



eID

Transport &
Smart Cities

Traceability &
Brand Protection

Payment

Press release - 25 October 2023 - 7.30 am

Full-year results 2022/23

- +47% growth in annual sales
- Adjusted EBITDA up +42% to €14.7m - Adjusted EBITDA margin: 7.7%
- Net profit: €0.2 m

Sales up +22% for the 1st quarter 2023/24

Proposed simplified public offer for Paragon ID shares

- Offer open from 21 September to 2 November 2023
- Grenadier Holdings Ltd, the company which initiated the Offer, crossed the threshold of 90% of the share capital and voting rights in Paragon ID on 2 October 2023

Paragon ID (Euronext Paris - FR0013318813 - PID), the European champion of identification solutions for e-ID, Transport & Smart Cities, Track & Trace & Brand Protection and Payment, has published its consolidated results for the financial year 2022/2023, ending June 30, 2023, and its revenue figures for Q1 2023/2024. The annual financial accounts have been received by the board of directors and the audit report has been issued by the statutory auditors.

In € million - IFRS standards Audited data	Financial year 2021/22 (12 months)	Financial year 2022/23 (12 months)	Var.
Sales	130.8	191.9	+47%
Adjusted EBITDA¹	10.3	14.7	+42%
<i>Adjusted EBITDA margin¹</i>	<i>7.9%</i>	<i>7.7%</i>	
Expenses related to share-based payments	0.1	0.0	
Depreciation, amortisation and impairment	10.7	10.6	
Current operating result	-0.3	4.2	+€4.5 m
Other non-recurring income and expenses	0.6	-0.3	
Operating result	0.2	3.8	
Financial result	-2.1	-3.4	
Other items and tax	-0.6	-0.6	
Net income	-2.5	0.2	+€2.7 m

¹ Current operating income before (i) depreciation, amortisation and impairment, and (ii) calculated charges related to share-based payments.

The subsidiary EDM Technology has been consolidated since 1st October 2021. Urban Things and Tracktio have been consolidated since 1st July 2022. Activity relating to the acquisition of the assets of Uwinloc has been recognised since 1st January 2023.

Full-year sales 2022/23: €192 m, up +47% (+44% organic)

At the end of the 2022/23 financial year, Paragon ID's consolidated sales totalled €192 m, an overall increase of +47%, of which +44% was organic growth, i.e. measured at constant exchange rates and on a like-for-like basis.

This sustained growth is the result of double-digit annual growth across all divisions in 2022/23: +44% for the Transport & Smart Cities division (36% of 2022/23 revenues), +44% for the Track & Trace & Brand Protection division (33% of 2022/23 revenues), +14% for the Payment division (17% of 2022/23 revenues) and +91% for the e-ID division (14% 2022/23 revenues).

For more details on Paragon ID's business activity in 2022/23, [see the press release dated 26 July 2023](#).

+42% growth in adjusted EBITDA² in 2022/23 - Adjusted EBITDA margin of 7.7%

At the end of the 2022/23 financial year, Paragon ID achieved adjusted EBITDA² of €14.7 m, up +42% on the 2021/22 financial year.

Against a backdrop of strong business growth, the gross margin rate declined slightly from one financial year to the next due to (i) a less favourable business mix in 2022/23 than in 2021/22 due to a higher proportion of product sales (passports, tickets, travel cards, etc.) compared with licences and recurring revenues from platforms, (ii) the weighting of subcontracted activities, and (iii) higher raw material costs and tensions in supply chains, most of which are ultimately passed on to customers in their selling prices.

In terms of operating costs, however, the sustained growth has enabled the absorption of fixed costs more effectively, notably in personnel costs, which rose by a limited +26%.

The adjusted EBITDA margin was 7.7%, compared with 7.9% a year earlier.

After taking into account net depreciation, amortisation and impairment charges, which were virtually unchanged from one year to the next, recurring operating income was largely positive at €4.2 m, compared with a recurring operating loss of €0.3 m a year earlier.

The financial result, comprising interest on financial debt and factoring, rose to €-3.4 m from €-2.1 m in 2021/22, reflecting the increase in bank debt to support acquisitions, the financing of working capital requirements and the effects of rising interest rates.

After a tax charge of €0.6 m, net profit for the year was €0.2 m, compared with a net loss of €2.5 m in 2021/22.

Balance sheet as at 30 June 2023, end of the 2022/23 financial year

In € million – IFRS standards Audited data	30/06 2023	30/06 2022
Non-current assets	104.8	101.5
of which Goodwill	62.0	62.0
Current assets	53.4	45.4
of which trade & other receivables	14.9	14.9
of which Inventories	27.8	23.0
Cash	6.3	14.2
TOTAL	164.5	161.0

In € million – IFRS standards Audited data	30/06 2023	30/06 2022
Equity	22.5	22.8
Financial debt	44.6	40.7
of which bank loans	40.6	36.3
Of which bank overdrafts	4.1	4.4
Related-party loans	26.7	25.8
Rental debts	5.9	6.1
Trade & other payables	31.4	37.3
Other liabilities	33.4	28.3
TOTAL	164.5	161.0

² Current operating income before (i) depreciation, amortisation and impairment, and (ii) calculated share-based payment expenses.

