



## ASK and Paragon Group enter into a memorandum of understanding with a view to the merger of ASK with Paragon's Identification Division

- ▶ A solid combination with more than € 110 million in turnover<sup>1</sup>
- ▶ A European leader in access control, traceability and identification solutions (RFID, NFC, e-ID, etc.)

The main shareholders of **ASK**<sup>2</sup> (Euronext Paris - FR0011980077 - ASK), a specialist in secure "contactless" solutions destined for the Identity and Transport markets, and **Paragon Group Ltd.**<sup>3</sup>, announced that they have signed a Memorandum of Understanding to combine their activities in the field of identification solutions.

The agreement provides for the contribution by Paragon to ASK of shares of the Paragon Identification companies (PID). The completion of the transaction remains subject to standard regulatory conditions for such types of transactions<sup>4</sup> and the Financial Markets Authority (AMF) exempting Paragon Group Ltd from the requirement to make a mandatory takeover offer to the ASK shareholders. The AMF will also need to register the ASK full descriptive document, "Document E", setting out, in particular, the terms and conditions of the aforementioned PID share contributions and which will then be made available to the shareholders of ASK prior to the Extraordinary General Meeting of the company to decide on the transaction.

In the context of the proposed transaction, Innovation Capital, current 17.53% shareholder in ASK, and Paragon Group Ltd intend to enter into an 18 months' duration shareholders' agreement which will not amount to the creation of a concert party, as such term is understood under French stock exchange rules. Such agreement would principally cover issues of board representation.

### **ASK, the expert in contactless solutions for secure identity and transport markets**

ASK provides secure contactless solutions for security-sensitive applications linked to individuals. Thanks to its unique silver ink technology, ASK provides a complete range of contactless solutions (cards, inlays – with incorporated electronic and antenna components – for passports and other identity documents, tickets, terminals, software) and the associated personalization services.

A reference player in secure contactless solutions for identity (e-ID) and transport markets, ASK has worked with the most demanding customers. It provides inlays for biometric passports for 18 countries, including the US, the UK, France, Belgium and Israel and transportation cards for more than 100 cities in 27 countries, including Atlanta, Chicago, London, Mexico City, Miami, Paris, Singapore and Sydney.

With approximately 240 employees, ASK had 2015 consolidated turnover of € 37.5 million.

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<sup>1</sup> on a pro forma basis, for the 12 month period ended 30<sup>th</sup> June 2016.

<sup>2</sup> ie FCPI CDC Innovation (« Innovation Capital »), Equimax Investments Limited and Bluesky Capital, whose respective holdings on 31<sup>st</sup> December 2015 were approximately 17.53%, 13.31% and 1.59% of the ASK issued share capital.

<sup>3</sup> Paragon Group Limited is privately owned, the majority of its share capital by its Chairman and CEO, Mr Patrick Crean and the remainder of its share capital by its management team.

<sup>4</sup> Including notification of the proposed transaction to the French Economics, Industry and Digital Ministry pursuant to French Law n°66-1008 of 28th December 1966, as modified by French Law n°2004-1343 of 9th October 2004 and added to by decrees n°2005-1007 and 2014-479.

## **Paragon Identification, an industry expert in secure solutions for traceability and access control**

Paragon Identification (PID) is the division of Paragon Group Ltd dedicated to access control and traceability solutions, consisting primarily of Paragon Identification SAS in France and BemroseBooth Paragon in the UK, but also including several commercial and industrial subsidiaries in the USA, Australia and Romania.

PID offers ticketing solutions for the transport networks of major cities around the world (Paris, Singapore, Sydney, Cairo, Milan, New York, London, etc.) and railways (France, England, etc.) including contactless ticketing, magnetic tickets and innovative IT solutions. PID is also one of the largest producers of contactless and barcode traceability and logistics labels, delivering over 6 million units per day globally.

PID is now a major industrial player in RFID technologies with expertise in all key processes from design to delivery of parts and associated application solutions.

