paragon®

INTERIM GROUP REPORT
AS OF JUNE 30, 2025
FIRST HALF

Key figures for the paragon Group

€'000 or as indicated	Jan. 1 to June 30, 2025	Jan. 1 to June 30, 2024	Change in %	Apr. 1 to June 30, 2025	Apr. 1 to June 30, 2024	Change in %
Revenue	55,443	75,360	–26.4%	26,096	34,442	–24.2%
EBITDA [1]	8,371	8,512	–1.7%	3,864	4,390	–12.0%
EBITDA margin in %	15.1%	11.3%	33.7%	14.8%	12.7%	16.2%
EBIT	3,378	2,178	55.1%	1,154	1,233	–6.4%
EBIT margin in %	6.1%	2.9%	110.8%	4.4%	3.6%	23.5%
Consolidated net income	3	–1,011	100.3%	–608	–533	–85.9%
Earnings per share in € (basic and diluted)	0.00	–0.22	100.3%	–0.14	–0.11	–73.3%
Investments (CAPEX) [2]	3,064	2,583	18.6%	1,371	1,088	26.0%
Operating cash flow	1,921	2,622	–23.0%	1,564	2,274	–31.2%
Free cash flow [3]	–1,144	39	–2,781.0%	192	1,186	–83.8%

€'000 or as indicated	June 30, 2025	Dec. 31, 2024	Change in %	June 30, 2025	June 30, 2024	Change in %
Total	101,459	98,317	3.2%	101,459	102,492	–1.0%
Equity	–7,900	–9,953	20.6%	–7,900	–5,085	–55.4%
Equity ratio in %	–7.8%	–10.1%	23.0%	–7.8%	–5.0%	–56.9%
Cash	3,486	4,391	–20.6%	3,486	957	264.2%
Bank and bond liabilities less cash and cash equivalents	55,492	54,827	1.2%	55,492	59,243	–6.3%
EBITDA last 12 months	26,164	17,793	47.0%	26,164	18,087	44.7%
Net debt ratio [4]	2.12	3.08	–31.2%	2.12	3.28	–35.2%
Employees [5]	683	685	–0.3%	683	734	–6.9%

Share

	June 30, 2025	Dec. 31, 2024	Change in %	June 30, 2025	June 30, 2024	Change in %
Closing price on Xetra in €	2.19	1.94	12.9%	2.19	3.22	–32.0%
Number of shares issued	4,526,266	4,526,266	0.0%	4,526,266	4,526,266	0.0%
Market capitalization in millions €	9.9	8.8	1.1	9.9	14.5	–4.7

1 For information on how EBITDA is calculated, please refer to the consolidated management report in 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 A2GSB8 (loans plus bonds minus cash and cash equivalents divided by EBITDA)
5 Plus 3 temporary employees (December 31, 2024: 6)

Highlights in the first half of 2025

- Revenue in the automotive sector fell to €55.4 million due to the revenue from the starter battery business and weak sales figures from the top three customers, especially in China (same period last year: €75.4 million).
- Current market in Europe very volatile; paragon China participating in boom in low-cost vehicles in local market – luxury goods currently in low demand in China
- EBITDA in the automotive sector remained at the previous year's level at €8.7 million (first half of 2024: €8.5 million) despite significantly lower sales – EBITDA margin at 15.7%
- EBIT in the automotive sector almost doubled year-on-year to €3.7 million (EBIT margin 6.7%) compared with the previous year (€2.2 million and 2.9%) – earnings after taxes now positive
- Cost savings implemented are having an impact; processes are being continuously optimized
- Consolidated earnings down by €0.3 million due to initial expenses for new Consumer Products segment
- Key automotive customers announce catch-up effect in second half
- Automotive share (approx. 85%) of the forecast for the current year (€140 to €145 million in revenue, €20 to €22 million in EBITDA) is €115 to €120 million in revenue and approx. €18 million in EBITDA and remains achievable
- Order intake and intensive acquisition activities, combined with continuous improvement of the cost position, will ensure sustainable growth in the automotive sector in the coming years
- Sales of consumer products are only gradually picking up – realization of the forecast share of approx. 15% in 2025 depends on the success of various sales campaigns and on Christmas business – medium- and long-term share of 20% of total sales planned
- Consumer products are considered purely ancillary to the automotive division and are being approached very conservatively and with low risk

Foreword by the Management

Dear shareholders, Dear customers and business partners, Dear employees,

in the second quarter, consolidated sales declined by a further 11.1% compared with the first quarter in a turbulent environment. Overall, sales of €55.4 million were achieved in the first half of 2025. A comparison with the same period last year, when sales amounted to €75.4 million, reflects the trend that was already apparent in the first quarter of 2025. In addition to the weak global sales figures of our top three customers, the decline in sales is primarily attributable to the loss of sales in the starter battery business in the previous year.

