paragon GmbH & Co. KGaA

Earnings Call 9M

Delbrück I November 13, 2025

Agenda

1. Executive Summary
2. The Products and Customers
3. The Financials
4. The Outlook
5. The Adjustment of the EUR-Bond

Agenda

1. Executive Summary
2. The Products and Customers
3. The Financials
4. The Outlook
5. The Adjustment of the EUR-Bond

Decrease of Customer Call-offs and stable Group-EBITDA

- **Revenues** in 3rd quarter **declined by 9.4%** compared with previous year due to **lower level of orders**
- **Nine months comparison** shows ./. **21.5%** - **sale of profitable starter battery business** to be taken under account, too
- **Efficiency improvement** programs and **strict cost management** continue to have a **positive effect**
- **Group-EBITDA** virtually **stable** at **EUR 12.5m** after EUR 12.9m in previous year – **EBITDA-margin** now **15.0%** (12.1% in 9M 2024)
- **Group-EBIT improved** to **EUR 4.8m** or **5.7%** (EUR 3.9m or 3.7% in 9M 2024)
- **Sales planning** of new segment **Consumer Products adjusted** – ramp-up expected in 2026

paragon®

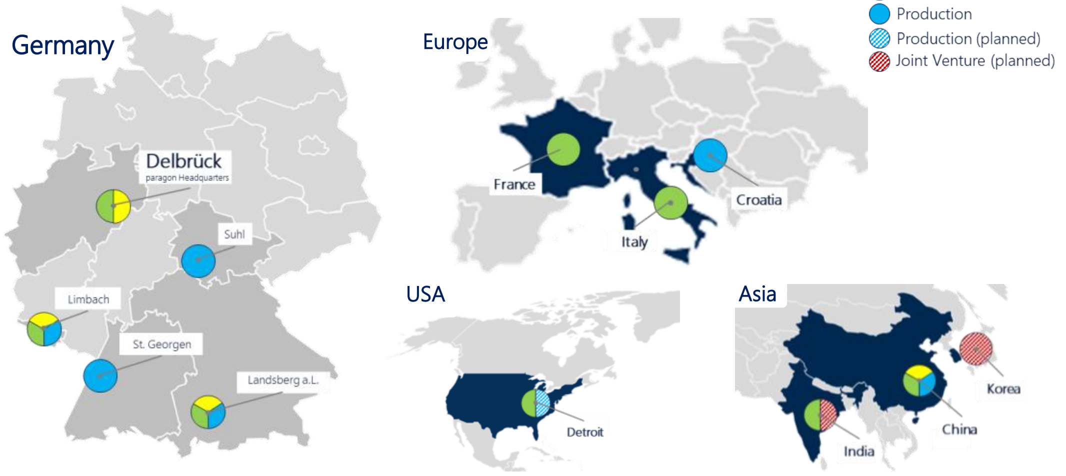
Overview

Business Description

- paragon is a **product pioneer** for the automotive industry with long lasting relationships with a high number of blue-chip customers
- The company proactively develops **proprietary products along the global megatrends** to address issues the premium automotive OEMs may not even have considered yet
- paragon has strong engineering and deep value creation capabilities that enable variable **innovative solutions across car lines and customers**
- **Deep footprint** in the automotive industry with an ability to adapt to moving market trends

Development and Production Footprint

6 Plants | > 700 employees | > 30 OEMs served



Broad Product Portfolio

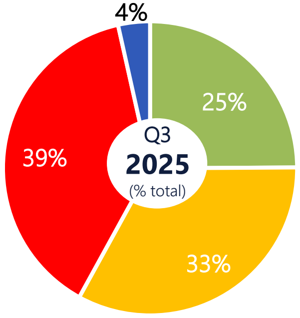
Sensors

Interior

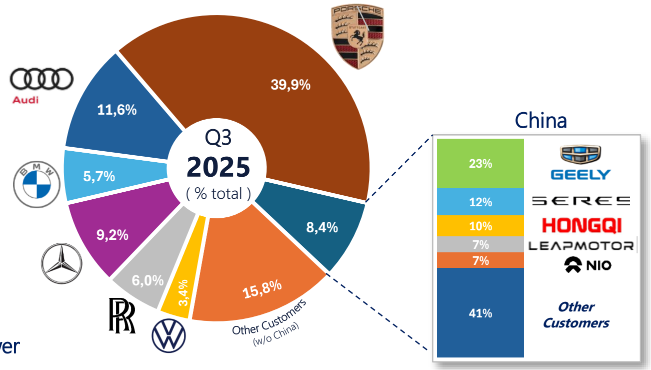
Kinematics

Power

Revenue (by Business Unit)



Revenue (by Customer)



Risk Diversification by broad Portfolio

90+
Customers

60+
Product Groups

220+
Car Platforms

No Dependency
on Type of Drive

300+
Products

900+
Contracts

90%
Single Source

Agenda

1. Executive Summary
2. **The Products and Customers**
3. The Financials
4. The Outlook
5. The Adjustment of the EUR-Bond

