



Paragon Technologies Responds to Board Nominations by Former CEO Sham Gad

Details Audit Committee's Findings of Gad's Pattern of Deceit and Misuse of Corporate Assets

Easton, PA – April 29, 2025 - Paragon Technologies, Inc. (OTC PINK: PGNT) ("Paragon" or the "Company"), a diversified holding company, today responded to the nomination by Sham Gad, the former CEO of Paragon, of five individuals to stand for election to Paragon's Board of Directors (the "Board") at the Company's 2025 Annual Meeting of Shareholders (the "2025 Annual Meeting").

The Audit and Nominating and Corporate Governance Committees of the Board, consisting of three recently appointed highly qualified, independent, experienced and engaged directors, is responding to the nomination notice and recent communications from Mr. Gad.

Mr. Gad's nominations for directors at the 2025 Annual Meeting, include: Mr. Gad himself; David Duquette, CEO of Littoral Power Systems; Ronell Rivera, President of SED International de Columbia (a subsidiary of Paragon); Jim Kaufman, CFO of Reliant Mission; and Elodie Leoni, Project Lead at the Professional Association of Diving Instructors.

We note that Mr. Gad was replaced as Chairman of the Board and CEO of Paragon on August 9, 2024. The Board terminated Mr. Gad from his remaining positions with Paragon and its subsidiaries on November 4, 2024, for "cause," due to performance issues, misconduct, and failure to disclose matters to the Board.

Based on Mr. Gad's history we doubt he has been honest with his nominees about his past actions. We would encourage Mr. Gad's nominees to review the Audit Committee's findings and consider whether they want to align themselves with Mr. Gad. The Audit Committee, based on information available to it, has concluded that Mr. Gad exhibited an alarming pattern of deceit and misuse of corporate assets beginning well before his time at Paragon and continuing today.

Specifically, the Audit Committee, based on information available to it, has concluded, among other things, that:

- **Gad lied on his Georgia driver's license application** in 1994 by claiming that he was a U.S. Citizen, when he was, and is, a citizen of Egypt.

- **Gad likely lied on his college and grad school applications** by claiming that he was a U.S. citizen (he pleaded the fifth when asked in a court hearing in 2012).
- Gad lied when he registered to vote in 2000 by affirming under penalty of perjury that he was a U.S. citizen. **Gad voted in the 2004 general election in violation of federal law.**
- **Gad lied during his booking in 2008 when he was arrested in Georgia** under suspicion of theft against his former employer by indicating he was a U.S. citizen. A few months later, Gad entered a negotiated plea to felony theft by taking.
- **Gad lied in 2010 by stating he was a U.S. citizen on his director questionnaire when he joined the board of Paragon.** In 2012 Gad was named Chairman of Paragon. That same year Gad filed a petition to withdraw his plea arguing he did not understand it subjected him to possible deportation.
- **Gad intentionally failed to communicate to the Board that he did not have authorization to work in the U.S.** when he was named CEO of Paragon in 2014. We believe this violated his fiduciary duties to the Company and its shareholders.
- **Gad knew and ignored the fact that he was misclassifying himself as an independent contractor** when as President and CEO he should be a W-2 employee. In 2015 Paragon's auditors noted the problem to Gad and he ignored it, continuing to misclassify his employment, causing the company to mislead and misreport to federal and state agencies in violation of federal and state laws.
- **Gad presumably lied to auditors every year while CEO**, when as part of their audit process he would have been asked if he was aware of any known violations of law.
- Gad was finally removed as CEO of Paragon for "cause" in 2024 due to violating the Board's directive to stop his activist investing approach, but remained CEO of SI Systems, a subsidiary of Paragon. **We believe Gad then proceeded to deceive large Paragon shareholders in order to gain written consents to remove the board and put himself back in control.** The consents were invalid and given the passage of time between when he delivered the consents in September 2024 and today, he either never tried to remedy them or some shareholders were no longer willing to support him.
- **Gad was asked to provide verification of his work authorization in late 2024, which he refused to do, and was then terminated** as CEO of SI Systems.

