

GROUP INTERIM REPORT
AS OF MARCH 31, 2024
FIRST QUARTER



Key Figures paragon Group¹

€'000 or as stated	Jan. 1 to Mar. 31, 2024	Jan. 1 to Mar. 31, 2023	Change
Sales (continuing operations)	40,918	44,695	-8.5%
EBITDA ² (continuing operations)	4,122	3,842	7.3%
EBITDA margin in %	10.1%	8.6%	-17.2%
EBITDA paragon semvox GmbH (discontinued operations)	n.a.	1,230	n.a.
EBITDA ² (continuing and discontinued operations)	n.a.	5,072	n.a.
EBIT (continuing operations)	945	509	85.6%
EBIT margin in %	2.3%	1.1%	102.7%
Result from continuing operations	-478	-2,316	-79.3%
Result from discontinued operations	n.a.	586	n.a.
Group result	-478	-1,731	-72.4%
Earnings per share in € (basic and diluted) from continuing operations	-0,11	-0,51	-79.3%
Earnings per share in € (basic and diluted) from discontinued operations	n.a.	0.13	n.a.
Earnings per share in € (basic and diluted) from continuing operations and from discontinued operations	n.a.	-0.38	n.a.
Investments (CAPEX) ³	1,495	473	216.1%
Operating cash flow	348	-2,282	-115.3%
Free cash flow ⁴	-1,147	-2,755	-58.4%
€'000 or as stated	Mar. 31, 2024	Dec. 31, 2023	Change
Balance sheet total	105,590	108,520	-2.7%
Equity	-4,564	-4,084	11.8%
Equity ratio in %	-4.3%	-3.8%	-14.9%
Cash and cash equivalents	1,134	3,209	-64.7%
Bank and bond liabilities less cash and cash equivalents	58,571	57,650	1.6%
EBITDA last 12 months	24,283	25,234	-3.8%
Net gearing ratio ⁵	2.41	2.28	5.6%
Employees (continuing operations)	736	740	-0.5%

- 1 The paragon Group comprises the Electronics and Mechanics segments. Due to the sale of paragon semvox GmbH in 2023, the Digital Assistance segment was presented as a discontinued operation in the previous year.
- 2 With regard to the calculation of EBITDA, please refer to the explanations in the combined management report of the annual report.
- 3 CAPEX = investments in property, plant and equipment + investments in intangible assets.
- 4 Free cash flow = operating cash flow - investments (CAPEX).
- 5 As defined in section 3 of the bond terms and conditions WKN A2GSB8 (loans plus bonds less cash and cash equivalents divided by EBITDA).
- 6 Plus 22 temporary employees (December 31, 2023: 39).

Share

	Mar. 31, 2024	Dec. 31, 2023	Change
Closing price Xetra in €	3.29	3.84	-14.3%
Number of shares issued	4,526,266	4,526,266	0.0%
Market capitalization in million euros	14.9	17.4	-2.5

The first quarter of 2024 at a glance

- Sales and EBITDA develop positively despite restrained customer call-off behavior
- EBITDA in continuing operations in the current period at EUR 4.1 million (same quarter of the previous year: EUR 3.8 million)
- Significant increase in profitability achieved in Q1/2024. EBITDA ratio at 10.1% (prior-year quarter: 8.6%). Further measures being implemented.
- Reduced net debt leads to a significant reduction in financing expenses
- Larger new building in China occupied
- Forecast for the current financial year confirmed unchanged: EUR 160 to 165 million in sales with EBITDA between EUR 18 and 20 million

Foreword by the management

Dear shareholders
Dear customers and business partners,
dear employees,

“Departure” – like every year, the title of our 2023 Annual Report is a word that both characterizes a phase in the company’s history and provides an outlook for our future actions. On the one hand, departure stands for leaving behind the “savings policy”, which has led us back into a level of debt that is appropriate for the size of our company. Only then do we have the opportunity to set out for new shores, to try something new, to dare to try something new. Breaking new ground – that is in our DNA.

The new year will continue the initiatives started in 2023. We have now expanded our product range in China to include the entire European product portfolio and have held initial talks with Chinese customers. We will have our own sales office in the USA in the coming months. A cooperation with an interesting Indian automotive supplier has been initiated. The next products to be produced at our plant in Croatia, which already has all the necessary quality certificates, have been determined.