Product Portfolio Today - Sensors

Air Quality Sensor (AQS)

- Automatic control of the vehicle recirculation flap
- Reduction of dangerous emissions inside the cabin
- Advanced technology for detection of toxic gases and unpleasant smell
- High-sophisticated SW-algorithms for detection of special traffic situations
- Over 150 million pcs. produced

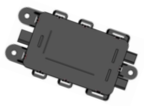
DUSTDETECT (DD)

- Measurement of particulate matter outside and in-cabin
- Exterior and interior installation
- Laser sensor with optical particle counting
- Size discrimination PM1, PM2.5 and PM10

DUSTPROTECT (DP)

- High-voltage plasma filter cleans air inside vehicle's cabin by filtering particles and viruses
- Much better than state of the art filtration systems
- Saving space, energy, waste and costs in comparison to HEPA
- Constant efficiency over lifetime

Air Quality Improver (AQI)



- Fresh air effect by artificial ionization
- Enhancing of well-being of vehicle passengers
- Fine dusts, gases and smells are bound by negative ions
- Reduction of germs and bacteria in vehicle interior through physical air treatment

Key Customer

Audi

GEELY

HONGQI

GAC MOTOR

Competitors

SGX SENSORTECH

CabinAir Healthy air for the ride

Comments

- **Key Driver Urbanization**
  - Global urban population has grown by a factor of 6 since 1950; by 2050 68% of the global population will live in cities
  - Due to globally high levels of air pollution in heavily frequented, urbanized areas politically induced strategies to reduce the health impacts of air pollution are gaining international importance
- **Key Driver "Well-being" inside the vehicle**
  - Growing number of OEMs reacting to changing customer's requirements by integrating health and wellness enhancing features into vehicles
- Today, paragon is the widely recognized **world market leader in automotive interior air quality** management systems (AQS market share ca. 85%)
- All sensor products (including the gas-sensor elements) are developed and produced inhouse
- Going forward, paragon will further benefit from potentially higher take-rates for air quality solutions in passenger cars, particularly with the DUSTPROTECT **virus filter system** (e.g. Chinese OEMs as new customers for the filter system)

paragon®

Product Portfolio Today - Interior

Loudspeakers

- Broad product spectrum incl. sound systems and signal processing
- Tweeters, midranges, subwoofers, headrest & ultimate speakers
- Special solutions like exciters, air motion transformers, high-temp. exhaust speakers, external speakers
- Small to high volumes, entry to award-winning high-end levels
- White label branding possible (e.g. B&O, Bespoke Audio, ETON)

Microphones

- Multiple use cases such as voice assistance, vehicle noise control, handsfree and in-car communication, road and wind noise cancellation, external microphones for autonomous driving
- Clever combination of acoustical mechanics & adaptive electronic filter
- Very low wind sensitivity
- Analogue and digital interfaces
- Cutting edge tech and efficient manufacturing

Instruments

- Market leader with very well-known chrono-meters, analogue clocks, compasses and control applications
- The choice for premium & luxury cars
- Many more analogue and hybrid instruments for any use case
- Own design team to meet any customer requirement
- Inhouse stepper motor and plastic parts development and mass production

Wireless Charging

- High efficiency wireless charger based on Qi-standard
- Patented active cooling system
- Self diagnostic
- Member of Wireless Power Consortium (WPC) since 2013

Key Customer

PORSCHE
Audi
BMW
MAN

Competitors

Premium Sound Solutions
HOSIDEN
MTA Advanced Automotive Solutions
HARMAN A SAMSUNG COMPANY
BURY

Comments

- **Key Driver Adoption of smartphones**
  - Popularity of smartphones driving the demand for integrated in car infotainment systems to perform tasks hands-free
- **Key Driver Cloud technology**
  - Cloud technologies enable live media streaming features and enhance end user convenience, while using infotainment systems
- **Key Driver Regulation**
  - Since July 2019, an "Acoustic Vehicle Alerting System" (AVAS) is mandatory in the EU for hybrid electric and pure electric vehicles
- paragon is well renowned for **superior acoustics, customizable design and best-in-class sound systems**
- paragon's analogue instruments and displays are characterized by their exceptional design, and high-quality materials
- Easy aftermarket upgrades paired with over 30 years of loudspeaker experience
- The Interior division is an **exciting business unit** with wide portfolio and a lot of opportunities

paragon

Product Portfolio Today - Kinematics

Spoilers

- Electro-mechanical systems for high variety of vehicles
- Application in sportscars, hatch, station cars, SUVs, e-vehicles & trucks
- High innovation and realization competence
- Range extension for e-vehicle by reduction of air resistance

Actuators

- Drive systems for active spoilers and seat adjustment
- Integrated electronics and sensors for advanced vehicle architecture
- Multi-stage gear reduction with powerful DC-motors
- Fast operation of heavy loads

