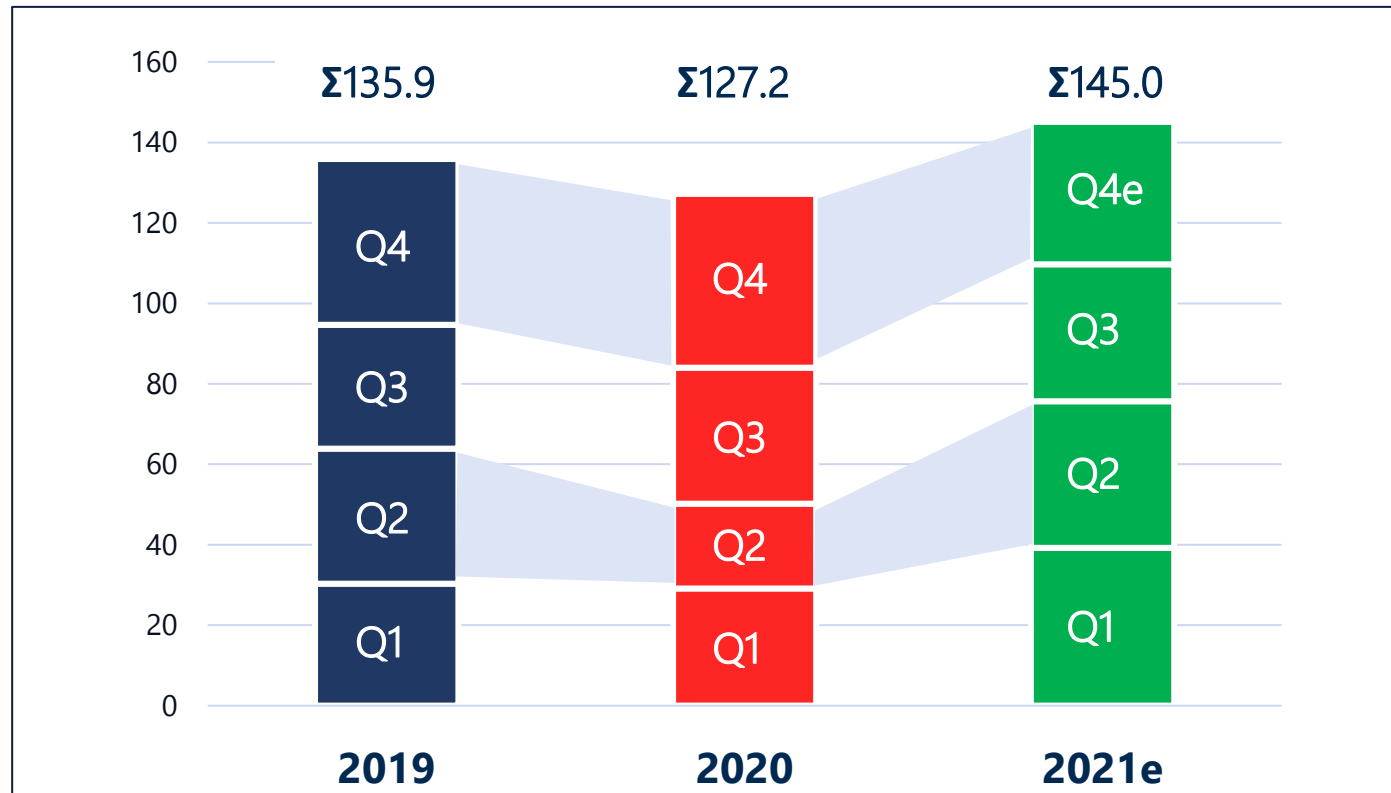


# paragon-Automotive Customer Structure 9M/2021



- +79% BMW revenues in 9M/2021 vs. 9M/2020 due to external loudspeaker and increased existing business
- +52% Daimler revenues in 9M/2021 vs. 9M/2020 due to new product DUSTDETECT

# Revenues paragon-Automotive



- Increased revenues show robust business model and sustainable focus
- +14% in 2021e vs. 2020
- + 7% in 2021e vs. 2019



