



Press release – 19th January 2021

First-half 2020/21 revenues of €40.7 million, down -28%

- H1 revenues declining 37% organically
- **Transport & Smart Cities** and **e-ID** activities heavily impacted by the pandemic
- Resilience in the **Traceability & Brand Protection** activity
- Growth in the **Payment** division

Paragon ID (Euronext Paris - FR0013318813 - PID), leading provider of identification solutions for Transport, e-ID, Traceability, Brand Protection and Payment, publishes its revenues for the 2nd quarter (October 1, 2020 - December 31, 2020) and for the 1st half of the 2020/21 financial year, ending June 30, 2021.

In €M – IFRS standards Non audited figures	2019/20 consolidated	2020/21 consolidated	Change
Q1 Turnover	26.8	19.3	-28%
Q2 Turnover	29.5	21.4	-28%
Half-Year Turnover	56.3	40.7	-28%

Thames Technology has been consolidated since November 1, 2019. airweb has been fully consolidated since November 1, 2020.

In the 2nd quarter of its 2020/21 financial year (closing June 30, 2021), Paragon ID recorded consolidated sales of €21.4 million, down -28% compared to last year. The like-for-like decline (excluding the inorganic elements of Thames Technology and airweb) at constant exchange rates was -34%, a slight improvement over the previous quarter (-42%).

Over the 1st half of 2020/21, consolidated sales amounted to € 40.7 million, down -28% compared to the 1st half of 2019/20 (-37% on a like-for-like basis and at constant exchange rates).

The activity of most of Paragon ID's customers is linked to the flow of people and goods. Due to the Covid-19 context, Paragon ID continues to suffer, in particular in its largest business segment, **Transport & Smart Cities**, which still represents 31% of total turnover 58% in the first half of 2019/20.

Transport & Smart Cities impacted by the health crisis; sustained development in the Payment activity

In **Transport & Smart Cities**, multiple lockdowns across Europe and the US during the 2nd quarter of the financial year (4th quarter of the calendar year) significantly reduced passenger traffic for public transport operators. Even in those cities which are not in official lockdown, passenger traffic in Mass Transit systems remains at levels which are far lower than those which existed prior to the pandemic. Consequently, levels of stocks of tickets and cards remain high, postponing any pick-up in this business.

A more positive consequence of the pandemic has been the increased interest in all of the digital transport and ticketing solutions offered by airweb - in which Paragon ID holds 80% of the capital since November 2020. airweb's Account Based Ticketing platform allows for rapid deployment of contactless and mobile ticketing solutions which minimize interaction between users and staff and simplify digital ticketing. However, these solutions are typically commercialized in SaaS (Soft-as-a-Service) and revenue-share business models and therefore, short-term contribution to revenues is limited.

The **e-ID activity** (activity representing 8% in the 1st half of 2020/21 vs. 8% last year) remains weak due to border closures and the restrictions on international travel (professional and leisure).

Sustained performance of sales in the retail and health / pharmaceutical sectors and more broadly the sales of labels into the industrial sector, limited decline in the **Traceability & Brand Protection** business to 10% (activity representing 31% in the 1st half of 2020/21 vs. 25% last year). Aviation-related business is at a standstill with little sign of recovery in the short term.

Finally, the **Payment division** continues its sustained development, with half-year revenue multiplied by 2.5 compared to the 1st half of 2019/20, in particular due to the effect of the recent acquisition of Thames Technology, consolidated since November 1, 2019 (6 months consolidation of revenues in the first half of 2020/21 compared to 2 months last year).

Organically, the proforma half-year growth in **Payment** amounted to +21%, driven by the manufacturing of contactless payment cards and the strong demand for contactless metal payment cards using technologies licensed by AmaTech. The **Payment** activity represented 29% of the company's activity in the 1st half of 2020/21 compared to 8% a year earlier.

Cost structure and industrial capacities reduced in the context of the pandemic

Paragon ID has rigorously adjusted its cost structure since the arrival of Covid-19 in its markets.

The group's workforce has been reduced to around 500 people, compared with more than 750 before the crisis emerged a year earlier. Temporary unemployment measures are applied across all areas of operation where permitted. In particular, long-term, partial-activity agreements have been concluded in France resulting in almost 40% of the remaining workforce (full-time equivalent) being "furloughed" on an ongoing basis.

Cost savings implemented from the 4th quarter of 2019/20 (around € 4 million per annum) and the measures applied to make the Company's costs as variable as possible, are expected to limit the impact of the decline in activity on profitability and permit the optimization of cash flow during this crisis period.

In the current economic environment, the group is not communicating financial targets for the end of the 2020/2021 financial year. Given the absence of any concrete signs of recovery and the levels of stocks in the hands of its clients, Paragon ID anticipates continued deterioration in its revenues in the 2nd half of 2020/21.

Clem Garvey, CEO, says:

«The pandemic crisis and its economic consequences continue to impact our historical activities heavily. There are, as yet, no visible signs of recovery.

In this context, Paragon ID has acted quickly to match its capacity to its activity and to render the cost base as low and as flexible as possible, optimizing the company's resources while retaining the ability to bounce back from the crisis.

Recent events have demonstrated the importance and pertinence of the strategic acquisitions made over the last two-and-a-half years. These investments have provided Paragon ID with sources of organic growth while reinforcing the strategic development of the company in key areas.

Tracking of medical and other industrial equipment with RFID Discovery's platform, contactless and metal payment cards commercialized through AmaTech and Thames Technology and the digitization of transport tickets with airweb, all provide revenues and earnings in the short-term while providing springboards for rapid growth when the effects of the pandemic finally subside."

Financial agenda for the financial year 2020/21

2020/21 Half year results	Tuesday 30 March 2021
2020/21 Q3 turnover	Wednesday 5 May 2021
2020/21 Q4 turnover	Thursday 22 July 2021
2020/21 Yearly results	Tuesday 26 October 2021

These dates are given for information only. They are likely to be modified if necessary.
The publications will take place before the opening of the Euronext markets.

About Paragon ID

Paragon ID is a leader in identification solutions, in particular in the e-ID, Transport & Smart Cities, Traceability & Brand Protection and Payment sectors.

Paragon ID employs more than 750 staff, with manufacturing sites in US and Europe, close to its customers.

Paragon ID is listed on Euronext Paris with a majority of its shares being held by Paragon Group, a leading provider of Identification and Customer Communications services. Paragon Group has a turnover of €838 million and employs over 9,000 staff. Paragon Group is present in more than 20 countries with more than 9,000 employees around the world and achieved consolidated sales of € 1.081 billion at the end of the 2019/20 financial year (closed June 30, 2020), recording a growth of 29%. For further information about Paragon Group, visit Paragon-europe.com.

Euronext Paris - Share identification: Paragon ID - ISIN Code: FR0013318813 - Mnemonic code: PID.

For further information about Paragon ID, visit Paragon-id.com.

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