Folding Tables

- Special folding system to minimize space
- Various electronic interfaces (wireless charging, USB-C, displays and keyboards)
- Lightweight through use of magnesium and aluminum
- Resists head impact
- Meets various crash requirements

Special Kinematics

- Tailor-made solutions with cost-effective development
- Electrical lowering mechanism of hood ornament
- Anti-theft and pedestrian crash protection
- Wind deflectors for convertible cars and motorcycles
- Easy operation with 3D-movement

Key Customer

Audi

PORSCHE

NIO

Competitors

SUSPA

VALMET AUTOMOTIVE

Comments

- **Key Driver Efficiency**
  - Aerodynamic drag or wind resistance is considered a primary concern in vehicle design
- **Key Driver Better mileage**
  - As weight saving is more complicated in electric vehicles, aerodynamic drag plays an essential role in determining an electric vehicle's range
- **Key Driver Vehicle stability**
  - With faster and sophisticated vehicles, rear spoilers play a major role regarding safety concerns from vehicle aerodynamics
- paragon is the **world's leading company** in the fields of active mobile aerodynamics
- **China is identified as growing market** for aerodynamic solutions as range extender; paragon received various orders from Chinese OEMs and leads this market as well
- With innovative technical solutions, paragon **increases the efficiency** and the comfort of cars' moving parts, both interior and exterior

Product Portfolio Today - Power

Battery Management Systems

- Huge background with ECU projects
- Predictive algorithms
- Intelligent balancing
- SW-based safety concept incl. top-edge SOC/SOH-calculation
- New quiescent current concept (deep-sleep and transport modes for extended shelf life)

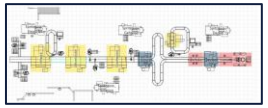
Traction Batteries

- Lightweight concepts
- Use of Flow-Shape-Design technology
- Embedded battery safety
- “Lord of the cells” battery management

Flow-Shape-Design

- Expanded foam as case for battery systems and modules
- Substitution of conventional metal housing
- Less weight/space/costs
- Absorption of shocks/vibration/ shocks/temperature
- Licenses available

Consulting



- Technology transfer in regards of Flow-Shape-Design
- Projecting and realization of production lines
- In-house production of test equipment
- Turn-key projects

Key Customer

BMW

CLARIOS

Mercedes-Benz

Competitors

Eberspächer

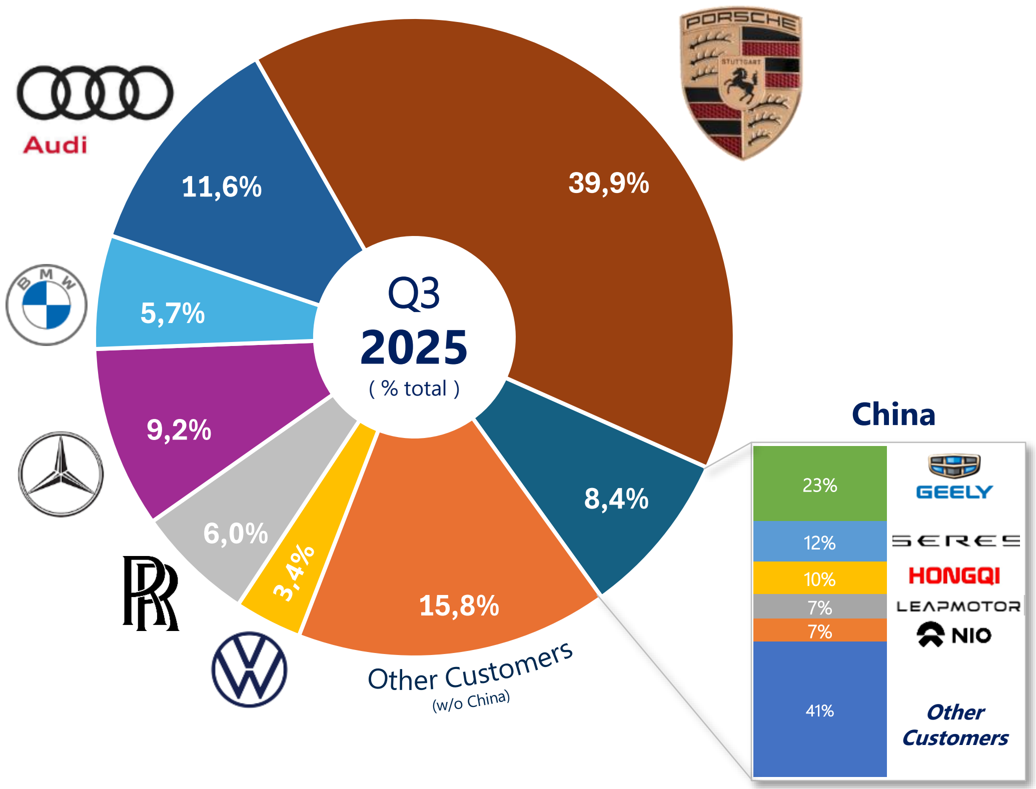
Comments

- **Key Driver Electromobility**
  - Ongoing demand of customers for battery solutions which are new in this field and not the big players yet
- **Key Driver Lightweight**
  - OEMs searching for technologies to save weight and costs
- paragon develops, produces and **supplies high-sophisticated** lithium-ion battery systems
- The product portfolio has strong advantages because of lithium-ion and **FSD-technology**, paired with **BMS incl. predictive algorithms**
- The portfolio contains of:
  - (1) Cutting-edge **battery management systems** (BMS)
  - **(2) Traction batteries** characterized by lightweight design and excellent system safety

