[Board of Directors. (Oct. 30, 2020). Call for Extraordinary Shareholders Meeting (Convocatoria junta extraordinaria). Scytl Secure Electronic Voting SA (Spain).

Sources: https://www.scytl.com/en/resource/convocatoria-de-la-junta-general-extraordinaria-de-accionistas-de-scytl-30-10-2020/ | https://www.scytl.com/wp-content/uploads/2020/09/Convocatoria-junta-extraordinaria-_30_10_2020.pdf]

ENGLISH TRANSLATION & **PARAGON GROUP LIMITED, UK Co. No. 05258175**, 2019 ANNUAL REPORT & related company records FOLLOW. Reproduced for educational purposes only. Fair Use relied upon.

CONVOCATORIA DE LA JUNTA GENERAL EXTRAORDINARIA DE ACCIONISTAS DE SCYTL SECURE ELECTRONIC VOTING, S.A.

El consejo de administración de Scytl Secure Electronic Voting, S.A. (la "**Sociedad**") ha acordado convocar a los señores accionistas a junta general extraordinaria de accionistas que se celebrará, en primera convocatoria, en el domicilio social sito en Barcelona, calle Enrique Granados, 84, el día 30 de Octubre de 2020, a las 11:00 horas y, en su caso, en segunda convocatoria, en el mismo lugar y hora, el día siguiente, al objeto de deliberar y resolver acerca de los asuntos comprendidos en el siguiente

ORDEN DEL DÍA

1. Aprobación, a los efectos del artículo 160.f) de la Ley de Sociedades de Capital, de la transmisión de activos a favor de Paragon Group Ltd. (o a una filial de dicho grupo) consistentes, entre otros, en los contratos, patentes, marcas, productos y aplicaciones informáticas, otros activos de propiedad intelectual y contratos con empleados de la Sociedad, en el marco del proceso de venta de la unidad productiva de la Sociedad y su filial Plataforma Civiciti SLU, tramitado ante el Juzgado Mercantil nº6 de Barcelona en el procedimiento concursal de la Sociedad.

2. Delegación de facultades.

3. Lectura y aprobación, en su caso, del acta.

Se deja expresa constancia del derecho de los accionistas de la Sociedad a obtener de ésta, de forma inmediata y gratuita, el informe del Consejo de Administración justificando la propuesta sometida a aprobación de la junta general.

En Barcelona, a 29 de Septiembre de 2020.

La vice-secretaria no consejera del consejo de administración, Silvia Caparrós de Olmedo.

(https://www.facebook.com/Scytl-324767784825508/)
(https://www.twitter.com/scytl/)(https://www.linkedin.com/con

(https://www.scytl.com/en/)

English

CONVOCATORIA DE LA JUNTA GENERAL EXTRAORDINARIA DE ACCIONISTAS DE SCYTL 30/10/2020

Download (https://www.scytl.com/wp-content/uploads/2020/09/Convocatoria-junta-extraordinaria-_30_10_2020.pdf)

Convocatoria-junta-extraordinaria-_30_10_2020.pdf 1 / 1 78%

1

| Scytl.com (http://scytl.com) | contact (http://www.scytl.com/contact/) |

[ENGLISH TRANSLATION]

CALL OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF SCYTL SECURE ELECTRONIC VOTING, SA

The board of directors of Scytl Secure Electronic Voting, SA (the " **Company** ") has agreed to call the shareholders to an extraordinary general meeting of shareholders which will be held, on first call, at the registered office in Barcelona, calle Enrique Granados, 84, on October 30, 2020, at 11:00 a.m. and, where appropriate, in second call, in the same place and time, the following day, in order to deliberate and resolve about the matters included in the following

ORDER OF THE DAY

1. Approval, for the purposes of article 160.f) of the Capital Companies Act, of the transfer of assets in favor of Paragon Group Ltd. (or a subsidiary of said group) consistent, among others, in contracts, patents, brands, products and applications IT, other intellectual property assets and contracts with employees of the Company, within the framework of the sale process of the Company's productive unit and its subsidiary Plataforma Civiciti SLU, processed before the Commercial Court No. 6 of Barcelona in the bankruptcy procedure of the Company.

2. Delegation of powers.

3. Reading and approval, where appropriate, of the minutes.

The right of the Company's shareholders to obtain from it, is expressly stated. immediately and free of charge, the report of the Board of Directors justifying the proposal submitted for approval by the general meeting.

In Barcelona, on September 29, 2020.

The non-director vice-secretary of the board of directors, Silvia Caparrós de Olmedo.

Extraordinary meeting call for sale Paragon.DOCX

FILE COPY

CERTIFICATE OF INCORPORATION

ON CHANGE OF NAME

Company No. 5258175

The Registrar of Companies for England and Wales hereby certifies that

SHELFCO (NO. 3002) LIMITED

having by special resolution changed its name, is now incorporated under the name of

PARAGON GROUP LIMITED

Given at Companies House, London, the 8th November 2004

C052581757

REGISTRAR OF COMPANIES FOR ENGLAND AND WALES

THE OFFICIAL SEAL OF THE REGISTRAR OF COMPANIES

Companies House

— for the record —

010585

LONDON
- 8 NOV 2004
£80 FEE PAID
COMPANIES
HOUSE

Company No: 5258175

THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES

WRITTEN RESOLUTION

of

SHELFCO (NO. 3002) LIMITED ("Company")

I, the undersigned, being the sole member of the Company hereby, pursuant to the articles of association pass the following resolution as a special resolution and agree that it shall have effect as if passed at a general meeting of the company duly convened and held:

That the name of the company be changed to Paragon Group Limited

04 November 2004

....

Signed
duly authorised by and on behalf of
Shelfco (No.3002) Limited

LNJE302A
LD1 0094
COMPANIES HOUSE 08/11/04

Package: 'Laserform'
by Laserform International Ltd.

Please complete in typescript, or in bold black capitals.

CHFP025

288a

APPOINTMENT of director or secretary

(NOT for resignation (use Form 288b) or change of particulars (use Form 288c))

Company Number 5258175

Company Name in full SHELFCO (No.3002) LIMITED [Renamed **PARAGON GROUP LIMITED** on Nov. 08, 2004]

	Day	Month	Year
Date of appointment	12	11	2004
†Date of Birth	17	03	1963

Appointment form

Appointment as director: X as secretary:

Please mark the appropriate box. If appointment is as a director and secretary mark both boxes.

Notes on completion appear on reverse.

NAME *Style / Title: MR *Honours etc:

Forename(s): PATRICK JAMES

[Patrick James Crean]

Surname: CREAN

Previous Forename(s): Previous Surname(s):

Usual residential address †† THE BEECHES ENNISKERRY DEMENSE

†† Tick this box if the address shown is a service address for the beneficiary of a Confidentiality Order granted under the provisions of section 723B of the Companies Act 1985 ☐

Post town: ENNISKERRY Postcode:

County / Region: COUNTY WICKLOW Country: EIRE

†Nationality: IRISH †Business occupation: DIRECTOR

†Other directorships (additional space overleaf): GRENADIER HOLDINGS LIMITED, PARAGON GROUP UK LIMITED

I consent to act as ** director / XXXXXXX of the above named company

Consent signature [signature] **Date** 9/11/04

* Voluntary details.
† Directors only.
**Delete as appropriate

A director, secretary etc must sign the form below.

[Grenadier Holdings Limited
Paragon Group UK Limited]

Signed For And on Behalf of MIKJON LIMITED **Date** 12/11/04

(** a director / XXXXXX XXXXXXXX XXXXXXXXXXXXXX/ XXXXXXXXX /XXXXX)

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Nabarro Nathanson
Lacon House, Theobald's Road, London, WC1X 8RW
XCR 2914959
Tel 0207 524 6000
DX number DX77 DX exchange London / Chancery

When you have completed and signed the form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ **DX 33050 Cardiff**
for companies registered in England and Wales **or**
Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB
for companies registered in Scotland **DX 235 Edinburgh**

A23 *A2M3P0A0* 0526
COMPANIES HOUSE 16/11/04

Company Number 5258175

† Directors only. †Other directorships

[Shelfco (No. 3003) Limited
Hardy of Castleford Limited
Grenadier UK Limited]

SHELFCO (NO. 3003) LIMITED
HARDY OF CASTLEFORD LIMITED
GRENADIER UK LIMITED

NOTES
Show the full forenames, NOT INITIALS. If the director or secretary is a corporation or Scottish firm, show the name on surname line and registered or principal office on the usual residential line.

Give previous forenames or surname(s) except:
- for a married woman, the name by which she was known before marriage need not be given.
- for names not used since the age of 18 or for at least 20 years

A peer or individual known by a title may state the title instead of or in addition to the forenames and surname and need not give the name by which that person was known before he or she adopted the title or succeeded to it.

Other directorships.
Give the name of every company incorporated in Great Britain of which the person concerned is a director or has been a director at any time in the past five years.

You may exclude a company which either is, or at all times during the past five years when the person concerned was a director, was
- dormant
- a parent company which wholly owned the company making the return, or
- another wholly owned subsidiary of the same parent company.

PARAGON GROUP

Report & Financial Statements

Paragon Group Limited

30th June 2020

2020

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Interactive digital version of this document

Presentation of results and annual review

Paragon Group

Contents

Strategic Report

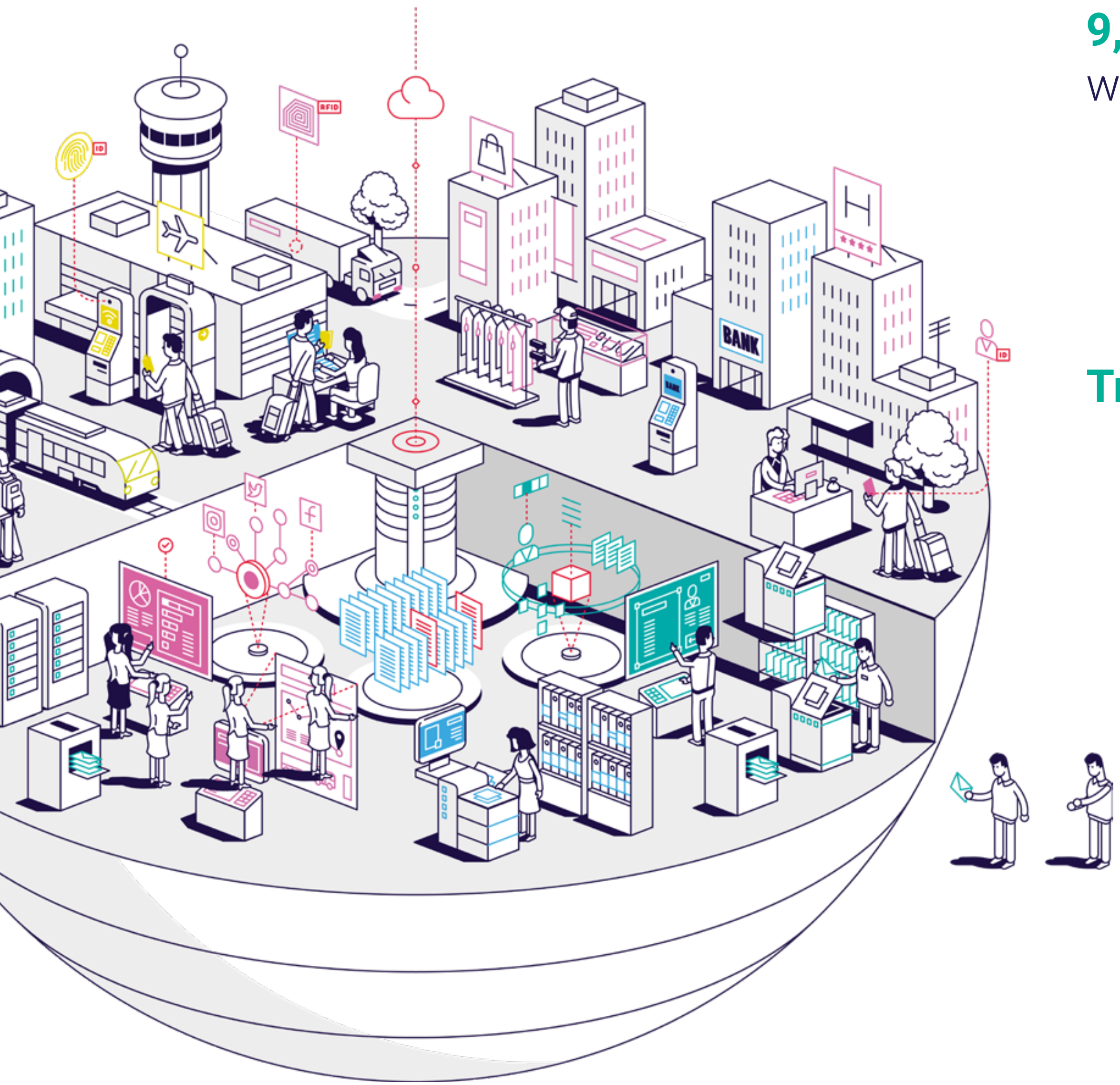
Group Financial Statements

Parent Company Financial Statements

Strategic Report

Paragon at a glance...

Paragon Group is a leading provider of Customer Communications, Identification, Graphics and Workplace 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

Connect with
your customers

Transforming customer connections

Secure ID in a
connected world

Everything print and design

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

...from physical to digital

2020 Financial Highlights

Sales
€1.081bn
(2019: €838m)
+29% +€243m

Underlying EBITDA[2]
€77m
(2019: €50m)
+54% +€27m

Cash on Hand
€147m
(2019: €100m)

Proforma EBITDA[3]
€87m
(2019: €56m)

Net Debt to Proforma EBITDA Multiple
1.9 times

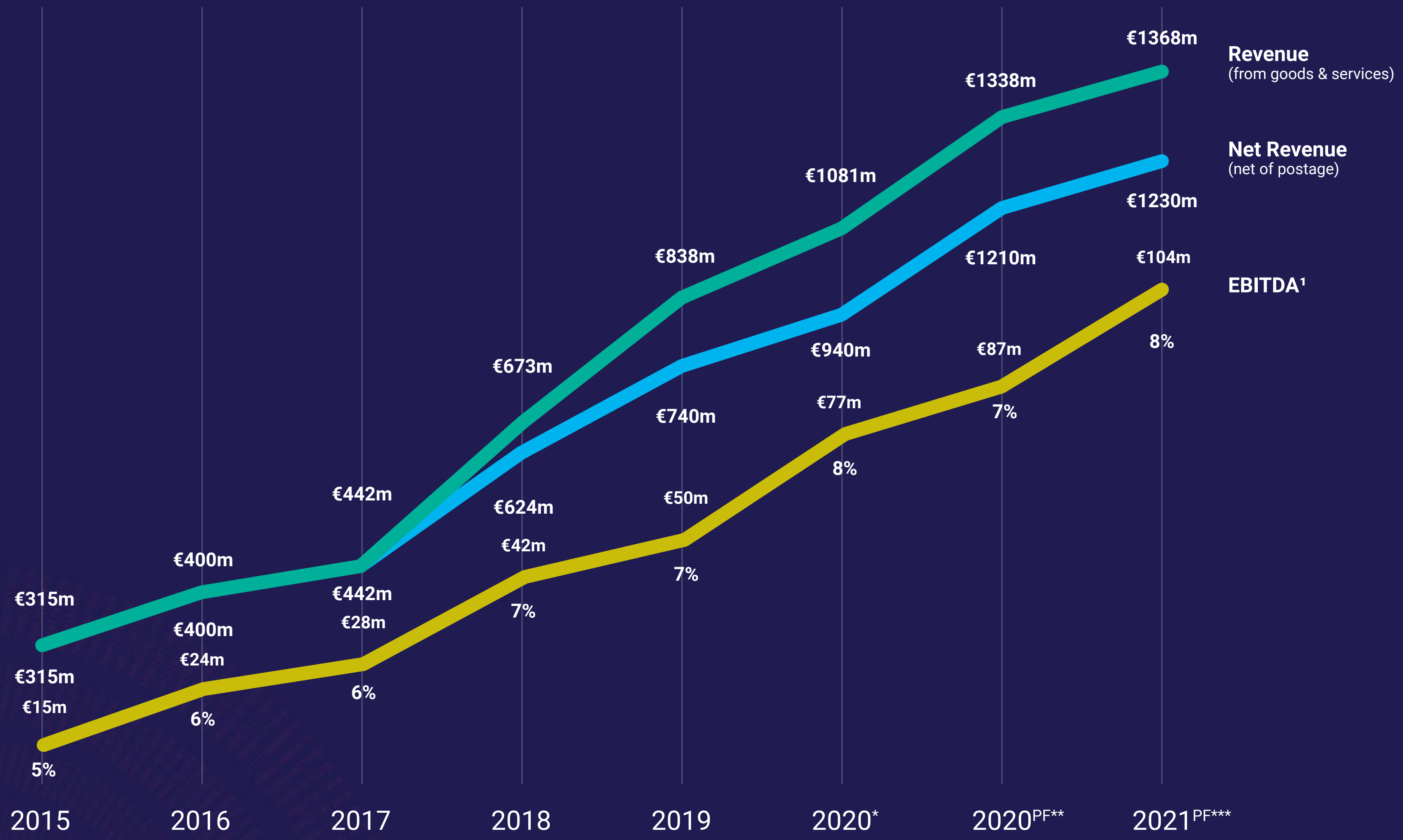
People
9,000

Net Debt
€168m

Businesses Acquired
8 (through 6 acquisitions)
6 additional businesses acquired post year end

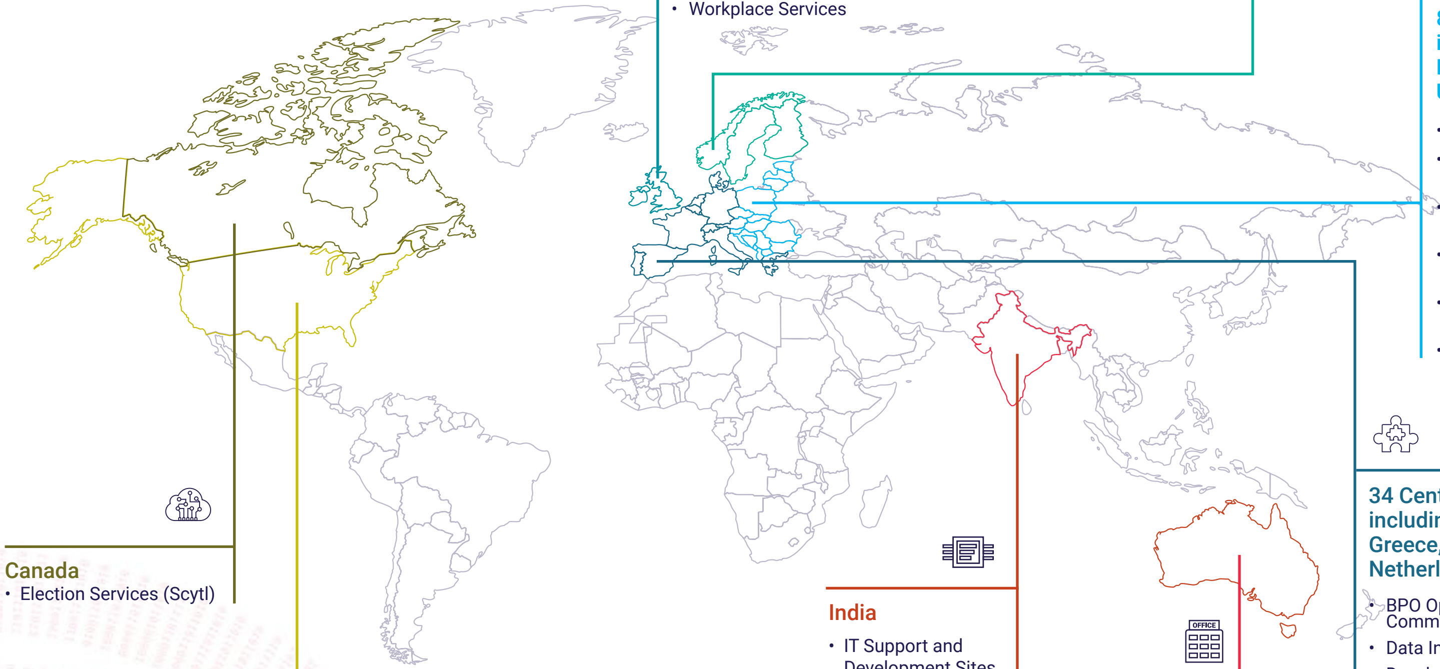
1. EBITDA is defined in Note 2(s) on page 115.
2. Underlying EBITDA is defined in Note 2(s) on page 115.
3. Proforma sales and EBITDA is defined in Note 2(s) on page 115.

