



eID

Transport &
Smart Cities

Traceability &
Brand Protection

Payment

Press release - 30th March 2021

Paragon ID showing resilience in H1 2020/21

- Half-year turnover down -28% (down -37% at constant exchange rates and scope), heavily impacted by the pandemic
- EBITDA percentage margin largely preserved at 8.6% (9.3% in prior year) through cost cutting and optimization of industrial capacity

Paragon ID (Euronext Paris - FR0013318813 - PID), leading provider of identification solutions for Transport & Smart Cities, e-ID, Traceability, Brand Protection and Payment, publishes its consolidated accounts for the first half (July 1, 2020 - December 31, 2020) of the 2020/21 financial year which will end on June 30, 2021. These consolidated half-yearly accounts, approved by the Board of Directors on March 26, 2021, were subject to a limited review by the statutory auditors.

Airweb, in which Paragon ID holds 80% of the capital since November 2020, has been consolidated since November 1, 2020. Thames Technology has been consolidated since November 1, 2019.

In €M – IFRS standards	H1 2020/21 (6 months)	H1 2019/20 (6 months)
Turnover	40.7	56.3
EBITDA¹	3.5	5.3
<i>EBITDA¹ Margin</i>	8.6%	9.3%
Expenses related to share-based payments	-0.2	-0.4
Amortization and depreciation charges	-4.1	-3.7
Current operating income / loss	-0.7	1.2
Non-current income and expenses	-1.7	-0.2
Operating income / loss	-2.5	1.0
Financial result / loss	-0.6	-1.3
Other and taxes	0,4	-0,3
Net result / loss	-2.7	-0.6

¹ Current operating income before (i) depreciation and amortization, and (ii) calculated charges related to share-based payments

In the 1st half of 2020/21, Paragon ID recorded consolidated sales of €40.7 million, down 28% compared to the 1st half of 2019/20 (-37% at constant exchange rates and scope).

Historical activities impacted by the health crisis, sustained development of the Payment division

The **Transport and Smart Cities and e-ID activities**, directly linked to the flow of people and goods, continued to be impacted by the Covid 19 health crisis. The **Traceability & Brand Protection** activity was more resilient in the 1st half of the year, driven by good momentum in the health/pharmaceutical and industrial labelling sectors. Finally, **the Payment division** continued its sustained development, driven by the manufacture of contactless payment cards and strong demand for metal cards using AmaTech's licensed technologies.

EBITDA¹ margin of 8.6% in the 1st half of 2020/21 despite the impact of the health crisis

Over the past twelve months, Paragon ID has worked strenuously to adapt its cost structure to limit the impact of the decline in revenues on its profitability. Where possible, costs which had previously been fixed have been made variable, specifically through agreements with employee representatives in France on part-time working. Elsewhere, headcount has been reduced, resulting in overall Full Time Equivalent headcount declining by a third, from 750 to 500.

These actions, combined with governmental support measures for businesses, resulted in an EBITDA¹ of €3.5 million in the 1st half of 2020/21, representing a solid EBITDA¹ margin of 8.6%, compared with 9.3% in the 1st half of 2019/20 before the emergence of the crisis and 7.8% for the full year 2019/20.

After accounting for net depreciation and amortization, which increased slightly to €4.1 million due to the integrations of Thames Technology and airweb (€0.7 million), and non-cash charges related to equity payments of €0.2 million, current operating income declined to €-0.7 million compared to €1.2 million a year ago.

Other non-current revenues and expenses amounted to €-1.7 million, mainly related to the measures taken for cost structure reductions, leading to an operating profit of €-2.5 million.

The financial result improved to €-0.6 million, compared to €-1.3 million in the 1st half of 2019/20, thanks to the suppression of interest charges relating to the bond held by Grenadier Holdings Plc., which was converted into new shares in February 2020.

Ultimately, net income amounted to a loss of €-2.7 million in the 1st half of 2020/21, compared to €-0.6 million a year earlier.