paragon

paragon´s Premium Automotive Customers – 3rd Quarter of 2025

% of total Revenues per September 30th, 2025



Tenure in Years

Audi	> 30
BMW	> 27
VW	> 25
Rolls-Royce	> 23
Porsche	> 22
Mercedes	> 22

Single Source Quota

90%

Comments

- paragon is a trusted partner and supplier of choice for **global blue-chip customers**
- Top 10 customers account for approx. 80% of the company's total revenue and have an **average tenure of 19 years**
- For the vast majority of customers (approx. 90%) paragon is the single source, **demonstrating high satisfaction and loyalty**
- As a midsize automotive **Tier 1-supplier**, paragon was able to successfully position itself in interesting growth segments
- Through the blue-chip customers, paragon has a **broad network** at the core of the automotive industry
- Q3 2025, **Geely Group** was still Top 1 amongst paragon's customers in China, but due to new orders from **BYD** in recent months, business with BYD is expected to grow very fast

Agenda

1. Executive Summary
2. The Products and Customers
3. **The Financials**
4. The Outlook
5. The Adjustment of the EUR-Bond

paragon®

P&L Automotive Sector remains stable also in the 3rd quarter 2025

Comparison Q3/2025 vs. Q2/2025 – (in €000') – Automotive Sector

	3rd Quarter 2025	% of total revenue	2nd Quarter 2025	% of total revenue	Deviation in EUR	Deviation in %
Total revenue	**27,980**	**100.0%**	**26,091**	**100.0%**	**1,889**	**7.2%**
Own work capitalized	1,637	5.8%	1,434	5.5%	203	14.1%
Other operating income	2,128	7.6%	4,169	16.0%	-2,041	-49.0%
Total output	**31,744**	**113.5%**	**31,694**	**121.5%**	**51**	**0.2%**
Material costs	-14,874	-53.2%	-14,524	-55.7%	-350	-2.4%
Personal costs	-9,484	-33.9%	-9,093	-34.9%	-391	-4.3%
Other costs	-3,059	-10.9%	-3,891	-14.9%	833	21.4%
EBITDA	**4,328**	**15.5%**	**4,185**	**16.0%**	**142**	**3.4%**
Depreciation	-1,589	-5.7%	-1,633	-6.3%	43	2.6%
Amortization (IAS38 / PPA)	-1,139	-4.1%	-1,077	-4.1%	-61	-5.7%
EBIT	**1,600**	**5.7%**	**1,475**	**5.7%**	**124**	**8.4%**
Financial results	-1,640	-5.9%	-1,618	-6.2%	-22	-1.3%
EBT	**-40**	**-0.1%**	**-143**	**-0.5%**	**103**	**72.1%**
Taxes	-130	-0.5%	-144	-0.6%	14	9.9%
Net income	**-170**	**-0.6%**	**-287**	**-1.1%**	**117**	**40.9%**

Comments

- Sales slightly picked up in Q3 compared to the previous quarter over all customers
- Unusual as normally the "summer holiday Q3" experiences a decline from Q2
- US-tariffs had low influence on paragon cost situation and suppliers
- Trend on costs continues to be positive as all cost ratios have declined
- EBITDA-margin with 15.5% above plan due to:
  - Ongoing savings in material costs & through insourcing
  - Optimization of processes and costs in all plants
  - Reduction of temporary workers as well as direct/indirect personnel
  - Relocation of production to Croatian plant
  - Price increases in regards of lower quantities

Continuous Improvement in Profitability despite lower Sales

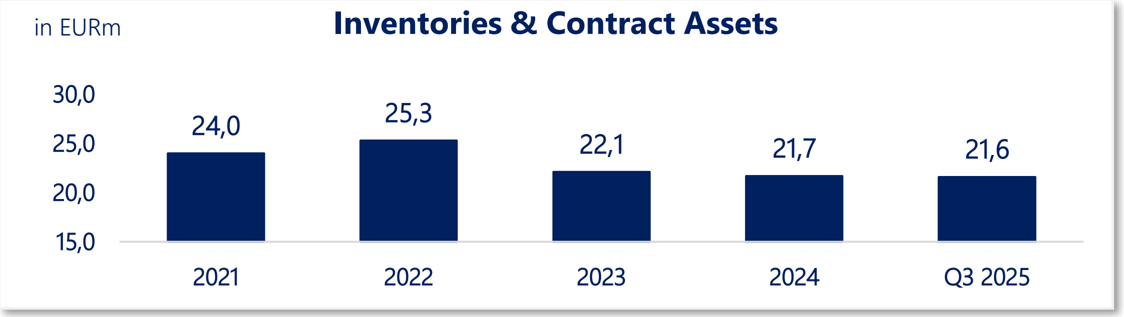
Comparison YTD Q3/2025 vs. YTD Q3/2024 – (in €000') – Automotive Sector

