



eID

Transport &
Smart Cities

Traceability &
Brand Protection

Payment

Press Release – February 7th 2020

Strengthening of Paragon ID's balance sheet

- Conversion of the €10 million convertible bonds
- Capital increase by private placement of €0.5 million
- Transactions carried out at a price of €35 per new share

Paragon ID (Euronext Paris - FR0011980077 - PID), the leading provider of identification solutions for e-ID, Transport & Smart Cities, Traceability & Brand Protection, and Payment, has announced the strengthening of its balance sheet through the execution of two financial measures:

- i. the completion of a capital increase by private placement, with cancellation of preferential subscription rights, in the amount of €0.5 million,
- ii. the conversion, by Grenadier Holdings Plc. ("Grenadier"), of convertible bonds ("CB") in the amount of €10 million.

These two transactions combined, carried out at a price of € 35 per new share issued, strengthen Paragon ID's balance sheet and provide additional resources to finance its continuing growth. In addition, the conversion of the convertible bonds into new shares increases the company's share capital and eliminates the annual interest charges attaching to this bond which amounted to €0,8 M in the 2018/19 financial year (ending June 30th 2019).

During the 1st half of the 2019/20 financial year (from July 1st to December 31st 2019), the company achieved a consolidated turnover of €56.3 million, up 12% on prior year (+ 11% at constant exchange rates), driven by the growing impact of the new Payment activity. At the end of the 1st half of the 2019/20 financial year, Paragon ID is ahead of its objective to deliver sustained growth in revenues over the whole period while improving its profitability.

Clem Garvey, Paragon ID CEO, comments:

"These events are excellent news for the company. From a financial point of view, they allow us to optimize our balance sheet structure by reducing our debt by €10 million and by strengthening our equity by more than €10.5 million. In terms of our financing costs, the conversion of the convertible bonds will allow Paragon ID to save €0.8 million in interest charges per year. Finally, they demonstrate the ongoing support of our majority shareholder, Paragon Group through Grenadier, and the interest of new parties in investing in our company. All of these points bolster our ambition for Paragon ID and our confidence in delivering solid results in this financial year 2019/2020."

Technical details of the capital increase by private placement

The capital increase is carried out by the issuance of ordinary shares without preferential subscription rights, intended exclusively for a restricted circle of investors acting for their own account or for qualified investors in accordance with article L. 225-136-3 of the Commercial Code and in paragraph 1 of article L. 411-2 of the Monetary and Financial Code.

The transaction was carried out by decisions of the Board of Directors and the CEO on February 6th, 2020, in accordance with the delegation granted in the 26th resolution approved during the Annual General Meeting of Shareholders on December 12th 2018.

The group has issued 14,286 new shares with a nominal value per unit of €35, at the same value, i.e. at a price of €35 per share, yielding proceeds totaling €500,010.00 and representing 0,85% of the company's share capital post-transaction.

The agreed price of €35 per share represents a premium of 4.35% on the weighted average of the last three trading sessions preceding its setting (33.54 €) and 2.64% in comparison to the closing price of the Paragon ID share on February 6th, 2020 (34.10 €).

The settlement-delivery of the new shares issued as part of the capital increase and their admission to the Euronext market (compartment C), with Euronext Paris, is scheduled for February 11th, 2020. The new shares, carrying the normal rights attaching to the company's shares, will be admitted for trading on the Euronext market (compartment C) under the ISIN code FR0013318813 - PID.

Following this capital increase, the share capital of Paragon ID consists of 1,679,623 shares.

