

+++ Press release +++

paragon AG receives investment grade rating

- Creditreform upgrades company rating to BBB-
- Stable equity capital ratio, strong profitability and ample liquidity buffer
- Electromobility serving to diversify company's business portfolio

Delbrück, Germany, June 5, 2014 – Creditreform Rating AG has raised the company rating of paragon AG to BBB- (previously BB+). With this upgrade, paragon now carries an investment grade credit rating. Among the positive factors, Creditreform cited the company's sustained and solid revenue and cash flow performance as well as its strong profitability, stable equity capital ratio and ample liquidity buffer. The rating agency in addition noted paragon's strong technical know-how, its capacity for innovation, and the high proportion of products for which paragon is the sole supplier.

"It has become a rare event for an automotive supplier to have its rating upgraded. The investment grade rating is the result of the very solid performance achieved by paragon AG, and it confirms to us that we have chosen the right path," says Klaus Dieter Frers, CEO of paragon AG. "This serves as an additional incentive to us to further strengthen our business, thereby not only creating value added for our shareholders but also addressing the needs of our bond investors by putting us on a stronger and more stable financial footing."

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paragon AG recently announced the completion of its best first quarter since its strategic reorientation. With total revenue of approx. EUR 19 million for Q1/2014, an increase of more than 15% over the prior year period, the company exceeded its own expectations. For the current fiscal year, paragon anticipates revenue growth of approx. 8% with an EBIT margin of approx. 10%.

Internationalization and diversification

Beyond this top-line growth, paragon AG is also making advances in the current year in its drive to internationalize, particularly in the electromobility segment. "We are currently in the process of building our own production facility in Austin, Texas," added Frers. "In the fourth quarter, we are set to commence production there of battery packs under our global Voltabox brand. Together with Vossloh Kiepe, we now have a major customer signed up for delivery of an expected total of some 1,000 battery packs over the next several years to serve as back-up power for its electric buses. And more customers are already in the pipeline."

With electromobility expected to constitute roughly 30% of 2015 revenue, this growing segment has become a key component of paragon's business portfolio beyond its traditional base in the automotive industry. In addition to serving as back-up power for electric trolleybuses, Voltabox battery packs can be used for various other applications, such as in fork lift trucks and solar power generation. By diversifying its product portfolio, the company seeks to make its revenue base more stable and reduce its cyclical exposure to the automotive industry.

Company profile

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Listed on the Frankfurt Stock Exchange (Prime Standard, ISIN DE0005558696), paragon AG develops, produces and sells advanced automotive electronics solutions. The business portfolio of this direct supplier to the automotive industry includes products in the following segments: sensors, acoustics, cockpit, electromobility, and body-kinematics. Headquartered in the northwestern German city of Delbrück, paragon AG has three other locations in Germany - in Suhl, Nuremberg and St. Georgen - as well as a sales office in Shanghai and a production subsidiary in Austin, Texas.

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