Balance sheet situation at December 31, 2020

In €M – IFRS standards	31/12 2020	30/06 2020
Non-current assets	89.0	84.1
Incl. Goodwill	55.9	50.1
Current assets	23.8	29.8
of which trade and other receivables	6.2	9.8
Of which inventories	11.6	13.4
Cash	12.6	21.2
TOTAL	125.4	135.2

In €M – IFRS standards	31/12 2020	30/06 2020
Equity	28.6	31.5
Financial debts	26.1	31.7
of which bank loans	25.1	24.9
Of which bank overdraft	0.1	5.8
Related-party loans	24.9	26.1
Rental debts	4.0	4.4
Trade & other payables	20.3	21.8
Other liabilities	21.5	19.7
TOTAL	125.4	135.2

The measures taken to achieve savings, coupled with the industrial reorganization, made it possible to optimize cash flow generation in the 1st half of 2020/21, despite the impact of the health crisis.

¹ Current operating income before (i) depreciation and amortization, and (ii) calculated charges related to share-based payments

As a result, self-financing capacity amounted to €3.4 million, compared to €4.9 million in the 1st half of 2019/20. After variation in the working capital requirements, operating cashflow amounted to €4.8 million, compared to €7.2 million the previous year.

Paragon ID spent €4.1 million in capital expenditure, including €1.1 million of industrial investments at Thames Technology to support the development of the Payment business.

The funding streams amounted to €3.5 million, mainly for the repayment of financial loans (€2.3 million) and rental debts (€0.9 million).

In the end, cash consumption was limited to €2.7 million in the 1st half of 2020/21.

On the asset side of balance sheet, goodwill was increased to €55.9 million as a result of the acquisition of an additional 30% of airweb's capital in November 2020.

The evolution of receivables and inventories compared to the end of June reflects the decline in activity during the last six months.

Cash available was €12.6 million as of December 31, 2020.

On the liabilities side of the balance sheet, financial debts were reduced to €26.1 million as of December 31st, 2020, of which €15 million issued from the EMP (State Guaranteed Loan) underwritten in May 2020. Borrowings from Paragon Group amounted to €24.9 million, comprising of a single bond debt of €10 million, due September 2024, and €14.9 million of cash advances from the reference shareholder to support the development of Paragon ID, including €10.3 million euros of repayable loans at maturity in June 2026.

As of December 31, 2020, Paragon ID's net financial debt¹ stood at €13.5 million (excluding related party loans and rental debts), representing 47% of equity.

Outlook – activity update

Efforts to cut costs and to adapt the Company's industrial footprint have enabled Paragon ID to reduce the impact of the health crisis on its business and to show resilience in the 1st half of 2020/21.

The company has been able to maintain a solid level of operating profitability (EBITDA), but also to optimize its cashflow generation and thus maintain a healthy financial position.

In parallel with these efforts to adapt, Paragon ID continued to pursue its strategic goals during the 1st half of the financial year. The pertinence of the acquisitions done over the past two years has been demonstrated by:

- the strong growth in the Payment business from AmaTech and Thames Technology,
- the growing deployment of RFID Discovery technologies for the tracking of medical and industrial equipment,
- the digitization of transport tickets which has accelerated during the health crisis.

In the short term, Paragon ID does not yet see tangible signals of recovery for its historical activities (e-ID and Transport - Smart Cities) and, given the level of ticket and card stocks among its customers, still anticipates a diminished activity in the 2nd half of 2020/21 for these divisions.

In terms of traceability, the dynamics remain well oriented but without returning to the pre-crisis level of activity. Paragon ID has just been selected for RFID tracking of clothing and protective equipment for health workers in the principal health service of one of its key geographic markets

Finally, in the world of payment, the company continues to record sustained growth in line with the rise of metal cards and the commercial successes of Thames.

In view of the current economic environment, Paragon ID does not communicate financial targets for the end of the 2020/21 financial year.

¹ Financial debts (excluding factoring debts) – cash & cash equivalents

Financial agenda for the financial year 2020/21

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 500 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 is present in more than 20 countries with more than 9,000 employees around the world and achieved consolidated sales of € 1.1 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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