The originally forecast increase in sales in the second quarter did not materialize because some orders from major premium customers were unexpectedly postponed to the second half of the year. Our top three customers continue to struggle with declining sales figures, especially in China. The market in Europe is very volatile with very short-term rescheduling. paragon Kunshan's Chinese customers were able to participate in the boom in the local market for low-priced vehicles. Nevertheless, sales remained at the previous year's level, as our spoilers are used in relatively high-priced vehicles in the Chinese market, for which there is little demand from end customers. Due to a rescheduling by the customer, a new product will now only go into production at paragon in the second half of the year.

In the Interior division, in addition to the slump in sales at our main customers in China, a product changeover in the microphone segment is also having an impact. The weakness in China also affected sales in the Sensors and Kinematics divisions. From a regional perspective, it is mainly German customers who have ordered less than initially announced.

The new additional business with consumer products made only a minor contribution in the second quarter, as it took significantly longer than expected to register and activate the sales channels. Our headphones are currently available via Amazon, OTTO, Media Markt, Saturn, and eBay. Overall, however, we have not yet been able to establish ourselves in this market, partly because awareness is still growing. paragon deliberately chose headphones as the first products for its new portfolio, which, according to market research institute Statista, will generate sales of €1.14 billion in Germany alone in 2025. According to a media analysis by Burda, there is a real boom in headphones in Germany; according to the analysis, 30 percent of Germans already use headphones regularly, for example when streaming. The paragon headphones available to date have been very positively reviewed by several renowned editorial teams (e.g., www.kopfhoerer.de) and have outperformed much more expensive competitors in terms of sound quality.

paragon has taken a very conservative and low-risk approach to the consumer business in order to continue to view it as a pure add-on to the automotive business and not create any dependencies. Order volumes from upstream suppliers are very limited to avoid large inventories. Further products are to be added step by step.

A revenue share of approximately 15% was planned for consumer products in 2025. It is currently unclear whether this share can be achieved in the first year. This depends on the success of various sales campaigns and on Christmas business. In the medium and long term, the management of expects the consumer products division, which is very lucrative in terms of future prospects, to account for approximately 20% of paragon's total sales.

In the pure automotive business, which accounts for €115 to €120 million in sales and approximately €18 million in EBITDA in the forecast for the current year (€140 to €145 million in sales, €20 to €22 million in EBITDA), a certain catch-up effect is expected to set in in the second half of the year. This will be helped by the clarity regarding the US tariffs. In this respect, the achievement of the automotive-specific forecast for the current year remains unchanged. – will see a certain catch-up effect in the second half of the year. Clarity regarding the US tariffs will contribute to this. In this respect, the automotive-specific forecast for the current year is still considered achievable. In addition to rising sales in the automotive business, the significant scaling effect of the measures implemented in the previous year and ongoing process optimizations will help to achieve this.

It is encouraging that even without the contribution to earnings from Consumer Products, the high EBITDA level of the first quarter (15.4%) was maintained at 15.1% for the first half of the year as a whole. At 6.1%, EBIT in the first half of the year was slightly below the EBIT figure for the first quarter of 7.6% due to higher depreciation and amortization. The impact of the improvement measures implemented is even more evident when compared with the same quarter of the previous year, when the EBITDA margin was 11.3% and the EBIT margin 2.9%.

The current news regarding the financial performance of automobile manufacturers, which has been clouded by the slump in the Chinese market, US tariffs, and the smaller pie to be divided up in the electric car segment, especially in the luxury segment, must be clearly distinguished from vehicle sales figures. For paragon, the decisive factor is how many cars with paragon content a customer sells worldwide. As a Tier 1 supplier to the automotive industry, paragon is dependent on the general economic situation and, in the short term, on the market for our customers and the acceptance of their vehicles. paragon is therefore focusing on continuously improving its cost position; considerable success has already been achieved here, which is reflected in rising earnings on declining sales. In addition, the company is actively pursuing opportunities arising from increased orders from existing customers and in the Chinese market, where short times between order and revenue recognition are the norm.

