Report & Financial Statements

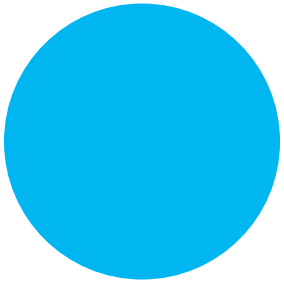
Paragon Group Limited

30th June 2021

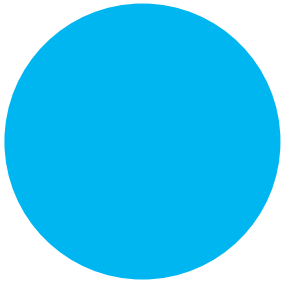


2021

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Presentation of results and
annual review

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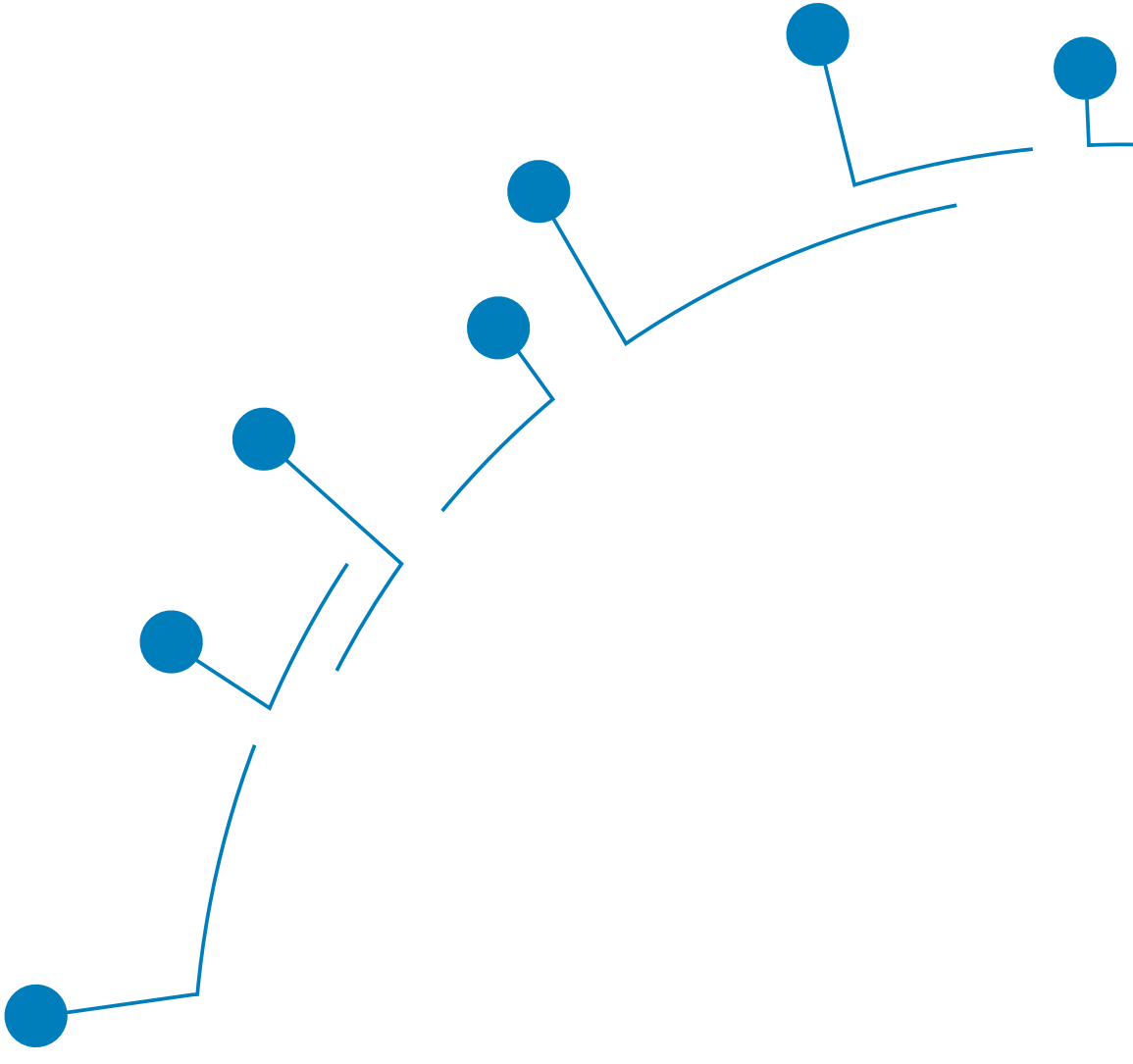
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Paragon at a glance...

Paragon Group is a leading provider of Customer Communications, Identification, Graphics and Office Services. 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.

9,000+ people working in **20+** countries

Secure ID in a connected world



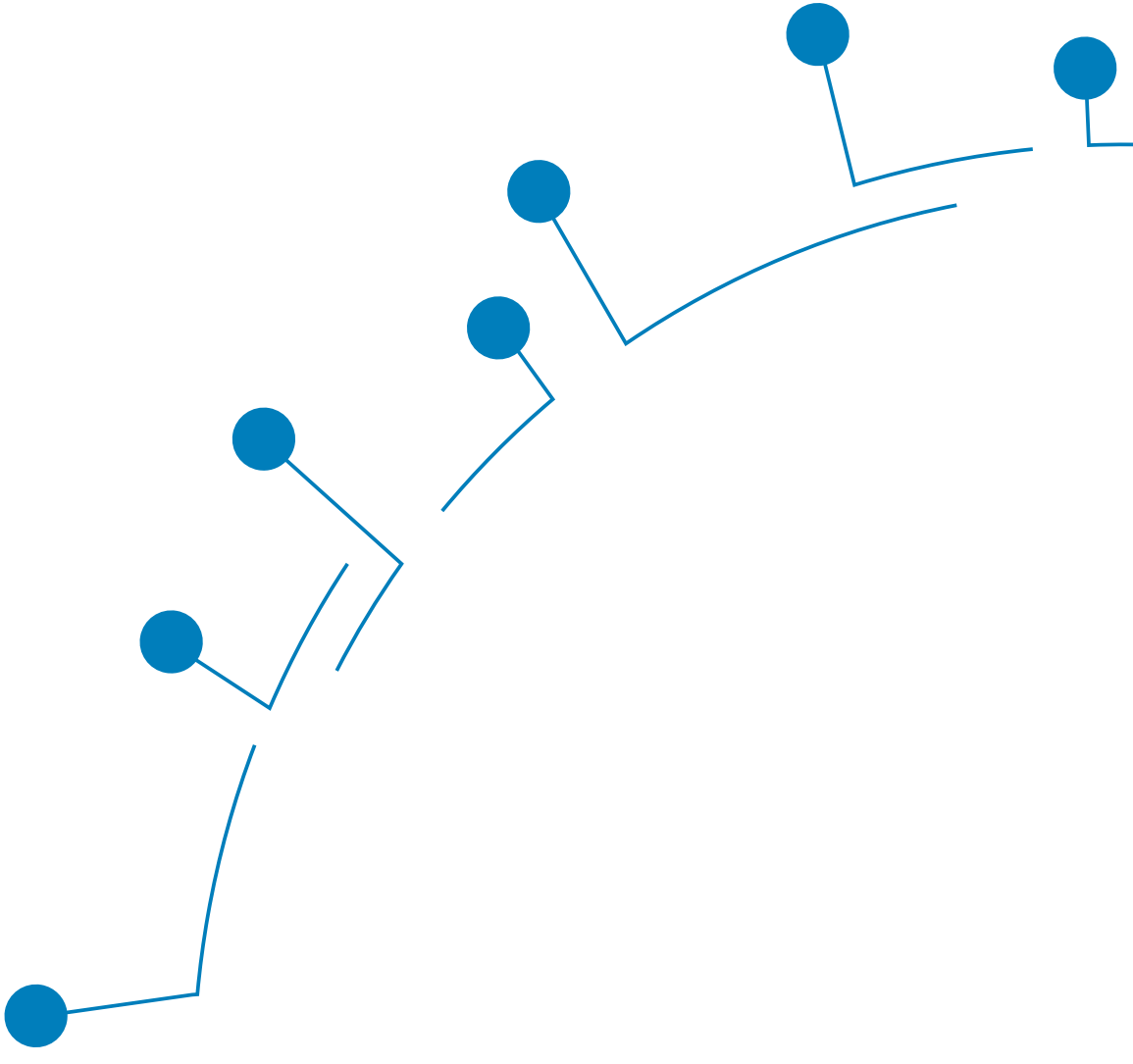
Focussed **on Sustainability**

Creating **visual experiences**

Delivering everything customers need to operate **effectively**

Together, we deliver the future of brilliant customer communications, **globally**

...from physical to digital



2021 Financial Highlights

Sales

€1.214bn

(2020: 1.081bn)

+12% +€133m

Underlying EBITDA[2]

€83m

(2020: €77m)

+7% +€6m

Cash on Hand

€124m

(2020: €147m)

People

9,000+

Net Debt[4]

€210m

Businesses Acquired

8

3 additional businesses acquired post year end

1. EBITDA is defined in Note 2(s) on page 126.
2. Underlying EBITDA is defined in Note 2(s) on page 126.
3. Proforma sales and EBITDA is defined in Note 2(s) on page 126.
4. Net debt is defined in Note 2(s) on page 126.

Local & Global:

Over 130 Locations in 20+ Countries

19 Scandinavian locations

- Commercial Print & Book on Demand Production
- Design, Large Format and Reprographics
- Offset and Digital Printing

8 Eastern European locations including Bulgaria, Czech Republic, Poland, Romania & Ukraine

- Sophisticated Production Facilities
- App and Website Development in Bulgaria
- Czech Republic and Poland providing Direct Marketing and Fulfilment
- Romania, near shore Production for RFID, Digital Print and Fulfilment
- Poland and Ukraine provide Digital Services
- Poland BPO Operations

34 Central European locations including Belgium, France, Germany, Greece, Italy, Luxembourg, The Netherlands & Spain

- BPO Operations and Secure & Regulatory Communications
- Data Insight
- Development, Production, Logistics and Supply Chain
- Digital and Physical Transactional Documents
- Direct Marketing and Fulfilment
- Highly personalised Direct Marketing in small and large volumes
- Inbound Scanning and Processing Centre
- On-Demand Publishing and Retail
- RFID, Digital Print and Fulfilment
- RFID and Magnetic Ticket Production
- Software Development Centre
- Election Services

Canada

- Election Services (Scytl)

US locations

- Data Insight (Celerity)
- e-ID Manufacturing Facility in Vermont
- PID Sales Office in LA and San Diego
- Election Services (Scytl) in Tampa

India

- IT Support and Development Sites

Australia

- Sales Office

65 locations across 4 businesses in UK & Ireland

- Application Software Development Centre
- Corporate Support Office, M&A, Finance and Operations
- Data Analysis and Customer Insight
- International Sales & Marketing
- PCC bases providing Marketing, Transaction Processing, Print Management and Creative
- Digital (DCX) Agencies
- Print & Design and Large Format & Display
- Sophisticated Regulatory, Transactional and Marketing Production
- RFID and Magnetic Production
- Payment Card Personalisation, R&D and Manufacturing
- Office Services

Paragon Group continues to deliver strong growth in line with our strategic objectives...



*Revenue 2021 is per actual figures reported in June 2021.
** Revenue 2022 PF (unaudited) includes the full year impact of acquisitions completed post year end 2021.
1. Underlying EBITDA is defined in Note 2(s) on page 126. This is expressed as a percentage of Net Revenue.

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Patrick Crean
Executive Chairman Paragon Group

Statement from Our Executive Chairman

Paragon Group continues to demonstrate resilience during a difficult period, and despite the continuing challenges presented by COVID-19, I am pleased to report a year of solid growth.

Growth and Profitability

In 2021, we grew sales by 12% to €1.214 billion, while underlying EBITDA[1] grew by 7% to €83 million. Our model of serving various customers across multiple sectors and geographies has contributed to our resilient performance.

We took the opportunity this year to invest in significant change and integration programmes and we have now successfully completed the largest ever such programmes in the Group. This ensures that we are strongly positioned for the future. The challenges presented by COVID-19 have enabled us to accelerate our repositioning in certain markets and we expect to see significant benefit from this in the next few years.

I would like to personally thank all our people for their hard work and commitment, which contributed to the delivery of our results.

As a Group, we have continued our strong growth trajectory. Our three-year compound annual growth rate in revenue since 2018 is 22%. As a Group, we are very well positioned with cash on hand of €124 million at 30 June 2021. Post year end, we successfully undertook a bond issue of €180 million. In the next fiscal year, we expect our sales to be in excess of €1.4 billion.

"Our Board is grateful to all our colleagues for their contributions and their relentless drive to continue to deliver sustainable value creation."

The initiatives we undertook this year across the Group coupled with our strong financial position means that we are very well positioned to implement the next phase of our strategy.

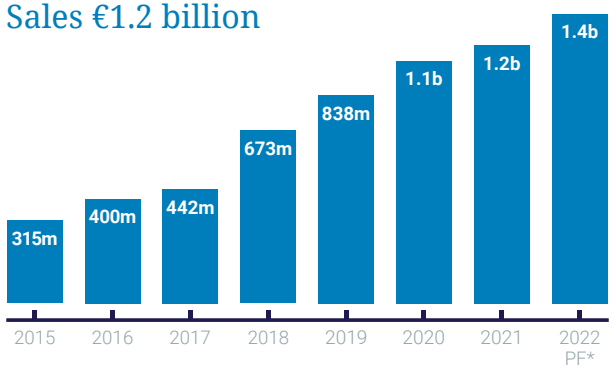
Acquisitive Growth, Integration and Evolution

Paragon Group acquired a number of companies during the fiscal year and post year end. In the 2021 fiscal year, we were delighted to welcome new colleagues from CB Info SAS and Promo International Limited into our Paragon Customer Communications (PCC) business.

In Paragon ID (PID), we increased our shareholding in Airweb SAS to a significant majority and we acquired a controlling interest in Apitrak SAS. Post year end, we also acquired Security Label GmbH (Security Label) in Germany and Electronic Data Magnetic Inc (EDM) in the US.

During the year, we acquired the trade and certain assets of Office Depot Europe and post year end we completed

Sales €1.2 billion



Sales €1.214bn

Underlying EBITDA €83m

€124m Cash on Hand

1. EBITDA is defined in Note 2(s) on page 126.
2. Underlying EBITDA is defined in Note 2(s) on page 126..
3. Proforma sales and EBITDA is defined in Note 2(s) on page 126.
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* Revenue 2022 PF (unaudited) includes the impact of acquisitions completed post year end 2021.

the transaction. This has enabled us to create a nationwide distribution and logistics facility in the UK.

Our Graphics business acquired Tangent on Demand Ltd (TOD), which now forms the core of our creative design and print business in London. We acquired Electronic Voting SA in administration (Scytl) and Trenton Box Company Ltd (Trenton Box) renamed Trenton.

We have already substantially integrated the businesses acquired during the fiscal year. The integration and synergies of these businesses will set the Group up for further growth in the future. Our ability to integrate businesses successfully and at scale continues to be a key differentiator and gives us a strong platform for future growth.

Paragon Group continues to assess markets to ensure we align our service offering with customer demands. Operationally and financially, we are a strong, disciplined, and ambitious company that prides itself on being customer focussed. As a Group, we continue to evolve as a critical business service provider, offering our clients both physical and digital solutions. This migration has been driven primarily by our customers' needs and has heavily influenced our acquisitive focus to become more relevant to our clients' long-term expectations of the Group.

Technology: Continuing Investment in Customer-facing Platforms

We have already delivered on large parts of our strategic transformation journey to a simplified, scalable, and flexible technology landscape. We are focussed on expanding customer facing platforms which enable automated and flexible service delivery – highlights include the significant focus on this area in PID, with ticketing and location-based platforms now fully in place. In PCC, we continue to build out our OnePlatform and PeP platforms while in our Office Services business, Smartpad is a key differentiator.

Paragon Group is recognised as an industry expert that advises on and delivers cost reduction, technology transformation and our ability to deliver digital transformation for customers. This is now a key part of our DNA and is driving further demand.

Sustainability

We are all fully aware of the critical importance of sustainability for our planet. The Paragon Group is fully committed to operating in a fully sustainable manner. Throughout this document you will see examples of the initiatives we are undertaking to ensure this. I am especially pleased that we have been awarded the EcoVadis Platinum Level Sustainability Rating in our PCC businesses in the UK and France and in PID – this is the highest possible measure and is awarded to the top 1% globally of all companies assessed by Ecovadis.

Business Resilience and COVID-19

The continuing impact of COVID-19 is being felt by businesses around the world. We have navigated a broad range of interrelated issues, from keeping employees and customers safe, to managing cash and liquidity, and remodelling operations. We know that COVID-19 related challenges will continue, but we also know that with courage, discipline, focus and the right team of people, we will continue to grow our business in a profitable manner. Paragon Group continues to be classified as an Essential Service Provider and will continue operations to serve and support our customers.

Our People

On behalf of the Board, I want to extend my sincere gratitude to all our people. We know it has not been easy for you, your colleagues, friends and loved ones. As we look to the road ahead, I feel privileged to work with you.

Many governments have asked people to continue to work from home where possible to reduce the spread of COVID-19. In support of this, we have encouraged our people who can work from home to keep doing so. However, as Paragon has been identified as an Essential Service Provider, we do need many of our staff to continue to work on site, and we have implemented a series of preventative health measures for employees and contractors at our sites around the world – everything from increasing the frequency and intensity of cleaning and supplying PPE to adjusting our practices to ensure the recommended social distancing guidelines are adhered to.

Our leadership teams are in constant contact and are working to identify additional ways to improve on these measures. It is expected that COVID-19 will be with us for the foreseeable future, so we will maintain these new measures to ensure we can continue to operate.

I also want to reiterate our absolute commitment to ensuring all our people are treated equally, irrespective of colour, creed, gender, sexual orientation, or any other factor. We are committed to embedding equality, diversity, and inclusion across the Group, ensuring that everyone has an equal opportunity and that our people are selected and treated solely based on merit, ability, and potential. We acknowledge, however, that there is still work to be done to ensure we create a working environment that is welcoming, inclusive, respectful, and free from discrimination.

Our Employees – Our Team

The results achieved by the Group in 2021 reflect the skills, initiative, qualities, and commitment of all of Paragon's employees. Our Board is grateful to all our colleagues for their contributions and their relentless drive to continue to deliver sustainable value creation.

Patrick J Crean
Executive Chairman Paragon Group
7 January 2022



Sean Shine
CEO Paragon Group

"We successfully completed the largest and most complex integration and restructuring projects – these were delivered ahead of both schedule and budget."

Sales €1.214bn

Underlying EBITDA €83m

€124m Cash on Hand

Statement from Our CEO

Paragon Group has an outstanding team of people, and we are privileged to work with the most successful customers globally. The Group continues to focus on driving strong growth and during the past year, we continued to operate in line with our growth strategy. Revenue grew by 12% to €1.214 billion and Underlying EBITDA[2] increased by 7% to €83 million.

Strong Operational Focus

This year, our focus on managing our business with rigour and discipline was critical. We successfully completed the largest and most complex integration and restructuring projects undertaken by the Group – these were delivered ahead of both schedule and budget. The benefits of these restructuring projects now mean that we are leaner and even more customer focussed, and our cost base is fully aligned with the new shape of our business.

Over the last 5 years, we have grown Paragon from €400 million to €1.4 billion. Our group comprises four Businesses – Paragon Customer Communications (PCC), Paragon Identification (PID), Paragon Graphic Services (PGS) and Paragon Office Services. Each business is organised and runs independently with dedicated leadership teams. Each of our Divisions are now at the right scale to take on the next level of strategic growth.

During this fiscal year, we accelerated the pace of our strategic initiatives in our four business divisions:

Paragon Customer Communications

Our PCC business delivers end to end customer communications services to our customers. We provide 'business critical services' to our customers, for example:

- We handle the logistics, fulfilment and critically, customer data management for the National Health Service in the UK – to date we have delivered over 47 million COVID-19 home testing kits
- We provide billing and communication services for all mobile phone operators in Germany
- We manage all regulated outbound customer correspondence including transactional, bank statements and marketing communications for a major retail bank in France

Today, PCC is a €1 billion business. We are expanding our offer to provide more value-added services to our customers, this is built on strong technology platforms and managing our clients' customer data. Our unique positioning drives long term customer loyalty, in PCC our top 200 customers have an average relationship length with Paragon of more than 15 years. We have a strong focus on acquisitions and we acquire and integrate businesses that add scale, capability, and other specific objectives.

During the year, we continued operating closely with our customers and we reacted to shifting customer requirements to work remotely and to provide services 'within country' with flexibility and ease. Throughout PCC, our commitment to customer delivery was central to our strong performance. We continued to invest in our technology and

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automation programmes, our OnePlatform offering has been key to selling new long-term business to our customers, both existing and new and we continue to expand coverage of our PeP platform. We also successfully implemented significant integration and restructuring projects in the UK, France, Germany and the Netherlands, this has resulted in significant reduction in our operating costs and more streamlined delivery of services to our customers.

PCC is run by a dedicated leadership team, led by CEO Mike Gordon. PCC has a small core central team focussing on Procurement, IT and Finance. We are organised around four key geographic regions: UK, Ireland & Luxembourg, Western Europe, DACH & CEE and The Netherlands & Belgium with strong leadership teams in place. Strategically, we intend to grow PCC into North America over the next 1-2 years.

Paragon ID

Paragon ID (PID) uses contactless Radio Frequency Identification (RFID) and other technologies to power solutions for its clients in four distinct markets – Smart Cities & Mass Transit, Track & Trace, Payment, and e-ID.

Smart Cities and e-ID were particularly hard hit by COVID-19. PID took the opportunity to accelerate our strategic investments and we put a particular focus this year on initiatives relying on intellectual property, industrial expertise, certification, scale, and software platforms. We have invested significantly in the Platform as a Service model and this is driving significant new business in transit/ticketing and real time location service areas.

Our payments business made strong progress through a mix of IP-licensing to major credit card manufacturers globally and in the production of financial and retail cards. We are making significant investments to increase our capacity in these areas and expect to see the benefit of this in the next year. PID is organised globally and is led by CEO Clem Garvey.

Paragon Graphic Services

We deliver Digital Print, Design and Display services and products in UK, Ireland, Scandinavia, Spain and the Netherlands. This year we increased market share in a difficult environment, and gained a number of key customers. Our acquisition of TOD in the UK has positioned us as a leader in the creative design and production space. We have strong leadership teams in place running each of the business units.

Paragon Office Services

Office Services is our newest business and will deliver over €100 million revenue this year. We have created Office Services from a standing start in 2020 through the acquisition of the Office Team Group (including Office Team, Spicers, ZenOffice and The MPS Team). This year, we added Office Depot's UK & Ireland contract business and we also moved to a state-of-the-art national fulfilment centre based in Manchester and created a large business with turnover of more than €100 million within 18 months. We are still in the early 'investment stage' of this business and we will continue to invest in creating capacity and capability over the next year. We are satisfied with our progress to date. Office Services now comprises Office Team, Spicers, ZenOffice, The MPS Team and Office Depot and we operate in the UK & Ireland. Office Services is led by CEO, Andrew Jones.

Our Customers

We are privileged to work with some of the most successful and most recognised brands in the world. I want to say thank you to all our customers, we appreciate your business and will continue to deliver outstanding service. Our primary commitment is to our customers and to deliver on their requests. Throughout COVID-19, we have stayed close to our customers and this has driven increased organic sales. Throughout the report you will see descriptions of some client success stories.

Technology

A key focus of our investment is on building out technology platforms that automate and support customer business processes. Our customers expect this technology support, and this allied with our flexible IT consultancy and advisory resources helps deliver real value for our clients. We discuss examples of our technology focus throughout the report.

Our Team

I also want to say a special word of thanks to all our employees. Our people have continued to step up and regularly go the extra mile to deliver for our customers. We continue to invest in our leadership teams, and I am privileged to work alongside some of the most talented and capable people in our sectors. Our depth of talent and bench strength give us confidence as we look to the future. Our four businesses, PCC, PID, Paragon Graphic Services and Office Services, have performed well this year and continue to grow market share. Our structure enables agility and growth, and our continuous investment in technology enables us to further establish leadership positions.

Looking Ahead

Our ambition is to continue to drive our business and grow significantly by delivering critical business services. We believe that the right components are in place for this – we

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have the best people, we have the best technology, we are well-funded, and we have clear strategic positioning in our chosen markets. In addition, our M&A capability is outstanding, and we continue to track a large selection of opportunities. Beyond our ability to identify and buy the right companies at the right price, we can integrate new acquisitions at speed.

Sustainability

Throughout this report you will see examples of our Group's commitment to operating in a sustainable manner. Our commitment to sustainability is absolute and is now fully integrated into everything we do.

Financial Performance

This year we grew sales by 12% to €1.214 billion and our underlying EBITDA[1] grew by 8% to €83 million. This robust financial performance is testament to our focus on customers and on delivery. Our execution of multiple restructuring programmes this year has given us a strong platform for FY22.

Positioned for the Future

We firmly believe our strategic positioning and our leadership in key markets give us a strong platform for growth, as we take Paragon to the next level.

Sean Shine
CEO Paragon Group
7 January 2022

Smart people applying the best technologies make the world of difference

I want to recognise our people, their dedication, their skill, their experience, their ambition, their commitment to best in class. There is no better way to do this, perhaps, than to quote what our amazing and dedicated experts say throughout this report. More than articulating our unrivalled range of capabilities and solutions, their quotes speak to our service promise to each and every customer.

"Investment in each of our four strategic platforms – PEP, OnePlatform, SmartPad and ePro – delivered new capabilities to provide our clients with a broader range of services."

"Utilising our strong digital components helps our clients accelerate their digital transformation plans."

"Our end-to-end digital process increases data quality, collection and processing."

"We provide real-time tracking status for our clients and their customers."

"A digital-first approach opens a seamless route for end consumers to communicate back and forth with our clients."

"We have developed, launched, and grown our own technology platforms to deliver vital multi-channel communications services for clients in the utilities, financial services and retail sectors."

"We partner with our clients to deliver future-proofed solutions that support their objectives and strategies."

"With Acoustic, campaign automation is now supported. In addition to the existing personalised display advertisements on the PeP B2B marketplace, customised videos can be added to the mix."

"We manage the complete chain of advice, design, and execution of all digital channels and print production."

"Our reputation as one of the most capable, trusted, and reliable service providers in the customer communications market is driven by longstanding relationships with existing clients."

"Our process certifications, ISAE 3402 Type 2, and ISO 9001, 14001, 45001 and 27001, ensure the security of the entire customer communication chain."

"Our Track & Trace technology supports supply chain optimisation, online shopping, and automated checkouts in stores to create new markets and routes to markets."

"PID is a world leader in providing ticketing and access solutions in Smart Cities, particularly for Mass Transit systems."

"PID is the only international player to manufacture and supply ticketing in all media, including magnetic tickets, RFID tickets, RFID smart cards, payment cards, and digital ticketing on mobile phones."

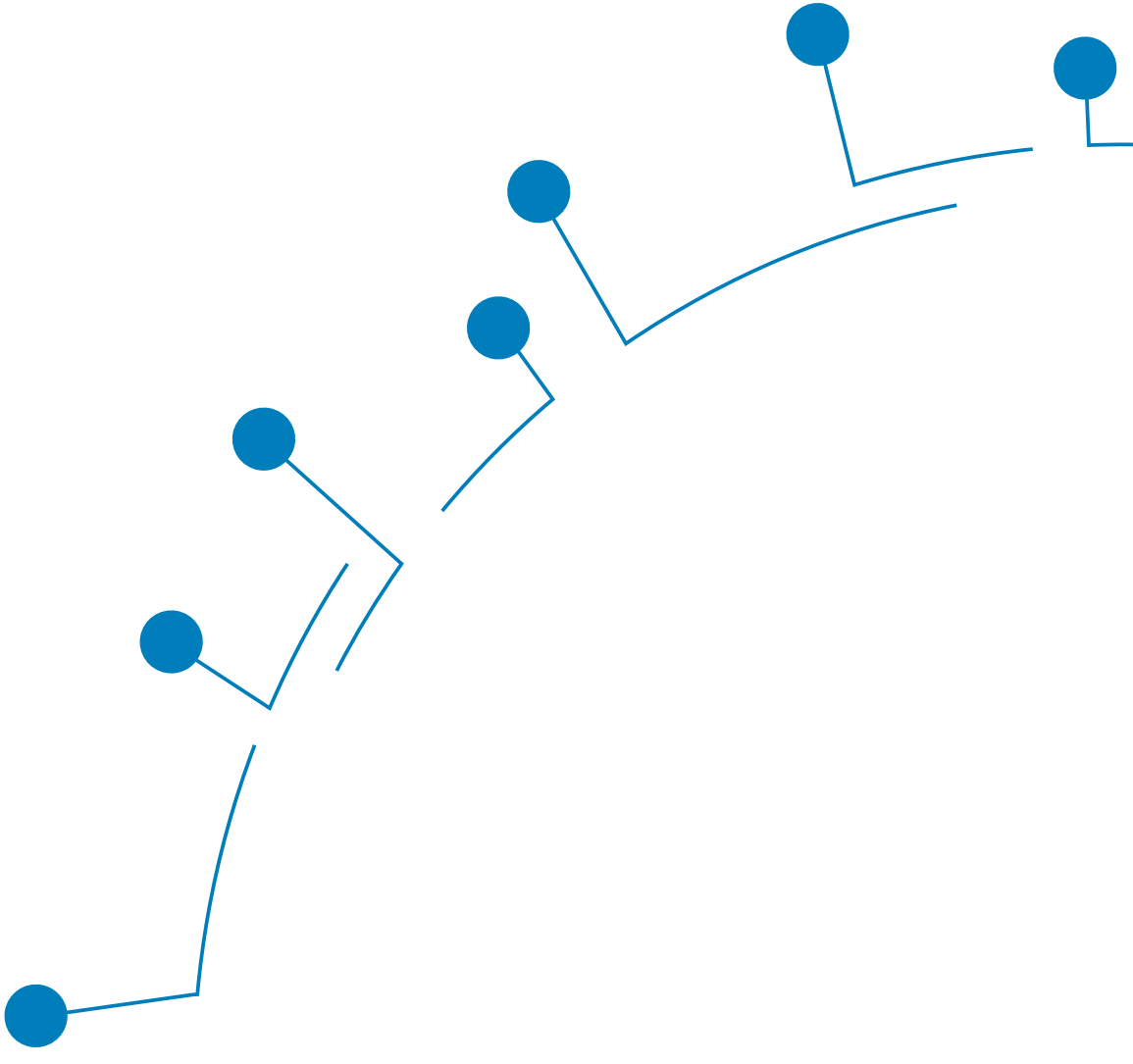
"RFID technology is being adopted in medical and industrial environments as one of the technologies of choice for tracking mission-critical equipment and devices in real time."

"PID supplies the key electronic components for passports, identity cards and e-licences to federal and state governments across the world "

"We are building our digital skillset and competencies to ensure we provide our customers with effective and efficient print solutions that add value to their businesses and brands."

"We completed a full stadium signage re-brand for Crystal Palace Football Club in August 2021."

1. Underlying EBITDA is defined in Note 2(s) on page 126.





Laurent Salmon
CFO Paragon Group

Statement From Our CFO

The Group's businesses recorded strong advances in the financial year ended 30 June 2021.

The results quoted in the commentary are extracted from the financial statements presented in this annual report. As the commentary is presented in Euro millions, there are minor rounding differences in the additions and subtractions of reported amounts, as each amount is based on its source amount presented in Euro thousands in the financial statements.

Income Statement Review

Income Statement highlights	FY ended 30 June 2021 € million	FY ended 30 June 2020 € million
Revenue from sale of goods and services	**1,213.8**	**1,080.7**
Costs before depreciation and amortisation	1,130.9	1,003.5
EBITDA[2]	**83.0**	**77.2**
Depreciation and amortisation	69.3	59.2
EBIT / Operating profit	13.6	17.9
Finance costs net of income	10.2	12.9
Profit before tax	3.4	5.0
Income tax credit / (charge)	0.1	(1.9)
Profit for the year before non-underlying items	**3.6**	**3.1**
Non-underlying (charges) / credits	(27.4)	1.1
(Loss) / profit for year	(23.9)	4.2

The above table includes both Alternative Performance Measures such as underlying and proforma figures and Generally Accepted Accounting Principles measures as explained at the end of this statement.

Revenue from sale of goods and services increased by €133.1 million, an increase of 12.3%, from €1,080.7 million in the financial year ended 30 June 2020 ("FY 2020") to €1,213.8 million in the financial year ended 30 June 2021 ("FY 2021"). The increase in revenue reflects these divisional increases and decreases:

- Paragon Customer Communications revenue increased from €880.3 million in FY 2020 to €945.0 million in FY 2021, an increase of €64.7 million, comprising acquisition effects of €68.7 million, organic increases of €54.0 million, offset by revenue decreases due to COVID-19 effects of €58.0 million;

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"Paragon Group continued to deliver on strategy by again achieving significant growth during the year."

Sales €1.214bn

Underlying EBITDA €83m

€124m Cash on Hand

- Paragon ID revenue decreased from €105.2 million in FY 2020 to €81.1 million in FY 2021, a decrease of €24.1 million, comprising acquisition effects of €6.9 million, organic increases of €2.0 million, offset by revenue decreases due to COVID-19 effects of €33.0 million

- Paragon Graphic Services revenue decreased from €87.2 million in FY 2020 to €78.4 million in FY 2021, a decrease of €8.8 million, which mainly reflects COVID-19 effects

- Paragon Office Services revenue increased from €7.1 million in FY 2020 to €99.4 million in FY 2021, an increase of €92.3 million, which mainly comprises acquisition effects in the year and

- Other business increases of €9.9 million, mainly reflecting acquisition effects in the year

Costs before depreciation and amortisation, before non-underlying costs, increased by €127.4 million, an increase of 12.7%, from €1,003.5 million in FY 2020 to €1,130.9 million in FY 2021, as follows:

Costs before depreciation and amortisation in FY 2021 expressed as a percentage of revenue, as displayed in the above table, were in line with FY 2020 results with savings in material and other operating costs as a percentage of revenue offset by increases in payroll costs.

In respect of payroll costs, our average monthly number of employees was 8,967 in FY 2021, including 6,965 production employees and 2,002 indirect employees, compared to 7,756 employees in FY 2020, including 6,191 production employees and 1,565 indirect employees.

EBITDA[2] increased by €5.8 million, an increase of 7.5%, from €77.2 million in FY 2020, representing 7.1% of revenue from sales of goods and services in FY 2020, to €83.0 million, representing 6.8% of revenue from sales of goods and services in FY 2021. The increase in EBITDA[2] reflects these divisional increases and decreases:

- Paragon Customer Communications EBITDA[2] increased from €72.0 million in FY 2020 to €85.0 million in FY 2021, an increase of €13.0 million, equivalent to an 18.1% increase year on year, comprising acquisition effects of €3.0 million, organic increases €18.0 million, offset by EBITDA[2] decreases due to COVID effects of €8.0 million.

The organic increases reflect significant advances in delivering more client service and goods value. The FY 2021 increase represents a substantial 25.0% advance on the FY 2020 results. This reflects our expanded client offerings and increasing client uptakes.

The COVID-19 impacts mainly reflect deferrals by our clients of discretionary promotion and communication campaigns upon temporary suspensions of their customer offerings.

- Paragon ID EBITDA[2] decreased from €9.0 million in FY 2020 to €6.0 million in FY 2021, a decrease of €3.0 million, comprising acquisition effects of €1.0 million, organic increases of €4.0 million, offset by EBITDA[2] decreases due to COVID-19 effects of €8.0 million

- In our other Graphic Services and Office Services businesses and Group, EBITDA[2] losses of €4.0 million in FY 2020 increased to EBITDA[2] losses of €8.0 million in FY 2021. These businesses were severely impacted by COVID-19 effects, particularly our Office Services as many of our clients amended and limited their office opening arrangements during the pandemic infection periods

Depreciation and amortisation increased by €10.1 million, an increase of 17.1%, from €59.2 million in FY 2020, representing 5.5% of revenue from sales of goods and

Costs before depreciation and amortisation highlights	FY ended 30 June 2021 € million	% of revenue in FY 2021	FY ended 30 June 2020 € million	% of revenue in FY 2020
Revenue from sale of goods and services	1,213.8	100.0%	1,080.7	100.0%
Material costs	615.8	50.7%	551.2	51.0%
Payroll costs	384.1	31.6%	327.2	30.3%
Other operating costs	131.0	10.8%	125.1	11.6%
Costs before depreciation and amortisation	1,130.9	93.2%	1,003.5	92.9%

1. EBITDA is defined in Note 2(s) on page 126.
2. Underlying EBITDA is defined in Note 2(s) on page 126.
3. Proforma sales and EBITDA is defined in Note 2(s) on page 126.
4. Net debt is defined in Note 2(s) on page 126.

services in FY 2020, to €69.3 million, representing 5.7% of revenue from sales of goods and services in FY 2021. The increase in Depreciation and amortisation reflects these increases:

- Depreciation of property, plant and equipment increased by €2.2 million from €18.6m in FY 2020 to €20.8 million in FY 2021, as the cost or valuation of property, plant and equipment increased from €245.5 million at the start of the year to €253.7 million at the end of the year
- Amortisation of intangible assets increased by €3.8 million, from €16.9 million in FY 2020 to €20.7 million in FY 2021, as the cost or valuation of intangible increased from €139.0 million at the start of the year to €165.6 million at the end of the year
- Amortisation of right-of-use assets increased by €4.1 million, from €23.9 million in FY 2020 to €28.0 million in FY 2021, as the cost or valuation of right-of-use leased assets increased from €114.7 million at the start of the year to €144.2 million at the end of the year

As a result of the above revenue and cost developments, the EBIT / Operating profit decreased by €4.3 million, a decrease of 24.0%, from €17.9 million in FY 2020, representing 1.7% of revenue from sales of goods and services in FY 2020, to €13.6 million, representing 1.1% of revenue from sales of goods and services in FY 2021.

Finance costs net of income decreased by €2.7 million, from €12.9 million in FY 2020 to €10.2 million in FY 2021. The decrease is mainly due to

- foreign currency gains on retranslation of intercompany loans of €1.7 million reported in FY 2021 compared to foreign currency losses on retranslation of intercompany loans of €0.5 million reported in FY 2020
- Finance costs, before finance income, were €12.9 million in FY 2021 compared to the €13.3 million reported in FY 2020, reflecting the overall stability in borrowing levels in both years

Borrowings at the end of FY 2021 were €241.4 million compared to €233.1 million at the end of FY 2020.

After finance costs and income taxation, the profit for the year before non-underlying items was €3.6 million in FY 2021 compared to €3.1 million in FY 2021.

Non-underlying items

The Group has adopted an accounting policy and Income Statement format that seeks to highlight significant items of income and expense within the Group results for the year. The Directors believe that this presentation provides a more useful analysis.

Such items may include significant restructuring and integration costs, profits or losses on disposal or termination of operations or significant contracts, litigation costs and settlements, profit or loss on disposal of investments, significant impairment of assets and acquisition related profits or losses.

The Directors use judgement in assessing the particular items, which by virtue of their scale and nature, are disclosed in the Income Statement and in the notes to the financial statements as non-underlying items.

The non-underlying expenses / (gains) in FY 2021 and FY 2020 were as follows:

Non-underlying expenses / (gains) highlights	FY ended 30 June 2021 € million	FY ended 30 June 2020 € million
Redundancy and related charges	29.2	21.6
Cost of industrial relocation, restructuring and consolidation	8.2	4.9
Gain on acquisitions related to bargain purchases	(7.6)	(26.3)
Other expenses net of gains	1.1	1.8
Income tax credit	(3.5)	(3.1)
Non-underlying expenses / (gains) after taxation	27.4	(1.1)

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The non-underlying expenses net of gains and after taxation increased by €28.5 million, from a net gain in FY 2020 of €1.1 million to a net expense in €27.4 million in FY 2021, reflecting the following expense and gain increases and decreases:

- Redundancy and related charges which include redundancy, payroll and related charges that arise from the closure of locations and the reduction of staff resources at various locations increased by €7.6 million, from €21.6 million in FY 2020, to €29.2 million in FY 2021
- Costs of industrial relocation, restructuring and consolidation includes the charges, other than redundancy, payroll and related charges, arising from the closure of locations, relocation of activities between sites and new activity start-up losses increased by €3.3 million, from €4.9 million in FY 2020, to €8.2 million in FY 2021
- Gains on acquisition related to bargain purchases arise in respect of acquired companies, when the sum of the fair values of the assets and liabilities recognised at their fair value at the acquisition date in accordance with IFRS 3 is greater than the purchase consideration payable in respect of the acquisition. The gain on acquisition related to bargain purchases decreased by €18.7m, from €26.3 million in FY 2020, to €7.6 million in FY 2021
- Other expenses net of gains decreased by €0.7 million, from €1.8 million in FY 2020 to €1.1 million in FY 2021. The decrease is mainly due to an increase of €0.8 million in gains on asset disposals and share of equity accounted investments, a decrease in acquisition related fees of €0.2 million, offset by an increase of €0.3 million in joint venture impairment charges
- The income tax credit related to the above expenses net of gains increased by €0.4 million, from €3.1 million in FY 2020, to €3.5 million in FY 2021

As a result of the above revenue and cost developments, the FY 2021 loss for the year was €23.9m compared to the FY 2020 profit for the year of €4.2 million.

Cash Flow and Financing Review

The Group's operating cash inflows before movements in working capital decreased by €4.9 million, from €48.9 million in FY 2020, to €44.0 million in FY 2021.

This results demonstrated that operating profits in FY 2021 funded the increased additional redundancy and restructuring costs incurred in FY 2021 to streamline operations.

The Group's cash generated from operations, including working capital movements, was €58.8 million in FY 2021 compared to €119.8 million in FY 2020. In FY 2020, our funds invested in working capital decreased by €69.1 million, an exceptionally strong performance. In FY 2021, we were pleased to drive our working capital efficiencies with another €17.1 million decrease in working capital. The €178.6 million generated over these two years from operations is an excellent result.

Our net cash used in investing activities decreased by €22.7 million, from €68.7 million invested in FY 2020 to €46.1 million invested in FY 2021 as we scaled back our acquisition activity (FY 2020 expenditure of €60.6 million compared to FY 2021 of €11.7 million) to integrate the businesses acquired in FY 2020. Our investment in property, plant and equipment and intangibles increased by €21.1 million, from €15.2 million in FY 2020, to €36.3 million in FY 2021. All of our operations are well invested.

In FY 2021, we repaid €31.1 million of our borrowings, being, mainly, the repayment of the capital element of lease liabilities of €30.9 million.

As a result of the above cash inflows and outflows, our cash net of bank overdrafts decreased by €25.7 million, from €138.9 million at the start of the year to €113.2 million at the end of the year.

Although the Group had net current liabilities of €44 million at year-end (2020: €12 million net current assets), it also had considerable cash balances on hand of €124 million. (2020: €147.4 million). Since the year end, we successfully financed €180 million of EuroPP Bonds on the Luxembourg SE. The bonds are repayable after seven years and carry an interest coupon of 4.25%.

The Group has the financial capability to support its ambitious development strategies.

Financial and Operational Discipline

We continue to manage the Group according to robust operational and financial disciplines and apply this approach as we acquire and integrate businesses. We prepare and execute detailed post acquisition plans to extract operational and procurement synergies identified during comprehensive due diligence processes. Continuous Improvement Programmes are operated across Paragon and are introduced in acquired companies to ensure that they adhere to the Group's relentless push towards greater

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operational efficiency. All Group companies operate with the discipline of monthly management reporting and performance and outlook reviews, with specific focus on sales development and pipeline, cost control management, cash flow forecasting, and working capital management. Our capital expenditure planning is based on strict return on investment parameters.

Use of Alternative Performance Measures (APMs) - Underlying and Proforma Figures

Due to the Group's continuous acquisition strategy and the Bond covenant calculation requirement for investors, the Directors consider the use of APMs such as underlying and proforma figures to be fundamental to an understanding of the Group's performance.

These APMs have been prepared to facilitate understanding of the Group performance and position. Naturally they reflect the circumstances of the Group which can differ from other companies.

These APMs should be read in conjunction with GAAP measures and are not intended to be a replacement of GAAP measures.

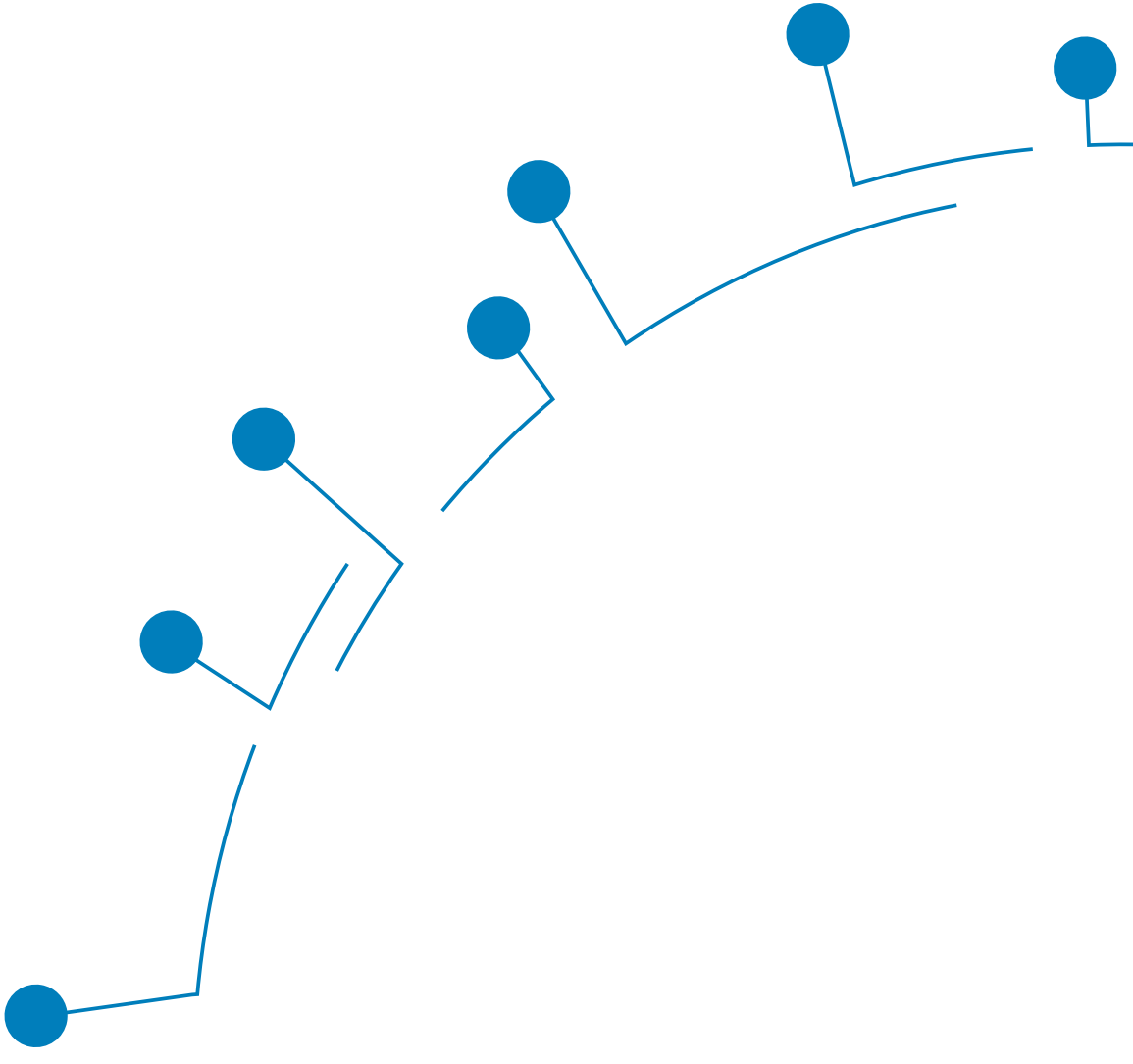
Due to the Group's continuous acquisition strategy, it would be incomplete to focus exclusively on APMs or company statutory performance. APMs are used to supplement GAAP measures and satisfy banks' as well as bondholder investors' comprehension of the business by offering a more complete reading of its normalised performance.

These are defined in note 2(s) of the financial statements, as well as being highlighted in the Consolidated Income Statement of the financial statements.

Although the Consolidated Statement of Financial Position includes the impact of recent acquisitions, the Consolidated Income Statement does not include a full 12 months of trading from acquisitions made during the financial year. Consequently, we use an APM with a 12 months proforma Income Statement to enable a comparison of annual performance to be made. The Group's strategy on market consolidation inevitably leads to considerable restructuring and integration costs. This includes a mix of one-off gains and charges that are non-recurring in nature. These are considered to be non-underlying due to their nature, size, or incidence. These are included in the APM non-underlying items and are summarised in Note 8 of the financial statements. APMs such as Underlying EBITDA[2] and EBITDA[1], which are stated after adjusting for non-underlying items, to assist with understanding of performance. We use this APM to enable a comparison of performance between years once these one-off items have been taken into account.

Laurent Salmon
CFO Paragon Group
7 January 2022

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John Rogers
Executive Director, Corporate Development

Driving Growth – Paragon's Acquisition Capability

"We also took advantage of opportunities with low entry multiples in pursuit of specific objectives to expand into geographies and acquire new capabilities."

We continued to apply our proven Paragon approach to acquisitions during last year and, despite the headwinds of the COVID-19 pandemic, we completed several important acquisitions which built our size and scale, grew our market share, and boosted our service offerings, technology, and digital capabilities. We also took advantage of opportunities with low entry multiples in pursuit of specific objectives to expand into geographies and acquire new capabilities.

We maintained our discipline in the acquisition process through rigorous due diligence programmes and detailed post-acquisition planning, including the preparation of comprehensive synergy extraction programmes. Above all we continued to seek companies whose management is aligned with our strategy and culture, which is central to our buy, build and grow strategy.

Paragon Customer Communications (PCC) completed the acquisition of CB Info SAS (GB), a specialist in business process and customer relationship management, providing a wide range of physical and digital services to simplify business processes. The acquisition significantly expands Paragon's capabilities in inbound business process management and digitalisation services. It represents a significant opportunity to broaden our service offering to cross-sell to both our French and international customer base.

PCC also entered promotional merchandise sourcing, through the acquisition of Promo International, bringing new customers from the cosmetics and beverages sector and providing insourcing opportunities for the lead supply offering.

As COVID-19 heavily impacted the mass transit markets globally, Paragon ID took advantage of the opportunity to acquire the American ticketing company EDM, significantly consolidating its market share in North America as the main supplier of cards and tickets for major US cities.

Paragon ID also advanced in the track and trace verticals through the acquisitions of real-time locating systems provider Apitrak, strengthening the multi-technology IoT platform for asset-tracking, and the acquisition of Security Labels, one of the world's leaders in the design and manufacture of baggage tags, including RFID, for the airline industry.

PGS Division acquired Tangent on Demand, strengthening its position in small and large format printing and speciality packaging offerings and enhancing the service offering of the print and design business.

In our Office Services Division, our workplace solutions business and services provider OT Group, entered into an agreement to acquire Office Depot's UK and Irish customers, warehouse facilities and distribution centre as well as the print, marketing and communications business of Vital Communications. Not only did the acquisition provide additional size and scale, but it also brought significant efficiencies through a state-of-the-art warehouse and overhead and consolidation savings.

Further acquisitions included Scytl, the worldwide leader in secure electronic voting solutions, providing cross-sell opportunities with PCC's election businesses and Trenton Box, now rebranded as Trenton, a specialist in high-quality sustainable packaging solutions for the food and drinks industry.

During the COVID-19 crisis, acquisition opportunities briefly stalled as companies adjusted to the uncertainties.