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



*Revenue 2020 is per actual figures reported in June 2020.
**Revenue 2020 PF includes the impact of acquisitions completed during the year 2020.
***Revenue 2021 PF (unaudited) includes the impact of acquisitions completed post year end 2020.
1. Underlying EBITDA is defined in Note 2(s) on page 115. This is expressed as a percentage of Net Revenue.

Local & Global: Over 130 Locations in 20+ Countries



65 locations across 3 divisions 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
- Workplace Services

19 Scandinavian locations including Sweden & Norway

- 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

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

Sales
€1.081bn

Underlying EBITDA
€77m

€147m
Cash on Hand

1.9x Net Debt / Proforma EBITDA Multiple

Patrick Crean
Executive Chairman Paragon Group

"As a Group, we have achieved continued growth for more than a decade"

Statement From Our Executive Chairman

I am pleased to report another year of strong growth, despite the challenges presented by COVID-19. Paragon Group has demonstrated outstanding resilience during a difficult period, with our strategy of delivering critical business services across multiple sectors and geographies serving us well during the last year.

Growth and Profitability

Our strong customer focus has enabled us to grow sales in 2020 by 29% to €1.081 billion, whilst underlying EBITDA grew by 54% to €77 million. Despite the complication of COVID-19, Paragon Group reached a major milestone and strategic objective by surpassing both the €1 billion revenue and the €75 million EBITDA targets, which were set out in our 2020 strategy plan in January 2014. I would like to personally thank everyone in the team that worked hard to ensure the strategic objectives were met over the course of the years. It was a challenging and exciting journey, during which we developed a strong foundation for the next phase of our 2025 strategic goals.

As a Group, we have achieved continued growth for more than a decade; our three-year compound annual growth rate in revenue since 2017 is 27%. Paragon Group is very well positioned and well-funded, with cash on hand of €147 million and a low net debt to proforma EBITDA multiple of 1.9x. In the next fiscal year, we expect our sales to be in the region of €1.4 billion. We are well positioned to implement the next phase of our strategy.

1. EBITDA is defined in Note 2(s) on page 115.
2. Underlying EBITDA is defined in Note 2(s) on page 115.
3. Proforma sales and EBITDA is defined in Note 2(s) on page 115.
*Revenue 2020 PF includes the impact of acquisitions completed during the year 2020.
**Revenue 2021 PF (unaudited) includes the impact of acquisitions completed post year end 2020.

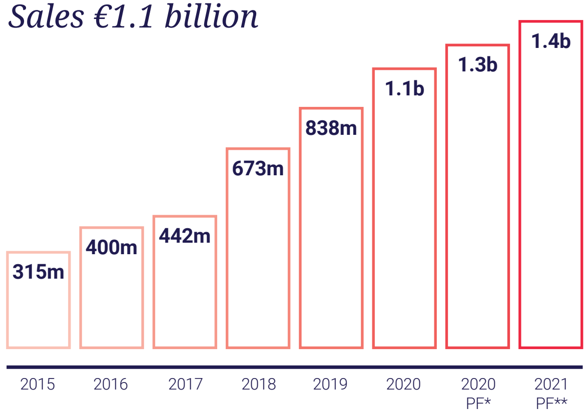
Acquisitive Growth, Integration and Evolution

Paragon Group acquired a number of companies during the past 12 months. In the 2020 fiscal year, the Group was delighted to welcome new colleagues from RRD Global Document Solutions (across eight countries), PostNL CS, Image Factory, Octink, Thames Card Technology and Spicers OfficeTeam Group (OfficeTeam, ZenOffice and Spicers Ireland), and post year-end from Groupe Bernard, Promo International, Tangent on Demand, Sctyl, Trenton Box and Airweb (of which we previously held a 50% shareholding).

We have already substantially integrated the businesses acquired during the fiscal year and all acquired companies will continue to grow further in the future.

We have also seen strong new inter-group trading initiatives, which is very encouraging. Our ability to

Sales €1.1 billion



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

integrate businesses successfully and at scale is now 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 our customer demands. Operationally and financially, Paragon Group is a strong, disciplined and ambitious company that prides itself on being customer-focused. As a Group, we continue to evolve as a critical 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.

"We know there will be challenges, but we also know that with courage, discipline, focus and the right team, we will continue to grow our business in a profitable manner."

Technology: Aligning with Our Clients Towards a Digital Future

We have delivered on large parts of our strategic transformation journey to a simplified, scalable and flexible technology landscape, as a result we are in a good position to respond to changing client needs and market forces. By building our strategic technology investments with the ability to to evolve and adapt, we are well-positioned to deliver today, and to grow and change in the future. Organisations are accelerating their transition to digital ways of working and digital consumer offerings. Paragon Group is recognised as an industry expert, advising on and delivering cost reduction and technology transformation. Our ability to deliver digital transformation for – and with – our customers is now a key part of Paragon's DNA, and is driving further demand.

Our Core

Across all of our divisions and locations, we are seeing innovation create business success, and this momentum will continue. I have been very impressed by the continued focus, hard work and performance of all of our people and our businesses. In the current market conditions, as always, we need to stay focused on our customers and remain vigilant. We must continue to keep a sharp eye on the marketplace, and remain well-positioned to capitalise on any opportunities that present themselves.

We will continue to have a strong focus on driving sales and profitability and ensuring we remain balanced as most of our markets begin to emerge from lockdowns over the coming months. We have the experience, capability and strong leadership team to ensure we can continue to drive growth and success. I am extremely proud that in FY20, despite the COVID-19 pandemic, we delivered on our strategic objectives.

In the coming year, we will see additional market consolidation, and we will be ready to take advantage of this where it makes strategic sense. The Board and I are satisfied our strategic positioning in our key divisions remains correct, and we will continue to refine and improve our offer to our customers.

We are refining our go-to-market and channel strategy to ensure that we are reaping the benefits of the range of solutions, services and products we now offer – we must ensure the cross-selling of our products and services throughout the Group becomes second nature to us all. We are also increasing our focus on sustainability. Whilst this has always been important to us, we are raising the priority and visibility of our efforts.

Business Resilience in The Wake of COVID-19

The impact of the COVID-19 is being felt by all businesses around the world. We are navigating a broad range of interrelated issues – from keeping employees and customers safe, to managing cash and liquidity, and remodelling operations. We know there will be challenges, 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 is classified as an Essential Service Provider, and will continue operations to serve and support our customers.

Looking After Our People

The current unusual circumstances we are experiencing mean this year has been more challenging than most. Since COVID-19 hit us in March, I have been truly impressed by the manner and nature in which all our colleagues have stepped up and gone the extra mile. I have seen examples of this in every country and every business. On behalf of the Board, I want to extend my sincere thanks to all of you, as we know it has not been easy on 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 work from home where possible, to reduce the spread of COVID-19. In support of this, we have encouraged our people that can work from work to keep doing so. As Paragon has been identified as an 'Essential Service Provider', we do need a number of 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. As COVID-19 has not gone away, and may be with us for some time, we must continue with these new measures to ensure we can continue to operate.

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

Our Board

During the year, the Board welcomed John Rogers as an Executive Director of the Group. John joined Paragon in 2014, and has been instrumental to our corporate development. John also holds the role of Non-Executive Chairman of Paragon ID SA, which is listed on the Euronext Paris. As a public listed company, Paragon ID has independent board members in line with our strong governance principles.

Sustainability: Purpose, Principles & Values

Sustainability

In managing a sustainable future, we focus on Profit, People and Planet, "the three Ps". Without an integrated balance of "the three Ps", we will fail in our objective. Paragon Group has a proud history over three centuries. A beacon for embracing the future, we must ensure that we continue to focus on our purpose and enhance our principles and values, so that we remain relevant to our customers. We do this by being creative, innovative and agile, and deliver on our objectives by having a clear purpose, strong principles and well-defined values.

Purpose

Our purpose is to harness our ability to help our customers build their brands, promote their initiatives, achieve their marketing and communication goals, and make lasting connections with those who are important to them. With every contract and order we are trusted to carry a distinctive responsibility to deliver; we understand clearly that our primary aim is to make our customers and their organisations shine. We deliver on this trust by nurturing an authentic environment where our people are valued and empowered to do their best work. By placing an emphasis on personal fulfilment, we believe we can attract and retain like-minded people who are committed to providing the truly remarkable service our customers require and deserve. Our people go above and beyond to look after our customers, to help each other, to ensure productive outcomes for our supplier partners and to have concern for, and give back to, their communities. Prioritising these mutually beneficial outcomes protects the long-term interests of Paragon and our wider stakeholders.

Principles & Values

We believe a strong and principled approach to doing business is fundamentally important to our present and future success. Our culture encourages responsible practice at all levels of the organisation and presents clear guiding principles that drive ethical interactions with, and outcomes for, our key stakeholders. Our guiding principles are further expressed as "The Golden Rule" – "Respect: Treat others as you would wish to be treated yourself". This mindset is evident across our business: in our customer service proposition and guarantees; in our technical knowledge and product sourcing initiatives; in the way we interact with our customers, our suppliers and with each other; in the way we engage in our communities; and in our respect for the environment. Our values are firmly grounded in the broad principles set out in our purpose by reference to our name, Paragon, "a perfect example of a particular quality". We aspire, at all times, to display honesty, curiosity, collaboration, flexibility, accountability, empathy, positivity and humility, while remaining relevant to the future by being customer focused.

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

Laurent Salmon holds the role of Non-Executive Chairman of Service Point Solutions SA, our quoted company on the Spanish Stock Exchange. Sean Shine holds the role of Non-Executive Chairman of Paragon Customer Communications. It is envisaged that the Group will appoint independent Non-Executive Directors to this division in the coming year.

I would like to thank the entire Paragon Group Board and advisers for their continued hard work, commitment and dedication to the continued success of our Group.

Group CEO Appointment

On behalf of the Board of Directors, we were delighted to confirm in January 2020 the official appointment of Sean Shine as Chief Executive Officer of the Group.

In his previous role as Group COO, Sean championed our divisional strategy and new management structures, whilst also focusing on our operational performance. Sean and his leadership team will continue to focus on the delivery of solid organic and acquisition based revenue growth and operational profit, through to the bottom-line earnings performance of Paragon. I have no doubt Sean will continue with our Group's ambitious and entrepreneurial style of leadership, whilst creating his own longer-term plans for Paragon.

As CEO of Paragon Group for over 20 years, I have very much enjoyed my role. Whilst challenging at times, the support I had from the leadership team and all of my colleagues across the Group was second to none.

In my new role as Executive Chairman, I will focus on corporate strategy, Group performance and supporting Sean on the Group's overall development and direction. Priorities in my new role of Executive Chairman are:

- Supporting the continued successful implementation of the Paragon Group strategy
- Ensuring the Board and Management continue to keep this strategy under review, so it remains appropriate in a constantly evolving external environment and enables long-term sustainable value creation
- Developing our Board with the necessary qualities, capabilities, experience and dedication to protect and promote the interest of all stakeholders in Paragon
- Providing constructive challenge to, and support for, Paragon's committed, capable and dynamic management team, while at the same time having a robust succession planning process in place for senior executive roles
- Enabling a continued strong focus on safety, sustainability and Paragon's purpose and values for the benefit of our customers, employees, suppliers and wider stakeholders
- Ongoing engagement with stakeholders to ensure that their perspectives are understood

Our Employees – Our Team

The results the Group achieved in 2020 reflect the skills, initiative, qualities and commitment of all of Paragon's employees, led by our Group Chief Executive, Sean Shine. Our Board is grateful to Sean and his colleagues for their contributions and their relentless drive to continue to deliver sustainable value creation.

Patrick J Crean
Executive Chairman

December 22, 2020

"As CEO of Paragon Group for over 20 years, I have very much enjoyed my role. Whilst challenging at times, the support that I had from the leadership team and all of my colleagues across the Group was second to none."

Statement From Our CEO

It is a great honour to be appointed Group CEO of Paragon. I am privileged to take the reins from Patrick Crean – Patrick (Paddy) has led Paragon Group since 1998. After 22 years, Paddy has assumed the role of Executive Chairman, and I look forward to his support and guidance as we take Paragon to the next level over the coming years.

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

Our ambitions for Paragon Group are aligned, and it gives me a great level of confidence that we can deliver the future direction of the Group under my responsibility. I will continue the focus on building a talented team within Paragon, and deliver on our strategy and objectives by ensuring we are always well prepared for the future.

Paragon Group continues to focus on driving strong growth. Despite the impact of COVID-19, revenue grew by 29% in the last financial year. Paragon Group has an outstanding team of people, and we are privileged to work with the most successful customers globally.

Strong Operational Focus

This year, more than any, our focus on managing our business with rigour and discipline was critical. We needed to react fast to changing circumstances and work closely with our customers across all our businesses.

Our Paragon Customer Communications business (PCC) focussed on working closely with our customers and we reacted rapidly to shifting customer requirements. Throughout PCC, our commitment to customer delivery was central to our strong performance. During this year we continued to invest in our technology and automation programmes while also integrating new acquisitions.

In Paragon ID (PID), certain sectors of the business were hit with significant reductions in customer demand as COVID-19 impacted. We executed a rapid re-balancing while staying close to our customers. We also accelerated our pivot to new areas – in particular in the payment sector and in our software based solutions.

In Paragon Graphic Services (PGS), parts of the business were initially hit with rapid demand reduction. We decided early on to keep all our locations open and to work closely with our customers. This has led to new business as volumes recovered.

Our strong discipline and close management throughout the Group enabled us to manage through a challenging year.

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.

COVID-19 – Resilience and Agility

We detail the financial impact of COVID-19 in the next section. Throughout COVID-19, our approach has been to focus on three primary areas:

- Look after our people
- Look after our customers
- Manage our resources and cash carefully during the crisis

We will continue to focus on these areas. We have taken the opportunity to streamline our business and drive more efficiencies where it makes sense, and we are grateful to have been able to take support from Governments in the countries where we operate. This has helped us to preserve our teams. We still have a way to travel with COVID-19, but believe that our business is truly resilient

Award

THE SUNDAY TIMES TOP TRACK 250

Paragon 2nd in 2020 Sunday Times Top Track 250

Paragon Group was delighted to be placed 2nd in the 2020 Sunday Times Top Track 250 league table, from 9th in 2019. This ranks Britain's leading mid-market private companies by sales. This year's league table is based on financial performance in our fiscal year to end June 2019. During that year, Paragon Group sales grew by 24%, to £737.7m in 2019. Based on our performance to June 2020, we now expect to move on to the Sunday Times Top 100 table, after outgrowing the Top Track 250.

and that our management teams have been able to react quickly to this crisis. We also believe that COVID-19 is driving significant opportunities for consolidation in our target markets, and we expect to take advantage of these during 2021. COVID-19 has reconfirmed our ability to move fast and realign/refocus as required. It has also brought home the strong resilience of our businesses, with overall an 8.1% top line impact in the year from COVID-19.

Strong Acquisition Performance

During the year, and since the end of the financial year, we have continued to drive successful acquisitions. John Rogers, Executive Director responsible for Corporate Development, gives full details on these in the Driving Growth – Paragon's Acquisition Capability section of this report. Selected highlights include:

In PCC, we acquired the GDS business from RR Donnelley in October 2019. This is our largest acquisition to date, and we have already substantially completed the integration tasks. We also acquired the Post Netherlands Customer Communications business in the Netherlands in December 2019. Together, these two acquisitions have taken us to leadership positions in our four primary geographical markets. PCC, alone, will deliver around €1 billion of sales in the next fiscal year.

In PID, we acquired Thames Card Technologies (TCT) in the UK, enabling us to accelerate our offering in the payments space. TCT has grown rapidly since acquisition, and we are developing several significant new product offerings.

In PGS, we acquired Image Factory and Octink in the UK, propelling us to market leader in the delivery of display solutions.

We also took advantage of market conditions and acquired businesses in the office supply (OfficeTeam Group), combined with additional post year end acquisitions in the packaging (Trenton Box) and election software sectors (Scytl). Each of these has a close adjacency to existing parts of our businesses, and we believe we can drive significant growth synergies in the coming years. For now, these businesses will remain in our 'New/Growth Businesses' category.

Our Customers

We are privileged to work with some of the most successful and most recognised brands in the world. When COVID-19 started, we took an early decision to keep all our businesses running, to stay close to our customers and continue to deliver our services. This has allowed us to win new business during the crisis period. I want to say a big thank you to all our customers – we appreciate your business and we will continue to deliver outstanding service for you.

Our Team

I also say a special word of thanks to all our employees. This year has been extremely challenging, but our people have stepped up and continue to go the extra mile in order 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 able people in our sectors. Our depth of talent and bench strength give us confidence as we look to the future. Our three businesses, PCC, PID and PGS, have performed strongly 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. We believe that the right components are in place for this – we have the best people, we have the best technology, we are well funded and we have clear strategic positioning in our chosen markets. Our M&A capability is outstanding, and we continue to track a large population of opportunities. Beyond our ability to identify and buy the right companies at the right price, we have significant ability to integrate new acquisitions at speed. As of December 2020, we have more than nine simultaneous integration and/or restructuring projects underway. This capability truly differentiates Paragon, and will allow us to continue to grow through a series of significant acquisitions, along with continuing organic growth.

Sean Shine
CEO Paragon Group

December 22, 2020

Statement From Our CFO

Laurent Salmon
CFO Paragon Group

During the financial year ending June 30, 2020, Group sales reached €1.081 billion, this is 29% ahead of prior year (2019: €838 million). Thanks to recent acquisitions, the Group's proforma sales will now reach €1.338 billion, a 57% increase compared to June 2019.

"Synergies from our recent acquisitions are expected to deliver significant benefits over the coming years."

Continuing Our Growth Trajectory

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

Sales have increased by €243 million, a 29% increase from 2019, resulting in consolidated sales of €1.081 billion (2019: €838 million).

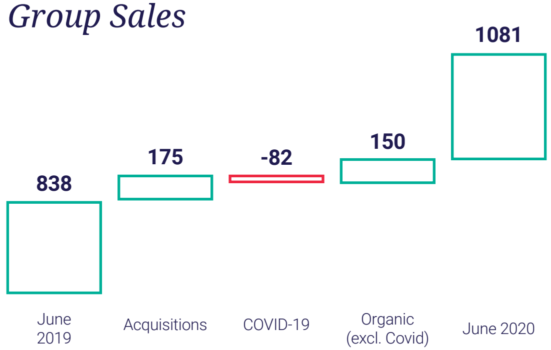
Underlying EBITDA[2] has reached €77 million, a 54% increase compared to the underlying EBITDA[2] reported in June 2019 (2019: €50 million). The underlying EBITDA[2] growth achieved in 2020 is €21 million above the Proforma EBITDA[3] reported in our 2019 financial statements (2019: €56 million).

COVID-19 has had an impact on our business, nonetheless, its impact was limited and largely offset by our normal organic growth. In addition, our acquisition performance has improved our EBITDA position even further, and additional synergies from our recent acquisitions are expected to deliver significant benefits over the coming years. The charts below illustrate the impact of these items on our performance this year.

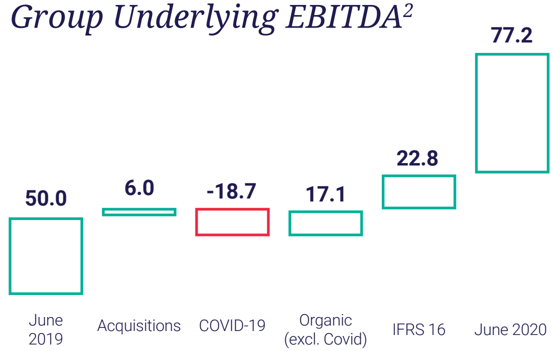
The COVID-19 impact has differed in each of the Group divisions. With 82% of the Group turnover, the Customer Communication division's (PCC) annual EBITDA has only been impacted by €7 million due to COVID-19, while its normal organic growth has increased by over €9 million over the period. PCC has delivered a positive organic growth this year, despite COVID-19, and before any acquisition benefit.

The Identification division (PID), comprising 10% of the Group's turnover, has naturally been impacted by COVID-19 due to the nature of its activities in the mass-transit sector. With a COVID-19 EBITDA impact of €6 million, not offset entirely by an organic growth of €5 million, the Identification division has shown a negative organic EBITDA growth of €1 million prior to acquisitions.

