PRESS RELEASE

SMARTRAC reports fiscal year 2010 results: Sales of EUR 180.1 million, EBITDA of EUR 19.7 million

- Sales 2010: EUR 180.1 million, representing an increase of 41 percent as compared with EUR 127.9 million reported in 2009
- EBITDA 2010: EUR 19.7 million compared to EUR 15.9 million in 2009, profitability at 11 percent EBITDA margin
- Balance sheet 2010: Equity increased by 30 percent to EUR 161.6 million compared to EUR 124.6 million in 2009, equity ratio at 65 percent (2009: 60 percent)
- Outlook 2011: Group sales expected to grow to EUR 200 million, EBITDA profitability to come back closer to past levels
- Dr. Christian Fischer, CEO: “As a result of the strong market upturn and based on our dedicated business model, we were able to even exceed market dynamics in 2010. The strong growth, however, also posed challenges for our organization. For 2011, we expect further growth and aim to re-focus on our goal of improving efficiency and profitability of the company.”

Amsterdam, March 31, 2011 – SMARTRAC N.V., a leading developer, manufacturer and supplier of RFID transponders, today announces financial figures for the fiscal year 2010. SMARTRAC considers 2010 to be another successful year for the company. The strong recovery of the industry resulted in high production and shipment levels as well as a continued high utilization level of the company’s global production capacity in 2010. To keep pace with the high demand, the SMARTRAC Management initiated the largest investment program in the company history to expand the overall manufacturing capacity and speed up lead times. The strong growth, however, also posed challenges to the company’s organization. Key topics of the 2010 development:

Keeping Pace with the Strong Market Upturn
Based on initial positive signs at the end of 2009, SMARTRAC started confident into the year. The stabilization of the global economy at the beginning of 2010 and resumption of the technology shift toward contactless technologies soon turned into a strong recovery of the industry. As a result of the company’s unique position in the RFID value chain and its focused RFID strategy, SMARTRAC was not only able to substantially benefit from the strong market upturn, but to even exceed market dynamics. All four business units experienced high customer demand on a global scale. As a result, SMARTRAC reported one production and sales record after the next on the basis of business with established markets as well as on business with new products and customers. The lasting high order entry allowed SMARTRAC to increase revenues by 41 percent to EUR 180.1 million in fiscal year 2010.

Enlarging and Improving the Global Production Network
The ever-increasing customer demand led to a continued high utilization level of SMARTRAC’s worldwide production network in 2010. The successful integration of inlay production assets from MCT contributed positively to the company’s production capacity. The market growth was, however, much stronger than expected. Therefore, the SMARTRAC Management initiated the

Page 1
largest investment program in the company history to expand overall manufacturing capacity and speed up lead times.

Both, the high utilization level of the core factories and the increase of production capacity, strained the organizational and operational set-up of the company and required the full attention of the teams. As a result, the operations project launched in 2009 to leverage untapped efficiency potentials received less attention in 2010 than planned. The initiated operational measures therefore require additional time to unfold their full potential.

Securing SMARTRAC’s Proven Strategy and Financial Flexibility
On August 30, 2010, SMARTRAC and One Equity Partners (OEP) announced the signing of a foundation agreement to enter into a strategic cooperation. OEP as a long-term committed, strong financial partner and anchor investor is considered to be an ideal partner for SMARTRAC to support the company’s proven strategy and business model as well as to back up the company’s further growth.

As part of the foundation agreement, SMARTRAC conducted a 10 percent capital increase on October 15, 2010, which was fully signed by OEP Technologie B.V. SMARTRAC received gross proceeds of approximately EUR 26.0 million.

With the transactions, SMARTRAC further improved its sound financial position and strengthened its equity base. The company considers its financial position to be one of the strongest in the RFID industry and the ideal basis for the company’s growth strategy for the future.