A concept for expanding the sites has been drawn up for each of the plants worldwide. The state-of-the-art new building in Kunshan, China, has already been occupied. The further development of the plants’ management structure is also making progress.

A large number of new products and product variants are currently in the development process. A number of proof-of-concept orders testify to the high level of customer interest in our new products from all business areas. Our sales department’s quotation activity in the first quarter of 2024 in particular is record-breaking.

At the same time, we launched our first web store. In future, we will also be offering products from our Acoustics division to end customers. The range is to be gradually extended to other business areas.

So there is a lot going on at paragon. And we will not be deterred if the current call-off level of the automotive industry does not yet correspond to what customers have announced. Even paragon cannot completely ignore the fact that fewer cars are being built at the moment. In our case, however, this has nothing to do with the weakness of the market for electric vehicles; as we know, paragon’s prod-

ucts are independent of the type of drive. We expect the automotive industry to pick up significantly in the coming months.

It is important to us that we continue on our course of continuously improving profitability. And we took another step forward here in the first quarter of 2024. We were able to increase EBITDA in continuing operations from EUR 3.8 million in the same period of the previous year to EUR 4.1 million in the first quarter of 2024. Further measures will take effect over the course of the year. Due to the significant reduction in debt, financing expenses also fell from EUR 3.0 million in the same quarter of the previous year to EUR 1.6 million in the quarter under review. As a result, the consolidated net loss decreased from EUR -1.7 million in the first quarter of 2023 to EUR -0.5 million in the quarter under review.

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

Delbrück, May 2024



Klaus Dieter Frers
Chairman of the
Management Board



Dr. Martin Esser
Chief Financial Officer

paragon in the capital market

The paragon share lost value in the first quarter. Starting from a price of EUR 3.84 at the end of 2023, the share price reached a low of EUR 2.21 on March 4, 2024. On March 15, 2024, the share price was already back at EUR 4.08. At the end of the reporting period, the share was quoted at EUR 3.29, a loss of 14.3%. The market capitalization thus fell from EUR 17.4 million to EUR 14.9 million.

Corporate bond 2017/27

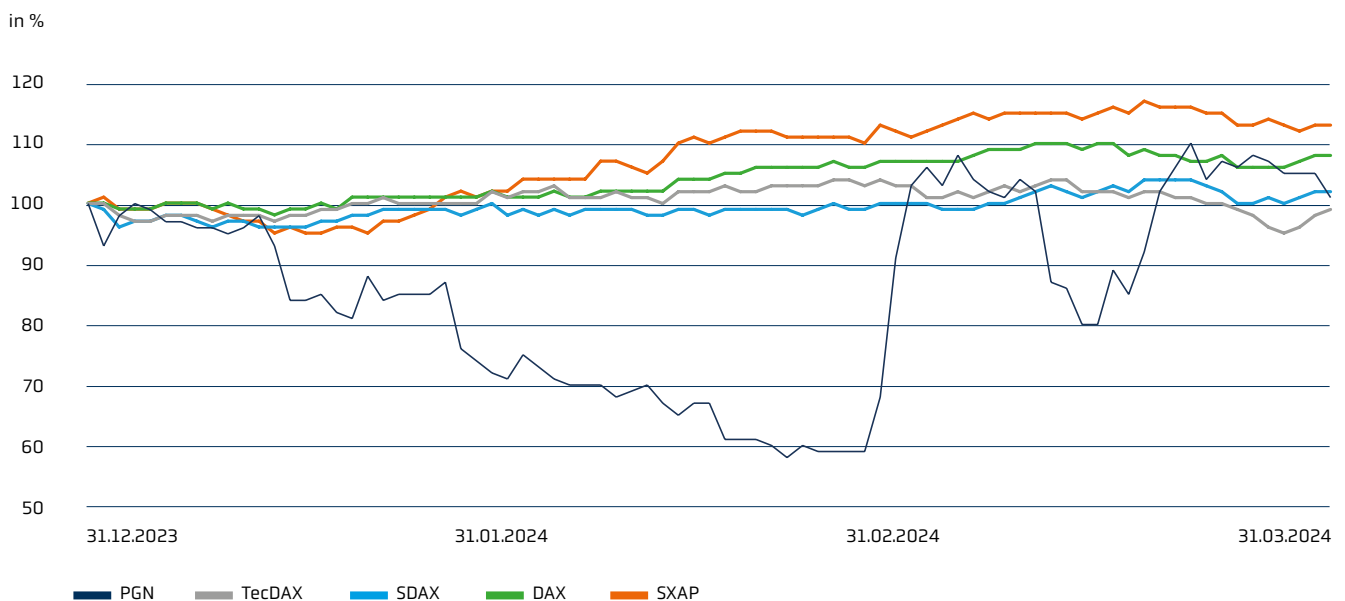
The corporate bond placed in June 2017 (ISIN DE000A2GSB86; WKN A2GSB8) with an original total volume (framework nominal) of EUR 50 million is listed on the Open Market (OTC) of the Frankfurt Stock Exchange in the Scale segment for corporate bonds of Deutsche Börse AG.