# Impact of “Chip Shortage”

- \_ Allocation on materials market since spring 2021 (electronic components, circuit boards, metals, synthetic granules)
- \_ Price increases for raw materials and electronic components (in individual cases up to 5%)  
→ + 1.0 ... 1.5% cost increase in total
- \_ Rising energy (+8...10%) and logistics costs (up to 20%) → + 0.2% cost increase in total

## Internal Impact

- \_ Increased inventories (up to 4 mio. EUR)
- \_ Approach for cost sharing with customers

## External Impact

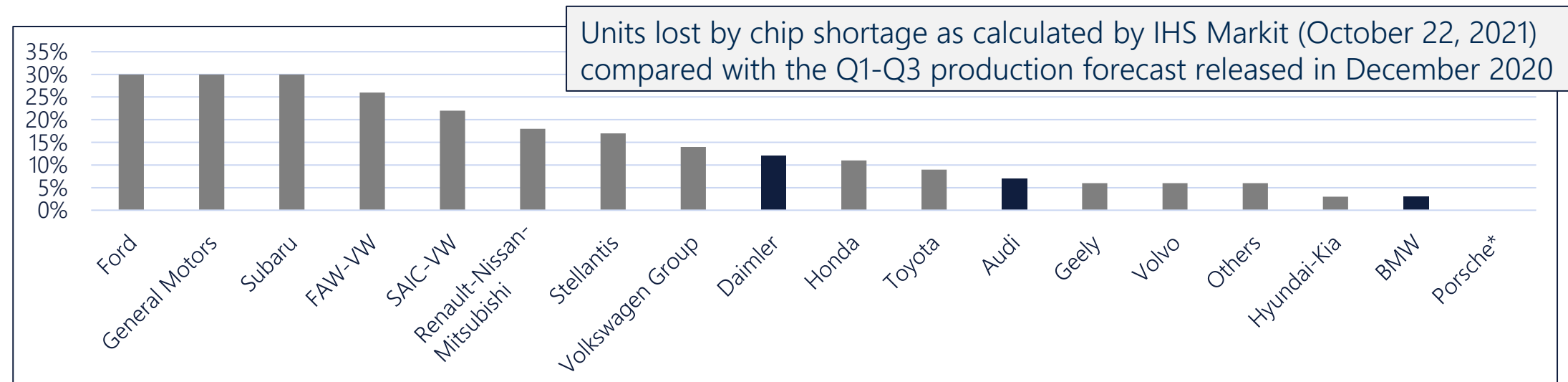
- \_ Temporary customer plant closures
- \_ Postponed revenues

→ **Forecast 2021** (145 mio. EUR turnover, 12...15% EBITDA margin) **on track!**

→ **But:** No overachievement expected due to postponed customers demands and cost increases

# Supply Crisis is not a Demand Crisis

- Lower OEM volumes are not the result of lower demand → result of the unavailability of some materials
- OEMs are affected differently (  paragon's key customers show low impact)
- Catch-up effects (partly in Q4/2021, mainly in 2022)



