



eID

Transport &
Smart Cities

Traceability &
Brand Protection

Payment

Press release - 26th April 2021

Revenues for the first nine months of the year: 60,3 M€, a decline of -29%

- Organic decline in revenues over of -36% over three quarters
- **Transport & Smart Cities** and **e-ID** continue to suffer from the pandemic
- Some positive results in equipment-tracking solutions within **Traceability & Brand Protection** division
- Continuing strong growth in **Payment**

Recent commercial wins strengthen confidence in return to growth in 2021/22

Paragon ID (Euronext Paris - FR0013318813 - PID), leading provider of identification solutions for Transport & Smart Cities, e-ID, Traceability, Brand Protection and Payment, publishes its 3rd quarter revenues for the 2020/21 financial year which will end on June 30, 2021.

In €M – IFRS standards Non audited figures	2019/20 consolidated	2020/21 consolidated	Change	Change at constant exchange rates
Q1 Turnover	26.8	19.3	-28%	-42%
Q2 Turnover	29.5	21.4	-28%	-34%
Q3 Turnover	29.0	19.6	-32%	-33%
9 months Turnover	85.3	60.3	-29%	-36%

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

Paragon ID's revenues for the 3rd quarter of the 2020/21 financial year (closing 30 June 2021) were 19.6 M€, declining by -32% as compared to the 3rd quarter in 2019/20. On a like-for-like basis, eliminating the impact of the first consolidations of Thames and of airweb, the organic decline in sales was -33%.

Trading conditions remained very difficult in the beginning of the new calendar year, especially for the divisions **Transport & Smart Cities** and **e-ID** which are particularly hard hit by lockdowns, border closures and quarantining measures and where clients have amassed considerable levels of stock during the earliest days of the pandemic.

Year-to-date, revenues for the nine months to 31 March accumulated to 60,3 M€, declining -29% in total and by -36% on a like-for-like basis.

Activity by division

In **Transport & Smart Cities** (representing 31% of turnover over the first three quarters of the year), demand for traditional products remained depressed. Third waves of infection and the lockdowns which resulted from them limited usage of Mass Transit systems in most major cities in the Western World, where unused stocks of cards and tickets are also postponing new orders.

In this context, however, demand for Mobile Ticketing and other contactless ticketing solutions, built in conjunction with airweb, continues to be strong, as demonstrated by airweb's recent win of its biggest-ever contract with one of France's twenty biggest cities. Paragon ID consolidates revenues from airweb since it increased its shareholding in the platform provider to 80% in November 2020. As airweb's revenues are generated principally under a PaaS (Platform as a Service), the short-term impact on Revenue is minimal.

The **e-ID** division continued to underperform in Q3 in a context of closed borders, travel bans and enforced quarantines, where demand for its passport e-covers remained weak across Europe and elsewhere. This division now represents 7% of total revenues.

Performance within **Traceability & Brand Protection** ("Track & Trace") has been sustained by the progressive return to normal levels of production in industry and now represents 33% of total revenues. Within this activity, the RFID Discovery solution for tracking equipment within a client's premises continues to grow. As in the case of airweb, the business model of RFID Discovery privileges recurring revenues over time and the commercial success of this offer is not yet fully reflected in the revenue numbers, which have yet to return to their pre-Covid levels.

The only division posting growth over the last three quarters is **Payment** (30% of revenues in the nine months to 31 March 2021). Headline growth in this division was of the order of 75%, including the inorganic growth from the acquisition of Thames Card Technology in November 2019 (revenue numbers include the consolidation of nine months of activity in 2020/21, but only five months' activity in the prior year). Notwithstanding, strong demand for contactless payment cards and gains in market share in the market of loyalty and gift cards resulted in solid organic growth within Thames, as well. Revenues received from companies manufacturing metal payment cards under licence from AmaTech also grew. On a like-for-like basis, organic growth in Payment was 24%.

2021/22: Return to growth on the horizon

Given the ongoing uncertainties in the current situation, Paragon ID is not providing guidance as to financial performance for the end of this fiscal year 2020/21.

Notwithstanding the particularly challenging circumstances over the course of the last three quarters, which will, almost certainly, continue until the end of this financial year closing 30 June 2020/21, the Company has won a number of deals in recent weeks which we expect will contribute towards the gradual return to a more normal situation throughout the next financial year 2021/22.

Paragon ID has further increased its market share in Transport and Smart Cities, winning a number of tenders for the supply of tickets and smart cards. These included Boston, the only one of the United States' "Big 5" Mass Transit Authorities which had not previously been a client and Montreal.

The Company has also recently renewed its contract with a strategically important customer for a period of four years. This contract has been negotiated with dynamic pricing (linked to volumes delivered) such that a minimum level of profitability will be guaranteed, irrespective of the number of passengers using the system.

Also in Transport & Smart Cities, airweb's recent expansion and Paragon ID's commercialisation of solutions using its platforms will deliver revenues which will progressively increase as more and more people return to regular usage of urban Mass Transit systems.

In e-ID, Paragon ID has received large orders for its e-covers to be delivered during the second half of this calendar year.

Finally, in Traceability & Brand Protection, the RFID Discovery platform is enjoying strong commercial success in hospitals, where it is used to locate devices in real time and to monitor their potential exposure to the Covid-19 virus. The cooperation between the RFID Discovery teams and Apitrak (announced last year) has proven fruitful in bringing more applications of the equipment-tracking technology into industrial environments and in expanding the geographical coverage of the offering.

Clem Garvey, CEO of Paragon ID, comments:

“Paragon ID has negotiated some very strong headwinds over the last twelve months and in particular throughout the current financial year. These have resulted in a massive decline in our traditional businesses of Mass Transit and e-ID.

However, it is highly encouraging to see the way that our strategy of development in the Payment space and in delivering solutions on digital platforms is progressively changing the shape of our business. The acquisitions we made over the last three years have been critical to this pivot. The support of our principal shareholder has also been critical in permitting us to continue to invest in our strategic development, despite the downturn in revenues.

While it is far too early to imagine a return to pre-Covid levels of activity, our continuing commercial success increases our confidence that the financial year 2021/22 will see us return to growth.”

Financial agenda for the financial year 2020/21

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 Customer Communications. Identification solutions and Graphic 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.

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

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