



eID

Transport &
Smart Cities

Traceability &
Brand Protection

Payment

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Company returns to pre-Covid levels of revenue through post-pandemic recovery and impact of recent acquisitions

- 2nd quarter growth of 45%, of which 31% organic
- 1st half growth 39%, of which 27% organic

Company now anticipating solid mid-term growth in key markets

Full-year revenues to show strong double-digit growth, despite ongoing challenges in Supply Chain

Paragon ID (Euronext Paris - FR0013318813 - PID), leading provider of identification solutions for e-ID, Transport & Smart Cities, Traceability, Brand Protection and Payment, publishes revenue numbers for the second quarter (1st October 2021 - 31 December 2021) of its financial year 2021/2022.

In €m - IFRS Standards Non audited data	2019/20 consolidated	2020/21 consolidated	2021/22 consolidated	Change	Change at constant exchange rates and like-for-like basis
Q1 Turnover	26.8	19.3	25.7	+34%	+21%
Q2 Turnover	29.5	21.4	31.1	+45%	+31%
Half-year turnover	56.3	40.7	56.6	+39%	+27%

Airweb is consolidated from 1st November 2020. Apitrak is consolidated from 1st June 2021. Security Label is consolidated from 1st July 2021. EDM Technology is consolidated from 1st October 2021.

Paragon ID returns to pre-Covid levels of revenue in Q2 and in H1

Having posted growth of 34% in Q1, of which 21% was organic, Paragon ID reports growth of 45% in Q2, of which 31% is organic. This growth reflects a strong performance by the Company's recent acquisitions, as well as the rebound effect of a much-improved trading context for its Mass Transit & Smart Cities and e-ID businesses.

While the composition of the Company's revenues has changed considerably – Track & Trace and Payment now represent almost 60% of the business – this is the first time that Paragon ID has posted turnover numbers which are higher than those for a corresponding "pre-Covid" quarter (€31.1m vs €29.5m in October to December 2019). Overall growth in the first half of the year was 39%, bringing half-yearly revenues to €56.6m, some €300k more than in the 1st half of financial year 2019/2020.

Had the Company not continued to make its acquisitions in late 2019, 2020 and 2021 to support its strategic initiatives, revenues in the first half of 2021/22 would have been approximately 20% less than those in the same period pre-Covid.

Company anticipating solid mid-term growth having pursued its strategic initiatives during Covid-19

Over the last twenty-four months, Paragon ID focused investment of resources on its strategic initiatives in four key areas which now offer potential for solid growth over the mid-term.

In **Payment**, the Company continued to sign licensing agreements for its unique **Amatech** technology which enables high-end, metal credit cards to effect contactless payments. It has now concluded licences, directly and indirectly, with many of the world's largest card manufacturers. Growth in placements of these luxury cards continues to run at double-digits, each card a potential source of royalty revenue for Paragon ID. **Thames Card Technology**, an EMV (Eurocard MasterCard Visa) certified subsidiary of Paragon ID has invested in the machinery and teams to bring its own-manufactured range of metal cards to market in the current calendar year.

In **IoT for Retail**, Paragon ID doubled its manufacturing capacity, at its Argent-sur-Sauldre factory, for the manufacture of RFID inlays destined for this market. The recent mergers of certain competitors in this field has created an opportunity for Paragon ID to become a preferred alternative supplier for very large volumes of RFID tags, destined to enable the Internet of Things.

In Real Time Locating Systems (RTLS), the acquisition of **Apitrak** in May 2021 has enabled Paragon ID to accelerate its delivery of a scalable, cloud-based version of its RFID Discovery platform, the UK's leading solution for tracking equipment and patients in the medical sector. Deployments of RTLS technology have also been made in France and in various industrial environments. Industry 4.0, deployment of robotics and IoT are all driving demand for performant RTLS platforms.

Paragon ID purchased an additional 30% of the capital in **airweb**, France's leading Digital Mobile Ticketing platform, in November 2020. **airweb** provides Digital Mobile Ticketing to 43% of those French transportation agencies which have, to date, adopted a digital ticketing solution. Environmental considerations and the desire of operators to minimise physical contact between their employees and passengers, has accelerated the demand for digital mobile ticketing and for other contactless means of payment for travel, notably through the deployment of complete "Account-Based-Ticketing" solutions (see below).

Strong 2nd quarter growth from strategic initiatives and rebound effect of progressive normalization in core business

All of Paragon ID's activities recorded strong growth throughout the 1st half of the 2021/2022 financial year. The more traditional activities of Mass Transit & Smart Cities and e-ID benefited from a rebound effect, having suffered very sharp declines during the worst of the pandemic. Payment and Track & Trace enjoyed organic growth from new business wins, as well as the benefit of the integration of Apitrak (consolidated since June 2021) and Security Label (consolidated since July 2021).

Applications of Paragon ID's technologies in **Track & Trace** posted growth in revenues of +57% in the 1st half of 2021/22. Demand for tags and labels in industrial environments continues to grow. Revenues from new installations of RFID Discovery's Real Times Locating Systems (RTLS) platform were in line with an ambitious plan, accumulating new sources of recurring revenues for the future.

