

GROUP INTERIM REPORT
AS OF MARCH 31, 2025
FIRST QUARTER

Key Figures paragon Group

€'000 or as stated	Jan. 1 to Mar. 31, 2025	Jan. 1 to Mar. 31, 2024	Change
Turnover	29,347	40,918	-28.3%
EBITDA ¹	4,507	4,122	9.4%
EBITDA margin in %	15.4%	10.1%	52.5%
EBIT	2,224	945	135.4%
EBIT margin in %	7.6%	2.3%	228.2%
Group result	611	-478	227.7%
Earnings per share in € (basic and diluted)	0.14	-0.11	222.8%
Investments (CAPEX) ²	1,693	1,495	13.3%
Operating cash flow	455	348	30.8%
Free cash flow ³	-1,238	-1,147	-7.9%
€'000 or as stated	Mar. 31, 2025	Dec. 31, 2024	Change
Balance sheet total	97,859	98,317	-0.5%
Equity capital	-9,474	-9,953	4.8%
Equity ratio in %	-9.7%	-10.1%	4.4%
Cash and cash equivalents	1,510	4,391	-65.6%
Bank and bond liabilities less cash and cash equivalents	56,570	54,827	3.2%
EBITDA last 12 months	18,178	17,793	2.2%
Net gearing ratio ⁴	3.11	3.08	1.0%
Employees ⁵	680	685	-0.7%

1 With regard to the calculation of EBITDA, please refer to the explanations in the combined management report of the annual report.

2 CAPEX = investments in property, plant and equipment + investments in intangible assets.

3 Free cash flow = operating cash flow - Investments (CAPEX).

4 As defined in section 3 of the bond terms and conditions WKN A2G5B8 (loans plus bonds less cash and cash equivalents divided by EBITDA).

5 Plus 2 temporary employees (December 31, 2024: 6).

Share

	Mar. 31, 2025	Dec. 31, 2024	Change
Closing price Xetra in €	2.36	2.27	4.0%
Number of shares issued	4,526,266	4,526,266	0.0%
Market capitalization in € million	10.7	10.3	4.0%

The first quarter of 2025 at a glance

- Sales stable at € 29.3 million, on the same level as in the fourth quarter of 2024 (€ 29.5 million)
- Decline in sales compared to the same quarter last year due to lower customer call-offs and sales from the sale of the starter battery business
- EBITDA margin of 15.4% (same quarter last year: 10.1%) above the operating EBITDA margin for the full year 2024 (14.0%)
- Improvement measures from the previous year are already showing an impact at the beginning of the year
- Forecast for the current fiscal year confirmed: sales of € 140 to € 145 million with EBITDA between € 20 and € 22 million

Foreword by the management

Dear shareholders

Dear customers and business partners, dear employees,

a few weeks ago, we were able to demonstrate in our annual report for 2024 that consistent action can increase profits even with lower sales. Of course, we would have liked our customers to have kept their promises and delivered the sales growth we had planned. But we made the best of the situation – after all, we are used to headwinds.

The 2024 annual report also showed that we were forced to write down an intangible asset from previous years. For the sake of transparency, we have shown our core profitability by reporting operating EBITDA (€ 19.0 million) and operating EBITDA margin (14.0 %) adjusted for this special item. We assured that this process had no impact on our operating business and will continue to have no impact in the future.

And just a few weeks later, we can prove that this statement is correct and that the core profitability achieved is sustainable. With an increase in the EBITDA margin in the first quarter from 10.1 % (2024) to 15.4 % (2025), we are demonstrating how effective the improvement measures we have implemented are.

Our new Consumer Products division, which is aimed directly at end customers, has not yet been able to contribute to sales and earnings in the quarter under review, as planned. Most of the planned online sales channels were only activated in recent weeks. Initial sales are expected in Q2/2025, with the focus on sales in the second half of the year when the entire product portfolio is available. Initial, very favorable test reports in the media give cause for hope.

Last year, we were able to add almost 50 % more revenue to our order backlog with new orders worth over approximately € 200 million than we processed in 2024 through deliveries. This clearly shows that our growth will accelerate in the coming years. But it is likely to get even better; we further filled our acquisition pipeline in the first quarter of 2025. We are currently working on orders with a lifetime value of approximately € 1.5 billion that will be decided in the current year. We are making every effort to secure a significant share of these.

