



eID

Transport &
Smart Cities

Traceability &
Brand Protection

Payment

Press release - 19th January 2023 - 07:30 am

Record half-year turnover 2022/23 of €89.9m, representing +59% growth in revenues

- Organic growth of 50% including post-Covid effect
- Continuing success of recent acquisitions and in Company's Strategic Initiatives

New revised objective for annual growth: +30% in 2022/23

- Initial objective of double digit growth previously revised in October to +20%
- Annual revenues in excess of €170m now targeted in 2022/23, as compared with €130.8m realised in 2021/22

New orders for polycarbonate e-ID products to generate new sales of tens of millions of euros over the next two years

- Major orders received for slim polycarbonate datapages for passports and for polycarbonate electronic identity cards

Paragon ID (Euronext Paris - FR0013318813 - PID), leading provider of identification solutions for e-ID, Smart Cities & Mass Transit, Track & Trace and Brand Protection and Payment publishes its revenues for the first half of the financial year 2022/23, ending June 30, 2023.

In €m - IFRS standards Unaudited data	2021/22 consolidated	2022/23 consolidated	Variation	Variation at constant perimeter and constant exchange rates
Q1 Turnover	25.7	42.2	+65%	+51%
Q2 Turnover	31.1	47.7	+54%	+50%
H1 Turnover	56.6	89.9	+59%	+50%

The subsidiary EDM Technology has been consolidated since 1st October 2021. The companies Urban Things and Tracktio have been consolidated since 1st July 2022. The activity related to the acquisition of the assets of Uwinloc is accounted for as of 1st January 2023.

Record revenues of €89.9m in H1 2022/23, growing by +59%

Revenues in the 2nd quarter of the year totalled €47.7m, growing 54%, year-on -year. Organic growth in the 2nd quarter was +50%.

Second quarter revenues were higher than those achieved in the first quarter by +13% (+€5.5m), despite revenues in Q1 having been particularly strong, exceeding €40m in a quarter for the first time in the company's history.

Total revenues in the first half of the 2022/23 financial year, were €89.9m, growing some 59% vs prior year. Organic growth in the first half was 50%, at constant perimeter and exchange rates.

€89.9m is equal to 69% of the total revenues achieved in the previous financial year (€130.8m in the full financial year 2021/22), positioning the company well ahead of its original annual plan.

Half-yearly increases of more than 50% in traditional activities

In **Mass Transit & Smart Cities** (36% of revenue in H1 2022/23), sales grew +68% in the first half as commuters progressively returned to urban transport systems. The benefit of this positive movement was accelerated by the growth in market share achieved by Paragon ID during the pandemic, particularly in the US market.

Within this division, the Group continues to invest in its Strategic Initiative of digitization of ticketing on mobile phones and deployments of Mobility as a Service (MaaS) platforms, thereby developing new streams of recurring revenues.

Track and Trace (34% of sales in the first half of 2022/23), posted growth of +51% in H1. Security Label, Europe's leading supplier of baggage tags and other material for the aviation sector, posted record sales in this period, contributing strongly to the growth in this activity. Security Label now reports revenues considerably in excess of its pre-Covid record years.

The deployment of hardware and software in Real Time Locating Systems – an activity in which Paragon ID has just announced the acquisition of Uwinloc ([see press release of 4th January 2023](#)) – contributed to growth in the Track & Trace activity, as did the sale of RFID tags destined for IoT projects in the Retail sector.

In **Payment** (18% of sales in the first half of financial year 2022/23), the company posted growth of +22%, showing strong acceleration from the growth achieved in the 1st quarter which was +13%. The 2nd quarter is, traditionally, one in which sales of gift cards and loyalty cards are at their highest. The +29% growth in this activity in Q2 confirms gains in market share by Paragon ID's subsidiary Thames Card Technology.

