



Paragon Technologies Provides Update on Audit Committee's Independent Investigation of Hesham M. Gad

Easton, PA – February 4, 2025 - Paragon Technologies, Inc. (OTC PINK:PGNT), a diversified holding company, provided an update today regarding the ongoing independent investigation overseen by the Audit Committee of its Board of Directors into the conduct of Paragon's terminated Chief Executive Officer, Hesham M. Gad. This investigation, initiated and disclosed in December 2024, underscores the company's strong commitment to compliance, integrity in reporting and disclosures, and value creation for all shareholders.

Initially, the investigation focused on Mr. Gad's conduct concerning company funds and his compliance with fiduciary obligations to Paragon's shareholders. The investigation into those matters is continuing.

As the investigation progresses and new facts emerge, the scope has expanded to include potential misstatements made by Mr. Gad to the company in 2010 and 2011.

On May 8, 2008, Mr. Gad pled guilty to a felony charge of "theft by taking" for his deposit of funds belonging to a non-profit organization into his personal account (*State of Georgia v. Sham Gad*, Case No. 5608-CR-0830). Upon joining Paragon as a Director in 2010, Mr. Gad was required to report his guilty plea to the company for inclusion in its disclosures. However, the 2010 and 2011 Annual Reports do not contain this information and incorrectly state that none of Paragon's directors had been subject to a criminal conviction. Additionally, on August 9, 2011, Mr. Gad was criminally indicted for allegedly making false statements to governmental authorities (*State of Georgia v. Hesham M. Gad*, Case No. SU-11-CR-0622). This indictment was also not reflected in Paragon's 2011 Annual Report. Although Paragon subsequently disclosed Mr. Gad's 2008 guilty plea and the 2011 indictment, the Audit Committee is investigating whether Mr. Gad intentionally misled the company in his early years with Paragon.

The Audit Committee notes that despite Mr. Gad's counsel's apparent diligent efforts to communicate with the investigation team, to date Mr. Gad has failed to meaningfully cooperate with the investigation, including by not yet complying with the investigation team's requests that Mr. Gad make his devices and Electronically Stored Information available for collection and inspection.

The Audit Committee provides this update in the interest of transparency and remains fully committed to understanding the facts surrounding Mr. Gad's potential misconduct and addressing potential wrongdoing. This includes strengthening internal controls that Mr. Gad may have exploited, if any. The Audit Committee reiterates that the investigation is ongoing, and that a final report can be issued in due course.

**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.

Investor Relations Contact:

Alliance Advisors IR

ParagonIR@allianceadvisors.com