We are also continuing our internationalization strategy—we want to achieve a relevant market position in China, the US, and India in the coming years. There are still plenty of “white spots” for us; we have made a good start in China, most recently with orders from the local market leader BYD. We want to build on this and convince other non-European car manufacturers of our capabilities. We are confident that we will succeed. We will not be deterred by bad news and threats of tariffs.

We would like to thank paragon employees for their dedication and contribution to the company's success, as well as our customers, business partners, and shareholders for their trust.

Delbrück, May 2025

A handwritten signature in black ink, appearing to read 'Klaus Frers', with a stylized, cursive script.

Klaus Dieter Frers
Chairman of the
Management Board

A handwritten signature in black ink, appearing to read 'Ralph Streitbürger', with a stylized, cursive script.

Ralph Streitbürger
Chief Financial Officer

paragon on the capital market

The paragon share gained slightly in value in the first quarter. Starting from a closing price of € 2.27 at the end of 2024, the share closed at € 2.36 at the end of the reporting period, representing a gain of 4.0%. The market capitalization thus increased from € 10.3 million to € 10.7 million.

Corporate bond 2017/27

The corporate bond placed in June 2017 (ISIN DE000A2GSB86; WKN A2GSB8) with an original total volume (framework nominal) of € 50 million is listed on the Open Market (Regulated Unofficial Market) of the Frankfurt Stock Exchange in the Scale segment for corporate bonds of Deutsche Börse AG.

In March 2022, a bondholders' meeting resolved to amend the terms and conditions of the bond. In addition to a semi-annual interest payment and a higher interest coupon, the final maturity date was postponed by 5 years to July 5, 2027. As of March 31, 2025, paragon has reduced the framework nominal value of the bond from € 50.0 million to € 45.2 million through buybacks.

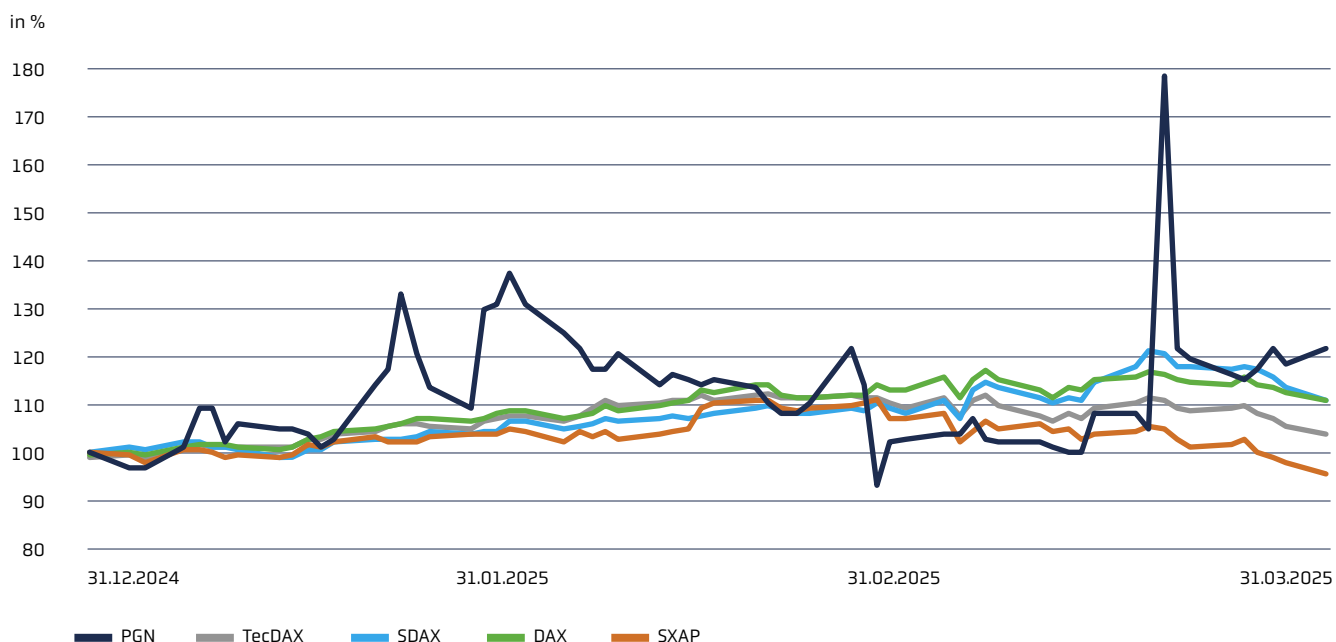
The interest rate on the bond depends on the paragon Group's net gearing ratio. The interest rate in the 2025 financial year is 8.75%.