The solutions developed by PID include data management, encoding and encryption of information, as well as personalization of cards and communications. PID accompanies its customers in the transformation of their processes to the world of digital and contactless solutions.

Through active collaboration with leading systems integrators in their markets, PID ensures rapid deployment and success with these solutions, while delivering new and innovative applications including NFC, brand protection, prepayment, leisure, medical, military and civilian operational maintenance.

With approximately 350 employees, PID has a turnover of around € 74 million (consolidated for the 12 months ended 30th June 2016), with an EBITDA margin in excess of 10%.

## **ASK and Paragon Identification: existing track record of complementarity**

The complementary expertise and know-how between ASK and Paragon Identification has already been proven in several joint operations. The two companies have cooperated in the fields of contactless tickets, personalised transport cards and more recently electronics for biometric passports.

The agreement of shareholders to pool their activities is a logical development of this close cooperation, strengthening the synergies between the companies and creating a stronger player.

Whether related to individuals or objects, solutions for mobility, traceability and trust must be both reliable and efficient. The risks related to security require the implementation of ever more robust identity verification solutions for individuals. "Smart Cities" facilitates the mobility of users, by applying ever more dynamic controls. "Connected" objects are giving rise to more new applications.

Both PID and ASK develop security, identification and traceability technologies which enable these changes. These are embodied in intelligent and connected paper, smart cards, biometric passports, and increasingly dematerialized solutions using a smartphone.

## **Creation of a European champion for Identification Solutions**

By combining their strengths, Paragon Identification and ASK are creating a European champion for identification solutions, focused on three areas: Transport & Smart Cities, e-ID and Traceability & Logistics.

With this merger, the new entity will benefit from, in particular:

- a global industrial presence, with sites in France (Argent-sur-Sauldre, Sophia-Antipolis), the UK (Hull, Boston), Romania (Bucharest), the USA (Burlington) and China (Beijing). The group is ideally positioned to efficiently service customers of e-ID and Smart City;
- recognized teams of experts who have already brought many key innovations to the world of e-ID and transport in recent years, particularly in the field of contactless solutions;
- a comprehensive offering based on secure communication technologies (contactless, bar code, magnetic) embedded in all types of media (identity documents, tickets, labels, smart cards, smartphone).

Modern identification, both of individuals and objects, requires the most effective combination of physical and digital technologies. Together, Paragon Identification and ASK master this combination, allowing their customers to benefit from both the best industrial products and a smooth transition to digital.

## **Strong development ambitions**

With about 600 employees worldwide, the new group will total over € 110 million turnover (on a pro forma basis for the 12 months ending on 30<sup>th</sup> June 2016).

It will benefit from a solid base in Europe, which represents nearly 80 M € of turnover and the Americas with around € 20 million in revenue. In these two main regions, the new group has the most prestigious and demanding clients in terms of secure electronic documents and transport solutions.

The integration of the two companies will be facilitated by the geographical and cultural proximity of teams that already know each other and have experience of close cooperation in optimizing the resources of both companies.

The pooling of technological and industrial expertise of both companies will open up significant and ambitious development possibilities. The acceleration of development, through both organic and external growth, will target new geographical markets including Asia which represents a significant growth opportunity for the new group, which would build on its existing Asia-Pacific client base in Sydney, Singapore and Hong Kong. The new group is also considering targeting the retail and banking sectors.

### **Key terms of the transaction**

Under the terms of the signed MoU, the operation would result in a contribution to ASK of 100% of the shares of Paragon Identification (PID).

In return for this contribution, Paragon Group Ltd would (i) receive new ASK shares representing 77.5% on a fully diluted basis of the share capital of the new group after the completion of the combination, (ii) subscribe for ordinary bonds of the company to the value €10.0 M € and to be repaid in 40 monthly installments<sup>5</sup>, and (iii) subscribe to the issuance of convertible bonds, also for an amount of €10.0 million<sup>6</sup>. These convertible bonds would be repaid in 20 quarterly installments from January 2020 or, if required by Paragon Group Limited, converted into shares ASK in certain circumstances. These bonds would be secured by a first ranking pledge over the PID shares in favour of Paragon Group Limited.