The current acquisition activity and order intake are completely contrary to published opinion. Our sales and development staff are working on numerous projects that will lead to disproportionate and sustainable growth in sales and profits at paragon over the next few years.

Without a highly motivated workforce, a company's success is unthinkable. We would like to express our sincere thanks to our employees for their commitment. We would also like to thank our existing shareholders for their loyalty and hope that our positive company development will also be reflected in the share price.

Delbrück, August 2025

Klaus Dieter Frers
Chairman of the Management Board

paragon on the capital market

Performance of paragon shares

The paragon share gained in value in the first half of 2025. Starting from a closing price of €1.94 (XETRA) at the end of 2024, the share closed at €2.19 at the end of the reporting period, representing a gain of 12.9%. The market capitalization thus increased from €8.8 million to €9.9 million.

Corporate bond 2017/27

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

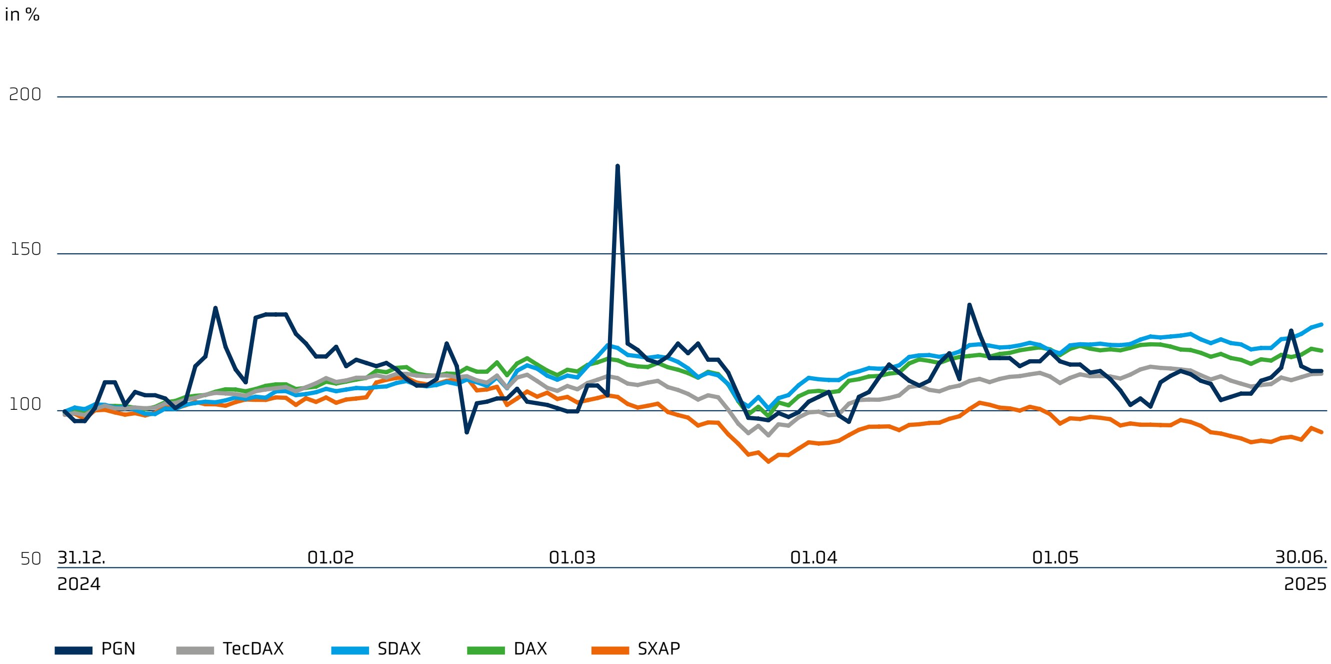
In March 2022, a creditors' meeting resolved to amend the bond terms. In addition to a semi-annual interest payment and a higher interest coupon, the final maturity of has been extended by five years to July 5, 2027. In 2023, paragon reduced the nominal value of the bond from €50.0 million to €45.2 million through repurchases.