However, as global economies got to grips with the crisis, acquisition activity picked up significantly.

Paragon remained highly active during this period by reviewing opportunities. Several of these did not materialise for a number of reasons, ranging from high expectations from sellers and excessive competition to a lack of cultural and strategic alignment.

Financial sponsors and private equity firms provided stiff competition through their increased presence in the market. Despite this, Paragon remained committed to finding the best possible opportunities to help us successfully deliver on our buy, build and grow strategy. We are satisfied with our progress.

Acquisitions this Fiscal Year

Paragon Customer Communications

CB Info SAS (GB): Effective 1 October 2020, PCC acquired GB, a specialist in business process and customer relationship management. GB, a highly diverse business, provides a wide range of physical and digital services to simplify business processes. These include paper and digital document management, customer onboarding for loyalty, membership and retention programmes, survey management for rental administration for real estate companies, subscription programmes for media publications, charity donations' management on behalf of charities, insurance claims and contributions management for health insurance companies, and accounts payable and receivables collection for a wide variety of companies. The acquisition significantly expands Paragon's capabilities in inbound business process management and digitalisation services, representing a significant opportunity to broaden our service offering to cross-sell to both our French and international customer base.

Promo International Limited in Administration: Effective 3 November 2020, PCC acquired a small promotional merchandise sourcing business out of administration. The acquisition provides PCC with low-cost entry into the area of promotional merchandise sourcing, which was missing from PCC's lead supply offering. Not only does Promo bring new customers from the cosmetics and beverages sector, but it also provides cross-selling and insourcing opportunities for the lead supply business.

Paragon ID

Airweb SAS (Airweb): Effective 4 November 2020, Paragon ID increased its shareholding in Airweb to a majority holding. Airweb, a specialist provider of mobile ticketing using a QR-code based solution for public transport networks, has become the fastest-growing mobile platform in Europe and is currently the most widely used mobile ticketing solution in France. Airweb has expanded its networks to over 100 clients and has commenced to grow internationally as a solution provider.

Apitrak SAS (API): Effective 21 May 2021, Paragon ID acquired a controlling interest in Apitrak SAS, a French start-up specialising in Real-Time Location Systems (RTLS) using a wide range of data acquisition technologies including active and passive RFID, Bluetooth Low Energy (BLE), Wi-Fi and GPS. Having already established itself as the market leader in the UK hospital sector, through its RFID discovery solution, and having succeeded in also deploying it in several major industrial installations, Paragon ID continues to expand the reach of its RTLS offering with this acquisition. Founded in 2016, Apitrak commenced its relationship with Paragon ID in 2020, with a technological and commercial agreement to jointly develop and propose cloud based RTLS solutions. This partnership has resulted in the successful deployment of multiple installations combining the companies' best features. The multi-technology location-tracking IoT platform has been adopted in medical and industrial environments, including manufacturing and logistics businesses, both in the UK and France.

Paragon Graphic Services

Tangent on Demand London Limited (TOD): Effective 9 November 2020, PGS acquired the assets of TOD, an on-demand bespoke small and large format printer with in-house binding and speciality packaging offerings. TOD provides an opportunity to expand PGS's digital product range and expertise with more creative and visual-based offerings and to achieve cost savings through facility consolidation. TOD will be merged with our DiCE operation to enhance our leading service offering within our print and design business.

New/ Growth Businesses

Scytl Service Electronic Voting in Administration (Scytl): Effective 3 November 2020, Paragon Holding Spain (SPS) acquired Scytl, the worldwide leader in secure electronic voting, election management and election modernisation solutions. Scytl's solutions incorporate unique cryptographic protocols that ensure maximum security, transparency, and auditability in all types of elections. Scytl's ground-breaking electoral security technology is protected by over 40 industry international patents and enables organisations to electronically carry out all types of electoral processes in a completely secure and auditable manner, positioning the company as the global leader in the industry. Synergistic opportunities exist between PCC's existing election business in France and the UK.

Trenton Box Company Limited (Trenton): Effective 2 November 2020, Paragon acquired a specialist in high-quality sustainable packaging solutions. With highly complementary activities and customers, Paragon expects to offer an additional channel to market for Trenton's innovative packaging solutions, leveraging its broad customer base.

Acquisitions Post Fiscal Year-End

Paragon Customer Communications

DG3: Effective 1 December 2021, Paragon acquired DG3, a single-source, end-to-end communication solutions provider, specialising in delivering regulatory compliance, marketing, and business applications for clients across the financial services sector.

Paragon ID

Security Label GMbH (SL): Effective 1 July 2021, Paragon acquired a 93% of the share capital of SL with the balance to be acquired from SL CEO Montassar Ben Hmida in the coming years. SL is the European leader and one of the world's biggest designers and manufacturers of baggage tags, offering its customers a complete range of products for check-in documents, as well as standard and RFID baggage labelling tags. SL works with over 400 airlines in more than 100 countries and is a strategic partner of IATA (International Air Transport Association), with an estimated market share in Europe, Middle East, and Africa of approximately 70%. The acquisition of SL represents an opportunity for Paragon ID to become the world leader in baggage tags for the aviation sector. SL will also be able to leverage Paragon ID's established positions across the Atlantic to expand its business with North American airlines. This acquisition marks a new geographical expansion for Paragon ID, with the potential to build upon a strong base for its development in other activities, including RTLS, mobile and account-based ticketing and payment in the German market.

Electronic Data Magnetic Inc. (EDM): Effective 20 September 2021, Paragon acquired EDM (out of Chapter 11), one of the market leaders and the largest manufacturer of public transport tickets to major cities in North America. Founded in 1983, EDM manufactures and markets cards and tickets, both magnetic and RFID, as well as ticket pre-encoding and personalisation services. EDM supplies the major public transport operators in the United States, as well as airlines and parking operators. Paragon ID anticipates a gradual rebound in the company's revenue over the next two years, with a contribution to Group revenue in excess of $10 million and a double-digit EBITDA margin. With this acquisition, Paragon ID becomes the undisputed market-leading supplier of transport tickets for major American cities and gains an additional industrial site and buildings for its first manufacturing facility in the US capable of producing cards and tickets – a source of industrial synergies reduced shipping costs and customs duties. The size of the site lends itself to further development of industrial activity for other RFID markets in the US, such as RFID tags for the retail sector and RFID baggage tags for the airline industry. From a commercial perspective, EDM's established position with American public transport equipment manufacturers and operators will provide an opportunity to promote dematerialised contactless ticketing solutions, such as Airweb, in North America.

Paragon Office Services

Office Depot (OD): Acquired trade and certain assets on 18 June 2021 and completed 27 September 2021, our workplace

Acquisitions This Fiscal Year

PCC	CB Info SAS (France)	October 2020
	Promo International	November 2020
PID	Airweb (France)	November 2021
	Apitrak (France)	May 2021
PGS	Tangent on Demand (ToD UK)	November 2020
New/Growth Businesses	Scytl	November 2020
	Trenton Box	November 2020
Paragon Office Services	Office Depot (OD)	June 2021

Acquisitions Post Fiscal Year End

PCC	DG3	December 2021
PID	Security Label (SL)	July 2021
	Electronic Data Magnetic Inc. (EDM)	September 2021
Paragon Office Services	Office Depot (OD)	September 2021

solutions and business services provider OT Group, which includes the OfficeTeam, OT Wholesale, ZenOffice and Spicers Ireland businesses, entered into an agreement to acquire Office Depot Europe's larger mid-market, major and public sector contract customers in the UK and Ireland. The deal includes the state-of-the-art warehousing facilities of Office Depot Europe's distribution centre in Ashton-under-Lyne, Manchester, and the headquarters of Vital Communications, Office Depot's print, marketing and communications business in Dartford, Kent. OT Group will also enter into a collaboration agreement with Office Depot Europe, servicing the international customers that will be transferred as part of the deal. The transaction provides OT Group with the opportunity to significantly increase its size and scale in workplace solutions and business services, to increase efficiency through the new highly automated warehouse and distribution centre, and to extract overhead savings through consolidation synergies.

Outlook 2022/23 and Beyond

Although the past year has seen a relative slowdown in acquisitions compared to the previous year, the expectation for the coming year is a gradual increase again in M&A activity with a growing pipeline of opportunities across all our businesses.

Generally, the markets in which we operate remain very fragmented, providing many acquisition opportunities. In PCC, we will increasingly look to move across and up the value chain to digital services and solutions, as we seek to become more of a one-stop shop for our larger customers in providing end-to-end BPO customer communications. Apart from mid-sized acquisitions, regional consolidation opportunities and digital and service expansion, we will increasingly focus on larger targets providing transformational opportunities and will increasingly consider geographical expansion into the North American market.

In Paragon ID we will grow our market in each of the chosen vertical markets, including e-Id, Smart Cities, Track and Trace and Payments.

In the PGS and New/Growth Business division, we will focus on specific acquisition opportunities to grow both size and scale while increasing the breadth of services across these businesses.

While the COVID-19 pandemic has presented many challenges across industries globally and from an M&A point of view, we expect a re-emergence of opportunities for further market consolidation and growth across all divisions of our Group. We remain agile in our approach to M&A and have the financial stability to complete acquisitions in fast-paced acquisition scenarios. Our strategic M&A pipeline, which amounts to several billions in revenue in terms of targets, is growing more than ever, providing great prospects for the Group in the coming year.

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Paragon Business Review

In this section, we present an overview of the key businesses within Paragon today. As presented in the chart, Paragon Group comprises four Divisions – **Paragon Customer Communications, Paragon ID, Paragon Graphic Services and Paragon Office Services.** In addition to the four divisons, we also have a New/Growth business group which houses businesses in the early stage of growth and development.



Our four divisions are managed in a self-sufficient manner, with senior leadership in place. During the last year we acquired several businesses which operate in adjacent and related sectors. This resulted in the creation of a new division – Paragon Office Services, reflecting the scale and rapid growth of this business.

Our new Office Services division includes Office Team Group (OTG), a leading provider of office and workplace solutions and supplies. The group consists of Office Team, Office Team Wholesale, ZenOffice, Office Depot Ireland, and Spicers Ireland.

Our New/Growth Businesses sector comprises Scytl, an international election software company which provides software-based election solutions for private and public sector use, and Trenton (formerly Trenton Box), a packaging business specialising in sustainable packaging solutions. Scytl operates globally with its head office in Barcelona, and Trenton is based in the UK.

Paragon Group provides governance, strategic direction, and guidance to all companies, in addition to driving financial reporting and operational discipline. Strategic direction is agreed, and our individual businesses and divisions have clear authority and focus on driving P&L, cash, and balance sheet in line with our strategic Group direction. Group drives M&A activities, as presented in the Acquisitions Capability chapter in this report. Operational direction is also set by Group, and we manage primary procurement and sourcing relationships centrally, thus ensuring we obtain the best value. Finally, our Group CIO sets and drives our aligned technology direction across all our entities.

The small size of our Group function ensures clear ownership and clarity of governance within the business and allows agile and responsive leadership and decision making. As a Group, we pride ourselves on staying close to our customers and our people, and focusing on agility, integrity, and entrepreneurship. The rest of this section gives an overview of our businesses today.

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Paragon — A Snapshot of Our Businesses

Paragon is organised around four separate divisions. In addition, we have additional operating companies in our New/Growth Businesses Group.

PARAGON Customer Communications

The leading provider of end-to-end omni-channel services for Marketing, Transactional, Operational and Workplace Solutions.

PCC combines unrivalled experience with specialised know how across key industry sectors, powered by a network of advanced operational centres, technology platforms and digital customer experience platforms.

We transform customer communications and together with our clients create the future of brilliant customer communications.

78% of group revenue

€945m total revenue

7% growth this FY

PARAGON ID

Paragon ID is a global leader in RFID technologies. It designs, manufactures, distributes and integrates its technology in four markets:

- Smart Cities and Mass Transit
- Tracking & Tracing of Objects
- Payment – contactless cards, licensing of unique contactless technologies
- e-ID – Electronic Identification

7% of group revenue

€81m total revenue

-23% growth this FY

PARAGON Graphic Services

The leading provider of graphic services – we do everything print and design and we create visual experiences for our customers.

We have an unparalleled network of over 70 locations across Europe where we provide our business customers with all their marketing needs – whatever the size. Our solutions are complemented with technologies in the areas of 3D visualisation, virtual reality, mail, cloud based digital archives and books on demand production.

6% of group revenue

€78m total revenue

-10% growth this FY

PARAGON Office Services

A leading provider of office services – direct to end users and via the wholesale channel. Our brands are trusted supply chain partners for businesses across the UK & Ireland, large and small. Through a consolidated range of business solutions, we help companies control costs, drive efficiency and improve productivity.

We provide an unrivalled end-to-end business solution, simplifying processes and supply chain to deliver everything customers need to operate effectively wherever they work.

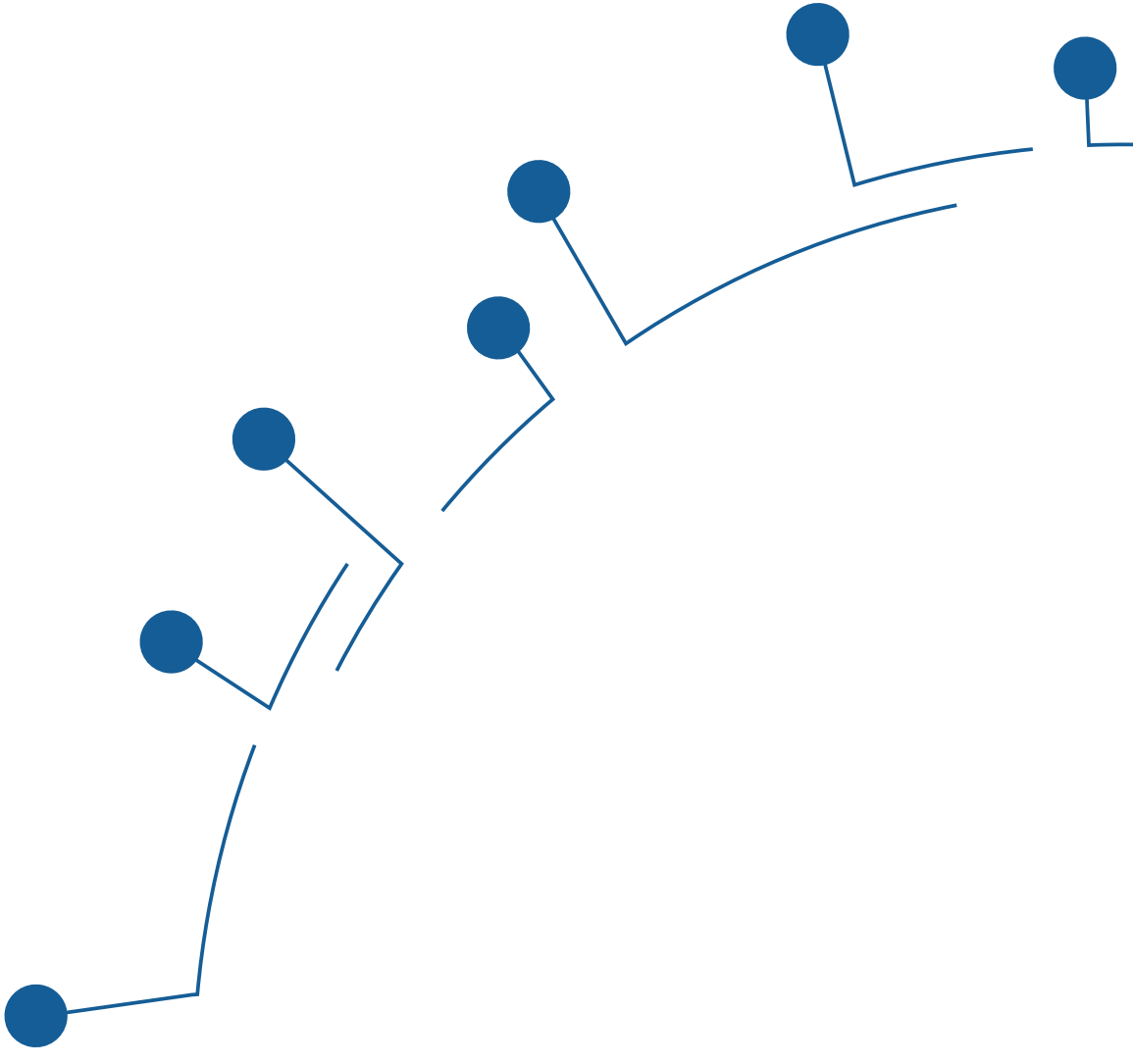
8% of group revenue

€99m total revenue

1,306% growth this FY

New/Growth Businesses — Trenton — Scytl

Group Support — Operational management — Strategy and direction — Financial management — Acquisitions





Paragon Customer Communications

Customer Experience & Marketing

Business Process & Transaction

Digital CustomerExperience (DCX)



Mike Gordon
CEO PCC

"Over the past year, we have continued to adapt, grow, and diversify our range of propositions as we anticipate and respond to changing market requirements."

Paragon Customer Communications

Paragon Customer Communications (PCC) is the largest business in Paragon Group, with sales this fiscal year in excess of €945 million, representing growth of over 7% on the previous fiscal year. PCC is on track to become a billion-euro business.

Strategic Direction

On a proforma basis, Paragon Customer Communications (PCC) is now a €1 billion business global business.

Over the past year, we have continued to adapt, grow, and diversify our range of propositions as we anticipate and respond to changing market requirements.

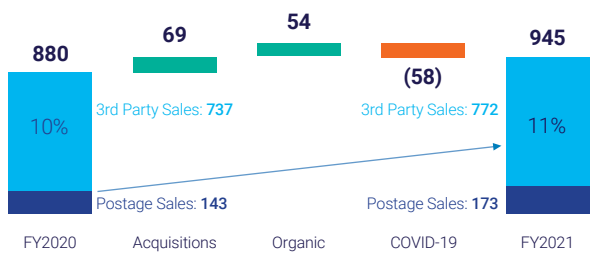
Although Customer Communication services continue to generate around half our divisional net sales, our strategy is increasingly based around the development and growth of seven core lines of business.

1. **Consulting & Agency** – creative services, digital transformation, campaign management, data analytics & insight and technology & automation
2. **Customer Communications** – outbound and inbound multichannel marketing, regulatory and transactional communications
3. **Supply Chain Management** – warehousing, fulfilment and logistics
4. **Lead Supply** – end to end management of marketing, print and promotional materials from sourcing, production, finishing, storage and distribution
5. **Workplace Solutions** – onsite creative and presentation services, mailroom, production, concierge and recruitment
6. **Business Process Outsourcing** – multishore and multichannel back-office processing of correspondence, claims, invoices and payments
7. **Print Solutions** – trade printing of stationery, forms, envelopes and security products

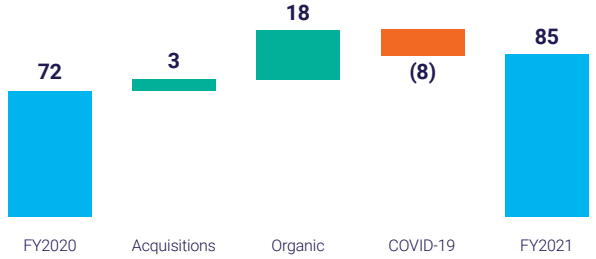
Investing in our Infrastructure

As part of our ongoing development of the business, PCC re-invests approximately 25% of proforma Underlying EBITDA into the business in capital expenditure projects annually.

PCC Sales in € millions



PCC Underlying EBITDA[2] in € millions



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We have continued to invest in our core Technology platforms in particular our Paragon OnePlatform multi-channel customer communications engine, which has seen a significant increase in the number of clients 'SaaS' subscriptions over the past year; our Paragon e-commerce Platform (PeP) and E-Pro service and procurement portals.

There has also been an ongoing programme of investment in automation and production equipment, which has included automated handling lines in our Supply Chain business, the world's first three-entry inserting and enclosing system and a third warehouse and logistics centre in North Eastern France.

Matching Costs with Revenues

Parts of our PCC business, in particular certain types of Direct Marketing services in Customer Communications, experienced reduced volumes during the first half of the financial year as a result of the global pandemic business environment.

Due to this reduction in volumes, it was necessary to carry out a number of restructuring projects across the whole of the PCC business, to ensure that our costs remained in line with our revenues.

Over the course of the year, over 500 employees (8% of our overall headcount) left the PCC business or were redeployed into vacant positions within PCC or elsewhere in the Paragon Group. We would like to commend our employees, our managers, and our HR teams for the professional and respectful manner in which each of these restructuring projects was handled.

Post-Acquisition Integrations

In the previous financial year, several large acquisitions were completed in the PCC business, in particular the RRD GDS business and the PostNL Communication Services business. All of the planned post-acquisition integration programmes have now been completed, and they delivered the expected synergy benefits. Most of these programmes took place in the UK and the Netherlands and were concluded on average 3-4 months ahead of the expected completion date.

Following these integrations, we have continued to simplify the legal entity structure of the business, and 10 entities were either dissolved or merged with other entities over the course of the financial year.

The integration of the CB Info SAS BPO business in France, which was acquired in October 2020, has also been successfully completed by the end of the financial year.

Investing in our People

To support our organic growth plans, we have recently hired two new Chief Sales & Marketing Officers:



Pieter de Ruijter

Pieter de Ruijter is now responsible for Sales, Marketing and Client Services in the Netherlands and Belgium. Pieter has had a successful career driving organic growth in services businesses and has held several Business Development roles in his career, most recently at Océ, PostNL and DSV Logistics



Mahdi Bouzoubaa

Mahdi Bouzoubaa has taken on similar responsibilities for Western Europe. Mahdi has an impressive background in Sales, Marketing and Consulting in the digital and technology sectors and joined Paragon from Orange, where he was most recently one of their Chief Sales and Marketing Officers

During the course of the financial year, we have continued to invest in learning and development across the whole business. We have expanded our Apprenticeship programmes and have implemented two new company-wide development initiatives:

- **The European Leadership Development Programme:** where 30 managers across 8 countries in the business who have been identified as having the potential to progress their careers further in the company are currently being mentored through an 18-month structured personal development programme by a Senior Manager
- **Young Paragon Network:** where 30 young professionals in the business are working together on business-critical initiatives such as Sustainability, Innovation, Employer Branding and Continuous Improvement

Sustainability in PCC

The Sustainability section in the report covers the impressive range of Sustainability initiatives that Paragon has carried out in the last year elsewhere in this report. Special mention goes to the PCC businesses in France and the UK, both of whom have now achieved 'Platinum' status on the Ecovadis Sustainability Rating, which places them in the top 1% of over 75,000 companies across 200 industries in more than 160 countries.

Looking Forward to FY22 and Beyond

Our medium-term goal is to double the UEBITDA of the PCC business over the next three years through a combination of:

- Accelerating organic growth
- Selective acquisitions
- Improving our margins

PCC secured additional funding post year end (July 30, 2021), through an over-subscribed issue of long-term bonds for institutional investors with a listing on the Luxembourg Stock Exchange. This additional funding will support the future strategy and growth of the business.

The rest of this section gives a brief overview of our primary PCC businesses by geography.



Jeremy Walters
CEO PCC UK, Ireland and Luxembourg

"We have developed, launched, and grown our own technology platforms not only to enable our core services, but also to be delivered "as a service" (SaaS)."

UK, Ireland and Luxembourg

UK

Despite the unprecedented disruption experienced across the world last year, our business has remained strong, and we have achieved a number of key successes. The world of customer communication continues to evolve at pace through the use of technology and digital channels, our business has matched that evolution in order to meet both the expectations of our clients and those of their customers.

Our existing clients have continued to show their confidence in our ability to deliver what they need, and global brands as well as local have been onboarded as new clients throughout the year, in particular the Department for Health and Social Care.

Evolving the Business

This evolution in the scope and scale of our business has resulted in PCC being trusted to deliver vital services to our customers, including critical projects in the battle against coronavirus. We became a key strategic partner to the Royal Mail, with large ongoing projects to deliver COVID-19 test kits and vitamin D supplements to people across the UK. To date, we have managed the fulfilment distribution of 47 million COVID-19 kits.

Our product and service offering has also evolved. This year we have delivered successful consultancy projects for clients in the financial services sector, helping them to transform the way they communicate with their customers. These projects have delivered measurable results and have resulted in more strategic and extensive business relationships.

We have developed, launched, and grown our own technology platforms not only to enable our core services, but also to be delivered "as a service" (SaaS). For example, our OnePlatform CCM solution is deployed to deliver vital multi-channel communications services for clients in the utilities, financial services and retail sectors. We have a healthy pipeline of technology led-opportunities and have deployed strategic technology-based solutions for Boots, Screwfix, HomeServe, Business Stream, Currys and The Very Group.

PCC's Digital Mailroom inbound solution has grown considerably in the last year. The needs of our clients evolved throughout the pandemic, and we ensured that we continued to meet them with additional capabilities, expertise and technology.

As a business, we have had to adapt how we operate to match the rapid evolution of our market. We have consolidated our transactional print services, enabling us to reduce our levels of spare capacity and migrate work to more efficient plants and machinery.

We also started an exercise to track the activities that our non-operational staff undertake. We are now reviewing this with the aim of identifying which areas are inefficient and could be further standardised or automated, and which activities drive the business forward and should receive further investment.

We continue to drive our ambition to become strategic partners to all our clients, delivering future-proofed solutions that support their objectives and strategies.

Marketing Services

We have delivered some brilliant, innovative campaigns for key clients like Kellogg's.

Kellogg's asked us to celebrate a summer of football, by bringing their existing Pringles Point Of Sale to life in stores across Europe. We proposed the development of Pringoooals into an exciting, interactive football-themed Augmented Reality game. A perfect fit with the audience, it enabled Pringles to 'piggyback' on Euro 2020's wide exposure. It would also test Augmented Reality as a mechanic, a first for Pringles on POS across Europe.

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Due to the COVID-19 pandemic, the activity was rolled out in a limited number of stores in 2021 when the tournament finally went ahead. Importantly, we proved the viability of AR in this proof-of-concept activity, and our client is currently exploring in-store AR promotions on POS for various Kellogg's brands.

November 2020 also saw the acquisition of Promo International, a group of creatively driven sourcing and manufacturing experts who specialise in bespoke promotional design. Their core business is the design and development of unique and engaging products, and with so many customers combining their POS spend with promotional merchandise, Promo International has proved a valuable fit to service these customers more effectively and increase margins for the business. Existing Promo customers are also now engaging with the wider services of the group.

Following the introduction of Promo International to the Paragon family, they are now working with international brands such as Old Spice, Fever Tree, Tennent's Lager & Bulmers Cider. Meanwhile, Promo International are also producing orders for existing Paragon clients such as BrewDog, Royal Mail, MoneyGram, CRUK, Carling, BUPA, Kellogg's and Boots, which has retained spend within the Group.

Customer Successes

PCC continues to put our customers first, and we remain a flexible and robust strategic partner to many world-leading brands. We also ensured that we stayed close to our customers even while one-to-one contact and in-person meetings were ruled out by COVID-19. A brilliant example



Lee Bennett,Learning & Development PCC UK, Jeremy Walters, CEO PCC UK, Ireland & Luxembourg, Alison Jackson, Head of HR Tranasctional & Marketing PCC UK, David Phillips, Site Director PCC Dagenham.

Devonshire

Devonshire Recruitment Agency

Devonshire is a full-service recruitment firm which focuses on the Design, Creative, Sales and Marketing, IT, Financial and Legal industries. 2021 was an exciting year for the company – what was once an employer-led market is now candidate-led in many industries, with candidates more selective about their career pathways. This has made recruiting a complex but rewarding process.

Devonshire was delighted to welcome some new consultants to the team this year. We launched two new location hubs in Luxembourg and Ireland, with two Country Manager hires. New consultants were hired to recruit in existing sectors, but we also broadened the sectors and industries we work in and have added Finance and Legal to our list of divisions.

Throughout the year, we embarked on many diversity and inclusion projects and initiatives to ensure we were reaching a wide audience, including partnering with external organisations and job boards such as Remploy and Maximus, becoming Stonewall-certified Diversity Champions, being registered as a Disability Confident employer, and being part of PCC's Inclusion Council. In addition, we became part of the Advisory Board for the City of London Corporation's Taskforce to boost socio-economic diversity at senior levels in UK Financial and Professional Services sector.

Future plans include launching a pre-employment screening solution to streamline pre-starter checks and invoicing, which will be a new source of revenue. Following our new location launches, we are keen to develop our international teams and investigate new geographical locations to expand our global presence.

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Case Study

COVID-19 Home Testing Kit Programme for the UK Government

The Challenge

The Department of Health and Social Care (DHSC) needed to quickly establish a robust and scalable solution to distribute Polymerase Chain Reaction (PCR) and Lateral Flow (LFD) COVID-19 test kits via home delivery to the British public. During a time of national crisis, this was a complex, high-profile project that required rapid mobilisation and deployment, a very high level of BAU service delivery, and working to stringent SLAs. The opportunity was procured by DHSC via the Crown Commercial Service (CCS) RM6017 Framework. Following publication, Royal Mail Group (RMG) and PCC made a strategic decision to utilise each other's core strengths by joining forces to design and execute a best of breed, end-to-end UK-wide fulfilment and distribution solution for COVID-19 test kits ordered online for home delivery.

The Solution

Following competitive tender, RMG were awarded the contract, with PCC serving as their key sub-contractor.

Collectively, we rapidly developed and deployed a six-site fulfilment service delivery model and robust national distribution network, ensuring that we could deliver to the DHSC's strict SLAs on a national basis. Our collective size, scale and strategic UK-wide delivery footprints ensured that we were ideally placed to deliver this vital solution at scale.

We quickly got to work. Teams from across our businesses came together to design the required technical and operational ecosystem to deliver the project, including fully integrated, real-time platforms to ensure constant communication and real-time data was available to all internal and client operations teams.

A bespoke single-view customer interface was developed so that DHSC had complete, real-time visibility on orders placed, order fulfilled and stock movements by test kit type. This provided DHSC with vital insight into the uptake and usage of the home testing programme and an effective mechanism to proactively manage a large, complex service. We hold daily calls with DHSC, working closely to ensure key information is shared between teams and constant SLA adherence is achieved, so that we are able to meet the constantly changing specification and demand for the service.

Naturally, the solution provided a serious logistical challenge to overcome, requiring the secure warehousing of over 2,000 pallets of stock at any one time at our strategically placed hubs spread across the country and the need to inject and deliver a huge volume of kits through the RMG postal network.

Orders for test kits are placed via NHS Digital. Relevant data is then securely transferred to PCC, and the API feedback loop updates the NHS systems once the kits have been despatched and delivered.

Collectively, we fulfil and deliver various kit types in various formats, which are dictated by end user location and personal requirements. Kits fulfilled by PCC are transferred into secure, pre-designated postal cages. Multiple collections are made each day, whereby the kits are then injected into RMG's solid and scalable postal network. Now, every test kit that arrives to a UK recipient via the postal channel is delivered via this solution.

The Result

As of October 2021, we have fulfilled and dispatched more than 47 million test kits to people across the UK. We designed, built and implemented a large and complex solution in less than three weeks, and its success has led to a new longer-term Agreement being awarded to RMG by DHSC. This solution continues to evolve and reshape to fully support and deliver against DHSC's national Test and Trace objectives for the effective management of the COVID-19 pandemic-. RMG and PCC have been a key ingredient in helping the UK population to safely and conveniently test themselves at home, minimise the spread of the disease, and help to return the country to a sense of normality. Working in true partnership style, RMG and PCC have expertly delivered a solid, scalable and future-proof solution for DHSC.





of this was our "Working from Home" packs -free gift bags for our existing clients that contained a range of items that helped the transition to home working go more smoothly. The campaign, which ran for around ten months, saw thousands of packs filled with Paragon branded items sent to our clients across the country.

We have also embraced new ways of working. In the summer we hosted a virtual meeting with our clients to launch our sustainability 2030 ambition and take questions on our sustainability commitments. The Assets, Wealth and Pensions team also held a virtual client event, complete with a quiz and expert guest speakers – a further example of our adaptability and drive to stay close to our customers.

The last year was also notable for several customer successes across our key vertical markets.

Our Asset, Wealth and Pensions vertical saw the transformation of our relationships with Northern Trust, Quilter, and Hargreaves Lansdowne, from tactical print providers to key strategic partners delivering vital services that helped their businesses respond to the pandemic.

Our FS&I vertical has also seen key business wins, with additional services added to existing clients and new customers being onboarded. We have added inbound and outbound communication solutions for Aegon, transactional communications for Skipton Building Society, and have begun the deployment of our OnePlatform solution for NFU Mutual.

Across Commercial and Consumer Brands, we have worked with large organisations in both the public and private sectors. For the NHS we delivered over £2.5 million of additional printed brochures and leaflets to support the vaccination rollout, and worked closely with the Royal Mail and DHSC to provide COVID-19 test kits and vitamin D supplements to people across the country. Meanwhile, we grew our relationships with brands such as the Rank Group, Checkatrade, and City Fibre to become key strategic partners for their businesses.

In a difficult year, our people have remained a key differentiator that clients appreciate when choosing to work with us. In the face of incredibly difficult circumstances, they have shown brilliant commitment and hard work, bringing innovation and expertise to our ever-evolving market.

Ireland

Throughout 2020, we have seen the expansion of our service offering to our Irish customers with a continuing trend toward digital solutions. We successfully delivered several deployments of Paragon's propriety PEP platform which simplifies complex purchasing experiences and integrates centralised brand control with local autonomy to deliver measurable marketing efficiencies and cost reductions.

Investment continued in the Irish business with the successful consolidation of our two existing sites located at Ballymount and Sandyford into Citywest. We are positioned for growth and all operations are now located at our modern 9,300 sq m site located near the M50 in Dublin at the Citywest Business Campus.

Many of our key clients demonstrated their trust in the business during the year by renewing multiple long-term contracts. These include FBD Insurance, KBC Bank and

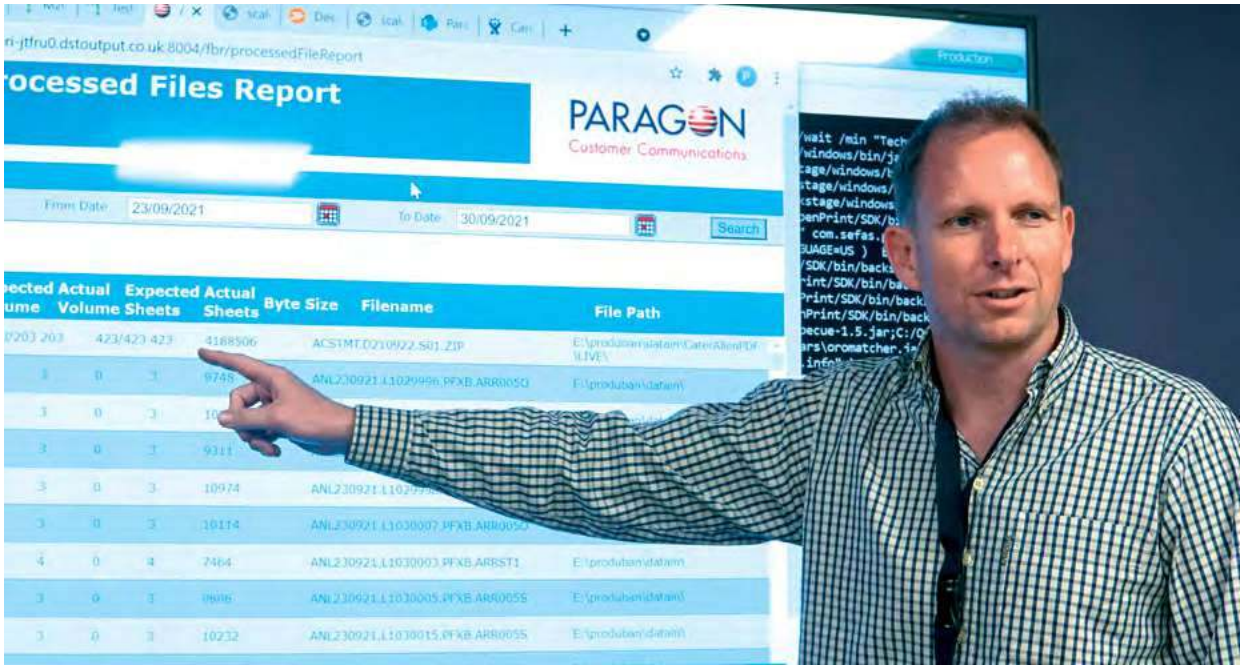


Paragon Office in Citywest, Dublin

Eir. The business was successful in winning a number of new contracts especially within the Life Sciences sector. Contract wins included a European contract with Alexion for the delivery of single customer interfaces for managing content, creating output across any channel and integrating technology solutions and traditional services.

The trend towards digital delivery of communications and sustainability continued in 2020 with many of our clients relying on Paragon as a partner to assist them in delivering their digital transformation and sustainability strategies.

With our continued investment in our One Platform solution, we are the leading enterprise provider in the Irish market capable of delivering the mix of integrated digital and traditional customer communications services to the exacting compliance standards required by clients within Financial Services and Life Science sectors.



Phil Williams, Development and Design Manager, PCC UK

“As a business, we have had to adapt how we operate to match the rapid evolution of our market. We have consolidated our transactional print services, enabling us to reduce our levels of spare capacity and migrate work to more efficient plants and machinery.”



Luxembourg

PCC Luxembourg is fully regulated under the CSSF PSF licence, and provides services primarily for the Asset, Wealth Management and Pension industries, but is also equipped to support the wider financial services industry. Our focus is to provide "multi-channel communications for regulated businesses".

The site which now employs 16 people, has recently integrated new digital services into our offering for regulated clients including Hybrid Mail, Secure email and Voting services. These form part of OnePlatform, enabling us to provide an integrated suite of communication solutions to clients.

In December 2020 we started the onboarding of our first client, Northern Trust, who we currently support with print & fulfilment, fax, email & archive services. PCC Luxembourg also assist the client with change requests and ad-hoc requirements, and we are currently working towards providing additional services for both NT and their underlying clients.

In addition to enabling new business opportunities in Luxembourg, our site will help us strengthen our relationship with our UK based clients who have activities in Luxembourg and in Europe.

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Guilhem Boucon
CEO PCC Western Europe

“We have spent the past few years establishing PCC Western Europe as a 360° omnichannel experience provider.”

Western Europe

We have spent the past few years establishing PCC Western Europe as a 360° omnichannel experience provider. This has resulted in our clients’ increasingly partnering with us on transversal, glocal (reflecting or characterised by both local and global considerations) and phygital (the concept of using technology to bridge the digital world with the physical world with the purpose of providing a unique interactive experience for the user) projects. Our main challenge now is to accelerate this trend by focusing on our people and Business Units through cross-organisational actions.

Synergies within and between Business Units in Western Europe are increasing and have improved our ability to pursue new opportunities. Our Marketing Services and Strategic and Secure Printing units have secured the first digital projects in the Food Retail and Lottery & Gaming industries, thanks to the synergy provided by DCX. In addition, the acquisition of CB Info SAS in October 2020 keeps generating cross-selling opportunities in BPM. Direct Marketing clients are also utilising our Strategic and Secure Printing operations.

Agility comes not only from combining offers, but also crossing borders, and our local Point of Sale services and solutions are being deployed across countries and languages, showcasing our team’s ability to operate at all levels and every scale.

Our team has worked with Crédit Agricole on improving their mailing campaign with a triple focus on agility, economy, and ecology. The redesign has successfully removed five of the initial nine steps in the production process, resulting in both a smaller carbon footprint and substantial cost savings. To further improve sustainability, the new design uses PEFC-certified paper and has seen the removal of the plastic window on envelopes. With this project, we have met our client’s sustainability needs while also reducing costs.

Governing our Sustainability Commitments

This year we set up a CSR committee across the PCC entities in France. The main goal was to steer everyone towards initiatives based on three key pillars: people, partners, and planet. The outcome is showcased in the 2020 CSR Report, as well as in the Platinum EcoVadis Sustainability Rating achieved in April 2021.

Streamlining our Cost Base

As an ever-evolving organisation, internal restructuring is a necessity to keep up with market developments. With each new acquisition, a legal entity is added. To facilitate business across entities and reflect the merging of functions, several individual legal entities have been merged into new legal entities to deliver greater synergies.

Consolidation is also necessary, and the Romorantin printing site was closed with the aim of consolidating similar assets spread across different sites. As a result, we have reduced costs by 30%. The in-depth restructuring of Haussy, which saw its payroll reduced by 30%, enabled a return to sustainable profitability levels.



Our DCX Team in Villechaud, France.

Increasing our Capabilities

Best-in-class software and technology

Our experts are currently focussed on growing the best and most effective personalised communication offering possible. With Acoustic, campaign automation is now supported. In addition to the existing personalised display advertisements on the PeP B2B marketplace, customised videos will also soon be available for our clients.

Staying ahead of challenges surrounding the upcoming invoicing regulation in France in 2024, PCC Western Europe has strengthened its decade long partnership with Esker. With full access to Esker's electronic invoicing solution, our BPM experts are ready to support businesses facing this major challenge with a global offering which can combine software integration, phygital acquisition and processing, and BPO capabilities covering both accounts receivable and accounts payable processes.

DCX experts put their Augmented Reality (AR) mastery to good use and built a full ecosystem around a major lottery and gaming event. Through an AR game promoted by street marketing, the client created a buzz around their big event and effectively collected participants' data.

Microsoft Office 365 has been successfully implemented across all entities, with new collaboration tools such as Teams and SharePoint enabling full remote working during the pandemic.

Paragon's continuous expansion of technology and software capability created the need for a Research and Development Manager, a role now filled by Karl Beaujoin. His mission is to develop the connections between all our software and technology to provide best-in-class solutions to our customers.

Significant investment in state-of-the-art equipment

The world's first three-entry inserting system was installed in our Blois mailroom at the start of 2021. The Fusion XCross was made specially for Paragon by BÖWE, to supported the group's growing transactional print activity. In addition, we invested in a new Canon VarioPRINT-iX printer this year. The Bozouls team (ex-Merico) made room for a new HSB 9000 from Hohner, a semi-automatic binder designed to meet both quality and cost-efficiency criteria. Finally, the Noyelle-sous-Lens site continues to support its strong growth by investing in the NeotopX line by Dividella.

Innovative engineering from local teams

Thanks to the internal engineering expertise and innovative spirit at Linselles, the standard issue CMC One machine has been transformed into one-of-a-kind marketing mail paper wrapping equipment. With film-wrapping becoming a legal issue, this unique machine addresses customers' need for an alternative solution whilst facilitating more personalised and eye-catching communication.

Supporting Organic Growth

New co-packing and SCM location

Our third location dedicated to Supply Chain Management activities opened in May 2021. The site's proximity to two key SCM locations (less than 40km from Bailleul and Noyelles-sous-Lens) ensures the continuity of operations and facilitates stock management. After setting up production lines and racking to meet current clients' growing business needs, the operation is ready to expand and onboard new projects in 2022.

Extending our BPM reach

The acquisition of CB Info SAS, ex-Groupe Bernard (Marcq-en-Barœul) in October 2020 has generated new business for the BPM and Inbound Communication specialists. We have expanded our existing location to absorb this increased activity.

Key Business Wins

From Oralia to Nexity

Oralia, a real estate sector client, has entrusted PCC Western Europe with its paper and e-registered mail for nearly a decade. Using an online platform, each Oralia office can order, trace and track items on demand. Due to Oralia's success, its parent company Nexity signed a three-year contract for the same solution in March 2021. To foster staff uptake, a short introductory video of the new digital process was created by our team and broadcast internally to Nexity's 600 employees.

Pick-Pack-Ship development with the Publications Office of the European Union

For many years, Noyelles-sous-Lens has been managing document logistics for The Publications Office of the European Union. A wide range of services are covered, from managing the online order platform to printing documents on demand and organising pick-pack-ship for more than 12,000 referenced documents. Every year, 300,000 shipments leave the production and warehouse site. Following a public tender, The Publications Office of the European Union has renewed and extended its trust in PCC Western Europe until 2030.

Investing in Our People and Organisations

Embracing innovation

In one year, a hundred new positions and roles have been created. In line with the continuous evolution of our activities, Human Resources are realigning existing positions with continuing business changes and creating new roles as the organisation's needs and activities change.



Committed to supporting our talent

PCC Western Europe is setting up a five-day training cycle (Paragon 360°) organised in tandem with the Group's EDLP and Young Talents programme oragnised around four pillars: management, project management, CSR, and eco-design. More than 100 colleagues are expected to complete the programme in 2022.

PCC Western Europe achieved Platinum status in the 2021 EcoVadis assessment. The businesses now ranks among the top 1% of companies assessed for sustainability performance. This is an acknowledgement of our continuous CSR engagement.

We are proud to see more gender equality in our Executive Committee, with three of the last six appointees being women.

Apprenticeships will be doubled in 2022 to further facilitate employability. In terms of the integration of people with disabilities, we exceeded the legal requirement by nearly 25% in 2020, demonstrating our commitment and desire to be a responsible player that can make a difference.

This financial year has also seen individual ecosystem restoration initiatives, such as promoting recycling and hybrid car use, installing beehives, and planting trees on site (for more information, see the Sustainability section of the report). One major step was joining the French Association Bilan Carbone (Carbon Footprint Association) at the end of 2020. Equipped with a comprehensive toolbox and after the extended training of 12 employees across locations, our goal now is to update our 2016 assessment across all Group activities and to reduce greenhouse gas emissions overall.

Review of our M&A strategy

Our mergers and acquisitions strategy aims to strengthen our position as industry leader and is in line with our objective of being positioned as 360° solution provider in the BPM and CCM business. Thanks to our expertise and rapid integration capabilities, our mergers and acquisitions typically result in quick growth through business synergies between all entities.

Marcq-en-Baroeul (CB Info SAS)

Our acquisition of CB Info SAS has enabled the integrating new solutions, combining offers to provide end-to-end services, and bringing inbound solutions to existing outbound offers makes PCC Western Europe a full-scope solutions provider that has resulted in successful sales and increased turnover of 20% within a year.

Strong Position for the Future

The past year was one in which all the foundations were laid to ensure that the 2021-22 financial year can commence with a strong focus on organic growth acceleration. Our teams managed to successfully integrate new businesses in our portfolio, to restructure and consolidate in order to get back to sustainable growth where needed, to invest in stronger capabilities in terms of people and technology, and to set assert governance of our CSR projects. In the next year, the focus will be on transforming our processes and to capitalise on potential synergies and growth levers in order to deliver a strong and sustainable organic growth acceleration.

“Synergies within and between Business Units in Western Europe are increasing and have improved our ability to pursue new opportunities.”

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Thomas Simon
CEO PCC DACH & CEE

“We have invested extensively in workshops for our employees to ensure that, like our processes and technology, they are prepared for the future”

DACH & CEE

Evolving our Operational Excellence

The past year saw the consolidation and further development of the DACH & CEE Region. In addition to the direct mail production location in Nyrany, Czech Republic, we welcomed our Polish colleagues in Krakow and Warsaw.

The integration of the Krakow mail production site enabled extensive synergy potential and led to positive turnover driven by production exclusively delivered to the German and Austrian markets. It was no longer possible to produce for these markets in Schwandorf, Germany as the focus of that location switched from direct mail to the core competencies in finishing and on the reorganisation of transactional services.

Although a number of roles were reduced as a result, we were able to transfer many of the affected employees to growing areas, especially Inbound Management.

The Inbound division relies on the Warsaw location as several tasks can be carried out by the specially trained and multilingual staff at the site. The site offers a range of high-quality specialised services. To grow Inbound Management and increase sales, the Solution Management division was expanded, with Steffen Mahlmeister, a specialist with extensive industry experience recruited for this task.

In addition, Christian Vogel is successfully promoting our positioning as a Postage Management & Address Services provider in Solution Management. Our expertise in this area helps our customers realise significant cost savings.

Our four-location concept in transactional production continues to play a decisive role and is one of our unique selling points as it allows us to help our customers reduce costs whilst also reducing CO2 emissions through shorter logistics routes. Furthermore, our four locations allow us to deliver resilient Business Continuity Management (BCM) support for our customers.

We are also a BCM partner for customers who operate in-house print centres. For example, we were able to handle two large projects for a federal authority after the customer’s site had to shut down twice due to the pandemic.

To meet increasing service level demands and to ensure that our locations are equipped with state-of-the-art technology, we have invested more than €2.5 million in new technologies at our Weingarten location.



Operations team in PCC Germany

Processes

Standardising internal processes is a key focus for us as defined processes, procedural instructions, and supporting documentation enable us to rapidly respond and make decisions when required. This standardisation of processes is closely supported by the Compliance division, which is tasked with meeting the regulatory requirements of our customers.

OnePlatform

OnePlatform allows for the synchronisation of processes for the distribution of customer and production data to locations, data preparation, and the monitoring and reporting for transactional printing and inbound processes. The platform makes it possible to replace historically isolated applications with standardised and comprehensive processes. Great progress has been made in architecture and conception, and customer applications are gradually being replaced.

People

We have invested extensively in workshops for our employees to ensure that, like our processes and technology, they are prepared for the future. While we have developed a vision for the Group, it is important that we translate this vision into cultural change, values, leadership guidelines and leadership models. For this purpose, we have rolled out a comprehensive coaching programme targeting the first three management levels.

myParagon

The myParagon employee portal, aimed at ensuring quick and accurate communication with all employees, is currently being created.



Warsaw office, PCC Poland

CSR and Sustainability

For our customers who have firmly entrenched CSR measures in their corporate policies, we are a valued partner that proactively contributes to and suggests improvements to the climate balance. We have appointed our Director of Sales for Transactional Print, Andreas Keck, as Head of Sustainability and continue to implement carbon reduction and neutralising measures. Our internal efforts towards sustainability have been particularly well received and have led to contracts with many large customers.

Market

The past year was marked by great uncertainties and in the direct mail sector, considerable sales reduction had to be absorbed on two fronts. On the one hand, while eCommerce retailers were very successful in selling their goods, they had problems getting supplies due to impaired supply chains. On the other hand, physical retailers were unable to open as planned due to various lockdown scenarios.

Despite this, we succeeded in acquiring various new customers during this time. We actively participated in online conferences and increased our presence using online platforms such as LinkedIn.

In terms of transactional services, business remained stable due to long-term client contracts. Here we were able to benefit from special business cycles, such as unscheduled communication from health insurance companies or public authorities to clients and citizens. We also produced vaccination date invitation letters for some federal states.

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Mieke Clark-Marsman
CEO PCC The Netherlands and Belgium

The Netherlands & Belgium

"Our Customer Services colleagues are the key differentiator in exceeding the often unspoken expectations of our customers."

The past year was very positive in the four areas that PCC in The Netherlands and Belgium had prioritised for our future growth. These were:

- Maximum agility in our customer services approach.
- Service expansion in digital transformation and multichannel communications.
- Evolving risk management and cyber security to the highest standard in the market.
- Further integration in the core of our various activities.

Customer Services

Our Customer Services colleagues are the key differentiator in exceeding the often unspoken expectations of our customers. They act as an extension of our customers and manage the complete chain of advice, design, and execution of all digital channels and print production. By embedding Customer Service as an integral part of our Sales Account Teams, customer satisfaction has increased significantly, and we offer more empathy and agility in supporting their ambitions and goals.

Digital Transformation

The Netherlands and Belgium is very 'mature' in the digital transformation of communicating with consumers, members, and citizens. This has changed our market enormously in the last ten years and has given us a huge opportunity to grow in technical solutions and services. Our flagship is our SaaS Paragon OnePlatform. This is an easy to implement, no Capex multichannel platform that empowers our customers to manage their document composition and scenario management for each of their target clients. They can communicate when they want or need to via the channel that is most effective or preferred by the receiver.

We had a record year in implementing and migrating customers on OnePlatform, with many existing clients continuing to show their confidence in our ability to meet their current requirements and future ambitions. We helped our customer win new clients, improve the level of their customer experience, and support their back office with robust, resilient, and secure technical solutions.