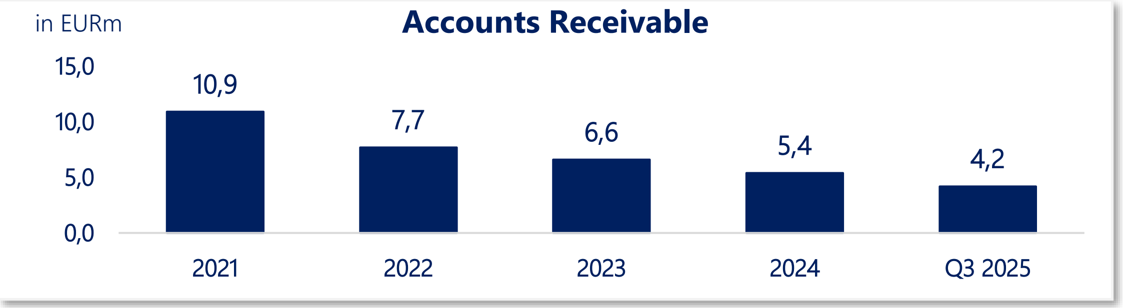
	Actual Jan – Sep 2025	% of total revenue	Actual Jan – Sep 2024	% of total revenue	Deviation in EUR	Deviation in %
Total revenue	**83,418**	**100.0%**	**106,262**	**100.0%**	**-22,844**	**-21.5%**
Own work capitalized	4,764	5.7%	4,894	4.6%	-130	-2.7%
Other operating income	7,626	9.1%	2,842	2.7%	4,784	168.4%
Total output	**95,808**	**114.9%**	**113,998**	**107.3%**	**-18,190**	**-16.0%**
Material costs	-43,954	-52.7%	-58,163	-54.7%	14,209	24.4%
Personal costs	-28,304	-33.9%	-29,648	-27.9%	1,344	4.5%
Other costs	-10,526	-12.6%	-13,284	-12.5%	2,758	20.8%
EBITDA	**13,023**	**15.6%**	**12,902**	**12.1%**	**121**	**0.9%**
Depreciation	-4,816	-5.8%	-5,327	-5.0%	511	9.6%
Amortization (IAS38 / PPA)	-2,905	-3.5%	-3,658	-3.4%	753	20.6%
EBIT	**5,302**	**6.4%**	**3,917**	**3.7%**	**1,385**	**35.3%**
Financial results	-4,857	-5.8%	-4,637	-4.4%	-220	-4.7%
EBT	**445**	**0.5%**	**-720**	**-0.7%**	**1,165**	**161.7%**
Taxes	-287	-0.3%	-284	-0.3%	-3	-1.1%
Net income	**158**	**0.2%**	**-1,004**	**-0.9%**	**1,162**	**115.7%**

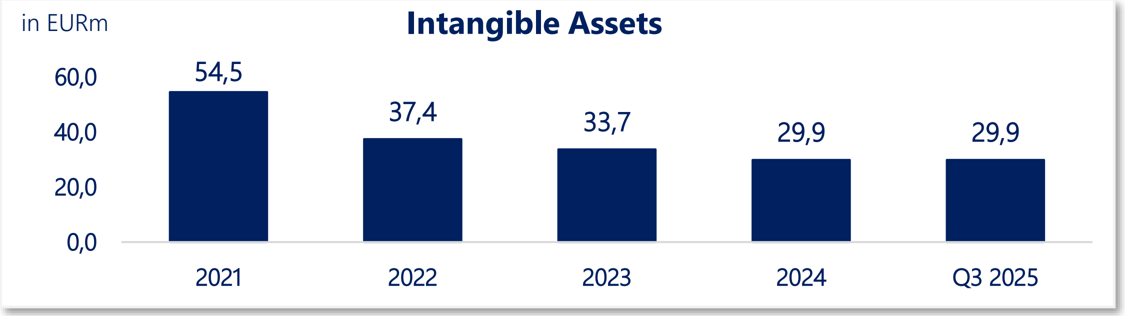
Comments

- Sale of profitable **starter battery business** is one main reason for revenue reduction
- Lower call offs by OEMs remains
- **Weaker sales figures in China from our TOP 3 key-customers** have made themselves felt
- **Market** very volatile with rescheduling at very short notice
- **China: Revenues with local OEMs** and budget cars **as expected; lower demand for high-priced cars** from Chinese and European OEMs
- **Same EBITDA-amount achieved with EUR 22.8m less revenue**
- Despite these lower sales the net result is slightly positive, which is an **improvement year on year of EUR 1.2m**