Financial year 2010

<table>
<thead>
<tr>
<th>Key financial figures in thousands of EUR</th>
<th>Consolidated 12 months ended December 2010</th>
<th>Consolidated 12 months ended December 2009</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated income statement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>180,111</td>
<td>127,862</td>
<td>40.9</td>
</tr>
<tr>
<td>EBITDA</td>
<td>19,725</td>
<td>15,933</td>
<td>23.8</td>
</tr>
<tr>
<td>Net profit</td>
<td>6,073</td>
<td>5,060</td>
<td>20.0</td>
</tr>
<tr>
<td><strong>Financial position and liquidity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>1,940</td>
<td>6,063</td>
<td>(68.0)</td>
</tr>
<tr>
<td>Working capital</td>
<td>43,722</td>
<td>31,037</td>
<td>40.9</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>18,207</td>
<td>9,673</td>
<td>88.2</td>
</tr>
<tr>
<td>Total Assets</td>
<td>248,457</td>
<td>208,345</td>
<td>19.3</td>
</tr>
<tr>
<td><strong>Operating Figures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic earnings per share (EUR)</td>
<td>0.41</td>
<td>0.38</td>
<td>7.9</td>
</tr>
<tr>
<td>Operating cash flow per share (EUR)</td>
<td>0.13</td>
<td>0.45</td>
<td>(71.1)</td>
</tr>
<tr>
<td>Equity ratio (%)</td>
<td>65.0</td>
<td>59.8</td>
<td>8.7</td>
</tr>
<tr>
<td>Headcount (at month’s end)</td>
<td>3,488</td>
<td>2,734</td>
<td>27.6</td>
</tr>
</tbody>
</table>
Group revenues
The SMARTRAC Group generated revenues of EUR 180.1 million in 2010. This represents an increase of 41 percent from the previous year figure of EUR 127.9 million. All business units were able to benefit from the strong market demand and contributed to the growth of the Group.

On the basis of business with established customers as well as on business from new projects and customers, sales in the Security Segment increased by 43 percent and amounted to EUR 136.3 million in 2010 compared to sales of EUR 95.5 million a year ago.

Sales in the Industry Segment accounted for EUR 42.5 million in 2010 representing an increase of 38 percent compared to sales of EUR 30.7 million in 2009. Growth resulted from the stable demand in the automotive business, additional projects in the non-automotive business as well as increased sales in the tickets and labels business.

Group EBITDA
The Group EBITDA (including EBITDA from other operations) increased by 24 percent to EUR 19.7 million in 2010 compared to EBITDA of EUR 15.9 million in 2009 as a result of the strong market demand. EBITDA, as per definition, for 2010 excludes extraordinary legal and financial costs relating to the strategic partnership with One Equity Partners (OEP). In total, the EBITDA remained clearly behind the Company’s potential. Among other factors, significant reasons for this development are the further change in the product mix and the ongoing costs related to the ramp up of volume production in Malaysia. The Group EBITDA margin amounted to 11 percent in 2010, as compared with 13 percent one year ago.

In the fiscal year 2010, the Security Segment reported EBITDA of EUR 16.5 million. Compared to EBITDA of EUR 16.9 million achieved in 2009, this represents a decrease of 2 percent. The EBITDA margin of 12 percent (2009: 18 percent) was burdened by the ongoing high proportion of microchip sourcing to accommodate shortages in the semiconductor industry as well as by the identified operational inefficiencies which became particularly noticeable due to the high utilization level of the global production capacities in the period under review.

The Industry Segment accounted for EBITDA of EUR 2.1 million and thus more than doubled compared to EBITDA of EUR 1.0 million reported in 2009. The EBITDA margin of 5 percent (2009: 3 percent) is still significantly burdened by the ramp-up cost for the production facility in Malaysia and nonrecurring restructuring cost related to the technology transfer from Germany to Malaysia.

Net profit
Profit for the fiscal year 2010 amounted to EUR 6.1 million compared to EUR 5.1 million in 2009 representing an increase of 20 percent on the previous year’s result.

Financial position
As of December 31, 2010, total assets of the consolidated balance sheet amounted to EUR 248.5 million, representing an increase of 19 percent compared to the previous year figure of EUR 208.3 million. This increase mainly resulted from the equity increase carried out in 2010.