Group Sales



Group Underlying EBITDA[2]



1. EBITDA is defined in Note 2(s) on page 115.
2. Underlying EBITDA is defined in Note 2(s) on page 115.
3. Proforma sales and EBITDA is defined in Note 2(s) on page 115.

Sales
€1.081bn

Underlying EBITDA
€77m

€147m
Cash on Hand

1.9x Net Debt / Proforma EBITDA Multiple

Nonetheless, thanks to the acquisition made within the year in the Identification division, the total net EBITDA impacts remained nil for the year.

With only 8% of the Group turnover, the Paragon Graphics Division (PGS) and Office Team Group (OTG) has proportionally been the most impacted with a loss of €6 million of EBITDA due to COVID-19, marginally offset by an organic growth of nearly €3 million. This has created a negative organic growth impact on PGS and OTG of €3 million, pre-acquisition and IFRS 16.

Ultimately, thanks to PCC's excellent performance, the overall Group net organic EBITDA growth has only been marginally impacted with a net negative impact of €1.6m pre-acquisitions, or less than 2% of our annual EBITDA. The acquisitions made during the course of the year have not yet delivered their full benefits in the year-ending June 2020.

Profit Delivered

The Group recorded an operating profit of €16 million (2019: €19 million). This was achieved despite the impact of COVID-19 and despite a €28 million increase (+92%) in depreciation and amortisation charges. Depreciation and amortisation charges have increased to €59 million in 2020 (2019: €31 million), largely due to the IFRS 16 impact on depreciation of €20m.

Profit for the year was €4 million (2019: €11 million), despite the above-mentioned additional depreciation, finance costs and one-off costs of consolidation, but also despite the impact of COVID-19. This demonstrates the resilience of our business model as well as the Group capacity to keep its cost base under control, especially under such a challenging economic environment.

Adoption of IFRS 16: Leases

The Group has adopted IFRS 16 using the modified retrospective approach, with a date of initial application of 1 July 2019. The implementation of which has had no impact on cash flow, strategic development decisions or bank covenant tests. The Underlying EBITDA[2] has been impacted by €23m following the elimination of rental costs. Depreciation costs have also increased by €20m due to the depreciation of right-of-use assets under IFRS 16. Finance costs have increased by €2m under IFRS 16, mainly due to the imputed interest calculated on the lease liability. Non-current assets have increased due to the recognition of right-of-use assets of €63m. Net debt has increased due to the recognition of lease liabilities of €63m. When measuring lease liabilities, lease payments were discounted using the incremental borrowing rate on 1 July 2019. The Group's weighted average incremental borrowing rate for all leases has been calculated by country based on local historical ranges of interest costs.

Use of Underlying and Proforma Figures

Due to the Group's continuous acquisition strategy, the Directors of the Company consider underlying and proforma figures to be fundamental to the reader's understanding of the Group's performance. The Directors believe that it would be incomplete to exclusively report statutory performance figures. 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 have used a full 12 months proforma to enable a

"COVID-19 has had an impact on our business, nonetheless, its impact was limited and largely offset by our normal organic growth."

1. EBITDA is defined in Note 2(s) on page 115.
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3. Proforma sales and EBITDA is defined in Note 2(s) on page 115.

"We continue to manage the Group with robust operational and financial discipline and apply this approach as we acquire and integrate companies."

full comparison to be made. Underlying EBITDA and EBITDA[2] are stated after adjusting for items which are non-underlying due to their nature, size or incidence. The Group's strategy on market consolidation inevitably leads to the non-underlying items as summarised in Note 8 of the financial statements. This include a mix of one-off gains and charges that are of a non-recurring nature. Gains on bargain purchases have been accounted for on acquisitions in 2020 for €26 million (2019: €18 million), such gains naturally leading to costs of industrial consolidation with related redundancies and other associated costs for €28 million in 2020 (2019: €17 million).

Strong Performance Delivered Through Strict Financial and Operational Discipline

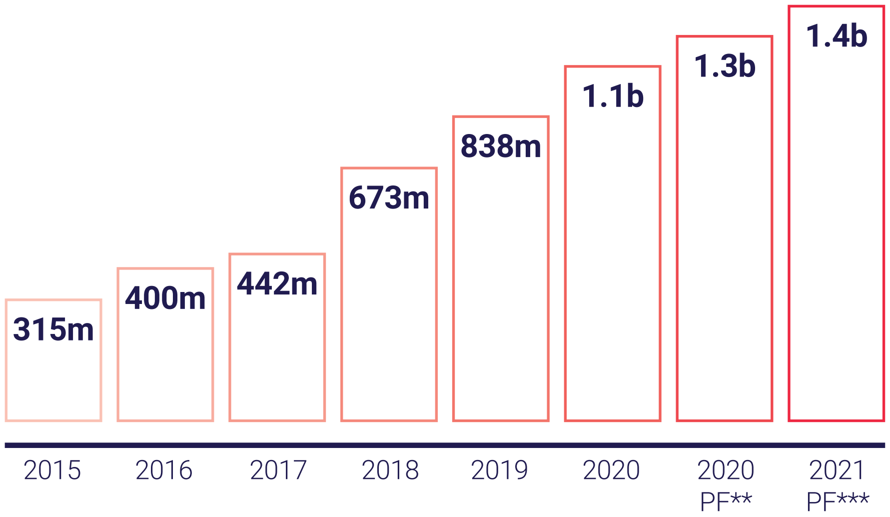
We continue to manage the Group with robust operational and financial discipline and apply this approach as we acquire and integrate companies. We prepare and execute detailed post-acquisition plans to extract operational and procurement synergies identified during comprehensive due diligence processes. Continuous Improvement Programmes (CIPs) are operated across Paragon and are introduced in acquired companies to ensure that they adhere to the Group's relentless push towards greater operating efficiency. All Group companies operate with the discipline of monthly management reporting and reviews to discuss performance and outlook, 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 ROI parameters.

Favourable Debt and Financing Position

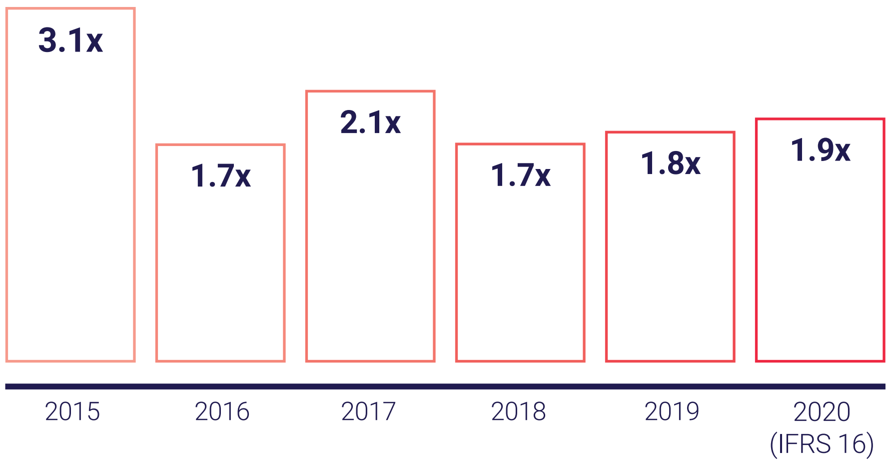
With €147 million of cash available on our Consolidated Statement of Financial Position (2019: €100 million), the Group's prospects for acquisitions remain excellent, especially in light of an economic climate that is favourable to consolidation. The Group issued €141 million of Euro Private Placement Bonds on the Luxembourg MTF market between 2016 and 2018. These bonds, repayable after 7 years (€52 million in December 2023 and €89 million in April 2025), currently carry a 4% interest rate. Bond raising was undertaken to maintain and facilitate Paragon Group's acquisition strategy. Despite our recent year-end acquisitions, the Group net debt for covenant purposes remains low at a multiple of only 1.6[4] times our Underlying EBITDA (the covenant being statutorily calculated per the old pre-IFR16 accounting standards), leaving significant headroom for further market consolidation. Our net debt position at the end of June 2020 consequently remained low at €168 million (€99m pre-IFRS 16).

1. EBITDA is defined in Note 2(s) on page 115.
2. Underlying EBITDA is defined in Note 2(s) on page 115.
3. Proforma sales and EBITDA is defined in Note 2(s) on page 115.
4. Net debt to EBITDA calculated as net debt excluding the impact of IFRS 16 divided by proforma EBITDA excluding the impact of IFRS 16.

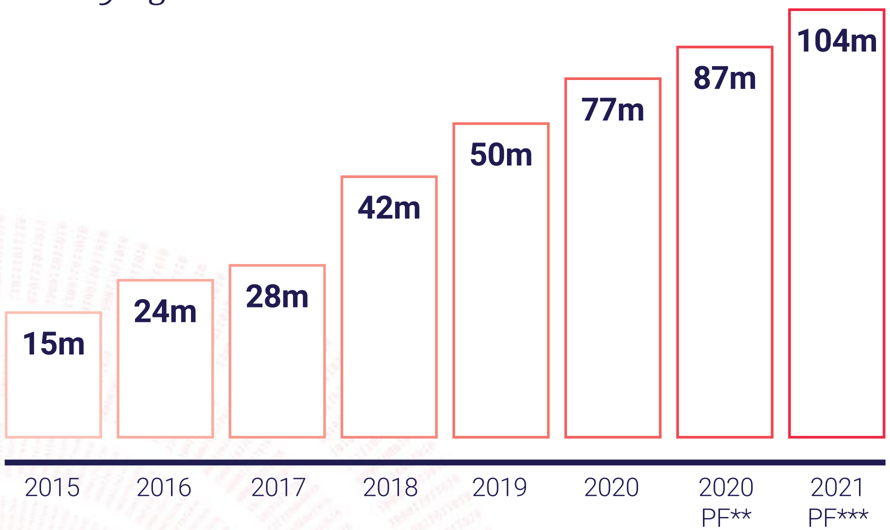
Sales €1.1 billion



Net Debt / Proforma EBITDA Multiple 1.9x



Underlying EBITDA €77 million*



*Underlying EBITDA is defined in Note 2(s) on page 115.
**Proforma figures for 2020 include the impact of acquisitions completed during the year 2020.
***Proforma figures for 2021 (unaudited) include the impact of acquisitions completed post year end 2020.

Pre and Post Statement of Financial Position Acquisitions

On October 25, 2019, the Group acquired RR Donnelley's European Global Document Solutions (GDS) business. GDS has locations in the UK, Ireland, France, Spain, Germany, The Netherlands, Poland and Italy and employs approximately 1,500 people with an annual turnover of €194 million. The acquisition of the RR Donnelley's Customer Communications activities in Europe also enabled Paragon Group to enter a strategic alliance with RRD, offering RRD's global customers the largest solution and service platform in Europe.

On October 31, 2019, the Group also acquired Thames Card Technology via Paragon ID. Thames Card Technology has an annual turnover of €17 million and operates within the smart card market sector. Paragon ID is expected to expand within the retail and banking market sectors, capitalising on its RFID expertise.

The Group also acquired six additional businesses through four acquisitions representing a total turnover of approx. €221 million. The proforma figures indicated in these financial statements reflect the impact of these acquisitions on a full 12-month basis but exclude the impact of the below-mentioned post balance sheet acquisitions.

The four key additional acquisitions completed as of June 2020 consisted of the acquisition of PostNL Communicatie Services B.V. in The Netherlands, with a turnover of €39 million, the trade and certain assets of Spicers Limited and OfficeTeam Limited, along with the acquisitions of many smaller additional businesses such as Zen Office, Octink and Image Factory, with a combined turnover of approximately €182 million.

Post year-end, the Group also acquired 6 additional businesses.

On October 1, 2020, the Group acquired Groupe Bernard, a leading specialist in France in Document BPO and Customer Relationship Management Services. This new subsidiary, with a turnover of €17 million, will form part of the Customer Communication division.

On November 3, 2020, the Group also acquired Scytl in Spain, an electronic e-voting platform with subsidiaries across the world (France, USA, Canada, Australia). This acquisition is naturally very important in this context of COVID-19, as it will help public and private organisations support continuous democratic processes. In addition to these acquisitions, the Group also acquired Trenton Box, Promo International and TOD (formerly Tangent on Demand). In November, PID also increased its shareholding in Airweb to a majority position.

Laurent Salmon
CFO Paragon Group

December 22, 2020

Underlying Income Statement Trend
for the year ended 30 June 2020

	2015 €000	2016 €000	2017 €000	2018 €000	2019 €000	2020 €000
Revenue from sale of goods and services	**315,337**	**400,439**	**442,187**	**673,095**	**837,875**	**1,080,713**
Operating costs	299,956	376,141	414,467	630,825	787,864	1,003,528
Underlying EBITDA[2]	**15,381**	**24,298**	**27,720**	**42,270**	**50,011**	**77,185**

1. EBITDA is defined in Note 2(s) on page 115.
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Strategic Report
Business Review
PCC
PID
PGS
New/Growth Businesses
Driving Growth
Technology
Sustainability
GRC
Risks
Section 172 Statement
Group Financial Statements
Parent Company Financial Statements

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 three Divisions – **Paragon Customer Communications (PCC)**, **Paragon ID (PID)** and **Paragon Graphics Services (PGS)**.*

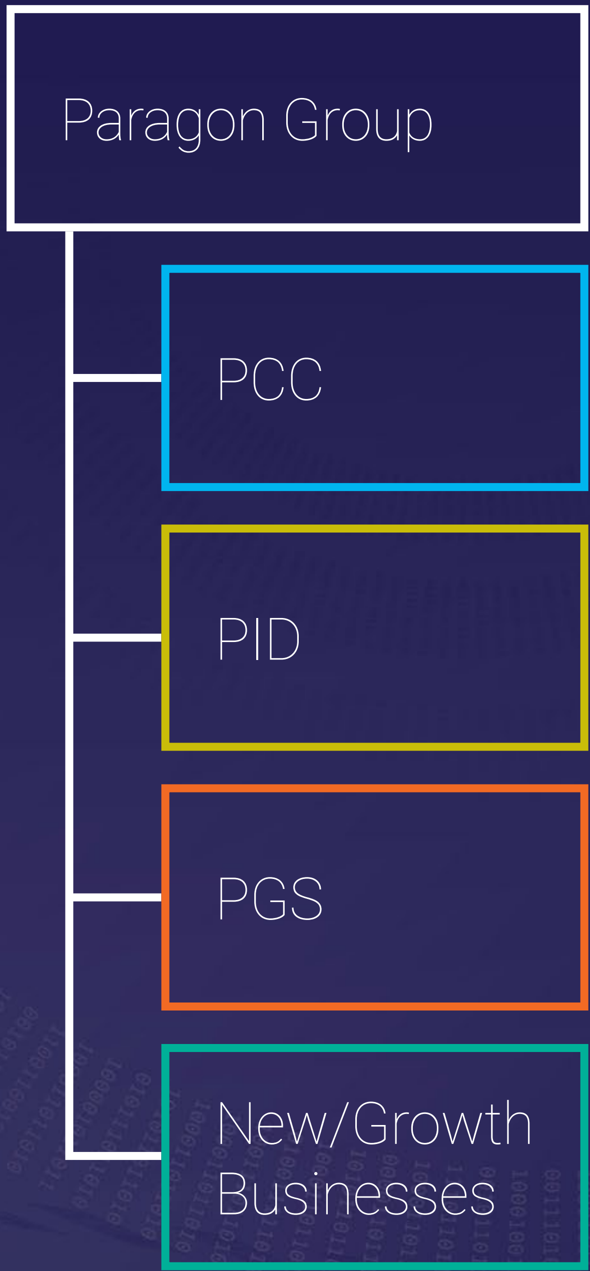
Our three Divisions are managed in a self-sufficient manner with senior leadership in place and a Board of Directors for each Division. During the last year, we have acquired a number of businesses that operate in adjacent and related markets – rather than putting these into an existing Division, we group these currently in our New/Growth Businesses area and these new businesses are managed directly by the Group. These companies include:

- **Office Team Group (OTG) –** leading provider of office and workplace solutions and supplies which comprises Office Team Group; Office Team Wholesale; Zen Office and Spicers Ireland; OTG is based in the UK and in Ireland.
- **Scytl,** an international election software company that provides software based election solutions for private and public sector use. SCYTL operates globally with its head office in Barcelona.
- **Trenton Box,** a UK located packaging business with a particular speciality in sustainable packaging solutions.

The Group provides governance, strategic direction and guidance to all companies in addition to driving financial reporting and operational discipline. Strategic direction is agreed and then our individual businesses and Divisions have clear authority and focus on driving P&L in line with our strategic Group direction. Group also drives M&A activities as presented in the Acquisitions Capability chapter later in this report. Operational direction is also set 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 in 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.



Paragon — A Snapshot of Our Businesses

Paragon is organised around three 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.

82% of group revenue

€882m total revenue

+36% 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

10% of group revenue

€105m total revenue

0% growth this FY

PARAGON Graphic Services

The leading provider of graphics 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.

8% of group revenue

€94m total revenue*

+7% growth this FY

*includes OTG

New/Growth Businesses

- Office Team (including ZenOffice and Spicers)
- Scytl
- Trenton Box

Group Support

- Operational management
- Strategy and direction
- Financial management
- Acquisitions

Paragon Customer Communications

Customer Experience & Marketing

Business Process & Transactions

Digital Customer Experience (DCX)

Mike Gordon
CEO PCC

“There is still considerable scope for further expansion in our addressable market in Europe”

Sales
€882m

36% Growth

Paragon Customer Communications

Paragon Customer Communications (PCC) is the largest division in Paragon Group, with sales this fiscal year in excess of €882m, representing growth of over 37% on the previous fiscal year. PCC is on track to become a billion-euro business.

PCC provides end-to-end customer communications services, going to market through three key service lines: Customer Experience & Marketing, Transaction & BPO Services and Digital Customer Experience (DCX). These services are built on a strong base of digital technology and the best use of customer data, in line with our aim to provide brilliant customer communications to our clients, helping them connect with their customers and digitally transform their operations.

Our Vision

“Together, delivering the future of brilliant customer communications, globally”.

We achieve this by helping our clients to:

- Enhance the experience of their new and existing customers as they interact with their business
- Operate secure, compliant and efficient processes that underpin the transactions with their customers
- Accelerate the digital transformation of their businesses to become truly end-to-end digital omni-channel enterprises

PCC has a ‘Buy, Build and Grow’ approach to developing our business, a blueprint which acts as our guiding strategy.

Our Core Solutions

PCC goes to market with three core service lines:

- Marketing Services
- Transactional Services
- Digital Customer Experience (DCX)

Although we have grown our business significantly over the past five years, our research confirms there is still considerable scope for further expansion in our addressable market in Europe for each of these areas in the next three years:

- The Marketing Services market is expected to grow at 4% CAGR
- The Transactional Services market is expected to grow at 18% CAGR
- The DCX market is expected to grow by 20% CAGR

Our research also indicates the propensity for our clients to outsource these services in our target markets will increase in the next three years:

- 70% of Marketing Services clients intend to increase their use of outsourcing
- 78% of Transactional Services clients intend to increase their use of outsourcing

It is also clear from our research there will be an increased requirement from our clients for support with their digital agenda:

- 72% of Marketing Services clients will have an increased requirement for digital transformation
- 80% of Transactional clients will have an increased requirement for digital transformation

Therefore, we have established our DCX business as a specialist digital agency within PCC, so that we can focus our specialist teams on supporting our clients on their digital transformation journeys.

In addition to our three existing core services lines, we have recently launched our new Paragon Workplace Solutions offering. This business provides innovative workplace solutions to improve the day-to-day experiences for the employees of our clients – encouraging creativity and collaboration, increasing productivity and driving better business performance.

Our Workplace Solutions suite has two key components:

- **The Creative Workplace**
  We believe traditional agency relationships need to be replaced with a single, end-to-end solution – the creative workplace. From strategy to execution, our network of creative people, agencies and technology delivers compelling, imaginative and cost-effective brand experiences. We bring together people, processes and technology to enable seamless (and exciting) creative execution across disciplines, channels, languages and borders to delight our clients' audiences and grow their brands.
- **The High-Performing Workplace**
  We build rewarding workplace experiences by introducing collaborative ways of working that bring automation, productivity and efficiency to business processes. We help organisations improve performance by introducing design thinking, automation, technology and user-friendly processes to marketing and business support services. By placing the employee experience at the heart of everything we do, we are committed to building empowered networks of people, technology and process that help businesses succeed.