Focus on Working Capital Mgnt. is a continued effort, Intangible Assets on a stable level







Comments

- Inventories & Contract Assets
  - Inventory level remains stable
  - Further inventory management activities ongoing
- Accounts Receivable
  - Good progress has been made
  - There is not much more potential to improve this position
- Intangible assets
  - 2022: Decrease of EUR 13.7m due to sale of paragon semvox to CARIAD
  - 2023: Decrease of EUR 3.7m due to planned amortization as well as the asset deal with Clarios
  - 2024: Decrease of EUR 3.8m for impairment of an asset from the past
  - Q3/2025: New activities compensated amortization
  - Thereof EUR 7.4m intangible assets and EUR 22.5m IAS 38 projects, which are both amortized on a scheduled basis

Agenda

1. Executive Summary
2. The Products and Customers
3. The Financials
4. **The Outlook**
5. The Adjustment of the EUR-Bond

paragon

Original Prognosis FY25E

Year End Prognosis FY25E – Sector Split

Status as of December 2024

paragon GmbH & Co. KGaA

EUR	140 - 145m	Revenue
EUR	20 - 22m	EBITDA

85% 15%

Automotive Sector

EUR	115 - 120m	Revenue
EUR	18m	EBITDA

Consumer Products Sector

EUR	20 - 25m	Revenue
EUR	2 - 4m	EBITDA

Status as of August 2025

Comments

- In the current **P&L Forecast FY25E**, the two sectors
  - **Automotive**, our core business
  - **Consumer Products**, our new endeavor

  are summarized
- As stated, the original forecast of the Consumer Products Sector is no longer achievable due to:
  - Delays of set-up procedures of marketing partners
  - Longer delivery times as a result of international supply chain problems
  - Recent whether-related disruptions in parts of China
- **Ramp-up of Consumer Products expected in 2026**

paragon

Revised Prognosis FY25E as of November 2025

Year End Prognosis FY25E – Sector Split

Status as of November 2025

paragon GmbH & Co. KGaA

EUR	117 - 122m	Revenue	
EUR	ca.	19m	EBITDA

85%

15%

Automotive Sector

EUR	115 - 120m	Revenue	
EUR	ca.	19m	EBITDA

Consumer Products Sector

EUR	Up to	2m	Revenue
EUR		0m	EBITDA

Comments

- Adjusted planning in the Consumer Products Sector have no impact on the Automotive business
- Consumer business treated as pure add-on to paragon's core business in Automotive
- Revenues in Automotive Sector in 2025 confirmed
- EBITDA in Automotive Sector now expected at ca. EUR 19m
- Possible indirect effects of supply bottlenecks at OEMs are being monitored on an ongoing basis

Agenda

1. Executive Summary
2. The Products and Customers
3. The Financials
4. The Outlook
5. **The Adjustment of the EUR-Bond**

The Adjustment of the EUR-Bond

paragon's proven Resilience in Crises

2019 – The Perfect Storm

- Voltabox AG *) has to write off EUR 100.6m in 2018 financial year
- DPR **) flags errors in Voltabox's 2017 balance sheet and forces publication
- paragon has to consolidate both effects in the consolidated balance sheet; capital market punishes paragon
- Heavy losses at an acquired paragon subsidiary
- High net debt (EUR 121.3m) due to EUR and CHF bonds and various bank loans to finance acquisitions
- Realization that the previous growth course must give way to a consolidation phase and the start of the deleveraging efforts

2020 – Covid-19 Pandemic

- All paragon plants closed
- Hardly any government aid measures and low OEM financial support
- Interrupted logistics chains and difficult restart of production
- Continuation of cost-cutting measures in parallel with the management of the fallout from the pandemic
- Resolution to divest the loss-making Voltabox AG

2021 – Semiconductor Crisis

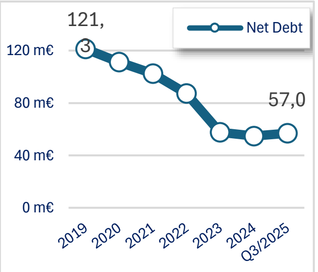
- Component manufacturers terminate supply contracts
- Prices increases without security of supply. Numerous supplier changes follow
- Financial investment in Voltabox AG - loss-maker #1 – sold
- Further cost savings, increase in inventory turnover and reduction of receivables
- Sale-and-lease-back of 3 buildings
- Partial redemption of the CHF bond by CHF 5.25m (15%)

2022 – Invasion of Ukraine

- OEMs lack input materials and are forced to interrupt production, leading to costly stop-and-go operation at paragon
- Further material cost increases
- High restructuring expenses
- Further pro-rata redemption of CHF bond by CHF 8.75m (25%)
- Buyback of EUR bond for EUR 4.8m
- Extension of the EUR bond for a further 5 years
- Sale of Voltabox building
- Sale of the subsidiary paragon semvox GmbH to CARIAD (closing in 2023)
- Balance sheet adjustments at subsidiary paragon movasys GmbH