We also developed a digital transformation maturity model, which helps our clients remove the barriers that prevent an integrated multichannel conversion. Through our expertise in Customer Communication Management and deep expertise in consultancy on this topic, we can quickly identify where and how digital can enhance the customer experience throughout the entire journey, unlocking improvements, advantages, and efficiencies. We take the time to deeply understand each client's organisation and build a roadmap that aligns with their business strategy, enabling transformational leaps or smaller digitisation steps.

Our reputation as one of the most capable, trusted, and reliable service providers in the customer communications market is driven by longstanding relationships with existing clients. This was enhanced by our ability to remain robust and agile during the COVID-19 pandemic.



Pieter de Ruijter, Natasja Prinsenberg, Gert-Jan Vollema, Mieke Clark-Marsman, Victor Meere and Ton Kalter, PCC Netherlands & Belgium.



Risk Management and Cyber Security

We are a market leader in the protection and processing of data and the safe and secure handling of confidential communication.

Our Risk Management & Data Security department is tasked with preventing data breaches or cyber-attacks and takes responsibility for the privacy and security of our customers' data. To this end, we only allow the supply and return of data via highly secure connections and have various measures in place as guarantee.

We are continuously working on improving the level our security and in the past year, particular attention was paid to the integration between inbound and outbound customer communication. Having met the necessary requirements for various certifications, including ISAE 3402 Type 2, and ISO 9001, 14001, 45001 and 27001, we can now ensure the security of the entire customer communication chain.

In addition, with sustainability playing an increasingly important role in our business, we have worked closely with our Risk Management & Data Security team to improve the sustainability of our solutions throughout our entire supply chain.

Full Integration

Combining our offering in multichannel inbound and outbound communications solutions has made us the undisputed market leader in The Netherlands and Belgium. We successfully integrated three companies in just nine months, and the synergies in our combined approach and footprint have led to significante advantages for our customers and employees.

Integrating the existing Paragon organisation in The Netherlands with PostNL Communication Services and RR Donnelley created a very knowledgeable, technologically advanced end-to-end customer communications provider across multiple sectors, including Telecoms, Banking, Financial Services, Government & Municipalities, Insurance, Utilities, Retail, and Internet businesses with multichannel marketing and transactional solutions. With a strong presence in these industries, combined with our extensive end-to-end customer communications service portfolio, we have realised impressive cross and upsell performance.

Organic Growth and New Customers

In our integrated market approach, we focus on four key markets in each of sectors outlined above.

Transactional Communication is mainly about informing consumers at the right time, with the right information via their preferred channel. Combining inbound and outbound with print and digital has proven to be a solution to our customers' COVID-19 challenge.

We have welcomed new customers in various sectors, with one new client in the pension sector specifically choosing Paragon because of its OnePlatform solution. They have already outsourced a legally required annual mailing to all their customers, as well as a large printing-on-demand job of pension booklets. They have also extended their digital invoices with payment links. We continue to guide them on how to further improve their complex pension communication to the consumer.

Case Study

Triodos Bank

Triodos Bank makes its statements more sustainable

Triodos Bank has 700,000 accountholders and banking activities in The Netherlands, Belgium, the UK, France, Spain and Germany. The bank manages more than €15.5 billion in assets and operates in 66 countries. The bank aims to provide sustainable, ethical, and transparent banking.

Triodos offers its customers mobile and internet banking as well as the option of receiving physical bank statements by post. They asked PCC for a more sustainable solution to the production and mailing of these communications.

PCC proposed that the 8-inch statements be replaced by A4 statements. This means that 40% more credits and debits fit on one sheet. The statements are also printed on both sides instead of one-sided. In addition, all statements are printed on FSC recycled paper and packaged in an FSC recycled envelope. Finally, the frequency of printing and mailing was examined. Where previously statements were produced daily, they are now produced twice a week.

The change has gone smoothly and Triodos customers have not questioned or complained about the process. As a green bank, Triodos is proud that they can now also mention the FSC Recycled label. PCC is proud to support them in their green ambitions.

Case Study

dun & bradstreet

Altares Dun & Bradstreet: Data is their business

The Altares Dun & Bradstreet (Altares D&B) database, with business information on 300 million companies, is an inexhaustible source of valuable data. They called in BPO services from Paragon to collect this data.

Together with Altares D&B, we are constantly looking for possible optimisations of the business processes. As a result, we have developed solutions and applications that support and improve current processes.

These optimisations have improved the quality of the processes and reduced costs and lead times. Numerous manual activities have been converted into (partially) automated processes. This saves Altares D&B time, manpower and costs.

Our **Marketing Communications** team has helped our customers secure new business. The pandemic has proven to be a booster for the food and e-commerce industries, and we have welcomed several new customers that have a digital business model but use direct mail for generating new clients. This has been very successful and our creative and connected multichannel approach has led to additional sales in the digital arena. We have helped large brands in the e-commerce, digital supermarket and food sector with mailings throughout the Netherlands and Belgium.

Our **DCX** services continue to grow with our team continuing to show that they are a key differentiator when it comes to clients choosing Paragon. Visualisation of vast amounts of complex data has become one of our areas of expertise in which we support our customers. We have experienced substantial growth in our online campaign management activities as we offer cover everything from data, design, and quality controls to reports on the online behaviour of customer groups. We have successfully completed such a comprehensive project for an insurance client.

Our **Onsite Services and Workplace Solutions** have transformed from offering traditional onsite services for mailroom and reprographics demands, to innovative workplace solutions to improve day-to-day experiences for our clients' employees. Our solutions encourage creativity and collaboration, increase productivity, and drive better business performance in communicating with customers. A large telecoms provider for which we had been managing the mailroom on location for years, made the switch to digitising the mail at the location. This enabled employees to receive their digital mail within a few hours, regardless of where they were working from, allowing them to access and action items sooner.

Employee Engagement

During the pandemic we found new ways to maintain the valuable connections between colleagues and teams. A special initiative by one of our employees was to issue The Paragon Summer Magazine; a full-colour, personalised magazine with interviews of colleagues, information on our business activities, recipes, and exciting information about the various locations.

We believe that it is important for our employees to take charge of their own development. In this regard they are given the opportunity to broaden their knowledge through courses and training.

New Hires

PCC Netherlands & Belgium welcomed several new colleagues, including Pieter de Ruijter, who is responsible for all commercial activities in the Netherlands & Belgium, with a strong focus on growth.

Case Study

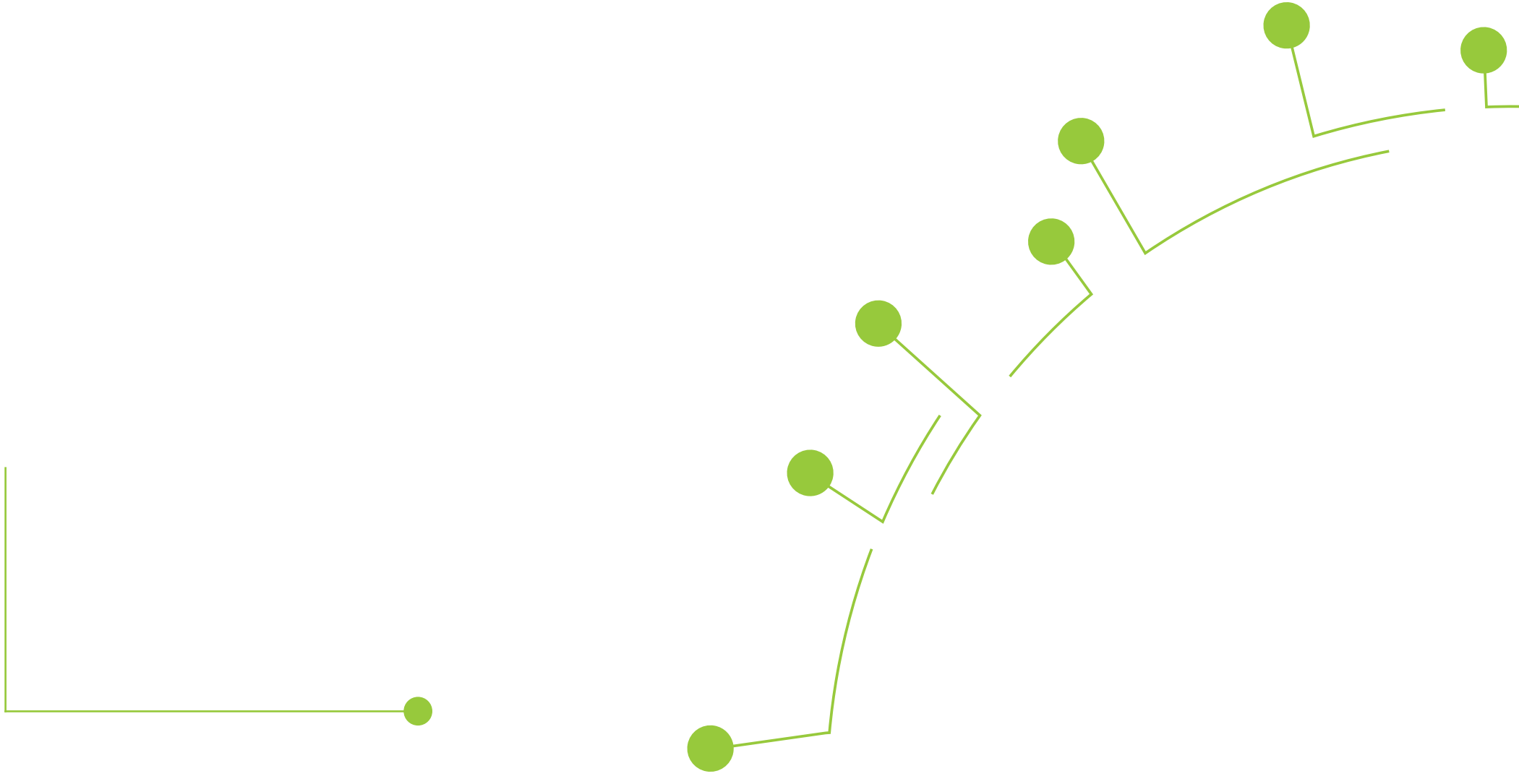
otto group

How our multichannel communication platform is helping OTTO

Otto Group is one of the largest home shopping organisations worldwide, with approximately €10 billion in online income. The online shop contains over 300,000 articles, from fashion to multimedia and living, and in the Netherlands it distributes approximately 8-9 million parcels per year.

PCC supports OTTO in the implementation of customer communication. OTTO integrated their complete customer communications into Paragon's multichannel communication platform, whereby OTTO can create and adjust documents itself. Service communication has now shifted from physical to e-mail communication. OTTO has also linked an online archive, which is connected to the secure online 'My OTTO' environment. Here, both the customer and customer service can find documents. This gives customers more control and means they do not have to call the customer service if, for example, they have lost an invoice e-mail. If they do call customer service, OTTO employees are better equipped to help customers.

This approach has saved OTTO a lot of time and money whilst putting them in control. Customers are also more satisfied.





Clem Garvey
CEO PID

Paragon ID

Paragon ID (PID) uses contactless Radio Frequency Identification (RFID) and other technologies to power solutions for its clients in four distinct markets – Smart Cities & Mass Transit, Track & Trace, Payment, and e-ID.

PID creates components which are integrated into smart cards and tickets and provides digital mobile ticketing platforms for public transport. It designs, manufactures, and supplies RFID tags and develops middleware platforms for tracking products and equipment. The company manufactures credit, debit and gift cards, and licenses unique contactless technologies in the payment sector.

In the electronic identity world, PID is recognised for the performance and durability of its silver ink RFID technology, which is used in the passports of more than twenty countries. PID is listed on Euronext Paris, with the majority of its shares held by Paragon Group.

Revenue

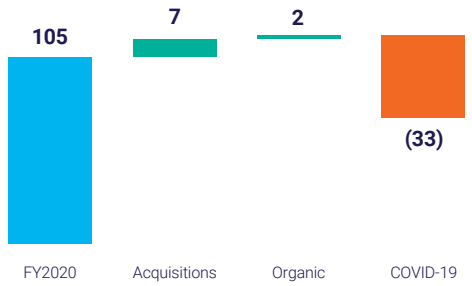
Paragon ID posted revenues of €81 million for the twelve months ending 30 June 2021, registering a decline of 27% on a like-for-like basis and at constant exchange rates. The greatest decreases during the year were in Smart Cities & Mass Transit and e-ID, where sales declined by 50% due to COVID-19 and its associated lockdowns and travel restrictions. Track & Trace remained stable over the course of the year whilst Payment increased strongly, in part because of the consolidation of Thames Card Technology for a full twelve-month period. Geographically, all regions reported significant declines, with the US business – exclusively comprising activities in Mass Transit and e-ID – shrinking by 60%. Overall, PID lost revenues of around €50 million compared to its proforma situation prior to the pandemic.

Cost Management Measures

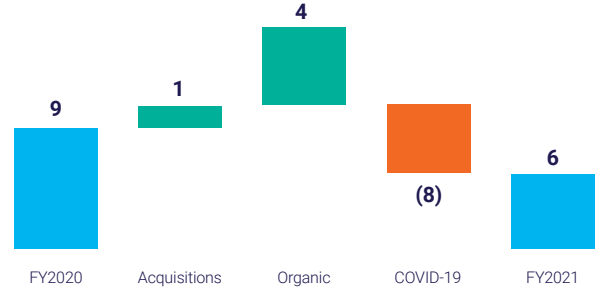
Aggressive cost management measures were put in place across PID. All factories remained open throughout 2020/21, continuing to fulfil customers' orders. All possible safety measures were taken to minimise chances of infection in the workplace.

Dialogue and communication with employees and their representatives were critical during the year. PID negotiated long-term arrangements, whereby employees could be put

PID Sales



PID Underlying EBITDA[2]



1. EBITDA is defined in Note 2(s) on page 126.
2. Underlying EBITDA is defined in Note 2(s) on page 126.
3. Proforma sales and EBITDA is defined in Note 2(s) on page 126.

"Dialogue and communication with employees and their representatives were critical during the year."

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on government-supported furlough for up to 40% of their time when activity was low. Because of this, the number of economic redundancies was kept to a minimum. Despite these measures, however, overall headcount decreased from around 750 to less than 500 full-time employees during the fiscal year.

Fiscal Year Review

PID accelerated the digital transformation of its activities during the fiscal year, pivoting from sectors heavily impacted by COVID-19 into sectors using the latest contactless technology to combat the pandemic.

Mass Transit continued to build on the combined expertise of the PID and airweb SAS teams to deliver mobile ticketing, customer solutions, contactless payment on buses and trams, and e-boutiques. These solutions enabled travellers to purchase, print and validate their own tickets without ever engaging in physical exchanges with bus drivers or inspectors. PID increased its shareholding in airweb SAS to 80% in November 2020.

In Track & Trace, supply chain optimisation, online shopping, and automated checkouts in stores created a new market for tens of billions of RFID inlays. To position itself in this market, PID invested in new equipment in 2020/21. PID built upon its certification as an approved supplier of UHF inlays to the retail sector and concluded several supply agreements and partnerships in this domain, where the adoption of the Internet of Things (IoT), notably UHF RFID, has been accelerated due to the pandemic.

RFID Discovery expanded its market-leading position in the tracking of equipment in the UK's National Health Service, where Real-Time Location Systems (RTLS) for ventilators and other equipment literally became a question of life and death. RFID Discovery's teams developed additional functionality and progressed its strategy to bring a cloud-based, scalable RTLS to market. This was accelerated by the acquisition of a controlling interest in Apitrak SAS.

In the Payment sector, Amatech's licensing revenues underpinned our profitability. Thames Card Technology performed strongly throughout the year, particularly in the loyalty and gift card markets. We expect to commence manufacturing of PID's own range of advanced metal cards, and certification of our ranges shortly.

Strategy & Positioning – Four Areas of Activity

Smart Cities & Mass Transit: Enabling the safe movement of citizens

PID is a world leader in providing ticketing and access solutions in Smart Cities, particularly for Mass Transit systems. PID is the only international player in this domain to manufacture and supply ticketing in all media, including magnetic tickets (NYC), RFID tickets (Amsterdam, Miami), RFID smart cards (London, Paris, San Francisco), payment cards (Bordeaux, Menton), and digital ticketing on mobile phones (Quebec, Nice, etc.).

PID's strategy is to support clients in their adoption of the most modern and secure access control solutions, and it is increasingly providing account-based ticketing (ABT) IT platforms to transportation operators of all sizes.

In the Smart City domain, we currently maintain strategic partnerships with Ingenico for card readers and validators, Wizway for the provision of mobile ticketing solutions to large cities in Europe, and NXP Mifare, Infineon and ST Micro for chip manufacturing.Throughout the fiscal year, COVID-19 related lockdowns and fears of infection in densely populated environments continued to have a severe impact on the Mass Transit business. Revenues from Smart Cities & Mass Transit activities declined by 51%, from €55 million to €27 million.

As cities and urban transport operators sought ways to minimise the risk of infection within their networks, the adoption of digital mobile ticketing and other contactless solutions developed rapidly. airweb SAS tripled the number of agencies and cities using its solution. In addition, PID's Open ABT solutions were successfully rolled out in Bordeaux, Menton and Pau in France, and the first international deployments are in progress.

These activities will create highly profitable streams of recurring revenue from long-term contracts and are a high priority for investment in the company. Recent recruits to promote these activities across PID's networks include Mike Lambrou in the UK, and Bruno Pineiro in Spain.



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Case Study

Account-based ticketing platform enables deployment of Tap and Pay contactless payment solution

French public transport operator Keolis chose PID's Open Tap and Pay solution for its Zest bus networks in Menton in the South of France and in the French Riviera.

PID's Tap and Pay Solution:

PID's account-based ticketing platform manages the creation of a customer account and facilitates instant payments when a card is presented to the validator. The P One validator was developed specifically for the public transport sector, in partnership with Worldline Ingenico. It allows passengers to pay for their tickets quickly and conveniently. The onboard operations support system (OSS) permits the passenger's bank card to be validated immediately, allowing for travel across all network lines during their trip. The P One validator and Tap and Pay solution complements PID and airweb SAS's mobile and internet sales channels. This project marks the first implementation of this solution.

Benefits for Keolis and Zest Users

- Open Tap and Pay provides a contactless payment solution, which has become critical as a direct response to the current health crisis.
- It facilitates access to the network for occasional travellers who prefer not to purchase specific smart cards or tickets.
- Deployment of this solution allows the implementation of a new sales channel without disrupting the network's existing processes.
- The solution gives network operators real-time access to detailed travel statistics, offering valuable insight into the customer journey.

What the client says

Sylvain Jacquemot, Marketing and Sales Manager of Keolis Menton Riviera

"Deployment of contactless payment forms part of the dynamic modernisation of the Zest network initiated by the local public authority and is part of our public service delegation. It represents a big step towards innovation and the digitalisation of our services."

Frédéric Gilli, Director of Keolis Menton Riviera

"This solution, which complements physical sales and is 100% digital, allows occasional customers to pay for travel, particularly in tourist areas. With the success of the online shop and the Zest ticket application already deployed by Paragon ID, we have every confidence in the success of this project."







Track & Trace: From Product Identification to Real-time Locating Systems (RTLS)

The registration and tracking of products and materials have been part of PID's business since its inception. Activities in this area comprise the design and printing of industrial labels, particularly in the automotive industry, the integration of secure elements in products to protect brands against counterfeiting, the design and manufacture of RFID inlays and tags to manage stock and prevent theft, and the integration of complete solutions to manage the movement of equipment in complex environments.

Tracking and tracing of objects is one of the fastest-growing applications of ID technology. The increasing adoption of UHF RFID in the retail sector is boosting uptake of the technology in the management of supply chains and in the protection of goods against theft and counterfeiting. Integration of these RFID elements during the manufacturing process and at the earliest possible stages in the supply chain is making the IoT a long-awaited reality.

PID is currently one of a handful of companies worldwide who are certified to produce UHF tags for the US retail market. Following certification and successful audits and approvals, PID supplies some of the largest companies serving the US retail market. In July 2021, PID invested in increasing the industrial capacity at its factory in Argent-sur-Sauldre in France, becoming the only European company capable of producing substantial volumes (billions) of UHF tags.



Case Study

New Direct Die Attachment Inlay Machine

PID recently procured a new production line to manufacture RFID inlays for the retail and aviation sectors.

Using direct die attachment technology, the Direct Chip Attach DDA 40000-P can apply more than 40,000 chips per hour.

Benefits of the new setup include reduced setup time, increased production speed and higher throughput. In addition, it boasts outstanding quality and reliability.

The introduction of this production line facilitates PID's migration to more sustainable inlay production without sacrificing flexibility or speed, as it can apply up to 280 million chips per year using more environmentally friendly substrates.

The addition of the DDA 40000-P, along with the upgrade of existing equipment, will double PID's RFID inlay manufacturing capacity in Europe.







Case Study

Real-Time Location Systems (RTLS) at French harbours

Cornouaille in Brittany is home to France's largest fresh fish markets – with nearly 49,000 tons of fish sold in 2019, it represents approximately 21% of the French fishing industry.

Six of the seven ports in Cornouaille host fish auctions, which are managed by the West Brittany Chamber of Commerce and Industry (CCIMBO). The CCIMBO is responsible, among other things, for providing, sorting, washing, storing, and transporting the trays carrying the fish. Tracking these trays from boat to market to sale is mission critical to the functioning of the ports.

In mid-2020, the CCIMBO sought an RFID-based solution to optimise and secure the flow of fish trays. In addition to ensuring smooth processes, the objective was to reduce the loss of trays at market. Prior to deployment of the new system, almost one third of trays went missing each year.

CCIMBO awarded the contract to PID at the end of 2020. Using a combined team of experts from RFID Discovery (UK) and Apitrak SAS (France), a track & trace and geolocation solution was developed and deployed between January and July 2021. The solution included the supply of fixed and portable RFID readers and business software, as well as an app enabling the CCIMBO to not only monitor and control the flow of reusable bins, but also to gain additional information on the traceability of the fish by batch and species from the boat to the consumer.

The solution is now operational across the six Cornouaille fish markets, with more than 50,000 trays being tracked by the system. The CCIMBO and PID teams continue to work together to improve user information and ensure the sustainability of the solution over time.

What the client says

Christophe Hamel, Director of Cornouaille's Fish Markets

"Paragon ID's expertise in RFID and its agility in adapting its solutions to a hostile environment allowed us to succeed in this project, which represents a technological, logistical and environmental breakthrough in the management processes of containers and of the fresh fish business. Four months after deployment, the results are very satisfying: the containers are returned and in much shorter times. The middleware solution provides access to the real-time information required by our teams. Having succeeded in deploying a standardised solution across six fish markets, there is an opportunity to expand the breadth of the project, notably to regional level."







The International Air Transport Association (IATA) has selected UHF RFID for the tracking of checked-in baggage. Under IATA Resolution 753, this technology will be adopted universally by airlines, airports, and service companies to improve and optimise the flow of billions of pieces of luggage each year. PID has been designated by Air France to manufacture and supply its RFID baggage tags.

On 1 July 2021, PID concluded the acquisition of Security Label GmbH, one of the world's largest providers of baggage tags to airlines. The progressive return of aviation traffic to pre COVID-19 levels, coupled with the adoption of RFID technology in baggage tags, should provide an opportunity for strong organic growth in the coming years.

At the same time, RFID technology is being adopted in medical and industrial environments as one of the technologies of choice for tracking mission-critical equipment and devices in real time. The acquisition of RFID Discovery in the UK in 2018 provided PID with the middleware platforms to position itself as a leading provider of Real-Time Location Systems (RTLS).

In 2020/2021 RFID Discovery consolidated its position as the main supplier of RTLS within the NHS.

In May 2021, PID acquired a controlling interest in French technology start-up Apitrak SAS. While RFID Discovery was initially built as a client-server middleware platform for tracking equipment in the UK's hospitals, Apitrak SAS was created as a cloud-hosted solution for similar applications across hospitals in France. The acquisition of Apitrak SAS has accelerated RFID Discovery's evolution to a cloud-based SaaS platform which can be deployed globally.

Overall, the Track & Trace businesses grew slightly during 2020/21, delivering total revenues of €27.5 million. Industrial labelling and other track and trace products fluctuated in direct proportion to economic activity. At the same time, growth in RFID Discovery boosted the Track & Trace business, especially within the healthcare sector.

Payment

PID's involvement in the Payment sector began in 2018 with the acquisition of AmaTech, an Irish company specialising in contactless technology in high-end payment cards made of metal and other materials. In 2019, PID acquired Thames Card Technology and the secure EMV-approved manufacturing facilities to manufacture its own metal payment cards using AmaTech technology.

Eden Range: Portfolio of environmentally-friendly products













Revive	Restore	Regenerate	Turn the Tide	Wood	Paper board
• Recycled PVC • Obtained from industrial waste • Suitable for bank cards and retail	• Recycled PETG • Obtained from industrial waste • Suitable for bank cards and retail	• Recycled PVC • With a degradable PVC centre and cover • Suitable for bank cards and retail	• Suitable for bank cards and retail • Plastic from oceans • Collected from coastal communities at risk	• Made from cherry wood • Chemical free production • Certified by Mastercard	• Superior finish • 100% recyclable & biodegradable • Responsible manufacturing • Fossil-fuel free production

In 2020/21, the Payment division increased its revenues by 69% from €13.8 million to €23.3 million, two-thirds of which was due to the consolidation of Thames Card Technology. However, growth in cards for the financial industry was lower than foreseen, as some banks postponed the launch of new cards.

PID will enjoy the benefit of additional, recurring revenue streams once the new licensees produce significant volumes of cards.

In June 2021, Thames Card Technology took possession of a new HP 35000 digital press, which can expertly print on multiple media. Thames Technology also launched its Eden range, a catalogue of environmentally friendly payment cards made from wood, metal, or recycled material. These have proven to be extremely popular with customers and demonstrate PID's determination to reduce any potentially negative impacts on the environment.

e-ID

PID supplies the key electronic components for passports, identity cards and e-licences to federal and state governments across the world. Its unique inlays, printed in silver ink, are recognised for their longevity, readability, durability, and recyclability.

In 2021, as border closures increasingly became the norm and demand for these components slowed, e-ID production declined drastically. Revenues dropped from €11.8 million to €6.1 million over the course of the year, having already suffered in 2019/20. As Borders reopen and international travel resumes, demand is now picking up.

Despite various challenges, PID's R&D teams continued to develop new products in the e-ID space during 2021, notably in the development of RFID inlays embedded in polycarbonate material. These products can be commercialised as data pages inside passports, or as single unit identity cards.

Sustainability in PID

The Sustainability section in the report covers the impressive range of Sustainability initiatives that Paragon has carried out in the last year. Special mention goes to the PID business in France which has now achieved 'Platinum' status on the Ecovadis Sustainability Rating, which places them in the top 1% of over 75,000 companies across 200 industries in more than 160 countries.

Looking to the Future

PID is transforming from a company formerly focussed on commoditised media and components, to one which sells high-margin products and services into fast-growing markets. Our products and services have high barriers to entry, contain strong service components, and are fundamentally green in nature.

Investment to achieve our current position has been significant, with our key initiatives relying on intellectual property, industrial expertise, certification, scale, and software platforms. PID is now looking forward to sustainable and profitable growth while delivering double-digit EBITDA margins.

Challenges caused by the pandemic resulted in increased consolidation in various sectors and PID is now positioned as a high-quality partner across all domains, allowing it to defend its pricing and margins. At the same time, the work done to minimise fixed costs will deliver operational leverage as volumes of business return.

The progressive return to normal mass transit activity should drive growth in tickets and cards, while the reopening of borders and flight routes is already creating strong demand for passport inlays and polycarbonate identity cards.



The certifications obtained by PID for its sites and its products add to its status as a partner of choice for clients requiring large volumes of RFID inlays. With its recent investments in state-of-the-art equipment, PID can support clients who are looking to adopt RFID to help them realise the IoT. While the current shortage of electronic components may dampen immediate growth, medium- and long-term prospects are positive.

In Mass Transit, airweb SAS's mobile ticketing offer continues to grow rapidly, while PID's ABT platform is also enjoying strong market interest. These contactless solutions allow

customers to minimise the risk of infection within their networks while providing true ease of use. For PID, these solutions are commercialised on a Platform as a Service (PaaS) basis, creating strong, profitable recurring revenues that continue to grow with progressive adoption.

The PaaS model is also utilised in the sale of RTLS in medical and industrial environments. RFID Discovery and Apitrak SAS is expected to follow the same pattern of growth in profitable recurring revenues. Completion of the new cloud-based Discovery platform should open these activities to potential global scaling.

Finally, the manufacture of PID's own catalogue of speciality payment cards at the Thames Card Technology factory will further drive growth in Payment. Demand for these cards remains strong, as does the pricing and margins achieved.



"PID is currently one of a handful of companies worldwide who are certified to produce UHF tags for the US retail market."

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Paragon Graphic Services

Everything Print & Design

Creating Visual Experiences

Paragon Graphic Services

Paragon Graphic Services (PGS) provides digital print solutions to a wide range of customers across multiple industries and business sectors. In addition, it has a high street presence, providing a one-stop shop for print needs.

PGS provides these end-to-end print solutions across Europe through individual branded businesses. In the UK, we have Service Graphics Display and ServiceGraphics Print & Design, while Allkopi is a well-known brand in Norway. In Spain, we have FMI Service Point, with FleQs in the Netherlands.

Our companies are built on a foundation of strong customer relationships and excellent customer service, supported by ongoing investments in production equipment and facilities to ensure the highest quality products and services. We are building our digital skillset and competencies to ensure we provide our customers with effective and efficient print solutions that add value to their businesses and brands.

Our vision is to provide print, design, and production solutions efficiently and effectively for, and with, our customers. This is achieved in several ways, including the wide geographical spread of our branches, the provision of solution-oriented design and creative support, high quality production, and end-to-end solutions, from creative design to implementation.

At PGS we offer a range of core solutions. In addition to taking care of everyday print needs through our branch network, we also offer creative studios and production, ecommerce platform solutions, and marketing activation design, support, and implementation.

Our business services include printing, scanning, mailing, digital storage, and secure document services. In addition, we handle the planning, design, printing, preparation, and installation of large format displays, point of sale materials, and event and exhibition resources.

We are the market leader in the UK for display solutions. We enhance our customers' and clients' branding and positioning in the marketplace. We work across multiple verticals, including retail, construction, sport, finance and legal, and our strong geographical presence ensures our customers receive the communication, service, and follow-up they require.

The division has continued its path of improvement and growth over the last year. It has been a year of managing the pandemic and supporting our customers and staff while being proactive about enhancing and improving our business in key areas. The integration of key acquisitions continued during the year, and we have seen the positive contribution these businesses have had on our strategy and operational performance. This has taken place alongside the necessary realignment of our resources to ensure we managed the reduction in customer activity and economic buoyancy over the past year.

The division continued to invest in its operations and during the year we installed key machinery at our facility in Chippenham improving capacity and efficiency at the production facility. We have also invested in large format production capabilities at our Allkopi facility in Oslo, Norway.

While we continue to focus on our brands across the different markets, which align with local markets and customer needs, we continue to drive a great brand-focussed marketing presence in each geography with a deepening focus across social media, web presence and physical marketing activity.

Case Study

Crystal Palace Football Club

Service Graphics Print & Design completed a full stadium signage re-brand for Crystal Palace Football Club in August 2021.

Due to a new stadium sponsor being secured for Premier League football club Crystal Palace, the existing stadium signage previously installed by Service Graphics Print & Design needed to be removed and replaced with the 2021/22 seasons sponsor FaceBank branding. This included both stands behind the goal and another stand the length of the pitch needing a combination of PVC banner, PVC mesh, di-bond and foamex panels.

The Premier League opening game of the season was a critical deadline, as was the instruction that pitch access was not available. Therefore, the only option was an abseil installation over the top of the Arthur Wait Stand.

National Sales Director Matt Smith project managed the whole process, utilising Service Graphics Display at Taunton and Skelmersdale for production and Blade Rigg for the installation.

What Did the Customer Say

"The Service Graphics Display teams provided everything that we needed from them to the highest standard of quality, with everything arriving at Selhurst Park exactly as needed. Equally the installation went according to plan, via the abseil team, when we were always under the watchful eyes of the stadium staff and groundkeepers"



An Improved Focus on Sustainability and Technology

The world is facing rapid environmental and societal change, and it is vital that we develop business strategies that embrace the growth potential this will bring.

Sustainability provides solid governance and is crucial to the growth of our business. PGS is part of a global business with global impacts. We have a responsibility not only to build a sustainable business, but also to contribute to a sustainable economy and environment.

We are also a vital part of our clients' supply chain. They trust us to support their sustainability obligations, and we are committed to providing a holistic view of the sustainability footprint over the lifecycle of our products and services.

We provide clients with a complete range of solutions across the printing process. We streamline the design and delivery of marketing and work with leading-edge print, mail, and digital technologies. This allows us to support our clients with meaningful communications and marketing materials while minimising their environmental footprint.

Key Trends and Messages

Sustainability is not a short-term market trend; it has been a business cornerstone for many years. What has changed, however, is consumer behaviour. Today, consumers increasingly understand that their buying power has influence and are using their choice of brand to have a positive impact. As a result, the demand for sustainable products and services has risen sharply, affecting all sectors, including construction, education, retail, and finance. This means all companies must

Case Study

MER

More than 50% of new cars sold in Norway are electric, and Grønn Kontakt (Green Connection) is one success story in the country's ever-growing electric car market. In early 2020, Grønn Kontakt was acquired by energy company Statkraft and was renamed Mer (More). This resulted in a need for rebranding. Grønn Kontakt/Mer was already a customer, as Allkopi NetPrint had previously assisted the company with artwork for new chargers.

The Challenge

Grønn Kontakt/Mer selected Allkopi NetPrint as its partner for the re-branding project. The team faced a challenging task as they had to rebrand a range of 1,200 chargers spread across 380 locations. Of these, 260 were bus-shelter types, with various design elements that needed updating. The team only had 6 to 7 months to complete the rebranding project, a period which coincided with the extreme Norwegian winter and during a global pandemic.

Getting it Done

A project team was assembled at Allkopi NetPrint Lørenskog to study challenges, identify pitfalls, and find solutions. All meetings were conducted online until the project was approved and the contract signed.

The project was divided into three main phases: testing/product sign off, production, and application/delivery using a specialist partner. The customer was kept abreast of progress throughout.

In total, more than 4,000m2 of vinyl décor was produced, cut to size, and applied. The project was delivered on time thanks to a dedicated project team, and the customer was satisfied.

What Did the Customer Say

Monique Berntsen, Marketing Manager at Mer

"Mer is extremely happy with Allkopi NetPrint's expertise and follow-up throughout this project – from the tender phase to the production of materials, rollout, and completion. We are impressed with Allkopi NetPrint's quality, exemplary cooperation, and communication with all those involved."

mer
Ren energi fra Statkraft





make genuine efforts to become sustainable and be honest and transparent about their achievements.

The Benefits of Sustainability

Increasing public awareness of climate change as an environmental and social issue means that most consumers prefer to give their custom to sustainable businesses. As a trusted partner to some of the world's leading organisations, including many financial services providers, PGS has an ongoing responsibility to build a sustainable business and to contribute to a sustainable economy and planet by supporting clients in offsetting their environmental and social impacts. An example of such a solution is our Flexible PVC-Free range, we have a huge selection of options which can function the same as PVC, but with none of the impact on our planet.

Enhanced Technology

When it comes to technology, PGS is at the forefront of investment and technology evolution, as we consistently monitor the market to enhance the solutions we offer our customers.

Our Digital Specialists transform environments with digital signage and interactive experiences that engage audiences, provide valuable data, and connect brands with customers.

The Paragon Graphic Services "Green Sample Guide" is the result of years of research to create a collection of environmentally friendly materials that are recyclable and can be used to replace harmful products, without compromising on quality. By switching to materials like polypropylene our clients are now making savings and looking after their planet.

We provide a full end-to-end solution; evaluating audience and customer environments, identifying and overcoming technical challenges, and working with the customer to create content that can be deployed quickly and easily. Our cloud-based platform offers complete control of the any campaign and can deploy to multiple locations and screens or drill down to deploy at an individual screen level. Whether the customer requires digital signage at a single location or a multi-site nationwide rollout, we take care of everything, ensuring the technology delivers what is required.

Parallel to investing in our customer solutions, there are ongoing investment programmes in our production facilities, ensuring we have the most effective and efficient equipment to provide our customers and clients with optimal solutions.

Case Study

WHITE & CASE

White and Case LLP - Litigation Print/ Data Management request

Service Graphics legal team swiftly set up a secure FTP site for a large volume of sensitive data to be uploaded by the client. During our review we ran the documents through our batch sorting /printing software to establish bookmarks, tabs, page count, percentage colour and if the files contained any errors. The full bundle consisted of over 30,000 pages, 97% of this was made up of colour printing and over 1,000 dividers.

With our experienced staff and high volume/capacity machines, we were able to print, QC and complete the order ahead of time and exceed the clients expectations. Good communication was the key for this order to ensure partners and counsel were kept up to speed on bundle progress and ETA's.

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Outstanding Client Wins and Notable Projects

During the year, we got to work with our clients on some amazing project. Below is a sample of the vast diversity of work we completed.

UEFA – giant pitch banners for the 2021 European Championships – Summer 2021

Burberry – New Bond Street illuminated façade – November 2021

Scottish Power – strategic branding for COP26 – November 2021

The Design Museum – Waste Age Exhibition eco graphics and signage – October 2021

Chelsea Football Club – new champions museum – September 2021

Crystal Palace – stadium branding project – August 2021

Nottingham Castle – permanent visitor experience way-finding and signage project – April 2021

Next – nationwide in-store marketing and branding – March 2021

Battersea Power Station – 2 km perimeter hoarding overlay – September 2021

Game of Thrones Tour Belfast – set works, signage,













National Running Show 21 – full-service event product and delivery - September 2021

SEGRO – portfolio way-finding and sustainability project – July 2021

I'm a Celebrity... Get Me Out of Here! – set works and graphic production – April 2021

Qatar Olympic and Sports Museum – major exhibit works 2021/22 - November 2021

Brentford Football Club – new stadium branding project – May 2021

Brunnel Street Works - site perimeter graphics - January 2021

250 City Road, London - site perimeter graphics - May 2021

"Our vision is to provide print, design & production solutions efficiently and effectively for, and with, our customers."

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Case Study

Burberry - External overlay of their flagship London store

The Challenge

Once the concept drawing and prototyping of the vacuum formed moulds had achieved client sign-off, we needed to quickly and effectively co-ordinate our works with all stakeholders with a window to complete all works in time for the Christmas season.

Having created all the working drawings to bring the agreed concepts to life, engagement with our supply chain was critical to ensure all timings and quality was achieved on this high profile site.

Sustainability was a major consideration on this project, creating a solution that was ultimately low in impact, reusable and or recyclable.

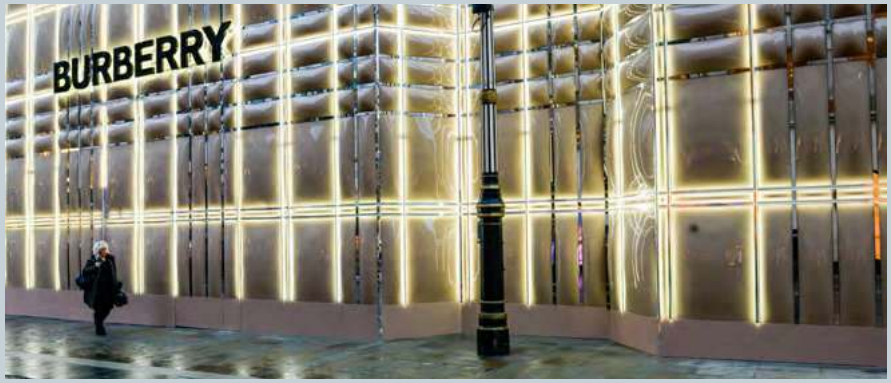
Health & safety compliance, accuracy, quality, and co-ordination with all stakeholders were fundamental to the delivery of a first-class project.

The Solution

Our expertise and material knowledge were used to the full on this project to technically design a complex and unique hoarding facade to cover the front of the Burberry building on New Bond Street.

Inspired by Burberry, this stunning façade had to complement the iconic Lola handbag design through its shape and form, whilst the illumination detail sought to bring the façade to life at night and to maximum effect.

Sustainability too was achieved primarily through the specification of a thermoplastic polyester materials for the panels that provided excellent vacuum formability for manufacturing and the ability to recycle post use. Reusable and low energy LED lights completed the package.



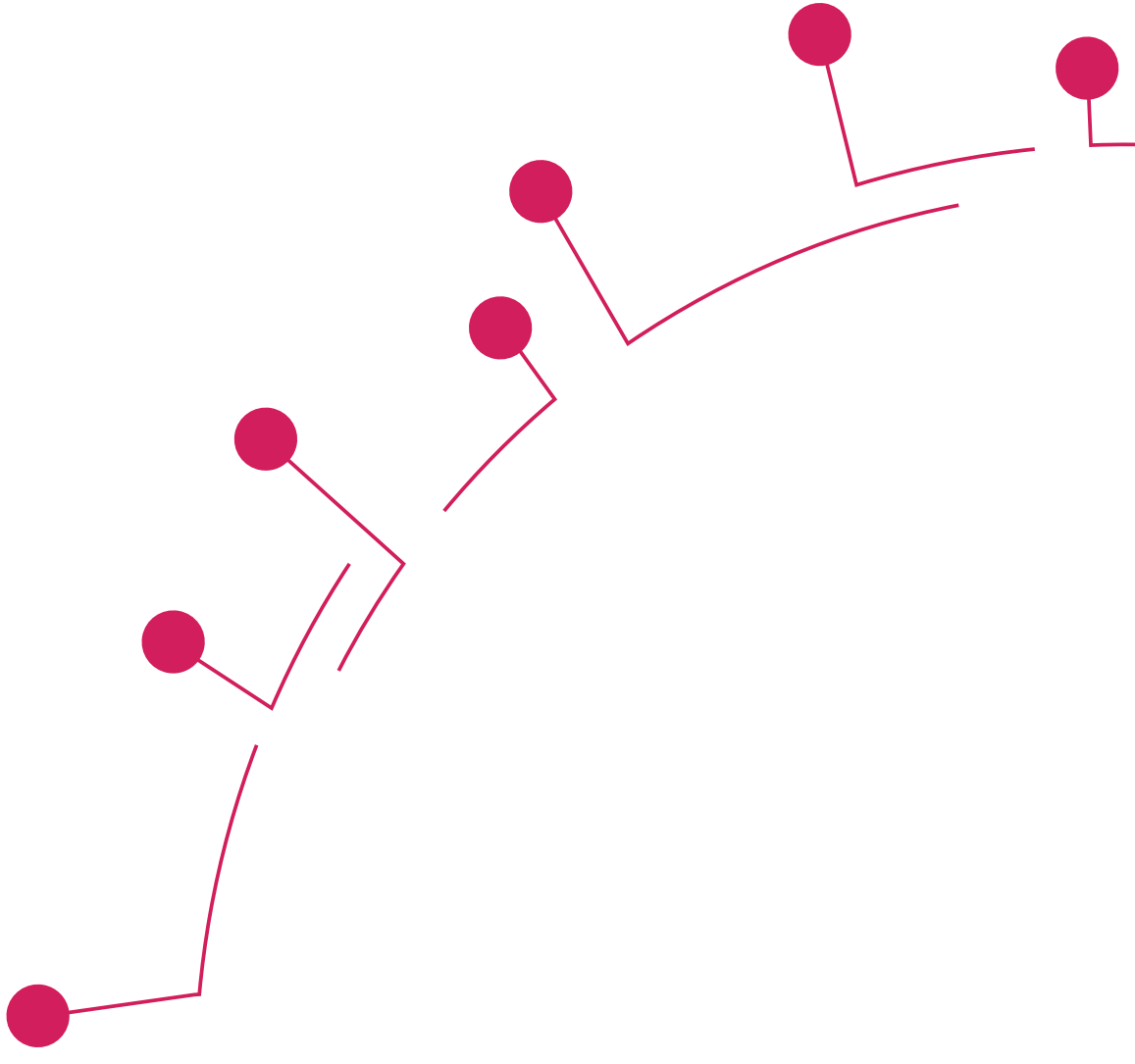






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Andrew Jones
CEO, OT Group

"Delivering everything customers need to operate effectively, so they can focus on driving their core business operations."

Paragon Office Services

OfficeTeam (OT) Group

OT Group comprises OfficeTeam, OT Wholesale, ZenOffice, MPS, Office Depot and Spicers with operations in the UK and Ireland.

Realigning the Business

The past 18 months has been one of OT Group's most significant periods as we had to adapt to meet unexpected challenges. OT Group has successfully repositioned, with an adjusted proposition that better serves customers who themselves continue to adapt to long-term changes in working practices.

Through a strong focus on cash management and investment in the cost base, OT Group's realignment has driven stability. Our core value proposition mirrors the revision of internal working practices, which now present enhanced agility. We also introduced additional strategic products and services to ensure customers have everything they need to operate effectively.

A Focus on Growth

OT Group's focus is on growth, and the successful and significant acquisition of Office Depot's contract business in the UK and Ireland supports our vision of being a €350 million company by 2025.

The acquisition of Office Depot adds wealth of experience and knowledge to OT Group's extended range of workplace solutions and business services. In addition, leveraging the strength of the Paragon Group along with key strategic partnerships, we now have a clear differentiated position in what remains a crowded market.

Enhancing the Customer Experience

OT Group's ongoing investment in technology highlights the core developments made to continually strengthen the experience and satisfaction levels of even the largest and most complex of customers.

We have invested significantly in SmartPad, our intuitive e-commerce engine, and the functionality of the most recently launched version has been engineered to ensure the procurement technology works even harder for customers' businesses.

All enhancements reflect marketplace insights and customer feedback captured by the digital team. From seemingly minor developments such as user-defined self-service logins for homeworkers, through to major new business intelligence capabilities, everything centres on delivering technology that demonstrably supercharges supply chain efficiencies and effectiveness.

Wider Investments

OT Group acquired an advanced distribution hub in Ashton-under-Lyne this year, with new technologies already introduced to further streamline systems and operating functions.

Our partnership with Menzies, the UK's only national, time-critical logistics specialist, completes our comprehensive distribution network and provides customers with a greater degree of flexibility and control. Choices now include desktop delivery, specific floor drop-offs, pallet services, and night drops, all with integrated track and trace features. In addition, we boast a robust carbon-friendly solution thanks to a large electric fleet.

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OT Wholesale

With OT Group's new investment plan in place, we launched our wholesale division, OT Wholesale, in May 2020.

Our proposition was simple; providing our customers with access to over 10,000 on-the-shelf product lines, the ability to supply our signature 5 Star™ product range, and a next-day delivery service direct to customers.

By taking a proactive approach to service and providing a centralised pricing model that enables us to remain competitive in the market, the business has seen rapid growth within the last 18 months and now boasts over 1,000 customers.

Office Services Ireland

The past year saw our traditional wholesale business within Ireland extend into the reseller market with the acquisition of Office Depot Ireland.

Spicers Ireland, which supplies over 200 dealers with office products; and Office Depot Ireland, which supplies over 100 key account customers with general office supplies, print and furniture, were restructured under the umbrella brand of OTGI [OT Group Ireland] in June 2020. While both entities continue to operate independently of each other, Spicers Ireland and Office Depot are both serviced out of our upgraded Citywest facility. This enables us to provide a more efficient and improved service to our wholesale and newly acquired contract customers.

Our Citywest facility has seen significant investment, with extensive work carried out earlier in the year including a complete re-racking of the warehouse and the introduction of narrow aisle technology. This change in layout provides the business with the capacity to expand its pallet space requirement in line with future growth plans.

Case Study

OT Group's digital team plugs the procurement tech gap

Three years ago, OT Group's industry analysis highlighted a market gap within the supply chain sector. Although digital transformation was happening at pace throughout various industries, there was not a platform that truly satisfied the needs of modern procurement teams.

We embarked on an ambitious vision, forming a strong digital team, and investing a substantial sum into the development of a new, purpose-built B2B ecommerce engine of our own.

The resulting tool – SmartPad – provides intuitive, user-friendly features designed to cut costs, reduce manual orders, and eliminate purchase errors. The platform also contains the budgetary controls, spend visibility, and business intelligence required for wider, senior procurement stakeholders. Consequently, this achieves organisational efficiencies and financial control through standardised processes, guided buying, and more strategic procurement.

Its agility was proven during the pandemic when OT Group launched a suite of secure homeworker features, at pace, to support customers struggling to adapt to lockdown constraints. A complementary subscription service was also unveiled.

SmartPad is used by more than 100,000 users in SMEs and enterprise organisations and connects customers to over 100,000 products. Features include custom print solutions, configurable furniture ordering, repeat deliveries, products chosen specifically for their CSR credentials, advanced BI for more dynamic reporting, user-defined logins for the increasingly flexible workforce, and marketplace price benchmarking. It is also customisable to suit even the most complex of procurement frameworks and work is already underway to pursue the next phase, which will include multi-currencies support.

Spicers Ireland

Spicers Ireland supply the wholesale channel in Ireland. Based in the Citywest Business Campus, we are 5 minutes from the main motorway heading both North and South. The facility itself is 9,300 sq m including a trade counter that enables us to provide a same day service to our customers.

Our offering includes next day delivery nationwide, a dedicated customer service team based in Citywest and a stock portfolio that is replenished 3-4 times a week from our main hub in Ashton-under-Lyne and by manufacturers supplying directly. Customers can place their orders electronically or by calling the customer service team, check stock through the online portal and receive invoices electronically.

Office Depot Ireland

The acquisition of Office Depot Ireland's contract arm has enabled OT Group the opportunity to serve Irish customers, both in Ireland and Irish customers who extend their business into the UK.

Now with an established operational facility in the country, Office Depot Ireland can fulfill customer orders directly from Ireland instead of exporting products to Ireland on a customer-by-customer basis.

The Office Depot Ireland customer base brings key strengths in the finance and banking sector, and equally in the technology and manufacturing sectors with many large well-established brands.

Case Study

OT Group a Crown Commercial Service's (CCS) Tail Spend Solution framework supplier

OT Group was named as one of only two suppliers on the Crown Commercial Service's (CCS) Tail Spend Solution framework, a framework which aims to simplify the supply chain, consolidate deliveries, and provide complete financial oversight.

CCS, an executive agency of the Cabinet Office, supports the public sector to achieve maximum commercial value when procuring common goods and services and in 2020/21 it helped the public sector to achieve commercial benefits of €2.4 billion.

As a supplier, OT Group will provide our customised SmartPad solution to Government departments, allowing them to easily order pre-approved products in a fast, easy to use manner, with pre-agreed pricing to deliver significant value for money savings for the individual department and Her Majesty's Government.

Appointment to the Tail Spend Solution framework (RM6202) involved a rigorous application process – including endorsements from some of OT Group's key clients – and it is expected to contribute significantly to OT Group's revenue over the next four years.

Crown Commercial Service

In addition to general office supplies, print and furniture have been established product areas throughout the customer base. The on-site integration with Paragon Group enables Office Depot Ireland to further extend their print capabilities and provide a wider range of products and services to its customer base.

ZenOffice

Zen delivered a solid performance against the full year budget despite the tough economic climate. Zen is now very well positioned for a return to future growth, with robust plans in place to ensure we deliver against budget during the 21/22 fiscal year.

Everyone at Zen believes in our cause "To protect the future of our people, our customers, and our community". We work together to build a successful business that people are proud to be part of - through teamwork, professionalism, and hard work.

Zen - Business Supplies

Our Business Supplies customer base has remained resilient throughout the pandemic with around 1,000 buying customers each month. We maintain our long-held relationship with OT Wholesale; enabling us to provide a wide range of general office products to our customer base.

Zen's sponsorship of Sale Sharks Rugby Club continues to pay dividends. Great account management from the Business Supplies team means we supply their office supplies, catering and janitorial products, as well as their MPS solution through Xerox. Recently, we grew this business by partnering with Service Graphics to supply stadium signage and we completed a significant refurbishment of their commercial offices.