Non-current assets, including goodwill, changed little during the year.

Current assets rose, mainly because of the increase in inventories (+€4.8 m year-on-year) linked to purchases of key components - in particular the electronic chips needed to manufacture RFID inlays - to enable deliveries of the large orders for polycarbonate eID products which began in the 2nd half-year. Trade receivables were contained despite the strong growth (limited increase of €3.2 m in trade receivables net of non-recourse factoring).

At 30 June 2023, available cash amounted to €6.3 m, compared with €7.4 m at 31 December 2022 and €14.2 m at 30 June 2022.

Shareholders' equity stood at €22.5 m at 30 June 2023.

Financial debt stood at €44.6 m at the end of the 2022/23 financial year, compared with €46.7 m at the end of December 2022 and €40.7 m at 30 June 2022. During the year, the Company arranged new financing of €10 m under the PGE Résilience scheme (Recovery Loan guaranteed by the French State), which offers attractive fixed interest rates based on market conditions, with no financial covenants, and repayment terms of up to 5 years.

Borrowings from the Paragon Group stood at €26.7 m at the end of June 2023, stable compared with the previous financial year. They continue to consist of a €10 m straight bond, maturing in September 2024, and cash advances from the principal shareholder to support development, including a €10.3 m bullet loan maturing in June 2026.

At 30 June 2023, Paragon ID's net financial debt stood at €38.3 m (excluding borrowings from the Paragon Group and rental debt).

Simplified public offer for Paragon ID shares open until 2 November 2023: Grenadier Holdings Ltd. holds more than 90% of the shares and voting rights since 2 October 2023

On 19 June 2023, Grenadier Holdings Ltd, the majority shareholder in Paragon ID, announced its intention to make a proposed simplified cash purchase offer (the "Offer") at a price of €38.01 per share. This price corresponds to the net asset value per share as shown in the Company's financial statements as at 30 June 2022 and represented a premium of +25.1% to the volume-weighted average share price over the 60 trading days preceding the Offer. The price represented a premium of +35.8% to the closing price on the session preceding the announcement of the Offer (as of 16 June 2023).

The Offer was filed with the Autorité des marchés financiers (AMF) on 13 July 2023. On 20 September 2023, the Autorité des marchés financiers declared the simplified tender offer for the shares and warrants 2015-1 of Paragon ID to be compliant. As a result, the simplified tender offer has been open since 21 September and will close on 2 November 2023 inclusive.

On 3 October 2023, the initiator of the Offer, Grenadier Holdings Ltd. declared that on 2 October 2023, in concert with GIML Investments Ltd. it had exceeded the threshold of 90% of the share capital of Paragon ID and held in concert 90.28% of the share capital and 92.14% of the voting rights at that date.

Grenadier Holdings Ltd. has already indicated its intention to implement a squeeze-out procedure in order to acquire all Paragon ID shares it does not hold should it hold at least 90% of the Company's share capital and voting rights after the Offer. The squeeze-out would be carried out in return for compensation equal to the Offer price, i.e. €38.01 per share in cash and would result in the delisting of the company from the stock exchange.

Revenues for the 1st quarter 2023/24: €51.4m, up +22%

In € million – IFRS standards Unaudited data	2022/23 consolidated	2023/24 consolidated	Variation	Change on a like- for-like basis
Sales 1 st quarter	42.2	51.4	+22%	+19%

Activity relating to the acquisition of Uwinloc's assets has been recognised since 1st January 2023.

In the 1st quarter 2023/24, Paragon ID posted consolidated sales of €51.4 m, an increase of +22%. At constant exchange rates and like-for-like basis, organic growth was +19%.

Transport & Smart Cities posted growth of +24% in the first quarter of the year, with all geographical regions benefiting from the increase in passenger traffic in urban transport.

Track & Trace & Brand Protection recorded a -6% quarterly decline, especially in EMEA (Europe, Middle East and Africa). Activities linked to product traceability (Tags, IoT & RFID) continue to be held back by economic uncertainties and difficulties in supply chains. Business momentum remains strong in baggage tags for the airline industry.

The **Payment** division reported stable sales for the quarter (-0.3%), driven by sales of gift cards, RFID modules for contactless payment, AmaTech's licence revenues and sales of Paragon ID's proprietary contactless metal payment cards, which will be delivered more rapidly in 2023/24.

Continuing to benefit from large deliveries of "Data Pages" for passports and ID cards following major orders received at the end of 2022, the **e-ID** division recorded quarterly growth of +134%.

About Paragon ID

Paragon ID is a leader in identification solutions, in particular in the e-ID, Transport & Smart Cities, Track & Trace & Brand Protection and Payment sectors. Paragon ID employs more than 900 staff, with manufacturing sites in US and Europe, close to its customers.

Paragon ID is listed on Euronext Paris (Euronext Paris - FR0013318813 - PID) with a majority of its shares being held by Grenadier Holdings Ltd., (formerly Paragon Group), a private investment group present in more than 30 countries worldwide, with a turnover of 1.5 billion euros and more than 10,000 employees. For more information, visit [Grenadierholdings.com](https://www.grenadierholdings.com).

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

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