The Company's acquisition of **Security Label**, a leading provider of baggage tags and other material for the aviation sector, has proven to be well timed. Revenues from Security Label in the first half of the year exceeded those for its previous twelve months, permitting it to report its first profits since Covid-19 arrived in Europe.

Also in **Track & Trace**, Paragon ID's strategic initiative in **IoT for Retail** progressed well, with material orders being received during the period. Following the Company's certification by ARC for the supply of UHF RFID tags to the US market, Paragon ID has now received millions of dollars in orders from this sector, for delivery over the course of this calendar year, subject to availability of the requisite electronic components.

Payment-related activities generated 24% of Paragon ID's revenues in the 1st half of the financial year 2021/2022, growing by 9% in the period. **Thames Card Technology**, which was acquired by Paragon ID in November 2019, continued to win new business in loyalty and gift cards, as well as in payment cards. Having already launched its range of environmentally-friendly payment cards, Thames Card Technology is now focused on bringing to market its own metal payment card, using Amatech contactless technology and hopes to have its first products certified before the end of this financial year.

Revenues from the licensing of Amatech's intellectual property in contactless technology continues to grow steadily, underpinning recurring revenues and profit

Having posted growth in Q1 of 28%, **Mass Transit & Smart Cities** revenue grew 76% in Q2 2021/2022, totalling €19.0 million in the 1st half and representing 34% of total turnover.

Usage of Mass Transit systems across the world has progressively increased as commuters return to the workplace, prompting clients to order tickets and smart cards for their networks.

Growth also included the first contributions from the acquisition in October 2021 of the business and assets of EDM (in Chapter 11), the US' largest manufacturer of tickets and smart cards for Mass Transit systems, as well as the impact of the consolidation of airweb, the leading Digital Ticketing platform. Inorganic growth accounted for approximately one-third of the total growth in Mass Transit & Smart Cities revenues in the 1st half. Paragon ID recently made its first deployments of global "Account-Based-Ticketing" solutions where the Company provides an operator with all of the hardware (validators), IT platforms and ticketing media (including the airweb-based solution).

In **e-ID**, sales of RFID components for passports and other secure documents increased 33% in the six months to 31 December 2021, reflecting the progressive normalization of demand for new passports across the world. Revenues from these activities now represent 7% of the total turnover.

During the period, Paragon ID received its first significant orders for its new range of polycarbonate products for passports and identity cards. Deliveries of these products will occur throughout the rest of the calendar year 2022, subject to availability of chips and other components.

Revision of full-year 2021/22 revenue target

Paragon ID announces that it now expects to report solid double-digit growth for the full financial year 2021/2022.

Recent relaxation of Covid-related restrictions across most of the Company's geographies creates a context which will benefit all of its key activities.

The ongoing shortage of chips will slow this growth but there is visibility of adequate supply, between now and the end of the current financial year, to ensure that the vast majority of orders will be fulfilled.

The expected growth will also be underpinned by the contributions from its recent acquisitions, all of which are benefiting from the more favourable trading environment.

Strategic initiatives and organisation

A new organization is being put in place in Paragon ID to ensure that appropriate managerial focus is brought to bear on the major sources of growth for the business.

The Company has nominated Mr François Gauthier as its Chief Industrial and Supply Chain Officer, with specific responsibility to adapt, build and deploy the industrial footprint and supply chains required to respond to current demand, especially in the domain of IoT Retail.

More specifically, in the area of IoT Retail, Paragon ID recently announced the recruitment of Mr Ray Freeman as VP Research & Development IoT Technologies. With more than 25 years' experience in RFID in companies such as Gemplus, HID Global and Smartrac Technology, Ray is a recognized thought leader in the industry.

Paragon ID announces that it has promoted Mr Christophe Peix as its worldwide Head of Mass Transit & Smart Cities with the responsibility of developing the Company's Account-Based-Ticketing platforms and the Company's transformation to a Platform and Services Provider in Mass Transit & Smart Cities.

Clem Garvey, CEO of Paragon ID comments

"Everyone in Paragon ID is delighted to see the Company return to levels of revenue comparable to those we generated prior to the pandemic impacting on our markets, bearing in mind that this is, in large part, due to the successful integration of our more recent acquisitions.

Our traditional businesses in Mass Transit & Smart Cities and e-ID are rebounding from the massive losses in revenues they suffered over the last two years and our new offers in these markets are showing early signs of success. Nonetheless, we remain vigilant with regard to the probability that the pandemic has definitively changed the way people work, the way they travel and how they pay for their journeys.

I would like to pay tribute to the teams of people in Paragon ID who have worked so hard over the last two years to bring the Company back to revenues consistent with those we used to report prior to the arrival of Covid-19 in our midst."

2022 financial calendar

2021/22 Half-year results	28 March 2022
2022/22 Q3 turnover	27 April 2022
2022/22 Q4 turnover	26 July 2022
2021/22 Yearly results	25 October 2022

These dates are given for information only and may be changed if necessary. Publications will take place before the opening of the Euronext markets.

About Paragon ID

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 € 1.214 Bn at the end of the 2020/21 financial year (closed June 30, 2021), recording a growth of 12%.

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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