



## FORMER CEO GAD'S LITIGATION AND MISMANAGEMENT CONTINUE TO COST SHAREHOLDERS

**May 14, 2025 (Easton, PA)** – Paragon Technologies' (OTC PK: PGNT) is responding to former CEO Hesham "Sham" Gad's recent press release, which attempts to shift blame for the Company's first quarter 2025 results onto the current board. This claim misrepresents the facts and overlooks that Gad himself was the root cause of the Company's recent expenses.

Mr. Gad's release continues a pattern where he deflects responsibility rather than accepting it—choosing instead to blame the board that is now working to address the issues he left behind. The Company's first quarter net loss was entirely due to legal and compliance costs attributable to Mr. Gad's own decisions. Operating expenses increased from \$1.9 million to \$3.2 million, all due to Gad related legal costs. *Absent those costs, results were largely in line with the prior year.*

Shareholders should be aware of the following:

- Gad initiated and prolonged the litigation that has cost shareholders millions.
- Gad refused to engage in meaningful settlement discussions for months and obstructed discovery efforts, compounding legal expenses.
- Gad used corporate resources to support activist campaigns that clearly were intended to serve his personal interests.
- Gad misappropriated corporate resources for non-business purposes, including personal entertainment.
- Gad misclassified his own employment status, exposing the Company to federal scrutiny and penalties.
- Gad hired an individual without proper work authorization and failed to disclose it.
- Gad managed the underperforming investment portfolio—built during a historic bull market.
- Gad recommended the acquisition of the Las Vegas real estate portfolio which delivered poor returns and raises serious questions about motive.
- SI Systems, despite the hard work of its team members, was left to deteriorate under Gad's leadership, starved of investment and strategic direction.

Gad's legal challenges appear to have been aimed at regaining influence at Paragon, rather than advancing shareholder interests as he claims. Mr. Gad filed his lawsuit to repeal bylaws he claimed were invalid under Delaware law—bylaws that were later rescinded. Rather than withdrawing the suit once the bylaws were rescinded, he continued to pursue litigation. The lawsuit was later expanded to include new directors, challenging their adoption of a shareholder rights plan when, in fact, the board acted in accordance with its fiduciary duties to protect shareholders from a potential creeping takeover. The result - \$3 million in additional legal costs without Mr. Gad delivering any value to shareholders.

The board is also pursuing recovery of legal costs from prior counsel—a step it believes is in the best interest of shareholders as their actions resulted in the bylaw litigation. Mr. Gad's objections to this effort are unfounded and do not reflect the facts presented.



Ultimately, Mr. Gad’s track record—including stalled acquisitions, lack of progress at SI Systems, and discretionary spending—speaks for itself.

Paragon shareholders deserve leadership committed to accountability, governance, and long-term value creation—not continued deflection and litigation.

**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](http://www.pgntgroup.com).

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