

FOR: IMMEDIATE RELEASE

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PARAGON TECHNOLOGIES REPORTS 2011 YEAR-END RESULTS

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EASTON, PA — February 29, 2012 -- Paragon Technologies, Inc. (OTC Pink: PGNT), a leading supplier of “smart” material handling systems and “software-driven” warehouse and distribution center solutions, announced today results for the year ended December 31, 2011.

During the year ended December 31, 2011, the Company had net income of \$191,000 or \$0.12 earnings per share on sales of \$8.5 million, compared to a net loss of \$1,054,000 or \$0.68 loss per share on sales of \$8.0 million during the year ended December 31, 2010.

Net income for the year ended December 31, 2011 was favorably impacted by an increase in sales and gross profit of \$488,000 and \$776,000, respectively, as well as a decrease in selling, general and administrative expenses of \$441,000.

Len Yurkovic, Acting CEO of Paragon Technologies, commented, “The results for the year ended December 31, 2011 are a welcome profit improvement over the prior year comparable period and represent a total team effort. We are pleased with our strong balance sheet. Our customer relationships provide a strong platform as we continue to target active sectors of the marketplace.”

Paragon’s SI Systems’ branded technologies drive productivity at Fortune 1000 companies and the United States Government.

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About Paragon Technologies

Paragon Technologies is a leader in integrating material handling systems and creating automated solutions for material flow applications. SI Systems' branded technologies and material handling solutions address unit assembly in manufacturing operations and order fulfillment applications. One of the top material handling systems suppliers worldwide, SI Systems' leading clients have included the United States Postal Service, BMG, Peterbilt, Honda, and Maybelline.

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Cautionary Statement. *Certain statements contained herein are not based on historical fact and are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and the Securities and Exchange Commission rules, regulations and releases. Paragon intends that such forward-looking statements be subject to the safe harbors created hereby. Among other things, the forward-looking statements regard Paragon's earnings, liquidity, financial condition, review of strategic alternatives, and other matters. Words or phrases denoting the anticipated results of future events, such as "anticipate," "does not anticipate," "should help to," "believe," "estimate," "is positioned," "expects," "may," "will," "is expected," "should," "continue," and similar expressions that denote uncertainty, are intended to identify such forward-looking statements. Paragon's actual results, performance, or achievements could differ materially from the results expressed in, or implied by, such "forward-looking statements": (1) as a result of factors over which Paragon has no control, including the strength of domestic and foreign economies, sales growth, competition, and certain cost increases; and (2) if the factors on which Paragon's conclusions are based do not conform to its expectations. The forward-looking statements contained in this press release may become outdated over time. Paragon does not assume any responsibility for updating any forward-looking statements. Furthermore, achievement of the objectives of the Company is subject to certain risks, including, but not limited to, those risks outlined in Paragon's filings with the OTC Markets Group, including its annual report for the fiscal year ended December 31, 2010, and the most recent quarterly report for the period ended September 30, 2011 as filed with the OTC Markets Group.*

This press release and prior releases are available at www.ptgamex.com.

Paragon Technologies, Inc.
Summary Financial Information
Selected Financial Data — Balance Sheets
(In Thousands, Except Ratio Information)

	December 31, 2011	December 31, 2010
Cash and cash equivalents	\$ 4,871	4,892
Trade receivables	\$ 838	1,744
Inventories	\$ 577	492
Current assets	\$ 6,639	7,443
Current liabilities	1,677	2,704
Working capital	<u>\$ 4,962</u>	<u>4,739</u>
Current ratio	3.96	2.75
Total assets	\$ 6,751	7,587
Total stockholders' equity	\$ 5,074	4,883

Paragon Technologies, Inc.
Summary Financial Information
Selected Financial Data — Statements of Operations
(In Thousands, Except Per Share Information)

	Year Ended December 31,	
	2011	2010
Net sales	<u>\$ 8,524</u>	<u>8,036</u>
Income (loss) before income taxes	\$ 161	(1,205)
Income tax benefit	(30)	(151)
Net income (loss)	<u>\$ 191</u>	<u>(1,054)</u>
Basic earnings (loss) per share	<u>\$.12</u>	<u>(.68)</u>
Diluted earnings (loss) per share	<u>\$.12</u>	<u>(.68)</u>

Paragon Technologies, Inc.
Supplemental Financial Information
Reconciliation of Net Income (Loss) to EBITDA
(In Thousands)

	Year Ended December 31,	
	2011	2010
Net income (loss)	\$ 191	(1,054)
Add: Income tax benefit	(30)	(151)
Income (loss) before income taxes	161	(1,205)
Add: Interest expense	1	1
Add: Depreciation and amortization expense	55	76
EBITDA	<u>\$ 217</u>	<u>(1,128)</u>