

TAGSYS Fact Sheet

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Contact: Elie SIMON, President and CEO
180, chemin de Saint-Lambert
F - 13821 La Penne-sur-Huveaune
Tel. +33 4 91 27 57 20 - Fax. +33 4 91 27 57 01 email to:
elie.simon@tagsys.net



TAGSYS

TAGSYS is the global leader in item-level RFID systems and tags.

TAGSYS' unique technology and know-how combination meets a growing market demand for Reliable, Accurate and Secure "R.A.S." solutions to protect brands, authenticate assets, and perform real-time inventory management.

We design, manufacture and integrate end-to-end RFID infrastructure, including in-house designed tags, readers, application reading stations and real-time software and protocols for item tracking and handling, and supply-chain management.

Through a decade of consistent investment **TAGSYS** has developed:

- A proven track record of delivering *R.A.S.* RFID systems and tags with the highest read rates in the industry
- A substantial portfolio of IP and patents, which enable TAGSYS to produce a wide range of tags which best fit the purpose, for example the smallest tags, the battery- less sensor tags, the unbreakable tags, ...
- A flexible and highly scalable tag manufacturing capacity
- #1 positions in several well developed markets

Over 500 customers in 40+ countries are already benefiting from **TAGSYS'** RFID expertise, endorsed by a large network of partners and integrators.

Headquartered in Marseilles, France, **TAGSYS** has strategically located offices in the US (Philadelphia) and Asia (Hong Kong and Singapore).

Background

The business started in 1996 as the Tag Division of Gemplus, the French world leader in smartcard services. In 2001 the division was spun out to form **TAGSYS** through a management buy-out. The early stages of **TAGSYS'** independent development were mainly focused on closed-loop applications in fairly select industries. However, given market developments, it was clear that **TAGSYS** should have higher ambitions.

TAGSYS is now widening the scope of the business and grows aggressively, bringing new applications to key mature and global markets such as Life Sciences and Fashion & Apparel. To this effect, ENDEAVOUR L.P. and ELLIOTT ASSOCIATES, L.P. and its affiliates led a US\$ 12 million financing round in early 2005.

Market drivers

According to Venture Development Corp. (VDC), the global RFID market will grow to \$7 billion by 2008, from \$1.6 billion in 2004. Growth is driven on the one hand by the development of industry standards, the reduction in component prices, the maturity of the RFID infrastructure products and the strong endorsement of the technology by the leading IT players, and on the other hand by the growing and firm commitment coming from specific market sectors. After the mandates from Wal-Mart and the DoD for pallet and case-level RFID at UHF (Ultra High Frequency), come the mandates from the FDA, Boeing-Airbus and DHL for item-level RFID at HF (High Frequency), to track the goods as they move thru the supply chain, as early as 2007. Thanks to its long expertise

in delivering faultless systems, **TAGSYS** is well positioned to take advantage of these trends and cement its position as a global leader in RFID.

Customer Fit **TAGSYS'** item-level tagging approach fits at strategic points of the customer's value chain:

Supply chain: Cost reduction along the supply chain enabled by automated processes in Distribution Centers, real-time inventory, and reduced "shrinkage".

Store management: Increased revenues thanks to better stock management and shortened restocking at store-level.

Marketing and Legal: Brand protection and anti-counterfeiting measures.

Strategy **TAGSYS'** approach to deploying RFID is market and customer driven:

- We analyze market potential and readiness by sector, and we select sector opportunities with greatest Return on Investment and lower risk for our clients.
- We focus on applications that benefit most highly from the company's expertise. Traceability, authentication, anti-counterfeiting applications require **TAGSYS** unique expertise to deliver and integrate R.A.S. systems into the customer mission-critical manufacturing process.
- We focus our development creativity on the target markets, developing products and IP in partnership with lead customers.
- We build strategic partnerships with complementary product specialists in each market.
- We drive maturing and developed products to profitability while addressing new targets.