Our Changing Business Mix

As the PCC business has continued to diversify and grow, the proportion of our activities that include traditional printing operations has reduced, while the proportion generated from non-print services has increased.

At the end of the 2019/20 financial year, and excluding sales derived from postage, our high-level business mix was 65% services and 35% print related. Our services revenue is growing at 31% CAGR, and in the last financial year, as a percentage of total sales, it grew by 9.7%.

Key Acquisitions

A part of our Buy, Build and Grow approach, a core competence of Paragon is identifying, securing and integrating target companies that will accelerate our strategic plans for the business.

There were two major acquisitions completed in the financial year.

RRD Global Document Solutions

In October 2019, we announced the acquisition of RRD's Global Document Solutions (GDS) business. Headquartered in the UK, GDS also had locations in Ireland, France, Spain, Italy, The Netherlands and Poland, and employed approximately 1,500 people. GDS provided similar Marketing and Transactional Services to the existing PCC business, and following the full integration of the two businesses across Europe, we have been able to generate significant annual cost savings.

This acquisition also created opportunities to add new and adjacent capabilities into the PCC portfolio, such as Creative Services, Workplace Solutions, Disaster Recovery (via our CMCS unit) and permanent and temporary Recruitment Services (via Devonshire Appointments) for the creative, digital and marketing sectors.

RRD GDS brought with it an experienced, international senior management team, many of whom now hold leadership positions in the expanded PCC business. As part of the transaction to acquire this business, Paragon and RRD entered into a new global strategic partnership. This arrangement provides for the following:

- PCC acts as RRD's service provider in Europe, being able to offer RRD's clients an enhanced set of capabilities in the region
- RRD acts as PCC's service provider in North America and Asia-Pacific (APAC)
- PCC has access to RRD's BPO operations from their offshore centres in India, Sri Lanka and the Philippines as part of the wider solutions portfolio we are now able to offer to our clients

PostNL Communication Services

On December 31, 2019, PCC acquired PostNL's Communication Services business, which was the market leader in Omni-Channel Customer Communications in the Netherlands. The business has now been re-branded as Paragon Customer Communications. More details of this acquisition can be found later in this report.

Groupe Bernard

On October 1, 2020, PCC acquired Groupe Bernard, an Inbound Business Process Outsourcing (BPO) business in France, as the final part of our strategy to develop our network of Inbound Services across our major geographical markets in Europe.

Building Our Capabilities

As well as these acquisitions, we have also built new capabilities to enhance our solution portfolio across Europe.

Ireland

PCC entered the Irish market in October 2019 with the acquisition of RRD GDS. Following a review of the business, PCC is now positioning for major expansion in Ireland through a significant investment, which is explained in the UK & Ireland section of the report.

Luxembourg

In Luxembourg, we opened a new operation which is fully regulated under the CSSF PSF license required to operate within the Financial Services industry, allowing us to work in the Asset & Wealth Management sector, and also for Banking and Insurance clients. Our new site was fully tested and accredited in June 2020 and is now fully operational.

Germany

We launched our Inbound business in Germany in the second half of the financial year. Having successfully secured our first new clients for this business, we expect to see significant growth for these services in the coming years.

Investing In Technology

The technology strategy in PCC is based around the use of three core platforms, and during the year we have continued to invest heavily in the development of our integrated portal (PEP), our integrated and Outbound communications suite (OnePlatform) and our Print Management platform (ePro) which includes a purchasing, stock management and delivery tool.

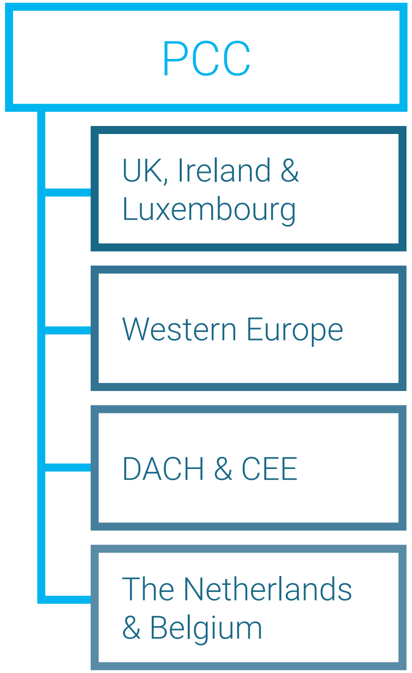
We have also continued to simplify our applications portfolio, where relevant, usually on the grounds of reduction of costs or enrichment of functionality.

Stepping Up During The COVID-19 Pandemic

All businesses have been faced with unprecedented challenges in 2020, and PCC is no exception. In early March, each PCC business set up an Incident Management Team, consisting of stakeholders from Operations, EH&S and HR, and led in each case by the Country Manager. We also established a European-wide Steering Group, which set the strategy, shared best practice and supported the response of each country team to the pandemic.

At all times, our priorities have been to protect the health and safety of employees, to ensure that the service to clients is not compromised, and to manage costs in line with revenues in an uncertain business environment.

All of these objectives were successfully achieved, and the resilience shown by our business generally – and by our employees specifically – was nothing short of amazing.



Organising for Success

Following the integration of the two major acquisitions that were made during the financial year, PCC now operates in 15 countries across Europe, and has a number one or two position in our four key geographical markets – the UK, France, Germany and The Netherlands – and holds a leading position in many of the others.

The PCC business has now been organised into four geographical market clusters.

UK, Ireland & Luxembourg

This part of the PCC business is led by Jeremy Walters. It incorporates all our businesses in the UK and Ireland, as well as our as new operations in Luxembourg, where many of our Asset Management clients are based.

Western Europe

Led by Guilhem Boucon, our Western European region covers France, Spain, Italy and Romania, which is included in this market cluster because of its long-standing business and cultural links with France.

DACH & CEE

Thomas Simon leads this cluster, which includes all our markets in Germany, Switzerland, Austria, Czech Republic, Poland and Sweden.

The Netherlands & Belgium

Our business in The Netherlands and Belgium is led by Mieke Clark, who joined the company as part of the PostNL Communications Solutions acquisition.

All of our core solutions are offered in each market cluster. The following pages contain a summary business update for the four parts of the PCC business.

Our Growing International Reach

In addition to our four market clusters, we have seen an increasing demand for pan-European, and in some cases global, solutions from our clients. Many multi-national brands have grown through a combination of acquisition and organic expansion, leading to a raft of communication challenges unique to global businesses. These challenges include fragmented, non-standard delivery, culture and systems diversity, varying levels of business maturity, language and currency, the lack of visibility and control and the complexities of complying with various international regulations.

Global clients are now looking for a single, dedicated global communications partner they can work with to create a cohesive and integrated omni-channel communications strategy across all of the markets they operate in.

To ensure that we are able to service this multi-country requirement, we have a team of international business development and account managers that operates independently from the geographical structure under the leadership of our PCC Group Development Director, Steve Berney.

Our new strategic partnership with RRD also supports the delivery of services to our global clients, and this relationship is also overseen by Steve. In the past year, we have secured large new multi-country contracts with several new global brands including MetLife, Smith & Nephew and Dyson.

Marek Surowiec, Operations Manager; Paweł Michalski, Solutions Architect and Małgorzata Markowska, Senior Accountant PCC Poland (Pre-COVID-19 social distancing)

Looking to FY21 and beyond

PCC has a proven track record of combined organic and inorganic growth of around 25% pa over the past five years. We expect this growth to continue from our 'Buy, Build and Grow' strategy as we enhance and refine our business portfolio, expand our digital capabilities and penetrate new markets.

UK, Ireland & Luxembourg

Jeremy Walters
CEO PCC UK, Ireland and Luxembourg

The past year for PCC in the UK, Ireland and Luxembourg has been very positive in the three crucial areas of our business – for our clients, our people and our product and services.

"Our people continued to show they are a key differentiator when it comes to clients choosing PCC."

We have seen the continued growth of our client base through increasing numbers of new brands choosing Paragon for their current and future needs. We have had a record year for contract renewals, as existing clients continue to show their confidence in our ability to meet their current and future requirements.

Our people continued to show that they are a key differentiator when it comes to clients choosing PCC, bringing innovation and expertise to our ever-evolving market, and have demonstrated remarkable commitment during the face of the pandemic.

Our product and service expansion has seen us continue to focus on the integration requirements for our clients, as they manage their customer communication. We have developed a digital transformation maturity model, which helps bring all our services to our clients in a relevant and timely manner. The delivery of these services can be efficiently managed through our OnePlatform approach, which allows a single customer interface for managing content, creating output across any channel and capturing all data in the process.

UK

Growth & Service Expansion

To facilitate growth and remain at the forefront of the customer communications marketplace, PCC UK has aligned our service delivery to support a more technology-focused proposition.

Using this leading-edge technology to remove the barriers that prevent a frictionless conversion of communications from analogue to digital, we have established frameworks to drive the transformation of our customers' communications.

Through consultancy and expertise, we identify where digital can enhance the customer experience throughout the entire journey, unlocking improvements, advantages and efficiencies. We take the time to get to know our 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 relationships with existing clients. This was enhanced by our ability to remain robust, agile and flexible in the initial aftermath of the COVID-19 outbreak, during which time we continued to deliver leading solutions and services for our clients and expanded our service offerings to meet their revised requirements during these unprecedented times.

Lead Supply

Our Lead Supply business has made strong progress following the acquisition of RRD GDS, integrating its print management offering and further strengthening the proposition we offer.

In the last year, a number of existing high-profile clients have demonstrated their trust in our business by committing to new, long-term contracts. These include Virgin Media, Bupa, Direct Line Insurance, Swinton and Cancer Research UK. We have also been successful in attracting new Lead Supply clients, agreeing partnerships to deliver a range of physical and digital communications solutions and point of sale services for clients such as Molson Coors, Yorkshire Building Society, Screwfix and the Co-operative Bank. We also signed a significant contract with Boots to deliver its in-store Advantage Card programme.

When COVID-19 struck, we moved rapidly to adjust to changing circumstances, and supported our clients in the purchasing and stocking of Personal Protective Equipment (PPE). In particular, we worked closely with clients like the Royal Mail to ensure their staff were protected and able to help keep the country moving, at a time when so many of the day-to-day services people rely on were negatively impacted by the pandemic. Throughout the year, we provided millions of items of PPE to clients such as Royal Mail and Morrisons, including gloves, face masks and hand sanitisers.

These successes are underpinned by our 'One Team' approach and in-house output capabilities, along with constant investment in new technology and personnel. In particular, the technology investments we have made in OnePlatform and Procurement Management, coupled with enhancements to our asset and online proofing capabilities, have significantly strengthened our Lead Supply proposition and enhanced the services we deliver for our clients.

Helen Starling, Managing Director Paragon Workplace Solutions

As sustainability is an increasingly important focus for our own business and our clients' businesses, we have worked closely with our Global Risk and Compliance teams to improve the sustainability of our products and services, through our entire supply chain. We have also begun projects to utilise recycled ocean plastics in our products, as well as the roll out of carbon balancing schemes throughout the services we deliver.

Customer Successes

During the last year, our UK business has continued to attract new customers, renew contracts with key clients and build on our existing relationships. We secured a contract with the BT Pension Scheme (BTPS), to manage the inbound and transactional communications for what is the largest private sector pension scheme in the UK. Starling Bank appointed PCC to produce consumer and corporate bank cards, and we agreed a partnership with Smith & Nephew, a multinational medical supplies company, to be their consolidated communications partner across EMEA, US and APAC. Other new customer successes over the last 12 months included Easy Hotel, Molson Coors, Screwfix, Endsleigh and Co-operative Bank. HSBC launched its Transfer Agency, partnering with PCC in a five-year global agreement to provide inbound services and outbound communications for its underlying clients. This is a continuation of our growing relationship with this client and a reflection of our ambition to continue to service its client base across jurisdictions. Further successful contract renewals in the year included Npower, Danske Bank, Co-op Retail, O2 UK/Telefonica and Asurion.

Case Study

BUPA

PCC UK

Bupa, one of the UK's leading health insurers, needed to provide a new group of members with both a purely digital welcome and an ongoing journey. With only eight weeks to deliver the project they turned to us for help.

As their trusted customer communications partner, we knew how to deliver a solution that met their stringent needs with minimal risk and high levels of security. Because we already received the data stream needed to fuel the journey, we had a great starting point.

We listened to our client's business challenge and created a solution that allowed them to digitise an existing offline journey without making changes to their systems. We integrated the email journey with a bespoke web portal, and our UX specialists kept the customer experience as friction-free as possible for our client's members.

To convert the print-ready data stream so it could be used in the digital journey, our solution utilised a bespoke data management and rules engine. We also made use of our digital archive and secure consumer portal, allowing members to securely access their key policy documents whenever they needed them. We added in two-factor authentication to make the security watertight.

By prototyping the solution and using agile development, we met the deadline and produced a system that scales up as Bupa's demand grows. Furthermore, as their email, digital marketing, direct mail and transactional communications provider we were able to integrate the solution within their ecosystem. As Bupa continues to drive their digital transformation, our solution can be used to power other digital journeys.

Bupa now has a digital communications platform which enables its members to select a purely digital communications preference when they sign up.

The solution has the capacity to process and deliver millions of regulated communications each year, offering significant savings compared with the cost of the offline alternative.

Following the COVID-19 outbreak, we quickly aligned with new and existing client requirements to provide bespoke services and solutions to support their post-COVID-19 needs.

Clients including Royal Mail, Bupa, EDF, Public Health England and Morrisons were supported with services that enabled them to keep their colleagues and customers safe and informed during turbulent times for their industries.

DCX: Our Digital Transformation Agency

2021 is set to be an exciting year ahead for PCC's digital group of businesses which are branded as DCX, with a dual focus on operational integration and growth. The combined breadth and depth of capabilities across the Group allow us to deliver transformational programmes that combine strategy, data, creative and technology to deliver human-centred experiences across channels.

James Goldhill joined Paragon as CEO of Paragon DCX in the UK. DCX comprises four digital agencies: Despark, Parkhouse, Celerity and ORM, with 200+ people spread across the UK, Europe and USA and delivers digital customer experience services to our customers.

James Goldhill, CEO Paragon DCX UK

Case Study

St Mungo's

PCC UK

St Mungo's is a key charity in the fight against homelessness. To provide their vital services — to save and rebuild lives, they need donations — and lots of them. We stepped forward to help them with planning, creative, studio and digital media services.

Christmas is a time of giving. It's also a time for donations, and with many of the nation's charities promoting their causes, we needed to stand out for St Mungo's. We had to plan and deliver a Christmas digital campaign that would make people stop and notice the plight of the homeless, and convince them that their donation could make a real difference — making them the hero. We were tasked with extending St Mungo's reach into younger audiences and to make sure our campaign was not 'cold' dependent in case the winter was mild. We also wanted to include dogs in the campaign; through our analysis we learned that potential supporters react better when dogs are in the imagery. Digital was still relatively new to St Mungo's, so we wanted to test and learn whilst still making sure we hit donor recruitment and income targets.

We tested two different creative treatments 'It Started With' and 'Dog's Life' across multiple digital channels in multiple formats including statics, carousels, and video. We also tested cash asks against regular giving. We continually optimised the campaign in flight, measuring response and re-allocating budget against different channels and audiences to maximise conversion to donation.

The campaign is generating exciting levels of income and providing an impressive ROI. We are evaluating results as the campaign develops. Facebook and Instagram ads out-pulled the previous year's activity — a testament to the new hard-hitting creative approach. New channels such as Twitter opened up access to new audiences. We gained valuable insight for future campaigns including which creative, donation type and channel worked best with each audience.

From a growth perspective over the next year, we are continuing to:

- Develop strength in our strategic platform partnerships (including Salesforce, Acquia, Acoustic and Adobe)
- Invest in building and buying additional capabilities to service our clients
- Extend our footprint into adjacent markets and new geographies

While we recognise that each of the brands in the DCX business can provide a distinct offering, there is a significant value in further integration. Our starting point is to create better alignment from an operational perspective across systems, processes, reporting and ways of working.

Over the past year, our DCX businesses have continued to partner with forward-thinking brands on a range of exciting transformational programmes across the globe. ORM, our product and platform design and build experts, successfully set-up a digital factory for new product development at Valley Bank in New Jersey, USA, which supports rapid, human-centred innovation and growth. Our data-driven marketing agency, Parkhouse, designed and delivered an end-to-end, multi-channel integrated fundraising campaign for St Mungo's, which resulted in impressive ROI for the charity, which fights homelessness. They also flexed their creative marketing muscle with numerous award wins, including the prestigious Grand Prix at The Drum Recommends Awards.

Another of our DCX brands, Celerity, has been working closely with asset management firm Eaton Vance, optimising its use of Adobe Marketing Cloud, increasing personalisation and automation in its client communications. And our digital innovation specialists, Despark, partnered with The Insight Network to create Helix Resilience, a fully customisable digital solution that supports corporate mental health and wellbeing. The solution was subsequently chosen as the online health

Award

Paragon Parkhouse wins the Grand Prix at The Drum Recommends Awards 2020

The Drum Recommends Awards are much coveted by those in the industry as these awards are based strictly on clients' ratings of agency partners. Each year The Drum Recommends uses ratings from its database to identify which agencies are the highest-rated by clients and recognises those best-in-class agencies via its awards. Agencies can only win through the high regard of their clients, demonstrated by ratings on recommendedagencies.com.

The Parkhouse team are therefore thrilled and extremely proud to have won 5 of these prestigious awards with an average rating of 9.2 out of 10 across 21 services.

Parkhouse won in the following categories:

- Client Service (100+ staff category)
- Service Delivery (100+ staff category)
- Corporate Communications (combined category)
- Design (combined category)
- And for the first time - The Grand Prix Award (100+ staff category)

This is a tremendous achievement for the team across the whole business.

Here's what some of the clients had to say:

"The Rolls Royce in strategic design, branding, and product/company communication. Their professionalism, attention to detail and team ethics, make them a pleasure to work with. Working in a timely manner, Parkhouse has created a number of high-quality product designs that continue to support strong growth in sales for Heroes Drinks Company and recognition for very high quality designed products"

Chris Gillan, Heroes Vodka

"Hands on personable approach and the team are always willing to get stuck in!"

Chris Parsons, World Pay

"Great to work with, creative and innovative people, with an excellent ability to translate requirements into something real and unique".

Jaye Deighton, Core 29

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

and wellbeing resilience tool for all staff across Lloyds Banking Group. Our DCX teams also secured a number of new business wins over the past 12 months, adding Samsung, Cancer Research, EDF, and Goldman Sachs to their client lists, whilst retaining key clients such as Arriva, Bupa, First Group, Public Health England, Disney and the NatWest Group.

Investing in Our People

We encourage the advancement of our people by providing a range of learning, development and knowledge sharing programmes to facilitate personal growth and broaden their knowledge of the business and our industry.

Over the past 12 months these have included the 'Quantum' training programme, a series of Masterclass presentations delivered by PCC UK board members, as well as the 'Young Paragon' network, which enables ambitious young colleagues to collaborate on key projects.

We place great emphasis on Environmental, Social and Governance (ESG) policies, in particular our ethics, compliance, equality and diversity programmes, which contribute to staff attraction, retention and employee satisfaction. Initiatives such as the Inclusion Council, Mental Health Champions and QFS (Quicker, Faster, Smarter) are used to engage with our people throughout the business, encourage collaboration and provide opportunities for personal development.

Investing in Technology

We have made investments in our digital frameworks to help guide our customers through their transformation journey, and seamlessly move them along their maturity scale via the elements within our technology ecosystem.

Throughout last year, we added developments to various core technology platforms to underpin this strategic approach, including OnePlatform – a complete, fully-integrated suite of communication solutions – and PEP, a unified platform that enables the automated delivery of agile multi-channel communications.

Investment in our Paragon DCX business and its ongoing development allows us to offer a greater range of bespoke platforms and systems, all of which have technical excellence embedded as standard.

Ireland

PCC entered the Irish market in October 2019, with the acquisition of RRD GDS. Since then, the business has been active in growing its profile and sales activity within the market. Enda Casey joined PCC as Managing Director for Ireland in March 2020. He leads our local team, with responsibility for growing sales and expanding the range of services available to our Irish client base. Having previously held the position of MD at Perigord Group, Enda's experience of the market and his success in overseeing several digital transformation projects for customers are invaluable assets for the company.