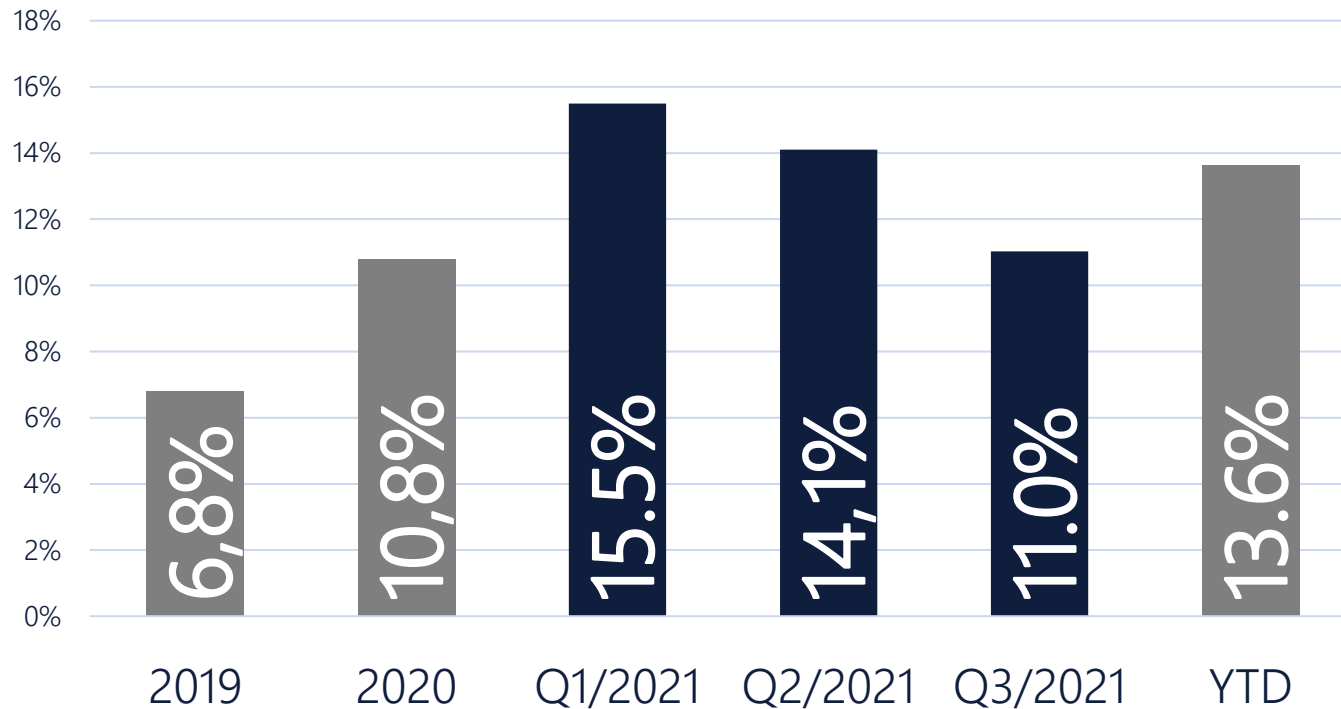
\*  Porsche overachieved forecast

Source: Boston Consulting Group; Challenging times for automotive suppliers; 28 October 2021; added Porsche and Audi on basis of paragon analysis

## P&L Development in Comparison

P&L paragon-Automotive in mio. EUR	2020 total	Q1/2021	Q2/2021	H1/2021	Q3/2021	9M/2021
Revenues	127.2	39.2	36.5	75.7	34.0	109.7
Capitalized own work	4.9	1.3	1.9	3.2	2.0	5.2
Change in inventories of finished and unfinished products	-8.5	0.4	0.5	0.9	-0.7	0.2
Other operating income	2.7	0.2	1.1	1.3	0.5	1.8
<b>Total output</b>	<b>126.4</b>	<b>41.1</b>	<b>40.0</b>	<b>81.1</b>	<b>35.8</b>	<b>116.9</b>
Cost of materials	-61.6	-20.1	-17.9	-38.0	-15.7	-53.7
Personnel expenses	-34.3	-11	-11.3	-22.3	-10.6	-32.9
Other operating expenses	-16.7	-4	-5.6	-9.6	-5.7	-15.3
<b>EBITDA</b>	<b>13.8</b>	<b>6.10</b>	<b>5.2</b>	<b>11.20</b>	<b>3.7</b>	<b>15.0</b>
<b>EBITDA in %</b>	<b>10.8%</b>	<b>15.5%</b>	<b>14.1%</b>	<b>14.8%</b>	<b>10.9%</b>	<b>13.6%</b>
Depreciations & amortization	-24.4	-4.0	-4.5	-8.5	-4,4	-12.9
<b>EBIT</b>	<b>-10.6</b>	<b>2.1</b>	<b>0.7</b>	<b>2.7</b>	<b>-0,7</b>	<b>2.1</b>
<b>Profit/(loss)</b>	<b>-7.3</b>	<b>0.6</b>	<b>-1.1</b>	<b>-0.5</b>	<b>-2,4</b>	<b>-2.9</b>

