paragon GmbH & Co. KGaA and two other companies of the paragon Group have filed for bankruptcy

- **Indian investor Tejascore Techsystems Inc. has failed to meet its contractual obligations**
- **Due to outstanding payments totaling EUR 12m, paragon is unable to meet its commitments to its suppliers**
- **In addition to the publicly traded paragon GmbH & Co. KGaA, the insolvency also affects the subsidiaries paragon electronic GmbH and paragon movasys GmbH, which together employ 552 people**
- **paragon is profitable, has a substantial order backlog from major automakers, and considers itself well-positioned for the future**

Delbrück, September 7, 2026 – paragon [ISIN DE0005558696] today filed for insolvency at the Paderborn Local Court on behalf of paragon GmbH & Co. KGaA, paragon electronic GmbH, and paragon movasys GmbH, after an investor failed to fulfill its contractual obligations despite being granted an extension.

In recent years, which were marked by global crises and their impact on the automotive market, paragon has managed to reduce its debt by more than 64% and increase its earnings despite a decline in revenue. The preliminary annual financial statements for 2025, published on July 23, 2025, show a profit and indicate a record level of new orders.

To reduce accounts payable to an acceptable level, paragon's management sought an investor and has been negotiating since late November 2025 with an Indian private investor, specifically its American holding company, Tejascore Techsystems Inc. After months of intensive discussions, a due diligence review, and the exchange of detailed financial information, the parties signed a binding term sheet on June 19, 2026, for minority stakes in both the general partner of paragon GmbH & Co. KGaA, paragon GmbH, as well as in Frers Family Office GmbH, the majority shareholder of paragon GmbH & Co. KGaA. On the same day, Tejascore issued a financing confirmation in which it reaffirmed its binding commitment to provide paragon with a loan in the amount of EUR 12m.

In the financing confirmation, Tejascore committed to transferring EUR 5m by the end of June and an additional EUR 7m by the end of July. Furthermore, an additional loan of EUR 6m was to be made available on first demand. Despite repeated requests, Tejascore has failed to fulfill its obligation to implement the term sheet and to grant the loans without delay. However, all conditions relating to paragon and Frers Family Office GmbH have been fulfilled.

The assurances made by Tejascore's CEO and majority shareholder that he had access to more than USD 100m in funds in the U.S. and additional funds in India were the key factor in the conclusion of the agreements but have since proven to be inaccurate. Rather, it appears his intention was to raise the funds first through stock offerings on the New York Stock Exchange, which evidently failed. paragon's attorneys therefore assume malicious deceit; there is a suspicion of fraud.

paragon's auditor, KPMG, has largely completed its audit work on the 2025 financial statements; the only remaining matter for the auditor's report is the receipt of the payments from Tejascore. Without the investor's funds, paragon cannot fulfill the commitments made in agreements with its suppliers and must therefore file for bankruptcy; this also applies to the subsidiaries paragon electronic GmbH and paragon movasys GmbH. Had Tejascore fulfilled its contractual obligations, paragon would have been fully funded through to the end of 2028 (!) and this drastic outcome would not have occurred. Affected are the paragon locations in Delbrück, Suhl, Landsberg am Lech, Limbach, Nuremberg, and St. Georgen, with a total of 552 employees - including 21 apprentices and interns - but not the foreign paragon subsidiaries in Croatia and China.

For all stakeholders - shareholders, bondholders, customers, suppliers, lenders, employees, and, most lastly, the Frers family - a period of upheaval is now beginning. The founder and managing director of paragon GmbH, the personally liable partner of paragon GmbH & Co. KGaA, deeply regrets this negative development. Klaus Dieter Frers: "I have already attempted to get the situation under control through financial contributions and sacrifices amounting to millions. I am extremely disappointed in the potential partner, who in the end made nothing but empty promises. I will do everything in my power to ensure that the damage to paragon's stakeholders is minimized." Wages and salaries will be covered by the insolvency payments.

Given that the company is profitable, has excellent customers among numerous automakers - for whom paragon is the sole supplier, accounting for approximately 94% of revenue - and has a substantial order backlog, paragon's management expects that business operations will continue once a provisional insolvency administrator is appointed.

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, manufactures, and markets cutting-edge solutions in the fields of automotive electronics, body kinematics, and electromobility. The portfolio of this market-leading direct supplier to the automotive industry includes, in the Electronics segment, innovative air quality management systems, modern display systems, and high-end acoustic systems. In the Mechanics segment, paragon develops and manufactures active mobile aerodynamic systems. In the rapidly growing automotive market for battery systems, paragon's Power division supplies battery management systems and drive batteries.

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

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

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