



eID

Transport &
Smart Cities

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Payment

Press release – 9th May 2019

Paragon ID announces first significant contracts in Payment activity

- Sales of components for payment cards contracted for Q4
- Income streams from licensing of intellectual property to have positive mix effect on Gross Margin of Paragon ID in Q4 and beyond

Paragon ID (Euronext Paris - FR0011980077 - PID), the leading provider of identification solutions for Transport, e-ID, Traceability, Brand Protection and Payment, announces that its subsidiary company AmaTech Group Limited has concluded a number of contracts in recent weeks which will positively influence the Company's EBITDA in Q4 and beyond.

Paragon ID Payment – acquisition of AmaTech Group Limited

Paragon ID launched its activity in the Payment sector in 2018 with the acquisition of AmaTech Group Limited.

AmaTech pioneered the development of contactless technology in EMV® smartcards (Europay Mastercard Visa, international security standard for payment cards). Its original and innovative technology in inductive coupling has enjoyed considerable success as one of the preferred contactless solutions in payment cards. AmaTech has since established itself as a leader in bringing contactless technology to premium payment cards made of metal, one of the fastest growing niches in the payment card market, particularly in the US.

AmaTech provides the card payment industry with the world's first inlays with a dual interface chip module, a product that simplifies the production of metal-embedded smartcards. This solution enhances the user experience by creating a convenient and efficient contactless payment that can be activated on either side of the metal card and meets the high security requirements of RFID-enabled smartcards in the Payment sector.

Paragon ID Payment – revenue streams

Revenue streams in Paragon ID's Payment activity are generated in four different ways.

1. Design, manufacture and sale of specialist inlays and DI chip modules (component bundles) for contactless and dual interface plastic payment cards (as in the case of Arroweye, cited below)

2. Design, manufacture and sale of specialist metal inlays and DI chip modules for contactless and dual interface metal payment cards
3. Licensing, to card manufacturers, of its patented, contactless technology in booster antenna inlays and DI chip modules for contactless plastic cards and dual interface metal cards
4. Consulting services to major card manufacturers and issuers who recognize the value of AmaTech's expertise in the domain of contactless cards, particularly in metal contactless cards.

These income streams are underpinned by AmaTech's Intellectual Property and the strength of its protection through international patents.

Business line activity and outlook

AmaTech Group's accounts have been consolidated within Paragon ID since 1 October 2018, with modest contributions to Revenues and to EBITDA.

The recent signatures in the above domains, both renewals and new contracts, add more than €2m to Paragon ID's revenues on an annual basis, establishing the Payment business line as one of Paragon ID's core activities.

One of the contracts recently concluded is with Nevada-based Arroweye. This US company has developed a game-changing, award-winning, on-demand technology platform for card marketers and issuers where any degree of design and customization on each individual card is possible. Founded in 2000, Arroweye's innovation, agility and efficiency increase speed to market, adoption rates and profitability. AmaTech has designed and built a booster inlay component and the companion DI chip module for Arroweye which will allow it to digitally personalise contactless payment cards, on-line.

To the extent that these revenues comprise sale of high-value-added components and the licensing of usage of Intellectual Property, they are more recurrent in nature and more contributive in terms of EBITDA, than many of the Company's other activities.

Given that a large proportion of the world's metal payment cards are distributed in the US, these developments will expand Paragon ID's US footprint, better balancing its geographical coverage between Europe and the rest of the world.

Clem Garvey, Paragon ID CEO, commented:

"We are very proud of the quality and ingenuity of the technology that AmaTech has developed over many years of significant investment. We are equally proud to provide access to this technology, through component sales or through licences, to some of the world's most innovative players in the payment sector, like Arroweye, who recognise the value of our IP.

"Recent signatures, involving extension of licences and sales of components, position us to deliver on an ambitious business plan for the Payment business line which will significantly improve the overall Paragon ID margin mix"

David Finn, Founder and President of AmaTech Group commented:

"AmaTech has found an ideal home within Paragon ID and our teams are delighted to be part of the Paragon ID transformation. Paragon ID's investments, for example, in additional equipment for prototyping and manufacturing our products, have allowed us to accelerate the commercialisation of our technologies. These recent signatures demonstrate the pertinence and the power of combining technological expertise with the industrial, financial and commercial firepower of Paragon ID."

Peter Krauss, President and CEO of Arroweye stated:

“The values of innovation, teamwork and pride in providing measurable results for our customers inspire us every day. The partnership built with Paragon ID in recent months has enhanced our technological offering and improved our capabilities to deliver the unparalleled customer service that is fundamental to everything we do.”

About Arroweye

As a 20 years old Card Solutions Provider, Arroweye utilizes patented technologies and methods to deliver on demand credit and debit card solutions to Financial Institutions, Processors and Aggregators. Headquartered in Henderson Nevada the company also has offices in Chicago and Manufacturing in Louisville, KY.

For further information about Arroweye, visit Arroweye.com. For media inquiries please contact sales@arroweyesolutions.com.

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 has recently entered the area of Payment through its acquisition of Amatech Group.

Paragon ID employs more than 600 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 €800 million (2018 fiscal year) and over 6,000 employees. For further information about Paragon Group, visit www.paragon-europe.com.

Euronext Paris - Share identification: Paragon ID - ISIN Code: FR0011980077 - Mnemonic code: PID.

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

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