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. In 2023, paragon reduced the nominal amount of the bond from EUR 50.0 million to EUR 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 2024 financial year is 7.5%.

On November 6, 2023, paragon started to buy back the bond on the stock exchange in a total nominal amount of up to EUR 20.2 million. The program will run until July 5, 2025 at the latest. 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

Performance of the paragon share



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, 2024, bonds with a nominal value of EUR 435,000.00 had been repurchased.

At the end of the quarter, the bond closed at a price of 58.1 %.

Investment in paragon semvox GmbH

paragon GmbH & Co. KGaA has sold all of its shares in paragon semvox GmbH to CARIAD SE, a wholly owned subsidiary of the VW Group, by notarized agreement dated December 1, 2022. The closing was completed on May 12, 2023. As a result of the sale, paragon GmbH & Co. KGaA lost control over the subsidiary paragon semvox GmbH. For this reason, paragon semvox GmbH will be recognized and deconsolidated in 2023 as a discontinued operation in accordance with IFRS 5.

Business performance

The majority of international automotive markets developed positively in the first quarter of 2024 compared to the previous year, although momentum has weakened recently. In the first quarter of 2024, new registrations in Europe and the United States rose by 5%. The Chinese market developed very strongly. 13% more cars were registered than in the same period of the previous year. The call-off behavior of paragon customers has been restrained so far; it is not yet clear when the positive market development will also affect paragon's customers.

As expected, paragon's business performance in the first three months of the 2024 financial year was characterized by a planned decline in revenue compared to the same quarter of the previous year. This is due, among other things, to the sale of the low-voltage starter battery business to Clarios SE and the scheduled discontinuation of a sensor product in 2023. Sales development in the two business segments was as follows:

Business segment	Elektronics ¹		Mechanics ²		Eliminations		Group	
	3M/ 2024	3M/ 2023	3M/ 2024	3M/ 2023	3M/ 2024	3M/ 2023	3M/ 2024	3M/ 2023
€'000 or as stated								
Sales revenues with third parties	27,213	28,150	13,705	16,546	0	0	40,918	44,695
Intersegment sales	168	297	91	67	-259	-364	0	0
Turnover	27,381	28,447	13,796	16,612	-364	-380	40,918	44,695
EBITDA	3,011	3,832	1,111	10	0	0	4,122	3,842
EBITDA margin	11.0	13.5	8.1	0.1	n.a.	n.a.	10.1	8.6

1 Sensors, Interieur and Power business divisions

2 Kinematics business division (paragon movasys GmbH).

As expected, the largest segment, Electronics, dominated Group activities with segment sales of EUR 27.4 million (previous year: EUR 28.4 million). Of this, EUR 27.2 million (previous year: EUR 28.2 million) was attributable to sales with third parties in the Sensors, Interiors and Power divisions, which corresponds to 66.5% of consolidated sales (previous year: 63.0%). Segment EBITDA amounted to around EUR 3.0 million (previous year: EUR 3.8 million).

The Mechanics segment generated segment sales of EUR 16.6 million in the same quarter of the previous year. This was an increase of 36.6% compared to the first quarter of 2022

(sales Q1 2022: EUR 12.1 million). Due to weaker demand for adaptive rear spoilers for German sports car manufacturers, folding tables for rear passengers in premium and luxury models and seat adjusters in volume and premium models, sales fell to EUR 13.7 million in the first quarter of 2024. Segment revenue with third parties is reported via paragon movasys GmbH in the Kinematics division and accounted for 33.5% of Group revenue in the first quarter (previous year: 37.0%). Segment EBITDA for the first quarter amounted to EUR 1.1 million (previous year: EUR 0 million).

