



eID

Transport &  
Smart Cities

Traceability &  
Brand Protection

Payment

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## Paragon ID's revenues growing 76% in 3<sup>rd</sup> quarter, of which 57% organic

- Rebound in Mass Transit & Smart Cities and e-ID activities, previously impacted heavily by the pandemic
- Success in Company's Strategic Initiatives
- Performance of new acquisitions exceeding expectations
- Price increases helping to offset increases in raw materials and components costs

## Full-year revenues expected to exceed €120m, despite ongoing challenges in Supply Chains and the uncertainty of the current economic environment

**Paragon ID (Euronext Paris - FR0013318813 - PID)**, the European leader in ID solutions, technologies used in the Mass Transit & Smart Cities, e-ID, Track & Trace and Payment markets, announces its revenues for the 3<sup>rd</sup> quarter (1<sup>st</sup> January 2022 - 31 March 2022) of its financial year 2021/2022.

In € million – IFRS standards Non audited	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	<b>25.7</b>	+34%	+21%
Q2 Turnover	29.5	21.4	<b>31.1</b>	+45%	+31%
Q3 Turnover	29.0	19.6	<b>34.6</b>	+76%	+57%
<b>9 months Turnover</b>	<b>85.3</b>	<b>60.3</b>	<b>91.2</b>	<b>+51%</b>	<b>+36%</b>

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

In the three months ending 31 March 2022, Paragon ID posts revenues of €34.6m, 76% higher than that of the same quarter in the prior year. Organic growth in the quarter was 57%. This 3<sup>rd</sup> quarter also marked the return of organic growth vis-à-vis the company's sales in 3<sup>rd</sup> quarter of financial year 2019/20, which had totalled €29.0m, pre-Covid.

Cumulatively, growth over the first nine months of the financial year 2021/22 now exceeds 50%, of which 36% is organic.

### Rebound in Mass Transit & Smart Cities and e-ID, post-Covid

Normalisation of commercial and economic activity across the Company's geographical markets has resulted in a progressive and gradual return of commuters to Mass Transit systems, driving demand for all types of ticketing media. Revenues from **Mass Transit & Smart Cities** grew 76% over the course of the first

nine months of the financial year, totalling €31,9m and representing 35% of total turnover. Of this growth, almost 60% was organic in nature, reflecting gains in market share during the pandemic.

Similarly, reopening of borders and recommencement of international travel drove demand for passports and other secure e-ID documents. Revenues in the nine months to 31 March 2022 from e-ID activities totalled €6.3m, representing 7% of total turnover and organic growth over the same period in the prior year of 48%.

### Success in Company's Strategic Initiatives

Paragon ID's Strategic Initiatives also contributed to the Company's growth.

In the area of **Track & Trace**, growth of 62% included contributions from deliveries to customers deploying RFID for IoT (Internet of Things) in the Retail sector and from the ongoing success of RFID Discovery, the Company's RTLS (Real Time Locating Systems) platform. Recurring revenues from the RFID Discovery platform continue to build steadily.

Organic growth was also driven by strong demand for RFID Tags and for industrial labels, as economic activity normalised and as an increasing number of enterprises adopt RFID as their default IoT technology. Finally, **Track & Trace** revenues were boosted by the integration of the recent acquisitions of Apitrak and Security Label GmbH (see below).

Over the first nine months of the financial year 2021/22, the **Track & Trace** division realised revenues of €32.1m, representing 35% of the Company's total revenues.

In **Mass Transit & Smart Cities**, recurring revenues from airweb's digital ticketing platform and from Paragon ID's Account-Based-Ticketing offers continue to grow steadily, with three sizeable new deployments in French mid-sized cities.

In **Payment**, growth in the 3<sup>rd</sup> quarter accelerated to 30%, versus 10% at the end of the first half of the financial year 2021/22, with revenues over the first nine months cumulating to €20.9m, or 23% of the Company's turnover.

### Strong performance of latest acquisitions

Inorganic growth over the period included revenues from:

- **Security Label GmbH**, the European leader in the manufacture of baggage tags and other printed media destined for the airline industry. In June 2018, the International Air Transport Association recommended the adoption of RFID technology for all of the industry's baggage tracking;
- **EDM Technology Inc**, the new entity established to purchase the assets of Electronic Data Management (EDM), in administration. EDM was the US' largest manufacturer of tickets and cards for Mass Transit systems. Its assets were acquired by Paragon ID in October 2021;
- **Apitrak**, a French start-up providing a cloud-by-design, RTLS solution for tracking hospital equipment. The integration of Apitrak facilitated the acceleration of the development of a cloud-based, scalable RFID Discovery offer, which is now being commercialised.

The immediate contribution of these acquisitions to Paragon ID has exceeded management's expectations, resulting in inorganic growth of the order of €9m.

### Price increases

As previously reported at time of publication of results for the first half of the financial year 2021/22, Paragon ID's margins suffered from increases in the prices of raw materials and components throughout the year-to-date. As much of the Company's business is in the public sector or has been won through strict tendering processes, documentary evidence of increases in costs are mandatory before they can be passed on to customers. This results in an unavoidable time lag between the moment when costs increase and the moment when pricing to customers can be revised.

During the third quarter of financial year 2021/22, revenues benefited from the effect of Paragon ID's having successfully increased its prices across the vast majority of its clientele. This price effect is estimated as having contributed €1.5m of the growth achieved in 3<sup>rd</sup> quarter.

## Full-year revenues expected to exceed €120m, despite ongoing challenges in Supply Chains and the uncertainty of the current economic environment

Whereas the Company had previously communicated its confidence in the delivery of strong double-digit growth in the financial year 2021/22, the results achieved in the third quarter, the orders received to date and the current visibility of its Supply Chains are such that total turnover is now expected to exceed €120m, which would represent a record year for Paragon ID.

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

*"Paragon ID's teams have done a remarkable job in negotiating the challenges posed by disrupted supply chains, in the context of a highly uncertain geopolitical context. It is particularly gratifying to see the current growth rates driven by both the progressive return to more normal rhythms in the traditional businesses and by the success of the transformative strategic initiatives which we pursued throughout the pandemic. Thanks to the strength, courage and determination of our employees, a record year in revenues is in sight for a Company which, just twelve months ago, suffered massive setbacks from the effects of the pandemic. Looking forward, the combined effect of activities returning to normal and new business being generated by the strategic initiatives, should deliver double-digit growth in revenues in the coming years, assuming no further upset to the geopolitical situation and stabilisation in the world's supply chains."*

### 2022 financial calendar

2022/22 Q4 turnover	26 <sup>th</sup> July 2022
2021/22 Yearly results	25 <sup>th</sup> 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 650 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, Graphics Services and Office Services. Paragon Group has a turnover of €1.5 billion and more than 9,000 employees. Paragon Group combines generations of experience with the latest innovations in technology and smart data to enable responsive and meaningful interactions between organisations and their customers. 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>Investor Relations</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 relations</b> Fatou-Kiné N'Diaye Tel: +33 (0)1 53 67 36 34 <a href="mailto:fndiaye@actus.fr">fndiaye@actus.fr</a>
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