## EBITDA in % per Quarter



- Lower EBITDA margin in Q3/2021 due to summer slow down
- YTD EBITDA margin with 13.6% in line with forecast of 12% to 15% despite reduced production volumes of OEMs

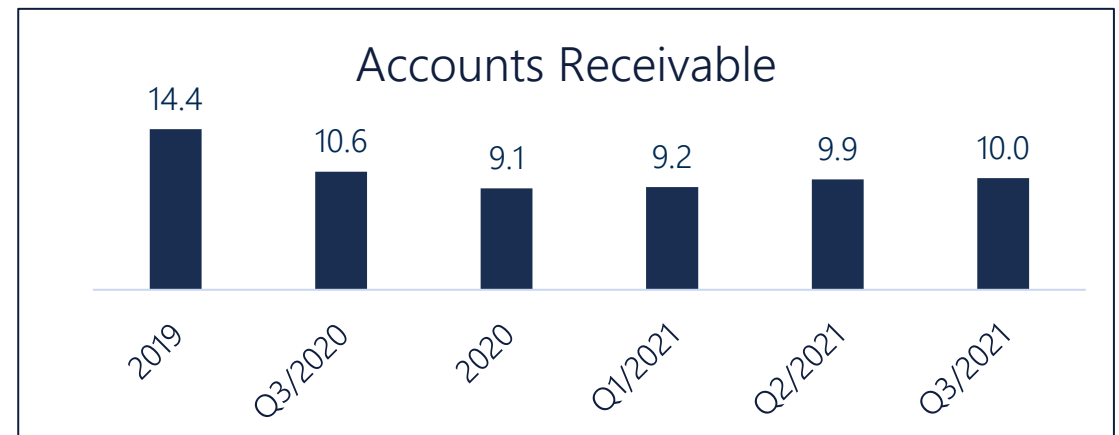
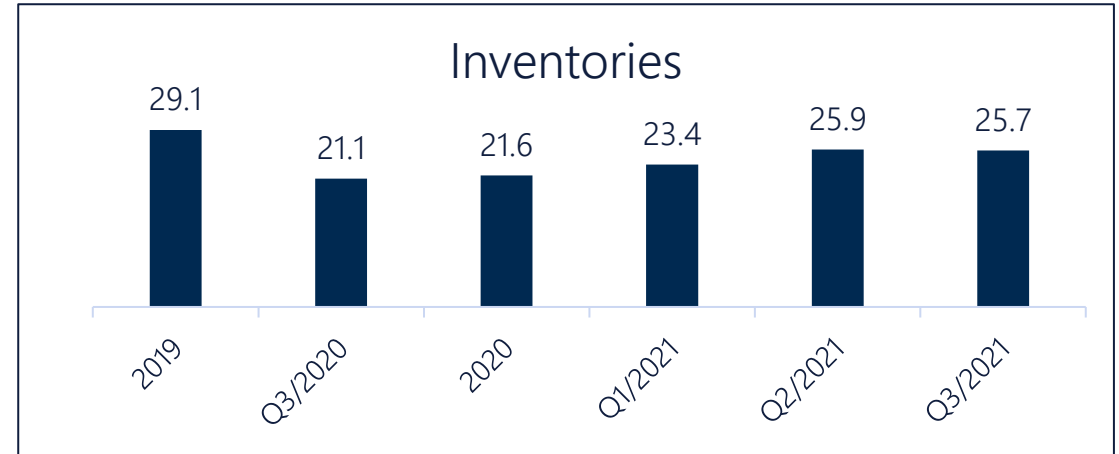
# Focus on Working Capital Management

## Inventories

- + 4.1 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

- + 0.9 mio. EUR compared to December 2020
  - Seasonal effect
- Decrease of 0.6 mio. EUR compared to September 2020