Sales development in the individual divisions was as follows:

Distribution of sales €'000 or as stated	3M/ 2024	Share in %	3M/ 2023	Share in %	Change in %
Sensors	11,406	27.9	12,157	27.2	-6.2
Interior	14,616	35.7	14,540	32.5	0.5
Power	1,191	2.9	1,452	3.2	-18.0
Mechanics ¹	13,705	33.5	16,546	37.0	-17.2
Group	40,918	100.0	44,695	100.0	-8.5

¹ Illustrated by the Kinematics division

Revenue in the Sensors division decreased in the first quarter of 2024 compared to the same quarter of the previous year due to the scheduled discontinuation of a product for a vehicle model in the third quarter of 2023.

In the Interior division, sales remained at a high level of EUR 14.6 million (previous year: EUR 15.4 million), which was mainly due to strong demand in the display instruments product group.

As expected, sales revenue in the Power division decreased due to the sale of the low-voltage starter battery business to Clarios SE in the second half of 2023.

Earnings situation

In the first three months of the current financial year, paragon generated revenue of around EUR 40.9 million (previous year: EUR 44.7 million). With an increase in finished goods and work in progress of EUR 0.5 million (previous year: minus EUR 0.7 million) and own work capitalized of EUR 0.8 million (previous year: EUR 0.1 million), total operating performance amounted to EUR 42.9 million (previous year: EUR 45.7 million).

The cost of materials amounted to 23.6 million euros (previous year: 25.4 million euros). This results in a cost of materials ratio (calculated from the ratio of cost of materials to sales and changes in inventories) of 57.0% (previous year: 57.9%).

This results in gross profit of EUR 19.3 million for the first three months (previous year: EUR 20.3 million), which corresponds to a gross profit margin of 47.1% (previous year: 45.4%). Personnel expenses amounted to EUR 10.7 million in the first quarter of 2024, a year-on-year decrease of 3.5% (previous year: EUR 11.1 million). The personnel expense ratio amounts to 26.1% (previous year: 24.7%).

Taking into account other operating expenses of EUR 4.5 million (previous year: EUR 5.4 million), earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 4.1 million (previous year: EUR 3.8 million), which corresponds to an EBITDA margin of 10.1% (previous year: 8.6%). After depreciation and amortization of EUR 3.1 million (previous year: EUR 3.3 million), earnings before interest and taxes (EBIT) amounted to EUR 0.9 million (previous year: EUR 0.5 million). The EBIT margin doubled accordingly from 1.1% in the previous year to 2.3%.

With a financial result of EUR -1.6 million (previous year: EUR -3.0 million) and positive income taxes of EUR 0.2 million (previous year: EUR 0.2 million), the paragon Group generated earnings of EUR -0.5 million in the reporting period (previous year from continuing operations: EUR -1.7 million). This corresponds to earnings per share of EUR -0.11 (previous year: EUR -0.51).

The reduction in the financial result is due on the one hand to the reduced interest rate on the EUR bond (currently 7.5% compared to 9.25% in the first quarter of 2023) and the high interest rate on the interim financing to secure the bond repayments in April 2023 included in the previous year's figure.

Financial position

Total assets decreased slightly to EUR 105.6 million as at March 31, 2024 (December 31, 2023: EUR 108.5 million).

Intangible assets and property, plant and equipment fell slightly, as scheduled depreciation and amortization exceeded investments in the first quarter.

The reduction in inventories to EUR 19.8 million (December 31, 2023: EUR 20.6 million) is the result of working capital management. Other current financial assets in the amount of EUR 4.1 million decreased by EUR 1.0 million compared to December 31, 2023. The reduction is partly due to the payment of the final purchase price installment of EUR 0.5 million from Clarios SE.

Equity decreased to EUR –4.5 million as at the reporting date (December 31, 2023: EUR –4.1 million) due to the negative overall Group result. As a result, the equity ratio fell to –4.3% (December 31, 2023: –3.8%).

Non-current provisions and liabilities decreased slightly to EUR 43.2 million (December 31, 2023: EUR 43.9 million), mainly due to the scheduled repayment of loans.

Current provisions and liabilities decreased to EUR 67.0 million (December 31, 2023: EUR 68.7 million).

Financial position

Cash flow from operating activities from continuing operations increased to EUR 0.3 million (previous year: EUR –2.3 million). This is due in particular to a better consolidated result.