2023 – Deleveraging

- Final repayment of the CHF bond CHF 21.0m, maturity shortened by 1 year
- Sale of the starter batteries business to Clarios
- Completion of restructuring paragon movasys GmbH



2024 – Chinese Market

- Market share of German premium OEMs in China fell to approx. 20% (2019: 26%)
- BYD, Geely & Co dominate the market with innovative and affordable electric vehicles
- Price-performance ratio of Chinese brands is significantly more attractive
- paragon established a second pillar in the Non-Automotive Sector (specifically in the area of Consumer Products)

2025 – New Challenges

- US tariffs placing massive burden on the automotive industry; OEMs responding with short-term measures (stockpiling, price increases); medium term, production relocations and new trade strategies will be necessary.
- Component shortage due to Chinese export ban on Nexperia Products (discrete semiconductors); potential production stops and short-time work threaten
- The supply crisis for Rare Earths is particularly affecting the automotive industry, as these materials are indispensable; diversification, innovation, and recycling concepts are necessary

*) Financial investment of paragon, also publicly listed
**) German Financial Reporting Enforcement Panel

Past Measures for Sustainable Debt Deduction

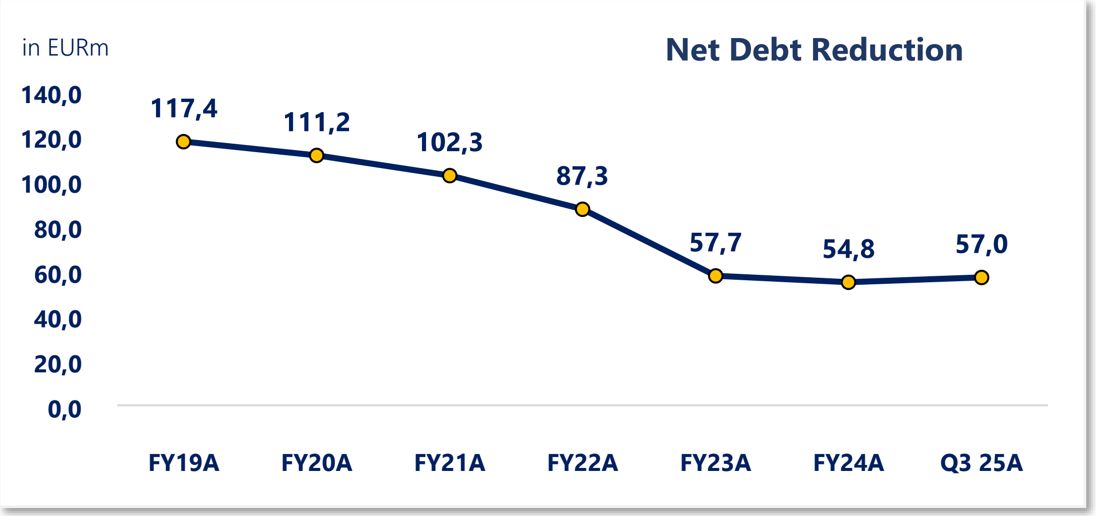
Key Measures and Activities

Divestments

(2020/21)

(2022/23)

Starter Batteries
(2023)



Focus on Automotive

Focusing

on core automotive topics

... supported by

De-Risking

Targeted Sale of investments

Hard Debt relief

Continuous Improvement measures

Consequent Utilization of opportunities

Internationalization

Diversification of the customer base

The Adjustment of the EUR-Bond

New Terms

- **paragon offers** bondholders for :
  - One-year **interest-free period** (next interest payment on January 5, 2027)
  - **Extension of duration** by 4 years until July 5, 2031
  - **Waiver** of the previous **PIK interest rate** of 2.5%
  - **Additional payment** of suspend interest at the **end of the term**

- in **Return**
  - **Guarantees** of the two main subsidiaries, **paragon electronic GmbH** and **paragon movasys GmbH**
  - **Elimination of 25% quorum** in case of **change of control**

