



eID

Transport &  
Smart Cities

Traceability &  
Brand Protection

Payment

Press release – 23<sup>rd</sup> July 2020

## Revenues decline -26% in the 4<sup>th</sup> quarter of 2019/20 due to the impact of Covid-19

- €22.7 M turnover for the quarter against €20 M forecasted

### Annual turnover: €108.0 M in 2019/20

Paragon ID (Euronext Paris - FR0011980077 - PID), the leading provider of identification solutions for e-ID, Transport & Smart Cities, Traceability & Brand Protection, and Payment, publishes its turnover for the 4<sup>th</sup> quarter (1<sup>st</sup> April 2020 to 30<sup>th</sup> June 2020) and the full 2019 / 2020 financial year (ending 30<sup>th</sup> June 2020).

In M€ - IFRS Standards Non audited data	2018/19 consolidated	2019/20 consolidated	Variation
Q1 Turnover	24.9	<b>26.8</b>	+7%
Q2 Turnover	25.2	<b>29.5</b>	+17%
Q3 Turnover	27.2	<b>29.0</b>	+6%
Q4 Turnover	30.6	<b>22.7</b>	-26%
<b>Full year turnover</b>	<b>108.0</b>	<b>108.0</b>	<b>0%</b>

Amatech and RFID Discovery are consolidated as and from 1<sup>st</sup> October and 1<sup>st</sup> November 2018 respectively. Thames Card Technology is consolidated from 1<sup>st</sup> November 2019.

Paragon ID's consolidated sales for the 4<sup>th</sup> quarter of its 2019/20 financial year amounted to €22.7 million, down -26% compared to the 4<sup>th</sup> quarter of 2018/19 (-26% at constant exchange rates). The Company had previously forecasted fourth quarter sales of around €20 million, because of the impact of the Covid-19 pandemic ([see press release of April 28, 2020](#)).

Fourth quarter sales included significant deliveries on orders received prior to the arrival of the virus in Europe and the US, particularly in the Transport & Smart Cities activity.

On a like-for-like basis and at constant exchange rates, the decline in turnover in the fourth quarter was -36%, as revenues include Thames Card Technology Due which became part of the Paragon ID in November 2019.

As signalled at the end of April, the coronavirus pandemic had a significant impact in the last quarter of the financial year due to the closure of customer businesses in the retail sector, the reduction in usage of mass transit systems and the sudden halt in activity which occurred in the automotive and aeronautic sectors.

For the full year 2019/20, consolidated sales amounted to €108.0 million, the same level as the previous year. At constant exchange rates and on a like-for-like basis, i.e. excluding revenues coming from Thames Card Technology, annual sales were down -9%.

## **A year 2019/20 of development in the Payment activity and Covid-driven decline in historical activities**

The historical activities of the Company declined during 2019/20 by -11% (-1% for eID, -14% for Transport & Smart Cities and -7% for Traceability & Brand Protection). All of these activities were impacted by the consequences of the crisis since mid-March (reminder: +3% growth in the 1<sup>st</sup> half of the year).

Other than the consequences of the pandemic, the financial year 2019/20 was notable for the group's development in the Payment sector, driven by growing revenues from AmaTech's technology licensing contracts and the acquisition of Thames Card Technology in November 2019. The new Payment division thus represented 13% of activity in 2019/20 (compared to 2% in 2018/19).

By geographic region, with the acquisition of Thames Card Technology, the UK now represents 32% of sales (from 26% a year earlier). The EMEA (Europe Middle East & Africa) zone represents 52% in 2019/20 (vs. 62% in 2018/19), and the United States 13% (vs. 11% a year earlier).

### **Activity review & outlook**

As anticipated, the pandemic had a significant impact on customer demand, leading to a drop in orders since mid-March.

Paragon ID has reduced production across its plants and has implemented partial activity measures in the countries where this scheme is available. The company immediately implemented a savings plan from the very beginning of the 4<sup>th</sup> quarter of 2019/20 in order to mitigate the impact of the crisis (see [press release of April 28, 2020](#)).

Thanks to the savings achieved and the various governmental-support measures for businesses, Paragon ID should be able to report a break-even EBITDA margin over the 2<sup>nd</sup> half of the financial year (reminder: 9.3% of EBITDA margin in 1<sup>st</sup> semester 2019/20 and 7.6% over the full 2018/19 financial year). These same efforts also made it possible to limit cash consumption during the period.

The 2020/21 financial year commences under particularly difficult market conditions.

The slowdown in passenger traffic in mass transit systems and the travel restrictions between countries (border closures) has resulted in a low level of commercial pipeline for the activities in **Transport & Smart Cities** and **e.ID**.

The deconfinement operated in most European countries since May, which resulted in the reopening of physical points of sale and a gradual revival of industrial activity, has resulted in an upturn in **the Traceability & Brand Protection** activity, but at levels that still remain far from those achieved pre-crisis.

Only the **Payment** activity is currently performing reasonably well, benefiting from the growth of contactless or NFC payments, the rise of e-commerce and a sustained strong demand for metal payment cards.

As a result, Paragon ID anticipates a sharp deterioration in activity in Q1 2020/21.

In view of the particularly uncertain economic environment, the company is not providing guidance with regard to its perspectives for the 2020/21 financial year.

### **Clem Garvey, Paragon ID CEO comments:**

*« Having come through the initial shock-wave of the Covid-19 crisis, thanks to the tremendous engagement of our teams across the world, we are now coming to grips with its economic consequences. We are experiencing a slow-down in orders, particularly in the Transport & Smart Cities activity, which will weigh heavily in our results in the coming months. We continue to take all possible measures to minimise the impact of the crisis on our business and on our balance sheet so as to position the Company to rapidly bounce back from the current situation.*

*Recent events have raised awareness of the value of contactless technologies (RFID, NFC, IoT) in many sectors. Paragon ID has all of the strengths to take advantage, in the medium term, of the opportunities*

thus created. These include our in-depth expertise of contactless technologies, our proximity to our client base across multiple sectors and our agility and ability to develop smart solutions for customers which will transform their business models in the post-crisis world.

These strengths, combined with our financial solidity and the commitment of our people, should enable us to return, in the medium term, to the ambition of double-digit growth in revenues and double-digit EBITDA margin, once the effects of the crisis are behind us."

## Financial agenda

2019/20 annual results	<b>27 October 2020</b>
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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](http://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](http://Paragon-id.com).

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