Our focus is on driving sales through digitsation and automation. In November 2020 we integrated Salesforce and Hubspot into our business to help accelerate the sales funnel. We continue to invest in our e-commerce platform by adding more product categories, and making it more intuitive and user friendly.

The MPS Team

The MPS Team expanded their proposition during the pandemic to provide integrated and secure hybrid workplace solutions, adaptable to any working environment.

Our strong partnership with HP continues to grow with The MPS Team becoming their number one reseller for Total Contract Value with a growth of 79% between FY20 and FY21. This is a phenomenal achievement from the team.Recent major wins for The MPS Team include Majestic Wines, SSP, Network Plus and Medivet, highlighting the scale and scope of their digital workplace solution offering.

In November 2020, The MPS Team partnered with PrintReleaf, where the paper consumption data from our managed print service customers is automatically updated and converted into trees. Over the past 12 months, we have offset over 2 million printed pages and reforested 245 trees in Glendun Oak Woodland, North Antrim.

Introducing OT Group's New High-Tech Distribution Centre

OT Group's acquisition of the UK and Ireland business of Office Depot Europe meant the company also secured a large 30,000 sq m, automated distribution centre in Ashton-under-Lyne. This flagship facility is critical to our core value proposition and delivering our customer communications.

With the capacity to hold 18,000 pallets and more than 22,000 products, this space considerably extends our warehousing capabilities. The site's existing technologies include A-frame and 'pick by light' systems for greater efficiency, as well as automated cut-to-size packaging for smarter packing and

Royal Warrant - Accreditation

Office Depot, part of the OT Group of companies, is pleased to have been named Royal Warrant Holders. This means that the company is granted the right to provide a range of products, including office furniture, general office supplies and business print services to Royal Households Buckingham Palace, Clarence House, Kensington Palace, Windsor Castle and Holyrood House.

As well as being required to reapply for a warrant every five years, businesses must also have first supplied the households of HM The Queen, HRH The Duke of Edinburgh or HRH The Prince of Wales with goods or services for a minimum of five years. Office Depot UK has supplied the Palace for the last 21 years and is part of only a handful of Warrant Holders that hold two warrants. This is the ultimate mark of distinction for any organisation..

waste reduction. As we work towards increasingly sustainable operations, the latter is an important carbon footprint reducer.

The progressive weighing of product orders and the ability to identify and rectify discrepancies at source also means orders are fulfilled with a high level of accuracy.

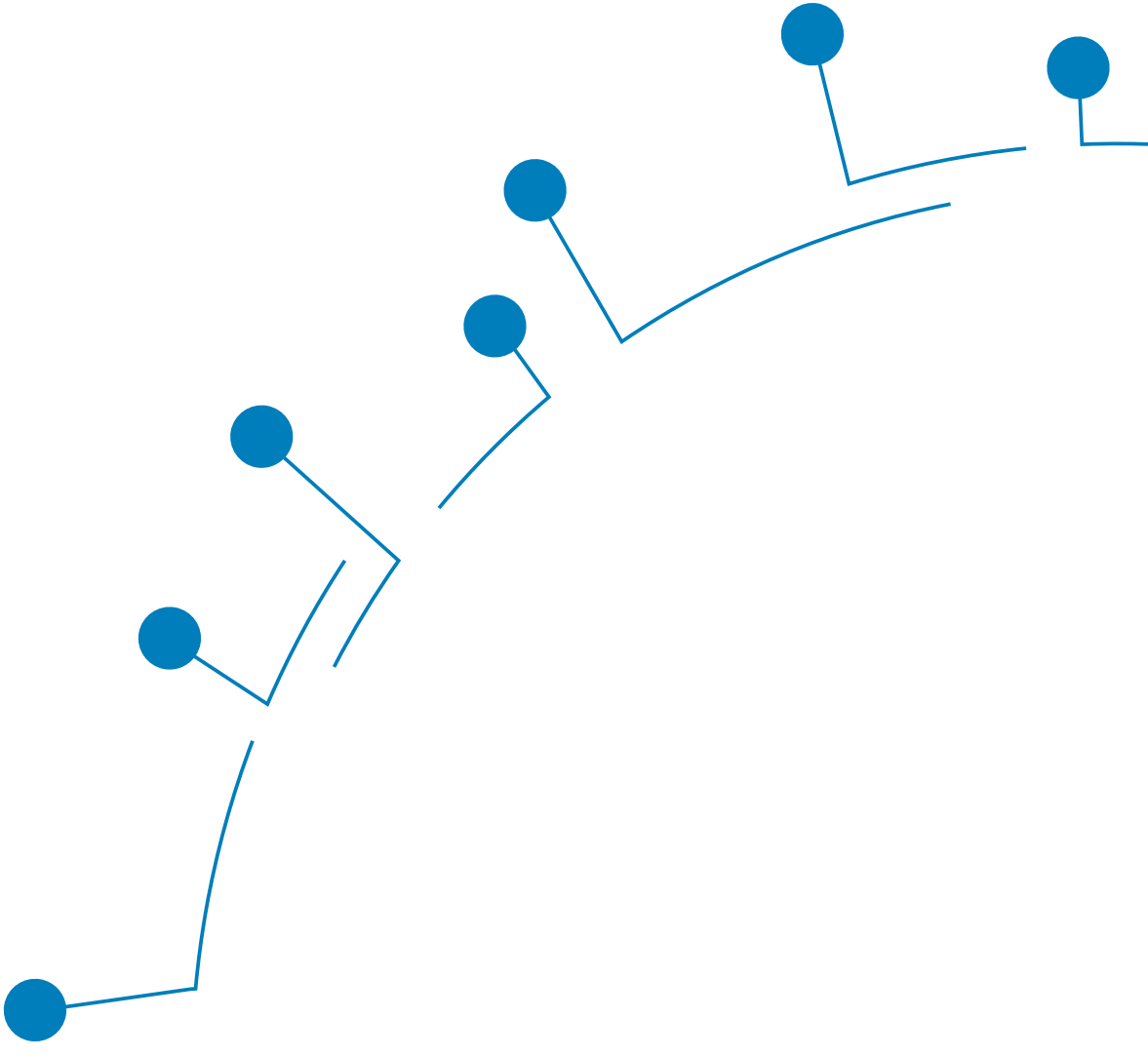
We are already planning to invest in additional warehouse management technologies, which will drive even greater operational efficiencies and improve the speed and quality of OT Group's national distribution service.





Andrea Roberts, Lindsay Downhill and Amy Lane, OT Group

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Paragon New/Growth Businesses

TRENTON
Sustainable Packaging Solutions

During the year we rebranded to Trenton reflecting our shift to sustainable packaging solutions. Trenton is based in Cambridgeshire, UK. The primary activity is the production of folding cartons for the food and beauty sector. The site is BRC hygiene accredited to the highest standard of AA.

With over 100 customers ranging from blue-chip multinationals to local artisanal producers, the company prides itself on its innovative design department which develops award-winning packaging solutions.

In 2021, Trenton brought multiple plastic replacement solutions to market, including the removal of over 100 tonnes of plastic from Aldi and Co-Op's own label Easter eggs. This was developed in collaboration with long-time customer County Confectionery (part of the Orkla group) and made headlines in national media.

This year has been a year of growth for the business, underpinned by increasing demand for biodegradable paper-based packaging solutions, and on-shoring of customer manufacturing from overseas. An example of this is the production of a premium retailers prestigious beauty advent calendar-a hero product for the retailer-which in previous years was produced in the Far East before being on-shored to the UK.

Scytl

Since our acquisition in November 2020 by Paragon Group, we have made significant progress with our integration into the Paragon family.

Supporting Governments

Scytl's iVote online voting solution was recently utilised by Upper Hunter, an electoral district in the Australian state of New South Wales, during a by-election for their next Member of Parliament. The online voting channel was available to certain eligible voters, and over 2,600 ballots were cast through the system. Earlier this year, approximately 1.3 million French citizens living abroad had the opportunity to cast their ballots online in consular elections with Scytl's technology. The decision to offer an online voting channel this year was sparked in large part by the COVID-19 pandemic. After online voting closed on May 26, over 176,000 online ballots had been cast, accounting for 85% of the total vote.

Stepping Up with Universities

After a handful of successful elections with Spanish universities in 2020, we have continued working closely with them throughout 2021. Our continued investment in this sector has paid off, with Scytl now having 50% of the market share for public Spanish universities. Four universities havejoined our growing list of customers, and many previous clients have pursued additional elections with us.



Sctyl's office in Barcelona.

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European Agencies & Meeting Manager

Our Meeting Manager solution has also received increased interest throughout the pandemic thanks to its ability to streamline and secure online decision-making processes. Most notably, various European agencies have leveraged the tool for their meetings and assemblies.

Looking Forward

In our ongoing efforts to target Ontario municipalities for their 2022 elections, we've seen our first big win with the city of Greater Sudbury. 2022 will be our third time supporting Ontario municipal elections. Also on the books is a digital advance voting project for the 2023 Church of Norway election. Our technology will make the process more accessible to voters and will increase turnout.

Innovation in Research & Security

Our Research & Security team has continued to drive innovation in the field. This year, they have been participating in a number of international innovation projects, with the H2020 projects SOTERIA and mGov4EU being two of the most recent. Our SVP of Research & Security, Jodi Puiggalí, was also invited to share Scytl's expertise on digital technologies in electoral processes at a meeting held by the Council of Europe. Finally, we'd like to congratulate Núria Costa, one of our researchers, for successfully defending her PhD thesis this year, reaffirming our close relationship with academic research.

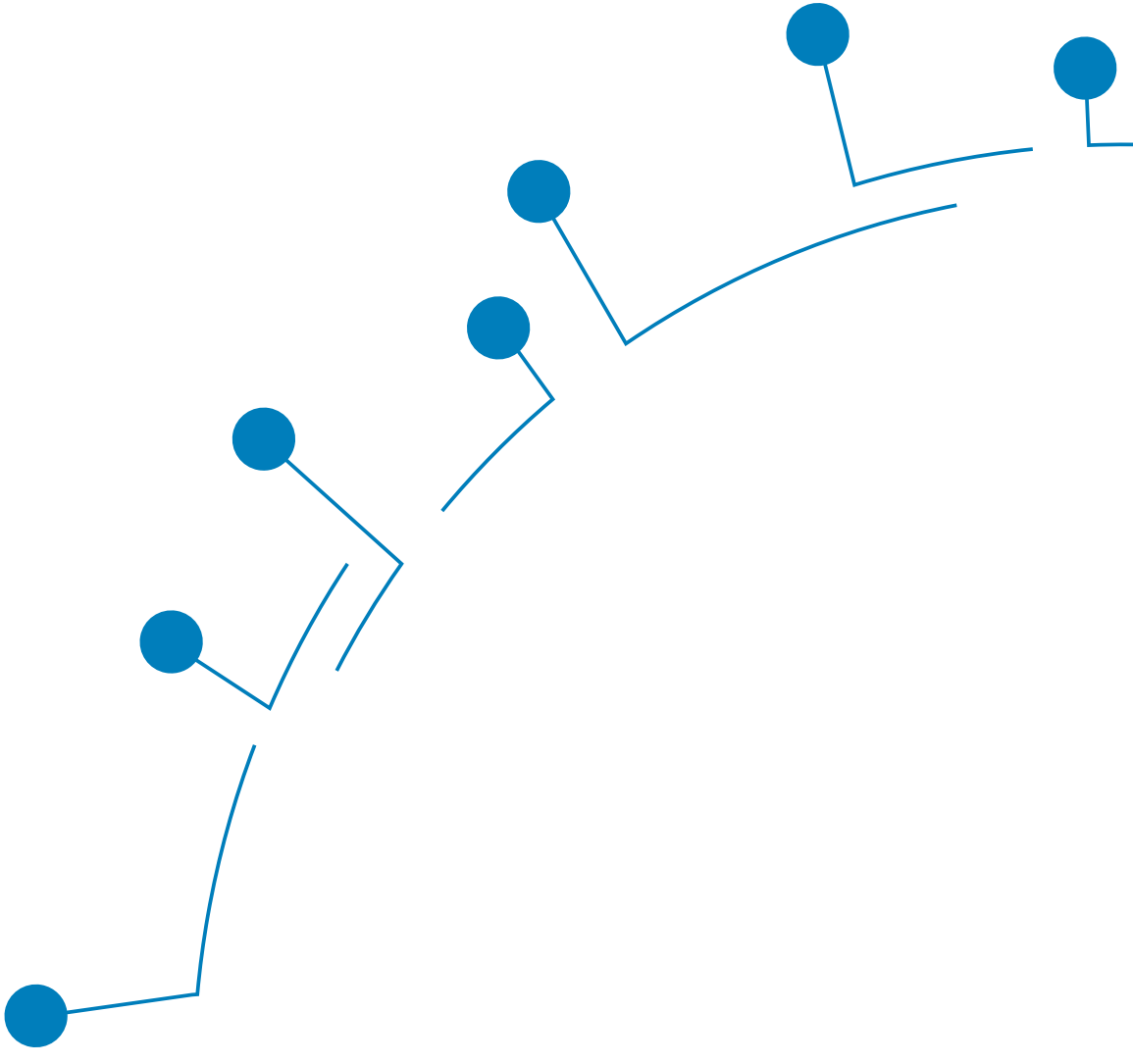
New Website and Digital Campaigns

Earlier this year we launched our new responsive corporate website with more than 400 pages in 4 languages and more than 80 new pieces of marketing collateral, product sheets and success cases revamped with our new look and feel. The improvements made will help streamline and support our lead generation processes. In the same vein, we have also begun a series of digital campaigns to boost traffic and interest.

New Office Space

Finally, we have officially moved into our new brand office in Barcelona, a change that was planned throughout the pandemic to better accommodate our current needs and hybrid work schedule. The current space is centrally located in Barcelona's downtown and has magnificent views of the sea.

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Andrew Marks
CIO Paragon Group

“Our technology platforms are the route to seamless data capture and processing, whilst allowing for output to be delivered through multiple channels.”

Technology at Paragon

Strategic Platforms for Today and the Future

Scalability and flexibility have remained at the forefront of investment in technology development at Paragon Group. Our strength is in providing solutions that can adjust quickly and easily in line with our clients’ changing demands. By combining transparency along with the ability to change processing and output channels mid-campaign, our clients can optimise their spend and maximise return on all discretionary and non-discretionary expenditure.

We recognise that the landscape our clients are operating within is demanding that they focus on their own core businesses so that they can demonstrate the tangible contribution all capital and operating expenditure makes to strategic success.

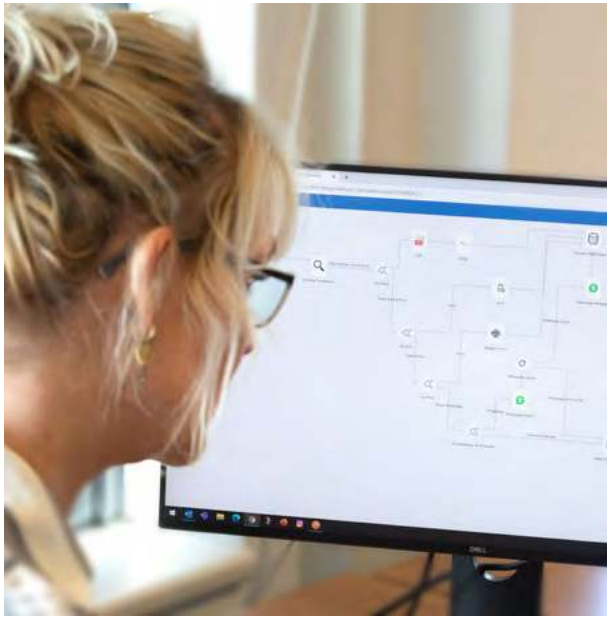
Paragon Group has proven that we can be an outsource partner of choice where clients have a long history of outsourcing. We also bring expert advice on how to embark on the journey towards managed services. By providing an end-to-end set of services across the entire customer journey, clients new to outsourcing can test the water with a pilot project, or initial phase of delivery, whereas those with experience can quickly migrate to Paragon’s delivery capabilities and associated value.

Utilising a strong digital component in how Paragon provides services to our clients helps them to accelerate their digital transformation plans. Clients can do this without having to invest significantly in new systems and processes since we have already made that investment. By working with Paragon, our clients can focus on what differentiates them, leaving us to drive the analytics, processing, and output.

Our inbound capabilities, when combined with our creative teams, help to transform incoming paper communications to webforms, SMS and voice services. An end-to-end digital process increases data quality and shortens the overall time to collect, process and act on an incoming message or piece of information. Together with online data validation and verification, it provides a real-time tracking status for our clients and their customers.

The integrated nature of our systems and their scalability allows us to offer easy access to a first scope of service, then grow at a pace that makes operational and commercial sense. With confidence in one line of business or capability comes the momentum to look at others. We can adjust our systems to be presented in any order and so allow a client to transition to an outsourced service portfolio at their preferred pace.

With systems designed by experts in compliance and risk, we are able to demonstrate the integrity of consumer data. Accountability remains with our clients. However, we are comfortable with the responsibility that comes with taking on their data. We see a strength in being able to offer this assurance.



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Case Study

IAD

PCC Western Europe have assisted IAD, a digital-only real estate company operating across France, to drive efficiency and assure consistent customer service using our PEP platform. We developed additional features to bring a mix of web-to-print, multi-channel output and marketing campaign capabilities to the client. PEP is used by close to 15,000 independent real estate agents as their single portal through which they order and personalize all the branded products available from a central resource and template library.

Working on site with their end customers, the property sellers, our client's agents can photograph a property, access a suitable template online, upload and edit images, and then create a personalised brochure. Quick reviews and approval of online draft material reduces the time from property estimation to presenting it for sale. Easy access to online templates allows the agents to present a wide range of properties in the best light on the internet and other social media channels.

IAD, its network of agents and their customers, as well as those searching for a property all experience a consistent, high-quality service with fast turn-around. Cost is predictable, enabling the agents to make informed decisions about how to make best use of available marketing budget.

In just one year, we have produced over 50,000 items, of which 80% were personalised. Our client has been so impressed that it is now going to enter the German market with this platform.

Our regional staff, secure, reliable, and accessible data centres, and geographically dispersed production hubs mean that we can offer a high level of consistency of service to clients operating in multiple countries. Our technology platforms are the route to seamless data capture and processing, whilst allowing for output to be delivered through multiple channels, digital and physical, in multiple geographies. Where we call on partners to extend our geographic reach, it is our systems that control the process and assure end-to-end delivery.

The ability to receive orders and data, process information and then output a vast range of products and service 'under one roof', is what differentiates Paragon. As a partner of choice, we can give our clients the services they need, when they need them, spanning the full digital and physical customer communication path.

Delivering Value through our Strategic Platforms

Investment in each of our four strategic platforms – **PEP, OnePlatform, SmartPad** and **ePro** – has delivered new capabilities to provide our clients with a broader range of services. As a result, they have grown by every measure, including clients and registered client users, transaction volume, and revenue.

Together, they address demand across our diverse client base, delivering value in the marketing, regulatory, operational and procurement functions. Within the marketing function, PEP, OnePlatform and ePro together offer the ability to adjust campaigns mid-flow, enabling our clients to target their message across multiple channels at the start of a campaign whilst allowing change mid-campaign in response to consumer behaviour.

We see a continued transition to digital channels as the primary method for our regulatory clients to communicate with their end customers. A digital-first approach opens a seamless route for end consumers to communicate back and forth with our clients. We can facilitate a move from annual updates to more frequent messaging in line with changes in regulations. This comes with a high degree of confidence that those communications are not just sent and received, but also are also read and acted upon where necessary. Our clients are assured that they remain fully compliant while they can simultaneously use the opportunity to connect with their customers in response to changing marketplace rules.

In retail and hospitality, the importance of return on marketing spend is more important than ever. A more limited footfall in all facilities, whether shops, restaurants, or hotels, means that the role of physical point of sale merchandising is even more valuable to ensure a physical connection between consumer and retailer. Being confident that the marketing product is positioned correctly, is of the right quality and, of course, is perfectly on brand, is key.

Introducing clearly marked ways to access digital resources, such as QR codes, provides a tighter link between the physical and digital experience and allows our clients to connect their customers with more in-depth information than a poster or pedestal can convey on its own. Our systems come together to provide this connection, delivering both nationally and internationally, and supporting both our smallest clients and our multi-national global brands.

We have developed **PEP** to reflect the various roles fulfilled within our clients. As an integrated portal with its own distinct capabilities, PEP provides clients with a common and familiar route into any of our services. It gives marketing teams the confidence to know that field teams can access only correctly branded products. It helps operations teams to access stock and print-on-demand material; any of which can be delivered in bulk or once-off from the most appropriate production hub or warehouse facility to where it is needed within an agreed timeframe. It gives procurement the assurance that best and transparent pricing is being received, reflecting volume and tailored services.

Our marketing services customers are increasingly making use of **ePro** to access both self-service and supported access to a transparent lead supply/print management service. Whether accessed as a standalone or through the PEP portal, ePro provides a platform for clients to call off existing products, or to launch new products or services; and to select the best offer against their own defined criteria. When linked with our managed goods capability and integrated into client procurement systems, ePro can be built into the day-to-day workflow of anyone involved in the marketing services supply chain, providing real-time visibility of status and end-to-end service fulfilment.

OnePlatform is the enabler of the transition to Paragon Group's digital capabilities. As the foundation system for our integrated inbound and outbound capabilities, it links clients with our expert creative agencies and data scientists, as well as our regional production facilities. Providing a single place for data quality assurance, product creation, proof-and-approval, and all with complete control of brand, content, and compliance, OnePlatform supports clients in the efficient management of their Centralised Customer Communications processes and allows dynamic output channel selection to keep marketing campaigns and large volume transactional output in line with changing consumer demand.

SmartPad extends the range of products and services Paragon Group can offer our clients, with both B2B and B2C access. With a market-leading interface, SmartPad clients can be assured of access to an agreed and best price catalogue, whilst also having the potential to select from a product line of over 100,000 items, each with real-time stock availability and with assured service level agreements (SLAs). Consolidated billing statements and easy returns give SmartPad clients a commercial advantage over their competitors through the ease and intuitive service offered.

Working together, our strategic platforms bring more flexibility than before. While commercial drivers remain a priority, purchasing decisions are made against several factors, including quality, sustainability, and performance. Our developments in each platform have accentuated transparency so that our clients are able to make fully informed decisions and select products and services based on total value, not just price.

Technology as a Driver of Merger and Acquisition Value

Technology forms an important part of the decision to acquire a new business. We look at cost of operation and at short-, medium- and long-term value. Having a clear set of strategic platforms provides a reference against which to assess, plan and then steer integration. Our primary focus is to assure continuity of service for the clients that we have welcomed through the acquired business. After that, we look to expand our capability set and how we might provide any of our clients with a broader, relevant set of products and services. Our technology is the way to do this quickly and efficiently.

Acquiring **Promo International** expanded the range of luxury marketing merchandise available to our print management clients, as well as providing Paragon with a proven supply chain in the Far East. We used PEP as the route to making these tailored products available quickly.

Acquiring **Office Depot** not only grew the office products and services business, but also exposed our new clients to the capability SmartPad offers. Overnight, we were able to offer a more efficient ordering platform, provide our clients with continued cost control, and access to an extended and relevant product catalogue, all while benefiting from a state-of-the-art facility through which to fulfil those orders.

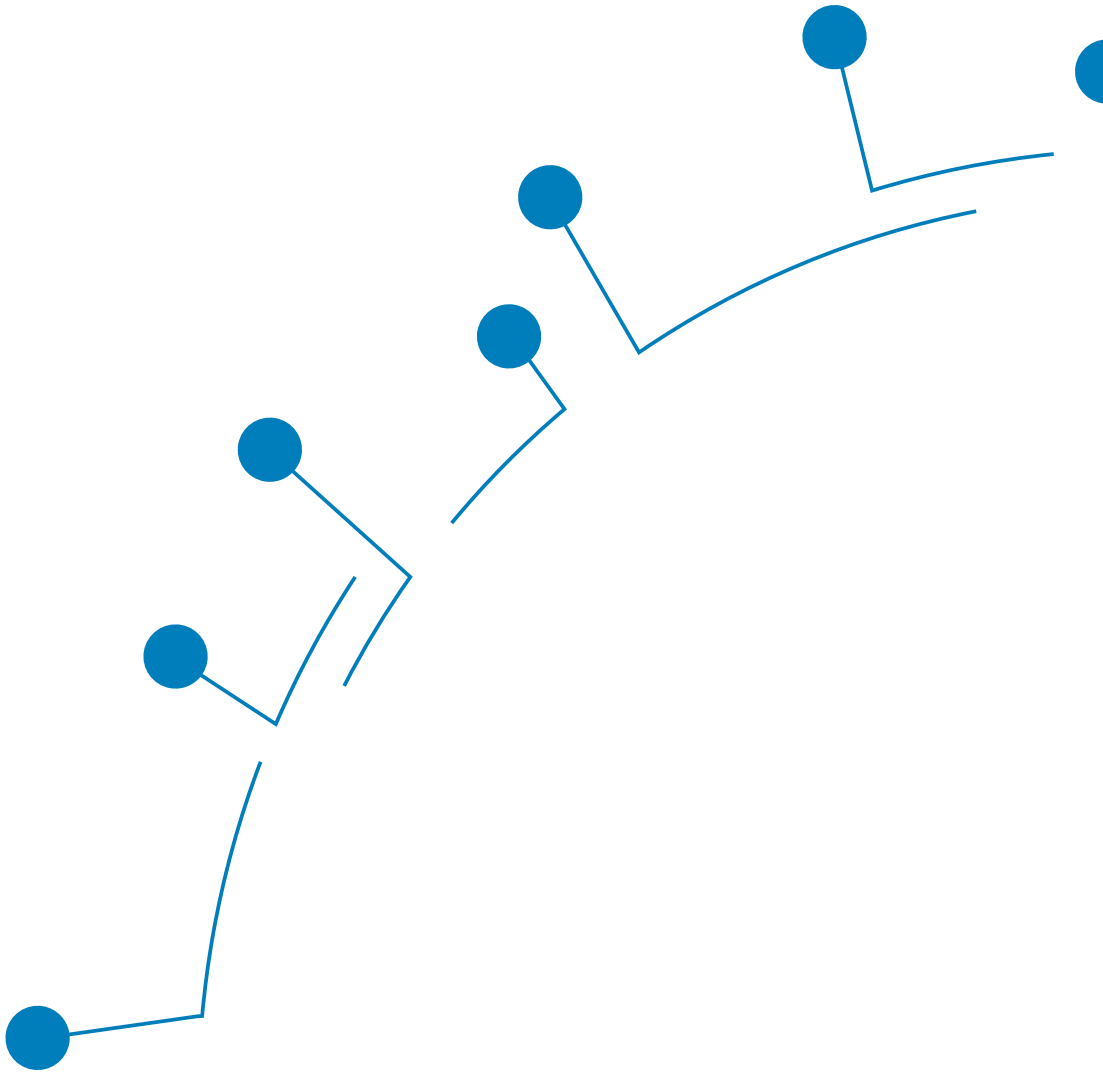
Case Study

International Express Courier

Our client, an international express courier delivery service operates complex logistics services worldwide. As part of their extensive international network they required 24/7 access to their business-critical products, documents, labels, bags and other items required by their customers to dispatch parcels.

Paragon transformed and managed the process of a complete range of solutions for our client, including Transactional Print and Mail, Inbound management, e-invoicing, Online shop PEP, Airway bill productions, Personalised airway bills, Operational label productions, Thermo label productions, RFID label productions, Warehousing, Pick and Pack and Supply Chain Management

With the PEP platform, we provide a common online shop for customers of our client. Paragon delivers a logistic solution where all items are stored at hubs to be picked, packed and shipped across multiple regions. The solution we delivered was extremely successful, the service has provided full traceability of all customer orders and has shown significant savings across multiple areas. There was reduction in customer service calls as orders are now placed and tracked online. In turn, this has created more customer service time to focus on core activities, as a result there is an improved customer experience.



Sustainability and Corporate Responsibility

The World Economic Forum's 2021 Global Risk Report saw climate-related issues dominate the agenda, with four of the top five long-term identified risks in terms of likelihood, and three out of the top five in terms of impact relating to climate.

Alongside the risks, however, the next decade brings tremendous opportunity and Paragon is determined to make long-term commitments to support local and global stakeholders in solving some of the world's most pressing sustainability challenges.

Our sustainability programmes have been designed in line with international recommendations and publications, such as the 17 principles of the UN Global Compact, the key proposals of the Citizens' Convention, the Paris Climate Agreement, and the UN Sustainable Development Goals. We are committed to contribute to the delivery of Carbon Net Zero, a circular economy, and reducing inequality in our societies.

Across Paragon we have a wide-ranging client base in multiple business sectors. Sustainability has never been more important to our stakeholders, and we are pleased to collaborate with our colleagues, clients, and suppliers to develop the solutions to deliver lasting change for our planet and our people.

Meet the Paragon Sustainability team

As part of Paragon's 'Creating Connections' programme, we launched a Sustainability Group, with each of our core business regions represented. The team, which works together to share best practice and create common sustainability goals across the business, includes:



Lucy Klinkenberg -Matthews

"I am responsible for devising, implementing and delivering our Sustainability Ambition 2030 across the lifecycle of our communication solutions, products and services. The drive to a Net Zero economy and a fairer, more equitable society will take collaboration, and I am proud to work together with our employees, our clients, and our supply chain on that journey as part of our 'Planet, People, Partners' strategy."



Ingrid van Werven

"Attention to sustainability and biodiversity are important themes and require urgency across society. I am pleased that Paragon has taken the initiative to actively put these topics on the agenda and the the Group continues to initiate appropriate actions. It is a pleasure to be part of this international collaboration and to be able to contribute to the ongoing sustainability programme."



Patrick Sauze

"I joined Paragon Group more than 20 years ago and have been involved in Quality, Method & Development and Sustainability throughout my time with the company. Following the rapid growth of the business over recent years, I have the multi-functional responsibility to coordinate our Corporate Social Responsibility ambitions, with a focus on bringing collaborative solutions to our clients."



Andreas Keck

"In addition to my job as Sales Director for Document Output, I am also responsible for Corporate Social Responsibility as Head of Sustainability for the DACH & CEE region. In this role, I coordinate all sustainability activities and am available to customers, colleagues and all other stakeholders as a central contact person."

Sustainability at Paragon

Sustainability is an integral part of our corporate values and is embedded in our culture.

Our Sustainability Ambition focuses on analysis across the lifecycle of our products and services through an Environmental, Social & Governance (ESG) framework. By providing the information for our stakeholders to make informed decisions we can drive responsible choices and behaviours across the value chain. This provides the underlying foundation to reduce our impact on the planet whilst helping to create a fairer, more equitable society.

We care deeply about people, society and the environment, and our Sustainability Ambition 2030 is based on three key pillars: Planet, People and Partners. Our focus on these three key pillars helps drive value and sustainability performance throughout the lifecycle of our products and services.

Like all organisations, Paragon interacts with the environment, from the extraction and production of the raw materials used in our manufacturing operations, to the end-of life treatment of our wide-ranging product offerings.

We are committed to providing lifecycle sustainability analysis and management across our range of products and services. Through this approach we are developing and delivering products and services with sustainability built in, providing our clients with the tools and expertise to accelerate towards their own sustainability goals.

We approach our 'Planet' programmes in the following categories:

- Carbon management
- Eco-design
- Site environmental management
- Biodiversity

Carbon Management

All governments in the markets in which Paragon operates in are committed to achieving Carbon Net Zero by 2050. Our clients have set more ambitious targets, which include their own programmes for Carbon Net Zero or carbon reduction targets across their supply chains.

As active participants in our clients' programmes, we innovate every day to deliver brilliant strategies. Integral to this are our own programmes to reduce carbon emissions across our services. Measuring and reducing carbon impact across our value chain is a primary focus for our leadership team.

Paragon works to report our carbon emissions across Scope 1, 2 and 3 according to the Greenhouse Gas (GHG) Protocol, which includes external verification of our calculations. We are in the process of standardising our carbon reporting frameworks across our entire business as a common approach to analysis of our carbon footprint, which will enable us to share best practice and to identify further reduction potentials.

Spotlight: PCC France

In PCC France, site carbon emissions have been measured since 2016. We are a forerunner in this field, with fewer than 20% of similar businesses in France having carried out a GHG assessment. At the end of 2020 PCC France joined the Bilan Carbone association in order to have access to its comprehensive tools for analysing and calculating our CO2 emissions. We are now providing specialist training to twelve employees to extend carbon measurement to all activities across our PCC France locations.

Spotlight: PID France

Paragon ID's manufacturing centre of expertise in Argent sur Sauldre has been awarded the Platinum rating from EcoVadis. Our platinum rating covers a broad range of non-financial management systems, including environmental, labour & human rights, ethics, and sustainable procurement impacts. Some of our environmental actions include the reduction of our electricity consumption, the reduction of our emissions of Volatile organic compounds (VOC) and the reduction in the use of solvents.

Spotlight: PCC UK

PCC UK has measured its carbon footprint since 2014. Over the past year we have been working with external consultants to develop a fully comprehensive Carbon Net Zero strategy.



The scope of this review covers our entire value chain and is aligned with Science Based Targets (SBTs). As part of this project, we are independently validating our own carbon emission calculations, undertaking site surveys to identify carbon-saving opportunities across our own operations, and analysing the carbon footprint across 80% of our supplier spend.

Spotlight: PCC Germany

PCC Germany also uses the GHG Protocol to measure the carbon footprint across its locations. This is independently verified by external consultants from ClimatePartner, and this analysis provides further reduction opportunities and the defining of targets for climate protection.

Our operations are established on a four-location concept, which is unique to Germany. The production of documents close to the recipient saves significant amounts of CO2 by minimising logistics routes in the physical delivery process.

Our clients have commitments to deliver Carbon Net Zero and/or reductions across their supply chain. We support this by providing information to make informed decisions and giving different options to improve sustainability performance, as well as by providing lifecycle carbon analysis for our products and services.

In addition, we design sustainability into our products, including the use of recycled materials, as well as determining the reusability and recyclability of end-of-life products. We further develop customised carbon reduction plans to reduce carbon emissions and provide carbon neutral product offerings through an accredited offsetting scheme.

This enables our clients to deliver sustainability improvements quickly and easily across their communications, and the carbon footprint of products is calculated from production of raw materials through to delivery and end-of-life treatment.

Case Study

Delivering Sustainability for Kellogg's

Kellogg's are highly engaged with sustainability, and the PCC Kellogg's account team were keen to embed sustainability in the Point of Sale (POS) products we supply

The team looked at the life cycle story of the products to end of life solutions.

Sustainability impact of a product or service needs to be assessed across the life cycle, and delivering sustainability improvements involves every stage of the life cycle. This approach considers

- the recyclability of materials – products made of multiple materials are much harder to recycle than those from from a single material
- if the product could feed into the circular economy – materials that can be recycled again and again without losing their properties (aluminum and glass)

Through this approach the Kellogg's team have delivered the following improvements

- All cardboard units are now 100% recyclable
- Reduced the weight of some multi-location permanent items
- Reduced the size and weight of outer packaging
- They are in the process of facilitating the certification of the first ocean plastics display unit for Kellogg's

The team also used POPAI (Point of Purchase Advertising International) sustain tool. This is a sustainability measurement tool specifically designed for POP (Point of Purchase). It measures the environmental footprint for up to six projects from design, supply chain logistics, material delivery and through to end of life so that informed choices can be made around the design and material for POP products.

In addition to the validation of the carbon footprint of PCC Germany's locations, our online tool provides carbon calculations for a wide range of substrates and raw materials. It also gives our clients access to recognised and certified climate protection projects. This provides our clients with the option to select carbon neutral communications.

ClimatePartner provides full transparency with a specific ID label and certificate that can be used on client work. Using this ID our customers can directly track the amount of carbon emissions generated by their communications and can choose a climate protection project to contribute to. To date, around 150 clients have chosen the option of carbon-neutral mailings through PCC and ClimatePartner.

By the end of 2021, Paragon will have offset more than 3,000 tons of CO2 emissions for our customers – the equivalent of planting 235,000 trees!

Paragon is supporting various E.ON companies to achieve their objective of climate-neutral document production and logistics.

The basis for our long-term cooperation with E.ON is the Climate Neutral Now Initiative launched by the UNFCCC Secretariat to increase climate action with the goal to 'Measure – Reduce – Contribute'. The aim is to continuously measure and reduce the carbon footprint of products and services purchased from Paragon and to make them climate neutral. In climate-neutral production, the amount of

greenhouse gas emissions caused by the material used and in the production of the printed products is determined, and a CO2 balance is drawn up.

Paragon works with ClimatePartner, which supports companies in climate protection as a solution thinker and strategy planner. Through various activities relating to the use of energy, material substitution and reduction as well as the digitalisation of processes, calculated CO2 emissions are progressively being reduced. Remaining CO2 emissions are offset by supporting recognised and certified climate protection projects. E.ON has elected to support the E.ON WIR WALD project, which is tackling the reforestation of forests in Germany.

Eco-Design

Paragon specialises in the design of brilliant customer communication strategies. By maximising the impact and efficiency of communications, we help our clients to increase both brand loyalty and the satisfaction of their customers whilst reducing environmental impact.

The lifecycle analysis of sustainability embeds eco-design into our products to optimise our use of resources and limit our environmental impact. In our production operations, our approach to eco-design optimises:

- Raw material usage: Optimisation of paper grammage, recyclability and end-of-life treatment
- Product design: Size and layout optimisation, eco-friendly inks, and ink coverage
- Production process: Reduction of printing steps, robotisation, and partnerships
- Site optimisation: Responsible site management, and producing closer to the end customer
- Packaging: Reduction and elimination of packaging, wrapping and associated materials
- Transportation and delivery optimisation: Journey planning and optimised production locations
- Data analysis and modelling to target recipients at the right time, with the right format and the right information
- End-of-life treatment

In addition to the carbon saved, this approach measures and delivers wider sustainability and environmental metrics and improvements.

To support our eco-design, we utilise a number of different frameworks, certifications and tools across our regions, including:

- Use of FSC and or PEFC certified stock
- Use of 'Blue Angel' for envelope manufacture
- POPAI Sustain, a tool designed to determine lifecycle analysis for Point of Sale products

Site Environmental Management

The activity at our own production sites plays an important role in delivering lifecycle sustainability, and it is an area over which we have direct control. Technology plays a vital role in delivering sustainability at our production locations.

Our sustainability programmes are well embedded into our LEAN manufacturing and facilities management programmes. 93% of our production locations hold ISO 14001, ISO 50001 or ISO 9001 certifications. These management systems provide the framework to drive both site and group level improvements to our sustainability reporting, efficiency, and emissions.

Our improvement programmes focus on reducing our impact on our local and global environments in the following areas:

- Production efficiency – Lean manufacturing, kit optimisation and upgrades
- Procurement of renewable energy at 83% of our locations
- Facilities efficiency – HVAC, lighting, and facilities infrastructure
- Waste management and recycling to support the circular economy
- Reduction and removal of packaging and single-use items. Supply chain governance and supply chain consolidation
- Preventing pollution and protecting the environment
- Use of FSC or PEFC paper at production locations

Specific programmes across our production facilities in the reporting period include:

- Consolidation of work and production locations
- Lighting upgrades to LED technology
- Air conditioning upgrades to production sites, offices, and server rooms
- Refresh of production equipment to more energy-efficient kit
- Investigation into photovoltaic panels at our larger locations

Site Carbon Reduction in The Netherlands

Project Moonlight in the Netherlands looked at replacing the IT server infrastructure from the existing partner with a new, more energy-efficient service provider. The project included a redesign of the server configuration, which resulted in a reduced amount of hardware and the automated shut-down of servers when not in use. This consolidation and refiguration also resulted in significant energy and carbon savings, which are measured as part of our ongoing programme.

Material Improvements at Dagenham

We are always looking for ways to reduce our environmental impact at the Dagenham operation. We recently switched to a pre-stretched plastic wrapping product. As the name suggests, the film has already been stretched, so it is thinner and therefore reduces the weight of plastic needed to wrap the same amount of product. This will reduce the weight of plastic wrap used by more than 60%, saving around 2,500 tons of plastic per year. This equates to approximately 6.4 tons of CO2 saved annually. A lighter product, coupled with the fact the new product is sourced from Germany rather than the Far East, also results in reduced carbon emissions from its transportation.

Biodiversity

As individuals and as a business, we interact with – and rely on – nature and natural resources for our food, water, homes, raw materials, and our physical and mental well-being. The impact of climate change affects the weather, agriculture and land use, our oceans, our ecosystems, and biodiversity. In short, we rely on nature for life itself. Climate change impacts local and global communities, with the poorest nations and societies being affected disproportionately.

Paragon plays a role in preserving our local and global environments by:

- Promoting responsible forestry management by favouring certified suppliers and not knowingly using paper made from wood from controversial sources
- Championing local biodiversity projects
- Pollution prevention and controls

Across Paragon, we have been engaging with local biodiversity projects, including tree planting and beekeeping.

Tree planting in The Netherlands and France

Our sites in The Netherlands are investigating plant a tree for each of our employees through Trees for All.

Trees for All works to plant trees and restore existing forests. Projects include the planting of a mixed, deciduous forest in Overijssel, Netherlands, and restoring a dune forest in coastal Vietnam.

Our French sites chose to plant 1,000 trees with Reforest'Action in the east of France. This organisation is a partner of the UN Decade of Ecosystem Restoration.

Trees for All

In Romania, our staff looked closer to home and planted trees at our Bucharest site.

reforestACTION



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Increasing the Bee Population

Bees play a crucial role in our ecosystems and in the pollination of our crops. In recent years, bee populations across Europe have been in decline, which poses a threat to global food security. Our employees in France decided to take matters into their own hands by installing four beehives at our Arcania site, with 2021 seeing our first production of honey.

Our other sites in France also sponsor beehives in their local communities and we are seeing some healthy competition to produce the best honey.







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Certifications and Subscriptions

Paragon firmly believes that certifications are not just a tick box exercise. Our comprehensive management systems and internal audit programmes drive real improvements throughout the business, all contributing to the sustainability of our products and services.

Our certifications provide the framework to identify and drive best practice across the board and ensures compliance with all applicable legislation.

We have a wide range of certified management systems and accreditations across our sites and production facilities, including:

- ISO 9001 Quality Management
- ISO 14001 Environmental Management
- ISO 27001 Information Security Management
- ISO 50001 Energy Management
- ISO 22301 Business Continuity Management
- ISO 45001 Health and Safety Management
- ISO 13485 Medical Device Management (certification recommended)
- FSC/PEFC Chain of Custody
- PAS
- PCI DSS
- BPIF Health and Safety Seal of Excellence
- ImprimVert ISAE 3402 International Standard on Assurance Engagements

Ecovadis

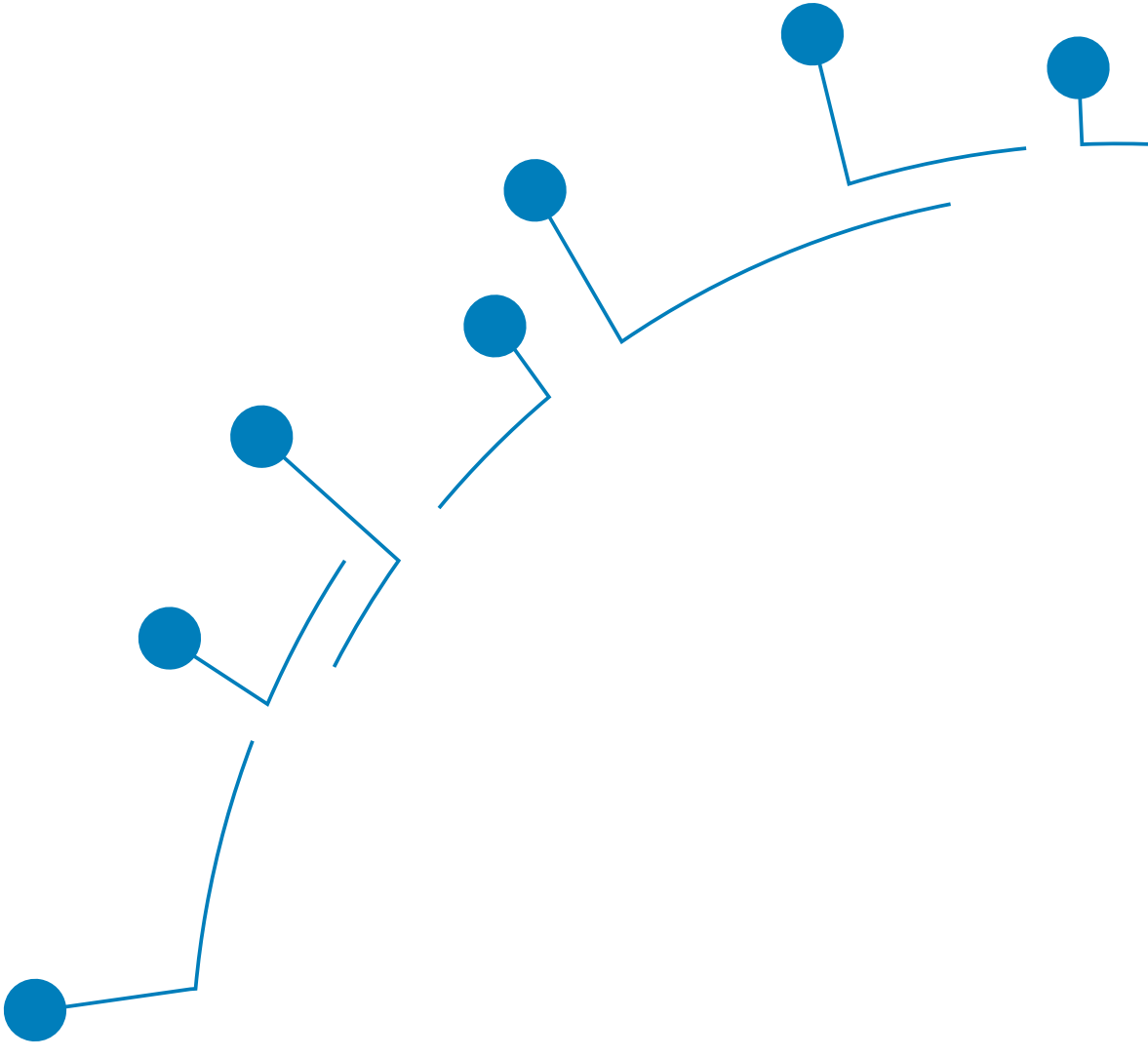
Paragon is proud that we currently have three platinum status regions, this means that they are in the top 1% globally of all companies assessed by Ecovadis. The completion of the Ecovadis assessments in other regions and businesses in process.

Paragon has advanced level membership to Ecovadis, covering 75% of our locations. This online CSR analysis system is used by several our large clients and provides Supplier Sustainability Ratings for global supply chains. Ratings are awarded based on the Ecovadis CSR analysis system, which assesses 21 criteria across four themes: Environment, Fair Labour and Human Rights, Ethics, and Sustainable Procurement. The methodology for each of the themes is built on international CSR standards, including the Global Reporting Initiative and the United Nations Global Compact.









People & Governance, Risk & Compliance

People

People drive our business, and we are working hard to ensure that we attract and retain a diverse range of skilled people into our business. With a workforce of over 9,000, we strive to create a workplace where all our people feel valued and have a purpose; a place where all people can be their authentic self.

The health and well-being of our people is a primary driver for our senior management team and has never been more important than during the COVID-19 pandemic. This period has seen dramatic changes to how we as a business operate. Our employees were classed as essential workers and we quickly implemented controls to allow our production colleagues to continue to come to work to deliver our services to clients, while ensuring their safety and welfare were maintained. Many employees were also juggling childcare, home-schooling, other family commitments, and indeed personal loss, on top of continuing to deliver and exceed work expectations.

Our Values and Behaviours

Our People Strategy plays a critical role in ensuring we have a progressive, sustainable, and healthy working environment for our staff. Our values, practices and behaviours are at the heart of this and how our staff do things is as important as what they do. We create and embrace inspirational ideas, strive to make good choices, and recognise the value in diversity of thought. The talent of our individuals staff members combined with our high-tech equipment is complemented by the prominence of our thinking, leadership skills and decision-making abilities.

Our values:

Inspiring
We will inspire each other in our work and be an inspiration to our customers, fulfilling our promise of high quality in everything we do.
1

Customer Focussed
We are committed to listen and respond positively to our customers' needs, building lasting relationships with our clients and associates.
4

Empowering
We will empower our teams to deliver with care and precision, challenging the status quo and finding new ways to grow our company and each other. We encourage healthy debate and differences of opinion.
2

The Best People
We are passionate about our people. We will develop, inspire, and create opportunity to progress and grow, adding value to our business and customers.
5

Confident
We are confident in our ability to deliver our very best in all we do, holding ourselves accountable for results.
3

Diversity and Inclusion
Paragon has made great strides with our Diversity & Inclusion programmes, including our Inclusion Council, our recent partnership with Stonewall, and our appetite to have those often-uncomfortable discussions to ensure all our people feel valued and supported.
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Within Paragon, we recognise and appreciate the importance of creating an environment in which all employees feel valued, included, and empowered to do their best work and to bring great ideas to the table. We recognise that each employee's unique experiences, perspectives, and viewpoints add value to our ability to create and deliver the best possible service to our customers.

Given that our individual social, economic, and cultural identities shape and influence our experiences and perspectives, we will do our best work by ensuring diversity in our workforce and by practicing inclusivity in how we work with one another.

We know we have more work to do. Following our acquisitive growth in the last few years, we are now in a position to benchmark diversity within our workforce, where local regulatory requirements allow.

Paragon is helping to promote awareness with an internal podcast series titled 'My Paragon', which kicked off this year with Diversity and Me podcast, which allows employees to talk openly about their experiences as people of colour in the workplace.

In June 2021, we were proud to show our support during Pride Month by changing our logo and email signatures.

Equal Opportunities

Paragon is an equal opportunities employer. We operate a policy of fair and equitable treatment for all employees and for all applicants. We are opposed to any form of unfavourable treatment or financial reward through direct or indirect discrimination, harassment, or victimisation of employees or job applicants on the grounds of race, religious beliefs, political opinions, creed, colour, ethnic origin, nationality, marital/civil partnership, parental status, gender, sexual orientation, gender reassignment, disability, handicap, or age.

Developing Talent

The development of our people is paramount to the future of the business. As our people drive our success, we encourage their continual personal and professional development through a broad range of programmes, including on the job training, education opportunities, apprenticeships, leadership and mentoring programmes.

Apprentice Spotlight

Our Ignite scheme launched a traineeship programme in Dagenham, which saw us host a number of Ignite days.





Mason Kane, Apprentice PCC Dagenham

On these days we invited several young people to join us in Dagenham for a site tour, assessments, and a one-to-one conversation with a member of the team. Successful candidates were then offered a paid work experience role across a variety of different areas of the production department. Individuals who shone throughout the process were then offered a full-time role with Paragon.

One individual who has enjoyed success through the programme is Mason Kane, one of the first six apprentices to be taken on as part of the scheme. Dagenham-based Mason's story is one of perseverance, hard work and inspiration. At just 19 years of age, he went from doing odd jobs during the pandemic to becoming an integral member of the engineering department in PCC Dagenham. Mason was also recognised for his achievements by winning a Printing Charity 'Rising Stars' award in the Developing Core Skills category.

Young Paragon Network

The development and motivation of young employees with high potential is vital for the future of our business. The Young Paragon programme was launched in July 2020 to provide a network and platform for our younger colleagues to engage across our regions. Now in its second cohort, small teams of 'Young Paragoners' are set strategic, multidisciplinary, cross location challenges by senior leaders. These have included sustainability management and diversity. The programme helps to stimulate the professional development of our young professionals to boost their careers within Paragon.