The interest rate on the bond depends on the net debt ratio of the paragon Group. The interest rate for the 2025 fiscal year is 8.75%.

On November 6, 2023, paragon began repurchasing the bond on the stock exchange for a total nominal amount of up to €20.2 million. The program will run until June 30, 2027, at the latest. The repurchase will be carried out by an independent securities service provider. The securities service provider must observe the prohibition of market abuse (safe harbor provisions) with regard to the purchase price and acquisition volume. As a result, no more than 25% of the average daily trading volume (20-day average) in the bonds may be acquired on the stock exchange on any one day. The bond repurchase will be carried out via the regional stock exchanges in Stuttgart, Frankfurt, and Tradegate Exchange. By June 30, 2025, bonds with a total nominal value of €1,292,000.00 had been repurchased.

At the end of the half-year, the bond closed at a price of 58.01%.

Performance of the paragon share



Business

The international automotive markets developed slightly differently in the first half of 2025 compared to the previous year. According to the ACEA (European Automobile Manufacturers' Association), new registrations in Europe fell by just under 2% in the first half of 2025 compared to the previous year (mainly due to the large nations of Germany, France, and the United Kingdom). Cox Automotive's "Industry Insight Data" shows that the positive trend from 2024 continued in the United States in the first half of 2025 with further growth of 2.8%. The Chinese market remains the market with the highest growth rate. According to the CPCA (China Passenger Car Association), China grew by almost double digits in the first half of 2025 compared to the same period last year.

The order behavior of paragon customers has been very subdued in the first half of the year. Based on announcements by key customers, a certain catch-up effect is expected to set in in the second half of 2025. This applies to vehicles that are still relatively new to the market and are now experiencing a ramp-up, as well as new products that are going into production.

The main reason for the lower sales in the first half of 2025 is the sale of the starter battery business. Furthermore, paragon's business performance in the first six months of the current fiscal year was characterized by a very volatile market environment. The weaker sales figures in China of paragon's TOP 3 key customers were also noticeable, as was the lower demand for high-priced Chinese cars. The US tariffs had a rather minor direct impact on paragon's sales, but a much more noticeable impact on the sales figures of automobile manufacturers.

Revenue development in the two business segments was as follows:

Business segment	Electronics[1]			Mechanics[2]			Eliminations			paragon Automotive		
€'000 or as indicated	6M/ 2025	6M/ 2024	Δ in %	6M/ 2025	6M/ 2024	Δ in %	6M/ 2025	6M/ 2024	Δ in %	6M/ 2025	6M/ 2024	Δ in %
Revenue with third parties	35,093	49,208	-28.7	20,350	26,152	-22.2	0	0		55,443	75,360	-26.4
Intersegment sales	404	344	17.3	85	111	-23.6	-488	-455	-7.3	0	0	n,a,
Revenue	**35,497**	**49,552**	**-28.4**	**20,434**	**26,263**	**-22.2**	**-488**	**-455**	**-7.3**	**55,443**	**75,360**	**-26.4**
EBITDA	**7,141**	**7207**	**-0.9**	**1,230**	**1,305**	**-5.8**	**0**	**0**	**0.0**	**8,371**	**8,512**	**-1.7**
EBITDA margin	**20.3%**	**14.5%**	**39.9**	**6.0%**	**5.0%**	**21.1**	**n, a,**	**n, a,**		**15.1%**	**11.3%**	**33.6**

1 Sensors, Interior and Power divisions
2 Kinematics division (paragon movasys GmbH)

As expected, the largest segment, Electronics, dominated the Group's activities with segment revenue of €35.5 million (previous year: €49.6 million). Of this, €35.1 million (previous year: €49.2 million) was attributable to sales to third parties in the Sensors, Interior and Power divisions, corresponding to 63.3% of consolidated sales (previous year: 65.3%). Segment EBITDA amounted to around €7.1 million (previous year: €7.2 million).

The Mechanics segment generated segment revenue of €20.4 million (previous year: €26.3 million), of which €20.4 million (previous year: €26.2 million) was attributable to revenue from third parties. Segment sales to third parties are reported by paragon movasys GmbH in the Kinematics division and accounted for 36.7% of consolidated sales in the first half of 2025 (previous year: 34.7%). Segment EBITDA amounted to €1.2 million (previous year: €1.3 million).