The distribution of Paragon ID's share capital (on a non-diluted basis on January 31st, 2020) before the capital increase was as follows:

Shareholders	Nb of shares	In % of share capital	Number of exercizable voting rights	In % of exercizable voting rights
Grenadier Holdings Plc.	1,305,889	78.42%	2,611,778	84.55 %
LBO France Gestion	66,298	3.98%	132,596	4.29%
Float	291,984	17.53%	344,694	11.16%
Treasury shares	1,166	0.07%	0	0,00%
TOTAL	1,665,337	100.00%	3,089,068	100.00%

The distribution of Paragon ID's share capital (on a non-diluted basis on January 31st, 2020) following the capital increase is as follows :

Shareholders	Nb of shares	In % of share capital	Number of exercizable voting rights	In % of exercizable voting rights
Grenadier Holdings Plc.	1,305,889	77.75%	2,611,778	84.16%
LBO France Gestion	66,298	3.95%	132,596	4.27%
New investors	14,286	0.85%	14,286	0.46%
Float	291,984	17.38%	344,694	11.11%
Treasury shares	1,166	0.07%	0	0,00%
TOTAL	1,679,623	100.00%	3,103,354	100.00%

For information, a shareholder who held an interest of 1.00% of the share capital prior to the transaction now holds 0.9915 %.

In accordance with the provisions of article 211-3 of the General Regulations of the Financial Markets Authority (AMF), the offer of the company's shares as part of this capital increase carried out in the context of a private placement did not require a prospectus subject to the approval of the AMF.

Technical details of the conversion of convertible bonds in the amount of €10 million

The completion of the increase in the company's capital allows the conversion of the company's convertible bonds (CB's) in the amount of €10 million. These bonds were subscribed in partial consideration of the contribution by Grenadier of 100% of the capital and the voting rights of Paragon France SAS in May 2017, during the merger by reverse takeover between ASK and the activities of the Identification Division of Paragon Group Ltd.

Confirming its support of Paragon ID, Grenadier has expressed its intention to proceed with the conversion of the CB's, following the settlement and delivery of the capital increase by private placement.

The number of new shares to be issued will be calculated on the basis of the division of the nominal amount of the bonds to be converted (€10 million) and the lower of (1) the average price of the Paragon ID share in the thirty days preceding the conversion date, subject to a minimum of the nominal value of a share, i.e. € 35, and (2) €67.4352 per share, in accordance with the contribution agreement signed on March 28th, 2017.

Based on these characteristics and assuming a conversion price of €35 (bottom price), the distribution of Paragon ID's share capital (on a non-diluted basis on January 31st, 2020) after the capital increase and the conversion of the CB's will then be as follows:

Shareholders	Nb of shares	In % of share capital	Number of exercizable voting rights	In % of exercizable voting rights
Grenadier Holdings Plc.	1,591,603	80.98%	2,897,492	85.50%
LBO France Gestion	66,298	3.37%	132,596	3.91%
Float	306,270	15.58%	358,980	10.59%
Treasury shares	1,166	0.06%	0	0.00%
TOTAL	1,965,337	100.00%	3,389,068	100.00%

For information, a shareholder who held an interest of 1.00% of the share capital prior to the conversion of the CB's now holds 0.8546%.

Additional information concerning the company, relating in particular to its activities, its financial data, its outlook and the related risk factors, are featured in the 2019 annual financial report, in note 24 of the consolidated financial statements closed on June 30th, 2019 and in the section 3.1.4 of the Document E registered by the AMF on March 30th, 2017 which are available, along with other regulated information and all the press releases of the company, on its website www.paragon-id.com.

With regard to identified risks, attention of investors is directed to risks relating to the volatility and liquidity of the shares, to the potential unfavorable impact on the price in the event of sale of shares, of the absence of payment of dividends in the last three years, and additional dilution, if the company were to make further increases in share capital.

EuroLand Corporate acted as advisors to the company in these operations.

Financial agenda for the 2019/2020 financial year

2019/20 Half-year results	30 March 2020
2019/20 Q3 turnover	28 April 2020
2019/20 Q4 turnover	23 July 2020
2019/20 annual results	27 October 2020

These dates are given for information only, they are subject to change. 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 and Traceability & Brand Protection sectors. It recently entered the area of Payment through its acquisition of AmaTech Group and has built on this through its acquisition of Thames Card Technology in November 2019.

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 in excess of €1.3 billion and 8,000 employees. 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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