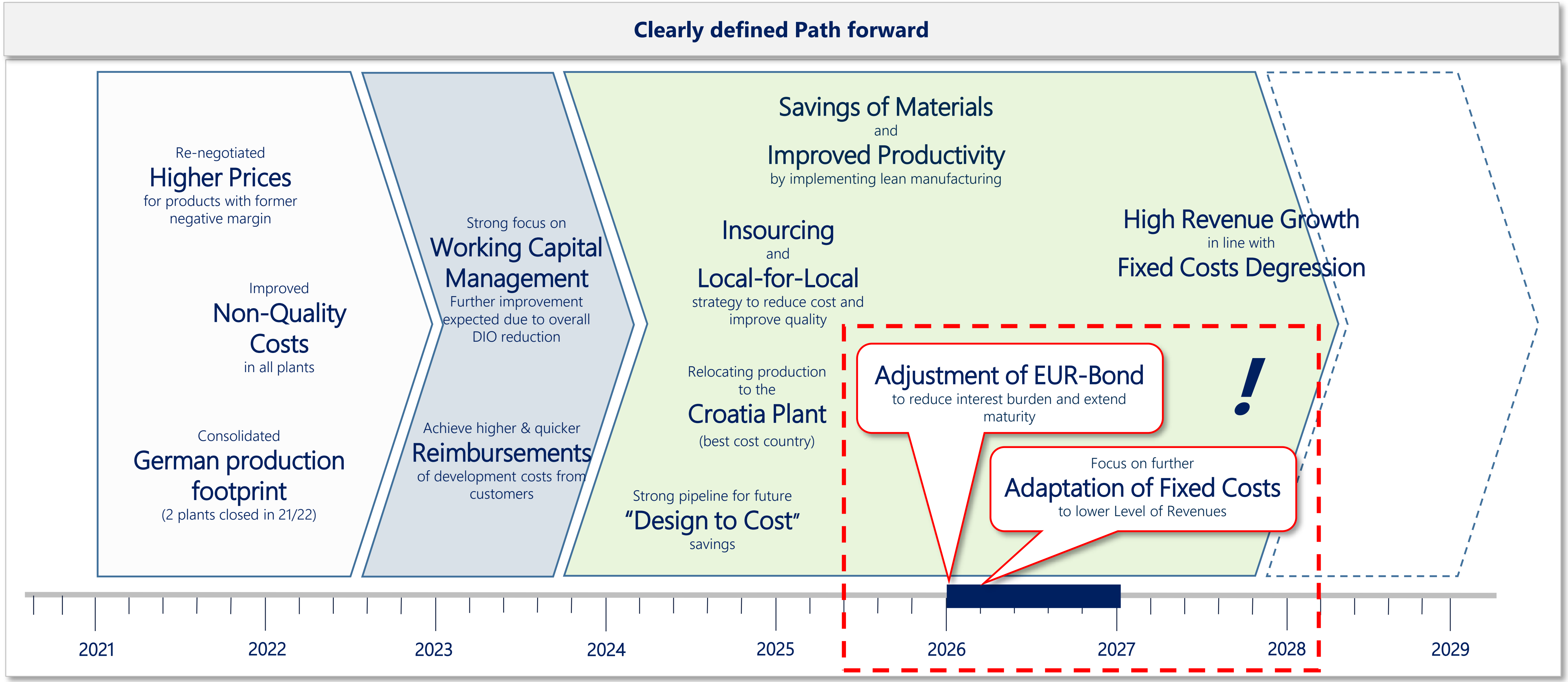
European Footprint paragon

paragon electronic GmbH
(Locations: Suhl, Limbach, St. Georgen)
- State-of-the-art electronics manufacturing with assembly, installation, and testing

paragon movasys GmbH
(Locations: Landsberg a.L., Oroslavje)
- Production sites for electromechanics (spoiler systems, tables, special kinematics)

The Adjustment of the EUR-Bond

paragon’s Substantial Operational Improvement Plan



Disclaimer

- This presentation is given to you in strict confidence. By attending the presentation, you agree that no part of this presentation or disclaimer may be disclosed, distributed or reproduced to any third party without the consent of paragon GmbH & Co. KGaA ("paragon").
- This presentation is being provided for the sole purpose of providing the recipients with background information about paragon's business. This presentation, including the information contained in this disclaimer, does not constitute an offer, invitation or recommendation to subscribe for or purchase any security and neither the presentation, disclaimer nor anything contained in them forms the basis of any contract or commitment. This presentation does not purport to summarize all information that an investor should consider when making an investment decision. It should be read in conjunction with paragon's other continuous disclosure announcements. Before making an investment decision you should consider whether it is suitable for you in light of your own investment profile and objectives and financial circumstances and the merits and risk involved.
- No representation, express or implied, is made as to the fairness, accuracy, completeness or correctness of information, opinions and conclusions contained in this presentation, including the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in the presentation ("forward-looking statements"). Such forward-looking statements are by their nature subject to significant uncertainties and contingencies and are based on a number of estimates and assumptions that are subject to change (and in many cases are outside the control of paragon and its Directors) which may cause the actual results or performance of paragon to be materially different from any future results or performance expressed or implied by such forward-looking statements. Forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.
- To the maximum extent permitted by law, neither paragon nor its related corporations, directors, employees or agents, nor any other person, accepts any liability, including, without limitation, any liability arising from fault or negligence, for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it.
- You represent and confirm by attending and/or retaining this presentation, that you accept the above conditions.

So much more than Electronics

paragon GmbH & Co. KGaA
Bösendamm 11
33129 Delbrück
Tel.: +49 (0) 5250 9762 - 0
E-Mail: info@paragon.ag