Sales development in the individual business segments was as follows:

Revenue breakdown €'000 or as indicated	6M/ 2025	Share in %	6M/ 2024	Share in %	Change in %
Sensors	14,020	25.3	20,287	26.9	-30.9
Interior	19,125	34.5	26,748	35.5	-28.5
Power	1,948	3.5	2,173	2.9	-33.8
Mechanical[1]	20,350	36.7	26,152	34.7	-22.2
paragon	**55,443**	**100.0**	**75,360**	**100.0**	**-26.4**

1 Reflected by the Kinematics division

Sales in the Sensors division fell to €14.0 million in the first half of the year as a result of poor sales figures from our customers in the second quarter of 2024 and are thus below the previous year's level of €20.3 million.

Sales in the Interior division were also below the prior-year level in the first six months of 2025 at €19.1 million (€26.7 million), mainly due to significantly weaker demand in the display instruments product group (stopwatches, clocks, and compasses).

Sales in the Power division fell from €2.2 million in the same period last year to €1.9 million in the first half of 2025. This was due to poor sales of low-voltage starter batteries for motorcycles to an OEM.

In the Kinematics division, sales revenues fell by 22.2% to €20.4 million (previous year: €26.2 million). The reduction is attributable to lower production figures from German premium car manufacturers for sports cars.

Earnings

In the first half of the current fiscal year, paragon generated sales of around €55.4 million (previous year: €75.4 million). With capitalized development costs of €3.1 million (previous year: €1.6 million), this results in total operating performance of €64.1 million (previous year: €79.8 million).

The cost of materials amounted to €29.1 million (previous year: €42.0 million). This resulted in a reduced material usage ratio (calculated from the ratio of cost of materials to sales and change in inventories) of 52.5% (previous year: 55.2%).

This results in gross profit of €35.0 million (previous year: €37.8 million) for the first half of the year, corresponding to a gross profit margin of 63.1% (previous year: 50.2%). Personnel expenses amounted to €19.0 million (previous year: €21.2 million), resulting in a personnel expense ratio of 34.3% (previous year: 28.1%). The absolute decrease in personnel expenses is attributable to a 6.9% reduction in the number of employees.

Considering other operating expenses of €7.6 million (previous year: €8.1 million), earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to €8.4 million (previous year: €8.5 million), corresponding to an EBITDA margin of 15.1% (previous year: 11.3%). After depreciation and amortization of €5.0 million (previous year: €6.3 million), earnings before interest and taxes (EBIT) amounted to €3.4 million (previous year: €2.2 million). The EBIT margin was 6.1% (previous year: 2.9%).

With a financial result of –€3.2 million (previous year: –€3.2 million) and income taxes of –€0.2 million (previous year: €0 million), the paragon Group generated earnings of 0 million€ (previous year: –€1.0 million) in the reporting period. This corresponds to earnings per share of 0€ (previous year: –€0.22).

Net assets

€The balance sheet total increased slightly to €101.5 million as of June 30, 2025 (December 31, 2024: €98.3 million).

Intangible assets increased slightly by €0.3 million to €30.2 million. Property, plant, and equipment, on the other hand, decreased by €1.5 million to €23.8 million, as scheduled depreciation exceeded investments in the first half of the year.

Inventories rose slightly to €17.5 million (December 31, 2024: €16.6 million). The increase in other current financial assets to €6.2 million (December 31, 2024: €2.9 million) is attributable, among other things, to receivables from a previous carve-out.

Equity improved to –€7.9 million (December 31, 2024: –€10.0 million) as of the balance sheet date, primarily due to a capital increase at the Chinese subsidiary by an external investor. This resulted in the minority interests reported in equity. As a result, the equity ratio improved to –7.8% (December 31, 2024: –10.1%).

Non-current provisions and liabilities decreased to €40.1 million (December 31, 2024: €41.1 million), which is attributable to the scheduled repayments of loans and lease liabilities.

Short-term provisions and liabilities increased to €69.3 million (December 31, 2024: €67.2 million). Trade payables increased to €26.1 million (December 31, 2024: €24.6 million), while other financial liabilities decreased to €2.1 million (December 31, 2024: €2.4 million) due to repayment. Other non-financial liabilities increased to €8.6 million (December 31, 2024: €7.6 million).