Cash flow from investing activities increased to EUR –1.5 million in the reporting period (previous year: EUR –0.5 million). Payments for investments in intangible assets mainly consist of own work capitalized in accordance with IAS 38.

Despite the increased investments in the first quarter of 2023, free cash flow improved from EUR –2.8 million in the same period of the previous year to EUR –1.1 million in the quarter under review.

Cash flow from financing activities increased to EUR –0.9 million in the reporting period (previous year: EUR –10.7 million), in particular as a result of the partial repayments of

the CHF and EUR bonds that were made in the previous year. Cash and cash equivalents amounted to EUR 1.1 million as at the reporting date (December 31, 2023: EUR 3.2 million).

Opportunity and risk report

In the first quarter of 2024, 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 “Opportunity and risk report”. 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 forecast for the current financial year and the underlying assumptions are explained in detail in the combined management report for the 2023 financial year. Accordingly, the management expects sales of between EUR 160 million and EUR 165 million with EBITDA of between EUR 18 million and EUR 20 million for the 2024 financial year.

Development of the key performance indicators:

In million euros	2023	Since the beginning of the year 3M/2024	Forecast 2024
Financial performance indicators			
Turnover from continuing operations	161.6 million euros	40.9 million euros	160 to 165 million euros
EBITDA continuing (and discontinued operations)	25.2 million euros	4.1 million euros	18 to 20 million euros

Condensed consolidated interim financial statements:

Consolidated statement of comprehensive income for the period from January 1 to March 31, 2024 (IFRS)

in TEUR	Jan. 1– Mar. 31, 2024	Jan. 1– Dec. Mar, 2023 ¹
Sales revenue	40,918	44,695
Other operating income	628	1,705
Increase or decrease in inventories of finished goods and work in progress	549	-744
Other own work capitalized	819	76
Overall performance	42,914	45,732
Cost of materials	-23,641	-25,426
Gross profit	19,273	20,306
Personnel expenses	-10,672	-11,060
Depreciation of property, plant and equipment and amortization of intangible assets	-3,177	-3,333
Other operating expenses	-4,479	-5,405
Earnings before interest and taxes (EBIT)	945	508
Financial income	0	63
Financing expenses	-1,603	-3,052
Financial result	-1,603	-2,989
Earnings before taxes (EBT)	-659	-2,481
Income taxes	181	164
Result from continuing operations	-478	-2,316
Result from discontinued operations	n.a.	586
Group result	-478	-1,730
Earnings per share in € (basic and diluted) from continuing operations	-0.11	-0.51
Earnings per share in € (basic and diluted) from discontinued operations	n.a.	0.13
Earnings per share in € (basic and diluted) from continuing operations and discontinued operations	n.a.	-0.38
Average number of shares in circulation (basic and diluted)	4,526,266	4,526,266
Other result		
Currency translation reserve from continuing operations	-2	-66
Overall result	-480	-1,796

1 The paragon Group comprises the Electronics and Mechanics segments. Due to the sale of paragon semvox GmbH in 2023, the Digital Assistance segment is presented as a discontinued operation as at March 31, 2023.

Consolidated Balance Sheet as of March 31, 2024 (IFRS)

in TEUR	31. Mar. 2024	31. Dec. 2023
ASSETS		
Non-current assets		
Intangible assets	32,749	33,711
Goodwill	5,745	5,745
Property, plant and equipment	25,997	26,719
Investments accounted for using the equity method	1,522	1,522
Shares in associated companies	121	120
Other non-current financial assets	422	456
	66,556	68,274
Current assets		
Inventories	19,768	20,642
Trade receivables	8,105	6,646
Other current financial assets	4,081	5,193
Other current non-financial assets	4,068	3,094
Contract assets	1,878	1,461
Cash and cash equivalents	1,134	3,209
	39,034	40,246
Total assets	105,590	108,520

in TEUR	31. Mar. 2024	31. Dec. 2023
LIABILITIES		
Equity		
Subscribed capital	4,526	4,526
Capital reserve	15,485	15,485
Revaluation reserve	64	64
Loss carryforward	-24,290	-20,478
Group result	-478	-3,812
Reserves from currency differences	130	132
	-4,564	-4,084
Non-current provisions and liabilities		
Non-current lease liabilities	8,494	8,687
Long-term loans	5,848	6,001
Long-term bonds	24,825	24,825
Deferred taxes	110	292
Provisions for pensions	1,921	1,921
Other non-current financial liabilities	1,999	2,205
	43,197	43,930
Current provisions and liabilities		
Current lease liabilities	2,374	2,958
Short-term loans and current portion of long-term loans	8,420	7,872
Liabilities from deliveries and services	24,960	24,374
Short-term bonds	20,613	22,162
Other provisions	106	488
Income tax liabilities	614	614
Other current financial liabilities	2,894	2,632
Other current non-financial liabilities	6,975	7,574
	66,957	68,673
Total liabilities	105,590	108,520

