

## **paragon AG Seeks Conversion Into Partnership Limited by Shares (KGaA)**

- **Change of legal form strengthens paragon AG's access to the capital market**
- **Founder and majority shareholder Klaus Dieter Frers will remain a long-term shareholder in the company and will continue to support the current growth strategy**
- **Shareholders' resolution to be adopted at the Annual General Meeting in Delbrück on May 8, 2018**

**Delbrück, Germany, March 26, 2018 – Today, the Management Board and Supervisory Board of paragon AG [ISIN DE0005558696] unanimously resolved to propose a change of the company's legal form to a partnership limited by shares (KGaA) to the shareholders at the Annual General Meeting on May 8, 2018. Both boards expect that the change of legal form will strengthen paragon AG's access to the equity market and ensure the continuation of the current growth strategy.**

In the opinion of the Management and Supervisory Boards, the conversion of paragon AG into a KGaA will enable the founder and majority shareholder Klaus Dieter Frers to support future capital measures without risking a takeover by unwanted investors. These measures would also include possible capital increases. Furthermore, the change of legal form will ensure that Klaus Dieter Frers remains a long-term investor in paragon AG and that the company can continue its proven growth strategy.

“Klaus Dieter Frers founded paragon and made it an attractive supplier to the automotive industry. His strategic foresight should continue to benefit the company in the future,” says Professor Dr. Lutz Eckstein, Chairman of the Supervisory Board of paragon AG. “The conversion into a KGaA will ensure that paragon AG can continue its successful growth course.”

“paragon has always remained a family business at heart,” says CEO Klaus Dieter Frers. “However, access to the capital market is and will remain an important financing option for future growth. Becoming a KGaA combines the best of both worlds. The change of legal form is intended to ensure that we remain a family business in the long term and that future growth does not rise or fall with my family’s willingness to participate in capital measures to finance growth.”

A KGaA is a corporation consisting of a general partner and limited liability shareholders. The general partner is responsible for the management and representation of the company. With the change of legal form, the future paragon GmbH will become the general partner of the KGaA. It will therefore indirectly take over the management and representation of paragon AG. The Frers family will hold 100 percent of the GmbH shares.

At present, Klaus Dieter Frers’ share of the voting rights would fall below the 50 percent threshold in the event of a possible capital increase of paragon AG if he is unable or unwilling to participate in full.

From the shareholders’ perspective, the change of legal form could potentially increase the attractiveness of the paragon share. Experience shows that the share prices of family-run companies often outperform the market as a whole. One indication is the performance of indices such as the DAXplus® Family Index. Furthermore, shareholders of paragon AG could benefit from possible equity measures because this would increase the free float of the share and thus the liquidity in trading with paragon shares. Certain investor groups only invest in a share above a certain liquidity level. In the medium term, this could open the door for paragon to be included on one of the DAX indices.

Further information about paragon AG is available at [www.paragon.ag/en/investors](http://www.paragon.ag/en/investors).

### **Company Profile**

paragon AG (ISIN DE0005558696), which is listed in the regulated market (Prime Standard) of the Frankfurt Stock Exchange, develops, produces and distributes forward-looking solutions in the field of automotive electronics, e-mobility and body kinematics. As a market-leading direct supplier to the automotive industry, the company's portfolio includes the Electronics operating segment's innovative air-quality management, state-of-the-art display systems and connectivity solutions, and high-end acoustic systems. With Voltabox AG (ISIN DE000A2E4LE9), a subsidiary that is also listed on the regulated market (Prime Standard) of Deutsche Börse AG in Frankfurt, Germany, the Group is also active in the rapidly growing Electromobility operating segment with its cutting-edge lithium-ion battery systems. In the Mechanics operating segment, paragon AG develops and produces active mobile aerodynamic systems.

In addition to the company headquarters in Delbrück (North Rhine-Westphalia, Germany), paragon AG and its subsidiaries operate sites in Suhl (Thuringia, Germany), Nuremberg and Landsberg am Lech (Bavaria, Germany), St. Georgen (Baden-Württemberg, Germany), Bexbach (Saarland, Germany) and Aachen (North Rhine-Westphalia, Germany) as well as in Kunshan (China) and Austin, Texas (USA).

### **Financial Press & Investor Relations Contact**

#### **paragon AG**

Dr. Kai Holtmann  
Artegastrasse 1  
33129 Delbrück, Germany  
Phone: +49 (0) 52 50 - 97 62-140  
Fax: +49 (0) 52 50 - 97 62-63  
Email: [kai.holtmann@paragon.ag](mailto:kai.holtmann@paragon.ag)