



eID

Transport &  
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Payment

Press release – September 24, 2021

## **Paragon ID acquires business and assets of Electronic Data Magnetics, Inc. (in Chapter 11), in North Carolina USA**

### **Strengthening Paragon ID's position as the world's leading provider of transport tickets**

**Paragon ID (Euronext Paris - FR0013318813 - PID)**, leading provider of identification solutions for Transport & Smart Cities, e-ID, Traceability, Brand Protection and Payment, announces its acquisition of the business and assets of Electronic Data Magnetics, Inc., (EDM) in US.

#### **EDM, provider of public transport tickets to major US cities**

Founded in 1983 by the Hallman family, EDM grew to become America's biggest manufacturer of tickets for the Mass Transit market.

EDM manufactures and markets cards and tickets, both magnetic and RFID, as well as ticket pre-encoding and personalization services from its facility in High Point, North Carolina. EDM supplies major mass transit operators in the United States, as well as airlines, parking operators, etc.

EDM's customers include nearly two-thirds of the U.S. transit operators and authorities, including major cities in the US such as Boston, Chicago, New York, Philadelphia, Portland, etc.

Prior to the Covid-19 pandemic, EDM was a profitable business with annual revenues in excess of \$15m, but its recent revenues have declined by approximately 75% as a result of mass lockdowns and subsequent decline in ridership of public transport. This decline in revenue led the company to file for Chapter 11 bankruptcy procedures in April 2021.

Paragon ID anticipates a gradual return in the company's revenue over the next two years to a more normal trading level – this will require significant investment in working capital and capex in addition to the initial purchase price.

#### **Strengthening Paragon ID's position as the leading provider of public transport tickets in the world**

As a result of this acquisition, Paragon ID will further strengthen its position as the leading supplier of transport tickets for the world's largest cities.

Under the terms of the court-approved purchase, Paragon ID will also acquire EDM's manufacturing facility. This provides Paragon ID with a second manufacturing facility in the US, a capability to produce cards and tickets locally and potential industrial synergies (through reduced shipping costs, customs duties, etc.).

Acquisition of the EDM facility will also enable further development of industrial activity for other RFID markets in the US, such as RFID tags for the track and trace sectors including retail and RFID baggage tags for the airline industry.

From a commercial perspective, EDM's established positions with the main American public transport equipment manufacturers and operators also provides an opportunity to promote Paragon ID's full range of solutions for the Mass Transit market. These include its mobile ticketing platform, account-based ticketing platform and software-and-hardware-as-a-service solutions, including readers, asset tracking solutions and payment solutions in North America.

### Terms of the transaction

Under the terms of the North Carolina court-approved purchase, Paragon ID has acquired the business and business-related assets of EDM, including its manufacturing facility for production and adjacent buildings for material storage.

The Hallman family and existing EDM senior management will continue to run these operations, along with Paragon ID's senior U.S. management, through a newly created subsidiary (EDM Technology Inc.), which will be consolidated into Paragon ID's accounts as of October 1<sup>st</sup>, 2021.

The acquisition was financed entirely in cash, from equity and from specific credit lines granted by Paragon ID's shareholder Paragon Group.

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

*" We are all very pleased to welcome the Hallman family and all the EDM teams to Paragon ID. EDM has been a respected competitor for many years and enjoys strong, long-term relationships with its customers and key stakeholders in the Mass Transit market. It is for this reason that we decided to create EDM Technology Inc. to preserve these relationships and to ensure that the company benefits fully from the post-pandemic revival in mass transit usage. We look forward to working with the Hallman family to make the combination of EDM and Paragon ID the undisputed industry leader."*

### Russell Hallman, President & CEO of EDM, adds:

*" The Hallman family has always enjoyed a good relationship with Paragon ID. We share the same values of providing our customers with high quality products and services, building strong partnerships with our suppliers, and enabling the growth of our employees. The past eighteen months have been very challenging for all of these stakeholders and for our family and we are pleased that the Chapter 11 process is resulting in the integration of EDM into Paragon ID. We look forward to working with the Group and its US teams."*

### 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](http://Paragon-europe.com).

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For further information about Paragon ID, visit [Paragon-id.com](http://Paragon-id.com).

### Contacts

<b>Paragon ID</b> Clem Garvey CEO Tel. : +33 (0)2 48 81 61 00 <a href="mailto:clem.garvey@paragon-id.com">clem.garvey@paragon-id.com</a>	<b>ACTUS finance &amp; communication</b> <b>Investors relation</b> Mathieu Omnes Tel. : +33 (0)1 53 67 36 92 <a href="mailto:momnes@actus.fr">momnes@actus.fr</a>	<b>ACTUS finance &amp; communication</b> <b>Press relation</b> Vivien Ferran Tel. : +33 (0)1 53 67 36 34 <a href="mailto:vferran@actus.fr">vferran@actus.fr</a>
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