As the transaction would provide for Paragon Group Ltd to receive an ASK shareholding in excess of 50% of the share and voting rights of the company, Paragon Group Ltd will solicit from the AMF an exemption from the requirement to make a mandatory takeover offer for ASK on the basis of article 234-9, 3° of the AMF General Regulations.

It is intended that, following this transaction, the new group will remain listed on Euronext Paris. The "flottant" (ie the level of shares deemed to be in public hands) would then amount to 14.9%<sup>7</sup> of the issued share capital of the new group.

The closing of the transaction, which is subject to the satisfaction of numerous conditions precedent, in particular regulatory conditions<sup>8</sup>, and subject to the continued conduct of the relevant entities in the ordinary course of business and in line with past practices, should take place at the latest in the first quarter of 2017.

### **Dominique Durant des Aulnois, Director of the Paragon Identification Division, said:**

*"Paragon Group would take another step forward by joining forces with ASK. The new group would have strong industrial facilities in Europe, the USA and Asia.*

*This transaction would change Paragon's scale in the identification sector, allowing the group to increase its R & D and innovation capabilities. The renowned expertise of the ASK team in contactless technology greatly strengthens the offer of the new group.*

*Paragon Group, which already has a global presence, would also be enriched with an e-ID activity dedicated to security documents which serves the most prestigious and demanding state and sovereign customers in matters of security. "*

### **Julien Zuccarelli, CEO of ASK, comments:**

*"Facing the key modern challenges of security and trust, the combination of Paragon Identification and ASK would boost the European footprint of the new group. We would be able to offer our customers a comprehensive range of identification solutions, combining physical products and dematerialized applications, especially for smartphones.*

*The industrial and operational efficiency of the Paragon Group, recognized globally, combined with the expertise of ASK Contactless would help us to effectively serve our customers in the e-ID and Smart Cities, as well as taking advantage of development opportunities in the world of traceability and connected objects. "*

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<sup>5</sup> These bonds would carry interest at 4%pa.

<sup>6</sup> These bonds would carry interest at 8%pa.

<sup>7</sup> On 31<sup>st</sup> December 2015, the level of ASK shares deemed to be in public hands was 66.34% of the ASK issued share capital.

<sup>8</sup> See footnote 4 above. These conditions precedent also include the conversion to ASK ordinary share equity of certain bonds issued to certain ASK creditors (including Innovation Capital).

## About ASK

ASK is the specialist for secure contactless solutions for security-sensitive applications linked to individuals. Thanks to its unique silver ink technology, ASK provides a complete range of contactless solutions (cards, inlays – with incorporated electronic and antenna components – for passports and other identity documents, tickets, terminals, software) and the associated personalization services.

Thanks to its innovative technology and worldwide organization (production units in Europe, France, Asia – China- and the United States), ASK is the reference player in secure contactless solutions for identity (e-ID) and transport markets. In e-ID, ASK has since 2006 worked with the most demanding customers, providing, in particular, inlays for biometric passports for many countries, including the US, the UK, France, Belgium and Israel. In the transport market, ASK is a market leader since 2011 and accompanies more than 100 cities in 27 countries, including Atlanta, Chicago, London, Mexico City, Miami, Paris, Singapore and Sydney.



Title : ASK  
ISIN code : FR0011980077  
Ticker : ASK  
Number of issued shares : 8,850,181

More information on [ASK-Contactless.com](http://ASK-Contactless.com)

## Contacts

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## About Paragon Group Ltd.

Paragon Group Ltd is an international company which is present in 12 countries with €400+million turnover and 4 000 employees.

Paragon is a private enterprise which is proactive, innovative and dynamic.

Paragon assists its clients in the development of their businesses by offering them technological solutions which accelerate that development.

## Contacts

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