

paragon improves Earnings and Cash Flow despite Decline in Revenue

- Sales revenue of EUR 106.3m (previous year: EUR 122.0m) in the first nine months of the 2024 financial year 12.9% lower than in the same period of the previous year
- Consistent countermeasures since the beginning of the year enable balanced result in the third quarter - breakeven achieved
- EBITDA of EUR 12.9m in the first nine months despite market challenges (previous year: EUR 16.3m); EBITDA margin of 12.1% (previous year: 13.3%)
- Cash flow from operating activities increased to EUR 8.1m in the reporting period (previous year: EUR -5.6m)
- The upturn in the automotive industry expected by the management has not yet materialized; call-offs remain at the level of previous months, but no further deterioration
- Sales expectations for 2024 as a whole therefore now at EUR 135 to 140m
- According to the management, numerous cost-cutting measures will enable the EBITDA forecast for 2024 of EUR 18 to 20m to be achieved at the upper end of expectations
- Earnings after interest and taxes still expected to be slightly positive for 2024 as a whole
- paragon expects a significant increase in net income for the 2025 financial year with stable to slightly growing revenue

Delbrück, November 12, 2024 - paragon GmbH & Co. KGaA [ISIN DE0005558696] today announced figures for the first nine months. The decline in revenue following last year's sale of the starter battery business in conjunction with reduced customer call-offs has continued almost linearly. However, the breakeven point was reached in the third quarter of 2024 thanks to numerous cost-cutting measures, with balanced earnings before interest and taxes. The management confirms the previous EBITDA forecast of EUR 18 to 20m for 2024 as a whole and now expects to reach the upper end of expectations.

In the first nine months of 2024, paragon generated revenue of EUR 106.3m (previous year: EUR 122.0m). This reflects both the sale of the starter battery business in fall 2023 and the reduced call-off orders from paragon's customers. Although the latter have not recovered as expected since the beginning of the year, they have not deteriorated further. paragon reacted very early and consistently and adjusted capacities in addition to numerous cost-cutting measures.

EBITDA in the first nine months amounted to EUR 12.9m (previous year: EUR 16.3m) despite the market challenges; EBITDA margin was 12.1% (previous year: 13.3%).

In particular, reaching breakeven in net income in the third quarter of 2024 is a turnaround. Cash flow from operating activities increased to EUR 8.1m in the reporting period (previous year: EUR -5.6m).

Net debt (bank and bond liabilities less cash and cash equivalents) remains almost unchanged at EUR 57.6m (end of 2023: EUR 57.7m).

Sales expectations must be adjusted from EUR 160 to 165m to EUR 135 to 140m due to the unchanged call-off behavior of customers to date. The management sees the sustainable achievement of a positive net profit and a high operating cash flow, even with lower sales, as an important contribution to the company's resilience. As a result of the numerous improvement measures that are increasingly taking effect, paragon now expects to meet its previous EBITDA forecast of EUR 18 to 20m for the full year 2024 at the upper end of the range and to continue to generate slightly positive earnings after interest and taxes.

For the 2025 financial year, revenue is currently expected to remain stable or grow slightly, with a significant increase in net profit, as the optimization measures implemented take full effect. Any plant closures by car manufacturers will not have a negative impact on paragon.

In addition to increasing profitability, the focus will increasingly be on expanding sales activities in China, the USA and India as well as developing new products for the automotive industry and other sectors. The licensing of the "TELEFUNKEN" brand will lead to sales and profits from 2025.

About paragon GmbH & Co. KGaA

paragon GmbH & Co. KGaA (ISIN DE0005558696), which is listed on the regulated market (Prime Standard) of Deutsche Börse AG in Frankfurt am Main, develops, produces and sells pioneering 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 aerodynamic systems. In the rapidly growing automotive market for battery systems, paragon's Power division supplies battery management systems and traction batteries.

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

You can find more information about paragon at www.paragon.ag.

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