Consolidated Cash Flow Statement for the Period from January 1 to March 31, 2024 (IFRS)

in TEUR	1. Jan. to 31. Mar. 2024	1. Jan. to 31. Mar. 2023
Group result	-478	-2,316
Result from discontinued operations	0	-586
Depreciation of fixed assets	3,177	3,333
Financial result	1,604	2,989
Increase (+), decrease (-) in other provisions and pension provisions	-382	357
Other non-cash expenses and income	-115	-1,121
Increase (-), decrease (+) in trade receivables, other receivables and other assets	-1,526	-5,521
Increase (-), decrease (+) in inventories	873	725
Increase (+), decrease (-) in trade payables and other liabilities	-138	2,667
Interest paid	-2,667	-2,970
Income tax expense (+)/income (-) without deferred taxes	0	161
Cash flow from operating activities (continuing)	348	-2,282
Cash flow from operating activities (discontinued)	n.a.	1,646
Payments for investments in property, plant and equipment (-)	-724	-398
Payments for investments in intangible assets (-)	-771	-75
Cash flow from investing activities (continued)	-1,495	-473
Cash flow from investing activities (discontinued)	n.a.	-1,224
Payments for the repayment of financial loans (-)	-310	-1,001
Proceeds from the raising of financial loans (+)	515	0
Payments for the repayment of bonds (-)	-304	-9,678
Payments for the repayment of liabilities from leases	-830	0
Cash flow from financing activities (continued)	-929	-10,679
Cash flow from financing activities (discontinued)	n.a.	-411
Cash-effective change in cash and cash equivalents (continued)	-2,075	-13,434
Cash and cash equivalents at the beginning of the period (continued)	3,209	18,106
Cash and cash equivalents at the end of the period (continued)	1,134	4,672

Consolidated Statement of Changes in Equity for the Period from January 1 to March 31, 2024 (IFRS)

€ '000	Retained profit						Total
	Subscribed capital	Capital reserve	Revaluation reserve	Currency translation reserve	Loss carryforward	Consolidated net income	
As of Jan. 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
As of Mar. 31, 2024	4,526	15,485	64	130	-24,290	-478	-4,564

€ '000	Retained profit						Total
	Subscribed capital	Capital reserve	Revaluation reserve	Currency translation reserve	Loss carryforward	Net income	
As of Jan. 1, 2023	4,526	15,485	21	281	-16,284	-4,194	-166
Appropriation of earnings	0	0	0	0	-4,194	4,194	0
Group result	0	0	0	0	0	-1,730	-1,730
Actuarial gains and losses	0	0	0	0	0	0	0
Currency conversion	0	0	0	-66	0	0	-66
Total other comprehensive income	0	0	0	-66	0	0	-66
Overall result	0	0	0	-66	-4,194	2,464	-1,796
As of Mar. 31, 2023¹	4,526	15,485	21	215	-20,479	-1,730	-1,962

1 At the time of publication of the consolidated interim report as at March 31, 2023 on May 12, 2023, the consolidated financial statements as at December 31, 2022 had not yet been finalized and audited. Therefore, the consolidated statement of changes in equity for the period from January 1 to March 31, 2023 shown here differs from the statement published on May 12, 2023.

Financial calendar

May 7, 2024	Interim Group report as of March 31, 2024 - 1st quarter
May 13, 2024	Equity Forum (spring conference), Frankfurt am Main
June 12, 2024	Annual General Meeting, Delbrück
August 21, 2024	Interim Group report as of June 30, 2024 - 1st half-year
September 2, 2024	Equity Forum (fall conference), Frankfurt am Main
November 12, 2024	Interim Group report as of September 30, 2024 - Nine months
November 25, 2024	Equity Forum (Deutsche Börse), Frankfurt am Main

Impressum

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