

paragon cooperates with Clarios, a global leader in low-voltage battery technologies

- Integration of battery unit to Clarios (Hanover) with continued cooperation and supply agreements and potential future technology collaboration
- Allows paragon to achieve next step to bundle forces in core business areas in combination with targeted cooperations for faster scaling
- Allows paragon to focus on fast-growing business units sensors, interior and kinematics
- Initiatives over last years has allowed paragon to deleverage to appropriate level

Delbrück, August 30, 2023 - paragon GmbH & Co. KGaA [ISIN DE0005558696] has successfully implemented the next step of its plan to strengthen its core business and accelerate the global scaling of its technology. A transition of the battery unit to Clarios together with a continued cooperation and supply agreement has now been concluded with Clarios, a global leader in low-voltage battery technologies. The transaction will allow Clarios to integrate paragon's lithium-ion battery technologies and a group of its engineering team into efforts to accelerate the development of new advanced low-voltage architectures for vehicles. paragon will continue to participate in Clarios' success in the future by supplying the electronics for battery management for current business as well as potentially for future business. The agreement also creates the opportunity for future technology collaboration between paragon and Clarios as both companies play a role in supporting new vehicle technology.

For 3 years, paragon has consistently pursued the path of concentration and strengthening of the core business while at the same time massively reducing debt. In 2021, the shares in Voltabox AG were sold. With the joint venture HEPA GmbH together with the filter specialist Hengst (Münster), paragon entered into a close cooperation for the first time in 2022 for the rapid scaling of its products. Since then, the companies have been offering paragon's innovative DUSTPROTECT electronic virus filter in combination with Hengst's polarizing filter as a system worldwide. And in May 2023, the closing of the sale of the Digital Assistance business unit to CARIAD SE, the software company of the Volkswagen Group, took place; CARIAD has incomparably greater opportunities to leverage paragon's industry-recognized expertise in artificial intelligence worldwide. The purchase price has been paid in full in July 2023. With all of these initiatives, paragon was able to decisively reduce its debt with the repayment of the Swiss bond and the partial repayment of the EUR bond; the net gearing ratio is now at an appropriate level of 2.6.

The cooperation with Clarios now represents a further step in releasing forces at paragon for the further development of the fast-growing business with sensors, interior components and adaptive spoilers. paragon is focusing here on numerous growth drivers with its current portfolio - above all the DUSTPROTECT anti-virus filter, wireless charging of cell phones and innovative premium speakers, on-board instruments, folding tables and adaptive spoilers. New products are constantly being added, such as sensors for the future fuel cell market. Regionally, in addition to expanding its existing presence in the Chinese market, paragon is in the process of gaining a foothold in the USA through its own sales office. At the same time, paragon is evaluating cooperation opportunities in India and possibly in South Korea.

The agreement includes the sale of different production lines and the transfer of a group of engineers and workers to Clarios. paragon will remain a manufacturer of battery management systems for Clarios. Clarios licenses paragon's Flow-Shape-Design-Technology (FSD) for non-traction batteries whereas paragon keeps the industrial property rights for FSD in regards of traction batteries. The parties agreed not to disclose the financial terms of the transaction.

"We are continuing to make rapid progress and have mastered the past challenges well. Now we are very committed to taking the next steps in our company's development. After Clarios approached us with the idea of a cooperation, the negotiations resulted in a far-reaching agreement with mutual benefits," explains Klaus Dieter Frers, founder and CEO of paragon GmbH, the general partner of paragon GmbH & Co. KGaA. "And it helps enormously to have a strong partner like Clarios at our side so that we can concentrate fully on our core business whilst continuing to participate in Clarios' success in the future."

Profile: paragon GmbH & Co. KGaA

paragon GmbH & Co. KGaA (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, body kinematics and e-mobility. 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. In the Mechanics operating segment, paragon develops and produces active mobile aerodynamic systems.

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

Additional information about paragon can be found at www.paragon.ag.

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