Health and Safety

Paragon operates under the principle that the safety of our employees, the regulatory compliance of our sites, and the sustainable management of our resources are key identifiers of operational excellence and sustainable growth. Our health and safety (H&S) teams across all regions have worked tirelessly to embrace the philosophy that H&S is everybody's shared responsibility. It is embedded into our operations and accountability is incorporated into all we do to ensure our employees remain safe, injuries are reduced, compliance is sustained, and culture is changed.

Our key H&S programmes cover:

- The creation of COVID-19 secure workplaces across all sites, compliance with COVID-19 legislative requirements, and successful outcomes from external HSE COVID-19 spot checks across multiple sites.
- Multiple mandatory online and physical H&S sessions across all sites.
- Successful retention of existing external standards, including ISO 45001.
- Refurbishment of facilities, break rooms, soundproofing and air conditioning.
- Production and equipment upgrades to reduce fatigue and risk of repetitive strain injury.

Mental Health and Well-being

This past year has brought many ups and downs for individuals and for the business overall.

Many of our employees found the pandemic to be a time for re-evaluation of their work/life balance, with more time to exercise and spend with their loved ones. For others, it was a lonely and isolating time, with 60% of adults stating that their mental health declined during lockdown.

Paragon already had a Staff Wellbeing programme before the pandemic, with around 90 mental health first aiders in place across the business. Over the past year, the wellbeing team has continued to deliver a suite of mental health communications and tools to our employees.

Partners

Paragon is committed to delivering sustainability improvements on behalf of our clients across the lifecycle of our products and services. The carbon footprint of most of our products and services lies within our value chain, and it is vital we assess the sustainability impact across the whole lifecycle. We cannot solve these challenges on our own – we require collaboration among all our stakeholders to deliver the required changes.

Community Engagement

We are committed to being a thoughtful, responsible, and active part of the communities in which we operate. Colleagues are encouraged to pursue their philanthropic passions, providing opportunities for individuals and teams to give back to their local communities. All sites work with nominated charities and organise regular fundraising and volunteering events.

A wide range of charities are supported, which is reflective of the wide range of passions of our colleagues. Activities our people have undertaken are diverse, including painting and decorating, gardening, taking residents for cycle rides, tree planting and path clearance. Our people regularly fundraise for company-nominated charities through bake sales and sporting challenges.

In France we work with Handiprint, which specialises in calendars and sheet-fed print and employ differently abled workers. Through this engagement, our spend with this valued partner has increased from €20,000 to €150,000.

We value the different experiences and important contributions that our differently abled or disabled colleagues bring. Our policies and programmes ensure that we provide a framework and workplace that not just facilitates, but also celebrates our differences.

Ethics and Compliance

Paragon recognises that our business activities have direct and indirect impacts on the societies in which we operate; how we interact with the world determines our place within it.

We are dedicated to developing an environment of trust, collaboration, and respect in all our business relationships. Our Ethics and Compliance programmes empower our staff to operate with integrity, confidence, honesty, and respect in their day-today activities.

Supply Chain Governance

We have begun to migrate our supply chain due diligence programme to an online system with a comprehensive framework to identify and mitigate risks. Suppliers must now work within the Paragon Supplier Code of Conduct regarding fair labour practices, data governance, legislative.

Gender Pay Gap

While our gender pay gap compares relatively well within the key job functions identified, we are conducting a full review of policies and procedures, an inclusive leadership programme for all executives, and an expansion of our Learning & Development team to address skills shortages and promote fair and equal opportunities for all employees.

Legislative Compliance

Legislative compliance is critical across Paragon Group and to our customers. Our GRC team ensures new or amended regulatory requirements are implemented within the business, using our ISO 14001 framework and quarterly audits to deliver the controls and training programmes to drive compliance at all locations.

Anti-Bribery & Corruption

Paragon expects its contractors, suppliers, and other business partners to uphold high standards in all business practices and to share our zero-tolerance approach to bribery and corruption. We expect all suppliers to comply with all relevant laws of the country in which they operate. All suppliers are required to sign the Paragon Supplier Code of Conduct and our supplier due diligence is completed at defined intervals by a dedicated compliance team.

Modern Slavery

Paragon Group is committed to ensuring there is no slavery, servitude, forced or compulsory labour or human trafficking in our supply chains or within any part of our operations and we enforce effective systems and controls to minimise the risk. Our policies and practices include our recruitment and selection policy, equal opportunities policy, staff handbook, Supplier Code of Conduct, and whistle-blowing policy.

All companies within Paragon Group have been audited by a dedicated compliance team to assess their employment arrangements and Human Resources policies, with the risk of any of these offences occurring determined to be low. Supply partners operating in countries or industries with a high risk of modern slavery undergo further due diligence to ensure their employment practices are in line with the International Labour Organisations recommendations.

Governance & Compliance

The Board is committed to high standards of corporate governance, which it considers are critical to business integrity and to maintaining investors' trust. The Group expects all its directors and employees to act with honesty, integrity and fairness. The Group will strive to act in accordance with the laws and customs of the countries in which it operates; adopt proper standards of business practice and procedure; operate with integrity; and observe and respect the culture of every country in which it does business.

1. Board leadership and Company purpose

The Board has collective responsibility to oversee the operational management of the Group. In addition, it is responsible for the long-term sustainable success of Paragon and contributing to wider society.

The key activities undertaken by the Board during 2021 included:

- Identified and reviewed Paragon principal risks
- Reviewed and monitored the Company's response to COVID-19, including the impact on employees and changes to work practices
- Reviewed and approved the Company's financial reports
- Undertook an evaluation of the performance and effectiveness of the Board and its Directors
- Reviewed and monitored the Group's long-term business strategy and objectives
- Reviewed and approved each acquistion opportunity

The Board sets the Company's purpose, values, and strategy and ensures that these are aligned with the Company's culture.

Performance and Risk Management

The Board also ensures that the necessary financial and human resources are in place for Paragon to meet its objectives, and measures performance against them. This is demonstrated by the steps taken to ensure business continuity in light of the COVID-19 pandemic mentioned in the Executive Chairman section.

Strategic Report
Driving Growth
Business Review
PCC
PID
PGS
POS
New/Growth Businesses
Technology
Sustainability
GRC
Risks
Section 172 Statement
Group Financial Statements
Parent Company Financial Statements

As part of the Group's controls environment, there is a clear schedule of matters reserved for the Board, which include:

The Group's strategy and organisation development

The Group's corporate structure and capitalisation

Approval of financial reports

Risk management

Approval of expenditure and material transactions including M&A

Board composition and succession

Oversight of governance, including approval of applicable corporate policies

The Board sets the risk appetite and evaluates principal risks. The Board continues to revise its principal and emerging risks to reflect the changes affecting the business and the markets in which it operates. This has resulted in a reassessment of the principal and emerging risks. The Board also monitors the Company's risk management and internal control systems.

Stakeholder Engagement and Participation

In order for the Paragon to meet its responsibilities to shareholders and stakeholders, the Board is required to ensure effective engagement with, and encourage participation from, these parties. The Board maintains a dialogue with stakeholders to help enable a mutual understanding.

Workforce Policies and Practices

Policies in relation to the workforce are approved by the Board. As part of its review, it ensures that such policies and practices are consistent with the Paragon values and support the long-term sustainable success. There are various initiatives designed to engender workforce engagement. The Inclusion Council aims to create a culture that attracts, grows, and empowers diverse talent.

2. Division of responsibilities

The Role of the Chair

The roles of the Chair and the CEO are separate and the division of responsibility between these roles has been agreed by the Chair, the CEO, and the Board. The Chair is responsible for the overall effectiveness of the Board and ensuring that it meets its duties. The CEO is responsible for the Group's day-to-day operations, the management of the Executive Management team, and for establishing the strategic leadership of the Group.

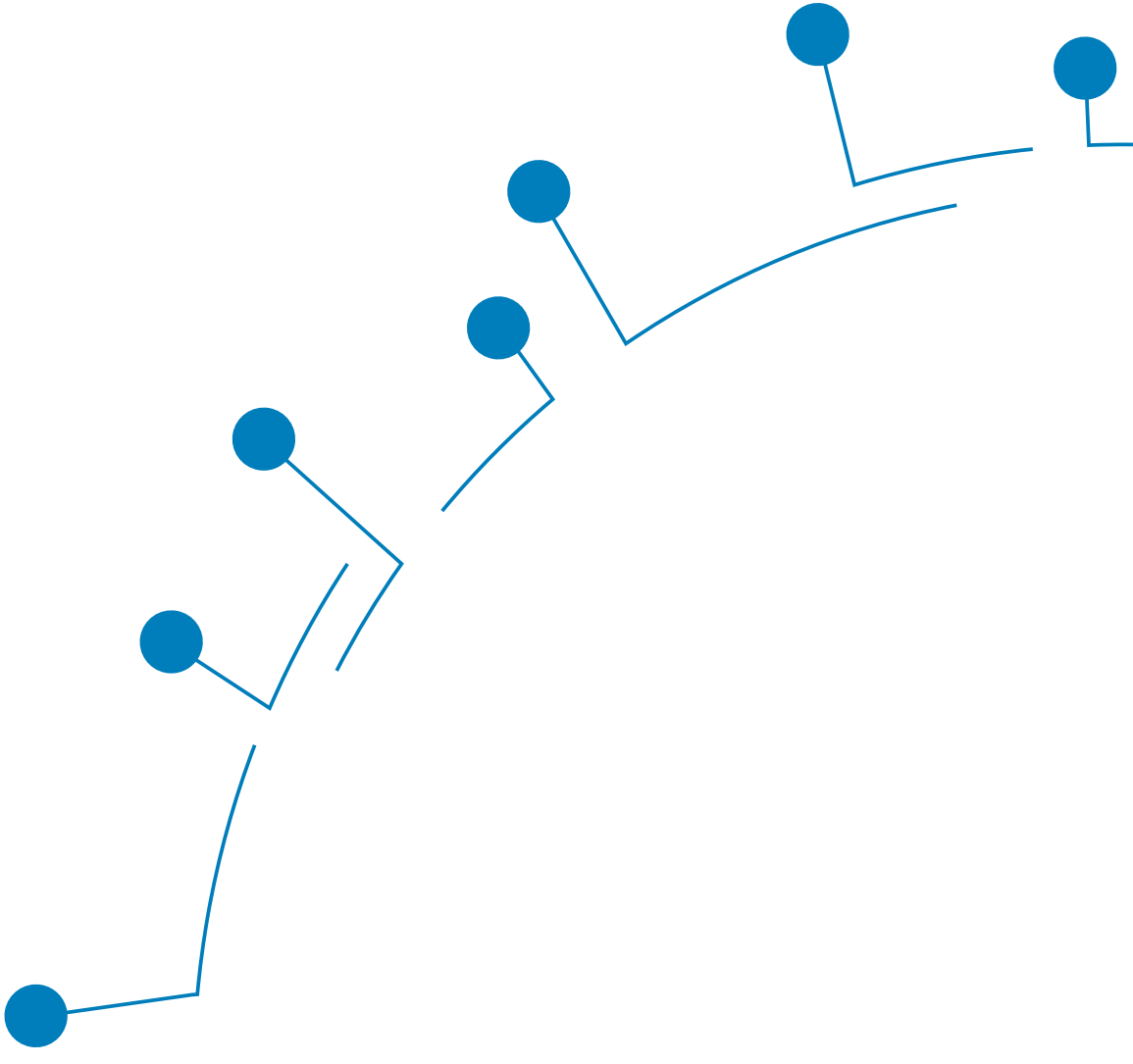
Role of the Independent Director

The Independent Director has responsibilities to shareholders, the Chair, and the other Directors. The Independent Director is to be available to shareholders if they have concerns which contact through the normal channels of the Chair, CEO, or Executive Directors has failed to resolve. The Independent Director, together with the Chair, has a responsibility to ensure effective communication by the Group with its stakeholders, which includes the discussion of governance, remuneration and strategy with major stakeholders. In addition, the Independent Director provides a sounding board for the Chair and provides direct feedback to the Board on all relevant matters.

3. Audit, risk and internal control

The Board reviews the annual, half-year and monthly financial statements and internal controls in addition to the external audit. It is also responsible for overseeing the risk management framework, the scope of the annual audit and non-audit work undertaken by external auditors and the effectiveness of the internal controls in place within the Group. The Board is responsible for the presentation of a fair, balanced, and understandable assessment of the Company's position and prospects. This is a key consideration when preparing all financial information issued. The coordination and review of the annual report is conducted in parallel with the formal audit process undertaken by the external auditors and the review by the Board and its Committees.

The Board is satisfied that the current policies and procedures in place ensure the independence and effectiveness of the audit functions. The Board is responsible for carrying out a robust assessment of the Company's emerging and principal risks. The Board, has monitored the Company's risk management and internal control systems and, at least annually, carries out a review of their effectiveness and reports on that review in the annual report.



Streamlined Energy & Carbon Reporting (SECR) for Paragon Group 2020/2021

Paragon Group are pleased to present our energy and carbon reporting in line with the requirements of The Streamlined Energy and Carbon Reporting (SECR) legislation and The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Scope

Paragon Group consists of multiple subsidiary companies across the globe. The scope of this SECR report covers all Paragon Group Ltd legal entities that are in scope of the SECR legislation.

Energy use and carbon emissions are reported for the following activities:

- Gas consumed (buildings)
- Fuel consumed (buildings & operated transport)
- Fuel consumed (staff business travel)
- Electricity consumed

The reporting period will track the financial year of July 1 in any given year to 30th June to that of the preceding year. The current reporting period is July 1, 2020, to June 30, 2021.

Paragon Group Limited has grown massively through acquisition and will continue to do so in the future. For this reason, we will adopt a rolling baseline year of the previous reporting period. This will reflect the changing scope of the business. The current baseline year is July 1, 2019 to June 31, 2020.

Please see Appendix A for a list Paragon Group Ltd legal entities registered in the UK and their scope of reporting for the purposes of SECR.

Paragon Group Ltd is split into 4 operational divisions:

- Paragon Customer Communications
- Paragon ID
- Paragon Graphic Services
- Paragon Office Services

Individual legal entities within each division were assessed to determine the scope of required reporting.

All legal entities that fall into scope for SECR reporting are within the Paragon Customer Communications division. Appendix A details the legal entities that have been included in the reporting.

Changes in the Reporting Period Affecting Carbon Emissions

Business Changes

During the reporting period, the following sites changes were made:

- Promo International were acquired with offices in London and China
- Print Trade Suppliers (PTS) and Global Document Solutions (GDS) joined the PCC from other areas of the Paragom Group, adding three new sites to the PCC portfolio
- Production ceased at our two sites in Dublin, Ireland (Ballymount and Sandford), with all production migrated into a new single Dublin site, Citywest
- Production ceased at our Huntingdon location in March 2021
- The work from our Barnwood location has been moved to our Bristol and Tewkesbury sites, with Barnwood production ceasing in May 2021
- Our Redruth site was closed in April 2021
- OT Group became an operational division, which was previously part of the Paragon Graphic Services Division

Operational Changes

The COVID-19 pandemic and lockdown period affected our operations and associated activity in the following ways during the reporting period:

- All office staff spent the majority of the reporting period working from home, or reduced time working in the office
- The majority of meetings were held online, reducing staff business travel
- Work at the majority of site decreased in volume and scope

Methodology

The calculation of carbon emissions has been completed using the UK Government Greenhouse Gas Reporting: Conversion Factors 2021.

The methods of data collection and verification have been documented within our supporting evidence which can be made available on request. Wherever possible, 12 months of actual data has been used covering 01/07/2020 to 30/06/2021. Where estimates or projections have been used this has been stated.

Energy Use and Carbon Emissions

Energy Use and Carbon Emissions have been calculated for each Paragon Group division:

2019/20 Reporting Year

Paragon Group Division	**Gas** (buildings + forklift) kWh	**Fuel** (operated transport) kWh	**Fuel** (staff business travel) kWh	**Electricity** kWh	**Carbon Emissions** Kg CO_2e
PCC	10,986,606	2,734,769	983,598	27,873,536	9,808,071
PID	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope
PGS	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope

2020/21 Reporting Year

Paragon Group Division	**Gas** (buildings + forklift) kWh	**Fuel** (operated transport) kWh	**Fuel** (staff business travel) kWh	**Electricity** kWh	**Carbon Emissions** Kg CO_2e
PCC	11,106,347	1,168,368	245,224	29,037,737	8,725,920
PID	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope
PGS	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope
Office Services	N/A	N/A	N/A	5,092,464	94,719

Energy Intensity Ratio

Paragon Group Limited have chosen electricity $KgCO_2e$ per square metre of floor space as our intensity ratio. This will best reflect the different scope and activity of work across our locations.

The intensity ratio has been reported at Paragon Group division level. This intensity measure is also reported monthly to all production locations as part of our ongoing ISO 14001 and ISO 50001 certified management programmes.

2019/20 Reporting Year

Paragon Group Division	**2019/20 Total Electricity** Kg CO_2e	**2019/20 Total** square metre	**2019/20 Kg CO_2e** per square metre	**2020/21 Total Electricity** Kg CO_2e	**2020/21 Total** square metres	**2020/21 Kg CO_2e** per square metre
PCC	6,498,436	285,703	22.75	6,133,290	314,337	314,337
PID	Out of scope	Out of Scope	Out of Scope	Out of scope	Out of Scope	Out of Scope
PGS	Out of scope	Out of Scope	Out of Scope	Out of scope	Out of Scope	Out of Scope
Office Services	Out of scope	Out of Scope	Out of Scope	Out of scope	Out of Scope	Out of Scope

Improvement Programmes

The majority of Paragon Group production sites hold ISO 14001 Environmental Management and / or ISO 50001 Energy Management certifications. These management systems provide the framework to drive both site and group level improvements to our energy and carbon reporting, efficiency, and emissions.

Across our own operations improvement programmes focus on the following areas:

- Production efficiency – Lean manufacturing, kit optimisation & upgrades
- Facilities efficiency – HVAC, lighting & facilities infrastructure
- Supply chain governance

Specific programmes across our production facilities in the reporting period include:

- Consolidation of work and production locations
- Lighting upgrades to LED technology
- Air conditioning upgrades to production, offices and server rooms
- Refresh of production equipment to more energy efficient kit
- Investigation into photovoltaic panels at our Dagenham site

Paragon Customer Communications is the largest user of energy and carbon emissions within Paragon Group. Paragon Customer Communications publish its energy and carbon performance in their annual Sustainability Report.

Objectives & Targets and Future Plans

As part of our ISO certifications, all production sites have site level Objectives and Targets linked to energy efficiency. These targets are monitored and measured monthly and reviewed annually by senior management.

Paragon has launched our Sustainability Ambition 2030 which will help deliver the lasting change that our planet and our societies need. Our Ambition focusses on sustainability across the lifecycle of our product offering through an ESG framework. By helping our stakeholders to make informed

decisions, we can drive responsible choices and behaviours across the value chain.

Paragon's Sustainability Ambition 2030 is based on three pillars: Planet, People and Partners. Our key areas of focus include:

Planet

- Carbon net Zero Strategy
- Lifecycle Sustainability analysis

People

- Diversity & Inclusion
- Wellbeing
- Community Engagement

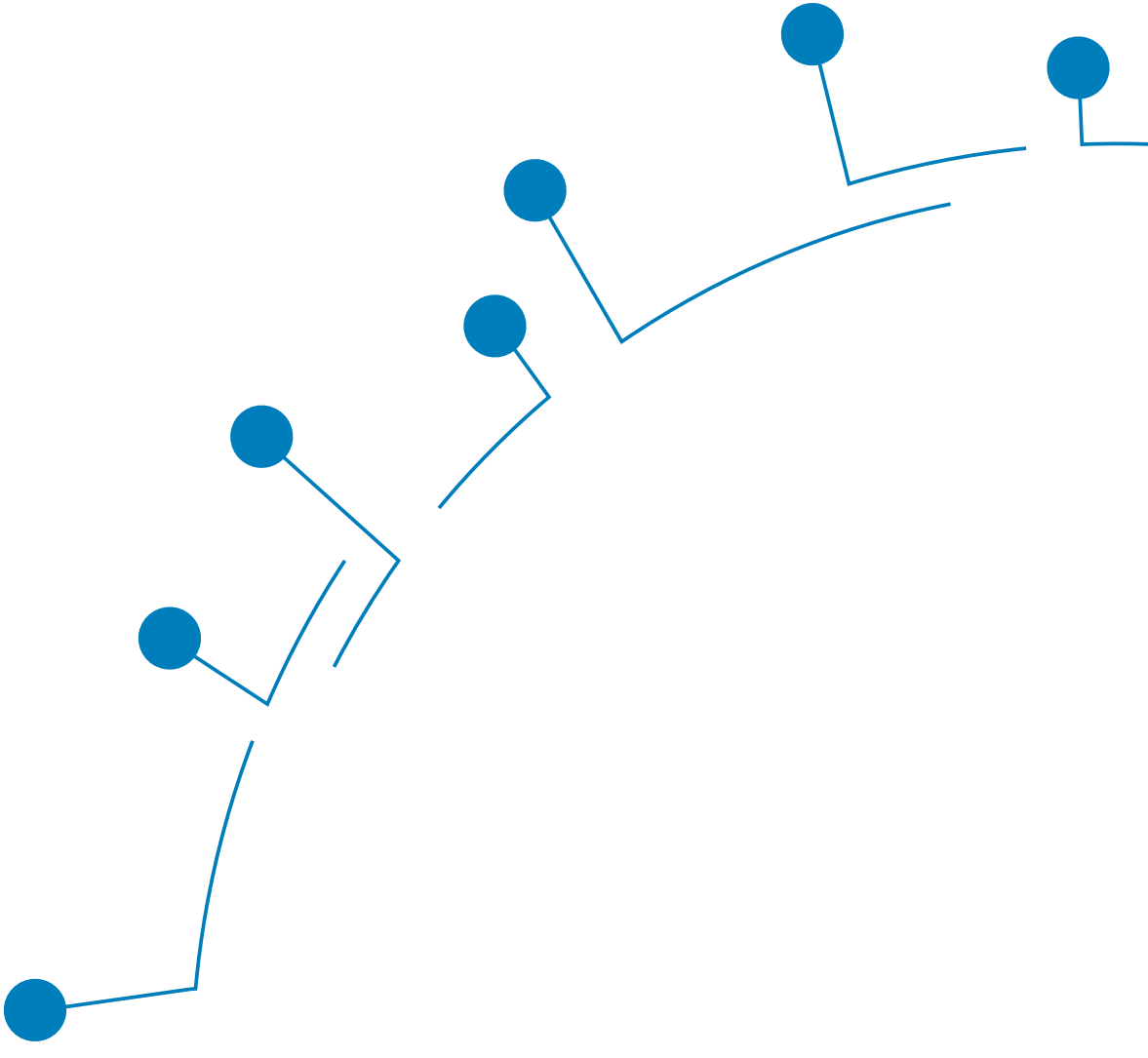
Partners

- Supply chain sustainability analysis

During 2021 Paragon has engaged the help of an external consultancy, JRP Solutions, to help develop our Carbon Net Zero strategy. At the time of writing, Paragon await the final report and recommendations, and expect this to result in the publication of a Carbon Net Zero plan covering Scope 1, 2 and 3 emissions and be aligned with the Science Based Targets Initiative.

Appendix A

Paragon Group Division	Entity	In Scope of SECR	Included in reporting	Gas (buildings)	Fuel (operated transport)	Fuel (staff business travel)	Electricity
PCC	Paragon Customers Communications (Bristol) Ltd	No	Yes	Yes	Yes	Yes	Yes
	Paragon Customers Communications (Redruth) Ltd	No	Yes	Yes	Yes	Yes	Yes
	Paragon Customers Communications (Redruth) Ltd	Yes	Yes	Yes	Yes	Yes	Yes
	Paragon Customer	Yes	Yes	Yes	Yes	Yes	Yes
	Paragon Customer Communications (London) Ltd	Yes	Yes	Yes	Yes	Yes	Yes
	Paragon Customer Communications (Finsbury Circus)	No	Yes	No – landlord supplied	N/A	Yes	No – landlord supplied
	Paragon Customer Communications International Ltd	Yes	Yes	Yes	Yes	Yes	Yes
	Print Trade Suppliers Ltd	No	Yes	N/A	N/A	N/A	N/A
	Global Document Systems Ltd	No	Yes	N/A	N/A	N/A	N/A
	Critical Mail Continuity Services Ltd	No	Yes	Yes	Yes	Yes	Yes
PID	Bemrose Booth Paragon Ltd	No	No	N/A	N/A	N/A	N/A
	Thames Card Technology Ltd	No	No	N/A	N/A	N/A	N/A
PGS	ZenOffice UK Ltd	No	No	N/A	N/A	N/A	N/A
	Paragon Group UK Ltd	No	No	N/A	N/A	N/A	N/A
	Image Factory Retail Graphics Ltd	No	No	N/A	N/A	N/A	N/A
	A.E. Tyler Ltd	No	No	N/A	N/A	N/A	N/A
POS	OT Group Ltd	Yes	Yes	N/A	N/A	N/A	Yes

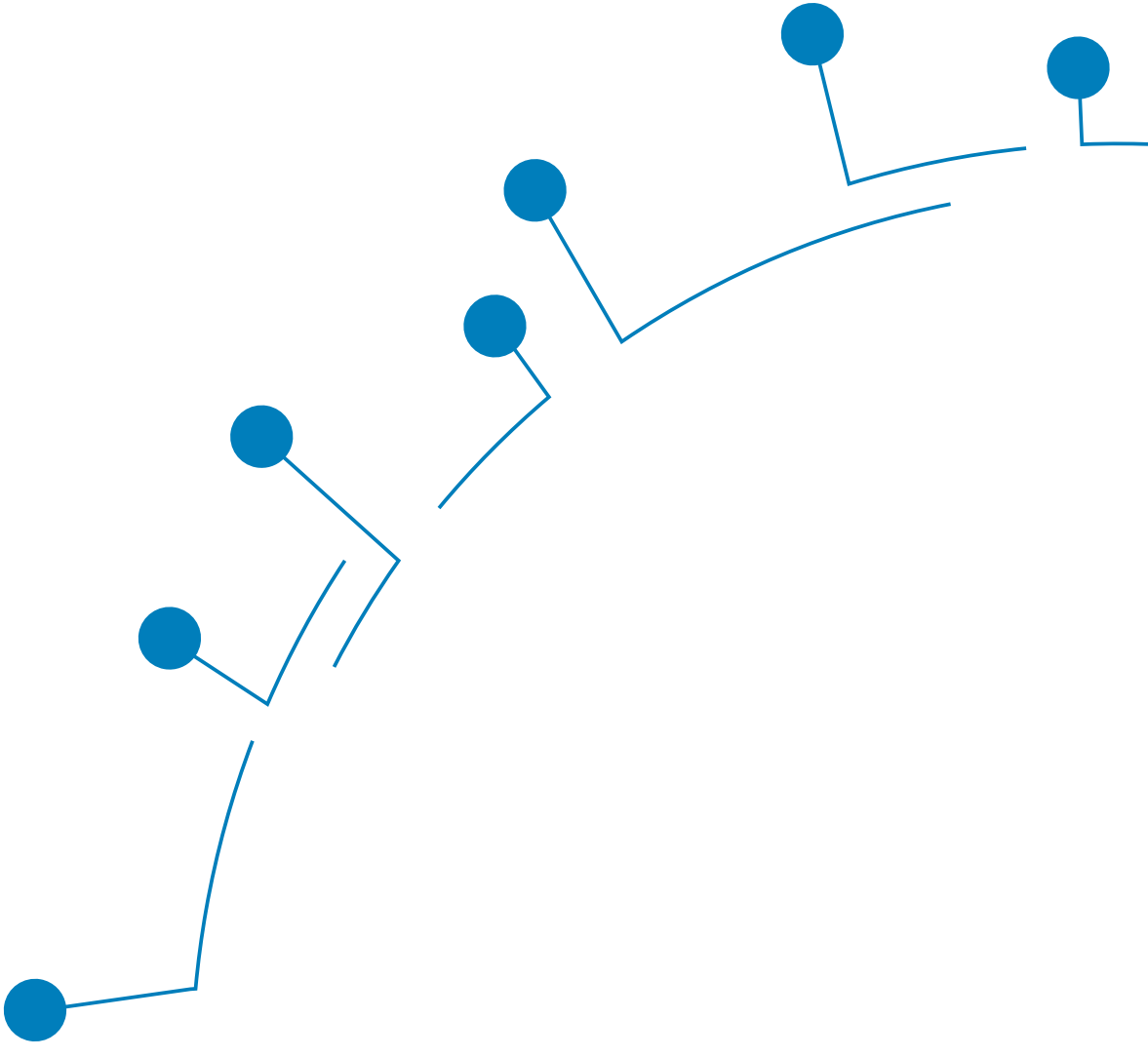


Principal Risks & Uncertainties

The Board continuously monitors principal risks and uncertainties on an ongoing basis. This section provides major risks with an associated assessment of impact and mitigation steps.

Risk Description	Potential Impact	Mitigation
Product and Service The success of the Group is wholly dependent on the quality and relevance of our products and services.	Loss of revenues if the quality and relevance of our relevance of our product diminishes.	• Robust data integrity platforms and processes • Continued investment in recruiting and retaining high-quality researchers and analysts • We are continually developing innovative solutions which enhance both the content quality and our client's user interface experience • Focus on client feedback • External consultants engaged to review quality control procedures
People and Succession Failure to attract or retain key employees could seriously impede future growth.	Failure to recruit or retain key staff could lead to reduced innovation and progress in the business.	• The Group is rapidly expanding, and the success of this expansion will be determined by the groups ability to manage and motivate our people in order to achieve the Groups performance objectives • The Group operates a competitive remuneration package and incentive schemes for management personnel • The Group continues to strengthen the Senior Leadership Team to encourage motivation and engagement with the business
Competition and clients The Group operates in highly competitive markets.	Competition and clients The Group operates in highly competitive markets.	• The Group routinely reviews the competitive landscape to identify potential threats and acquisition opportunities • Our sales team strive to achieve organic sales growth • Our acquisition strategy continues to bring new clients • The Groups customer base is diversified by industry and product offering and we regularly review our clients to ensure that we are not overly reliant on any customer • We constantly monitor new technology capabilities and innovation to ensure that our products are always contemporary and relevant, which allows us to respond to new competitive threats as they arise • Our data sets, technology platforms and highly specialised printing machinery are both unique and difficult to replicate • Provide improved and best in class client support thereby improving customer satisfaction and retention

Risk Description	Potential Impact	Mitigation
Economic and global political changes The Group's businesses operate in the UK, France, Germany, Spain, Ireland, Benelux, Czech Republic, Poland, Romania, Scandinavia, USA, Canada and has sales offices in Australia.	Economic and political uncertainty could lead to a reduction or delay in client spending on the services offered by the Group and/or restriction on the Group's ability to trade in certain jurisdictions.	• The Group provides high-quality data and analytics services, which are embedded in the day-to-day operations of our clients. In times of uncertainty, we aim to provide clarity and insight • Management of headcount and overheads • Increased controls over capital expenditure and working capital • We operate in different geographies and therefore operate in a balanced portfolio of markets
Brexit	The UK's decision to leave the EU is likely to result in a short to medium term period of economic and political uncertainty and complexity.	• There is a risk that this uncertainty could reduce demand in the Group's UK market and could adversely impact the financial performance of the Group • The Group generates a significant portion of its earnings in the UK market, and any significant decline in the value of Sterling will impact the Group's translation of its Sterling earnings with consequential impacts on the reported performance and results of the Group • The Group monitors these risks and actively manages its business to ensure minimal disruption to its operations. In addition, there is an ongoing review of any new information and policy indications from the UK Government and the EU in relation to Brexit, in order to manage the risks associated with Brexit
Regulatory compliance	The Group may be subject to regulations restricting its activities or effecting changes in taxation.	• The majority of the Group's operations are based in the UK, France, Germany and The Netherlands. Appropriate advisors are employed in all geographies to ensure the Group remains compliant with local laws and regulations
Acquisition and Disposal Risk	The failure to successfully identify and integrate key acquisitions could lead to loss of profits, inefficient business processes, inconsistent corporate culture and weakened brand.	• All acquisitions are subject to rigorous due diligence and operational review, the findings of which are presented to the main Board as part of the supervision and approval process • Where necessary external advisors with either technical and/or local knowledge are engaged
IT, cyber and systems failure	Significant operational disruption caused by a major disaster.	• Business continuity plans have been implemented across the Group, including disaster recovery programmes, and plans to minimise business disruption • The Group regularly reviews its cyber security and website security protocols
Pandemics	Global outbreak of a public health threat or fear of such an event could result in increased government restrictions and regulations including the shutdown of the on-trade, restrictions to travel, and quarantining of our employees resulting in a negative impact to consumer demand, or a slowdown or halting of our business operations due to supply or logistic constraints, could adversely impact our financial performance.	• Global crisis management and business continuity management programme in place to enhance our capability to react effectively to crises and minimise damage and disruption in our business operations • Multi-channel product availability enabling consumers to continue to purchase our products for consumption • Established links to government bodies enabling dialogue regarding industry response and regulation • Decentralised decision-making enables re-prioritisation and resource re-deployment where required • Appropriate IT support in place enables remote and home working



Section 172 Statement

The Companies Act 2006 (CA2006) sets out a number of general duties which directors owe to the company. New legislation has been introduced to help shareholders better understand how directors have discharged their duty to promote the success of the company, while having regard to the matters set out in section 172(1)(a) to (f) of the CA2006 (s172 factors).

During 2021, the directors continued to exercise all their duties, while having regard to these and other factors as they reviewed and considered proposals from senior management and governed the company. The Board considers that the statement focuses on those risks and opportunities that were of strategic importance to Paragon consistent with the size and complexity of the Group. In the performance of its duty to promote the success of the company, the Board has regard to a number of matters, including listening to and considering the views key stakeholders to build trust and ensure it fully understands the potential impacts of the decisions it makes for our stakeholders, the environment and the communities in which we operate. Engagement with the company's main stakeholder groups, including our people, customers, suppliers, society and governments and regulators, at all levels of the organisation and across the enterprise are summarised below.

Our People

Paragon employees are its biggest asset. Maintaining a happy and engaged workforce is key to the Board to attract and retain top talent in our industries.

Primary Interests

Paragon Employees want:

- A culture of autonomy and responsibility
- Working in a safe environment
- To work for a market leader with the opportunity for personal growth and career development
- Competitive benefit and remuneration

How we engage

Our people are at the core of our business and are our biggest asset. It is our aim to build a trusting, respectful and inclusive culture so every individual feels highly engaged and can be their best. We want our people to feel their human rights are respected and they are treated with dignity. We are committed to creating opportunities for growth and to a continuous learning culture. We prioritise the of health, safety and wellbeing of our people and promotion of inclusion and diversity, all mentioned in the People section on page 88. During the financial year, we have continued to invest in learning and development across the whole business. We have expanded our Apprenticeship programmes and have implemented group wide development initiatives, see page 87. The Board consults with our people through a number of direct and indirect channels on a number of matters, as the Board values all opinions.

Impact on Board decisions

The Board recognises the importance of effective engagement with Paragon's employees and wider workforce, including contractors and temporary staff. In recent years, members of the Board have visited the Group's operations in all countries of operation. During these visits, the Board engages directly with local management and other employees during site and trade visits, with Board presentations and Board dinners and lunches enabling the Board to meet a broad spectrum of employees from differing departments and markets. This year, the Board has placed a greater focus on consideration of the health, safety and well-being of the group's workforce when making decisions during the COVID-19 pandemic, as discussed on page 88.

Customers

Paragon is a customer focussed business and we pride ourselves on delivering an outstanding service. The Board always considers the potential long-term impact its decisions may have on customers.

Customers want

First class product and service

On time delivery

To know their data is being kept private

How we engage

The Board receives regular reports from management based on market trends and customer feedback. The Board encourages the businesses to maintain multiple channels and methods of communication with customers to promote a meaningful and honest dialogue. The Board also tracks customer satisfaction. The Board is responsible for approving material business transactions and key strategic changes, as part of which customers' interests are at the fore. The Board is mindful of the fact that counterparties to commercial and corporate transactions may pursue strategies and outcomes which may conflict with interests of the customers. The Board considers if, and how, these divergent interests can be reconciled. We work with a wide range of customers: big and small, on-trade and off, digital and e-commerce to identify opportunities that offer profitable growth for our customers. Our passion is to ensure we nurture mutually beneficial relationships that deliver joint value and the best outcome for all our consumers.

Impact on Board decisions

The Board engages with customers, primarily through the Chief Executive and Executive Chairman, who provide information about key customers in their regular reports,

in other business Board reports and at the quarterly Board meetings. Understanding the importance to customers of maintaining a broad portfolio with consumer offerings at a variety of price points and categories, the Board regularly reviews both innovation and inorganic opportunities to enhance its portfolio.

Suppliers

The performance of Paragon's suppliers is integral to Paragon's success. We have a diversified supplier base from small contractors to FTSE100 groups and they play a critical role in the success of our businesses. Paragon aims to build mutually beneficial long-term relationships with its suppliers.

Primary Interests

Suppliers want:

To build a long-term, mutually beneficial relationship

The businesses to meets their payment obligations on time

How we engage

The Executive Directors, together with the members of the management team, engage collaboratively with suppliers to discuss matters of mutual interest, including any risks which may need to be addressed.

The Board is given updates from management, as appropriate, regarding the business's relationships with its suppliers, including with respect to any material risks, performance issues or potential future changes. As part of the Group's standard engagement process, suppliers are required to accept the Group's Supplier Guidelines, which act as an acknowledgement that they meet certain minimum ethical and legal standards approved by the Board, including in relation to modern slavery, anti-bribery and anti-money laundering more details in relation to this can found on page 89. Our suppliers and agencies are experts in the wide range of goods and services we require to create and market our brands. By working with them closely, we not only deliver high-quality products marketed responsibly, but improve our collective impact, ensuring sustainable supply chains, reducing our environmental impact, and making positive contributions to society. This is reported on in our sustainability section, page 78.

Impact on Board decisions

The Board is committed to ensuring there is no slavery, servitude, forced or compulsory labour or human trafficking in our supply chains or within any part of our operations and we enforce effective systems and controls to minimise the risk. In determining the Group's readiness for Brexit, the Board, through the Executive management team, engaged with the Group's payment processors to understand any additional cost or administrative burdens that they may experience following the end of the UK's transition period, and any actions that needed to be taken to ensure continuity of service to customers.

Communities

It is important to the board and all of our employees, that the Group gives back to the communities it operates in. The Board takes into consideration the impact that its decisions will have on the wider community, including through the example Paragon sets as a global leader in several industries.

Primary interests

Communities care about:

The Group's carbon footprint

The Group's efforts to promote worthy causes within the community

How we engage

During the year, the Board engaged with communities through our various businesses and its employees. Paragon employees are encouraged to nominate communities/ charities that matter to them, which the Group donates to through the fundraising activities. The Board seeks to transparently disclose the Group's carbon emissions, and the ways it achieves status as a carbon neutral business. More concerning Paragon's carbon emissions can be found on page 92 .Investing in sustainable growth means supporting and empowering the communities where we live, work, source and sell. By ensuring we make a positive contribution, we can help build thriving communities and strengthen our business.

Impact on Board decisions

Maintaining close relationships with the communities in which Paragon operates has always been of critical importance to the Board, shaping its discussions and guiding the company's approach to its responsibilities to wider society. The Board has had a number of discussions during the year to shape the company's ambition for its impact on communities over the long term, including shaping targets and goals in relation to environmental and social initiatives. Recognising the severity of the impact of the COVID-19 pandemic on many of the communities in which the group operates, the Board focussed on actions to support those communities. More details relating to Paragon's corporate social responsibilities are set out on page 78.

Government & Regulators

It is extremely important to the board, that all our businesses adhere to all government and regulator laws and rules within the country that the operate in.

Primary interests

Government & Regulators want:

Taxes up to date

Rules and regulations adhered to

How we engage

The regulatory environment is critical to the success of our business. We believe it is important that those who can influence policy, laws and regulation understand our views. We also want to share information and perspectives on areas that can impact our business and public health. Collaboration is a key feature to creating successful and sustainable developments. Paragon looks to work constructively with Government, regulators, local authorities and industry bodies to shape developments. We aim to understand planning, regeneration, housing, environmental and economic policy objectives and work collaboratively to deliver these. The Company contributes to relevant policy consultations and has regular and constructive dialogue with Government departments and regulatory bodies.

Impact on Board decisions

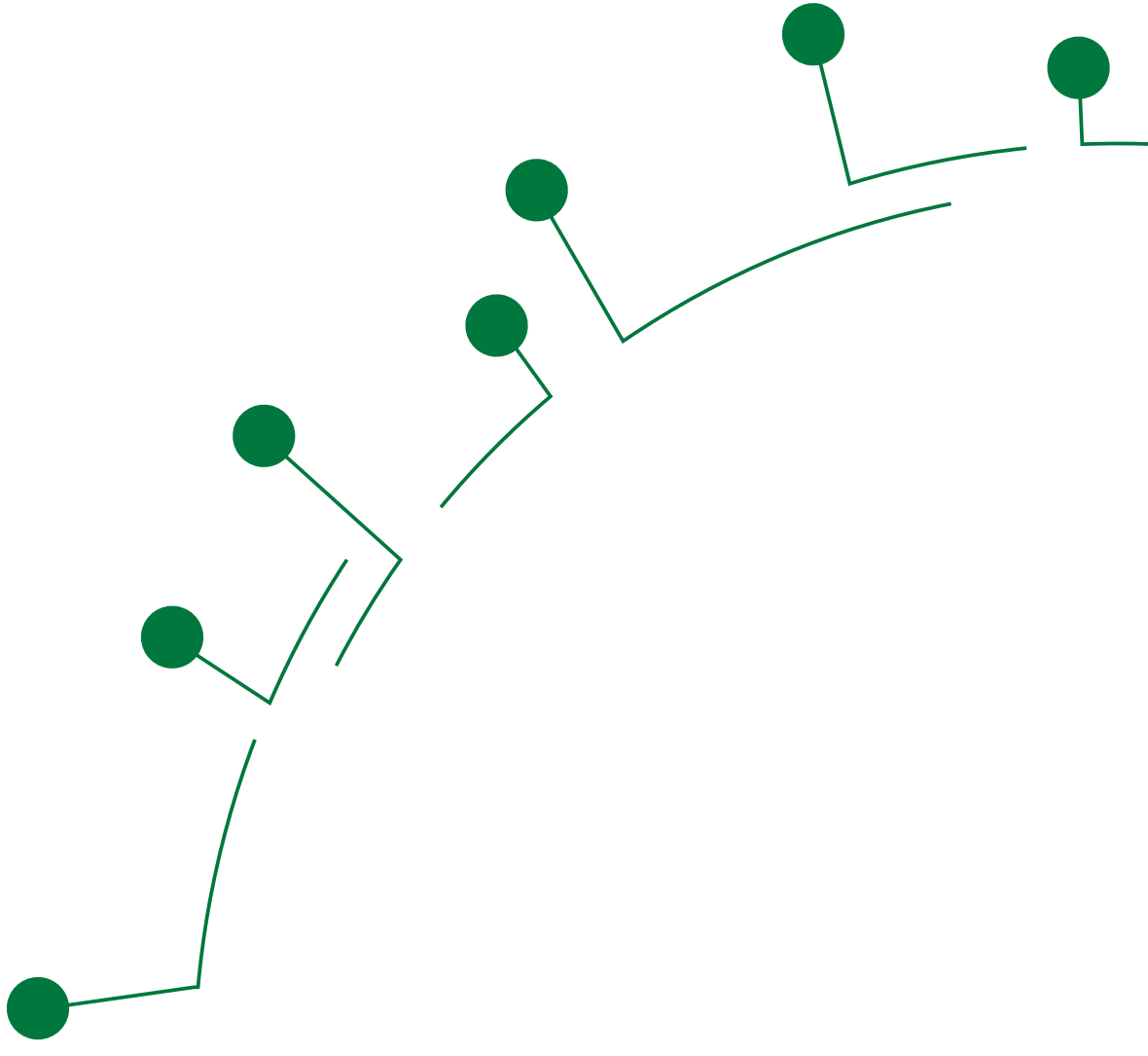
The Board engages indirectly with government, regulators, and policymakers through regular reports from the Chief Executive as well as periodic updates from management. In particular, the board has received briefings during the year on the impact of COVID-19, Brexit, developments in relation to tariffs and international trade disputes. A number of Directors have experience of working in or with governments in the United Kingdom and elsewhere and provide insights as to policy-makers' views and priorities which are then considered by the Board in making its decisions.

By order of the Board



Sean Shine
CEO Paragon Group
7 January 2022

Strategic Report
Driving Growth
Business Review
PCC
PID
PGS
POS
New/Growth Businesses
Technology
Sustainability
GRC
Risks
Section 172 Statement
Group Financial Statements
Parent Company Financial Statements



The Directors Present Their Report

for the year ended 30 June 2021



Patrick Crean
Executive Chairman



Laurent T Salmon
Chief Financial Officer



Seán Shine
Chief Executive Officer



John Rogers
Executive Director,
Corporate Development



Nelson Loane
Non Executive Director

Directors

Patrick J Crean
(Executive Chairman)

Laurent T Salmon
(Chief Financial Officer)

Seán Shine
(Chief Executive Officer)

John Rogers
(Executive Director, Corporate Development)

Nelson Loane
(Non Executive Director)

Company Secretary

Richard Cahill

Auditors

Grant Thornton UK LLP
Chartered Accountants &
Senior Statutory Auditor
30 Finsbury Square, London,
EC2A 1AG, United Kingdom

Bankers and Advisors

CA-CIB
43 Place des États Unis,
92120 Montrouge, France

Barclays Bank plc
Leicester, Leicestershire, LE87 2BB,
United Kingdom

Solicitors

Gunnercooke LLP
1 Cornhill, London, EC3V 3ND,
United Kingdom

Cabinet Lipworth
18 Avenue Franklin Roosevelt,
75008, Paris, France

Registered Office
Park House, 16-18 Finsbury Circus,
London, EC2M 7EB, United Kingdom

Directors' Report

for the year ended 30 June 2021 (continued)

Directors of the Company

The Directors present their report and the financial statements for the year ended 30 June 2021. The Directors of the Company are listed opposite.

Results and dividends

The loss for the year after taxation for continuing operations amounted to €23,860,000 (2020: profit of €4,202,000).

The EBITDA[1] for the year for continuing operations amounted to €51,630,000 (2020: €75,241,000).
No dividend was paid during the year (2020: €nil).

The Directors are not recommending the payment of a dividend in respect of the financial year ended 30 June 2021 (2020: nil).

Financial key performance indicators

Management uses a range of performance measures to monitor and manage the business. KPIs measure past performance and provide information to manage the business. Sales, EBITDA[1], Underlying EBITDA[2] and free cash flow[3] are the key indicators management use to measure performance. KPIs for the financial year ended 30 June 2021 are shown in the table below, along with prior year comparatives.

	2021 €000	2020 €000	Change %
Sales of goods and services	1,213,835	1,080,713	+12%
Underlying EBITDA[2]	82,950	77,185	+7%
Non-underlying items	(31,320)	(1,944)	
Free cash flow[3]	58,795	119,812	-51%

1. EBIT and EBITDA are defined in note 2(s) on page 126.
2. Underlying EBITDA is defined in note 2(s) on page 126.
3. Defined as cash generated from operations on page 117.

Future developments

The Group continues to evaluate new investment opportunities, acquisitions and product lines in order to enhance the scale and profitability of the Group. €180 million of loan notes were raised subsequent to year end which will assist the Group with its business growth strategy. The Group's acquisition capabilities are discussed further on page 19 of the Strategic Report.

Engagement with suppliers, customers and others

A summary of how our business engages with suppliers, customers and others is outlined in our Section 172 Statement on page 99.

Financial risks and uncertainties

Actions and measures have been implemented in order to protect the Group against financial risks and uncertainties.

The Group's Treasury function is responsible for managing the Group's exposure to financial risk and operates within a defined set of policies and procedures reviewed and approved by the Board.

The Group's financial risk management policies are established and reviewed regularly to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The COVID-19 impact has differed in each of the Group divisions. The impact of COVID-19 is discussed in further detail in the CFO statement and the going concern policy. See pages 14 and 85-90 and 96-98 for discussion of this risk and other principal risks and uncertainties.

Brexit

The UK's decision to leave the EU has had minimal impact on the Company and across the Group as a whole. Political and economic uncertainty has progressively faded and there has been no significant decline in the value of Sterling. Given the scale of Brexit, the Board continue to monitor whether any further volatility is likely to arise in the short to medium term.

The Group generates a significant portion of its earnings in the UK market, and any significant decline in the value of Sterling will impact the Group's translation of its Sterling earnings with consequential impacts on the reported performance and results of the Group.

The Group monitors these risks and actively manages its business to ensure minimal disruption to its operations.

In addition, there is an ongoing review of any new information and policy indications from the UK Government and the EU in relation to Brexit, in order to manage the risks associated with Brexit.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages this risk by ensuring that it maintains sufficient levels of committed borrowing facilities and cash and cash equivalents. The level of headroom needed is reviewed annually as part of the Group's planning process.

A maturity analysis of the carrying amount of the Group's borrowings is shown below in the reporting of financial risk management section (note 26) together with associated fair values.

Capital risk

The Group manages its capital risk to safeguard its ability to continue as a going concern and maintain an optimal capital structure to minimise the cost of capital. This is done through changes made to the underlying debt structures within the Group and, where appropriate, issuing shares or selling assets to reduce debt.

Directors' Report

for the year ended 30 June 2021 (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Commodity price risk

The Group is exposed to commodity price risk on paper as a result of its operations. However, given the size of the Group's operations, the costs of continually managing exposure to commodity price risk exceeds any significant potential benefits. The risk is mitigated due to the ongoing centralisation of the Group procurement team and also certain inputs being rechargeable directly to clients. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Currency risk

The Group has significant operations within the Euro area but also operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, unrecognised firm commitments and investments in foreign operations.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Group Treasury is responsible for managing the net position in each currency via foreign exchange contracts transacted with financial institutions.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group's policy is to manage the currency exposure arising from the net assets of the Group's foreign operations primarily through borrowings denominated in the relevant foreign currencies.

The Group's policy is not to hedge net investments in subsidiaries or the translation of profits or losses generated in overseas subsidiaries.

Interest rate risk

All material financial assets and liabilities are maintained at floating rates of interest. Where necessary, floating to fixed interest rate swaps can be used to fix the interest rate.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Geographically, there is no concentration of credit risk.

Furthermore, the Group is able to significantly reduce its exposure to credit risk as it is party to a debt factoring arrangement which enables it to accelerate cash flows associated with trade receivables, where advances received are without recourse.

The Group has established a credit policy that ensures that sales are made to customers with an appropriate credit history. Cash transactions are limited to high credit quality financial institutions and the Group has policies that limit the amount of credit exposure to any one financial institution.

Financial instruments

The Group finances its activities with a combination of bonds, bank loans, debtor finance, lease liabilities and cash.

Overdrafts are used to satisfy short term cash flow requirements. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Group's operating activities. Financial instruments give rise to foreign currency, interest rate, credit, price and liquidity risk.

Research and development

The Group carries out research and development both internally and through a number of international arrangements and collaborations.

Streamlined Energy & Carbon Reporting (SECR)

The Directors present their Streamlined Energy & Carbon Reporting (SECR) for Paragon Group 2020/2021 on page 92 of the Strategic Report.

Development of business relationships

The Board continually develops the Group's business relationships with suppliers, customers and others. These relationships are discussed in the Section 172 Statement in the Strategic Report, including the principal methods by which the Group engages these stakeholders.

Events since the Consolidated Statement of Financial Position

The following transactions took place post year end. In all cases, no purchase price allocation exercise has yet been undertaken as the acquisition balance sheet has not yet been finalised.

On 1 July 2021, the Group acquired 93.3% of the issued share capital of Security Label GmbH. Initial consideration amounted to €4.5 million. Security Label GmbH has annual turnover of €14 million and is a European leader in airline baggage tags.

