

+++ Press release +++

paragon remains on growth trajectory

- Consolidated revenue for paragon AG up by 7.2 percent after nine months
- Operating earnings substantially higher year on year
- Capital investment up to €4.5 million, three times the level of Q3 2013
- Electromobility: sustained heavy demand for large batteries

Delbrück, November 19, 2014: The revenue and earnings reported by paragon AG for the first nine months of 2014 are still on track on the back of the continuously satisfactory performance of its current business. Consolidated revenue for the first three quarters of the year grew by 7.2 percent to €56.0 million (Q1-Q3 2013: €52.2 million), consolidated revenue for the third quarter at €18.2 million exceeded the previous year's figure of €16.2 million by 10.0 percent. Although earnings before interest and tax (EBIT) declined from €3.6 million to €2.0 million owing to the substantial additional year-on-year expenditure of €2.6 million incurred by the expansion of the Company's new business segments, adjusted EBIT jumped by 25.9 percent to €4.6 million. For the year as a whole the Managing Board still expects the Company to achieve its forecast revenue growth of 8 percent and an adjusted EBIT margin of around 10 percent.

Klaus Dieter Frers, CEO of paragon AG: "We have issued our corporate bond to facilitate significant growth investments and it has always been clear that these will have a temporary impact on our earnings situation. We deliberately accept this development, especially as it becomes increasingly clear that customer demand particularly in the Electromobility business segment over the medium to

+++ Press release +++

long term will far outstrip our previous expectations. Due to delays caused by our end customer large amounts of revenue from our battery packs will be recognized only in the financial year 2015; however, we will still meet our forecasts for the current financial year."

Significant investment for the future

The Company's operating performance in the first nine months of 2014 was strongly influenced by the encouraging level of existing business involving products for premium manufacturers. Revenue in the Acoustics business segment alone jumped by 24 percent. In the Sensors business segment the air quality improver is becoming a growing success story, and paragon's Managing Board expects it to achieve further impressive unit sales. The fledgling Body Works Kinematics and Electromobility business segments saw continued success, notching up a number of new orders. paragon incurred additional year-on-year expenditure of €2.6 million to establish and expand its new business segments as part of its growth strategy. As expected, the cost of materials and personnel expenses rose as well, largely owing to the hiring of new staff and to one-off third-party services around development and production in the Acoustics, Body Works Kinematics, and Electromobility business segments. This preliminary capital expenditure caused EBIT to fall from €3.6 million in the prior-year period to €2.0 million. The EBIT margin narrowed accordingly from 6.9 percent to 3.6 percent. Adjusted to exclude the aforementioned additional expenditure, operating EBIT jumped by 25.9 percent to €4.6 million. The adjusted EBIT margin was 8.2 percent. Capital investment at paragon from January 1 to September 30, 2014 totaled approximately €8.8 million (Q1-Q3 2013: €3.8 million). Capital expenditure in the third quarter of 2014 alone came to €4.5 million, which was more than three times the amount spent in the corresponding period of 2013 (Q3 2013: €1.4 million).

+++ Press release +++

paragon AG's consolidated net income in accordance with IFRS for the first nine months of 2014 amounted to €0.2 million (Q1-Q3 2013: €1.8 million). Its earnings per share came to €0.04 (Q1-Q3 2013: €0.43).

Forging ahead with internationalization

After founding Voltabox of Texas, Inc., in September 2014 as part of its internationalization strategy, paragon began to build a new plant in Cedar Park near Austin (Texas). It plans to use a fully automated assembly line to ramp up production at this site from April 2015, having already started manufacturing in leased premises in September of this year. In addition, Voltabox of Texas has been certified under the Buy American Act, thus qualifying as an approved supplier for public contracts and unlocking further revenue-generating potential in the United States.

Furthermore, paragon has successfully concluded discussions concerning a joint venture in China and has signed a framework agreement to this effect with its Chinese partner Jiangsu Riying Electronics Co. Ltd. (R&Y), which is a leading supplier to the automotive and motorcycle industries. Production is expected to start here as early as the summer of 2015, and paragon is already about to sign a number of substantial contracts for this joint venture.

For 2014 as a whole, the Managing Board still reckons that the Company will achieve revenue growth of 8 percent and an adjusted EBIT margin of around 10 percent. The additional expenditure incurred by the establishment and expansion of innovative new business segments is expected to total roughly €4.0 million more for the year as a whole than in the previous year. For 2015, paragon anticipates double-digit growth rates in both revenue and earnings. The Managing Board will announce detailed forecasts after the Supervisory Board has approved its planning in December.

+++ Press release +++

Company profile

Listed in the regulated market (Prime Standard) of Deutsche Börse AG in Frankfurt am Main, paragon AG develops, produces, and sells advanced automotive electronics solutions. The portfolio of this direct supplier to the automotive industry includes products in the following business segments: Sensors, Acoustics, Cockpit, Electromobility, and Body Works Kinematics. Headquartered in Delbrück (North Rhine-Westphalia), paragon AG has branches in Suhl (Thuringia), Nuremberg (Bavaria), and St. Georgen (Baden-Württemberg) as well as a sales office in Shanghai (China) and a subsidiary in Austin (Texas, United States).

Contact

paragon AG

Schwalbenweg 29

33129 Delbrück

Germany

Tel.: +49 (0)5250 97620

Fax: +49 (0)5250 976 260

Website: www.paragon.ag

Email: info@paragon.ag

Financial press & investor relations contact

Instinctif Deutschland GmbH

Michael Müller

Tel.: +49 (0)221 420 750

Email: michael.mueller@instinctif.com