While this is more than enough, there is much more. Among other issues, the Audit Committee, based on information available to it, also concluded that **Mr. Gad's self-dealing extended to misappropriation of corporate assets for personal benefit.** Between 2022 and 2024, without Board authorization, Mr. Gad expensed to the Company over \$82,000 worth of MLS season tickets to Miami FC and Atlanta FC. The Company has

no operations in Atlanta or Miami, although Mr. Gad lives near Atlanta. In November and December 2024, after his termination, Mr. Gad apparently became aware that the Company learned of the misappropriation of corporate funds related to the tickets and he reimbursed the Company; however, Mr. Gad only returned just over \$15,000.

The Audit Committee concluded that **Mr. Gad has a long continuous history of self-dealing and deceit**. As a result, the Nomination and Corporate Governance Committee believes that Mr. Gad should not serve as a director of Paragon. We believe Mr. Gad has shown that he will put his personal interest before shareholders' interest, which is a violation of his fiduciary duties. We believe Mr. Gad did that not only in relation to his employment, but repeatedly with his activism investment approach for Paragon that used Paragon shareholder resources to try and gain board seats at other public companies where he would receive financial benefits.

The most egregious example of this was Mr. Gad's activist campaign in 2016 against Rubicon Technology, where Mr. Gad had Paragon purchase just \$80,000 of Rubicon stock and then proceeded to spend roughly \$500,000 of Paragon's corporate assets to try and win a board seat for himself and another Paragon director. No wonder after interviewing him, Rubicon's board publicly disclosed that it "determined Mr. Gad unfit to sit on (their) board due to personal and professional history." Mr. Gad received no votes at the 2016 Rubicon Annual Meeting.

The costliest example, which we are all aware of, was Mr. Gad's absurd activist campaign in 2023 and 2024 against Ocean Power Technologies that cost the Company nearly \$3 million in legal fees and investment losses. The Board put a stop to the campaign and instructed Mr. Gad to not pursue any other activism. Within months, Mr. Gad attempted to pursue another activist campaign in direct defiance of the Board which resulted in his removal as Chairman and CEO.

Enough is enough. It is clear to the Audit and Nominating and Corporate Governance Committees that **Mr. Gad is only focused on what is best for Mr. Gad, not Paragon shareholders**. We believe Mr. Gad violated labor laws, repeatedly breached his fiduciary duties, wasted corporate funds on absurd activism trying to gain control of broken companies, inappropriately used corporate funds for personal entertainment, filed numerous lawsuits against the Paragon Board at the expense of Paragon shareholders, and has an overall abysmal record of capital allocation.

The Nominating and Corporate Governance Committee has concluded that, despite Mr. Gad being the largest Paragon shareholder by voting power, he is not fit to be a member of

the Paragon Board, and the Nominating and Corporate Governance Committee will not nominate Mr. Gad for election at the 2025 Annual Meeting.

We believe it is clear who caused the mess at Paragon and who is best suited to clean it up. It was Mr. Gad's poor management, poor capital allocation, and self-dealing that caused the mess. The prior board correctly terminated Mr. Gad as CEO and rejected his invalid written consent attempting to take over the Board, that was likely based on misleading communications to shareholders. There is now a new Board in place that includes three new highly qualified, independent, experienced and engaged directors.

Paragon shareholders will have a choice at the 2025 Annual Meeting. They can choose to move forward with new leadership or go back to the poor performance and poor governance of the past with Mr. Gad.

Paragon shareholders are not required to take action at this time. The Nominating and Governance Committee will review Mr. Gad's proposed director nominees and present the Board's recommendation regarding director nominees in the Company's proxy statement and accompanying WHITE proxy card, which will be mailed to all Paragon shareholders eligible to vote at the 2025 Annual Meeting. The record date for the 2025 Annual Meeting will be May 12, 2025, and the 2025 Annual Meeting will be held no later than June 30, 2025.

Thank you,

Paragon Technologies Audit and Nominating and Corporate Governance Committee

About Paragon Technologies

Paragon Technologies, Inc. is a holding company owning subsidiaries that engage in diverse business activities, including material handling, distribution, real estate, and investments. For additional information please visit: www.pgntgroup.com.

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