PCC Ireland is positioning for major growth, with a plan to relocate all operations to a larger, 100,000 square foot facility at Dublin's Citywest Business Campus in early 2021. This expansion follows several significant investments made throughout 2020, including the upgrading of print and fulfilment equipment to provide our clients with the latest technology to future-proof their businesses. The new site at Citywest will provide Paragon's clients with enhanced levels of security and an increased capacity to deliver large-scale and highly-sensitive projects. The expanded business in Ireland will offer the full range of PCC services, and provide business continuity support to our asset management clients from our new Luxembourg operation.

Investments in new business development include the launch of the PCC Ireland website and marketing activity, along with the recruitment of additional experienced business development managers to accelerate the growth of PCC Ireland.

During the year, PCC Ireland was successful in securing a number of significant contracts. These include a long-term contract with An Post to manage the supply, warehousing and distribution of retail collateral to the 950 post offices within Ireland. Other significant contract wins include a five-year contract to provide billing services for Irish Water.

The trend towards digital delivery of communications has accelerated during the year. To this end, we have strengthened PCC Ireland's position as a digital service provider with the award of a contract to develop and deploy a secure, self-service customer document portal and communication platform for a leading Irish general insurance company.

Enda Casey, MD PCC Ireland

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

Luxembourg

PCC Luxembourg is fully regulated under the CSSF PSF license in order to operate within the Financial Services industry – predominantly in Asset & Wealth Management, but also in Banking and Insurance. Launched in October 2019, the site was fully tested and accredited in June 2020.

PCC Luxembourg ensures that we can provide customers with a consistent approach and service across borders, underpinned by the same stringent, customer-focused processes that support our ongoing relationships. This expansion and its added capabilities will generate major new commercial opportunities for our financial services customers, which makes this a very exciting time for our business.

Pit Ludig, Operations Manager PCC Luxembourg; Lorna Glynn, MD PCC Luxembourg and Sunny Arora, Senior Product Manager PCC UK (Pre-COVID-19 social distancing)

Western Europe

Guilhem Boucon
CEO PCC Western Europe

"PCC Western Europe has now become a full 360° omni-channel experience provider"

Strategy: Value Chain Continuous Enhancement

Expanding our range of services and capabilities in 2019/2020, PCC Western Europe has now become a full 360° omni-channel experience provider that transforms and delivers brilliant and efficient customer communications and business process management. The business connects major brands, their leads as well as consumers, states, administrations and their citizens, and corporations together with their main stakeholders (employees, suppliers, etc.) through every possible inbound and outbound interaction, physical and digital. Thanks to its integrated and best-in-class end-to-end supply chain, PCC combines the best of Industry, services and technology capabilities in a single partner.

With its "end-to-end, all-in-one" integrated services, our Marketing and Customer Experience business can now offer much more to our blue-chip customers. Our teams demonstrate, on a daily basis, the effectiveness of being "glocal" (global and local) in responding to multiple and complex customer requirements linking cost optimisations, supply chain performance, expertise in print management and marketplaces. Paragon delivers client brand content anytime, anywhere, on any device (in mailboxes, shops, streets, at home, on mobile, through digital, signage, digital displays, etc.).

For example, we are proud to have been chosen by Maire de Paris to be its main partner, to deploy its communication programmes and materials support around this beautiful city for the next three years.

Transactional & BPO

PCC is rapidly becoming a strong national leader in the French Business Process Services market. The Groupe Bernard acquisition, completed on October 1, 2020, will double our footprint in this business, and enable us to deliver full omni-channel management capabilities to our clients, with inbound and outbound, paper, digital and calls all from one partner. Groupe Bernard manages business processes, including paper and digital document management, complete loyalty, account payable and account receivable management, membership and retention programmes, on-boarding customers and providing personalised loyalty or membership cards, survey management for administering real estate rental fees and subscription programmes for media publications. This acquisition represents a continuation of our Transactional & BPO growth strategy, as we build our expertise to deliver an increasingly comprehensive range of relevant solutions to meet our clients' transformation challenges in business process management.

Groupe Bernard will be integrated into the PCC business in France, and will continue to be led by Jean-Loup Lemonnier. Established in the Lille area in 1972, Groupe Bernard employs more than 250 people, processes more than 100 million items of inbound correspondence every year and had annual sales of more than €17 million in 2019. In order to simplify business processes for our clients, services are provided both physically and digitally.

In France, we are rapidly evolving our Digital Customer Experience (DCX) strategy and we expect to see significant progress in this area in 2021. Since July 2020, a taskforce of five of our best team members has been working on the implementation of a new DCX offering to promote synergies between our existing services and to bring the best of digital consulting to PCC customers. Following the set-up of this dedicated team, the new dynamic unit has already begun supporting existing customers. The constant flow of information between sales representatives and the new DCX team has delivered exceptional results, including country-wide display campaigns.

Our international print management business progressed well in Spain and Italy.

Agility and Entrepreneurial Spirit — a Key Asset in a Rapidly Changing World

France

Following the outbreak of COVID-19 in the Spring of 2020, an extraordinary volume of work was delivered in a few weeks, in order to meet unprecedented demand. Our team rose to this considerable challenge, and quickly created solutions that allowed customers to order COVID-19 related products through our Marketplace. Between March and May 2020, more than 100 million COVID-19 related products (masks, gel, etc.) were shipped through our PEP platform. By pivoting our business to meet this demand, PCC France helped clients to resume their business activities, and also to protect their employees, during and after the lockdown. We provided these products to TNT, Accor, HSBC and several other clients.

Romania

In a similar pivot, our business in Romania set up a manufacturing facility to produce masks and other types of facial protection in just a few days in March 2020. The team knew how to be creative and scale industrial capabilities at pace to produce hundreds of thousands of masks over a few weeks to meet extraordinary demand. The team spirit made it possible to capitalise on this agility. A great job done by all.

PCC France leadership team get together (Pre-COVID-19 social distancing)

PCC Invests More Than Ever in its Future Through Technological Assets

We invested significantly this year in new systems, data and technologies and also in the production area including digital printing and inserting.

We acquired Agfa Arziro Design Software: A powerful security design tool for brands discouraging forgers from attacking our customer assets. Our certifications to ISO 27001 & NFK 11-112 have been reconfirmed during the past twelve months.

The best of ECM & CCM software: After more than ten years of partnership around hybrid mail solutions. We have now become a reseller and integrator of ESKER software suites (as was the case with Quadient last year). This initiative is aligned with the strategy of becoming a National Leader in BPM and this additional step affirms our desire to become the market leader in the field.

The best of Security: a holographic foil application machine designed by DIAVY has been installed at our Cosne-sur-Loire site to increase the technical depth and competitiveness of our strategic and security printed offer to a very high level of security, with each document becoming unique, tamper-proof and differentiated.

At Noyelles-sous-Lens, we installed HP T240 HD, renowned for its high quality and highly productive reel-to-reel digital printing.

Another major investment was the first Canon ProStream 1000 delivered in France, at our Blois facility. This equipment allows us to combine the printed quality of offset and ultra-personalisation with a technological leading-edge solution

The first Fusion 3 XCross entries with full sequential matching in the world, designed especially for Paragon, adds exceptional flexibility to Blois production thanks to the high-performance insertion system designed by Böwe Systec. These investments will increase productivity to deliver the best fully variable colour communication at the lowest price.

Over the last quarter of 2020, our Noyelles-sous-Lens site has been developing custom-made equipment to further automate our co-packing processes. Designed to suit an international client's specific needs and sustain a fast-growing partnership, Noyelles has used both internal and external expertise to build automated machines that help prepare key components of the assembly lines: significantly enhancing speed and quality.

Investing in Our People and Organisations

We are very pleased this year again to welcome tremendous new talent to the business. Among 40 diverse arrivals, we hired Sébastien Darmon (Marketing Head), Ibtissam Boujida (Deputy Finance Manager) and Olivier Brisson (Business Development Manager), being just three examples that will help us to continue to grow and expand in the coming years.

Welcoming new teams is great, promoting those that have delivered for so many years, transforming Paragon as one of the most intrapreneurial companies in France, is even better. We are proud this year to promote among others, Christine Berneau and Hélène Darbour (multi-subsidiary HR heads), Eric Bachelet (Deputy Sales Director), and Denis Besson (Supply Chain Management Director).

Getting the best possible synergies between our centres of excellence is key: many of our people, in addition to their local jobs, enjoy making things happen across the business through their highly valuable and recognised expertise. We can name Bruno Gauthier and Patrick Sauze being two of the main great change-makers in this area during the course of the year.

Sustainability

More than a market trend, a strong and long-term commitment: We are proud to have been confirmed at EcoVadis Gold standard for the fifth year in a row: our "phygital" (physical and digital) & "glocal" (global and local) approach and capability help more than ever our customers improving their main Sustainability KPIs.

New Customers / Customer Success

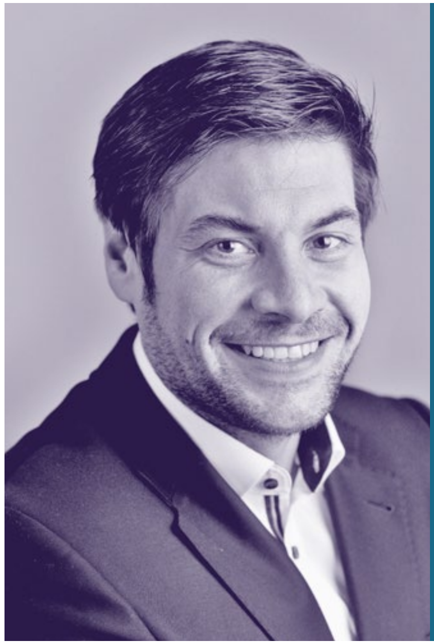
2020 has been a year with many great victories and we are absolutely delighted to have among us these new accounts that will enrich our portfolio: IAD, Mairie de Paris, La Mutuelle Générale, MetLife and CMA CGM.

Case Study

A major international food industry player needed a new partner to support its B2C operations worldwide

This major international food player needed a new partner to support its B2C operations worldwide. With an expertise in logistics shipments to 84 countries, a bonded warehouse and both hybrid mail and digital printing for personalised messages, our logistics centre in Noyelles-sous-Lens is the perfect fit. The relationship relies on a dedicated team of packaging design and sourcing experts who support cross-selling for the account's world-renowned brands through new pack concepts and goodies. Overall, Noyelles-sous-Lens expects a production of 24 millions sets in FY21.

Beyond establishing itself as a reliable partner, Noyelles-sous-Lens has also demonstrated its readiness to innovate and anticipate its client future interests. To sustain its customer's growth, local teams have acquired the necessary certifications for organic food handling (FSSC 22 000), reorganised on-site logistics flows and developed custom automated processes.



Thomas Simon
CEO PCC DACH & CEE

“We were able to close the financial year with all of our financial targets exceeded.”

DACH & CEE

Germany

Driving Our Strategy

Despite all the challenges, the past financial year has been a very successful one for our business in Germany. The healthy mix of services provided by PCC helped us to counter the pressures created by COVID-19.

While we experienced significant declines in the production of direct marketing mailings from February onwards, we grew our transactional business in the area of document output and document input. We won business from new clients, and these additional sales more than compensated for declines in direct mail volumes. As a result, we were able to close the financial year with all of our financial targets exceeded.

We have continued to focus on preparing the organisation for the current and future challenges.

We made a number of key senior appointments. Thorsten Kolmetz (Director Technology), Andreas Lösch (Head of Consulting & Project Management) and Ralf Griewel (Director Compliance) have joined our management team, bringing additional skills and competences to our business. The processes and responsibilities across our sites will become even further aligned and integrated. We have started to reorganise the Compliance department, which will enable us to secure our internal processes even more effectively, for example in the area of IT security, and support our customers in meeting increasing regulatory requirements.

In the Technology area, the focus continues to be on further development of customer applications, in order to maximise the use our locations. Our customers will also benefit from this, through distributed, secure and scalable production. We will also increase the efficiency and speed of our production processes as a result of this development initiative.

We are supporting our managers in keeping their skills up to date through additional qualification programmes, and will expand this in the new fiscal year with a broad leadership programme. Especially in these challenging times, leadership is a key element for our future success. We continue to trust and value in the ongoing commitment of our employees, as we have experienced in the past.

Business Process & Transactional

We have successfully maintained and expanded our market leadership in the field of document output.

Already having a have a strong reputation as market leader for document output in the telecommunications industry, we secured the contract with Germany’s largest independent mobile phone operator, mobilcom-debitel, as a client. In addition, we now support all three network operators in Germany – Deutsche Telekom, Telefónica and Vodafone.

We were also able to maintain our strong position in the energy industry, expanding our contracts with existing clients to include new services.

We commenced provision of transactional services for a large German cooperative bank that offers services to members of medical professions, such as doctors, dentists, psychotherapists and pharmacists, their relatives, professional medical associations and company clients from the healthcare industry. Initially, this involved transactional documents output (for example, bank statements), but with this client, we have now expanded our service to include inbound document processing.

Inbound processing has now reached critical mass in PCC Germany and will be further expanded in the future. We also won a customer for global co-operation for inbound services.

A German speciality chemicals company has entrusted us with the processing of international incoming mail. We scan the incoming documents at our own or partner locations globally and, if necessary, re-process them in Germany in order to transfer the extracted and validated data in a structured way to the customer's ERP system. In the future, further countries will be successively integrated.

Working with our PCC site in Warsaw, Poland, we are able to add a nearshore component to business process outsourcing. Here we also handle complex processing for businesses such health insurance companies and banks.

Customer Experience & Marketing

In order to enhance our future viability, we have made extensive investments in our Customer Experience & Marketing business, particularly in production technology the development of our data-driven offerings.

As a result, we acquired additional clients in one-to-one marketing. For example, an exciting project was realised with QVC, the teleshopping channel and eCommerce dealer. This involved sending customers highly individualised, physical direct mails (postcards and self-mailers) with content based on the latest findings from the CRM system. A direct process-related connection to the CRM system was created for this purpose. In addition, image data was drawn directly from the PIM (Product Information Management) via an interface and used for the mailings. Over 50,000 articles from the web shop can now be displayed in a rule-based manner.

In addition, the images are checked for sufficient resolution for printing and the address data is validated for undeliverable recipients. As a result, QVC was able to record a "significant increase in response".

We were also able to demonstrate our technological competence in the area of classic print advertising. In addition to the already patented "Stickcard", an economically producible parcel insert for the eCommerce

Case Study

E.ON Germany

PCC Germany

E. ON is a German electric utility company based in Germany. It runs one of the world's largest investor-owned electric utility service providers and was looking for a full service provider who could handle a holistic and cross-media customer dialogue from acquisition through to billing, with very high quality, flexibility and adherence to delivery dates.

The production process needed to factor in a multi-stage approval process by the client, and they also needed the ability to control individual documents before production. In addition, they needed a solution that enabled document-specific reporting and detailed billing to various departments, which also could automatically produce quick and flexible ad-hoc mailings. The data contained within these reports, which is important for energy service providers, had to be represented holistically with a high degree of complexity.

With Paragon Customer Communications, E.ON has a provider who manages the complete customer journey, from acquisition to billing. Our workflow specialists ensure that suitable tools are provided so that the client's teams also have the option of both qualitatively checking and quantitatively amending the documents within a two-stage approval process. It is now possible to automatically remove individual documents from the print stream, add and insert and postpone parts of the transmitted production to a later date if, for example, their service centre is dealing with high volumes. We also take care of data acquisition during the complex customer sign-up process.

With the help of our specialist software, around 150 different card variants are created, produced and dispatched for 11 E.ON clients, all within a very tight timescale. Postal delivery is fully consolidated, with full transparency for our client. Several Paragon locations throughout Germany are involved in production in order to optimise the logistical process for postal delivery. In addition to saving money, this also saves resources and reduces carbon emissions.

Paragon has been working for a number of E.ON Group companies for over 10 years, and we now despatch around 8 million customer energy cards and produce around 16 million mail items, 34 million sheets and 56 million pages for them every year. 900,000 e-invoices are now also sent via email. The customer receives a dynamic email which provides graphically processed information, giving clarity and adding value to their communications, and they can also access an archived PDF of their invoice.

We have enabled our client to generate cost savings through outsourcing, reduced their carbon footprint, and provided an automated process with maximum flexibility for their communications.

Alexander Schäfer, Chief Sales Officer PCC Germany (Pre-COVID-19 social distancing) business, we have another product innovation, the "Portosparer", which we are patenting. With Portosparer, a customer card mailing can be produced as a self-mailer without having to pay the additional postage otherwise due in Germany.

With our combination of locations and technologies at our Marketing Services operations in Schwandorf, Germany, Nyrany, Czech Republic and Krakow, Poland, we are now able to meet almost every customer requirement.

We have integrated our sales and marketing activities into a single unit, and they are now organised independently of the production location. This has led to improved responsiveness and visible accountability to clients.

DCX (Digital Customer Experience)

We are actively promoting digitalisation among our clients. For one of our large telecommunications clients, we already produce the physical output and have also migrated around 50% of the documents to a digital portal for e-mail delivery. We are now adding the "XRechung" channel, which is an XML-based semantic data model that has established itself as a standard for electronic invoices, and is widely used for invoice exchange with public sector customers in Germany.

We have also completed a successful pilot project with another client in the telecommunications sector. Instead of sending a physical reminder, we now send an SMS link to an electronic document from our systems. We track whether the customer reads the document and, if the document has been viewed, we can suppress the physical production. With open rates of approximately 30%, significant savings can be made on production and postage costs.

Our smartPayroll solution is helping us to further develop existing customers and win new ones. With smartPayroll, payroll accounting is transferred to a secure digital world, and the employee actively selects his or her preferred channel. The discount supermarket group ALDI uses our service to help them reach decentralised employees quickly, safely and economically.

Several billion documents are stored in our data archive centres for secure online access by our clients and their end customers. We are currently revising and supplementing our range of solutions in order to be able to offer innovative services in the future. We are also adding to the management team in this area, which will significantly strengthen our market presence.

We are also focusing on the quality of our clients' address data and the replacement of physical mail returns with electronic information. For example, we check the data against external databases such as relocators, deceased or undeliverable addresses. This avoids unnecessary physical production and postage. Instead, we deliver structured digital information directly into the workflow of our customers.

In the area of Customer Experience & Marketing, we provide web platforms to successfully initiate campaign and print products. For example, cooperation with Germany's largest multi-partner loyalty programme has been expanded to enable partners and their regional branches to design mailing campaigns and trigger them from the central database.

A health insurance company, which is already a client in the field of document output, has commissioned us to provide CI-compliant supply to its businesses using the Paragon PEP platform.

Patrycja Ośka, Business Visualisation Specialist - Coordinator and
Marlena Możdzonek, Team Leader Visual Services PCC Poland (Pre-COVID-19 social distancing)

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

Thomas Hautmann, Order Manager PCC Germany

Looking Ahead

We will continue to develop the leaders in our business and enable our managers to continue to take personal responsibility. These are the people in the organisation who drive development and add significant value to relationships with clients.

In the new financial year, we will intensify our activities in the area of sustainability. For example, we have already converted all our production sites to the use of green electricity. Our aim is to achieve CO_2-neutral production, and we are in constant dialogue with our clients to this end.

We already avoid significant amounts of CO_2 production though our four-location concept in document output. Locating the production facility close to the recipient minimises transport distances and reduces our carbon footprint.

In all areas of our business considerable investment is being made in production technologies, IT infrastructure and applications.

Digitalisation will continue to determine our actions in the coming financial year. We are planning to expand our efforts in RPA and AI, thus driving forward the automation of business processes. The expansion of digital communications between our clients and their end customer also the linking of several channels are the focus of our development services.

Paragon will continue to invest in state-of-the-art machinery, IT and internal workflows across the region.

At our Schwandorf site, we have invested in inkjet printing technology with a Ricoh VC60000, which we use for direct mail production and transactional printing. Additionally, the investment in two new BlueCrest mailing systems will strengthen our inserting resources. We have also invented an innovative coating technology, developed in collaboration with our supplier.

A Canon ColorStream 6700 inkjet system was installed at the Korschenbroich site, while a comprehensive modernisation of the inserting capacity at the Weingarten site is on our agenda for the new financial year.

The Netherlands and Belgium

Mieke Clark-Marsman
CEO PCC The Netherlands and Belgium

“Our new leadership team is knowledgeable and deeply experienced in this industry, with all of them highly regarded in their own area of expertise.”