On 30 July 2021, PCC Global plc, a wholly-owned subsidiary, raised €139 million of loan notes that were admitted to trading on the Luxembourg MTF market. The repayment date is 29 July 2028.

On 10 August 2021, the Group increased it's holding in BeeBuziness SA to 22.8%. The consideration amounted to €0.7 million.

Directors' Report

for the year ended 30 June 2021 (continued)

On 20 September 2021, the Group acquired the trade and certain assets of Electronic Data Magnetics Inc. (in Chapter 11). Initial consideration amount to €2.4 million. Electronic Data Magnetics Inc. (in Chapter 11) had annual turnover of €12.5 million pre-Covid 19 and is the largest manufacturer of tickets for the Mass Transit market in the USA.

On 27 September 2021, the Group completed the acquisition of the remainder of the certain assets of the Office Depot Group. The final consideration amounted to €7.5 million.

On 1 December 2021, the Group acquired the entire issued share capital of DG3 UK Intermediate Holdings Limited. DG3 UK is one of the leading suppliers of print and visual communication services across Europe.

On 20 December 2021, PCC Global plc, a wholly-owned subsidiary, raised €41 million of loan notes that were admitted to trading on the Luxembourg MTF market. The repayment date is 19 December 2028.

Directors' liabilities

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The Group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information through regular bulletins and newsletters has continued. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Going concern

The Group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments, and its exposures to price, credit, liquidity and cash flow risk are described above.

The Group has adequate financial resources together with long term contracts with a number of customers and suppliers across different geographic areas and industries. The Group enjoys an excellent relationship, and is in regular dialogue with its bankers and finance providers. The facilities available are estimated to be adequate to meet the Group's needs.

The company has ample liquidity and a stable long-term source of funding. On 16 December 2016, the company raised €52,000,000 on loan notes that were admitted to trading on the Luxembourg MTF market. On 7 April 2018, the company raised €89,000,000 on loan notes that were admitted to trading on the Luxembourg MTF market.These loan notes are repayable on 15 December 2023 and 6 April 2025 respectively.

Post year end, on 30 July 2021, PCC Global plc, a wholly-owned subsidiary, raised €139 million of loan notes that were admitted to trading on the Luxembourg MTF market. The repayment date is 29 July 2028.

On 20 December 2021, PCC Global plc, a wholly-owned subsidiary, raised €41 million of loan notes that were admitted to trading on the Luxembourg MTF market. The repayment date is 19 December 2028.

The Group generated strong free cash flows during the year. In 2021 the Group generated cash from operations of €58,795,000 (2020: €119,812,000).

The Directors have performed an assessment of going concern, including a review of the Group's current cash position, available banking facilities and financial forecasts for 2021 and 2022, including the ability to adhere to banking covenants. In doing so the Directors have considered the uncertain nature of the current COVID-19 pandemic, current trading trends in our five divisions and extensive actions already undertaken to protect profitability and conserve cash.

Financial Forecasts

Four scenarios were considered for the Group in preparing our going concern assessment, being a management case and three other scenarios using a set of severe but plausible downside assumptions to that management case.

The management case which is built up from detailed projections for each of the Group's businesses and markets includes the following key assumptions:

- Our management case anticipates that volume would be steady for the remainder of 2021 and into 2022;
- The downside case factors in a reduction in variable costs to align the costs with the lower volumes including furloughing staff as part of government support scheme and reducing repairs and maintenance costs;
- Additional reductions in support costs to reflect the impact of the extensive cost reduction initiatives implemented by the Group including the implementation of a recruitment freeze, deferral of executive bonuses and graduated salary reductions for support staff across the business:
- The downside case included further reductions in the range of 10%, 25% and 40% in turnover across the five divisions for the remainder of 2021 and on into 2022 to reflect a scenario of a deeper economic impact, region specific lockdowns in the UK and a slower recovery over the course of next year. Those projections showed that the Group will continue to operate viably over that period.

Directors' Report

for the year ended 30 June 2021 (continued)

- The above downside case excludes €180m in post-balance sheet date funding received, which will have a positive impact on going concern.

Outcome of assessment

Overall the Group traded in line with the management case for the first four months of the 2022 financial year and has remained profitable at an underlying EBITDA level which further underlines the resilience and adaptability of our business during this difficult time.

The Directors are confident that the Group is now well positioned to manage its business risks and have considered a number of factors including current trading performance, the outcomes of comprehensive forecasting, a range of possible future trading impacts, and existing liquidity. The Directors are of the view that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months following the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis for preparing the financial statements, and there are no material uncertainties that the Directors are aware of in relation to this.

Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the Group financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare Group financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRSs).

Under company law the Directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss for that period. In preparing the Group financial statements, the Directors are required to:

- present fairly the financial position, financial performance and cash flows of the Group;
- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable;
- provide additional disclosures when compliance with the specific requirements in international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRSs) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- state whether the Group financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRSs).

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group, and enable them to ensure that the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Strategic and Directors' Report in accordance with the Companies Act 2006. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

A resolution to reappoint Grant Thornton UK LLP as auditors will be put to the members at the Annual General Meeting.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the board at the time of approving the Directors' report are listed on page 104. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware;

and

- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the board



Patrick J. Crean
Director 7 January, 2022

Independent Auditor's Report

to the members of Paragon Group Limited

Opinion

We have audited the financial statements of Paragon Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2021, which comprise Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flow and Notes to the consolidated financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report

to the members of Paragon Group Limited

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks IFRS and the Companies Act 2006.
- We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures and management. We corroborated our inquiries through our review of board minutes and walkthroughs performed with management.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. Audit procedures performed by the engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - understanding how the Board considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - challenging assumptions and judgments made by management in its significant accounting estimates;
  - identifying and testing journal entries, in particular any journal entries posted with large values or those posted at the year end;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item; and
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities, including consideration of the engagement team's understanding of and practical experience with audit engagements of a similar nature and complexity, knowledge of the industry in which the client operates, and understanding of the legal and regulatory requirements specific to the entity.
- In assessing the potential risks of material misstatement, we obtained an understanding of the entity's operations,

Independent Auditor's Report

to the members of Paragon Group Limited

including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Naylor

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

January 7, 2022

Consolidated Income Statement

for the year ended 30 June 2021

	Notes	2021 €000 Underlying	2021 €000 Non-underlying	2021 €000 Statutory	2020 €000 Underlying	2020 €000 Non-underlying	2020 €000 Statutory
Revenue from sale of goods and services	3	**1,213,835**	**–**	**1,213,835**	**1,080,713**	**–**	**1,080,713**
Material costs		615,824	–	615,824	551,228	–	551,228
Payroll	5, 8	384,059	29,248	413,307	327,249	21,613	348,862
Other operating costs	4, 8	131,002	9,715	140,717	125,051	6,626	131,677
Other operating income	8	–	(7,643)	(7,643)	–	(26,295)	(26,295)
Costs before depreciation and amortisation		**1,130,885**	**31,320**	**1,162,205**	**1,003,528**	**1,944**	**1,005,472**
EBITDA[1]	8	82,950	(31,320)	51,630	77,185	(1,944)	75,241
Depreciation and amortisation	4	69,315	–	69,315	59,237	–	59,237
EBIT[1]/Operating profit/(loss)	4	**13,635**	**(31,320)**	**(17,685)**	**17,948**	**(1,944)**	**16,004**
Gain/(loss) on asset disposals	8	–	317	317	–	(108)	(108)
Share of equity accounted investments	8, 14	501	408	909	104	–	104
Impairment of investments	8, 14	–	(300)	(300)	–	–	–
Dividend income		–	–	–	2	–	2
Finance income	6	2,168	–	2,168	281	–	281
Finance cost	7	(12,861)	–	(12,861)	(13,302)	–	(13,302)
Profit/(loss) before tax	9	**3,443**	**(30,895)**	**(27,452)**	**5,033**	**(2,052)**	**2,981**
Income tax credit/(charge)	8, 9	108	3,484	3,592	(1,890)	3,111	1,221
Profit/(loss) for the year from continuing operations		**3,551**	**(27,411)**	**(23,860)**	**3,143**	**1,059**	**4,202**
Losses on discontinued operations	10	–	(19)	(19)	–	(35)	(35)
Profit/(loss) for the year		**3,551**	**(27,430)**	**(23,879)**	**3,143**	**1,024**	**4,167**
Attributable to:							
Owners of the parent		**5,326**	**(27,430)**	**(22,104)**	**3,606**	**1,024**	**4,630**
Non-controlling interests –Continuing operations		(1,775)	–	(1,775)	(463)	–	(463)
Profit/(loss) for the year		**3,551**	**(27,430)**	**(23,879)**	**3,143**	**1,024**	**4,167**

1. EBIT and EBITDA are defined in note 2(s) on page 126.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2021

	2021 €000	2020 €000
(Loss)/profit for the year	**(23,879)**	**4,167**
Items that will not be reclassified subsequent to profit or loss		
Actuarial gain/(loss) recognised on pension schemes (note 23, 25)	440	(612)
Deferred credit/(charge) tax arising thereon	266	(102)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	1,633	(4,770)
Other comprehensive income/(loss) for the year	**2,339**	**(5,484)**
Total comprehensive loss for the year	**(21,540)**	**(1,317)**
Attributable to:		
Owners of the parent	(19,765)	(854)
Non-controlling interests	(1,775)	(463)
	(21,540)	**(1,317)**

Consolidated Statement of Financial Position

for the year ended 30 June 2021

	Notes	2021 €000	2020 €000
Assets			
Non-current assets			
Property, plant and equipment	11	101,542	89,647
Right-of-use assets	21	95,998	85,583
Goodwill	13	117,531	95,065
Other intangible assets	15	111,936	104,460
Financial investments	14	3,202	4,937
Retirement benefits surplus	25	823	641
Deferred tax assets	24	14,295	11,548
Other non-current assets	18	1,509	2,356
		446,836	**394,237**
Current assets			
Inventories	17	51,109	51,733
Trade and other receivables	18	146,922	128,317
Income tax receivable		3,375	3,519
Cash and cash equivalents	18	124,016	147,425
		325,422	330,994
Assets held for sale	16	191	1,371
		325,613	**332,365**
Total assets		**772,449**	**726,602**
Liabilities			
Current liabilities			
Lease liabilities	21	25,409	23,871
Borrowings	20	28,161	24,370
Trade and other payables	19	296,764	254,066
Income tax payable		4,444	2,340
Deferred income	22	7,459	6,419
Provisions	23	7,457	9,714
		369,694	**320,780**

continued...

Consolidated Statement of Financial Position

for the year ended 30 June 2021 (continued)

	Notes	2021 €000	2020 €000
Non-current liabilities			
Borrowings	20	213,276	208,746
Lease liabilities	21	66,731	58,882
Provisions	23	15,808	13,476
Deferred consideration	19	3,913	1,346
Deferred income	22	1,638	976
Deferred tax liabilities	24	16,177	16,974
Retirement benefits deficit	25	4,813	4,546
		322,356	**304,946**
Total liabilities		**692,050**	**625,726**
Net assets		**80,399**	**100,876**
Equity			
Share capital	27	30,000	30,000
Capital reserve	27	23,867	23,867
Capital redemption reserve	27	1,750	1,750
Cumulative translation reserve	27	(2,065)	(3,698)
Retained earnings	27	27,559	48,688
Non-controlling interests		(712)	269
Total equity		**80,399**	**100,876**

These financial statements were authorised for issue by the Board of Directors on 7 January 2022 and signed on its behalf by



Patrick J. Crean
Director



Laurent T. Salmon
Director

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

	Share capital	Capital reserve	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Total	Non-controlling interests	Total equity
	€000	€000	€000	€000	€000	€000	€000	€000
Balance as at 30 June 2020	**30,000**	**23,867**	**1,750**	**48,688**	**(3,698)**	**100,607**	**269**	**100,876**
Loss for the year	–	–	–	(22,104)	–	(22,104)	(1,775)	(23,879)
Increase in NCI shareholding	–	–	–	–	–	–	1,063	1,063
Acquisition of NCI shareholding	–	–	–	269	–	269	(269)	–
Other comprehensive income for the year	–	–	–	706	1,633	2,339	–	2,339
Balance at 30 June 2021	**30,000**	**23,867**	**1,750**	**27,559**	**(2,065)**	**81,111**	**(712)**	**80,399**

For the year ended 30 June 2020

	Share capital	Capital reserve	Capital redemption reserve	Retained earnings	Cumulative translation reserve	Total	Non-controlling interests	Total equity
	€000	€000	€000	€000	€000	€000	€000	€000
Balance as at 30 June 2019	**30,000**	**23,867**	**1,750**	**45,072**	**1,072**	**101,761**	**232**	**101,993**
Adjustment on initial application of IFRS 16	–	–	–	(300)	–	(300)	–	(300)
At 1 July 2019	**30,000**	**23,867**	**1,750**	**44,772**	**1,072**	**101,461**	**232**	**101,693**
Profit/(loss) for the year	–	–	–	4,630	–	4,630	(463)	4,167
Increase in NCI shareholding	–	–	–	–	–	–	500	500
Other comprehensive income for the year	–	–	–	(714)	(4,770)	(5,484)	–	(5,484)
Balance at 30 June 2020	**30,000**	**23,867**	**1,750**	**48,688**	**(3,698)**	**100,607**	**269**	**100,876**

Consolidated Statement of Cash Flow

for the year ended 30 June 2021

	Notes	2021 €000	2020 €000
(Loss)/profit from continuing activities before tax		**(27,452)**	**2,981**
Adjustments for:			
Loss before tax from discontinued operations	10	(19)	(35)
Depreciation of property, plant and equipment	11	20,784	18,567
Non-cash gains on acquisitions	8	(7,643)	(26,295)
Amortisation of intangible assets	15	20,693	16,871
Amortisation of right-of-use assets	21	27,970	23,898
(Gain)/loss on assets disposal	8	(317)	108
Impairment of investments	8	300	–
Dividend income		–	(2)
Amortisation of government grants		(132)	(99)
Share of equity accounted investments	14	(909)	(104)
Net finance costs	6, 7	10,693	13,021
Operating cash inflows before movements in working capital		**43,968**	**48,911**
Decrease in inventories		4,105	5,689
(Increase)/decrease in receivables		(3,430)	57,968
Increase in payables		16,447	5,462
Increase in government grants	22	552	–
Decrease in deferred income		(313)	(44)
Cash contributions to defined benefit pension schemes		(106)	22
(Decrease)/increase in other provisions	23	(2,428)	1,804
Cash generated from operations		**58,795**	**119,812**
Interest paid		(7,621)	(10,019)
Interest income		35	168
Income tax paid		(611)	(694)
Net cash generated by operating activities		**50,598**	**109,267**
Cash flows from investing activities			
Payments for property, plant and equipment		(23,670)	(8,542)
Payments for intangible assets	15	(12,601)	(6,663)
Proceeds from disposal of property, plant and equipment		1,713	2,858
Proceeds from disposal of assets held for sale	16	–	3,647
Payments for acquisition of subsidiaries, net of cash acquired	12	(11,742)	(60,588)
Dividends received from trade investments		–	2
Dividends received from joint ventures	14	233	549
Net cash used in investing activities		**(46,067)**	**(68,737)**

continued...

Consolidated Statement of Cash Flow

for the year ended 30 June 2021 (continued)

	Notes	2021 €000	2020 €000
Cash flows from financing activities			
Repayments of capital element of lease liabilities		(30,939)	(26,411)
Repayment of borrowings		(6,889)	(19,213)
Proceeds from borrowings		6,735	53,862
Proceeds of sale of shares to NCI		–	500
Net cash (decrease)/generated by financing activities		**(31,093)**	**8,738**
Net (decrease)/increase in cash and bank overdrafts		**(26,562)**	**49,268**
Cash net of bank overdrafts at the beginning of the year		**138,917**	**90,199**
Net (decrease)/increase in cash and bank overdrafts		(26,562)	49,268
Effect of exchange rate changes on cash and bank overdrafts held in foreign currencies		881	(550)
Cash net of bank overdrafts at the end of the year		**113,236**	**138,917**

Supplementary information – analysis of net debt

	At 30 June 2020 €000	Cash flow €000	Exchange difference €000	Non cash €000	Acquisition movements €000	At 30 June 2021 €000
Cash and cash equivalents	147,425	(31,811)	997	–	7,405	124,016
Bank overdrafts	(8,508)	(2,156)	(116)	–	–	(10,780)
Cash net of bank overdrafts	**138,917**	**(33,967)**	**881**	**–**	**7,405**	**113,236**
Bank loans	(84,443)	154	(453)	–	(5,545)	(90,287)
Bonds net of unamortised issue costs	(140,165)	–	–	(205)	–	(140,370)
Lease liabilities	(82,753)	30,939	(2,322)	(30,904)	(7,100)	(92,140)
Net debt	**(168,444)**	**(2,874)**	**(1,894)**	**(31,109)**	**(5,240)**	**(209,561)**

Cash and cash equivalents (which are presented as a single class of assets on the face of the Consolidated Statement of Financial Position) comprise cash at bank and other short term highly liquid investments with a maturity of three months or less, calculated at origination. The effective interest rates on cash and cash equivalents are based on current market rates.

Non-cash movements include amortisation of bond issue costs of €205,000 (2020: €205,000). Non-cash right-of-use lease movements of €30,904,000 (2020: €21,367,000) include asset additions, discounting and remeasurements and are itemised in further detail in note 21.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

1 General information

Paragon Group Limited ('the Company') is a company domiciled and incorporated in the United Kingdom. The consolidated financial statements of the Company for the year ended 30 June 2021 comprise those of the Company and its subsidiaries (together referred to as 'the Group').

The registered office of the Company is Lower Ground Floor, Park House, 16-18 Finsbury Circus, London, EC2M 7EB, UK. The financial statements were authorised for issue by the Directors on 21 December 2021.

The consolidated financial statements have been prepared and approved by the Directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRSs).

The Company has elected to prepare its parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the Companies Act 2006. These are presented on pages 192 to 198.

The IASB have issued the following standards, policies, interpretations and amendments which were effective for the Group for the first time in the year ended 30 June 2021:

- IFRS 3: Business Combinations – Definition of a business
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 – Definition of material
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Interest Rate Benchmark Reform

The following standard amendment was issued in May 2020 effective for annual reporting periods beginning on or after 1 June 2020 with earlier application permitted:

- Amendments to IFRS 16 Leases – COVID 19 Related Rent Concessions. The January amendment was adopted effective 1 January 2020 and did not result in a material impact on the Group's results to lease entered into before the date of transition

The adoption of the above standards, policies, interpretations and amendments did not have a significant impact on the Group's Consolidated Financial Statements.

Standards issued but not yet effective are not expected to have a material impact on next years financial statements.

2 Significant accounting policies

Basis of preparation

The going concern basis has been applied in these accounts. The consolidated financial statements are presented in Euro, rounded to the nearest thousand. They are prepared on the historical cost basis except that certain financial instruments are stated at fair value.

Assets classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell.

In the process of applying the Group's accounting policies, management has made judgements as to the policies that have the most significant effect on the amounts recognised in the financial statements. The accounting estimates and assumptions that management considers to be its critical accounting estimations are detailed and explained in Paragraph (w) and (x) below.

The accounting policies set out below have been applied to all periods presented

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary undertakings made up to 30 June 2021. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its investments with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The purchase method is used to account for the acquisition of subsidiaries and Group reorganisations. Under the purchase method the cost of the acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred in exchange for the subsidiary.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at fair value at the acquisition date. All acquisition costs are expensed immediately.

The value of non-controlling interests in subsidiaries is calculated initially as their share of identifiable net assets, and is subsequently adjusted by their share of changes in equity since the date of acquisition.

Intercompany transactions and balances between Group entities are eliminated on consolidation. Where necessary, the accounting policies applied by subsidiaries have been changed to ensure consistency with the accounting policies applied by the Group.

(b) Revenue recognition

Revenue is measured at the transaction price that is allocated to the relevant performance obligations, net of trade discounts, up-front payments, VAT and other sales- related taxes.

A performance obligation is a promise in a contract with a customer to transfer to the customer either goods or services.

Revenue is recognised over time when a performance obligation is satisfied by the customer simultaneously receiving and consuming the benefits over the period of the contract.

When a payment is received in advance of a performance obligation being satisfied it is recorded on the balance sheet as deferred revenue. Revenue is then recognised at the point in time or over the period that the performance obligation is satisfied.

Additionally, a small proportion of Group revenue is received through rental income. This is mainly related to spare warehouse and office space leased to private individuals and companies. Rental income is recognised in the Consolidated Income Statement on a straight-line basis over the term of the lease.

The Group revenue comprises of different types of products and services across all five divisions.

2. Underlying EBITDA is defined in note 2(s) on page 126.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

2 Significant accounting policies (continued)

Paragon Customer Communications

Within Paragon Customer Communications revenue is recognised based on its revenue streams:

The Customer Engagement and Marketing revenues include creative and studio services, marketing planning, analytics execution and procurement, digital marketing, direct mail and marketing print, logistics, fulfilment and supply chain management and tech consulting and marketing services.

Business Process and Transactions revenues include transaction services, secure and regulatory communications, strategic and security document printing, document solutions, omnichannel inbound, BPO/ BPS physical and digital, postal optimisation, consulting and integration.

Digital Customer Experience revenues include data insights, data management, secure data processing and archiving, data compliance, digital platform development and data technology services.

In all cases the performance obligation is generally defined at the level of each good and is not bundled.

Revenue is recognised when control of the asset is transferred and this typically occurs on delivery, with revenue recognised at that point in time. No other performance obligations have been identified. Modifications are treated as amendments to existing contracts. Customer advance payments are recognised as deferred income liabilities until the performance obligations have been completed and revenue recognised. Customers are not offered a contract with significant funding components. There are no warranties in place.

Paragon ID

Within Paragon ID revenue is recognised based on its revenue streams:

- For the sale of passports, driving licences, cards, tickets, validators, labels, traceability solutions and bank cards the performance obligation is generally defined at the level of each individual good and not at the level of a bundle of goods. Revenue is recognised when the control of the asset is transferred.
- For banking technology licences for which the performance requirements are based on sales levels of the products under licence by the subscribers of these licences. The IP licence is therefore a sales-based royalty recognised based on sales made by the customer in accordance with IFRS 15.

Revenue is recognised when control of the asset is transferred and this typically occurs on delivery, with revenue recognised at that point in time.

No other performance obligations have been identified. Modifications are treated as amendments to existing contracts. Customer advance payments are recognised as liabilities until the performance obligations have been completed and revenue recognised. Customers are not offered a contract with significant funding components. There are no warranties in place.

Paragon Graphic Services

Within Paragon Graphic Services revenue is recognised based on its revenue streams:

For the sale of on-demand, whether in walk-in print centres in metropolitan areas or in industrial facilities, the sale of complex display graphics, books, promotional products, mail solutions and pressure seal technologies, the performance obligation is generally defined at the level of each good and is not bundled.

Revenue is recognised when control of the asset is transferred and this typically occurs on delivery, with revenue recognised at that point in time. Noother performance obligations have been identified. Modifications are treated as amendments to existing contracts. Customer advance payments are recognised as liabilities until the performance obligations have been completed and revenue recognised. Customers are not offered a contract with significant funding components. There are no warranties in place.

Paragon Growth Division

During the year, newly acquired Growth Division revenue streams were recognised, including revenue from the production of high-quality carton packaging to major FMCG companies, as well as the supply of secure online voting and election modernization software to markets on a global scale. Across these streams the performance obligation is generally defined at the level of each good and is not bundled.

Revenue is recognised when control of the asset is transferred and this typically occurs on delivery, with revenue recognised at that point in time. No other performance obligations have been identified. Modifications are treated as amendments to existing contracts. Customer advance payments are recognised as liabilities until the performance obligations have been completed and revenue recognised. Customers are not offered a contract with significant funding components. There are no warranties in place.

Paragon Office Services

Paragon Office Services has revenue streams across a number of diversified areas such as sales of business services, managed solutions, managed print services, mail & fulfilment, signage & exhibition, workwear & PPE, business interiors and office supplies. Across all streams the performance obligation is generally defined at the level of each good and is not bundled.

Revenue is recognised when control of the asset is transferred and this typically occurs on delivery, with revenue recognised at that point in time. No other performance obligations have been identified. Modifications are treated as amendments to existing contracts. Customer advance payments are recognised as liabilities until the performance obligations have been completed and revenue recognised. Customers are not offered a contract with significant funding components. There are no warranties in place.

(c) Going concern

The Directors have performed an assessment of going concern, including a review of the Group's current cash position, available banking facilities and financial forecasts for 2021 and 2022, including the ability to adhere to banking covenants. In doing so the Directors have considered the uncertain nature of the current COVID-19 pandemic, current trading trends in our five divisions and extensive actions already undertaken to protect profitability and conserve cash.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

2 Significant accounting policies (continued)

Financial Forecasts

Four scenarios were considered for the Group in preparing our going concern assessment, being a management case and three other scenarios using a set of severe but plausible downside assumptions to that management case. The management case which is built up from detailed projections for each of the Group's businesses and markets includes the following key assumptions:

- Our management case anticipates that volume would be steady for the remainder of 2021 and into 2022;
- The downside case factors in a reduction in variable costs to align the costs with the lower volumes including furloughing staff as part of government support scheme and reducing repairs and maintenance costs;
- Additional reductions in support costs to reflect the impact of the extensive cost reduction initiatives implemented by the Group including the implementation of a recruitment freeze, deferral of executive bonuses and graduated salary reductions for support staff across the business:
- The downside case included further reductions in the range of 10%, 25% and 40% in turnover across the five divisions for the remainder of 2021 and on into 2022 to reflect a scenario of a deeper economic impact, region specific lockdowns in the UK and a slower recovery over the course of next year. Those projections showed that the Group will continue to operate viably over that period.
- The above downside case excludes €180m in post-balance sheet date funding received, which will have a positive impact on going concern.

Outcome of assessment

Overall the Group traded in line with the management case for the first four months of the 2022 financial year and has remained profitable at an underlying EBITDA level which further underlines the resilience and adaptability of our business during this difficult time.

The Directors are confident that the Group is now well positioned to manage its business risks and have considered a number of factors including current trading performance, the outcomes of comprehensive forecasting, a range of possible future trading impacts, and existing liquidity. The Directors are of the view that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months following the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis for preparing the financial statements, and there are no material uncertainties that the Directors are aware of in relation to this.

(d) Non-underlying items

The Group has adopted an accounting policy and Income Statement format that seeks to highlight significant items of income and expense within the Group results for the year. The Directors believe that this presentation provides a more useful analysis. Such items may include significant restructuring and integration costs, profits or losses on disposal or termination of operations or significant contracts, litigation costs and settlements, profit or loss on disposal of investments, significant impairment of assets and acquisition related profits or losses. The Directors use judgement in assessing the particular items, which by virtue of their scale and nature, are disclosed in the Income Statement and Note 8 as non-underlying items.

(e) Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of the acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of the acquisition.

Both fair value and provisional fair value is finalised within 12 months of the date of the acquisition. Goodwill is not amortised but reviewed for impairment annually in accordance with the impairment of goodwill policy set out below.

Other intangible assets – software

Computer software that is not integral to an item of property, plant or equipment is classified as an intangible asset and is held on the Consolidated Statement of Financial Position at cost. These assets are amortised on a straight line basis over their estimated useful lives, which is generally three to five years.

Other intangible assets – development expenditure

Expenditure incurred in the development of products or enhancements to existing product ranges is capitalised as an intangible asset only when the future economic benefits expected to arise are deemed probable and the costs can be reliably measured. Development costs not meeting these criteria are expensed in the Consolidated Income Statement as incurred. Capitalised development costs are amortised on a straight-line basis over their estimated useful economic lives, which vary between three and five years, once the product or enhancement is available for use. Product research costs are written off as incurred.

Other intangible assets – customer relationships

Customer relationships identified as separable intangible assets in the context of business combinations are capitalised at their fair value at the date of acquisition.They are fully amortised over their estimated useful lives which is generally three to fifteen years.

Other intangible assets – licences

Licences are recorded at fair value at the date of acquisition. They are fully amortised over their estimated useful lives which is generally three to five years.

Other intangible assets – patents

Patents are recorded at fair value at the date of acquisition. They are fully amortised over their estimated useful lives which is generally three to twenty years.

Other intangible assets – brands

Brands are recorded at fair value at the date of acquisition. They are fully amortised over their estimated useful lives which is ten years.

(f) Property, plant and equipment

Costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

2 Significant accounting policies (continued)

Consolidated Income Statement during the period in which they are incurred.

Freehold land is not depreciated.

Depreciation is charged, other than on freehold land, so as to write off the cost or valuation of assets evenly over their estimated useful lives, as follows:

- Freehold buildings 10 to 40 years
- Plant and machinery 3 to 20 years
- Fixture, fittings and equipment 10 to 20 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

(g) Investment in trade investments, joint ventures and associates

Entities in which the Group holds an interest on a long term basis and are jointly controlled by the Group and one or more others ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements joint ventures are accounted for using the equity method.

Associates are entities in which the Group has significant influence arising from its power to participate in the financial and operating policy decisions of the investee. Associates are recognised using the equity method from the date on which significant influence is obtained until the date on which significant influence is lost.

Trade investments are carried at fair value. An assessment of fair value is undertaken at each reporting date by way of review of financial statements and discussions with both management and members of the Board.

(h) Impairment

The carrying amounts of the Group's intangible assets and property, plant and equipment are reviewed at each Consolidated Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment charge is recognised in the Consolidated Income Statement whenever the carrying amount ofan asset or its cash-generating unit (CGU) exceeds its recoverable amount.

Impairment charges recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to that CGU and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs to sell and their value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Reversals of impairment

An impairment charge in respect of goodwill is not subsequently reversed. For other assets, an impairment charge is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the new carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment charge had been recognised.

A reversal of an impairment loss is recognised as income immediately in the Consolidated Income Statement.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost comprises direct materials and, where applicable, direct labour costs and those production overheads that have been incurred in bringing the inventories to their present location and condition. Cost is valued on a first in, first out ('FIFO') basis. Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in selling and distribution.

(j) Tax

The tax expense in the Consolidated income statement comprises current tax and deferred tax.

Current tax is the expected tax payable on the taxable profit for the period. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income and expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit. Deferred tax is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise on goodwill or from the initial recognition (other than business combinations) of other assets or liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Consolidated Statement of Financial Position date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

1. EBIT and EBITDA are defined in note 2(s) on page 126.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

2 Significant accounting policies (continued)

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Consolidated Income Statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(k) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle the obligation, and its value can be reliably estimated. Where the time value of money is material, provisions are discounted at a pre-tax rate. When a provision needs to be released, the provision is taken back to the Consolidated Income Statement within the line where it was initially booked.

Provisions for restructuring costs

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline and the employees affected have been notified of the plan's main features.

Provisions for dilapidations

Dilapidations are the provisions recorded for the costs of returning properties held under lease to the state of repair at the inception of the lease. These provisions are expected to be utilised on the termination of the underlying leases. The calculation of these provisions requires judgements to be made on the level of dilapidations that have arisen and estimates on the costs of returning the properties to their state of repair at the inception of the lease.

Provisions for retirement costs

Certain European countries in which the Group operates oblige the employer to provide lump sum termination payments.

The provisions have been calculated with reference to specified individuals who are entitled to this arrangement. The calculation of retirement benefit obligations requires estimates to be made of discount rates, inflation rates, future salary and pension increases and mortality. Eventual settlement of this provision is dependant on the final retirement date for each individual concerned.

(l) Foreign currencies

Transactions in foreign currencies other than Euro are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Consolidated Statement of Financial Position date are translated into Euro at the exchange rate ruling at that date.

Foreign currency differences arising on translation or settlement of monetary items are recognised in the Consolidated Income Statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and not retranslated each period end. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Euro at exchange rates ruling at the date the fair value was determined.

Exchange differences arising on the retranslation of non-monetary assets and liabilities that are fair valued are recognised in accordance with the gain or loss on fair value.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Euro at the rates prevailing at the Consolidated Statement of Financial Position date. Income and expense items and the cash flows of foreign operations are translated at the average exchange rates for the period, except for individually material items which may be translated at the exchange rate on the date of the transaction. Exchange differences arising on retranslation of non-monetary assets and liabilities are recognised directly within cumulative translation reserves. Exchange differences arising on non-monetary assets and liabilities that are fair valued are recognised in accordance with the gain or loss on fair value.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Paragon Group Limited's consolidated financial statements are presented in Euros, which is the parent company's functional currency and presentation currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency, which is determined on the primary economic environment. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(m) Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest and are initially measured at the transaction price and subsequently held at amortised cost. For trade receivables, the transaction price is deemed to be equal to fair value. Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are held at amortised cost.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 26 for further details.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

2 Significant accounting policies (continued)

Credit risk arising in the context of the Group's operations is not significant with the total bad debt provision at the Consolidated Statement of Financial Position date amounting to 8.6% of gross trade receivables (2020: 7.3%). Customer credit risk is managed centrally according to established policies, procedures and controls. Customer credit quality is assessed in line with strict credit rating criteria and credit limits established where appropriate.

Outstanding customer balances are regularly monitored and a review for indicators of impairment (evidence of financial difficulty of the customer, payment default, breach of contract etc.) is carried out at each reporting date. Significant balances are reviewed individually while smaller balances are grouped and assessed collectively. A significant proportion of the Group's trade receivables are insured to mitigate against large losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits and short term investments with an original maturity of three months or less.

Factoring and invoice discounting arrangements

The Group is party to a debt factoring arrangement which enables it to accelerate cash flows associated with trade receivables, where advances received are without recourse. Where receivable balances have been sold and the risk and rewards have been transferred to the factorers, the remaining amount is held within the receivable balance and is due from the debt factors.

The Group is party to invoice discounting arrangements where advances are received with recourse. Where receivable balances have been sold and the risk and rewards have not been transferred, the advances are held as borrowings.

Cash flows from factoring arrangements are presented within cash flows from receivables in the Consolidated Statement of Cash Flows.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Financial assets held at amortised cost

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as financial assets held at amortised cost. Loans and receivables are measured at amortised cost, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Consolidated Income Statement over the period of the borrowings using the effective interest method.

Finance charges are accounted for on an accruals basis to the Consolidated Income Statement using the effective interest rate method and are included in creditors to the extent that they are not settled in the period in which they arise.

Deferred consideration

Deferred consideration is initially recognised as the present value of the expected future payments. This is initially measured at fair value then subsequently at amortised cost. Deferred consideration also includes an element of contingent consideration which is measured at fair value. It is subsequently remeasured at each reporting period with the change in fair value relating to changes in expected future payments recorded in the Consolidated Income Statement. Changes in fair value relating to the unwinding of discount to present value are recorded as a finance expense.

(n) Retirement benefits

The Group operates both defined benefit and defined contribution schemes for its employees. Payments to the defined contribution schemes are expensed to the Consolidated Income Statement as they fall due.

For the defined benefit pension scheme full actuarial calculations are carried out every three years using the projected unit credit method and updates are performed for each financial period end. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the Consolidated Income Statement and presented in the Consolidated Statement of Comprehensive Income.

The retirement benefit obligation recognised in the Consolidated Statement of Financial Position represents the present value of the defined benefit obligations and unrecognised past service costs, and as reduced by the fair value of the scheme's assets.

Any asset resulting from this calculation is limited to past service costs, plus the present value of available refunds and reductions to the scheme.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

(o) Leases

IFRS 16 was adopted on 1 July 2019, without restatement of comparative figures.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. All leases are accounted for by recognising a right-of-use asset and a lease liability unless they are for leases of low value assets or for a duration of twelve months or less. The Group has elected to apply the recognition exemptions for short-term and low value leases and recognises the lease payments associated with these leases as an expense within the Consolidated Income Statement on a straight-line basis over the term of the lease.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date which is the date at which the asset is made available for use by the Group.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

2 Significant accounting policies (continued)

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for; lease payments made at or before commencement of the lease, initial direct costs incurred; and the amount of any dilapidations provisions recognised where the Group is contractually required to dismantle, remove or restore the leased asset. Right-of-use assets are disclosed under three separate categories in the financial statements. These include land and buildings, plant and equipment and other (made up of fixtures & fittings and software).

Lease liabilities are measured at the present value of contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless, as is typically the case, this is not readily determinable, in which case the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset, if rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependant on a rate of index is revised. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the revised remaining lease term.

The Group as lessor

Rental income from operating leases which are less than twelve months in duration is recognised on a straight-line basis over the term of the relevant lease within revenue on the Consolidated Income Statement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are recognised on a straight-line basis over the term of the leases. The Group does not act as a lessor on any lease which are longer than twelve months in duration.

(p) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed by the Group, in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset, liability or equity are accounted for in accordance with relevant IFRSs.

Where a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in the Consolidated Income Statement. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the Consolidated Income Statement, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

The value of non-controlling interests in subsidiaries is calculated initially as their share of identifiable net assets, and is subsequently adjusted by their share of changes in equity since the date of acquisition.

(q) Government grants

Amounts receivable from government grants are presented in the financial statements only when there is reasonable assurance that the Group fulfils the necessary conditions and that the grants will be received. Reported payroll is net of any COVID-19 payroll assistance received through national Governments.

Government grants in relation to income are credited in the Consolidated Income Statement for the year.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

2 Significant accounting policies (continued)

Government grants in relation to property, plant and equipment are credited to deferred income and released to income on the same basis that the related asset is depreciated.

(r) Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

(s) Non-statutory measures

- EBIT/EBITDA

EBITDA is earnings before interest, tax, depreciation and amortisation. It also includes all restructuring and non-underlying items and any gains/(losses) arising on or from acquisitions (including gains on bargain purchases).

EBIT includes depreciation and amortisation.

- Underlying EBIT/EBITDA

Underlying EBIT and EBITDA is stated after adjusting for items which in the opinion of the Directors are non- underlying due to their nature, size or incidence. Whilst costs/gains of this nature can reoccur they have been highlighted to provide a better understanding of the underlying performance of this trading group.

- Proforma sales, EBIT, EBITDA and Underlying EBITDA

The Consolidated Income Statement includes the impact of acquisitions from their effective date of acquisition. Proforma amounts reported in the Strategic Report include in the Directors' opinion the full year impact of acquisitions that were made during the year based on an estimate of performance had these entities benefitted from being part of the Paragon Group for the full year.

- Net debt

Net debt includes cash and cash equivalents less bank overdrafts, bank loans, bonds net of unamortised issue costs and lease liabilities.

(t) Bargain purchase

If the fair value of the net identifiable assets of the subsidiary acquired is in excess of the cost of the acquisition and the measurement of all amounts has been reviewed, the difference is recognised directly in Consolidated Income Statement as a bargain purchase within other operating income. Please see note 8 to the financial statements for further detail in relation to bargain purchase.

(u) Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein.

Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

(v) Discontinued operations

Discontinued operations are reported when a component of the Group has been disposed of, or when a sale is highly probable, and its operations and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group and is classified as held for sale or has been disposed of. The Group classifies a non-current asset or disposal group as held for disposal if its carrying value will be recovered through a sales transaction or distribution to shareholders rather than continuing use. In the Consolidated Income Statement, discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations. Corresponding notes to the Consolidated Income Statement exclude amounts for discontinued operations, unless stated otherwise.

(w) Critical accounting judgements

In the course of applying the Group's accounting policies the following judgements have been made which could have a significant effect on the results of the Group were they subsequently found to be inappropriate.

Cash generating units

Goodwill acquired in business combinations is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from the business combination. The CGUs represent the lowest level within the Group at which the associated goodwill is monitored for internal management purposes.

The twelve CGUs are grouped together into five cash generating unit groups (CGUGs). Paragon Growth and Paragon Office Supplies have been recognised as new CGUGs in the current year. CGUGs are aligned to the divisional lines of business in which the Group operates. As the group evolves the appropriateness of the CGUs is monitored and when necessary, updated.

Non-underlying item presentation

IAS 1 'Presentation of Financial Statements' requires material items to be disclosed separately in a way that enables the users to assess the quality of a company's profitability. In practice, these are commonly referred to as 'non-underlying' items, but this is not a concept defined by IFRS and therefore there is a level of judgement involved in determining what to include in headline profit. We consider items which are non-recurring and/or significant in size or in nature to be suitable for separate presentation. Please see note 8 to the financial statements for further details in relation to non-underlying items.

Lease terms

Many of the Group's leases have options to renew or terminate. The Group applies judgement in evaluating the length of the lease. Management consider all relevant factors and, in particular, if an economic incentive exists to

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

2 Significant accounting policies (continued)

renew or terminate. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. The Group periodically assesses this, or more frequently if circumstances change.

Calculation of incremental borrowing rate

Under IFRS 16 'Leases', discount rates are used to determine the present value of the lease payments to value the lease liability and applicable right-of-use asset. This discount rate can be either the interest rate implicit in the lease or the lessee's incremental borrowing rate (IBR). This rate directly impacts the carrying value of the lease liability and right-of-use assets. When the rate of interest implicit in the lease was not readily determinable, the Group used the IBR approach. The incremental borrowing rate is derived from contractual lease rates at the date of transition. Management reviewed the data provided by the Group's operations throughout in order to conclude using a build-up approach that takes into consideration the lessee's risk profile and the specific lease characteristics. These characteristics include the type of leased assets, the term of the lease and the currency of the lease.

Office Depot date of control

On 18 June 2021, the Group entered into a sale purchase agreement to acquire a certain trade along with certain assets and liabilities of the Office Depot Group. A completion date of 27 September 2021 was put in place to allow the required actions to be finalised. Under IFRS 3, 'Business Combinations', the date on which an acquirer obtains control is generally the completion date. However, the acquirer can obtain control at an earlier date if the written agreement provides the acquirer with control over the trade, assets and liabilities on a date before the closing date. IFRS 10, 'Consolidated Financial Statements', sets out the criteria required to conclude that control has passed before the completion date. Under the rights set out in the sale purchase agreement signed on 18 June 2021, Paragon were able to gain incremental benefit by distributing their own product through existing Office Depot selling channels which is a relevant activity that gives rise to a variable return namely, the incremental revenue and associated margin on these product sales to the acquired Office Depot business.

Management have therefore judged that control passed on 18 June 2021, and in line with IFRS 3 Office Depot was consolidated as of that date rather than the completion date.

(x) Critical accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. The following areas of estimation could have a significant effect on the results of the Group were they subsequently found to be inaccurate.

Useful life of intangible assets

In determining the useful life intangible assets for amortisation purposes, the Group considers the period of expected cash flows used to measure the fair value of the recognised intangible asset, adjusted for entity-specific factors. Those entity-specific factors include, but are not limited to, the entity's expected use of the asset and the entity's historical experience in renewing or extending similar arrangements.

Contingent consideration

On 4 November 2020 and 21 May 2021 the Group completed the acquisitions of Airweb SAS and Apitrak SAS. The consideration for both transactions included an amount of contingent consideration. This contingent consideration has been fair valued in accordance with IFRS3 at the date of acquisition. The contingent consideration is dependant on certain predetermined targets based on future performance and profitability being met.

On 1 October 2020, the Group acquired the entire issued share capital of CB Info SAS. The consideration included an amount of contingent consideration. This contingent consideration has been fair valued at €nil in line with EBITDA targets.

Deferred tax assets

The realisation of deferred tax assets is dependent on the generation of sufficient future taxable profits. The Group recognises deferred tax assets to the extent that it is probable that sufficient taxable profits will be available in the future. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Please see note 24 to the financial statements for further details.

Retirement benefit obligations

The calculation of retirement benefits obligations requires estimates to be made of discount rates, inflation rates, future salary and pension increases and mortality. The net deficit in the Consolidated Statement of Financial Position for retirement benefits scheme is €3,989,000 (2020: deficit €3,905,000). Please see note 23 and 25 to the financial statements for further details.

Forecasts and discount rates

The carrying values of goodwill is dependent on estimates of future cash flows arising from the Group's operations which, in some circumstances, are discounted to arriveat a net present value. As a result, estimates of future cash flows are required, together with an appropriate discount factor for the purpose of determining the present value of those cash flows (value in use). Assessment for impairment involves comparing the book value of an asset with its recoverable amount (being the higher of value in use and fair value less costs to sell). Both the cash flows and the discount rate involve a significant degree of estimation uncertainty. Please see note 13 to the financial statements for further details.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

3 Revenue

An analysis of the Group's revenue from continuing operations as defined by IFRS 15 – 'Revenue from Contracts with Customers'. Revenue over time amounted to €11,757,000 (2020: €2,744,000). All other revenue was recognised at point in time. 'Revenue' is as follows:

	2021 €000	2020 €000
Paragon Customer Communications	945,047	880,318
Paragon ID	81,137	105,182
Paragon Graphic Services	78,442	87,186
Paragon Growth	8,557	–
Paragon Office Services	99,436	7,070
Rental income	1,216	957
Total revenue	**1,213,835**	**1,080,713**
Of which relates to revenue with joint ventures	**4,945**	**4,665**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

4 Operating profit

Operating profit has been arrived at after charging/(crediting):

	2021 €000	2020 €000
Auditor's remuneration:		
Audit fees:		
– Audit of the Group accounts	322	267
– Audit of the accounts of the Company's subsidiaries by Grant Thornton UK LLP	951	916
– Audit of the accounts of the Company's subsidiaries by the Group auditors	439	363
– Audit of the accounts of the Company's subsidiaries by others	613	628
Non-audit fees to Group auditors:		
Corporate finance transactions	–	49
Other assurance services	–	9
Audit related assurance services	41	16
Other non-audit services not covered elsewhere:		
Tax compliance services	–	4
Tax advisory services	–	11
Audit and non-audit fees	**2,366**	**2,263**
Foreign exchange loss	(636)	–
Non-underlying net expenses (note 8)	31,320	1,944
Lease charges (note 21)	223	2,554
Depreciation of property, plant and equipment (note 11)	20,784	18,567
Amortisation of intangible assets (note 15)	20,693	16,871
Amortisation of government grants (note 22)	(132)	(99)
Amortisation of right-of-use assets (note 21)	27,970	23,898
Depreciation and amortisation	**69,315**	**59,237**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

5 Staff costs

The average monthly number of employees (including Executive Directors) was:

	2021 No.	2020 No.
Production	6,965	6,191
Administration	2,002	1,565
	8,967	**7,756**

Their aggregate remuneration comprised:

	2021 €000	2020 €000
Wages and salaries	349,044	297,925
Social security costs	56,900	45,447
Other pension costs	7,363	5,490
	413,307	**348,862**

Directors emoluments:

	2021 €000	2020 €000
Remuneration	2,679	2,476
Company contributions paid to money purchase scheme	7	6
	2,686	**2,482**

	2021 No.	2020 No.
Members of money purchase pension schemes	**2**	**2**

The remuneration from the Company of the highest paid director in the amount of €1,178,000 (2020: €1,115,000) includes amounts paid to related parties in which the director also operates as a director of €1,125,000 (2020: €1,050,000). The contributions paid into money purchase pension schemes for the highest paid director were €2,000 (2020: €2,000).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

6 Finance income

	2021 €000	2020 €000
Interest on bank deposits	–	53
Interest on loan to related party	35	105
Foreign exchange gains on retranslation of intercompany loan balances	1,743	–
Release of unutilised legacy French interest provision	390	–
Other interest income	–	123
	2,168	**281**

7 Finance cost

	2021 €000	2020 €000
Interest on bank loans and overdrafts	3,737	3,829
Finance charge on leased liabilities (note 21)	3,071	2,790
Net interest on retirement provisions and defined benefit pension schemes (note 23, 25)	76	71
Bond interest	5,646	5,640
Foreign exchange losses on retranslation of intercompany loan balances	–	532
Changes in deferred consideration	27	–
Amortisation of capitalised bond issue costs	205	205
Other finance costs	99	235
	12,861	**13,302**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

8 Non-underlying items

Non-underlying items are those which in the opinion of the Directors are non-underlying due to their nature, size or incidence. Whilst costs of this nature can reoccur, they have been highlighted to provide a better understanding of the underlying performance of this trading group.

Non-underlying items disclosed on the face of the Consolidated Income Statement in respect of continuing operations are as follows:

Continuing operations

Non-underlying (credits)/charges that arose in the year are as follows:

	2021 €000	2020 €000
Redundancy and related charges (a)	29,248	21,613
Costs of industrial relocation, restructuring and consolidation (b)	8,154	4,903
Acquisition related fees (c)	1,305	1,527
Other (d)	256	196
Gain on acquisition (e) (note 12)	(7,643)	(26,295)
Non-underlying net expenses/(gains) impacting EBITDA[1]	**31,320**	**1,944**
(Gain)/loss on asset disposals (f)	(317)	108
Share of equity accounted investments (g)	(408)	–
Impairment in joint venture (h)	300	–
Non-underlying net expenses/(gains)	**30,895**	**2,052**
Income tax credit	(3,484)	(3,111)
	27,411	**(1,059)**

(a) Redundancy and related charges include the redundancy, payroll and related charges that arise from the closure of locations and the reduction of staff resources at various locations. in the UK, France and Ireland. In addition there were reductions of staff resources at various locations including the UK, France, Germany, Ireland, Scandinavia and Benulux.
(b) Costs of industrial relocation, restructuring and consolidation includes the charges arising from the close of locations, relocation of activities between sites including the UK, France, Germany, Ireland, Scandinavia and Benulux and new activity start-up losses in Luxembourg.
(c) These represent legal and professional fees relating to completed acquisitions, and those that did not complete.
(d) Amounts included in other non-underlying items are costs to establish new operations.
(e) Gains on acquisition arose on bargain purchases as defined by IFRS 3.
(f) Gain on asset disposal in the current year arose on the sale of property, plant and equipment.
(g) Historical losses relating to Airweb SAS were reversed upon acquisition, as part of the calculation of goodwill.
(h) Impairment in Inlays India Pvt Ltd.

1. EBIT and EBITDA are defined in note 2(s) on page 126.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

9 Income tax credit

Income tax on the (loss)/profit as shown in the Consolidated Income Statement is as follows:

	2021 €000	2020 €000
Current tax		
Current period	1,983	1,701
Adjustments for current tax on prior periods	908	880
Total current tax charge	**2,891**	**2,581**
Origination and reversals of temporary differences	(6,375)	(3,462)
Adjustments for deferred tax on prior periods	(108)	(340)
Total deferred tax credit (note 24)	**(6,483)**	**(3,802)**
Total income tax credit	**(3,592)**	**(1,221)**

The credit can be reconciled to the (loss)/profit before tax as shown in the Consolidated Income Statement as follows:

	2021 €000	2020 €000
(Loss)/profit before tax	**(27,452)**	**2,981**
Tax calculated at a rate of 19% (2020 – 19%)	(5,216)	566
Non-taxable income	(2,943)	(5,297)
Non-deductible expenses	252	377
Effect of changes in tax rates	(4,030)	(311)
Losses carried forward not recognised	10,356	3,249
Utilisation of previously unrecognised losses	(1,966)	(935)
Effect of different tax rates of subsidiaries	(845)	590
Foreign exchange differences	–	–
Adjustments in respect of prior periods	800	540
Total income tax credit	**(3,592)**	**(1,221)**

Income tax on the loss as shown in the Consolidated Statement of Comprehensive Income is as follows:

	2021 €000	2020 €000
Deferred tax (credit)/charge on origination and reversal of temporary differences (note 24)	**(266)**	**102**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

9 Income tax credit (continued)

The Finance Act 2020 included legislation to maintain the main rate of UK corporation tax at 19%, rather than reducing it to 17% from 1 April 2020. The change to the main rate of corporation tax was substantively enacted by the balance sheet date and therefore included in these financial statements. The UK Budget announcements on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. Temporary differences have been remeasured using these budget tax rates that are expected to apply when the liability is settled or the asset realised.

10 Analysis of loss for the year from discontinued operations

The results of the discontinued operations of the previous year (Beijing ASK Smart Technology Co. Limited and KSB Group BV) included in the profit for the year are included in the income statement set out below. The results included in the profit for the year include the Beijing ASK Smart Technology Co. Limited costs incurred to complete closure.