Growth in this activity is also driven by sales of RFID inlays and modules for contactless payment and by the royalties attaching to the licensing of Amatech's unique technologies permitting double-sided contactless payment with metal payment cards. Commercialisation of Paragon ID's own-manufactured metal payment cards commenced in H1 and will contribute more substantially to the company's growth in H2

In **e-ID** (12% of sales in the first half of financial year 2022/23), growth was particularly strong at a startling +173% in H1. All of this growth was organic and reflected strong sales of the company's polycarbonate line of products, in addition to the normalisation of orders for the traditional product lines. Activity in e-ID will continue to be strong in H2 following the receipt of new orders for polycarbonate products (see below).

Record orders in eID received for new polycarbonate product line

Paragon ID has recently had confirmation of some individually significant orders for the eID polycarbonate product line. These orders will boost e-ID revenues in 2022/23 and could generate tens of millions of euros in annual revenues in the future.

The e-ID division of Paragon ID commercialises a range of RFID inlays which allow national printing houses to develop electronic and biometric passports, identity cards and other secure documents.

A new range of e-ID products has been derived from Paragon ID's proprietary expertise in polycarbonate material, allowing the company to offer the slimmest inlay for passport e-datapages which currently exists in the market. In these products, RFID inlays integrate a structure of multiple layers of polycarbonate material, while including binding and security features, in a manner which is unique to Paragon ID, exceeding all technical norms in the marketplace for slimness, durability and security.

Every year, Paragon ID delivers millions of e-ID inlays to the countries in the world with the highest possible standards for the production of their secure documents – passports, identity cards and electronic drivers' licences. The company's three secure and certified, industrial sites in France, US and Romania ensure continuity of service, close to its key customers.

Negotiation of new State-Guaranteed-Loans in the amount of €10m under the French' Government's "Resilience" measures.

New loans of €10m have been negotiated between Paragon ID and the banking partners of the Paragon Group. These loans, guaranteed by the French state under its "Resilience" measures, are designed to support French companies which have been heavily impacted by the consequences of the current geopolitical situation, notably from the disruption of supply chains caused by the war in Ukraine, with consequential requirements to invest heavily in inventories of scarce elements like electronic components.

These one-year loans could, potentially, be repaid over the course of five years and have attractive interest rates in the current environment. There are no particular covenants attaching to the loans.

They therefore provide Paragon ID with additional financial means to support the investments in working capital, notably in stocks of chips and other components, which are vital to continue the company's growth.

New upgrade in targeted revenues for financial year 2022/23: €170m, representing full-year growth in excess of 30%

Given the strong growth in the business in the first half of the year, the orders received to date and those in the pipeline, the company is revising its full-year outlook for the second time this financial year.

Paragon ID is now targeting full-year growth in excess of 30% (as compared to double-digit growth originally communicated and >20% communicated at the end of October). This level of growth would bring total sales in 2022/23 to around €170m (vs €130.8m in 2021/22).

Clem Garvey, CEO Paragon ID, said:

"The growth across all of our activities during the first half is well ahead of plan.

This growth reflects a progressive return to normality in our traditional activities in which we have also increased our market share since the pandemic. In addition, the success of our Strategic Initiatives and the performance of the companies we have acquired in recent years are, rightfully, a source of pride and satisfaction to everyone in Paragon ID.

We have every reason to believe that the current momentum can be maintained for the foreseeable future and we continue, therefore, to aspire to doubling the size of this company every three years."

Financial agenda

2022/23 Half year results	Wednesday 29 March 2023
2022/23 Q3 turnover	Wednesday 26 April 2023
2022/23 Q4 turnover	Wednesday 26 July 2023
2022/23 Yearly results	Wednesday 25 October 2023
2023/24 Q1 turnover	

These dates are given for information only. They are likely to be modified if necessary. 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, 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. Euronext Paris - Share identification: Paragon ID - ISIN Code: FR0013318813 - Mnemonic code: PID. For further information about Paragon ID, visit Paragon-id.com.

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