The Netherlands

Acquisition of PostNL Communication Services

On December 31, 2019, we announced the acquisition of PostNL Communication Services; a multichannel outbound customer communications business with locations in Berkel & Rodenrijs, Den Bosch and Apeldoorn. PostNL Communication Services provides technologically advanced end-to-end customer engagement solutions across multiple sectors such as Telecoms, Banking, Financial Services, Government & Municipalities, Insurance, Utilities, Retail and Internet businesses with omni-channel marketing and transactional solutions. The strategic, cultural and proposition fit with the PCC business is very strong and we are now the market leader for inbound and outbound communication solutions in The Netherlands.

Unity & Leadership

Due to the complementary services we offer in the Dutch market we successfully integrated the businesses in less than nine months. Our new leadership team is knowledgeable and deeply experienced in this industry, with all of them highly regarded in their own area of expertise.

Victor Meere steers Business ICT Solutions and is the innovator behind the growth in digitalisation. Natasja Prinsenberg oversees the Onsite & Workplace

Profile

Mieke Clark-Marsman

CEO Paragon Customer Communications for The Netherlands and Belgium

Background:

I joined Paragon December 31, 2019 after the acquisition of PostNL Communication Services (PCS). I had been Managing Director of PCS since 2014. Together with the senior management team we successfully transformed PCS from a traditional print & mail organisation into a multichannel customer communication service provider and market leader over four years. My work background consists of a very wide range of (international) management functions in Sales, Business Development and Marketing in different lines of industries like ICT Software, Financial Services, Office Supplies, Construction Industry and Consultancy. Within Paragon I felt at home from day one. Maybe even before day one actually.

What’s your role at Paragon :

I am the CEO for Paragon Customer Communications in The Netherlands & Belgium. My motto is to create entrepreneurial ‘DNA’ in every department and level in my region, where we think “outside in”, instead of “inside out”, and communicate in and open and direct way. Within our organisation we have the most impressive solutions for end-to-end customer communications. Our strength lies in our ‘power in execution’ of large projects with tight timelines and in simplified communication of complex matters.

What have you been working on over the last 12 months:

Over the last 12 months a lot of my time and focus went into the integration of the different entities in The Netherlands and Belgium in order for us to become ‘ONE’. Creating, building and developing one organisation, one commercial team, with one market approach, one finance system, one HR, one ICT department and one operational footprint. I also focused on developing the bond between new colleagues and supporting the mental integration process by connecting individuals. COVID-19 has been challenging for every business and demanded flexibility and care. We’ve done well during this period.

“I’m both proud of and honoured by the opportunity to lead the highest digitised region in the world towards double digit growth.”

Solutions business as well as HR. Gert-Jan Vollema as Operations Director has the responsibility to deliver on the commitments we give to our customers. Ton Kalter, as CFO is the Financial & Legal conscience of the combined business in The Netherlands & Belgium and Mieke Clark-Marsman as CEO has a strong commercial drive and market focus.

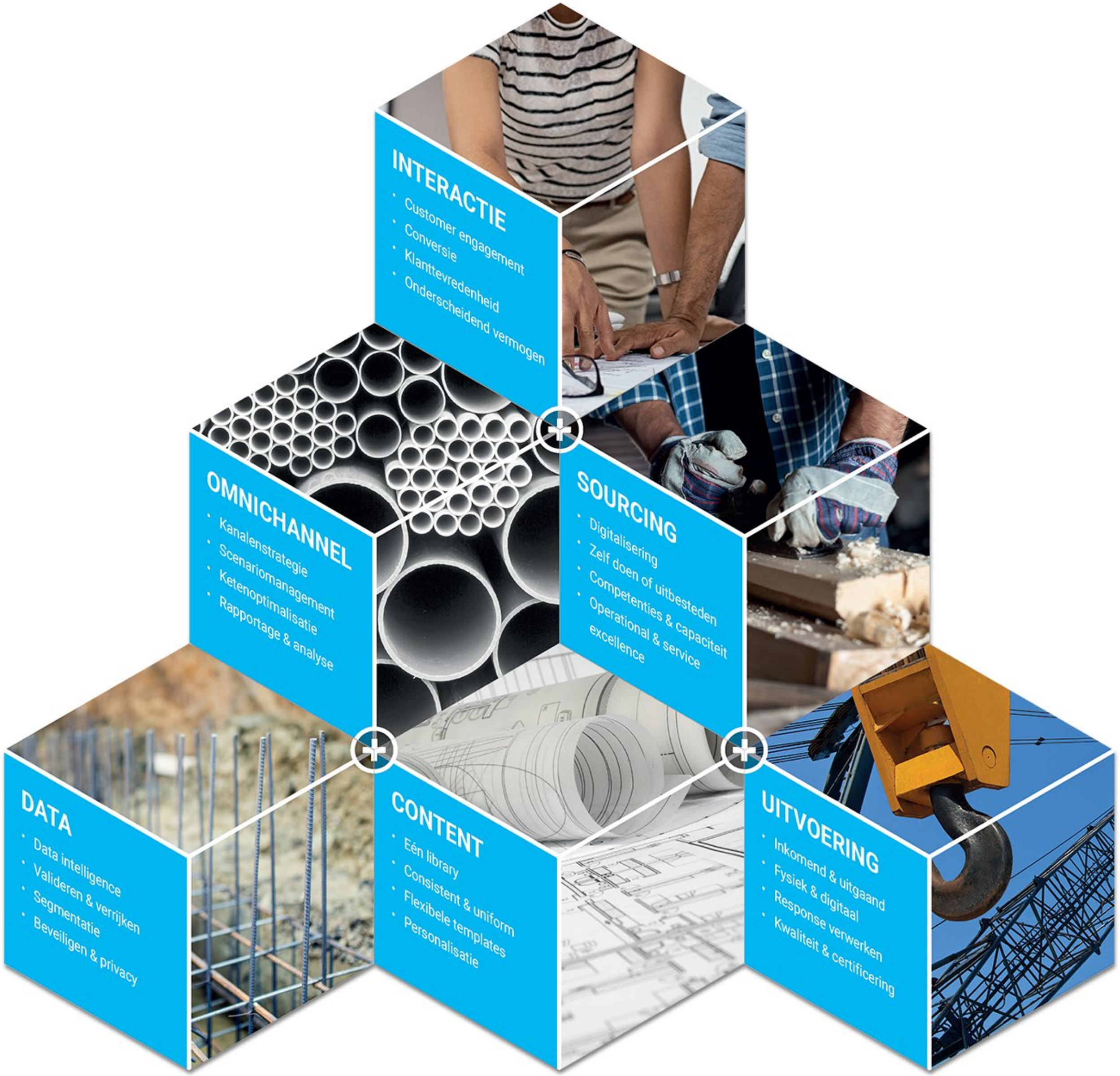
The 400 skilled colleagues in our business are the true force behind the success of our integration. They have proven themselves to have ownership; from operator to manager, and they ensure that the job is done. We encourage employees actively in their personal and professional development with on-the-job training and education, a mentor system and the creation of an International Young Paragon Network.

The Backbone of What We Do

For over 1,200 clients, we solve challenges in four strategic areas – Multichannel Customer Communication, Improving Customer Experience, Supporting Digital Transformation and Optimising Business Processes. We achieve this by delivering innovative and proven solutions.

Multichannel Customer Communication via SaaS

Multi or omni-channel solutions, bespoke or as a generic solution, are fully available in our region. However, we have taken these to the next level by offering Customer Communications via ‘Software as a Service’. This unique approach requires no CapEx, operating as a pay-as-you go service, with an all-inclusive monthly fee. It’s easy to step into, and offers flexibility out. With full control, there are no unexpected surprises. Our cloud technology secures scalability and data security to the highest standards, and all GDPR demands are met. With the ‘OnePlatform’ solution there are no costly bespoke functionalities, simply the latest capabilities on all digital and physical communication flows.



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

Integrated Incoming & Outbound Communications

Customer engagement is all about the quality of communications. Quality also means an integrated, closed loop, secured circle of workflows in receiving, processing, responding and sending messages and letters to end-customers. Unifying the inbound with the outbound solutions in The Netherlands – one of the most digitised markets in the world – is critical to our ability to digitise communication for our customers.

Marketing Communications

We are here to support our clients in their customer needs. This is usually “winning new customers”, “bonding with existing customers” or “delivering accurate information to customers”. To achieve these objectives, we combine our Digital and Transactional experience to communicate the right message across, at the right time, via the right channel. Just the way the end-customer likes in a self-service world. Because these days, it is the customer that decides, not the sender.

Onsite Services & Workplace Solutions

Employees or tenants deserve an optimal working environment. For instance, if they have ordered packages, then these must be delivered in the correct manner, whether they are in the workplace or working from home. We can organise this by providing creative, mailroom, reprographics and related workplace services. As a service provider, our experienced employees are an extension of our clients’ organisations.

Profile

Victor Meere

Director of Business IT, Paragon Customer Communications for The Netherlands and Belgium

Background:

After studying Marketing in The Hague I began my career within marketing and advertising. Through Direct Marketing I transferred to the IT work field and joined PostNL Group IT in 2006. Until 2010 I was member of the Board of Directors of Group IT and responsible for all end user services of PostNL. In 2010, I joined a start-up within PostNL and worked on designing and running an e-commerce platform for the Parcels Division. From 2015 until 2017 I was responsible for all logistic business applications of PostNL. I joined PostNL Communication Services in September 2017 which was acquired by Paragon Group in December 2019.

What’s your role at Paragon Customer Communications:

I am the Director of Business IT for Paragon Customer Communications in The Netherlands & Belgium. My personal mission is helping companies improve their customer experience. We do that by providing smart customer communication solutions and services. We work together with our customers, colleagues and partners on enriching our solutions and services with innovative, creative and practical functionalities.

What have you been working on over the last 12 months:

The last 12 months were like a rollercoaster ride. First, we completed the divestiture from PostNL. We also brought together two production facilities into two existing production locations in order to realise cost savings. We started working on bringing together the various organisation departments, people and processes into one organisation which will be completed by the end of 2020. We have also made great strides in our One Platform solution. This has been further developed into a true SaaS platform with which we can be at the forefront of the market and achieve further growth in customer communications. Beside these significant projects we have also improved our Cyber Security and Privacy capabilities, working tirelessly on phasing out our legacy systems and applications and meanwhile coping with COVID-19 which still has a major influence on our business and employees.

“Joining Paragon has been very rewarding for our organisation, but also for me personally. I now have access to an extended network of colleagues who face the same challenges as me, with whom I can spar and work together on the further development of our business and growth.”

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

Innovations & Site Relocation

The acquisition of PostNL Communication Services and RR Donnelley in the financial year led to a unique opportunity to establish an innovative, state-of-the-art Direct Marketing and Printing-on-Demand location. The integration of the former RRD site at Eindhoven into the former PostNL Communication Services location at Den Bosch has already been completed, and this offers growth opportunities for both our customers and our employees. We also invested in the new Canon varioPRINT iX3200, which will greatly improve quality and volumes in Marketing Services.

Technology

Our technical basis is a combination of internationally proven leading software, such as Quadient Inspire, ISIS Papyrus, and bespoke solutions as Genius, DigiMail and IRIS, and proprietary Paragon software, such as OnePlatform, PEP and ePro.

Sustainability

To minimise our impact on the environment, we have invested in sustainable buildings with green energy and LED lighting. When developing and purchasing systems and machines, we look at energy consumption, heat output and noise. And, of course, we recycle as much as possible.

We also advise our clients in sustainable communication. We encourage well-considered decisions about how best to organise their customer communications, depending on the phase of digitisation they are in. We also urge our customers to use FSC paper, print double-sided and avoid the use of pre-printed materials.

Ton Kalter, CFO PCC BeNe; Mieke Clark, CEO PCC BeNe and Sean Shine, CEO Paragon Group (Pre-COVID-19 social distancing)

Belgium

Inbound BPO Communication

Customer engagement is about the quality of customer communications. Inbound or “incoming” communication is not a separate activity from outbound or “outgoing” communication. It’s an integrated intelligent loop that enhances how our customers manage their documents and messages, and how quickly and personally they process customer data. Our offer has evolved from basics like scanning, indexing, archiving, conversion and returned mail to a full mailroom service outsourced to PCC. We are particularly strong in the insurance, automotive, charity, Government and tourism segments.

Case Study

Thales

PCC Netherlands

Thales is a leading player in the field of Safety and (Cyber) security and Paragon provides Workplace Solutions. They were looking for an organisation that could provide them with mailroom, reproduction and related facility services. This allows their own employees to focus on their work.

Paragon receives and sends all mail items for Thales on a daily basis. In addition, Paragon provides various repro assignments in both small and large format on location and offers handyman work. All the work is carried out by a Paragon employee in the Thales office. The permanent employee is seamlessly replaced by an on-call employee in case of leave or absence. This way the continuity of service is ensured.

Paragon ID

eID

Smart Cities

Track & Trace

Payment

Clem Garvey
CEO PID

“Paragon ID is now very well positioned for a return to future growth.”

Paragon ID

An unrivalled range of contactless products across many applications and markets, served by a global industrial base.

2019/20: Breaking Through Barriers

2020 was a challenging year for Paragon ID. In the first quarter, more than 50% of revenues came from RFID (Radio Frequency ID) Smart Cards, RFID Paper Tickets and Magnetic Tickets sold across the world from Los Angeles to London, Paris and Singapore. A further 13% of revenue was from our e-ID activity, Paragon ID's unique technology in RFID inlays for Passports, which has been adopted by the most security-conscious governments globally. Within weeks, however, both these businesses stopped completely, with the lockdowns and border closures that resulted from the COVID-19 pandemic. Despite revenue reducing by more than 50% due to the pandemic we managed to re-position the business.

Paragon ID survived by breaking through barriers – obstacles to entering into new markets, geographical boundaries, constraints to flexibility in working hours, resistance to digitalisation of transactions, differences in time zones and different language… all were overcome.

Paragon ID is now very well positioned for a return to future growth.

A Strong Start in the First Half of the Financial Year

Paragon ID closed the first half of 2019/2020 with a solid performance in its traditional activities, showing overall growth of 11% and organic growth of 3%, while increasing the EBITDA rate from 5.6% to 9.3%.

The company concluded its acquisition of Thames Card Technology on October 31, 2019, adding EMV*-certified card production to its Payment activity. Also, in Payment, licensing fees from the AmaTech contactless payment technology grew month-on-month, underpinning the division's profitability and cash generation.

Our strategic investment in Airweb in October 2018 enabled us to win the Mobile Ticketing contract for the City of Quebec, further positioning Paragon ID as a leading provider of digital platforms, and building our reputation as a provider of ticketing platforms as a service.

Acquired by Paragon ID in 2018, RFID Discovery is the UK's leading provider of hospital equipment tracking solutions. This year, it continued to perform strongly. The first installations of the platform in industrial environments have been successfully integrated, and revenues for the year are tracking 10 times those achieved prior to the acquisition.

COVID-19 Impact

The first effects of COVID-19 were felt as early as January 2020 when some of our Asian partners were unable to maintain deliveries of product into our supply chain. Anticipation of potential difficulties and contingency planning resulted initially in limited disruption to the business.

Once COVID-19 arrived in Europe and the lockdowns began, the business started to suffer. While our operations continued to deliver to a pipeline of orders during the initial months of the pandemic, the lockdowns, working from home and general fear of taking public transport resulted alarge accumulation of ticket stocks and cards for our customers. In addition to the Mass Transit and e-ID businesses suffering from the consquences of the pandemic, the labelling activity – where we are particularly strong in automotive and aviation sectors – ground to a halt. For example, production of magnetic tickets for the

*Eurocard Mastercard Visa

Sales
€105m

0% Growth

"Supply chain optimisation, on-line shopping and automation of checkouts in retail stores will result in a new market of tens of billions of RFID inlays. Paragon ID recently became the third company in the world to be certified by ARC as an approved supplier of UHF inlays."

UK railways dropped from 50 million per month to a few hundred thousand. Production of paper RFID tickets at our plant in Romania, which peaked at 18 million units per month dropped to less than two million.

Breaking Through Constraints on Working Hours and Work Practices

From the earliest days of the arrival of the pandemic in all countries of operation, it was clear to the management team at PID we needed to protect the livelihoods of our employees, as well as their health and wellbeing. We kept all our factories open, and continued to fulfil our customers' orders. All possible safety measures were implemented to minimise the chances of infection in the workplace.

Communication and engagement with our employees and their representatives has been critical since the arrival of the pandemic. Without their support and commitment, the Company could not have negotiated the situation as well as it did. Credit is due to the Social and Economic Committees of our French subsidiaries, with whom we concluded long-term arrangements, whereby our employees can be put on government-supported furloughing schemes for up to 40% of their time when activity is low. This allowed us to limit redundancies in France.

Government support for businesses impacted by the pandemic in other jurisdictions was not as generous or as flexible, and unfortunately, more significant measures had to be taken to reduce our cost base. In total, some 250 people have been made redundant across Paragon ID since the pandemic struck.

Breaking Into New Markets

The sudden impact of the pandemic on the traditional activities of Paragon ID required us to accelerate the digital transformation of many of our activities, and to pivot from sectors heavily penalised by COVID-19 into sectors needing technology to combat the pandemic.

In Mass Transit, we increased cooperation with Airweb, building on our combined expertise to bring customers mobile ticketing solutions. This included contactless payment on buses and trams and e-Boutiques, where travellers can purchase, print and validate their own tickets without engaging in a physical exchange with a driver or inspector.

In Track & Trace, we leveraged the investment made in developing new UHF (Ultra High Frequency) inlays for RFID baggage tags to pivot out of the aviation sector and into retail, where the pandemic has accelerated the adoption of the Internet Of Things (IOT) Technology, notably UHF RFID. Supply chain optimisation, on-line shopping and automation of checkouts in retail stores will result in a new market of tens of billions of RFID inlays which comply with standards set by US-based certification bodies, in particular the Auburn-University-based authority ARC. Paragon ID recently became only the third company in the world to be certified by ARC as an approved supplier of UHF inlays.

RFID Discovery had already taken a market-leading position in the tracking of equipment in UK NHS hospitals. The pandemic created a context in which the real-time tracking of ventilators and other equipment literally became a question of life and death. RFID Discovery's teams provided additional functionality to several existing clients, and made their first new installations 100% remotely (without physically setting foot in the COVID-19 wards).

In the Payment sector, demand for contactless payment-cards grew strongly during the first months of the pandemic. Paragon ID's purchase of Thames Card Technology marked its entry into this market. While the closure of shops and chains across the world impacted Thames' loyalty-card and gift-card businesses, the manufacturing of EMV-certified payment cards expanded. Equally, demand for metal cards requiring the AmaTech technology to effect contactless payments remained strong, and grew towards the end of the financial year.

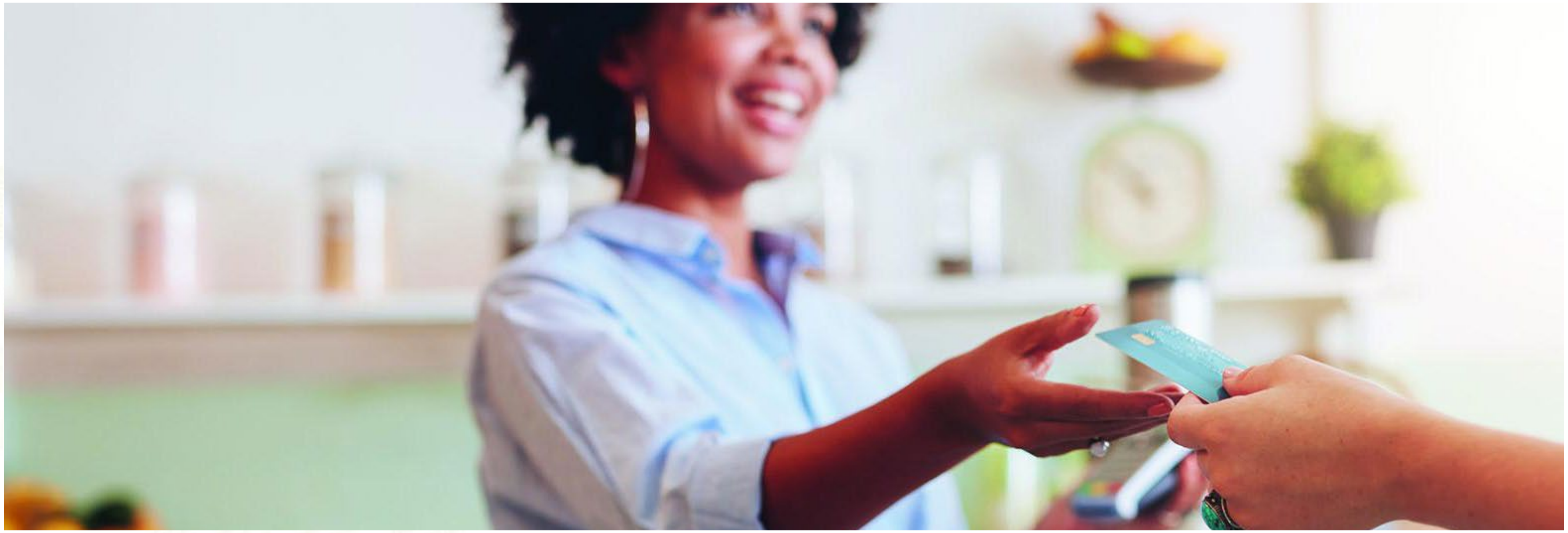
Breaking Down Geographical and Cultural Barriers

In 2018/19, Paragon ID's organisation functioned largely by geographical region. While the four activities of the Division are, by nature, international businesses, most transactions occurred within a given region. This changed dramatically in 2020.