	2021 €000	2020 €000
Discontinued operations:		
Payroll	–	–
Other operating costs	19	35
Operating costs	**19**	**35**
EBIT[1]/Operating loss	**(19)**	**(35)**
Gain on assets disposal	–	–
Loss for the year from discontinued operations	**(19)**	**(35)**
Cash flows from discontinued operations		
Net cash outflows from operating activities	(19)	(35)
Net cash inflows from investing activities	–	–
Net cash outflows	(19)	(35)

1. EBIT and EBITDA are defined in note 2(s) on page 126.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

11 Property, plant and equipment

	Land and buildings €000	Plant and machinery €000	Fixtures, fittings & equipment €000	Total €000
Cost or valuation:				
At 1 July 2019	68,855	177,316	10,151	256,322
Effect of adopting IFRS 16	(958)	(16,603)	(31)	(17,592)
Additions	1,707	6,368	467	8,542
Transfers	(829)	(104)	115	(818)
Acquisitions	2,609	13,096	785	16,490
Disposals	(581)	(10,676)	(931)	(12,188)
Exchange movements	(661)	(5,063)	419	(5,305)
At 30 June 2020	**70,142**	**164,334**	**10,975**	**245,451**
Additions	2,088	19,053	2,139	23,280
Transfers from held for sale (note 16)	1,245	–	–	1,245
Transfer from right-of-use assets (note 21)	–	687	–	687
Reclassification	(1,166)	(2,534)	2,686	(1,014)
Acquisitions (note 12)	642	7,206	82	7,930
Disposals	(900)	(31,622)	(1,671)	(34,193)
Exchange movements	1,400	8,256	628	10,284
At 30 June 2021	**73,451**	**165,380**	**14,839**	**253,670**
Accumulated depreciation and impairment:				
At 1 July 2019	30,128	124,945	5,864	160,937
Effect of adopting IFRS 16	(808)	(7,013)	(19)	(7,840)
Charge for the period	2,822	14,139	1,606	18,567
Transfers	(720)	(995)	(88)	(1,803)
Disposals	(521)	(8,231)	(745)	(9,497)
Exchange movements	(338)	(4,136)	(86)	(4,560)
At 30 June 2020	**30,563**	**118,709**	**6,532**	**155,804**
Charge for the period	4,070	15,151	1,563	20,784
Transfers	(1,436)	633	(211)	(1,014)
Disposals	(878)	(29,427)	(1,599)	(31,904)
Exchange movements	935	6,976	547	8,458
At 30 June 2021	**33,254**	**112,042**	**6,832**	**152,128**
Net book value at 30 June 2021	**40,197**	**53,338**	**8,007**	**101,542**
Net book value at 30 June 2020	**39,579**	**45,625**	**4,443**	**89,647**

Amounts included in transfers include properties previously as held for sale and movements between property, plant and equipment and right-of-use assets.

The Group has freehold land, included within land and buildings, with a book value of €8,031,000 (2020: €7,033,000), which has not been depreciated.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

12 Acquisitions

Acquisition of CB Info SAS

On the 1 October 2020, the Group acquired the entire issued share capital of CB Info SAS.

In calculating the goodwill arising from this acquisition, the fair value of the assets and liabilities has been assessed and adjustments to book value have been made where necessary. The fair value of assets and liabilities acquired are summarised in the following table.

	Fair value €000
Property, plant and equipment	491
Customer relationships	2,579
Other intangible assets	531
Right-of-use assets	6,794
Other non-current assets	201
Non-current assets	**10,596**
Trade and other receivables	6,350
Cash and cash equivalents	5,869
Current assets	**12,219**
Total assets	**22,815**

	Fair value €000
Trade and other payables	7,826
Deferred income	150
Borrowings	3,320
Lease liabilities	6,794
Deferred tax liabilities	851
Retirement provisions	1,695
Total liabilities	**20,636**
Net assets	**2,179**
Fair value of consideration	**12,012**
Goodwill (Note 13)	**9,833**

The fair value of acquired trade receivables are materially equal to the gross contractual amounts receivable.

An income approach incorporating the multi-period excess earnings methodology (MEEM) was used in assessing the valuation of the core business contracts and relationships as at the date of acquisition

The fair value of the customer relationships was based on an external valuation prepared by specialists with the direct experience of the types of assets concerned. The fair value of consideration comprised of a cash payment of €12,012,000. Contingent consideration has been fair valued at €Nil in line with EBITDA[1] targets. All acquisition costs were included in other operating costs in the income statement.

CB Info SAS was acquired to expand into the Business Project Management sector. It manages business processes for companies and organisations including paper & digital document management. They complete loyalty, membership & retention programs, provide onboarding of customers services, personalised loyalty and membership card products, survey management for administrating rental fees for real estate organisations and subscription programs for media publications.

In respect of the acquisition, revenue of €14,553,000 and EBITDA[1] of €1,568,000, have been achieved. This has been included in the financial statements since the date of acquisition. The estimated annual impact of this acquisition had it been made at the start of the financial year would have been revenue of €18,828,000 and EBITDA[1] of €1,718,000.

1. EBIT and EBITDA are defined in note 2(s) on page 126.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

12 Acquisitions (continued)

Acquisition of part of the trade and certain assets and liabilities of Scytl Secure Electronic Voting SA in Administration

On the 3 November 2020, the Group acquired parts of the trade and certain assets and liabilities of Scytl Secure Electronic Voting SA in Administration and its Spanish subsidiary Platforma Civiciti SLU in Administration (the acquired elements of both companies known as "Scytl").

In calculating the goodwill arising on this acquisition, the fair value of the assets and liabilities has been assessed and adjustments to book value have been made where necessary. The fair value of assets and liabilities acquired are summarised in the following table.

	Fair value €000
Property, plant and equipment	9
Software	4,140
Patents	1,231
Customer relationships	748
Other non-current assets	208
Non-current assets	**6,336**
Trade and other receivables	1,010
Cash and cash equivalents	705
Current assets	**1,715**
Total assets	**8,051**

	Fair value €000
Trade and other payables	3,328
Deferred income	945
Deferred tax liabilities	188
Income tax payable	83
Restructuring provisions	864
Total liabilities	**5,408**
Net assets	**2,643**
Fair value of consideration	**4,853**
Goodwill (note 13)	**2,210**

The fair value of acquired trade receivables are materially equal to the gross contractual amounts receivable.

An income approach incorporating the multi-period excess earnings methodology (MEEM) was used in assessing the valuation of the core business contracts and relationships as at the date of acquisition. Patents have been valued using a royalty relief methodology. Software was based upon an internal valuation model using the cost approach.

The fair value of the customer relationships was based on an internal valuation model. The fair value of consideration comprised of a cash payment of €2,915,000, an issue of new shares in the subsidiary company Innovative Ecosystem SA (formerly known as Service Point Solutions SA) of €1,109,000 and deferred consideration of €829,000. All acquisition costs were included in other operating costs in the Income Statement.

Scytl, which is a business based in Barcelona, was acquired to expand into the digital transformation sector. The business is a world leader in secure online voting and election modernisation software, protected by over 50 international patents. The business will integrate into the Group strategy of being a high-growth digital business and a European leader in digital transformation and technology business.

In respect of the acquisition, revenue of €3,892,000 and EBITDA[1] loss of €3,035,000 have been achieved. This has been included in the financial statements since the date of acquisition. The estimated annual impact of this acquisition had it been made at the start of the financial year would have been revenue of €6,303,000 and an EBITDA[1] loss of €3,409,000.

1. EBIT and EBITDA are defined in note 2(s) on page 126.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

12 Acquisitions (continued)

Acquisition of part of the trade and certain assets of Office Depot

On the 18 June 2021, the Group acquired part of the trade and certain assets and liabilities of the Office Depot business in the UK and Ireland (part of the Office Depot Group).

In calculating the gain on acquisition arising on this acquisition, the fair value of the assets and liabilities has been assessed and adjustments to book value have been made where necessary. The fair value of assets and liabilities acquired are summarised in the following table.

	Fair value €000
Property, plant and equipment	6,318
Brand	596
Customer relationships	1,500
Non-current assets	**8,414**
Inventories	1,917
Trade and other receivables	1,102
Current assets	**3,019**
Total assets	**11,433**

	Fair value €000
Trade and other payables	220
Deferred tax liabilities	2,076
Total liabilities	**2,296**
Net assets	**9,137**
Fair value of consideration	**1,494**
Gain on acquisition (Note 8)	**7,643**

An income approach incorporating the multi-period excess earnings methodology (MEEM) was used in assessing the valuation of the core business contracts and relationships as at the date of acquisition. Trade mark licences have been valued using a royalty relief methodology.

The fair value of the customer relationships was based on an external valuation prepared by specialists with the direct experience of the types of assets concerned. The fair value of property, plant and equipment was based on replacement cost as new less depreciation, was based on an external valuation prepared by specialists with the direct experience of the types of assets concerned. The fair value of consideration comprised of deferred consideration of €1,494,000. No revenue or costs have been included in the current financial year on the basis of materiality.

Office Depot was acquired to synergise and expand further into the Office Supplies sector. The gain on acquisition arose as discounted assets were bought due to the parent exiting the sector. The business is a leading supplier of workspace products and services to a blue-chip corporate and public sector customer base within the UK and Ireland. Office Depot offers long standing customers, a diverse revenue base, cross-sell opportunities, synergy potential and an experienced team.

In respect of the acquisition, no revenue or EBITDA[1] has been included in the financial statements since the date of acquisition. The estimated annual impact of this acquisition had it been made at the start of the financial year would have been revenue of €47,441,000 and EBITDA[1] of €171,000.

1. EBIT and EBITDA are defined in note 2(s) on page 126.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

12 Acquisitions (continued)

Acquisition of Airweb SAS

On 4 November 2020, the Group acquired a further tranche of share capital in Airweb SAS, which has resulted in the Group obtaining a controlling interest (80%). The entity was previously accounted for as a joint venture.

In calculating the goodwill arising on this acquisition, the fair value of the assets and liabilities has been assessed and adjustments to book value have been made where necessary. The fair value of assets and liabilities acquired are summarised in the following table.

	Fair value €000
Property, plant and equipment	15
Development expenditure	738
Other intangibles	4
Right-of-use assets	376
Non-current assets	**1,133**
Trade and other receivables	784
Cash and cash equivalents	574
Current assets	**1,358**
Total assets	**2,491**

	Fair value €000
Trade and other payables	1,025
Lease liabilities	305
Government grants	30
Deferred income	80
Deferred tax liabilities	20
Borrowings	901
Retirement provisions	51
Other provisions	35
Total liabilities	**2,447**
Net assets	**44**
Fair value of consideration	**1,667**
Original investment fair valued	**2,361**
Contingent consideration	**2,028**
Goodwill on acquisition (note 13)	**6,012**

Airweb SAS is a French technology company providing mobile services, applications and digital ticketing solutions to mobile operators, media, brands and public transport authorities. Airweb SAS was acquired as the company's products compliment Paragon ID's identification solutions in Mass Transit and Smart Cities markets.

The fair value of acquired trade receivables are materially equal to the gross contractual amounts receivable. The fair value of consideration comprised of a cash payment of €698,000 and deferred consideration of €969,000. The original investment was fair valued at €2,361,000. There is additional contingent consideration that was fair valued at €2,028,000 in line with step acquisition principles outlined in IFRS 3. All acquisition costs are included in other operating costs in the income statement.

The fair value of development expenditures was based on an external valuation prepared by specialists with the direct experience of the types of assets concerned. A royalty relief methodology was used in assessing the valuation of the development expenditure costs linked to the software which the company sells to its customers and the development of the technology that is offered to customers.

In respect of the acquisition, revenue of €988,000 and EBITDA[1] of €37,000 have been achieved. This has been included in the financial statements since the date of acquisition. The estimated annual impact of this acquisition had it been made at the start of the financial year would have been revenue of €1,475,000 and an EBITDA[1] loss of €92,000.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

12 Acquisitions (continued)

Acquisition of part of the trade and certain assets of Apitrak SAS

On 21 May 2021, the Group acquired a controlling interest (51.3%) in Apitrak SAS.

In calculating the goodwill arising on this acquisition, the fair value of the assets and liabilities has been assessed and adjustments to book value have been made where necessary. The fair value of assets and liabilities acquired are summarised in the following table.

	Fair value €000
Property, plant and equipment	5
Development expenditure	443
Non-current assets	**448**
Trade and other receivables	140
Inventory	12
Cash and cash equivalents	214
Current assets	**366**
Total assets	**814**

	Fair value €000
Trade and other payables	37
Deferred income	19
Borrowings	494
Other liabilities	90
Total liabilities	**640**
Net assets	**174**
Fair value of consideration	**2,354**
Goodwill (Note 13)	**2,180**

The fair value of acquired trade receivables are materially equal to the gross contractual amounts receivable.

The fair value of consideration comprised of a cash payment of €977,000, deferred consideration of €372,000 and contingent consideration of €1,005,000. The contingent element is dependent on certain predetermined targets based on future performance and profitability being met. All acquisition costs were included in other operating costs in the income statement.

Apitrak SAS was acquired to compliment the Group's existing business in the ID sector. The company is a French start-up specialising in Real-Time Location Systems (RTLS) using a wide range of data acquisition technologies including active & passive RFID, Bluetooth Low Energy (BLE), Wi-Fi and GPS.

In respect of the acquisition, revenue of €3,000 and an EBITDA[1] loss of €17,000 have been achieved. This has been included in the financial statements since the date of acquisition. The estimated annual impact of this acquisition had it been made at the start of the financial year would have been revenue of €1,237,000 and EBITDA[1] of €54,000.

1. EBIT and EBITDA are defined in note 2(s) on page 126.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

12 Acquisitions (continued)

Other transactions

The Group entered three other smaller acquisitions in the year. A simple description of the acquisitions in this grouping along with a single fair value table for the three acquisitions has been presented below. All acquisitions were made to help expand into their respective sectors and compliment existing business within the Group. All acquisition costs are included in other operating costs in the income statement.

On 2 November 2020, the Group acquired the entire issued share capital of Trenton Box Company Limited (a related party by virtue of a common director). The acquired entity based in the UK specialises in the production of high-quality carton packaging to major FMCG companies, delivering both individual display packaging and shelf-ready packaging.

On 3 November 2020, the Group acquired the trade and certain assets of Promo International Limited (in administration), a UK entity that specialises in the design of tailored point of sale (POS) products, stock and distribution management programmes.

On 9 November 2020, the Group acquired the trade and certain assets of Tangent on Demand London UK Limited (TOD). TOD is a studio that specialises in the design and manufacture of creative print production, working with the majority of the top global marketing agencies to create imaginative print solutions.

	Fair value €000
Property, plant and equipment	1,092
Customer relationships	560
Rights-of-use assets	10
Non-current assets	**1,662**
Inventories	463
Trade and other receivables	1,264
Cash and cash equivalents	43
Current assets	**1,770**
Total assets	**3,432**

	Fair value €000
Trade and other payables	2,122
Lease liabilities	1
Deferred tax liabilities	80
Borrowings	830
Total liabilities	**3,033**
Net assets	**399**
Fair value of consideration	**1,436**
Goodwill on acquisition (note 13)	**1,037**

The fair value of acquired trade receivables are materially equal to the gross contractual amounts receivable.

The fair value of consideration for all these businesses comprised of cash payments of €1,436,000.

In respect of these acquisitions, revenue of €5,202,000 and EBITDA[1] of €259,000 have been achieved. This has been included in the financial statements since the date of acquisition. The estimated annual impact of these acquisitions had they been made at the start of the financial year would have been revenue of €9,387,000 and EBITDA[1] of €533,000.

In respect of all acquisitions, the acquisition date for the gross contractual amounts receivable for acquired trade receivables is equal to the respective business acquisition date.

1. EBIT and EBITDA are defined in note 2(s) on page 126.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

13 Goodwill and impairment review of non-current assets

	€000
Cost and carrying amount of goodwill	
At 1 July 2019	92,397
Acquisitions	2,769
Foreign currency translation	(101)
At 30 June 2020	95,065
Acquisitions (note 12)	21,272
Foreign currency translation	1,194
At 30 June 2021	**117,531**

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from the business combination. The CGUs represent the lowest level within the Group at which the associated goodwill is monitored for internal management purposes.

The twelve CGU's are grouped together in the five cash generating unit groups (CGUG's). Paragon Office Services has been recognised as a new CGUG in the current year. Current year CGUs are:

- Paragon Customer Communications – provides a range of services to our clients to improve their communications with their customers (4 CGU's)
- Paragon ID – delivers RFID and contactless solutions for personal identification, mass transit, smart cities, brand protection and traceability (5 CGU's)
- Paragon Graphic Services – is a digital print network offering design and marketing services to businesses, as well as reprographic services to the engineering, construction, and retail sectors.
- Paragon Office Services – provides a range of office supplies and services to business.
- Paragon Growth – is made up of opportunities in adjacent and related markets, packaging and technology sector.

	2021 €000	2020 €000
Paragon Customer Communications (PCC)	62,211	49,775
Paragon ID (PID)	48,182	39,955
Paragon Graphic Services (PGS)	3,914	5,335
Paragon Office Services (POS)	–	–
Paragon Growth (PGD)	3,224	–
	117,531	**95,065**

For the purpose of impairment testing, the key assumptions applied to these CGUs were:

	Post Tax discount rates	Long term growth rate
Paragon Customer Communications	10.8% - 11.2% (2020: 9.5% - 10.5%)	2.5% (2020: 1.7%)
Paragon ID	11.2% (2020: 10.8%)	2.5% (2020: 1.7%)
Paragon Graphic Services	12.7% (2020: 11.7%)	2.5% (2020: 1.7%)
Paragon Office Services	14.3% (2020: N/a)	2.5% (2020: N/a)
Paragon Growth	14.3% (2020: N/a)	2.5% (2020: N/a)

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

13 Goodwill and impairment review of non-current assets (continued)

Impairment testing of goodwill and non-current assets

Goodwill acquired through business combinations has been allocated to CGUs for the purpose of impairment testing. Impairment of goodwill occurs when the carrying value of a CGU is greater than the present value of the cash that it is expected to generate (i.e. the recoverable amount). The Group reviews the carrying value of each CGU at least annually or more frequently if there is an indication that the CGU may be impaired.

The recoverable amount of each CGU is based on a value in use computation, which has been calculated over a five year period. The cash flow forecasts employed for this computation are extracted from budgets and specifically excludes future acquisition activity. Cash flows for a further period are based on the assumptions underlying the budgets. The weighted average long term growth rate used in the impairment testing are noted above.

A present value of the future cash flows is calculated using a post-tax discount rate representing the Group's estimated before tax weighted average cost of capital, adjusted to reflect risks associated with each CGU. The post-tax discount rates used are presented above.

Key assumptions include management's estimates on sales growth and discount rates. Cash flow forecasts and key assumptions are generally determined based on historical performance together with management's expectation of future trends affecting the industry and other developments and initiatives in the business. The prior year assumptions were prepared on the same basis.

Four new acquisitions, Apitrak SAS (PID), Airweb SAS (PID), Scytl Secure Electronic Voting SA (PGD) and Trenton Box Company Limited (PGD) have been excluded from the existing CGUs. These businesses are recently acquired, the integration of those within the overall group is an ongoing project, the level of integration of those new businesses within the existing business will determine the integration in existing CGUs or the creation of new CGUs, given the early stages of this exercise we do not yet conclude on this matter and therefore keep both acquisition separate. The amount of unallocated goodwill was €15.1m.

Applying these techniques no impairment charge arose in 2021 (2020: €nil).

Sensitivity Analysis

Sensitivity analysis was performed by increasing the discount rate and reducing cash flows.

The following individual parameters would have to be exceeded before the resulting calculations gave rise to an impairment loss:

	Discount rates	Reduction in cash flows
Paragon Customer Communications	17.1% - 24.5% (2020: 21.0% - 24.0%)	39% - 62.0% (2020: 56.0% - 76.0%)
Paragon ID	13.1% - 70.0% (2020: 13.5% - 60.0%)	20.0% - 90.0% (2020: 25.0% - 88.0%)
Paragon Graphic Services	20.5% (2020: 14.6%)	40.0% (2020: 22%)
Paragon Office Services	15.5% (2020: -)	14% (2020: -)
Paragon Growth	16.0% (2020: -)	25% (2020: -)

Management believes that any reasonable change in any of the key assumptions for the PCC CGUGs and PID CGUGs (4) would not cause the carrying value of the goodwill to exceed its fair value. Management have noted that in respect of Paragon Graphics Services and one PID CGU, a reasonably possible change in one of the key assumptions on which management has based its determination of the unit's recoverable amount would cause the unit's carrying amount to exceed its recoverable amount.

The Paragon Office Services has a recoverable amount of €3.5m in excess of carrying amount when using a discount factor of 14.3% is used. If moderate growth (in line with CPI) is not maintained the units recoverable amount would equal it's carrying amount.

The Paragon Graphics Services has a recoverable amount of €25.01m in excess of carrying amount when using a discount factor of 13.1%. If management business plan is delayed by a year the units recoverable amount would equal it's carrying amount.

The PID MT CGU has recoverable amount of €11.2m in excess of carrying amount when using a rate of 11.5%. If the discount rate was increased to 13.1%, the unit's recoverable amount would equal its carrying amount.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

14 Financial investments

	Trade investments €000	Investment in associates €000	Investment in joint ventures €000	Total €000
Cost of valuation				
At 1 July 2020	2,118	6	2,813	4,937
Acquisition of controlling interest	–	–	(2,134)	(2,134)
Share of profits	–	29	880	909
Impairment	–	–	(300)	(300)
Dividends received	–	–	(233)	(233)
Exchange movements	1	–	22	23
At 30 June 2021	**2,119**	**35**	**1,048**	**3,202**

At each reporting date, an assessment of fair value is undertaken by management. Following this assessment, an impairment charge of €300,000 was recognised on the Group's investment in Inlays India Pvt Limited.

Details on the Group's joint ventures and associates can be found in Note 34.

Summarised financial information for the Company's investment in joint ventures and associates which are accounted for using the equity method is as follows:

	Non-current assets €000	Current assets €000	Current liabilities €000	Total €000
As at 30 June 2021				
Joint ventures	–	2,646	(1,598)	1,048
Associates	–	37	(2)	35
At 30 June 2021	**–**	**2,683**	**(1,600)**	**1,083**

	Non-current assets €000	Current assets €000	Current liabilities €000	Total €000
As at 30 June 2020				
Joint ventures	1,098	3,111	(1,396)	2,813
Associates	1	14	(9)	6
At 30 June 2020	**1,099**	**3,125**	**(1,405)**	**2,819**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

15 Other intangible assets

	Development expenditure €000	Software €000	Customer relationships €000	Licences & other intangibles €000	Patents €000	Brands €000	Total €000
Cost:							
At 1 July 2019	1,590	13,735	54,827	1,136	3,299	–	74,587
Transfers	–	(523)	(576)	(184)	–	184	(1,099)
Effect of adopting IFRS 16	–	(237)	–	–	–	–	(237)
Acquisitions	2,425	2,285	50,957	100	–	6,241	62,008
Additions	1,381	4,563	–	719	–	–	6,663
Disposals	(126)	(492)	–	–	–	–	(618)
Exchange movement	(276)	(225)	(1,730)	17	–	(111)	(2,325)
At 30 June 2020	**4,994**	**19,106**	**103,478**	**1,788**	**3,299**	**6,314**	**138,979**
Transfers	(2,564)	2,662	–	(98)	–	–	–
Acquisitions (note 12)	1,181	4,140	5,387	535	1,231	596	13,070
Additions	4,096	7,883	–	563	59	–	12,601
Disposals	(1,906)	(1,443)	(25)	(78)	–	–	(3,452)
Exchange movement	276	948	2,680	245	–	292	4,441
At 30 June 2021	**6,077**	**33,296**	**111,520**	**2,955**	**4,589**	**7,202**	**165,639**
Accumulated amortisation:							
At 1 July 2019	664	6,622	10,557	188	1,163	–	19,194
Transfers	–	(441)	–	(97)	–	179	(359)
Effect of adopting IFRS 16	–	(94)	–	–	–	–	(94)
Charge for the period	1,586	3,865	10,950	140	273	57	16,871
Disposals	(105)	(449)	–	–	–	–	(554)
Exchange movement	(202)	(201)	(94)	(42)	–	–	(539)
At 30 June 2020	**1,943**	**9,302**	**21,413**	**189**	**1,436**	**236**	**34,519**
Transfers	(2,159)	2,159	–	–	–	–	–
Charge for the period	1,930	4,808	12,443	197	484	831	20,693
Disposals	(1,780)	(1,413)	(25)	(73)	–	–	(3,291)
Exchange movement	214	638	765	145	–	20	1,782
At 30 June 2021	**148**	**15,494**	**34,596**	**458**	**1,920**	**1,087**	**53,703**
Net book value at 30 June 2021	**5,929**	**17,802**	**76,924**	**2,497**	**2,669**	**6,115**	**111,936**
Net book value at 30 June 2020	**3,051**	**9,804**	**82,065**	**1,599**	**1,863**	**6,078**	**104,460**

Within development expenditure is €930,000 worth of assets currently not in use.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

16 Assets held for sale

	2021 €000	2020 €000
At 1 July	**1,371**	**5,103**
Disposals	–	(3,728)
Transfer to property, plant and equipment (note 11)	(1,245)	–
Exchange movements	65	(4)
At 30 June	**191**	**1,371**

During the year, a property tenanted by Trenton Box Company Limited that had been held for sale in the United Kingdom was transferred to property plant and equipment at cost. The programme to locate a buyer for the property was ended as the entity was acquired during the year by the Group. Management are no longer committed to a plan to sell the property.

17 Inventories

	2021 €000	2020 €000
Raw materials and consumables	22,972	25,266
Work in progress	7,780	4,258
Finished goods and goods for resale	20,357	22,209
	51,109	**51,733**

There was no write-down of inventories in either period. Inventories included in material costs in the year amounted to €442,950,000 (2020: €357,245,000).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

18 Other financial assets

	2021 €000	2020 €000
Trade and other receivables		
Amounts receivable for the sale of goods and services	67,147	66,463
Allowance for doubtful debts	(5,805)	(4,869)
Trade receivables	61,342	61,594
VAT receivables	4,005	2,505
Other receivables	18,298	16,986
Amount due from trade investment	3,271	1,314
Amount due from related party (note 31)	35	1,852
Amount due from joint ventures and associates (note 31)	2,394	2,762
Accrued income	32,586	25,876
Prepayments	24,991	15,428
	146,922	**128,317**

The Group is party to a debt factoring arrangement where advances received are without recourse. Where receivable balances have been sold, the risk and rewards have been transferred to the factorers. The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

	2021 €000	2020 €000
Other non-current assets		
Other receivables (see below)	614	561
Prepayments	895	1,795
	1,509	**2,356**

Other non-current assets include the Group's French operations that have an obligation to make contributions to a French state fund on an annual basis. There are two treatments available to contributors to the fund. The first is to receive a once-off taxable income deduction in the year of payment. The other option is to be refunded by the French state, on an interest free basis, after a period of twenty years.

The amounts noted above include all payments to be refunded after twenty years. This receivable has been discounted and reflects the fair value of the amounts receivable. The Group made a payment to the French state fund in the current year of €66,000 (2020: €66,000).

Prepayments amounting to €895,000 relate to long term IT prepayments.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

18 Other financial assets (continued)

	2021 €000	2020 €000
Cash and cash equivalents	124,016	147,425
Cash and cash equivalents	**124,016**	**147,425**

Cash and cash equivalents comprise cash held by the Group, short term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair value. Included are restricted cash balances arising from the Group factoring facility of €17,664,000 (2020: €7,513,000).

19 Trade and other payables

	2021 €000	2020 €000
Trade payables	164,714	116,658
Other taxes and social security	58,650	64,478
Holiday accrual	12,736	8,924
Amounts due to related parties (note 31)	43	229
Other payables	15,601	14,548
Amount owed to joint ventures and associates (note 31)	1,837	2,038
Accruals for goods and services	38,413	40,250
Deferred consideration	4,770	6,941
	296,764	**254,066**

Amount owed to joint ventures and associates include historic amounts owed to Inlays India Private Limited and trading balances with dsi Billing Services Limited and European Direct Mail Limited.

The deferred consideration is payable as follows:

	2021 €000	2020 €000
Within one year	4,770	6,941
Beyond one year	3,913	1,346
	8,683	**8,287**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

19 Trade and other payables (continued)

Contingent consideration

Contingent consideration liability represents the fair value of amounts which may become payable over the period from July 2022 to June 2025 in connection with the acquisition of subsidiaries. Payment is dependent on achieving predetermined targets based on future performance and profitability. Included within the balance in the table above is contingent consideration of €3,033,000 recognised in respect of acquisitions in 2021, which is payable beyond one year, and €185,000 payable within one year.

20 Borrowings

	2021 €000	2020 €000
Bank loans	90,287	84,443
Bonds	141,000	141,000
Unamortised debt issue costs	(630)	(835)
Bank overdrafts	10,780	8,508
	241,437	**233,116**

The borrowings are repayable as follows:

	2021 €000	2020 €000
Within one year	28,161	24,370
Between two and five years	206,810	193,381
Beyond five years	6,466	15,365
	241,437	**233,116**

Bonds

On 16 December 2016, the company raised €52,000,000 on loan notes that were admitted to trading on the Luxembourg MTF market. There are 520 loan notes with a face value of €100,000 each. The repayment date is 15 December 2023.

On 7 April 2018, the company raised €89,000,000 on loan notes that were admitted to trading on the Luxembourg MTF market. There are 890 loan notes with a face value of €100,000 each. The repayment date is 6 April 2025.The proceeds are to be used to fund future acquisitions. The notes bear a fixed interest rate between 4% to 5% subject to a margin grid. The loan notes are secured on investments of the Company. The issuance costs have been capitalised and are being amortised to net finance costs over the 7 year life of these loan notes.

Bank loans

The bank loans and other borrowings comprise both fixed terms and other credit facilities. €7,752,000 (2020: €9,102,000) is secured on land and buildings in the form of a commercial mortgage. €8,803,000 (2020: €8,506,000) is secured on trade debtors and are subject to terms and conditions as to the nature, quantum and age of such debtors. €2,050,000 (2020: €2,563,000) is secured on equipment.

Variable Group borrowings are largely denominated in Euros at a rate of 0.85% above EURIBOR and in Sterling at a rate 1.75% above LIBOR. The Directors consider that the carrying amount of the loans approximates their fair value.

In 2020, the Group borrowed €45m in France as part of the French State response to COVID-19. These loans are 80% guaranteed by the French State and can be repaid over five years.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

21 Leases

The Consolidated Statement of Financial Position includes the following amounts relating to leases:

Right-of-use assets

	ROU land and buildings €000	ROU plant and machinery €000	ROU other €000	Total €000
Cost:				
At 1 July 2019	–	–	–	–
Effect of adopting IFRS 16	50,256	30,155	755	81,166
Transfers	–	(678)	–	(678)
Acquisitions	15,191	3,603	113	18,907
Additions	1,766	10,450	64	12,280
Modification to lease terms	6,499	452	118	7,069
Disposals	(565)	(2,363)	–	(2,928)
Exchange movement	(611)	(541)	(4)	(1,156)
At 30 June 2020	**72,536**	**41,078**	**1,046**	**114,660**
Additions	10,243	14,824	–	25,067
Transfers to property, plant and equipment (note 11)	(1,654)	(3,280)	(32)	(4,966)
Acquisitions (note 12)	6,675	505	–	7,180
Disposals	(2,468)	(3,975)	(193)	(6,636)
Modification to lease terms	4,587	265	88	4,940
Exchange movements	2,403	1,537	17	3,957
At 30 June 2021	**92,322**	**50,954**	**926**	**144,202**
Accumulated amortisation:				
At 1 July 2019	–	–	–	–
Effect of adopting IFRS 16	808	7,013	113	7,934
Disposals	(177)	(1,877)	–	(2,054)
Transfers	–	(433)	–	(433)
Charge for the period	13,349	10,176	373	23,898
Exchange movement	(97)	(171)	–	(268)
At 30 June 2020	**13,883**	**14,708**	**486**	**29,077**
Charge for the period	16,667	11,036	267	27,970
Transfers to property, plant and equipment (note 11)	(1,654)	(2,593)	(32)	(4,279)
Disposals	(2,082)	(3,466)	(128)	(5,676)
Exchange movements	639	462	11	1,112
At 30 June 2021	**27,453**	**20,147**	**604**	**48,204**
At 30 June 2021	**64,869**	**30,807**	**322**	**95,998**
At 30 June 2020	58,653	26,370	560	85,583

Amounts included in transfers have been moved between other intangible assets and property, plant and equipment.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

21 Leases (continued)

Lease liabilities

	Land and buildings €000	Other €000	Total €000
Cost:			
At 1 July 2019	155	8,793	8,948
Effect of adopting IFRS 16	50,526	12,453	62,979
Reclassification to loans	–	(32)	(32)
Acquisitions	13,031	3,821	16,852
Interest	1,953	837	2,790
Repayments	(15,710)	(10,701)	(26,411)
Additions	1,174	11,106	12,280
Modifications to lease terms	6,499	570	7,069
Disposals	(320)	(452)	(772)
Exchange movement	(622)	(328)	(950)
At 30 June 2020	**56,686**	**26,067**	**82,753**
At 1 July 2020	56,686	26,067	82,753
Acquisitions	6,675	425	7,100
Interest	2,174	897	3,071
Repayments	(18,346)	(12,593)	(30,939)
Additions	10,243	14,664	24,907
Modifications to lease terms	4,587	353	4,940
Disposals	(1,396)	(618)	(2,014)
Exchange movement	1,795	527	2,322
At 30 June 2021	**62,418**	**29,722**	**92,140**
Current	15,043	10,366	25,409
Non-current	47,375	19,356	66,731
At 30 June 2021	**62,418**	**29,722**	**92,140**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

21 Leases (continued)

Amounts recognised in the Consolidated Income Statement

The Consolidated Income Statement includes the following amounts relating to leases:

	2021 €000	2020 €000
Amortisation charge:		
Right-of-use assets	27,970	23,898
Finance costs:		
Interest expense on lease liabilities	3,072	2,790
Operating expenses:		
Expenses relating to short-term leases	476	2,402
Expenses relating to leases of low-value assets	292	170
Expenses relating to variable lease payments not included within lease liabilities	671	939
Operating income:		
Sublease rental income:	(1,216)	(957)
Lease charges	223	2,554

As at 30 June 2021, the maturity analysis of the Group's undiscounted cash flows on IFRS 16 leases were as follows:

	Land and Buildings €000	Other €000	Total €000
Not later than one year	17,470	11,705	29,175
After one year but not more than five years	41,875	20,241	62,116
After five years	9,419	304	9,723
Total undiscounted cash flows	**68,764**	**32,250**	**101,014**

As at 30 June 2020, the maturity analysis of the Group's undiscounted cash flows on IFRS 16 leases were as follows:

	Land and Buildings €000	Other €000	Total €000
Not later than one year	15,433	10,658	26,091
After one year but not more than five years	36,901	16,245	53,146
After five years	8,013	8,426	16,439
Total undiscounted cash flows	**60,347**	**35,329**	**95,676**

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

21 Leases (continued)

Leasing activities

The Group enters into leases for a range of assets, principally relating to property and machinery. Property leases consist of sites and office buildings and have varying terms, renewal rights and escalation clauses, including periodic rent reviews. Leases of machinery include those used for production of finished goods.

Extension and termination options

Extension and termination options are included in a number of property leases throughout the Group. They are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

In determining whether a renewal or termination option will be taken, the following factors are normally the most relevant:

- The future intended use of the leased asset and future developments;
- If there are significant penalties to terminate (or not to extend), the Group is typically reasonably certain to extend (or not terminate);
- Strategic importance of the asset to the Group;
- Past practice; and
- Costs and business disruption to replace the asset

The lease term is reassessed if an option is exercised (or not exercised) and this decision has not already been reflected in the lease term as part of a previous determination. The assessment of reasonable certainty is revised only if a significant change in circumstances occurs, which affects this assessment, and this is within the control of the lessee.

The Group's weighted average incremental borrowing rate for all leases has been calculated by country and ranges from 2% to 6.5%. As a practical expedient, a lessee may apply a single discount rate to a portfolio of leases with reasonably similar characteristics; leases have been grouped according to location, type and lease length.

The practical expedient has been employed such that leases where the contractual term ends within twelve months of the date of initial application have been accounted for as short-term leases.

The Group has elected to rely on its assessment on whether a lease is onerous under IAS37: Provisions, Contingent Assets, and Contingent Liabilities immediately before the date of initial application, and included an adjustment to the right-of-use asset in accordance with this. The weighted average incremental borrowing rate for leases included in continuing operations are listed above.

Operating lease commitments consisted of total future minimum lease payments of €46,000 (2020: €385,000) for short term leases and €447,000 (2020: €689,000) for low value leases which were not accounted for under IFRS 16 'Leases'.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

22 Deferred income

	2021 €000	2020 €000
Advanced billings and other deferred income	7,659	6,374
Government grants	880	413
Deferred gains on property sale and leaseback	558	608
	9,097	**7,395**
Current	7,459	6,419
Non-current	1,638	976
	9,097	**7,395**

Advance billings and other deferred income are current and will be recognised as revenues and collected in the next twelve months.

Government grants

	2021 €000	2020 €000
At 1 July	413	511
Acquisitions	30	–
Proceeds from government grants received	552	–
Government grants	(132)	(99)
Deferred gains on property sale and leaseback	17	1
At 30 June	**880**	**413**

The above grant has no unfulfilled obligations, contingencies or is not related to COVID-19 Government measures.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

23 Provisions

	Retirement €000	Restructuring €000	Dilapidations €000	Other €000	Total €000
Balance at 1 July 2019	**6,698**	**2,433**	**4,166**	**806**	**14,103**
Actuarial movements	242	–	–	–	242
Effect of adopting IFRS 16	–	(142)	323	(595)	(414)
Utilised during the period	(337)	(4,569)	(107)	(535)	(5,548)
Exchange movements	–	(35)	(8)	(60)	(103)
Reclassification from trade payables	–	–	(919)	1,386	467
Charge/(credit) during the period	406	6,514	(211)	176	6,885
Lease modifications	–	–	128	–	128
Interest charged during the year	11	–	71	–	82
Acquisitions	37	4,286	2,136	889	7,348
Balance at 30 June 2020	**7,057**	**8,487**	**5,579**	**2,067**	**23,190**
Actuarial movements	(495)	–	–	–	(495)
Utilised during the period	(337)	(10,746)	(475)	(676)	(12,234)
Exchange movements	–	71	168	13	252
Charge during the period	173	6,924	430	2,279	9,806
Interest charged during the year	15	–	86	–	101
Acquisitions (note 12)	1,746	864	–	35	2,645
Balance as at 30 June 2021	**8,159**	**5,600**	**5,788**	**3,718**	**23,265**
Current	452	4,553	678	1,774	7,457
Non-current	7,707	1,047	5,110	1,944	15,808
Balance as at 30 June 2021	**8,159**	**5,600**	**5,788**	**3,718**	**23,265**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

23 Provisions (continued)

Retirement provisions

Certain European countries in which the Group operates oblige the employer to provide lump sum termination payments.

The provisions have been calculated with reference to specified individuals who are entitled to this arrangement. The calculation of retirement benefit obligations requires estimates to be made of discount rates, inflation rates, future salary and pension increases and mortality.

Eventual settlement of this provision is dependant on the final retirement date for each individual concerned. Current provisions represent the anticipated settlement costs in the next twelve months.

Restructuring provisions

This provision includes redundancy and related charges incurred on the closure or restructuring of Group operations. Restructuring provisions are recognised when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline and the employees affected have been notified of the plan's main features.

The calculation of restructuring provisions requires estimates in some circumstances to be made about the amounts and timing of resulting payments. Current provisions represent the anticipated payments to occur in the next twelve months.

Dilapidations provisions

Dilapidations are the provisions recorded for the costs of returning properties held under lease to the state of repair at the inception of the lease. These provisions are expected to be utilised on the termination of the underlying leases. The calculation of these provisions requires judgements to be made on the level of dilapidations that have arisen and estimates on the costs of returning the properties to their state of repair at the inception of the lease. Current provisions represent the anticipated payments to occur in the next twelve months.

Other provisions

These provisions include onerous contracts and claims. Current provisions represent the anticipated settlement costs in the next 12 months.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

24 Deferred tax

The analysis of deferred tax assets/(liabilities) is as follows:

	2021 €000	2020 €000
Deferred tax assets	14,295	11,548
Deferred tax liabilities	(16,177)	(16,974)
Net deferred tax liabilities	**(1,882)**	**(5,426)**

The total movement in the net deferred tax liabilities are as follows:

	2021 €000	2020 €000
Liabilities at the beginning of the period	(5,426)	(3,412)
Effect of adopting IFRS 16	–	(230)
Reclassification	–	(196)
Credit to the Consolidated Income Statement (note 9)	6,483	3,802
Right-of-use asset addition	(160)	(7)
Credit/(charge) to the Consolidated Statement of Comprehensive Income (note 9)	266	(102)
Acquisitions (note 12)	(3,215)	(5,317)
Exchange rate differences	170	36
Liabilities at the end of the period	**(1,882)**	**(5,426)**

Within the credit to the consolidated income statement above, €4,030,000 is due to the impact of a change in rates for 2021. Deferred tax has been calculated at rate of 19%, rising to a rate of 25% from 2023.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

24 Deferred tax (continued)

The individual movement in the deferred tax assets/(liabilities) is as follows:

	Property, plant & equipment €000	Intangible assets €000	Tax losses €000	Other temporary differences €000	Total €000
Balance at 1 July 2019	**(744)**	**(8,290)**	**3,540**	**2,082**	**(3,412)**
Effect of adopting IFRS 16	(230)	–	–	–	(230)
Credit/(charge) to the Consolidated Income Statement	1,220	3,157	(891)	316	3,802
Reclassification	(196)	–	–	–	(196)
Right-of-use asset addition	(7)	–	–	–	(7)
Charge to the Consolidated Statement of Comprehensive Income	–	–	–	(102)	(102)
Acquisitions	2,348	(10,872)	4,151	(944)	(5,317)
Items taken direct to equity	–	–	–	36	36
Balance at 30 June 2020	**2,391**	**(16,005)**	**6,800**	**1,388**	**(5,426)**
Credit to the Consolidated Income Statement	1,516	1,722	2,974	271	6,483
Right-of-use asset addition	(160)	–	–	–	(160)
Credit to the Consolidated Statement of Comprehensive Income	–	–	–	266	266
Acquisitions	(1,580)	(1,661)	26	–	(3,215)
Items taken direct to equity	–	–	–	170	170
Balance at 30 June 2021	**2,167**	**(15,944)**	**9,800**	**2,095**	**(1,882)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The Group has tax losses arising in the UK of €52,838,000 (2020: €50,100,000) that are available indefinitely for offset against future taxable profits and €656,294,000 (2020: €622,000,000) of tax losses and other temporary differences arising in overseas territories that are available to carry forward indefinitely and tax losses of €1,033,000 (2020: €1,033,000) which are due to expire within five years.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

25 Retirement benefits

Defined contribution schemes

All defined contribution schemes are funded by the payment of contributions to independently administered funds and the assets of the scheme are held separately from those of the Group. The pension cost charges included in the income statement during the year and contribution amounts payable at the end of the year are summarised by country in the table below. Contribution amounts payable are included within other payables.

	Pension Costs Charges		Contribution Amounts Payable	
	2021	2020	2021	2020
	€000	€000	€000	€000
UK	5,484	4,460	630	986
The Netherlands	1,105	427	26	100
Norway	248	345	21	–
Sweden	213	–	18	–
Poland	86	–	9	–
Ireland	69	113	13	7
Germany	41	62	63	33
USA	16	16	–	6
Belgium	13	21	–	–
	7,275	**5,444**	**780**	**1,132**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

25 Retirement benefits (continued)

Defined benefit scheme – UK

A subsidiary company operates a final salary defined benefit pension plan. No benefits have accrued since 3 August 2005. Pension benefits for deferred members are based on the members' final pensionable salaries and service at the date accrual ceased (or date of leaving if earlier).

The most recent formal actuarial valuation was carried out as at 30 June 2021.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2021 Per annum	2020 Per annum
Discount rate	1.70%	1.40%
Expected rate of inflation	3.30%	2.90%
Rate of increase of pensions in payment	3.20%	2.90%
Rate of increase for deferred pensioners	2.40%	2.00%

Demographic assumptions

	2021	2020
Mortality (post retirement)	S2PMA/S2PFA CMI 2019 M/F 1.25%	S2PMA/S2PFA CMI 2018 M/F 1.25%

	2021		2020	
	Males	Females	Males	Females
Life expectancy for a current 65 year old	21.6 years	23.5 years	21.6 years	23.5 years
Life expectancy at age 65 for current 45 year old	22.9 years	25.1 years	22.9 years	25.1 years

The amount recognised in the Consolidated Statement of Financial Position in respect of the Group's UK defined benefit scheme assets is as follows:

	2021 €000	2020 €000
Present value of funded obligations	(9,529)	(9,567)
Fair value of scheme assets	10,063	10,134
Year-end assets	**534**	**567**

The surplus has been recognised as the scheme rules of the plan state that the Company will be entitled to any surplus remaining if the plan is run on until the last member exits the plan.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

25 Retirement benefits (continued)

Amounts recognised in the Consolidated Income Statement in respect of the defined benefit scheme are as follows:

	2021 €000	2020 €000
Interest charge on obligation (note 7)	(137)	(191)
Interest income from scheme assets (note 7)	146	207
	9	**16**

Amounts recognised in other Comprehensive Income in respect of the defined benefit scheme are as follows:

	2021 €000	2020 €000
Actuarial gains/(losses) on defined benefit obligation	174	(848)
Actuarial return on assets	(242)	701
	(68)	**(147)**

Expected return on assets and interest on obligations are recorded under investment income. The cumulative actuarial gain recognised in the Consolidated Statement of Comprehensive Income is €2,974,000 (2020: €3,042,000).

Changes in the present value of defined benefit obligations are as follows

	2021 €000	2020 €000
Opening defined benefit obligation	9,567	9,030
Interest cost	137	191
Foreign exchange movements	453	(62)
Actuarial (gains)/losses	(174)	848
Benefits paid	(454)	(440)
Closing defined benefit obligation	**9,529**	**9,567**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

25 Retirement benefits (continued)

Changes in the fair value of scheme assets are as follows:

	2021 €000	2020 €000
Opening fair value of scheme assets	10,134	9,733
Interest income	146	207
Foreign exchange movements	479	(67)
Actual return on assets	(242)	701
Benefits paid	(454)	(440)
Closing fair value of scheme assets	**10,063**	**10,134**

The fair value of the scheme assets at the Consolidated Statement of Financial Position date is analysed as follows:

	Value at 30 June 2021 €000	Value at 30 June 2020 €000
Equity instruments	4,970	4,270
Gilts	2,391	3,307
Cash	2,702	2,557
	10,063	**10,134**

The history of the scheme for the current and prior period is as follows:

	2021 €000	2020 €000
Fair value of scheme assets	10,063	10,134
Present value of defined benefit obligations	9,529	9,567
Net surplus	534	567
Percentage of total scheme obligation	5.6%	6.0%
Experience adjustments on scheme assets	(242)	701
Percentage of scheme assets	(2%)	7%

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

25 Retirement benefits (continued)

The last actuarial valuation of the plan was performed by the Actuary for the Trustees as at 30 June 2021. This valuation revealed a surplus in plan so no deficit contributions are due from the Company. Therefore, the Company does not expect to make a payment to the plan during the accounting year beginning 1 July 2021 other than in respect of ongoing expenses.

	Change in assumption	Change in obligation
Sensitivity analysis		
Discount rate	+0.5%/-0.5%	-7%/+8%
Expected rate of inflation	+0.5%/-0.5%	+5%/-4%
Assumed life expectancy	+ 1 year	+4%

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

25 Retirement benefits (continued)

Defined benefit scheme – Norway

A subsidiary company operates a final salary defined benefit pension plan.

The most recent formal actuarial valuation was carried out as at 30 June 2021.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2021 Per annum	2020 Per annum
Discount rate	1.90%	2.30%
Expected rate of inflation	1.70%	2.75%
Expected rate of salary increases	2.25%	2.75%
Rate of increase of pensions in payment	0.00%	0.50%
Rate of increase for deferred pensioners	2.00%	n/a

Demographic assumptions

	2021	2020
Mortality	K2013BE	K2013BE

	2021		2020	
	Males	Females	Males	Females
Life expectancy for a current 65 year old	21.0 years	24.1 years	21.0 years	24.1 years
Life expectancy at age 65 for current 45 year old	23.2 years	26.5 years	23.2 years	26.5 years

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

25 Retirement benefits (continued)

The amount recognised in the Consolidated Statement of Financial Position in respect of the Group's Norwegian defined benefit scheme assets is as follows:

	2021 €000	2020 €000
Present value of funded obligations	(2,284)	(2,581)
Fair value of scheme assets	2,512	2,576
Year-end asset/(liability)	**228**	**(5)**

Amounts recognised in the Consolidated Income Statement in respect of the defined benefit scheme are as follows:

	2021 €000	2020 €000
Service cost (note 5)	(10)	(14)
Interest charge on obligation (note 7)	(46)	(57)
Interest income from scheme assets (note 7)	41	53
	(15)	**(18)**

Amounts recognised in other Comprehensive Income in respect of the defined benefit scheme are as follows:

	2021 €000	2020 €000
Actuarial gains/(losses) on defined benefit obligation	332	(148)
Actual return on assets	(131)	107
	201	**(41)**

Expected return on assets and interest on obligations are recorded under investment income. The cumulative actuarial loss recognised in the Consolidated Statement of Comprehensive Income is €51,000 (2020: €252,000).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

25 Retirement benefits (continued)

Changes in the present value of defined benefit obligations are as follows:

	2021 €000	2020 €000
Opening defined benefit obligation	2,581	2,772
Interest cost	46	57
Service cost	10	14
Foreign exchange movements	150	(256)
Actuarial (gain)/loss	(332)	148
Benefits paid	(171)	(154)
Closing defined benefit obligation	**2,284**	**2,581**

Changes in the fair value of scheme assets are as follows:

	2021 €000	2020 €000
Opening fair value of scheme assets	2,576	2,794
Interest income	41	53
Foreign exchange movements	150	(257)
Return on assets	(131)	107
Contributions by employer	47	33
Benefits paid	(171)	(154)
Closing fair value of scheme assets	**2,512**	**2,576**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

25 Retirement benefits (continued)

The fair value of the scheme assets at the Consolidated Statement of Financial Position date is analysed as follows:

	2021 €000	2020 €000
Equity instruments	286	232
Bonds	1,635	1,829
Real Estate	314	412
Cash	277	103
	2,512	**2,576**

The history of the scheme for the period since acquisition is as follows:

	2021 €000	2020 €000
Fair value of scheme assets	2,512	2,576
Present value of defined benefit obligations	2,284	2,581
Net surplus/(deficit)	228	(5)
Experience adjustments on scheme liabilities	(163)	9
Percentage of defined benefit obligation	7.1%	0.4%
Experience adjustments on scheme assets	96	134
Percentage of scheme assets	3.8%	5.3%

The last actuarial valuation of the plan was performed by the Actuary for the Trustees as at 30 June 2021.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

25 Retirement benefits (continued)

Defined benefit scheme – Germany

A subsidiary company operates two final salary defined benefit pension plan.