On November 6, 2023, paragon started to buy back the bond on the stock exchange in a total nominal amount of up to € 20.2 million. The program will initially run until July 5, 2025 and can then be extended or replaced by a new program. The buyback will be carried out by an independent securities service provider. With regard to the purchase price and purchase volume, the service provider must comply with the ban on market abuse (so-called "safe harbor rules"). As a result, no more than 25% of the average daily turnover (20-day average) in the bonds may be purchased on the stock exchange on any one day. The bond buyback is carried out via the regional stock exchanges in Stuttgart, Frankfurt and Tradegate Exchange. By March 31, 2025, bonds with a total nominal value of € 1,218,000.00 had been repurchased.

At the end of the quarter, the bond closed at a price of 52.75%.

paragon's existing EUR bond is currently the only bond still listed in the segment Scale for corporate bonds. The company is currently planning to switch to the over-the-counter segment Quotation Board and will report on its progress.

Performance of the paragon share



Business performance

In the first quarter of 2025, approximately 1 million more vehicles were registered in the three major international automotive markets of Europe, the US, and China than in the same period last year, representing a slight increase of 8%. While Europe stagnated compared to the previous year, the USA increased the number of new registrations by approximately 5%. China remains by far the world's largest automotive market. Compared to the previous year, 15% more passenger cars were registered here than in the same period of the previous year³.

The weak overall performance in Europe was due to sluggish volume markets in Germany, France, and Italy. Only Spain and former EU member the United Kingdom were able to post

gains. In terms of drive types, electric cars performed strongly in the first three months of the year (up around 24%), while sales of combustion engine models declined significantly⁴.

The ordering behavior of European paragon customers has changed only marginally compared to the last quarter; they continue to suffer from weak sales. This could not be offset by our Chinese customers in the reporting period. The extent to which impending tariffs will affect the market remains unclear. As expected, paragon's business performance in the first three months of fiscal year 2025 was marked by lower sales revenues compared to the same quarter last year. This is also due to the sale of the low-voltage starter battery business to Clarios; however, as mentioned above, it mainly reflects lower customer call-offs. Revenue development in the two business segments was as follows:

Business segment	Electronics ¹		Mechanics ²		Eliminations		Group	
	3M/ 2025	3M/ 2024	3M/ 2025	3M/ 2024	3M/ 2025	3M/ 2024	3M/ 2025	3M/ 2024
€'000 or as stated								
Sales revenues with third parties	18,670	27,213	10,677	13,705	0	0	29,347	40,918
Intersegment sales	180	168	41	91	-221	-259	0	0
Turnover	18,850	27,381	10,718	13,796	-221	-259	29,347	40,918
EBITDA	3,288	3,011	1,219	1,111	0	0	4,507	4,122
EBITDA margin in %	17.6	11.0	11.4	8.1	n.a.	n.a.	15.4	10.1

1 Sensors, Interior and Power divisions.

2 Kinematics division.

³ Statista [2025]: New car registrations by region worldwide 2025 – April 2025, retrieved on: May 18, 2025, <https://en.statista.com/statistics/data/study/1111579/survey/monthly-new-car-registrations-by-worldwide-regions/>

⁴ Baumann, Uli [2024]: Cupra outclasses Seat, in:auto motor und sport, 28.04.2025, retrieved on: May 18, 2025, <https://www.auto-motor-und-sport.de/verkehr/eu-neuzulassungen-maerz-2025-cupra-deklassiert-seat/>

As expected, the largest segment, Electronics, dominated Group activities with segment sales of € 18.9 million (previous year: € 27.4 million). Of this, € 18.7 million (previous year: € 27.2 million) was attributable to sales to third parties in the Sensor Technology, Interior and Power divisions, which corresponds to 63.6% of consolidated sales (previous year: 66.5%). Segment EBITDA amounted to around € 3.3 million (previous year: € 3.0 million).