The opportunities created in certain sectors by the pandemic required the rapid mobilisation of competencies across multiple disciplines and multiple geographies. Perhaps the most powerful example of this effort was the creation of the virtual teams which succeeded in qualifying Paragon ID as a certified supplier of UHF RFID inlays into the Retail sector.

This project was led by Enu Waktola, Business Development Director Track & Trace, based in Florida. The antenna and inlay designs were developed by the R&D team in Nice, under the leadership of Gilles Martinez. Manufacturing processes and production were managed by a team at our factory in Argent-sur-Sauldre in France, led by Stephanie Costa. The contribution of Irish-based Chief Commercial Officer, Konstantinos Lagios, and the coordination by French-based General Manager EMEA, François Gauthier, were critical to the success of the project. Given the constraints imposed by lockdowns, most of the work was done by video conference.

Similarly, the pandemic created an immediate demand for contactless ticketing solutions in Mass Transit systems which, would eliminate physical contact between passengers and staff. Multi-disciplinary teams operated across different continents, time-zones, countries, languages and cultures in order to deliver working solutions in the shortest possible timeframes.



Strategy & Positioning – Our Four Areas of Activity

Smart Cities & Mass Transit

Paragon ID is a world leader in providing ticketing and access solutions in Smart Cities, particularly in Mass Transit systems. It is the only international player in this domain to manufacture and supply ticketing solutions for all possible media – magnetic tickets (NYC), RFID tickets (Singapore, Amsterdam, Miami), RFID smart cards (London, Paris, San Francisco) and mobile phone ticketing (Quebec, Nice).

Paragon ID's strategy is to accompany clients as they adopt the most modern and secure access control solutions, irrespective of the technology. Increasingly, in cooperation with our partner Airweb, we provide account based ticketing IT platforms to cities and urban transportation operators of all sizes.

Strategic partnerships in the Smart City domain include those with Ingenico for card readers and validators, Wizway for the provision of mobile ticketing solutions to large European cities and the chip manufacturers NXP Mifare, Infineon and ST Micro.

Lockdowns of cities and fears of infection in densely populated environments have had a severe impact on this part of our business. At its worst, Mass Transit systems across the world reported drops in usage of 80%. Paragon ID's long-term contracts and its strategic positioning at the heart of the customers' ecosystems mean that in many cases this revenue is deferred, as opposed to lost. Also, some customers having contractual obligations for minimum volumes have engaged in discussions to help us mitigate the negative impacts of these declines.

Track & Trace

The registration and tracking of objects have been part of Paragon ID'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 product to protect brands against counterfeiting
- The design and manufacture of RFID inlays and tags to manage stock and prevent theft
- 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 RFID in the retail sector is speeding up the adoption of 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 Internet of Things a reality.

Last year's acquisition of RFID Discovery in the UK has proven a huge success for Paragon ID. Revenues achieved with this technology are now running at 10 times those being achieved under the previous ownership. Having initially been a client-server-based middleware platform for tracking equipment in the UK's hospitals, RFID Discovery is now migrating to the cloud so that it can become a fully scalable and fully internationalised solution across multiple industries.

The Airweb team (Pre-COVID-19 social distancing)

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

Arron Duddin, Smart Solutions Director PID

Traditionally, industrial labelling and other tracking and tracing of products fluctuate in direct proportion to economic activity. When the COVID-19 crisis struck in Europe and elsewhere, many factories and warehouses simply closed their doors, making it impossible to ship product. However, Track & Trace were the first of the traditional activities to bounce back after the end of lockdowns. At the time of writing, traditional industrial labelling activities are running at around 90% of previous year's levels.

At the same time, growth in RFID Discovery activity boosted Track & Trace business and pipelines are growing, in the healthcare sector, and beyond. Last year's big news in Track & Trace was Paragon ID's strategic positioning in RFID Baggage Tags, following its win of the Air France contract. The pandemic has resulted in the stalling of the adoption of IATA's resolution requiring all baggage tags to migrate to RFID. Paragon ID was able to exploit its investment made in UHF RFID inlay development and expertise to pivot into the growing market of RFID in Retail.

"Growth in RFID Discovery activity boosted Track & Trace business and pipelines are growing, both in the healthcare sector, and beyond."

Case Study

University Hospitals Plymouth NHS Trust

Managing hospital equipment during the COVID-19 pandemic

Soon after embarking on the implementation of an RFID Discovery system to track 43,000 medical devices, University Hospitals Plymouth NHS Trust (UHP) recognised early benefits of the new technology during the coronavirus crisis. UHP is one of the NHS's flagship hospitals for the demonstration of technology in healthcare and specifically for the tracking of equipment with GS1-compliant, passive RFID labels.

It is critical that equipment from COVID-19 wards is closely tracked so that it can be appropriately cleansed and sterilised before deployment elsewhere. With over one third of all of UHP's medical devices fitted with GS1-compliant RFID labels, the Trust was able to better manage equipment during the crisis.

Readers were installed in the medical equipment storage zone and in the entrance bay to the Clinical Engineering departments to detect the movement of tagged equipment. The clinical engineering team has access to real-time visibility of all devices returned to the decontamination area of the medical equipment storage area. The next stage of the project will be to install an additional 90 readers to track equipment across the hospital.

Payment

Paragon ID's penetration of the Payment sector began last year with its acquisition of Amatech Ltd., Amatech is an Irish company specialised in contactless technology in high-end payment cards, particularly in cards made of metal and other exotic materials.

In November 2019, Paragon ID further positioned itself in the Payment space through its acquisition of Thames Card Technology, providing the Division with the expertise and the secure EMV-approved manufacturing facilities to manufacture its own metal payment cards using the Amatech technology.

As in our other businesses, the initial lockdowns in Europe slowed the activity of Thames Card Technology, notably in the retail side of its business. Specifically, orders for loyalty cards and gift cards were low from March through to June, months which are usually quite strong. On the other hand, orders for contactless payment cards remained solid throughout the period.

Revenues and earnings from the licensing of Amatech's technologies to manufacturers of specialist contactless payment cards grew progressively over the course of the financial year 2019/20, underpinning Paragon ID's profitability and cash generation, especially during the months most impacted by the pandemic.

Our PID EMEA team: Sebastien Guisgand, Bertrand Brault, Christophe Peix, Herve Naullet, Alain Nercessian, Eric Gerbault, Karine Flayosc, and Konstantinos Lagios (Pre-COVID-19 social distancing)

e-ID

Paragon ID supplies the key electronic components in passports, identity cards and e-drivers 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.

Initially, during the first months of the pandemic, demand for secure identity documents remained strong. However, as border closures increasingly became the norm, demand for our components slowed, then stopped. At time of writing, volumes remain at levels of around 25% of those enjoyed prior to the pandemic.

Profile

Mustafa Lotya

Chief Technical Officer, AmaTech, Ireland

Background:

I joined AmaTech in 2013 with a nanomaterials research background, holding a PhD in Physics from Trinity College Dublin. I was involved in pioneering work on graphene, and similar materials, that enabled a mass production method now widely in use today. (Our partnerships with Irish universities helped advance our early development work at AmaTech.)

What's your role at Paragon ID:

I am the Chief Technical Officer at AmaTech and the Director of Research & Development for the Payment activity of Paragon ID. My principal mission is to lead the development effort of Paragon ID in the payment division. I manage our robust Intellectual Property portfolio and ensure we maintain a secure market position. I also stay close to our clients to ensure we serve them with class-leading products and solutions.

What have you been working on over the last 12 months:

Our primary focus has been on the metal cards with dual interface technology. AmaTech's patented solution for contactless functionality in metal objects has become the de-facto standard in the metal card sector.

We support key players in the industry through component sales and access rights to our IP. In the last 12 months, we have witnessed rapid uptake of our technology in the United States and we have secured a number of key partnerships.

We are seeing the global demand for metal cards increasing and we are strategically positioned to capitalise through both organic growth and our selected partners.

"We have achieved so much in the last 12 months! Paragon ID is now a solid and recognised player in the payment industry. We are driven and determined and our best is yet to come."

Acquisitions

Thames Card Technology

We concluded the acquisition of Thames Card Technology (TCT) in October 2019 and Thames Card Technology became a wholly owned subsidiary of Paragon ID on October 31, 2019. TCT is based in Rayleigh in Essex on the South East Coast of England.

With £15m in revenues and employing around 160 permanent staff, Thames had a number of attractions for Paragon ID. Specifically, it gave critical mass and capacity to Paragon ID's Payment activity which had been created in October 2018 with the acquisition of AmaTech Ltd.

Prior to the acquisition, Thames enjoyed strong customer relationships and a reputation for producing high-quality products. However, the previous shareholders were convinced the company could not achieve its potential without the support of a strong, international industrial group.

Paragon ID now has a secure, EMV-certified manufacturing site to produce payment and other smart cards. The acquisition opens the door for Paragon ID to manufacture its own range of metal payment cards, a market that is growing very rapidly in value and volume. It also balances Paragon ID's portfolio of businesses in the UK, which had previously been dominated by its manufacturing activity of magnetic railway, subway and carpark tickets both in the UK and beyond. Finally, it represents a hedge against many of the potential risks attached to Brexit, by providing Paragon ID with a UK source for smart cards in the domestic market.

While COVID-19 had an initial adverse impact on Thames' retail businesses of loyalty and gift cards, the business has posted growth since the acquisition. The excellent team in place has integrated Paragon ID exceptionally well and the financial performance of the company is well ahead of plan, despite the impact of the pandemic.

Award

Paragon ID achieves ARC Quality Certification

Paragon ID is delighted to have secured the prestigious ARC Quality Certification for the design, manufacturing, and supply of our RFID inlays and tags.

This QMS Certification is significant for Paragon ID's customers and partners across the RAIN RFID (UHF) ecosystem, guaranteeing the quality, reliability, and performance of Paragon ID RFID inlay products. The Auburn University RFID Lab is globally recognised for its independent certification of RFID inlays and tags, and this certification confirms Paragon ID's manufacturing expertise, resources, and capabilities covering all the critical aspects of RFID inlay design and production.

As the adoption of RAIN RFID technology continues to accelerate, particularly in retail, as well as in other sectors such as aviation, Auburn's ARC Quality program ensures that the tags offered in the market are certified for purpose and perform reliably to best fit end users' needs.

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

People – Our Most Precious Resource

The Paragon ID human resources policy aims to promote social dialogue, fight against all forms of discrimination, improve working and safety conditions, develop skills and respect fundamental human rights. Included in our risk register, safety is critical. Measured by the occupational accidents rate, safety is a risk which has our full attention. This year, we reduced the occupational accidents rate by 63% compared to the previous year.

Ways of Working and Culture

Our culture is based on our company values. Paragon ID management is committed to respecting these values and ensuring they are followed by all personnel.

Respect. We share our ideas and knowledge for the collective interest, and with due respect for our differences.

Responsibility. We respect our commitments and report on our results.

Teamwork. We work together and communicate our goals, our satisfaction and dissatisfaction, our difficulties and successes.

Innovation. We maintain an open mind to promote freedom of speech and creativity.

Security and Environment. We take care of our own safety, as well as that of our colleagues and partners. We show respect for the environment through actions such as preventing pollution, accepting and applying all regulations and designing products with recycling in mind.

Profile

Stéphanie Costa-Chevreau

Operations Manager, Mass Transit, Paragon ID EMEA

Background:

Before joining Paragon, I studied Production Engineering and I worked in a printing company specialising in the printing of packaging for the food industry.

What's your role at Paragon ID:

I manage the Operations for the Mass Transit activity including project management and supply chain. I am also involved in cross-functional projects in the development of our RFID activities. For example, I was part of the working group dedicated to our global retail project and in particular the ARC accreditation.

What have you been working on over the last 12 months:

This past year has been a challenging one, mainly due to the pandemic. We have, for example, experienced supply difficulties with Asia since February. However, this difficult period has also given us the opportunity to refocus on the essentials and to promote team spirit.

In the mass transit sector, we have worked on key projects including the CLAP product (a new, reusable RFID ticket), the development of our activities with several cities and on new industrialisation processes. Being part of the team working on the ARC accreditation process has been very rewarding. This is a true reference in the retail sector and it opens the door for us to a new and very demanding market. We are ready to take on this new challenge.

"Each challenge encountered must be turned into an opportunity to progress."

Paragon Graphic Services

Everything Print & Design

Creating Visual Experiences

Paragon Graphic Services

Paragon's Graphic Services (PGS) division continued its plans in 2019-2020 of growing and improving its businesses. It has been a year of further acquisition, integration and build-out of our teams and businesses. While there was momentum in our progress up to the COVID-19 pandemic in March, an immediate retrenchment in our resources was needed to manage through the collapse in economic (and customer) demand caused by the pandemic.

Leadership Team

In order to build a strong team for the future, the Division has invested in senior leadership. In Service Graphics Print & Design, Mike Holyoake was appointed Managing Director in November 2019. Long-serving executive, Rob Goodier, was promoted to General Manager. This team was further strengthened in January, with Matt Smith joining as Sales Director. The team has many years of graphics industry experience, particularly in Business Development and Sales.

In Service Graphics Display, Mark Ord was promoted to National Operations Director, having joined the business in May 2019. Bruce Middleton joined us in November 2019 as Finance Director, and subsequently took over financial responsibility for Service Graphics Print & Design.

At Holmberg's in Sweden, Paul Sandell joined as Sales Director in January 2020, and has since reorganised and refocussed the sales team. Annica Ljungberg joined in December 2019 as the Creative Director of the new Creative Studio, based in Gothenburg, where she leads a new team of seven creative professionals.

Acquisitions

Building on the development of our service graphics display activities in 2019, we acquired two significant businesses in January 2020.

- **Octink,** based in Brentford, West London, is a leading UK marketing activation business with an outstanding reputation and client portfolio within the construction sector, delivering some of the most innovative and technically challenging building wraps and hoarding projects in the country.
- **Image Factory,** based in Chippenham, Wiltshire, specialises in the design and manufacture of POP, display packaging, shelf-ready packaging, window displays and retail POS.

As well as complementing and broadening the products and services we offer, these acquisitions gave us the manufacturing resources that allowed the business to reorganise and consolidate our footprint across our various sites. We are now market leader in the UK for display solution. Our tagline is 'Creating Visual Experiences'.

In November 2020, the division completed the acquisition of the TOD London business, based in Farringdon, London. This acquisition benefits Service Graphics Print & Design, where we are developing a Creative Services offering in Central London. TOD is a partner for agencies and leading brands and can print 'onto just about anything' at its high-end digital production facility.

Case Study

Tusenfryd Amusement Park, Norway

Summer 2020, a lot of kids were happy to hear that Norway's amusement parks were allowed to reopen. Allkopi followed press releases from the government closely and made sure to have highly relevant campaigns active at all times. One of these campaigns visualised social distancing products at an amusement park and was visible on Facebook, LinkedIn and Instagram.

Tusenfryd liked the ad on Instagram. The lead was immediately sent to one of our business development managers. The amusement park was very pleased that we reached out and that we had knowledge of the current guidelines from the authorities - as they needed help from someone like us who could deliver the whole package.

This resulted not only in one, but in two large projects, with two large amusement parks, sharing the same owner. We designed, printed and installed over 500 square meters of asphalt print vinyl with 3,000 marks spread over 1,000,000 square meters both outdoors and indoors. In addition, we delivered signs and menus to restaurants and attractions at both parks.

The customer was subsequently very satisfied, and their audience spoke up in social media to tell about how safe they felt when they visited.

Integration, Build-out and Investments

The Division has been on a continuous path of improvement, both organically and through acquisitions, whilst continuing with our integration and investment plan.

- Service Graphics Display's Skelmersdale plant was relocated to a more modern facility, and a new Fabrivu press was installed, increasing our capacity and improving customer response times
- At Service Point Spain in Madrid, we invested in new Canon Inkjet technology for our Books on Demand production unit. We also installed a new Heidelberg Speedmaster press in FleQs in Drachten, The Netherlands
- Holmberg's benefitted from an upgrading of its wide-format production capability, with 3m and 5m devices installed, as well as the establishment of the Creative Studio in Gothenburg

In addition to capital investment, we have delivered a number of new initiatives across the division, including opening a new location for Service Graphics Print & Design in Dublin, complementing the existing branch in Belfast and the development of the Human Built brand within Service Graphics Display. This has allowed us to take advantage of the emerging opportunities in 3E — Events, Exhibitions and Experiential. Throughout the year, we developed a Central London-focus on Creative Services and Creative Production. The acquisition of the TOD London business brings this plan to fruition.

We have continued to drive a greater brand-focussed marketing presence across all our European entities, with a deepening of last year's investment in the "Service Graphics" brand in the UK. We increased all our social media, web presence and physical marketing activity metrics.

Case Study

Phillips Showroom – New Now Auction

We love working with one of our most recognised clients, Auction House, on their auction graphics. For the "New Now" auction we used bold and eye-catching fonts in white and carefully selected pastel colours. It can be challenging to produce and install 3m tall x 5m wide graphics ensuring perfection every time but the Service Graphics' talented team completed the job in an evening for the launch the next day. Being a part of this process and seeing the efforts all round that go into creating such an amazing space and spectacle is something we are very proud of, and we always look forward to the next event/project.

COVID-19 Response

As most of our revenues are demand-led rather than contracted income, our business volumes in PGS are highly sensitive to changes in customer demand. The outbreak of the COVID-19 pandemic in March 2020 required a rapid reaction to counter the collapse in customer demand across Europe.

With high fixed costs across our European sites, we worked quickly with each country's Government flexible labour support schemes, adjusting our headcount to the level matching the revenue we were experiencing. We monitored labour and other fixed costs closely.

Market-demand in this period was for COVID-19 support products – graphics to promote social distancing and display health advice information, as well PPE and products for shops, offices and customer facilities that allowed to remain open or to re-open.

We created many new products and services directly relating to the pandemic situation over very short timelines. In some cases, products were conceived, designed, priced and brought to market within a week. We have also seen many of our usual products and services repurposed for 'working from home' and for socially-distanced on-site deployment.

Profile

Luke Busby

Business Development Manager, Service Graphics London

Background:

I joined Service Graphics in April 2018 after working in previous business development roles.

My previous roles were focused solely on the architecture, engineering and construction sector, so when I joined Service Graphics I had to quickly learn about the different industries the company was targeting and learn how to sell a large suite a high-end solutions into those different industries.

What's your role at Service Graphics:

My current role as Business Development Manager encompasses selling a broad range of printing solutions to our current customer base and increasing our customer base across London.

Since I began my career at Service Graphics just over two years ago, I have significantly widened our customer base and constantly overachieved on my sales targets. The management team at Service Graphics have supported me hugely, encouraging me to partake in an apprenticeship programme and coaching me to ensure I succeed.

It has been my responsibility to widen our customer base in London, which I have been successful at, targeting creative agencies and the hospitality industry and bringing in a high-end client base. I am responsible for the entire sales process with the client – from acquisition right through to account management.

What have you been working on over the last 12 months:

I am near to completing the apprenticeship programme within Service Graphics. I am learning new skills and developing existing ones within a national framework. The training I am receiving will result in a nationally recognised qualification, with all costs covered. This apprenticeship also provides transferable skills which will help with career progression.

"I started my career with Service Graphics two years ago and alongside my role I am now completing a 15 month apprenticeship – Sales Executive Level 4. I am learning a lot and I really am enjoying it. It is great to feel like I am adding value to my role as well as improving in myself."