Allianz Scheme:

The most recent formal actuarial valuation for the first plan "Allianz scheme" was carried out as at 30 June 2021. The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2021 Per annum	2020 Per annum
Discount rate	1.25%	1.50%
Expected rate of inflation	0.0%	0.0%
Rate of increase of pensions in payment	0.0%	0.0%

Demographic assumptions

	2021	2020
Mortality	Richttafeln 2018 G Von Klaus Heubeck	Richttafeln 2018 G Von Klaus Heubeck

	2021		2020	
	Males	Females	Males	Females
Life expectancy for a current 65 year old	21.9 years	23.8 years	21.9 years	23.8 years
Life expectancy at age 65 for current 45 year old	23.3 years	25.4 years	23.3 years	25.4 years

The amount recognised in the Consolidated Statement of Financial Position in respect of the Group's German defined benefit scheme assets is as follows:

	2021 €000	2020 €000
Present value of funded obligations	(204)	(246)
Fair value of scheme assets	265	320
Year-end assets	**61**	**74**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

25 Retirement benefits (continued)

Amounts recognised in the Consolidated Income Statement in respect of the defined benefit scheme are as follows:

	2021 €000	2020 €000
Asset ceiling restriction (note 7)	(7)	(6)
Interest charge on obligation (note 7)	(3)	(5)
Interest income from scheme assets (note 7)	11	13
	1	**2**

Amounts recognised in other Comprehensive Income in respect of the defined benefit scheme are as follows:

	2021 €000	2020 €000
Actuarial gain on defined benefit obligation	3	22
Actual return on assets	(4)	(28)
	(1)	**(6)**

Expected return on assets and interest on obligations are recorded under investment income. The cumulative actuarial loss recognised in the Consolidated Statement of Comprehensive Income is €11,000 (2020: €10,000).

Changes in the present value of defined benefit obligations are as follows:

	2021 €000	2020 €000
Opening defined benefit obligation	246	305
Actuarial gain	(3)	(22)
Interest cost	3	5
Benefits paid	(42)	(42)
Closing defined benefit obligation	**204**	**246**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

25 Retirement benefits (continued)

Changes in the fair value of scheme assets are as follows:

	2021 €000	2020 €000
Opening fair value of scheme assets	320	396
Interest income	11	13
Actual return on plan assets	(4)	(28)
Interest on effect of asset ceiling restriction	(7)	(6)
Benefits paid	(55)	(55)
Closing fair value of scheme assets	**265**	**320**

The fair value of the scheme assets at the Consolidated Statement of Financial Position date is analysed as follows:

	2021 €000	2020 €000
Bonds	265	320
	265	**320**

The history of the scheme for the period since acquisition is as follows:

	2021 €000	2020 €000
Fair value of scheme assets	265	320
Present value of defined benefit obligations	(204)	(246)
Net gain	**61**	**74**

The last actuarial valuation of the plan was performed by the Actuary for the Trustees as at 30 June 2021.

	Change in assumption	Change in obligation
Sensitivity analysis		
Discount rate	+0.5%/-0.5%	+0.02%/-0.02%

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

25 Retirement benefits (continued)

Swiss Life Scheme:

The most recent formal actuarial valuation for the second final salary defined benefit pension plan "Swiss Life" was carried out as at 30 June 2021.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2021 Per annum	2020 Per annum
Discount rate	1.25%	1.50%
Expected rate of inflation	1.25%	1.50%
Rate of increase of pensions in payment	1.50%	1.50%

Demographic assumptions

	2021	2020
Mortality	Richttafeln 2018 G Von Klaus Heubeck	Richttafeln 2018 G Von Klaus Heubeck

	2020		2019	
	Males	Females	Males	Females
Life expectancy for a current 65 year old	21.9 years	23.8 years	21.9 years	23.8 years
Life expectancy at age 65 for current 45 year old	23.3 years	25.4 years	23.3 years	25.4 years

The amount recognised in the Consolidated Statement of Financial Position in respect of the Group's German defined benefit scheme assets is as follows:

	2021 €000	2020 €000
Present value of funded obligations	(2,879)	(2,830)
Fair value of scheme assets	2,358	2,417
Year-end liability	**(521)**	**(413)**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

25 Retirement benefits (continued)

Amounts recognised in the Consolidated Income Statement in respect of the defined benefit scheme are as follows:

	2021 €000	2020 €000
Service cost (note 5)	(14)	(16)
Interest charge on obligation (note 7)	(42)	(48)
Interest income from scheme assets (note 7)	36	42
	(20)	**(22)**

Amounts recognised in other Comprehensive Income in respect of the defined benefit scheme are as follows:

	2021 €000	2020 €000
Actuarial (loss)/gain on defined benefit obligation	(88)	(93)
Actual return on assets	(13)	22
	(101)	**(71)**

Expected return on assets and interest on obligations are recorded under investment income. The cumulative actuarial gain recognised in the Consolidated Statement of Comprehensive Income is €351,000 (2020: €453,000).

Changes in the present value of defined benefit obligations are as follows:

	2021 €000	2020 €000
Opening defined benefit obligation	2,830	2,766
Service cost	14	16
Interest cost	42	48
Actuarial losses/(gains)	88	93
Benefits paid	(95)	(93)
Closing defined benefit obligation	**2,879**	**2,830**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

25 Retirement benefits (continued)

Changes in the fair value of scheme assets are as follows:

	2021 €000	2020 €000
Opening fair value of scheme assets	2,417	2,425
Interest income	36	42
Contributions by employer	13	21
Actual return	(13)	22
Benefits paid	(95)	(93)
Closing fair value of scheme assets	**2,358**	**2,417**

The fair value of the scheme assets at the Consolidated Statement of Financial Position date is analysed as follows:

	Value at 30 June 2021 €000	Value at 30 June 2020 €000
Bonds	2,358	2,417
	2,358	**2,417**

The history of the scheme for the period since acquisition is as follows:

	2021 €000	2020 €000
Fair value of scheme assets	2,358	2,417
Present value of defined benefit obligations	(2,879)	(2,830)
Net deficit	**(521)**	**(413)**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

25 Retirement benefits (continued)

Defined benefit scheme – Germany. A subsidiary company operates a final salary defined benefit pension plan.

Weingarten Scheme:

The most recent formal actuarial valuation for the final salary defined benefit pension plan "Weingarten" was carried out as at 30 June 2021.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2021 Per annum	2020 Per annum
Discount rate	1.50%	1.75%
Expected rate of inflation	0.00%	0.00%
Expected rate of salary increases	1.50%	2.00%
Rate of increase of pensions in payment	1.50%	1.50%

Demographic assumptions

	2021	2020
Mortality	Richttafeln 2018 G Von Klaus Heubeck	Richttafeln 2018 G Von Klaus Heubeck

	2021		2020	
	Males	Females	Males	Females
Life expectancy for a current 65 year old	21.9 years	23.8 years	21.9 years	23.8 years
Life expectancy at age 65 for current 45 year old	23.3 years	25.4 years	23.3 years	25.4 years

The amount recognised in the Consolidated Statement of Financial Position in respect of the Group's German defined benefit scheme assets is as follows:

	2021 €000	2020 €000
Present value of funded obligations	(4,292)	(4,128)
Year-end liability	**(4,292)**	**(4,128)**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

25 Retirement benefits (continued)

This is an unfunded scheme, obligations are to be funded from current operations. Pension payments are expected to begin in 9 years time.
Amounts recognised in the Consolidated Income Statement in respect of the defined benefit scheme are as follows:

	2021 €000	2020 €000
Service cost (note 5)	(64)	(78)
Interest charge on obligation (note 7)	(60)	(68)
	(124)	**(146)**

Amounts recognised in other Comprehensive Income in respect of the defined benefit scheme are as follows:

	2021 €000	2020 €000
Actuarial loss on defined benefit obligation	(86)	(105)
	(86)	**(105)**

Expected return on assets and interest on obligations are recorded under investment income. The cumulative actuarial gain recognised in the Consolidated Statement of Comprehensive Income is €122,000 (2020: €208,000).

Changes in the present value of defined benefit obligations are as follows:

	2021 €000	2020 €000
Opening defined benefit obligation	4,128	3,920
Service cost	64	78
Interest cost	60	68
Actuarial loss	86	105
Benefits paid	(46)	(43)
Closing defined benefit obligation	**4,292**	**4,128**

The history of the scheme for the period since acquisition is as follows:

	2021 €000	2020 €000
Present value of defined benefit obligations	(4,292)	(4,128)
Net deficit	**(4,292)**	**(4,128)**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

26 Financial risk management

The Group's Treasury function is responsible for managing the Group's exposure to financial risk and operates within a defined set of policies and procedures reviewed and approved by the Board. The Group's financial risk management policies are established and reviewed regularly to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages this risk by ensuring that it maintains sufficient levels of committed borrowing facilities including invoice discounting and cash and cash equivalents. The level of headroom needed is reviewed annually as part of the Group's planning process. A maturity analysis of the carrying amount of the Group's borrowings is shown below in the reporting of financial risk section together with associated fair values.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group has significant operations within the Euro area but also operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, unrecognised firm commitments and investments in foreign operations.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Group Treasury is responsible for managing the net position in each currency via foreign exchange contracts transacted with financial institutions.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group's policy is to manage the currency exposure arising from the net assets of the Group's foreign operations primarily through borrowings denominated in the relevant foreign currencies.

The Group's policy is not to hedge net investments in subsidiaries or the translation of profits or losses generated in overseas subsidiaries.

Interest rate risk

All material financial assets and liabilities are maintained at floating rates of interest. Where necessary, floating to fixed interest rate swaps can be used to fix the interest rate.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Geographically, there is no concentration of credit risk.

The Group has established a credit policy that ensures that sales are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions and the Group has policies that limit the amount of credit exposure to any one financial institution.

The Group factors trade receivable balances. The risk of trade receivables passes to the factoring company once the trade receivable invoice is with the factoring company. Factoring is at EURIBOR +0.65% and LIBOR +0.65%. This decreases the Group bad debt risk.

Reporting of financial risks

Fair values

The carrying value approximates fair value for all financial assets and liabilities in the Consolidated Statement of Financial Position.

Fair value hierarchy

The valuation bases are classified according to the degree of estimation required in arriving at the fair values. Level 1 valuations are derived from unadjusted quoted prices for identical assets or liabilities in active markets, level 2 valuations use observable inputs for the assets or liabilities other than quoted prices, while level 3 valuations are not based on observable market data and are subject to management estimates.

Deferred consideration

The fair value of deferred consideration is based on the present value of the expected payment, discounted using an appropriate market discount rate at the reporting date.

Trade and other receivables and payables

Due to their short maturities, trade and other payables, and trade and other receivables have been stated at their book values which approximate to their fair values.

Non derivative financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the appropriate rate of interest at the reporting date.

At 30 June 2021 the discount rate used on contingent consideration was 3.0 per cent (30 June 2020: 3.0 per cent). Lease liabilities are discounted using the incremental borrowing rate. Borrowings are discounted using the applicable rate from the respective loan contract.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

26 Financial risk management (continued)

Liquidity risk

The following are the contractual undiscounted cash flow maturities of financial liabilities, including contractual interest payments and excluding the impact of netting agreements.

		Due within one year	Due between 2 and 5 years	Due in more than 5 years	Total undiscounted cash flows	Impact of discounting and netting	Carrying amount
		€000	€000	€000	€000	€000	€000
30 June 2021							
Non derivative financial liabilities							
Lease liabilities	Level 2	29,175	62,116	9,723	101,014	(8,874)	92,140
Borrowings	Level 2	35,160	224,011	6,830	266,001	(24,564)	241,437
Trade and other payables	Level 2	231,507	–	–	231,507	–	231,507
Deferred consideration	Level 2	4,585	880	–	5,465	–	5,465
Contingent consideration	Level 3	185	3,218	–	3,218	–	3,218
		300,612	**290,040**	**16,553**	**607,205**	**(33,438)**	**573,767**

Sensitivity analysis

The significant unobservable input used in the fair value of measurement of deferred consideration payable is future incremental EBITDA[1]. A significant decrease in EBITDA[1] would result in a decrease in deferred consideration. At the Consolidated Statement of Financial Position date the Group has recorded a level of deferred consideration payable in accordance with agreed EBITDA[1] targets.

		Due within one year	Due between 2 and 5 years	Due in more than 5 years	Total undiscounted cash flows	Impact of discounting and netting	Carrying amount
					€000	€000	€000
30 June 2020							
Non derivative financial liabilities							
Lease liabilities	Level 2	26,091	54,646	8,426	89,163	(6,410)	82,753
Borrowings	Level 2	30,804	211,680	15,821	258,305	(25,189)	233,116
Trade and other payables	Level 2	180,664	–	–	180,664	–	180,664
Deferred consideration	Level 2	5,482	–	–	5,482	–	5,482
Deferred consideration	Level 3	2,257	548	–	2,805	–	2,805
		245,298	**266,874**	**24,247**	**536,419**	**(31,599)**	**504,820**

1. EBIT and EBITDA are defined in note 2(s) on page 126.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

26 Financial risk management (continued)

Market risk: Currency risk

Exposure to currency risk

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
Currency				
Sterling	1.13	1.14	1.17	1.11
Swedish Krona	0.10	0.09	0.10	0.10
Norwegian Kroner	0.10	0.10	0.10	0.09
Romanian Leu	0.20	0.21	0.20	0.21
Polish Zloty	0.22	0.23	0.22	0.22
Czech Koruna	0.04	0.04	0.04	0.04
Australian Dollar	0.63	0.61	0.63	0.61
US Dollar	0.84	0.91	0.83	0.89
Hongkong Dollar	0.11	0.12	0.11	0.11
Indian Rupee	0.01	0.01	0.01	0.01
Bulgarian Lev	0.51	0.51	0.51	0.51
Canadian Dollar	0.65	–	0.68	–
China RMB	0.13	0.13	0.13	0.13

Sensitivity analysis

A 10 per cent weakening of these currencies at 30 June 2021 and 30 June 2020 would have had the following effect on profit on ordinary activities before tax:

	2021 €000	2020 €000
Sterling	549	(1,040)
Norwegian Kroner	50	–
Swedish Krona	7	(9)
Polish Zloty	(62)	(58)
Czech Koruna	98	34
Romanian Leu	(3)	(37)
US Dollar	81	(64)
Bulgarian Lev	(7)	17
Canadian Dollar	(15)	–
Australian Dollar	(11)	–

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

26 Financial risk management (continued)

Interest rate risk

The Group carries a cash flow risk on part of borrowings held at floating rates. The Group is not subject to fair value interest rate risk as the majority of debt is held at floating rates.

An analysis of financial assets and liabilities exposed to interest rate risk is set out below:

Financial assets subject to interest rate risk

	2021 €000	2020 €000
Euro	63,651	100,768
Sterling	55,934	41,456
US Dollar	2,222	2,589
Romania Leu	33	73
Norwegian Kroner	506	898
Swedish Krona	923	720
Polish Zloty	426	423
Czech Koruna	108	183
Australian Dollar	97	233
Canadian Dollar	102	53
Indian Rupee	–	3
Bulgarian Lev	14	18
China RMB	–	8
	124,016	**147,425**

The Group's financial assets comprise cash and cash equivalents, all of which attract interest at floating rates based upon EURIBOR, LIBOR or equivalent measures.

Financial liabilities subject to interest rate risk

	2021 €000	2020 €000
Euro bank borrowings	192,547	141,265
Sterling bank borrowings	7,703	7,098
US Dollar bank borrowings	–	12
Norwegian Kroner bank borrowings	1,651	1,397
Czech Koruna bank borrowings	1,636	–
	203,537	**149,772**

The Group's financial liabilities comprise loan borrowings which bear interest at floating rates based upon EURIBOR and LIBOR, and overdraft borrowings which bear interest at floating rates based upon EURIBOR and EONIA.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

26 Financial risk management (continued)

Interest rate sensitivity analysis

The analysis shows the additional charge to Consolidated Income Statement assuming that the amount of the liability outstanding at the Consolidated Statement of Financial Position date was outstanding for the entire period.

	2021 €000	2020 €000
100% movement in 3 month EURIBOR and LIBOR	521	380

Foreign exchange risk

The Group investments and activities are mainly located within the Eurozone as well as the UK. Cover is arranged through a combination of internal hedging of risks by matching sales and purchases where practical and forward contracts where considered necessary.

Credit risk

The Group receives credit from funders and suppliers. Group policies are aimed at ensuring this credit is maintained at adequate levels for the purpose of funding the business operations.

Additionally, policies are aimed at minimising losses from credit risk and require that credit terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Exposure to credit risk is also mitigated by the Group invoice factoring facility (without recourse) as it is the financial institution that bears the risks of non-payment. Individual exposures are monitored with customers subject to credit limits to ensure that the Group's exposure to bad debts is not significant. Goods may be sold on a cash-with-order basis to mitigate credit risk. An appropriate level of credit insurance cover has been arranged in the UK to ensure that we have a cost effective means of protection against increased credit risks in the current economic environment.

In determining the recoverability of a trade receivable the Group considers any change in the quality of the trade receivable from the date the credit was initially granted up to the reporting date, payment history, current relationship, latest market intelligence and the availability of credit insurance.

Expected credit loss

Overdue trade receivables were reviewed for indication of any credit loss issues to assess the likelihood of expected credit losses. The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics, such as, current relationship with the customer, industry in which the customer operates, geographical location of customers, historical information on payment patterns, terms of payment and the days past due.

The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced. The rates are monitored to ensure they reflect current and forward-looking information on macroeconomic factors. There has been no significant deterioration in the aging of trade receivables or extension of debtor days in the year. Notwithstanding this, the global financial uncertainty arising from COVID-19, has resulted in an increase in the expected credit loss rate, and the consequently the impairment loss allowance, compared to the prior year. This reflects the increased risk of credit default by the Group's customers going forward due to the impact of COVID-19.

Overdue trade receivables were reviewed for indication of any credit loss issues to assess the likelihood of expected credit losses. A doubtful receivable provision of €5,805,000 is in place in respect of trade receivables of €67,147,000. Outstanding customer balances are regularly monitored and reviewed for indicators of impairment to determine where there is a need for a provision (evidence of financial difficulty of the customer, payment default, breach of contract etc.).

Bad debts are written off as uncollectible when there is strong objective evidence that there will be no recoverable element of the debt and all methods of recovery have been exhausted.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

26 Financial risk management (continued)

Loss allowances determined as follows for trade receivables:

	2021				2020			
	Current €000	1 to 90 days past due €000	More than 90 days past due €000	Total €000	Current €000	1 to 90 days past due €000	More than 90 days past due €000	Total €000
Gross carrying amount	25,900	35,150	6,097	67,147	28,751	29,963	7,749	66,463
Loss allowance	77	1,100	4,628	5,805	76	773	4,020	4,869
ECL%	0%	3%	76%	9%	0%	3%	52%	7%

Movement in the allowance for doubtful debts

	2021 €000	2020 €000
Balance at beginning of period	4,869	3,650
Impairment provisions	1,611	1,400
Amounts written-off as uncollectible	(530)	(382)
Foreign exchange movements	175	301
Impairment provisions reversed	(320)	(100)
Balance at end of period	**5,805**	**4,869**

Liquidity risk

The Group aims to mitigate liquidity risk by managing cash generated by its operations and ensuring that adequate credit/borrowing facilities are in place.

Capital expenditures and related financing of investments are approved at a Group level. These are funded through a combination of internally generated cash resources and lease financing.

Flexibility is maintained by retaining surplus cash in readily accessible bank accounts. Borrowing facilities are a combination of fixed term loan facilities with 3 to 5 years remaining and other credit facilities with no fixed expiration date.

Cash balances and forecasts are controlled at both local and Group level on a daily basis.

Capital risk management

The Group manages its capital to ensure that entities in the Group will each be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in the Consolidated Statement of Cash Flow, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

The above risks are adhered by the Group in the current and the prior financial period.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

27 Share capital and reserves

Share capital

	2021		2020	
	No.	€	No.	€
Allotted, called up and fully paid				
Ordinary Class A shares of €1.00 each	15,789,473	15,789,473	15,789,473	15,789,473
Ordinary Class B shares of €1.00 each	14,210,526	14,210,526	14,210,526	14,210,526
Special Share of €1.00	1	1	1	1
	30,000,000	**30,000,000**	**30,000,000**	**30,000,000**

All authorised and issued share capital is represented by equity shareholdings.

Reserves

Capital reserve

In April 2017, Paragon ID SA (formerly known as ASK SA) acquired the Group's Identification Division. As a consequence of this transaction Paragon ID SA has now become a subsidiary of the Group. Share capital in a subsidiary of the Group was treated as consideration for the purchase. This resulted in the creation of the Group's capital reserve.

	2021	2020
	€000	€000
Capital reserve	23,867	23,867

Capital redemption reserve

The capital redemption reserve arose on the repayment of share capital to shareholders of the Group during the year ended 30 June 2014.

	2021	2020
	€000	€000
Capital redemption reserve	1,750	1,750

Cumulative translation reserve

The cumulative translation reserve includes amounts relating to foreign translation differences arising on the retranslation of reserves due to the Group's presentation in Euro.

	2021	2020
	€000	€000
Cumulative translation reserve	(2,065)	(3,698)

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

27 Share capital and reserves (continued)

Retained earnings

	2021 €000	2020 €000
Retained earnings	26,024	48,688

28 Dividends paid

	2021 €000	2020 €000
Dividends declared and paid in the year	–	–

29 Capital and other commitments

	2021 €000	2020 €000
Capital expenditure contracted but not provided	–	–

Lease commitments where the Group is lessor

In the prior year the Group let property that was surplus to requirements under a non-cancellable lease.

	2021 €000	2020 €000
Not more than one year	–	561
After one year but not more than five years	–	140
	–	**701**

30 Contingent liabilities

In the Directors' opinion there are further contingent liabilities other than those disclosed in Note 19.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

31 Related party transactions

Subsidiaries, joint ventures and associates

The Consolidated Financial Statements include the financial statements of the Company and its subsidiaries, joint ventures and associates as documented in the accounting policies on page 122. The Group's principal subsidiaries, joint ventures and associates are disclosed on pages 186 to 190.

Joint ventures

Transactions and year-end balances with joint ventures were:

	2021 €000	2020 €000
Sales	4,945	4,665
Purchases	2	9
Amounts due from joint ventures	2,394	2,762
Amounts owed to joint ventures	1,837	2,038

Sales and purchases are with dsi Billing Services Limited.

Amounts due from joint ventures include historic receivables from Inlays India Private Limited and trading balances from dsi Billing Services Limited.

Amounts due to joint ventures include historic payables with Inlays India Private Limited.

Associates

The Group had no transactions during the year or year-end balances with associates. In the prior year the Group had sales of €7,000.

Other related parties

Transactions and year-end balances with other related parties were:

	2021 €000	2020 €000
Rental income	46	116
Interest received	35	107
Amounts due from related parties	–	1,567

Rental income, interest and amounts due were in respect of Trenton Box Company Limited, a company that shared a common director in the previous year.

During the year, the Group acquired Trenton Box Company Limited.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

31 Related party transactions (continued)

Key management personnel

Transactions and year-end balances with key management personnel were:

	2021 €000	2020 €000
Interest payable to shareholder	–	2
Amounts due from companies with common key management personnel	35	285
Amounts due to companies with common key management personnel	43	229

During the year the Group incurred €Nil (2020: €1,700) business accommodation costs with a hotel that shares a common director with the Group and employee costs of €180,000 (2020: €147,000) for individuals who are related parties by virtue of being a close family member of a Director.

The amounts owed represent unpaid remuneration to Elruca Limited.

Key management personnel are assessed as those who have the authority and responsibility for planning, directing and controlling the activities of the Group. The roles which have been determined as key management personnel are Non-executive Directors, the Chairman, the Chief Executive Officer, the Chief Financial Officer and the Executive Director of Corporate Development. Their remuneration is not contained in this note as it has been disclosed within note 5. Details of the Directors are given on page 104.

32 Events since the Consolidated Statement of Financial Position date

The following transactions took place post year end. In all cases, no purchase price allocation exercise has yet been undertaken as the acquisition balance sheet has not yet been finalised.

On 1 July 2021, the Group acquired 93.3% of the issued share capital of Security Label GmbH. Initial consideration amounted to €4.5 million. Security Label GmbH has annual turnover of €14 million and is a European leader in airline baggage tags.

On 30 July 2021, PCC Global plc, a wholly-owned subsidiary, raised €139 million of loan notes that were admitted to trading on the Luxembourg MTF market. The repayment date is 29 July 2028.

On 10 August 2021, the Group increased it's holding in BeeBuziness SA to 22.8%. The consideration amounted to €0.7 million.

On 20 September 2021, the Group acquired the trade and certain assets of Electronic Data Magnetics Inc. (in Chapter11). Initial consideration amount to €2.4 million. Electronic Data Magnetics Inc. (in Chapter 11) had annual turnover of €12.5 million pre-Covid 19 and is the largest manufacturer of tickets for the Mass Transit market in the USA.

On 27 September 2021, the Group completed the acquisition of the remainder of the certain assets of the Office Depot Group. The final consideration amounted to €7.5 million.

On 1 December 2021, the Group acquired the entire issued share capital of DG3 UK Intermediate Holdings Limited. DG3 UK is one of the leading suppliers of print and visual communication services across Europe.

On 20 December 2021, PCC Global plc, a wholly-owned subsidiary, raised €41 million of loan notes that were admitted to trading on the Luxembourg MTF market. The repayment date is 19 December 2028.

33 Ultimate controlling party

The ultimate controlling party is Patrick James Crean, by virtue of his shareholding.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

34 List of all undertakings

Details of the investments in which the Group or the Company holds at least than 3% of the nominal value of any class of share capital are as follows:

Subsidiary undertakings

PCC: Paragon Customer Communications
PID: Paragon ID
PGS: Paragon Graphic Services
PGD: Paragon Growth Division

Name of Company	Country of incorporation	Holding	Proportion of voting rights and shares held	Footnote	Nature of business
Grenadier Holdings plc	England	Ordinary	100%		Parent undertaking
PCC Global PLC	England	Ordinary	100%	(29)	Parent undertaking
Paragon Group UK Limited	England	Ordinary	100%	(1)	PGS
Paragon Identification SAS	France	Ordinary	80.41%	(4)	PID
Paragon Transaction SA	France	Ordinary	100%	(36)	PCC
Wordcraft Digital Print Limited	England	Ordinary	100%	(35)	Dormant
Grenadier Corporate Limited	England	Ordinary	100%	(29)	Parent undertaking
Paragon Romania SRL	Romania	Ordinary	100%	(3)	PCC
Paragon Transaction (UK) Limited	England	Ordinary	100%	(3)	Parent undertaking
Paragon Financial Investment Limited (UK)	England	Ordinary	100%		Parent undertaking
Immobiliere Paragon France SAS	France	Ordinary	100%	(29)	Property holding
Inter Routage Sologne SAS	France	Ordinary	100%	(3)	PCC
SCI de L'erigny	France	Ordinary	100%	(27)	Property holding
Gresset Services SAS	France	Ordinary	100%	(36)	PCC
D'Haussy Solutions International SAS	France	Ordinary	100%	(3)	PCC
D'Haussy GmbH	France	Ordinary	100%	(13)	PCC
Rault Eppe Solutions SAS	France	Ordinary	100%	(36)	PCC
D'Haussy Solutions SAS	France	Ordinary	100%	(3)	PCC
Immobiliere Grenadier France SAS	France	Ordinary	100%	(29)	Property holding
Bemrose Booth Paragon Limited	England	Ordinary	80.41%	(16)	PID
Print Trade Suppliers Limited	England	Ordinary	100%	(19)	PCC
Holmbergs Malmo AB	Sweden	Ordinary	100%	(1)	PGS
Njaljus AB	Sweden	Ordinary	100%	(9)	PGS
Allkopi Holding AS	Norway	Ordinary	100%	(1)	Parent undertaking

continued...

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

34 List of all undertakings (continued)

Name of Company	Country of incorporation	Holding	Proportion of voting rights and shares held	Footnote	Nature of business
Global Grafixnet S.A.	Spain	Ordinary	76.16%	(31)	Dormant
C.B. Info SAS	France	Ordinary	100%	(3)	PCC
Trenton Box Company Limited	UK	Ordinary	100%	(30)	PGD
Apitrak SAS	France	Ordinary	58.90%	(4)	PID
Paragon ID Technologie SAS	France	Ordinary	80.41%	(16)	Dormant
Airweb SAS	France	Ordinary	80%	(4)	PID
Scytel Election Technologies SA	Spain	Ordinary	76.16%	(31)	PGD
Scytel Sarl	France	Ordinary	76.16%	(41)	PGD
Scytel Pty Limited	Australia	Ordinary	76.16%	(41)	PGD
Scytel MIKE	Greece	Ordinary	76.16%	(41)	PGD
Scytel LLC	USA	Ordinary	76.16%	(41)	PGD
SOE Software Inc.	USA	Ordinary	76.16%	(42)	PGD
Scytel Inc.	Canada	Ordinary	76.16%	(41)	PGD
Akira Systems Inc.	Canada	Ordinary	76.16%	(43)	PGD
Allkopi AS	Norway	Ordinary	100%	(7)	PGS
KSB Groep BV	Netherlands	Ordinary	100%	(8)	PGS
Paragon Nederland BV	Netherlands	Ordinary	100%	(29)	Dormant
Paragon Identification SRL	Romania	Ordinary	80.41%	(16)	PID
FleQs BV	Netherlands	Ordinary	100%	(1)	PGS
Paragon Grenadier US Inc.	USA	Ordinary	100%	(29)	Parent undertaking
Paragon Solutions Group Inc.	USA	Ordinary	100%	(6)	PID
Paragon ID SA	France	Ordinary	80.41%	(29)	PID
ASK InTag LLC	USA	Ordinary	80.41%	(4)	PID
ASK Asia HK Limited	Hong Kong	Ordinary	80.41%	(4)	Parent undertaking
Beijing ASK Smart Technology Co Limited	China	Ordinary	80.41%	(18)	Dormant
Paragon Customer Communications Limited	England	Ordinary	100%	(5)	Parent undertaking
Grenadier Realty Limited	England	Ordinary	100%	(14)	Property Holding
Paragon Customer Communications (Bristol) Limited	England	Ordinary	100%	(19)	PCC
Lateral Holdings Limited	England	Ordinary	100%	(19)	Parent undertaking
Dsicmm Group Limited	England	Ordinary	100%	(19)	Parent undertaking

continued...

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

34 List of all undertakings (continued)

Name of Company	Country of incorporation	Holding	Proportion of voting rights and shares held	Footnote	Nature of business
Lateral Group Limited	England	Ordinary	100%	(20)	Parent undertaking
Paragon Customer Communications (London) Limited	England	Ordinary	100%	(22)	PCC
Paragon Customer Communications (Nottingham) Limited	England	Ordinary	100%	(21)	PCC
OT Group Limited	England	Ordinary	100%	(1)	PGD
Paragon Customer Communications Nederland BV	Netherlands	Ordinary	100%	(36)	PCC
Innovative Solutions Ecosystem SA	Spain	Ordinary	76.16%	(30)	Parent undertaking
Service Point Facilities Management Iberica S.A.	Spain	Ordinary	99.99%	(1)	PGS
Paragon Customer Communications Belgium NV	Belgium	Ordinary	100%	(36)	PCC
Paragon MeillerGHP Holdings GmbH	Germany	Ordinary	100%	(5)	Parent undertaking
Paragon Customer Communications Schwandorf GmbH	Germany	Ordinary	100%	(10)	PCC
Paragon Customer Communications Czech Republic a.s	Czech Republic	Ordinary	100%	(15)	PCC
Paragon Customer Communications Sp. z.o.o.	Poland	Ordinary	100%	(5)	PCC
MeillerGHP AB	Sweden	Ordinary	100%	(5)	PCC
Paragon Magnadata USA Inc.	USA	Ordinary	80.41%	(16)	PID
Paragon Identification Pty Limited	Australia	Ordinary	80.41%	(11)	PID
Burall Infosmart Limited	England	Ordinary	80.41%	(11)	PID
Paragon Customer Communications (Finsbury Circus) Limited	England	Ordinary	100%	(19)	Dormant
Paragon Customer Communications (Redruth) Limited	England	Ordinary	100%	(19)	Dormant
Paragon Customer Communications Korschenbroich GmbH	Germany	Ordinary	100%	(10)	PCC
AmaTech Group Limited	Ireland	Ordinary	80.41%	(4)	PID
Feinics AmaTech Teoranta	Ireland	Ordinary	80.41%	(24)	PID
AmaTech Inc.	USA	Ordinary	80.41%	(24)	PID
Paragon Realty (Pilsen) s.r.o.	Czech	Ordinary	100%	(26)	PCC
Global Document Systems Limited	England	Ordinary	100%	(19)	PCC
Grenadier Holdings Investment Limited	England	Ordinary	100%	(29)	Parent undertaking
Paragon Customer Communications Schwandorf Realty GmbH	Germany	Ordinary	100%	(14)	PCC

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Notes to the Consolidated Financial Statements

for the year ended 30 June 2021 (continued)

34 List of all undertakings (continued)

Name of Company	Country of incorporation	Holding	Proportion of voting rights and shares held	Footnote	Nature of business
Paragon Customer Communications Korschenboich Realty GmbH	Luxembourg	Ordinary	100%	(14)	Property Holding
Paragon Brand France Limited	England	Ordinary	100%	(5)	Dormant
Paragon Brand Germany Limited	England	Ordinary	100%	(5)	Dormant
Paragon Graphics Limited	England	Ordinary	100%	(29)	Parent undertaking
Paragon Customer Communications Weingarten GmbH	Germany	Ordinary	100%	(10)	PCC
Paragon Customer Communications (Luxembourg) SA	Luxembourg	Ordinary	100%	(23)	PCC
Paperhat India Pvt Limited	India	Ordinary	99%	(23)	PCC
Celerity Information Services (Inc).	USA	Ordinary	100%	(23)	PCC
Despark UK Limited	England	Ordinary	100%	(19)	Dormant
Despark Bulgaria EOOD	Bulgaria	Ordinary	100%	(19)	PCC
Merico Delta Print SAS	France	Ordinary	100%	(3)	PCC
Arcania SAS	France	Ordinary	100%	(3)	PCC
Innovative Output Solutions (Manchester) Limited	England	Ordinary	100%	(22)	Dormant
PCC Netherlands Holdings BV	Netherlands	Ordinary	100%	(5)	Parent undertaking
Paragon Softtech Limited	Ireland	Ordinary	100%	(29)	PGD
Stat Company Limited	England	Ordinary	100%	(39)	Parent undertaking
ZenOffice Limited	England	Ordinary	100%	(40)	PGD
Paragon Communicatie Services BV	Netherlands	Ordinary	100%	(36)	PCC
Paragon Nederlands BV	Netherlands	Ordinary	100%	(36)	PCC
Grenadier Realty Ireland Limited	Ireland	Ordinary	100%	(14)	Property Holding
SG Print Limited	Ireland	Ordinary	100%	(1)	PGS
Thames Card Technology Limited	England	Ordinary	100%	(11)	PID
Spicers Office Supplies (Ireland) Limited	Ireland	Ordinary	100%	(1)	PGS
Paragon Office Team Limited	Ireland	Ordinary	100%	(1)	PGS
Image Factory Retail Graphics Limited	England	Ordinary	100%	(35)	PGS
A.E. Tyler Limited	England	Ordinary	100%	(35)	PGS
Optimum Media Marketing Services Limited	England	Ordinary	100%	(37)	PCC
Paragon Customer Communications International Limited	England	Ordinary	100%	(19)	PCC

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Notes to the Consolidated Financial Statements

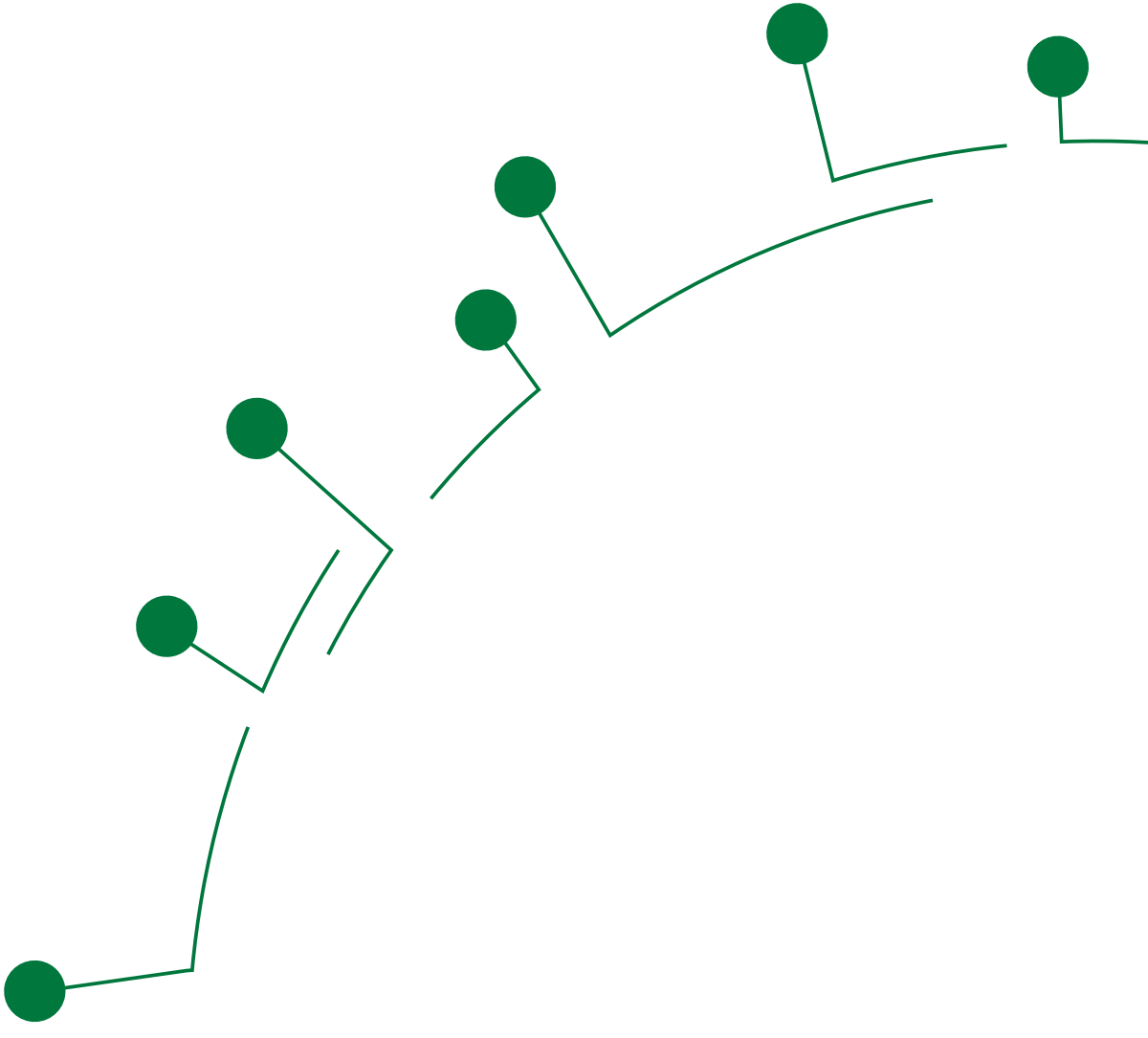
for the year ended 30 June 2021 (continued)

34 List of all undertakings (continued)

Name of Company	Country of incorporation	Holding	Proportion of voting rights and shares held	Footnote	Nature of business
PCC GDS Limited	England	Ordinary	100%	(19)	PCC
Devonshire Appointments Limited	England	Ordinary	100%	(19)	PCC
Critical Mail Continuity Services Limited	England	Ordinary	100%	(19)	PCC
PCC International Germany GmbH	Germany	Ordinary	100%	(36)	PCC
Paragon Customer Communications Ireland Limited	Ireland	Ordinary	100%	(19)	PCC
Paragon Customer Communications Italy s.r.l.	Italy	Ordinary	100%	(38)	PCC
Paragon Customer Communications Spain SL	Spain	Ordinary	100%	(36)	PCC
PCC Poland SP z.o.o	Poland	Ordinary	100%	(38)	PCC
Paragon Customer Communications International France SAS	France	Ordinary	100%	(33)	PCC
Joint ventures					
Inlays India Private Limited	India	Ordinary	56.32%	(4)	Dormant
dsi Billing Services Limited	England	Ordinary	50%	(23)	PCC
Associates					
Response Handling Centre Limited	England	Ordinary	34%	(23)	PCC
European Direct Mail Specialists Limited	England	Ordinary	50%	(23)	PCC
Investments					
Intercopy AB	Sweden	Ordinary	7%	(9)	PGS
Output AG	Germany	Ordinary	6%	(25)	PCC
Scytl Voting Hardware SL	Spain	Ordinary	5%	(41)	Dormant
BeeBuzziness SA	France	Ordinary	7.8%	(29)	PCC

(1) Held via Paragon Graphics Limited
(2) Held via Paragon Transaction (UK) Limited
(3) Held via Paragon Transaction SA
(4) Held via Paragon ID SA
(5) Held via PCC Global Limited
(6) Held via Paragon Grenadier US Inc
(7) Held via Allkopi Holdings AS
(8) Held via Allkopi AS
(9) Held via Holmbergs i Malmo AB
(10) Held via Paragon MeillerGHP Holdings GmbH
(11) Held via Bemrose Booth Paragon Limited
(12) Held via Despark UK Limited
(13) Held via D'Haussy Solutions International SAS
(14) Held via Grenadier Holdings Investments Limited
(15) Held via Paragon Customer Communications Schwandorf GmbH
(16) Held via Paragon Identification SAS
(17) Held via Burall Infosmart Limited
(18) Held via ASK Asia HK Limited
(19) Held via Paragon Customer Communications Limited
(20) Held via Lateral Holdings Limited
(21) Held via Lateral Group Limited
(22) Held via dsicmm Group Limited
(23) Held via Paragon Customer Communications (London) Limited
(24) Held via Amatech Group Limited
(25) Held via Paragon Customer Communications Korschenbroich GmbH
(26) Held via Paragon Customer Communications Czech a.s.
(27) Held via Inter Routage Sologne SAS
(28) Held via Innovative Output Solutions (Manchester) Limited
(29) Held via Grenadier Holdings plc
(30) Held via Paragon Financial Investments Limited
(31) Held via Service Point Solutions SA
(32) Held via Paragon Grenadier US Inc.
(33) Held via Despark Bulgaria EOOD
(34) Held via Paragon Customer Communications (London) Limited. This entity has been consolidated as the Group exerts significant influence and control over the Board of Directors.
(35) Held via Paragon Group UK Limited
(36) Held via PCC Netherlands Holdings BV
(37) Held via A.E. Tyler Limited
(38) Held via Paragon Customer Communications International Limited
(39) Held via OT Group Limited
(40) Held via Stat Company Limited. This entity has been consolidated as the Group exerts significant influence and control over the Board of Directors.

The financial statements of the above companies can be obtained from the Group's registered office: Park House, 16-18 Finsbury Circus, London, EC2M 7EB, United Kingdom.



Parent Company Statement of Financial Position

for the year ended 30 June 2021

	Notes	2021 €000	2020 €000
Fixed assets			
Investments	4	74,943	74,943
		74,943	**74,943**
Current assets			
Other receivables	5	–	49
		–	**49**
Current liabilities			
Other payables	6	144	193
		144	**193**
Net current liabilities		**(144)**	**(144)**
Net assets		**74,799**	**74,799**
Capital and reserves			
Share capital	8	30,000	30,000
Capital redemption reserve		1,750	1,750
Retained earnings		43,049	43,049
Total equity		**74,799**	**74,799**

As permitted by Section 408 of the Companies Act 2006, no Income Statement account of the Company is included in these financial statements. The profit for the financial period for the Company was €Nil (2020: loss of €2,000).

These financial statements were approved by the Board of Directors on 7 January 2022 and signed on its behalf by



Patrick J. Crean
Director



Laurent T. Salmon
Director

Parent Company Statement of Changes in Equity

for the year ended 30 June 2021

	Share capital	Capital redemption reserve	Retained earnings	Total equity
	€000	€000	€000	€000
Balance as at 30 June 2019	30,000	1,750	43,051	74,801
Loss for the year	–	–	(2)	(2)
Balance at 30 June 2020	**30,000**	**1,750**	**43,049**	**74,799**
Balance at 30 June 2021	**30,000**	**1,750**	**43,049**	**74,799**

Notes to the Parent Company Financial Statements

for the year ended 30 June 2021

1 Accounting policies

The financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company's financial statements are presented in Euros and all values are rounded to the nearest Euros (€000) except where otherwise indicated.

The results of the Company are included in the consolidated financial statements of Paragon Group Limited, which are available from its registered office, Lower Ground Floor, Park House, 16-18 Finsbury Circus, London, EC2M 7EB, UK. The principal accounting policies adopted by the company are set out below.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1; and
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 118(e) of IAS 38 Intangible Assets:
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets. the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Group disclosures are on pages 119 to 190.

Foreign currencies

Transactions in foreign currencies other than Euro are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Euro at the exchange rate ruling at that date.

Foreign currency differences arising on translation or settlement of monetary items are recognised in the Income Statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and not retranslated each period end. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Euro at exchange rates ruling at the date the fair value was determined.

Paragon Group Limited's financial statements are prepared in Euro as the majority of the company's transactions are denominated in Euro.

Investments

Investments are stated at historical cost in the Consolidated Statement of Financial Position. Provision is made for any impairment in the value of fixed asset investments.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Tax

The tax expense in the Income Statement comprises current tax and deferred tax. Current tax is the expected tax payable on the taxable profit for the period. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income and expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the consolidated financial statement position date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit. Deferred tax is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that

Notes to the Parent Company Financial Statements

for the year ended 30 June 2021

1 Accounting policies (continued)

taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise on goodwill or from the initial recognition (other than business combinations) of other assets or liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Income Statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However the nature of estimation means that actual outcomes could differ from those estimates.

The following estimates have had the most significant effect on amounts recognised in the financial statements:

Forecasts and discount rates

The carrying values of investments in the balance sheet are dependent on estimates of future cash flows arising from Group operations which, in some circumstances, are discounted to arrive at a net present value. Assessment for impairment involves comparing the book value of an asset with its recoverable amount (being the higher of value in use and fair value less costs to sell).

Value in use is determined with reference to projected future cash flows discounted at an appropriate rate. Both the cash flows and the discount rates involve a significant degree of estimation uncertainty.

Notes to the Parent Company Financial Statements

for the year ended 30 June 2021

2 Profit from operations

As permitted by Section 408 of the Companies Act 2006, no income statement account of the Company is included in these financial statements. The profit for the financial period for the Company was €Nil (2020: loss of €2,000).

3 Auditors' remuneration

Fees paid to the auditors in respect of their audit of the Company were €5,000 (2020: €5,000). These fees were borne by another Group entity.

4 Investments held as fixed assets

	2021 €000	2020 €000
Cost:		
At 1 July	74,943	74,943
At 30 June	**74,943**	**74,943**

The above are unlisted investments. The principal trading subsidiaries are listed in note 34 of the Group financial statements.

Notes to the Parent Company Financial Statements

for the year ended 30 June 2021

5 Other receivables

	2021 €000	2020 €000
Amount due from related undertaking	–	49
	–	**49**

6 Other payables

	2021 €000	2020 €000
Amounts payable to shareholders	–	193
Intercompany loan payable	144	–
	144	**193**

7 Related party transactions

Transactions and year-end balances with related parties were:

	2021 €000	2020 €000
Interest payable to shareholder	–	2
Amounts payable to shareholder		193
Amounts due from companies with common key management personnel	–	49

Companies with common key management personnel include Grenadier Management Limited.

Details of the Directors are given on page 104. Key management personnel are considered to be the Directors. Balances due to/from wholly owned Group entities are included in notes 5 and 6.

The Company has taken advantage of the exemption in IAS 24 from the requirement to disclose transactions with Group undertakings.

Notes to the Parent Company Financial Statements

for the year ended 30 June 2021

8 Called up share capital and share premium account

	2021		2020	
	No.	€	No.	€
Allotted, called up and fully paid				
Ordinary Class A shares of €1.00 each	15,789,473	15,789,473	15,789,473	15,789,473
Ordinary Class B shares of €1.00 each	14,210,526	14,210,526	14,210,526	14,210,526
Special Share of €1.00	1	1	1	1
	30,000,000	**30,000,000**	**30,000,000**	**30,000,000**

All authorised and issued share capital is represented by equity shareholdings.

Strategic Report
Driving Growth
Business Review
PCC
PID
PGS
POS
New/Growth Businesses
Technology
Sustainability
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Designed by
Paragon Customer Communications Ireland.

Printed by
Allkopi, Sweden.

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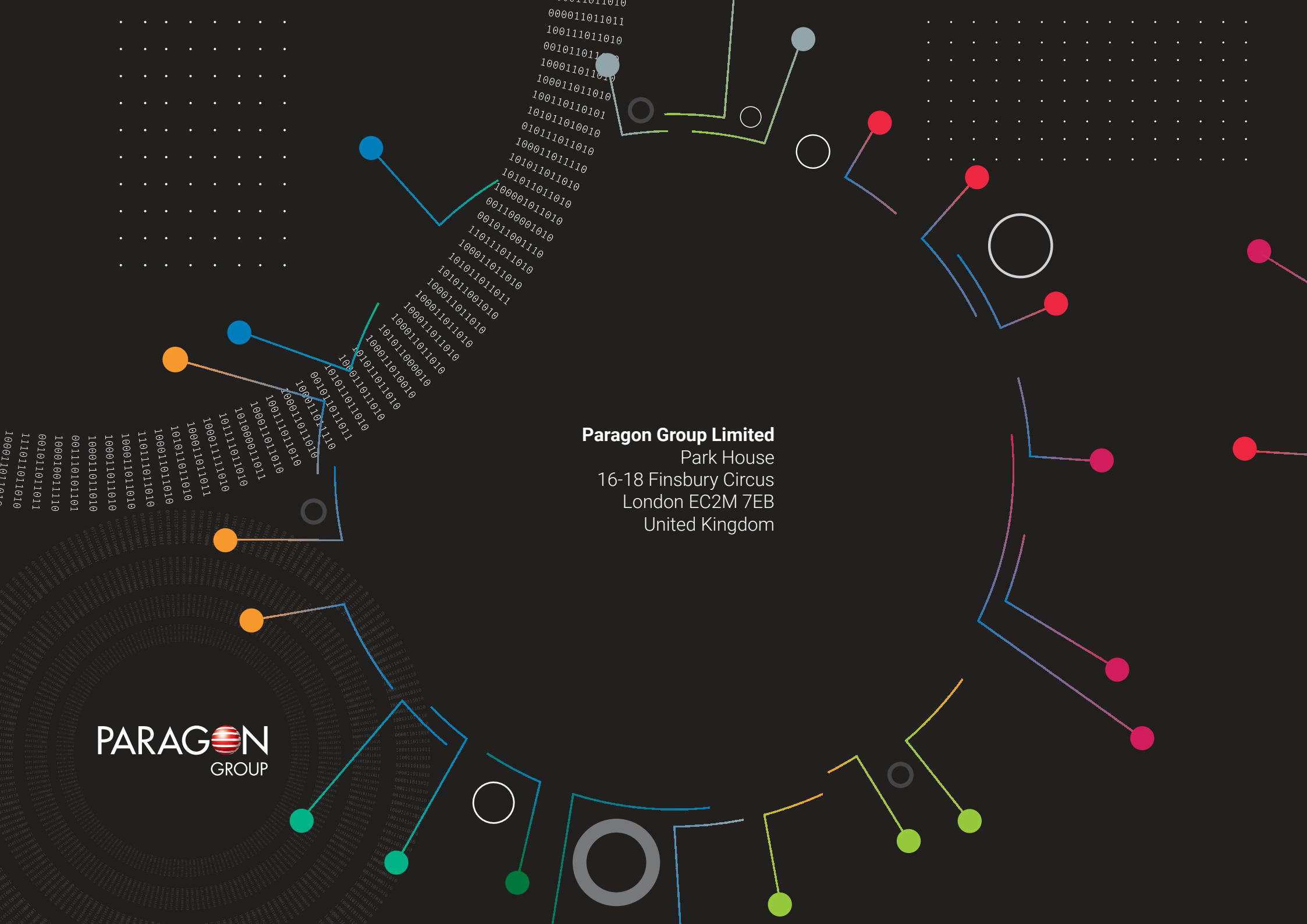
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