The Mechanics segment generated segment revenue of € 10.7 million. Segment sales to third parties are reported via paragon movasys GmbH and paragon Automotive Kunshan Co., Ltd, insofar as they relate to the Kinematics division, and accounted for 36.4% of consolidated sales in the first quarter (previous year: 33.5%). Segment EBITDA for the first quarter amounted to € 1.2 million (previous year: € 1.1 million).

Sales development in the individual business segments was as follows:

Distribution of sales €'000 or as stated	3M/ 2025	Share in %	3M/ 2024	Share in %	Change in %
Sensors	7,509	25.6	11,406	27.9	-34.2
Interior	10,128	34.5	14,616	35.7	-30.7
Power	1,033	3.5	1,192	2.9	20.9
Mechanics ¹	10,677	36.4	13,705	33.5	-22.1
Group	29,347	100.0	40,918	100.0	-28.3

1 Illustrated by the Kinematics division

Sales in the Sensor Technology division declined in the first quarter of 2025 compared with the same quarter of the previous year as a result of continued weak order intake from our customers. In the Interior division, sales also remained below the previous year's level at € 10.1 million (previous year: € 14.6 million). This was due to delayed launches of new products by OEMs and the ban on certain types of vehicles containing our instruments on the European market as a result of EU legislation. As expected, sales revenues in the Power division declined due to the sale of the low-voltage starter battery business to Clarios SE. We currently supply cover assemblies to Clarios.

Financial Performance

In the first three months of the current fiscal year, paragon generated sales of around € 29.3 million (previous year: € 40.9 million). With an increase of € 0.6 million (previous year: € 0.5 million) in finished and unfinished products and capitalized in-house work of € 1.7 million (previous year: € 0.8 million), total output amounted to € 32.4 million (previous year: € 42.9 million).

The cost of materials amounted to € 14.6 million (previous year: € 23.6 million). This results in a material usage ratio (calculated from the ratio of cost of materials to sales and change in inventories) of 48.6% (previous year: 57.0%).

This results in gross profit of € 17.8 million for the first three months (previous year: € 19.3 million), corresponding to a gross profit margin of 60.7% (previous year: 47.1%). Personnel expenses amounted to € 9.7 million in the first quarter of 2025, down 8.9% year-on-year (previous year: € 10.7 million). This results in a personnel expense ratio of 33.1% (previous year: 26.1%).

Taking into account other operating expenses of € 3.6 million (previous year: € 4.5 million), earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to € 4.5 million (previous year: € 4.1 million), corresponding

to an EBITDA margin of 15.4% (previous year: 10.1%). After depreciation and amortization of € 2.3 million (previous year: € 3.2 million), earnings before interest and taxes (EBIT) amounted to € 2.2 million (previous year: € 0.9 million). The EBIT margin rose accordingly from 2.3% in the previous year to 7.6%.

With a financial result of –€ 1.6 million (previous year: –€ 1.6 million) and income taxes of € 0.0 million (previous year: € 0.2 million), the paragon Group generated earnings of € 0.6 million in the reporting period (previous year from continuing operations: –€ 0.5 million). This corresponds to earnings per share of € 0.14 (previous year: –€ 0.11).

Net assets

Total assets decreased slightly to € 97.9 million as of March 31, 2025 (December 31, 2024: € 98.3 million).

Property, plant, and equipment decreased slightly as scheduled depreciation exceeded capital expenditures in the first quarter. Intangible assets increased from € 29.9 million as of December 31, 2024, to € 30.4 million.

Inventories increased slightly to € 17.4 million (December 31, 2024: € 16.6 million). Other current financial assets amounted to € 3.5 million, an increase of € 0.8 million compared to December 31, 2024.

Equity improved by around € 0.5 million to € –9.5 million as of the balance sheet date (December 31, 2024: € –10.0 million). The equity ratio improved to –9.7% (December 31, 2024: –10.1%).

Non-current provisions and liabilities decreased slightly to € 40.1 million (December 31, 2024: € 41.1 million), mainly due to the scheduled repayment of loans.

Short-term provisions and liabilities remained virtually unchanged at € 67.2 million (December 31, 2024: € 67.2 million).