Financial position

Cash flow from operating activities decreased to €1.9 million (previous year: €2.6 million) in the reporting period. This is primarily attributable to the increase in receivables. Other receivables increased significantly due to receivables from a previous carve-out . Trade payables and other liabilities increased significantly in the reporting year.

Cash flow from investing activities fell to –€3.0 million in the reporting period (previous year: –€2.6 million). This is mainly attributable to investments in intangible assets, which relate to capitalized own work in the reporting period. Following its debt reduction and consolidation program, paragon is now laying the foundations for future growth once again.

Cash flow from financing activities increased to €0.2 million in the reporting period (previous year: –€2.3 million), primarily due to cash inflows from equity contributions by other shareholders in the Chinese subsidiary.

Cash and cash equivalents amounted to €3.5 million (December 31, 2024: €4.4 million) as of the balance sheet date.

Opportunities and risks

In the first half 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.

Forecast

The combined management report for the 2024 fiscal year contains a detailed explanation of the forecast for the current fiscal year and the underlying assumptions. Accordingly, management expects revenue of between €140 million and €145 million for the 2025 fiscal year, with EBITDA of between €20 million and €22 million. The share of the pure automotive business is forecast at €115 million to €120 million, or approximately €18 million EBITDA. The contribution of the new consumer products business segment in the current year depends on the results of various sales campaigns and on Christmas business.

Development of key performance indicators

in million € or as stated	2024	Since the beginning of the year 6M/2025	Forecast 2025
Financial performance indicators			
Revenue	**€135.7 million**	**€55.4 million**	**€140 to €145 million**
EBIT	**€17.8 million**	**€8.4 million**	**€20 to €22 million**

Of which automotive sector:

in million € or as stated	2024	Since the beginning of the year 6M/2025	Forecast 2025
Financial performance indicators			
Revenue	**€135.7 million**	**€55.4 million**	**€115 to €120 million**
EBIT	**€17.8 million**	**€8.7 million**	**€18 million**

Of which Consumer Products sector:

in million € or as stated	2024	Since the beginning of the year 6M/2025	Forecast 2025
Financial performance indicators			
Revenue	**€0 million**	**€0 million**	**€20 to €25 million**
EBIT	**€0 million**	**–€0.3 million**	**€2 to €4 million**

Condensed consolidated interim financial statements:
Consolidated statement of comprehensive income

€'000	Jan. 1 to June 30, 2025	Jan. 1 to June 30, 2024	Apr. 1 to Jun. 30, 2025	Apr. 1 to Jun. 30, 2024
Revenue	**55,443**	**75,360**	**26,096**	**34,442**
Other operating income	5,492	2,123	4,753	1,495
Increase or decrease in inventories of finished and unfinished products	6	707	–584	158
Other capitalized own work	3,127	1,645	1,434	826
Total	**64,068**	**79,836**	**31,699**	**36,922**
Cost of materials	–29,083	–42,023	–14,526	–18,382
Gross profit	**34,984**	**37,813**	**17,171**	**18,540**
Personnel expenses	–19,026	–21,180	–9,299	–10,508
Depreciation and amortization of property, plant, and equipment and intangible assets	–4,993	–6,334	–2,710	–3,157
Other operating expenses	–7,588	–8,121	–4,009	–3,642
Earnings before interest and taxes (EBIT)	**3,378**	**2,178**	**1,154**	**1,233**
Financial income	88	13	84	13
Financing expenses	–3,306	–3,235	–1,702	–1,632
Financial result	**–3,218**	**–3,222**	**–1,618**	**–1,619**
Earnings before taxes (EBT)	**160**	**–1,044**	**–465**	**–385**
Income taxes	–157	33	–143	–148
Consolidated net income	**3**	**–1,011**	**–608**	**–533**
Earnings per share in € (basic and diluted)	0.00	–0.22	–0.14	–0.11
Average number of shares outstanding (basic and diluted)	4,526,266	4,526,266	4,526,266	4,526,266
Other income				
Items that can be reclassified to profit or loss: Reserve from currency translation	–332	10	–200	12
Total	**–329**	**–1,001**	**–807**	**–521**

