

## paragon Exceeds Revenue Forecast for 2020 and Wants to Surpass Pre-Pandemic Levels in the Current Year

- **Strong performance in the second half of the year compensates for coronavirus-related revenue shortfalls – best half-year in the company’s history**
- **Decline in revenues of only 6% to € 127.2 million (prior year: € 135.9 million) – forecast of € 110–120 million clearly exceeded**
- **Earnings significantly increased – paragon Automotive preliminary EBITDA margin for the 2020 fiscal year of 10.8% (prior year: 6.7%) despite coronavirus-related plant closures**
- **Forecast for 2021 raised after a good start to the year: Revenues from automotive customers around € 145 million and EBITDA margin of 12–15% – free cash flow in double-digit millions expected**

**Delbrück, Germany, March 30, 2021** – paragon [ISIN DE0005558696] has exceeded its own expectations and left the impact of the coronavirus pandemic behind. According to preliminary, unaudited numbers, the Tier 1 supplier and technology partner of the automotive industry achieved revenues significantly exceeding the indicated corridor of € 110–120 million in its core automotive business in the 2020 fiscal year. The earnings forecast was clearly achieved. The driving force behind this was the very positive development in the Sensors and Digital Assistance business units. The company is already planning to exceed the revenue result achieved in 2019 in the current fiscal year thanks to the constant high rate of customer call-offs.

**“The paragon business model passed the stress test of the pandemic. It became clear in 2020, if not before, that our positioning makes us absolutely crisis-resistant. We are on the right track in terms of revenue, earnings and cash flow. Building on this, in 2021 we will be able to surpass the pre-coronavirus levels of 2019,”** says Klaus Dieter Frers, founder and CEO of paragon.

According to preliminary figures, paragon Automotive had sales in continuing operations of € 127.2 million, which exceeded not only the revenue forecast of € 110–120 million, but also the prospective mark of € 125 million. This was due to the second half of the year, the best half-year in paragon's history of more than 30 years. According to preliminary figures, paragon recorded a decline in revenues of 21.8% to € 50.0 million (prior year: € 64.0 million) in the first six months as a result of closing the plants for six weeks. In the second half of the year, preliminary calculations show revenues of € 77.1 million (prior year: € 71.9 million), which is an increase of 7.3% compared to the prior year's period. Preliminary EBITDA for the year as a whole amounts to € 13.8 million. The corresponding margin of 10.8% (prior year: 6.7%) is in the upper end of the forecast corridor of 8–12%. In the fourth quarter alone, paragon achieved an EBITDA margin of 14.5%, after a value of 12.2% in the third quarter of 2020. Preliminary calculations show a margin of 13.5% for the entire second half of the year.

**“Our improved income and earnings situation is the result of our resolute measures to optimize performance in the various operating segments and shows where we stand,” emphasizes Klaus Dieter Frers.**

**Dr. Matthias Schöllmann, Managing Director Automotive at paragon, adds: “We have seen a highly satisfactory development in sales due to numerous new orders, especially in the Sensors business unit with the innovative particle sensor Dustdetect®. Our AI-based solutions for digital assistance systems also demonstrate continually increasing market penetration. These effects will continue in 2021.”**

The operating cash flow of continuing operations in the 2020 fiscal year was more than € 13 million according to preliminary figures. The free cash flow of over € 6 million was mostly generated in the second half of the year.

The positive trends in paragon's automotive business became apparent in the first months of this year. The company started the fiscal year very well, with an 18% increase in revenues to

the end of February compared the same period last year. The EBITDA margin target of 14.8% for this period is based on the upper end of the forecast for the year as a whole. The driver of growth in the current year will once again be the business units Sensors, due to further series launches, and Digital Assistance with the positive development of the licensing model. The paragon Group's flourishing business in China supports this development.

Due to the growing number of requests from automotive manufacturers, the Management has increased the forecast for the 2021 fiscal year announced in December of last year from € 140 million to € 145 million, which is higher than the 2019 level of revenue. paragon Automotive expects an EBITDA margin of 12–15%. Free cash flow should grow to the double-digit million range and be between € 10 and 12 million. The Management assumes that any supply shortages for components will have a low impact, if any.

Meanwhile, the Management of paragon is unhappy with the share price performance of both issued bonds. They believe that the price level does not reflect the robustness of the business model or the good performance in critical times. The company plans to reduce the term by a year in relation to the Swiss bond of over CHF 35 million. Concurrently, the bond will be paid back successively in multiple partial payments until the final payment in April 2023 to reduce the company's debt ratio. paragon recently declared to the Swiss Stock Exchange that it will repurchase bonds for investment and redemption purposes with immediate effect and without time limit. No amount has been set for these partial repurchases.

The company is now waiting for the results of the planned repurchase of Swiss obligations and will then consider whether a partial repurchase of the German bond makes sense. If the Management should decide in favor of this, the conditions will be disclosed in a timely manner.

The complete, audited consolidated financial statements and the company's annual report are expected to be published on April 27, 2021. Further information about paragon GmbH & Co. KGaA can be found at [www.paragon.ag](http://www.paragon.ag).

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

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