Financial position

Cash flow from operating activities increased to € 0.5 million (previous year: € 0.3 million). This is primarily attributable to improved consolidated earnings. The positive trend in operating cash flow from 2024 is therefore continuing. Based on positive consolidated earnings, positive operating cash flow was achieved despite an increase in liabilities.

Cash flow from investing activities decreased to € –1.7 million in the reporting period (previous year: € –1.5 million). This is mainly attributable to investments in intangible assets, which relate to capitalized in-house work in the reporting period. Following the debt reduction and consolidation program from 2020 to 2023, paragon is now laying the foundations for future growth again.

Free cash flow decreased in the reporting period from € –1.1 million in the same period of the previous year to € –1.2 million. The reduction in free cash flow and the decrease in cash and cash equivalents are mainly attributable to the seasonally stronger increase in receivables and other assets compared to December 31, 2024.

Cash flow from financing activities decreased to € –1.7 million in the reporting period (previous year: € –0.9 million). In particular, there were no cash inflows from the raising of financial loans in the reporting period (previous year: € 0.5 million).

Cash and cash equivalents amounted to € 1.5 million as of the balance sheet date (December 31, 2024: € 4.4 million).

Opportunity and risk report

In the first quarter of 2025, there were no significant changes to the opportunities and risks described in detail in the combined management report for the Group and paragon GmbH & Co. KGaA under “Opportunities and risks.” The annual report is available on the Internet at <https://ir.paragon.ag>.

Events after the balance sheet date

There were no significant events.

Forecast report

The combined management report for the 2024 fiscal year provides detailed information on the forecast for the current fiscal year and the underlying assumptions. According to this, management expects revenue of between € 140 million and € 145 million for the 2025 fiscal year, with EBITDA of between € 20 million and € 22 million.

Development of the key performance indicators:

in millions €	2024	Since the beginning of the year 3M/2025	Forecast 2025
Financial performance indicators			
Turnover	135.7 million €	29.3 million €	140 to 145 million €
EBITDA	17.8 million €	4.5 million €	20 to 22 million €

Condensed consolidated interim financial statements:

Consolidated statement of comprehensive income

in T€	Jan. 1 – Mar. 31, 2025	Jan. 1 – Dec. Mar, 2024
Sales revenue	29,347	40,918
Other operating income	739	628
Increase or decrease in inventories of finished goods and work in progress	590	549
Other own work capitalized	1,693	819
Overall performance	32,369	42,914
Cost of materials	-14,557	-23,641
Gross profit	17,813	19,273
Personnel expenses	-9,727	-10,672
Depreciation of property, plant and equipment and amortization of intangible assets	-2,283	-3,177
Other operating expenses	-3,579	-4,479
Earnings before interest and taxes (EBIT)	2,224	945
Financial income	4	0
Financing expenses	-1,604	-1,603
Financial result	-1,600	-1,603
Earnings before taxes (EBT)	625	-659
Income taxes	-14	181
Group result	611	-478
Earnings per share in € (basic and diluted)	0,14	-0,11
Average number of shares in circulation (basic and diluted)	4,526,266	4,526,266
Other result		
Currency translation reserve	-132	-2
Overall result	478	-480

Consolidated Balance Sheet

in T€	Mar. 31, 2025	Dec. 31, 2024
ASSETS		
Non-current assets		
Intangible assets	30,352	29,903
Goodwill	5,745	5,745
Property, plant and equipment	24,374	25,359
Investments accounted for using the equity method	1,522	1,522
Shareholdings	120	120
Other non-current financial assets	418	418
	62,532	63,069
Current assets		
Inventories	17,434	16,554
Trade receivables	6,429	5,398
Other current financial assets	3,076	2,862
Other current non-financial assets	3,471	2,690
Contract assets	3,108	3,055
Income tax assets	19	19
Cash and cash equivalents	1,510	4,391
Assets classified as held for sale	281	281
	35,327	35,249
Total assets	97,859	98,317

