+++ Corporate News +++

paragon proves robust in volatile market – EBITDA at previous year's level despite decline in revenue

- **Revenue fell to €55.4 million in the first half of 2025 (previous year: €75.4 million)**
- **Sales decline in the starter battery business and weak sales figures from the top three customers, especially in China, noticeable**
- **paragon China resilient thanks to sales of low-cost vehicles in the local market**
- **EBITDA in the automotive sector remains at previous year's level at €8.7 million (€8.5 million) despite lower sales – EBITDA margin at 15.7%**
- **EBIT in the automotive sector almost doubled from €2.2 million in the same period last year to €3.7 million; cost savings implemented are having an impact**
- **Key automotive customers announce catch-up effect in the second half of the year**
- **Automotive share of the forecast for 2025 of €115 to €120 million in sales and approximately €18 million in EBITDA remains achievable**
- **Further order received for innovative DUSTPROTECT anti-virus filter**
- **Sales of consumer products are only gradually picking up; realization of the sales forecast for 2025 depends on sales campaigns and Christmas business**

Delbrück, August 19, 2025 – paragon GmbH & Co. KGaA [ISIN DE0005558696] today published its report for the first half of 2025. With revenues significantly down on the same period last year, EBITDA remained stable thanks to cost savings, while EBIT almost doubled in the reporting period. Management sees this as confirmation that the measures introduced early on have enabled paragon to navigate the current turbulent market robustly.

The originally forecast increase in sales in the second quarter did not materialize; paragon's largest customers continue to struggle with declining sales figures. The market in Europe is proving highly volatile, with very short-term rescheduling. paragon Kunshan (China) is participating in the boom in low-cost vehicles in the local market, while luxury vehicles are currently less in demand in China.

In a turbulent environment, consolidated sales declined once again in the second quarter, falling by 11.1% compared with the first quarter. 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.

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. paragon deliberately chose headphones as the first products for the new portfolio, which, according to the market research institute Statista, will generate sales of €1.14 billion in Germany alone in 2025.

paragon has taken a very conservative and low-risk approach to the consumer business in order to continue viewing it as a pure add-on to the automotive business and avoid creating dependencies. Further products are to be added step by step.

A revenue share of approximately 15% was planned for consumer products for 2025. It is currently questionable 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, management 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 million to €120 million in revenue and approximately €18 million in EBITDA in the forecast for the current year (€140 million to

€145 million in revenue, €20 million to €22 million in EBITDA), discussions with key automotive customers – including in China – indicate that a certain catch-up effect in the second half of the year should be seen. 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 scaling effect of the measures implemented in the previous year and ongoing process optimizations will help to achieve this. In addition, the company is actively pursuing opportunities arising from order increases from existing customers and opportunities in the Chinese market, where short times between order and revenue recognition are the norm.

paragon recently received its fifth order for its innovative DUSTPROTECT anti-virus filter; paragon will deliver the corresponding products from mid-2028. This order alone represents sales of up to €40 million. Together with the platforms already won, vehicle manufacturers in Europe, China, the USA, Canada, and Mexico will use the product in vehicles ranging from compact cars to vans and luxury vehicles.

"As a Tier 1 supplier to the automotive industry, paragon is naturally dependent on our customers' sales in the short term. We are now focusing on continuously improving our cost position. In the medium term, we are optimistic about the future given the order intake and our intensive acquisition activities," said Klaus Dieter Frers, founder and CEO of the personally liable partner of paragon GmbH & Co. KGaA.

About paragon GmbH & Co. KGaA

paragon GmbH & Co. KGaA (ISIN DE0005558696), listed on the Regulated Market (Prime Standard) of Deutsche Börse AG in Frankfurt am Main, develops, produces, and distributes forward-looking solutions in the fields of automotive electronics, body kinematics, and electromobility. The portfolio of the market-leading direct supplier to the automotive industry includes innovative air quality management, modern display systems and high-end acoustic systems in the Electronics segment. In the Mechanics segment, paragon develops and produces active mobile aerodynamics systems. In the rapidly growing automotive market for battery systems, paragon supplies power battery management systems and drive batteries through its Power division.

In addition to its headquarters in Delbrück (North Rhine-Westphalia), paragon GmbH & Co. KGaA and its subsidiaries have locations in Suhl (Thuringia), Landsberg am Lech and Nuremberg (Bavaria), St. Georgen (Baden-Württemberg), Limbach (Saarland), Kunshan (China), Detroit (USA), Bengaluru (India), and Oroslavje (Croatia).

For more information about paragon, please visit www.paragon.ag.

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