# Goodwill 2021 unchanged

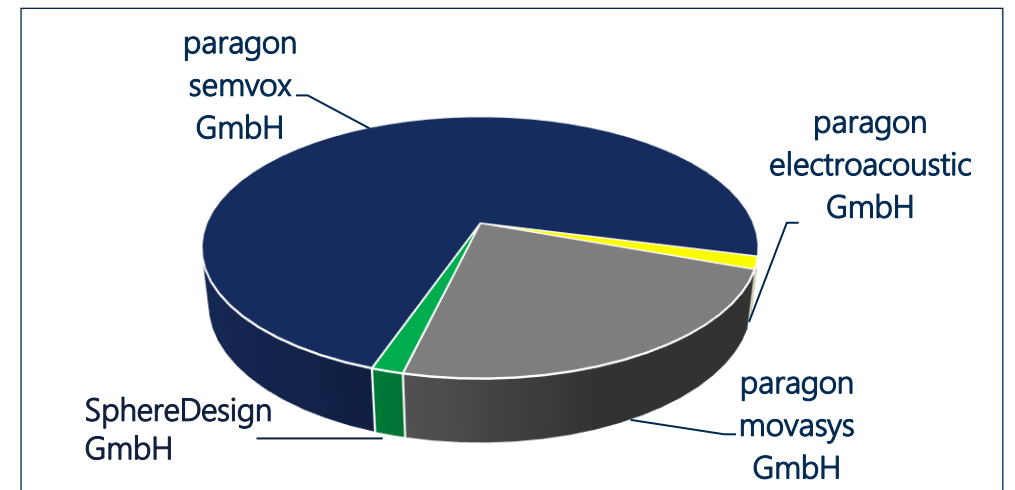
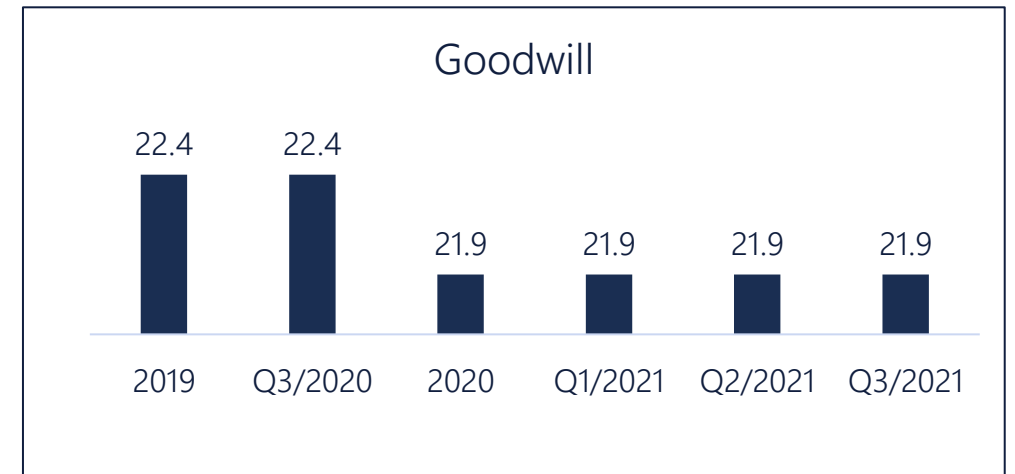
Goodwill amounts to 21.9 mio. EUR since December 2020