in T€	Mar. 31, 2025	Dec. 31, 2024
LIABILITIES		
Equity capital		
Subscribed capital	4,526	4,526
Capital reserve	15,485	15,485
Revaluation reserve	175	175
Loss carryforward	-30,395	-24,290
Group result	611	-6,105
Reserves from currency differences	123	256
	-9,475	-9,953
Non-current provisions and liabilities		
Non-current lease liabilities	6,905	7,392
Long-term loans	5,621	5,777
Long-term bonds	24,825	24,825
Deferred taxes	62	61
Provisions for pensions	1,808	1,924
Other non-current financial liabilities	886	1,125
	40,108	41,105
Current provisions and liabilities		
Current lease liabilities	2,536	2,742
Short-term loans and current portion of long-term loans	7,637	7,701
Liabilities from deliveries and services	25,796	24,594
Short-term bonds	19,997	20,915
Other provisions	128	0
Income tax liabilities	1,193	1,193
Other current financial liabilities	2,217	2,394
Other current non-financial liabilities	7,723	7,628
	67,226	67,166
Total liabilities	97,859	98,317

Consolidated Cash Flow Statement

in T€	Jan. 1 to March 31, 2025	Jan. 1 to March 31, 2024
Group result	611	-478
Depreciation of fixed assets	2,283	3,177
Financial result	1,599	1,604
Profit (-), loss (+) from disposal of property, plant and equipment and financial assets	-26	0
Increase (+), decrease (-) in other provisions and pension provisions	11	-382
Other non-cash expenses and income	-100	-115
Increase (-), decrease (+) in trade receivables, other receivables and other assets	-1,828	-1,526
Increase (-), decrease (+) in inventories	-880	873
Increase (+), decrease (-) in trade payables and other liabilities	982	-138
Interest paid	-2,197	-2,667
Cash flow from operating activities	455	348
Proceeds from the disposal of property, plant and equipment ()+	26	0
Payments for investments in property, plant and equipment (-)	-70	-724
Payments for investments in intangible assets (-)	-1,623	-771
Cash flow from investing activities	-1,667	-1,495
Payments for the repayment of financial loans (-)	-593	-310
Proceeds from the raising of financial loans (+)	0	515
Payments for the repayment of bonds (-)	-220	-304
Payments for the repayment of liabilities from leases	-724	-830
Change in OCI	-132	0
Cash flow from financing activities	-1,669	-929
Cash-effective change in cash and cash equivalents	-2,881	-2,075
Cash and cash equivalents at the beginning of the period	4,391	3,209
Cash and cash equivalents at the end of the period	1,510	1,134

Consolidated Statement of Changes in Equity

in T€	Retained earnings						Total
	Subscribed capital	Capital reserve	Revaluation reserve	Currency translation reserve	Loss carryforward	Consolidated net income	
Status January 1, 2025	4,526	15,485	175	256	-24,290	-6,105	-9,953
Appropriation of earnings	0	0	0	0	-6,105	6,105	0
Group result	0	0	0	0	0	611	611
Currency conversion	0	0	0	-132	0	0	-132
Total other comprehensive income	0	0	0	-132	0	0	-132
Overall result	0	0	0	-132	-6,105	6,715	478
As at March 31, 2025	4,526	15,485	175	123	-30,395	611	-9,475

in T€	Retained earnings						Total
	Subscribed capital	Capital reserve	Revaluation reserve	Currency translation reserve	Loss carryforward	Consolidated net income	
Status January 1, 2024	4,526	15,485	64	132	-20,478	-3,812	-4,084
Appropriation of earnings	0	0	0	0	-3,812	3,812	0
Group result	0	0	0	0	0	-478	-478
Currency conversion	0	0	0	-2	0	0	-2
Total other comprehensive income	0	0	0	-2	0	0	-2
Overall result	0	0	0	-2	-3,812	3,334	-480
Status March 31, 2024	4,526	15,485	64	130	-24,290	-478	-4,564

Financial calendar 2025

June 12, 2025	Annual General Meeting, Delbrück
August 19, 2025	Interim Group report as at June 30, 2025 – 1st half-year
September 2, 2025	Equity Forum (fall conference), Frankfurt am Main (planned)
November 12, 2025	Interim Group report as at September 30, 2025 – Nine months

Legal Notice

paragon GmbH & Co. KGaA
Bösendamm 11
33129 Delbrück / Germany
Phone: +49 5250 9762-0
Fax: +49 5250 9762-60
E-Mail: investor@paragon.ag
www.paragon.ag

