



## **Paragon Technologies Reports First Quarter 2025 Results *Addresses Litigation Impact and Strategic Plan Progress***

**Easton, PA – May 13, 2025** - Paragon Technologies, Inc. (OTC PINK: PGNT), a diversified holding company, today announced its financial results for the first quarter ended March 31, 2025.

For the first quarter of the year, Paragon's revenues increased by roughly 10% to \$34.6 million with increased revenue at both SI and SEDC. Net income declined by approximately \$0.7 million from the prior year's first quarter primarily due to legal expenditures of approximately \$1.1 million related to the litigation initiated by former Chairman and CEO Hesham Gad last November. While the case was settled by the current board to limit these unnecessary expenditures, the company estimates the second quarter impact of this litigation will be in excess of \$2 million. The Company also expects to incur a charge due to self-reporting the misclassification of Mr. Gad as an independent contractor during most of his tenure as CEO.

The board has initiated proceedings against the company's former legal counsel to recover the costs associated with the Gad litigation as it contends that the litigation was attributable to faulty legal advice provided by the company's former legal counsel.

Sam Weiser, Interim CEO at Paragon commented, "At SI Systems several operational improvements are underway that are designed to benefit shareholders in coming quarters. First, SI added two dedicated professionals in the first quarter who have restarted outbound sales calls to both our installed base and to targeted prospects. This effort is especially critical as our backlog continues to decline. In addition, SI has added two additional software professionals dedicated to a project designed to rewrite the company's operating software for its dispensing equipment; a project expected to be completed in the first half of 2026. This project is necessary as previous management terminated or drove away experienced SI professionals with the institutional knowledge related to the software's operation. As such, the current project is designed first to document the current code prior to the second phase where the operating system will be rewritten. Upon completion, the company's operating software for dispensing equipment will be properly documented to prevent this situation from recurring in the future. The costs associated with this project are being capitalized and will be expensed over the useful life of the updated software."

Mr. Weiser further noted, "SEDC sales continue to grow although margins remain tight, and currency fluctuations continue to impact the SEDC profit contribution. Additionally, the company closed on the sale of one Ohana unit which resulted in a one-time gain of \$450,000. The company also entered into a contract for the sale of another unit in the first quarter expected to close prior to the end of the second quarter. The company continues to focus on liquidating the remaining two condominium units due to their poor returns. Finally, the value of the company's investment portfolio declined by \$165,000 reflecting the ongoing poor performance of the portfolio constructed by Mr. Gad and is in the process of being liquidated."



Mr. Weiser concluded, “We anticipate ongoing improvements at SI to have a positive impact on our results going forward. SEDC continues to increase sales which should contribute to an increase in profitability assuming a stable currency relationship between the Colombian peso and US dollar. Now that the Gad litigation is behind us, the true earnings power of the company will be evident in the second half of the year.”

### First Quarter 2025 Results

Revenue for the first quarter of 2025 increased to \$34.6 million, up from \$31.5 million in the first quarter of 2024. Net loss for the first quarter of 2025 was \$790,000, down from net loss of \$53,000 in the first quarter 2024. Paragon’s income loss before income taxes and non-controlling interest was \$649,000 in the first quarter 2025, down from net income of \$247,000 in the first quarter 2024. Profits for the first quarter of 2025 include unrealized loss of \$165,000 related to the investment portfolio compared with unrealized losses of \$78,000, in the first quarter of 2024.

Paragon Technologies, Inc.'s Consolidated Statement of Operations for the three months ended March 31, 2025, are summarized below. For further detail on our results, shareholders should carefully review our quarterly report, which can be found at [www.pgntgroup.com](http://www.pgntgroup.com).

## Consolidated Statements of Income and Comprehensive Income (Loss)

For the Quarter Ended March 31, 2025, 2024

	Three Months Ended	
	March 31, 2025	March 31, 2024
(In Thousands)		
<b>Net Sales</b>	\$ 34,603	\$ 31,521
<b>Held for Sales Asset Rental Income</b>	21	-
<b>Operating Income (Expense)</b>	<u>(847)</u>	<u>534</u>
<b>Other Income (Expense)</b>		
Realized Loss on Marketable Securities	-	(77)
Unrealized Loss on Marketable Securities	(165)	(78)
Interest Income	41	58
Interest Expense	(139)	(196)
Gain on Sale of Fixed Assets	450	-
Grant Income	-	6
Sublease Income	11	-
<b>Total Other Expense</b>	<u>198</u>	<u>(287)</u>
Income (Loss) Before Taxes and Noncontrolling Interest	(649)	247
Income Tax Expense	<u>102</u>	<u>235</u>
Net Income (Loss) Before Noncontrolling Interest	(751)	12
Net Income Attributable to Noncontrolling Interest	<u>39</u>	<u>65</u>
<b>Net Loss Attributable to Paragon Technologies, Inc. and Subsidiaries</b>	<u>\$ (790)</u>	<u>\$ (53)</u>
Basic and Diluted Income (Loss) per Share	<u>\$ (0.45)</u>	<u>\$ (0.03)</u>
<b>Weighted Average Shares Outstanding</b>	1,751,135	1,731,245
Dilutive Effect of stock options	<u>-</u>	<u>-</u>
<b>Weighted Average Shares Outstanding Assuming Dilution</b>	<u>1,751,135</u>	<u>1,731,245</u>



### **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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### **Cautionary Note Regarding Forward-Looking Statements**

*This press release contains forward-looking statements within the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements concern the Company’s operations, financial condition and performance and are based largely on the Company’s beliefs and expectations. These statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors and risks include, among others, those related to: general economic conditions, including those in the markets in which the Company operates; the Company’s ability to expand its revenue streams; technological changes in the Company’s industry; the continued acceptance of the Company’s distribution channel by vendors and customers; decreased demand for the Company’s products and services and the Company’s ability to retain or replace its significant customers; factors affecting the capital markets and share prices generally; economic and political risks of selling products in foreign countries, including risks of non-compliance with U.S. and foreign laws and regulations; cybersecurity risks and risks of damage and interruptions of information technology systems; and the Company’s ability to complete acquisitions, strategic investments, divestitures, mergers or other transactions on acceptable terms or at all. New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors, nor can management assess the impact of all such factors on the Company’s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. All statements in this press release other than statements that are purely historical are forward-looking statements. The Company does not intend and assumes no obligation, to update any forward-looking statements made in this press release. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this press release. For further information, contact the company at [info@pgntgroup.com](mailto:info@pgntgroup.com)*

SOURCE: Paragon Technologies, Inc.