As a result of this growth strategy, **TAGSYS** has become the number 1 player in its markets of choice and is the first to enter some of the most promising RFID markets:

- **TAGSYS** is #1 in closed-loop markets such as Gas Cylinder Tracking, Textile Rental, and Libraries.
- **TAGSYS** has successfully exploited embedded applications such as Video Rental, Waste Management, Induction Cooking, and Cash-in-Transit...
- **TAGSYS** is pioneering the open-loop Fashion & Apparel and Pharmaceutical Drugs segments as those industries require small tags, multi-read features, under a variety of environmental constraints such as: liquid, metal, organic, ...

Technology **TAGSYS** has demonstrated unique leadership in designing, producing and implementing R.A.S. RFID Infrastructure and tags at both HF and UHF, to track and trace goods 24/7.

TAGSYS RFID systems combine:

- A solid technology platform:
 - Two families of small RFID tags, with over 60 million sold, that can be easily integrated into or adhered onto goods, including the patented micro-tag injected in the cap of pharma parenteral vials.
 - Three families of readers that comply with worldwide telecom and communication standards and can fit within any type of reader system, already more than 50,000 units sold.
- Market specific Reader systems tuned to perform mobile or fixed Check-In, Sorting, Inventory or Check-out RFID transactions. For example: The patented 3-D RAS tunnel that reads 100% of the goods in a carton, already installed at over 100 customer sites, and smart shelves that perform real-time and permanent inventories at the point of sale.
- A Field-proven customisation expertise to combine **TAGSYS** infrastructure with application middleware and automation systems to deliver the performance required by the business case.
- A substantial IP (25+ patents) portfolio that continues to expand at a pace of around 10 new applications per year.

- Products** TAGSYS RFID Systems for e-connecting goods include:
- **Tags** (ARIO™ tags, ideal for industrial applications; small and semi-rigid - FOLIO™ tags, ideal for logistics applications; paper thin and flexible)
 - A suite of proximity, medium range and long distance **reading stations** allowing maximum flexibility
 - **3D tunnel readers** to bulk read up to 400 items without removing them from their shipping cases
 - Industry specific reading stations to overcome the technical challenges associated with tracking items in metallic, organic, and liquid environments (gas cylinders, food & beverages, textile, ...)
- Standardization** TAGSYS is a veteran participant in the development of RFID standards with international organizations such as ISO and EPC global. TAGSYS IP has been endorsed by ISO committees for both HF and UHF official ISO18000 standards. Together with Philips, TAGSYS has already submitted a proposal for item-level standardization at HF.
- Production** TAGSYS production strategy is to scale capacity through a distributed production power approach. This approach is:
- Flexible to address the diversity of tag form factors
 - Scalable to ramp up to several billion tag capacity through a controlled path.
 - Distributed to allow mass customisation of the tags and expedite delivery to local customers.
- Partnerships** TAGSYS has established partnerships with leading consulting, middleware and automation companies that have strong installed bases in target markets:
- Pharmaceuticals and Fashion Apparel -- IBM Global Services, Cap Gemini, Atos Origin, SUN Microsystems, PAXAR, Siemens Automation and NEC
 - Textile Rentals -- Most garment automation vendors and key integrators, including Jensen (Global), Metal Progetti (IT), Kannegiesser (GE), LCT (EU), and Positek (USA)
 - Libraries -- Leading software and automation vendors, including Dynix, and FKI Logistex.
- Management** The TAGSYS Management Team is one of the most knowledgeable and skilled in the industry. The core of TAGSYS' senior management team founded the RFID unit within Gemplus and developed and implemented the buy-out from Gemplus in 2001. Managed by Elie Simon the team possesses the right skills and experience to grow the TAGSYS business:
- Over 60 combined years pioneering R&D and applications development in the RFID arena
 - Deep understanding of customer-led applications and data management systems along the supply-chain
 - A successful marketing and go-to-market track record with a wide variety of products and applications in high-growth and highly competitive environments
 - The international experience and global vision required by multinational clients and partners.
- Investors** The lead investors are Endeavour, a Pan-European venture firm created by highly successful world-class entrepreneurs, and Elliott, a New York-based private investment fund with more than (US) \$4 billion of capital under management. Other shareholders include AXA Private Equity (France), Add Partners (UK), Saffron Hill Ventures and the French Joint Investment Fund for Young Enterprises (FCJE).