Consolidated Balance Sheet

€'000	June 30, 2025	Dec. 31, 2024
ASSETS		
Non-current assets		
Intangible assets	30,224	29,903
Goodwill	5,745	5,745
Property, plant, and equipment	23,811	25,359
Investments accounted for using the equity method	1,522	1,522
Shares in associated companies	120	120
Other non-current financial assets	418	418
	61,841	**63,069**
Current assets		
Inventories	17,541	16,554
Trade receivables	5,253	5,398
Receivables from affiliated companies	68	0
Other current financial assets	6,164	2,862
Other current non-financial assets	3,849	2,690
Contract assets	2,957	3,055
Income tax receivables	19	19
Cash	3,486	4,391
Assets classified as held for sale	281	281
	39,618	**35,249**
Total assets	**101,459**	**98,317**

€'000	June 30, 2025	Dec. 31, 2024
LIABILITIES		
Equity		
Subscribed capital	4,526	4,526
Capital reserve	16,390	15,485
Other shareholders' interests	1,476	0
Revaluation reserve	175	175
Loss carryforward	–30,395	–24,290
Consolidated net income	3	–6,105
Reserves from currency differences	–76	256
	–7,900	**–9,953**
Non-current provisions and liabilities		
Long-term lease liabilities	7,018	7,392
Long-term loans	5,542	5,777
Long-term bonds	24,825	24,825
Deferred taxes	207	61
Provisions for pensions	1,808	1,924
Other non-current financial liabilities	702	1,125
	40,102	**41,105**
Current provisions and liabilities		
Short-term lease liabilities	2,567	2,742
Short-term loans and current portion of long-term loans	7,724	7,701
Trade payables	26,088	24,594
Liabilities to affiliated companies	44	0
Short-term bonds	20,887	20,915
Income tax liabilities	1,193	1,193
Other current financial liabilities	2,131	2,394
Other current non-financial liabilities	8,624	7,628
	69,257	**67,166**
Total liabilities	**101,459**	**98,317**

Consolidated Cash Flow Statement

€'000	Jan. 1 to June 30, 2025	Jan. 1 to June 30, 2024
Consolidated net income	**3**	**–1,011**
Depreciation and amortization of fixed assets	4,993	6,334
Financial result	3,218	3,222
Profit (–) / loss (+) from disposal of tangible and intangible assets	174	0
Increase (+), decrease (–) in other provisions and pension provisions	–116	–484
Other non-cash expenses and income	–88	–170
Increase (–), decrease (+) in trade receivables, other receivables and other assets	–4,266	361
Increase (–), decrease (+) in inventories	–987	1,233
Increase (+), decrease (–) in trade payables and other liabilities	1,994	–3,517
Interest paid	–3,003	–3,346
Cash flow from operating activities	**1,921**	**2,622**
Proceeds from disposals of property, plant and equipment (+)	26	20
Payments for investments in property, plant, and equipment (–)	–47	–938
Payments for investments in intangible assets (–)	–3,017	–1,645
Cash flow from investing activities (continued)	**–3,038**	**–2,563**
Payments from equity contributions from other shareholders (+)	2,382	0
Payments for the repayment of financial loans (–)	–868	–1,398
Proceeds from the raising of financial loans (+)	0	915
Payments for the repayment of bonds (–)	–317	–284
Payments for the repayment of liabilities from leases (–)	–654	–1,555
Change in OCI	–332	10
Cash flow from financing activities (continuing operations)	**212**	**–2,311**
Cash-effective change in cash and cash equivalents (continued)	–906	–2,252
Cash and cash equivalents at the beginning of the period (continuing operations)	4,391	3,209
Cash and cash equivalents at end of period (continuing operations)	3,486	957

Consolidated Statement of Changes in Equity

€'000	Subscribed capital	Capital reserve	Revaluation reserve	Reserve from currency translation	Loss carryforward	Consoli-dated net income	Minority interests	Total
January 1, 2025	**4,526**	**15,485**	**175**	**256**	**-24,290**	**-6,105**	**0**	**-9,953**
Appropriation of profit	0	0	0	0	-6,105	6,105	0	0
Consolidated net income	0	0	0	0	0	3	0	3
Currency conversion	0	0	0	-332	0	0	0	-332
Total other income	0	0	0	-332	0	0	0	-332
Total	**0**	**0**	**0**	**-332**	**-6,105**	**6,108**	**0**	**-329**
Capital increase	**0**	**905**	**0**	**0**	**0**	**0**	**1,476**	**2,382**
June 30, 2025	**4,526**	**16,390**	**175**	**-76**	**-30,395**	**3**	**1,476**	**-7,900**