The increase of 30 percent in total equity attributable to equity holders to a total of EUR 161.6 million primarily resulted from the capital increase conducted in October 2010, the sale of treasury stock as well as from the net profit of EUR 6.1 million. The equity ratio increased from
60 percent at the end of 2009 to 65 percent as of the 2010 reporting date, providing a solid financial structure for future growth.

Net cash provided by operating activities amounted to EUR 1.9 million in 2010, compared to EUR 6.1 million in the previous year. Despite a higher net profit of EUR 6.1 million in 2010, compared to EUR 5.1 million in 2009, the decrease in the operating cash flow mainly resulted from the increase of the working capital position in 2010. In particular, inventories increased significantly by EUR 12.1 million in 2010 (2009: increase by EUR 1.8 million) to match the strong order entry on customer side. Among other things, safety stock for microchip integrated circuits (ICs) was increased to cope with the shortage in the semiconductor industry.

As a result of the investment program initiated by the management in the course of the year to enlarge overall production capacity, net cash used in investing activities increased to EUR 19.4 million as of December 31, 2010, compared with net cash used of EUR 5.5 million for the same period of 2009.

As of December 31, 2010, SMARTRAC employed a total workforce of 3,488 people compared to 2,734 employees as of December 31, 2009.

**Business outlook**
The RFID market offers strong growth potential. SMARTRAC expects that growth rates will, however, return to a much more moderate level than the levels seen in the post-crisis market growth of 2010. It is the company’s declared aim to grow steadily and robustly and to improve profitability to create value for employees, shareholders, customers, business partners, and the company itself.

For this reason, the management team will work on improving processes, efficiency, and structures within SMARTRAC and on maintaining and expanding the company’s leading market position in the global RFID industry. For fiscal year 2011, the SMARTRAC Management is confident of being able to achieve growth as well as an improvement in profitability.

“The year 2010 was an exceptional one for SMARTRAC. We have accomplished several strategic milestones and shaped the foundations for the future of our company,” said Dr. Christian Fischer. “However, we are also aware of the fact that certain challenges remained unsolved in 2010 and will require our full attention in 2011. For 2011, we expected Group sales to grow to EUR 200 million. In terms of profitability, we are working hard to achieve Group EBITDA margins which come back closer to past levels.”

The SMARTRAC 2010 Annual Report has been published today and is available for download on the company’s website at [www.smartrac-group.com](http://www.smartrac-group.com). The 2010 financial statements will be presented to the Annual General Meeting of Shareholders in Amsterdam on May 31, 2011 for adoption. KPMG ACCOUNTANTS N.V. issued an unqualified auditor’s report in relation to the financial statements 2010.

**About SMARTRAC:**
SMARTRAC is a leading developer, manufacturer, and supplier of RFID components for a broad bandwidth of applications in all current frequency standards. The company produces ready-made as well as customized transponders for public transport, access control, RFID-based car immobilizers, animal identification, libraries, industry, and logistics.
SMARTRAC is the global market leader in high-quality RFID inlays for electronic passports (e-Passports) and contactless credit cards (e-Payment) as well as for RFID transponders for public transport applications. SMARTRAC was founded in 2000, went public in July 2006, and trades as a stock corporation under Dutch law with its registered headquarters in Amsterdam. The company currently employs nearly 3,500 employees and maintains a global research and development, production, and sales network.

If you have any questions, please contact:

Tanja Moehler
Head of Corporate Communications
SMARTRAC N.V.
Phone: +31 20 30 50 157
Email: tanja.moehler@smartrac-group.com
Internet: www.smartrac-group.com

Forward-looking statements
To the extent that this press release contains forward-looking statements, such statements are based on assumptions, planning and forecasts at the time of publication of this press release. Forward-looking statements always involve uncertainties. Business and economic risks and developments, the conduct of competitors, political decisions and other factors may cause the actual results to be materially different from the assumptions, planning and forecasts at the time of publication of this press release. Therefore, SMARTRAC N.V. does not assume any responsibility relating to forward-looking statements contained in this press release. Furthermore, SMARTRAC N.V. does not assume any obligation to update the forward-looking statements contained in this press release.