→ 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**

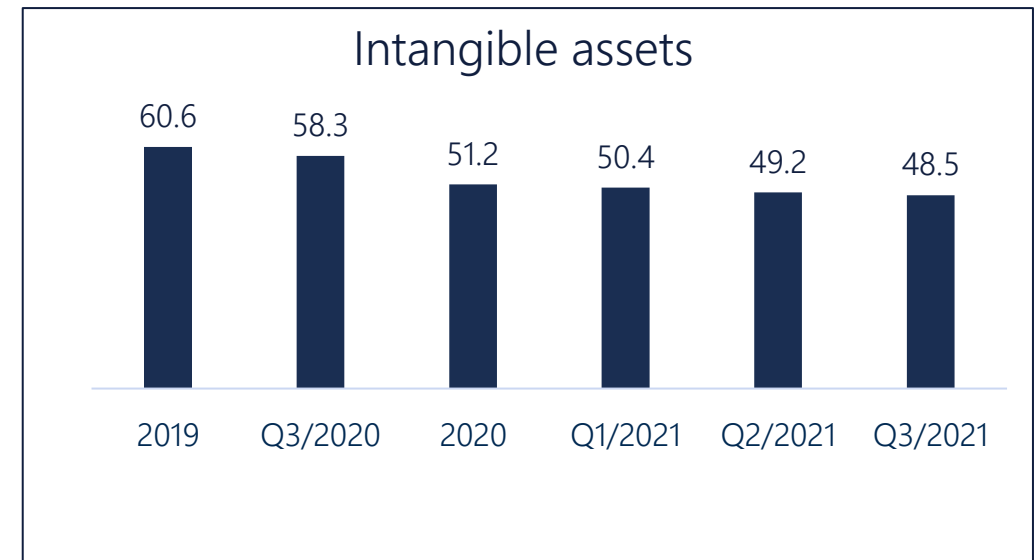
→ 0.3 mio. EUR each are attributable to **SphereDesign GmbH** and **paragon electroacoustic GmbH**



# Intangible Assets reduced according to Plan

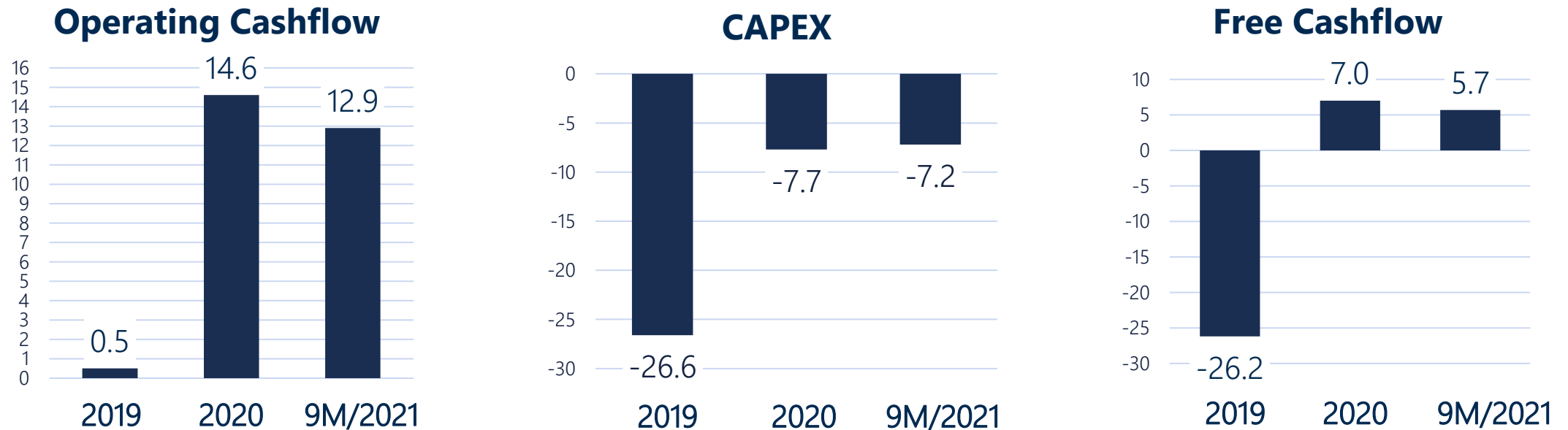
## Intangible assets

- Reduction of 9.8 mio. EUR in last 12 months (./16.8%)
- Thereof 11.8 mio. EUR intangible assets acquired in business acquisitions, which are amortized on a scheduled basis
- Thereof 32.9 mio. EUR IAS 38 projects



# Cost Reductions and Efficiency Increases show Effect

Free cashflow impacted by increase in inventories (4.1 mio. EUR) in first nine months 2021



Maintaining the stronger focus on inventory management in last 3 months to achieve 2021 targets