€'000	Subscribed capital	Capital reserve	Revaluation reserve	Reserve from currency translation	Loss carryforward	Consolidated net income	Total
January 1, 2024	**4,526**	**15,485**	**64**	**132**	**-20,478**	**-3,812**	**-4,084**
Appropriation of profit	0	0	0	0	-3,812	3,812	0
Consolidated net income	0	0	0	0	0	-1,011	-1,011
Currency translation	0	0	0	10	0	0	10
Total other income	0	0	0	10	0	0	10
Total	**0**	**0**	**0**	**10**	**-3,812**	**2,801**	**-1,001**
June 30, 2024	**4,526**	**15,485**	**64**	**141**	**-24,290**	**-1,011**	**-5,085**

Notes

Basis of accounting

The interim consolidated financial statements of paragon GmbH & Co. KGaA as of June 30, 2025, have been prepared in accordance with the uniform accounting and valuation principles of the International Financial Reporting Standards (IFRS), which were also used in the consolidated financial statements as of December 31, 2024. The standards of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) applicable on the balance sheet date are applied. A detailed description of the accounting principles, consolidation and the accounting and valuation methods applied is published in the notes to the consolidated financial statements in the 2024 annual report.

The form and content of the Group half-year report comply with the reporting requirements of Deutsche Börse. The report represents an update of the annual report, taking into account the reporting period. It focuses on the current reporting period and should be read in conjunction with the annual report and the additional information about the company contained therein. The annual report can be viewed on the Internet at www.paragon.ag.

In addition to the parent company, the consolidated group of paragon also includes the domestic subsidiaries paragon movasys GmbH, paragon electronic GmbH, ETON Soundsysteme GmbH, paragon electrodrive GmbH, and Nordhagen Immobilien GmbH. The Chinese subsidiaries paragon Automotive Kunshan Co., Ltd. and paragon Automotive Technology (Shanghai) Co., Ltd. and, in India, paravox Automotive Pvt Ltd. (99%) are also included in the scope of consolidation of the paragon Group. The investment in Hepa GmbH (50%) is accounted for using the equity method in accordance with IAS 28. Unless otherwise stated, paragon holds 100% of the shares. Due to the currently minor significance of Paragon Movasys d.o.o., Croatia, and Paragon Automotive LLC, USA, these companies are not consolidated.

Income statement, balance sheet, cash flow statement

The sections “Financial position” and “Earnings” provide a detailed overview and specific explanations of the consolidated income statement, the consolidated balance sheet, and the consolidated cash flow statement of paragon GmbH & Co. KGaA.

Management and Supervisory Board

As of June 30, 2025, there were no changes in the composition of the Supervisory Board and Management compared to December 31, 2024.

Events after the balance sheet date

As the paragon bond was the only bond still listed in the Scale segment, it was transferred to the open market, Quotation Board, on the Frankfurt Stock Exchange on July 1, 2025.

Information on related parties

As of June 30, 2025, the nature and amount of transactions between the paragon Group and related parties did not change significantly compared to December 31, 2024. For further information, please refer to the consolidated financial statements of the paragon Group as of December 31, 2024 in the 2024 Annual Report at.

Notes on the preparation of the interim consolidated financial statements

No audit or review of the interim consolidated financial statements was performed.

Statement by the legal representatives

We confirm to the best of our knowledge that, in accordance with the applicable accounting principles for interim reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position, and results of operations of the paragon Group in accordance with generally accepted accounting principles. financial position and results of operations of the Group and that the interim Group management report contains a review of the development of the business and the financial position of the Group, including the results of operations, and is such that the report as a whole provides a suitable basis for an assessment of the future development of the Group, including the results of operations and the financial position, taking into account the significant risks and uncertainties that have been identified.

Delbrück, August 2025

Klaus Dieter Frers
Chairman of the Management Board

Financial calendar

August 19, 2025	Interim Group Report as of June 30, 2025 – First Half Year
September 2, 2025	Equity Forum (fall conference), Frankfurt am Main (planned)
November 12, 2025	Interim Group Report as of September 30, 2025 – Nine Months

Imprint

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

www.paragon.ag