## paragon Automotive at a Glance

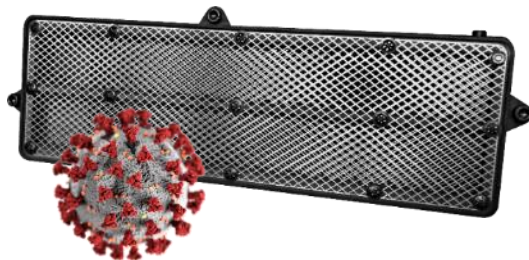
- ▶ **Outperformer in the automotive market**
  - 2020 to 2021e: market +2.8%\*; paragon +14.0%
  
- ▶ **Guidance** (published March 2021) **stable**
  - 145 mio. EUR revenues/12...15% EBITDA margin
  - Despite temporary production interruptions by OEMs due to material shortages
  
- ▶ **Sale of unprofitable Voltabox stake successful**
  - Despite extremely negative environment
  
- ▶ **Always on-time interest payments for EUR/CHF bonds**
  - 3.5 mio. EUR in 2021
  
- ▶ **Reduction of net debt**
  - ./ 21 mio. EUR since December 2019
  - Net debt ratio as of 30.09.2021 at 5.0 (Voltabox sale not included)
  
- ▶ **Early repayment of 15% of the CHF bond**
  - CHF 5.25 mio. in August 2021

\*IHS Markit: Global Light Vehicle Production; October 2021

# New Orders and Projects

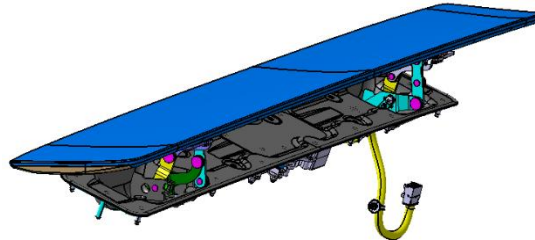
Breakthrough:

First Nomination for  
**electronic virus filter**  
**DUSTPROTECT** from  
premium OEM



New orders:

**High volume**  
**spoiler**  
nominations in  
Chinese market



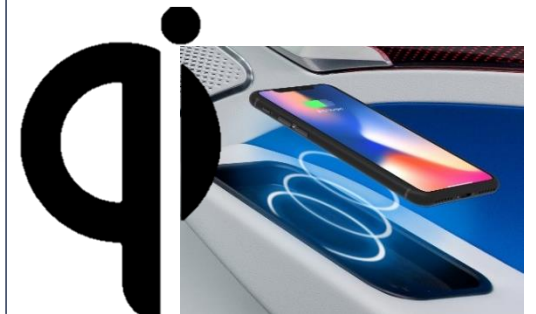
New development  
project:

Silicon SMT sensor  
element for **AQS**  
**Next Generation**



New development  
project:

**Next Generation**  
**Wireless Charging**





# New Business Unit "Power"

<p><b>Flow Shape Design</b></p> <ul style="list-style-type: none"> <li>Expanded foam as a case for battery systems and modules, substituting the conventional metal case</li> </ul> 	<table border="0"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Short development and implementation time</td> <td>Any space claim</td> <td>Unlimited areas of application</td> <td>Light weight</td> <td>Reduced production time and complexity</td> <td>Low costs</td> </tr> </table>							Short development and implementation time	Any space claim	Unlimited areas of application	Light weight	Reduced production time and complexity	Low costs
													
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<p><b>BU Power revenues 2021*:</b> 0.4 mio. EUR</p>	<ul style="list-style-type: none"> <li><b>Future products:</b> Lithium-ion starter battery with FSD technology for volume passenger car manufacturer, Gen2 for motorbike OEM</li> <li><b>Drivers:</b> Stronger restrictions on lead-acid batteries planned by EU</li> <li><b>Enabler:</b> Use of paragon's electronics and automation expertise</li> </ul>	<p><b>BU Power Revenues 2026e:</b> 83 mio. EUR</p>
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## Expectations for 2022

- Recovery of the material situation in the first half of 2022
- Sustainable effect of implemented cost-saving measures
- Catch-up effects from 2021

## First forecast for 2022

- 155 – 165 mio. EUR revenues
- > 15 % EBITDA-margin

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