Outstanding Client Wins and Notable Projects

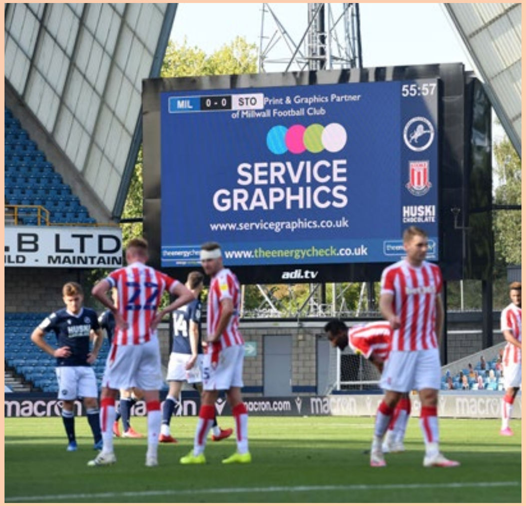
Here's a sample of some of these projects PGS delivered for clients across Europe this fiscal year:

- **Aldi** — COVID-19 signage and customer communication March 2020
- **Manchester City FC** — crowd surfer flag and centre circle banner used for Manchester derby game, then shipped to Abu Dhabi to be used at their HQ graphic
- **Salon International** — Alfa Italia, Nano Keratin
- **Amika** — October 2019
- **NHS** — Face shields into a variety of NHS Trusts, ACC Liverpool — contract extension
- **Liverpool Football Club** — Sponsor updates September 2019
- **Dior** — Graphics and Windows for LVMH October 2019
- **Heathrow** — Sustainability Project — November 2019
- **Gaelite** — Curry's rebrand — FY 2019/20
- **Acciona** — Shindaga Museum Dubai — October 2019
- **Deluxe Group** — Universal Studios Japan Christmas Show — November 2019
- **Scruffy Dog** — Porto Wine Museum — March 2020
- **Scottish Power Renewables** — Wind Europe Copenhagen Exhibition Stand — November 2019
- **Gildan** — Stuttgart Exhibition Stand — January 2020
- **Aspect Reputation Management** — Offshore Europe Exhibition Stand — September 2019
- **Scottish Power** — COVID related Safe Distancing signage and associated products — June 2020
- **Scottish Power** — Retail Sales Kiosks — January-September 2020
- Working with Microsoft, **Service Graphics Belfast** has scanned 2.6m confidential records over a 24-week period, uploading the files directly into Microsoft SharePoint for a Public Health Body. Microsoft said:

"I recognise the excellent partnership we have developed over the course of these deliveries and was even more evident with this one. The understanding and the will to ensure the customer ended up with the EDRMS solution, ready to go with all of their records was frankly amazing. In Microsoft we have a saying 'be customer obsessed', and I think what you have demonstrated with this project ticks that box".

- **Service Graphics Manchester** produced the Bus Consultation Print & Distribution order for Transport for Greater Manchester. This was a complex job over a tight two-week window comprising five large variable documents with a quantity of over 2,400 completed sets of each, printing reply paid envelopes, collation of 504 bespoke packages for recipients and 100 completed documents. The task had additional complications of requiring legal sign-off and proof of post auditing. In-project sign-off delays were overcome using our own multi-branch production facilities to shorten turnaround times.
- **Holmberg's** launched its creative services business in Gothenburg during the second half of the year, with new business and contract wins including, OBOS Bostadsutveckling AB in the construction sector, Linnéuniversitetet in education, Chantelle AB in the retail space and Mercedes-Benz in the automotive sector.
- **Service Point Spain** won a contract to rebrand 33 national sites for a motor-fuel retailer. The job required the design and print of almost 1,600 separate pieces of branding and their installation across all the fuel-retail locations.
- **Allkopi** in Norway won a scanning contract to convert 36,000 historic microfiche records of water and drainage drawings for Oslo Municipality, creating a digital archive from the old records.

Case Study



Millwall FC

Continuation of our exclusive three-year print and graphics partnership. We provide all graphics and printing projects for the club: from invitations, posters, menus and match day brochures to corporate branded goods, signage, pitch-side advertising boards, the Millwall bus graphics and the Millwall Community Trust. A particular highlight is the graphic wraps in the stadium in light of no fans. We are also a proud sponsor of the club, running digital media campaigns to its 20,000 strong fanbase and participating fully in its sponsor and partner club.

Case Study

Arsenal FC

For Christmas 2019, Service Graphics produced vinyls and POS for Arsenal across their 3 shops. For this project, we produced on self-adhesive grey back vinyls, banner PVC, opal backlit display film and internal fabric for light box media. This project was produced to a short deadline and installed overnight, much to the clients delight.

Case Study

Sightsavers Exhibition

We provide an assortment of visual solutions including photographic images wrap mounted and backlit for the photo exhibition on London's South Bank to mark the final stage of the Million Miracles appeal.

Case Study

Regatta – Kimberley Walsh Range

Regatta teamed up with Image Factory to launch the Kimberley Walsh Collection for their Autumn and Winter campaigns. Lock-ups were created for each jacket as well as a relevant area for discount messaging. These formed the basis for all in-store POS. A diverse range of supporting in-store point of sale was developed, including pull up banners, bay graphics, pop up displays and security gate shrouds. An intricate window display was designed, incorporating the design features used throughout the in-store POS as well as outdoor media. Combinations of gold mirror and printed mirror board were used to create a high-end finish and give extra stand out to the display items. All window components were shipped flat packed to store and allowed quick assembly. We completed installs in Debenhams, Next, House of Fraser, JD Williams, JD Group, The Range, TJ Hughes, Regatta Own Retail Chain, Hawkshead and Go Outdoors.

Paragon New/Growth Businesses

Paragon New/Growth Businesses

OT Group Limited

OT Group Limited
Part of Paragon Group

Acquired by Paragon Group in May 2020, the group provides business products and services direct to end users and via the wholesale channel, and consists of the following four brands:

OfficeTeam have been a trusted supply chain partner for businesses across the UK and Ireland, large and small, for over 130 years. Through a consolidated range of business solutions, OfficeTeam helps companies control costs, drive efficiency and improve productivity. With over 100,000 products, it provides one of the UK's most extensive portfolio of products.

OfficeTeam is dedicated to bringing innovation for its customers through strong core technology.

Its SmartPad procurement platform has been recently enhanced, introducing many new features that better reflect the changing needs of today's customers and workplaces of the future. These include:

- Self-serve reporting and analytics functionality
- The introduction of 11,000 additional products, including a COVID-19 product focus
- SmartPrice products, a regular market check to ensure products are competitively priced
- A new homeworking solution, providing the same procurement process control and spend visibility companies would normally enjoy in the office directly to their teams working from home, with delivery direct to their home workers' doorsteps
- Marketing automation to drive personalised and relevant messaging to their customers

Its commitment to responsible business has been strengthened this year by the appointment of a Head of CSR. Having undertaken a scoping exercise and customer research to understand its Strengths, Weaknesses, Opportunities and Threats, the group has signed up with two strategic partners, The Planet Mark and the Ethical Trading Industry. The team will work collaboratively with these new partners and the Group Trading Board to create a holistic strategy that showcases that they are a responsible business, with the aim of helping the Group and its customers to effectively deliver on the Sustainable Development Goals (SDGs).

OT Wholesale

OT Wholesale
Part of OT Group Limited

Built on a core wholesale offering, OT Wholesale provides dealers with a stable and reliable supply and distribution platform, giving them access to over 10,000 product lines and the exclusivity of the 5Star™ product brand.

Award

Congratulations to Hannah Thomson, our implementation project manager, on winning the BOSS Industry Recognition Awards 2020 'Rising Star of the Year' category.

The award recognises individuals who have accelerated their career in 2020, through accepting increased responsibility and demonstrating a major contribution to the success of the company they work for.

Hannah — who has been a part of the OT Group team for four years — has been key to driving continuous improvement within the business during this difficult year. Despite a heavy workload, she also found time to achieve PRINCE2 Practitioner accreditation in February.

Hannah's positive outlook and 'can do' attitude is instrumental in actioning change across the board, and her support of her colleagues through furlough and our transition to OT Group has been widely recognised.

Spicers Ireland

Spicers Office Supply (Ireland) Ltd, formerly Spicers Ireland, recommenced trading on June 2, having been purchased by the Paragon Group. Spicers Ireland supply the wholesale channel, with 222 dealers providing an overnight delivery service to their customer base.

Dealers can choose to place orders electronically or through the customer service team, based in Dublin's Citywest.

ZenOffice

Established in 1972, ZenOffice is a leading UK office supplier delivering "Everything from A to Zen" to SME companies across the UK. It has over 3,000 customers, and a large presence in the North West. Supply Chain Management specialists, Zen provides a wealth of expertise in supplier consolidation and helps businesses drive down costs by rationalising their supply chain.

The MPS Team

The MPS Team is a specialist division of ZenOffice, experts in creating bespoke managed print solutions which reflect each of our customers' operational and financial requirements.

The MPS Team is a leading MPS provider in the UK, with industry-leading solutions and software for a wide-ranging customer base across the UK, Europe and beyond. We're a Canon Silver Partner, a HP Gold Partner First Specialist and one of only a select few Xerox Platinum Partners.

Trenton Box

Trenton Box Co Ltd
Carton Manufacturers

In November 2020, Paragon acquired Trenton Box, a business with a long heritage in paper-based packaging and a focus on plastic substitution and sustainability. Trenton Box partners with FMCG customers, ranging from blue-chip multinationals to local artisanal producers. Reacting quickly, the product offering has recently been expanded to include packaging for PPE. The business operates from a BRC-accredited production facility in Cambridgeshire, ideally located to supply the UK and Irish markets, as well as key partners in continental Europe. The business is aligned with Paragon's core values of agility, integrity and partnership; the go to market strategy is to be a highly responsive supplier, able to engage in rapid new product development for highly visible new product launches.

Sustainability

There is an unprecedented drive from brand holders and retailers to find more sustainable packaging solutions. Single-use plastic waste has become a critical social and political issue, driven by programming such as Blue Planet and the recent EU Plastics Strategy and Single Use Plastics (SUP) Directive.

Paper-based packaging is ideally poised to capitalise on the shift away from plastic. Paper is a recyclable and biodegradable material with excellent graphics properties, giving the ability to carry key marketing messages. The Trenton team has deep expertise in plastic substitution, and is passionate about creating sustainable, paper-based alternatives to single-use plastics.

Marketing Synergies

Trenton Box provides a full-service creative offering to its customers, bringing ideas from concept through to on-shelf execution. Working closely with FMCG marketers, Trenton Box develops solutions that bring our customers brands to life on-shelf, and at the critical 'First Moment of Truth' in the consumer purchase journey.

Trenton Box has already started working with Paragon entities where there are significant adjacencies and opportunities to support our combined customer base. These include collaboration with our existing supply chain/BPO/co-packing businesses to develop an all-inclusive solution for our customers, and working with our Lead Supply business to give clients the benefit of integrated manufacturing.

Scytl – Leader in Online Voting

Scytl

Scytl is transforming the electoral industry by making voting more accessible, efficient, transparent, auditable and secure with innovative technology. Paper-based voting methods, though practical, are growing obsolete in our fast-paced, digital world. Scytl has developed a suite of secure election technologies to address these challenges, including online voting systems, online poll worker training and voter education tools and results consolidation and reporting solutions.

Leaders in Online Voting

Scytl's online voting solution stands above and beyond the competition in the key areas of security, transparency and auditability. With Scytl's patented and award-winning security features in place, election officials can be assured that only eligible voters have cast ballots, and that those ballots remain unmanipulated during the entire election process. Voters can also verify that their ballots were cast and recorded correctly, something that is not possible in paper-based elections, and third-party auditors can audit every electoral process.

Conceived with security at its core, Scytl's election technology is the most audited and certified in the industry, receiving certifications from countries and security agencies across Europe, Australia, the United States and Canada.

Experts in Elections

Scytl has delivered projects in more than 30 countries around the world.

Digital Meeting in Times of Pandemic

In addition to election-specific technology, Scytl has also developed online solutions for meetings and assemblies where voting takes place. These meeting management systems have become vital for government assemblies and private sector businesses alike during the pandemic. In addition to their secure online voting capabilities, these platforms help organise and maintain meeting agendas, and can easily integrate with virtual meeting software.

Silvia Caparros, CEO Scytl

Driving Growth – Paragon's Acquisition Capability

John Rogers
Executive Director, Corporate Development

Driving Growth – Paragon's Acquisition Capability

Paragon Group's ability to efficiently and seamlessly acquire and integrate companies that fit our strategy and culture is central to our 'Buy, Build and Grow' strategy, and the past year was no exception, with several key acquisitions. Paragon's ability to adapt and maintain our strategic opportunities, whilst identifying opportunistic situations has driven the Group's continued growth.

"Through the acquisition of RRD's European GDS business, PCC achieved the milestone of making our largest ever acquisition"

Through the acquisition of RRD's European GDS business, Paragon Customer Communications achieved the milestone of making our largest ever acquisition, coupled with our most ambitious ever synergy extraction and integration plan. The past year has also seen us reposition our Dutch business to become the market leader in customer communications management, through the acquisition of Post NL Communicatie Services.

We significantly advanced the position of Paragon ID in the banking and loyalty verticals through the acquisition of Thames Technologies, as well as, post-year end, increasing our shareholding to a majority stake in Airweb, the fastest-growing mobile app in the mass transit business.

In Paragon Graphic Services, we have strengthened our offerings through two additional acquisitions in the areas of point of sale and display graphics with the acquisition of Image Factory and Octink. These acquisitions, coupled with our acquisitions of Magenta and Service Graphics in 2018/19, positions Service Graphics Display as the market leader in UK.

Finally, during the initial peak of the COVID-19 pandemic, we took advantage of value opportunities with the acquisitions of OfficeTeam, ZenOffice and Spicers Ireland (collectively the OfficeTeam Group). These businesses are in the office supplies and business services sectors in the UK and Ireland. Post-year end, we acquired Scytl, Promo international and TOD. We see many opportunities to cross-develop their activities with both Paragon Customer Communications and Paragon Graphic Services in the coming years.

With a highly structured and disciplined approach, the Group's dedicated M&A team has continued to apply our well proven methodology in managing M&A transactions, including filtering and target selection, implementing a thorough due diligence process and preparation of robust post-acquisition plans.

The dedicated M&A function is led by our Executive Director of Corporate Development, John Rogers, two dedicated senior M&A experts, Anand TS and Pauric Crean, and access to a deeply experienced external advisory team of consultants in strategic, commercial, legal and tax areas. A real differentiator is our ability to call on expert support from cross-functional management from specific businesses within the Group, while our Board of Directors provides oversight, guidance and ultimately direction through its knowledge and experience of our businesses.

The continuous strategic review of our business, extensive pipeline generation and disciplined target selection generate attractive takeover candidates with high value-creation potential. The COVID-19 crisis is driving an increasing pipeline of targets, with an upsurge in distressed or opportunistic situations where being selective is critical to finding the right accretive value.

As a Group, we remain focused on increasing our market share to a dominant position in our chosen vertical sectors, and increasing our portfolio of offerings.

Our acquisition focusses on four key areas.

- Market share – bringing significant size and economies of scale
- Technology, IP and digitalisation capabilities
- Specific objectives, such as customer or geographic expansion
- Opportunistic, bolt-on or consolidation opportunities

We conduct extensive commercial, operational and financial analysis and evaluation, whilst following specific criteria, to determine overall compatibility. This includes management and strategic fit, ease of transaction, logistical considerations and assessment of the cost and our ability to extract synergies.

On deciding to proceed with a potential acquisition, our experience in negotiation, robust post-acquisition planning and expertise in synergy extraction, typically ensure a higher return on investment and deliver long-lasting value for our shareholders.

Often a lot of energy and time goes into acquisition projects that may not materialise, for any number of reasons, such as high value expectations by sellers, excessive competition for a potential target, lack of management, cultural or strategic fit. However, with patience and careful follow-up engagement, Paragon frequently has an opportunity to re-engage later.

Acquisitions This Fiscal Year End

PCC	RRD Europe	October 2019
	PostNL CS (Netherlands)	December 2019
PID	Thames Card Technology (UK)	October 2019
PGS	Image Factory	January 2020
	Octink	January 2020
New/Growth Businesses	OfficeTeam Group	May 2020
	ZenOffice	May 2020
	Spicers Ireland	May 2020

Acquisitions Post Fiscal Year End

PCC	Groupe Bernard (France)	October 2020
	Promo International	November 2020
PID	Airweb (France)	November 2020
PGS	Tangent on Demand (ToD UK)	November 2020
New/Growth Businesses	Scytl	November 2020
	Trenton Box	November 2020

Although we face stiff competition, often from financial sponsors or industry competitors, our vision **Buy, Build & Grow** allows us to compete effectively, as we offer long-term prospects to the companies we acquire.

Successful Year of Strategic Acquisitions 2019/20

The past fiscal year has seen some transformative acquisitions take place across the three divisions of Paragon Group, as well as acquisitions in the office supplies and business services sectors with strong links to our existing activities.

Paragon Customer Communications Division (PCC)

RRD's European Global Document Solutions (GDS) – effective October 25, 2019, PCC completed its largest acquisition to date with the purchase of RRD's European GDS business, a provider of document management services and BPO solutions, with operations in the UK, France, Spain, Germany, The Netherlands, Poland, Ireland and Italy and a team of over 1,500 people. The acquisition represents a significant opportunity for Paragon to enhance its market position across its portfolio, to significantly grow the customer base and to extract sizeable operational, as well as supply chain, savings. The post-acquisition integration plan is the largest synergy extraction plan we have implemented and involves significant organisational changes, plant consolidations, procurement optimisation and IT streamlining, yielding substantial profit improvement for the Group. This plan is now nearing completion.

As part of the transaction, Paragon entered a strategic alliance with RRD (the global provider of multichannel business communications services and marketing solutions), aimed at expanding our offerings to our customers on a global platform.

"Our vision Buy, Build & Grow allows us to compete effectively, as we offer longterm prospects to the companies we acquire"

PostNL Communicatie Services (PNL CS) – effective December 31, 2019, PCC acquired the leading player in the Dutch customer communications market, which engages in end-to-end customer communications management, including transactional services, as well as on-demand electronic and postal mailing. The company serves many corporate and small and medium-sized enterprises, for which it produces, processes and distributes approximately 150 million mailpacks annually. PostNL CS employs a team of 200 people and operates state-of-the-art production facilities in Berkel en Rodenrijs, Den Bosch and Apeldoorn. The acquisition propelled Paragon to the market share leader in customer communications, and enabled further site consolidation and operational streamlining to strengthen PCC's position in the Benelux region.

Paragon ID Division (PID)

Thames Card Technology (TCT) – effective November 1, 2019, PID acquired TCT, which designs, manufactures, personalises and distributes payment, loyalty, gift and other cards, primarily for the financial services, banking, retail, leisure & tourism and government bodies sectors, in the UK and internationally. Accredited with EMV® (Europay, Mastercard, Visa) security certifications for manufacturing and personalising chip cards at the UK production site, TCT enjoys a strong reputation, offering high quality solutions that ensure data security. TCT provides significant synergy opportunity to PID across the supply chain, in exploiting the AmaTech technology around inductive coupling and metal cards, in cross-selling opportunities to Paragon's banking and loyalty customers and in moving PID up the value chain, particularly with the AmaTech technology.

Paragon Graphic Services Division (PGS)

Image Factory – effective January 15, 2020, PGS acquired Image Factory, one of the UK's leading designers and manufacturers of retail point of sale (POS), display and shelf-ready packaging, window displays and point of purchase (POP) for the retail and brand marketing sectors. The addition of POP and POS manufacturing is complementary to the existing Service Graphics Display offering, enabling significant insourcing of large format print and digital signage, as well as interior and exterior graphics.

Octink – effective January 17, 2020, PGS acquired a leading signage, display graphics, site hoardings and interior solutions provider to the property/construction sector in the UK. The offerings include office branding and exhibition displays, large scale scaffolding wraps and national rollout retail window displays. The acquisition was highly complementary to Service Graphics Display's offering, adding extensive resources and capabilities and diversifying sector focus outside the retail sector to the construction sector where significant relationships exist.

OfficeTeam & ZenOffice – effective May 15, 2020, Paragon acquired certain assets out of administration of the Spicers-OfficeTeam Group UK. 1) OfficeTeam, a leading provider of business services and workplace solutions, with a customer base of blue-chip companies. 2) ZenOffice is a leading supplier to small and medium sized businesses across the UK, providing a broad range of business services, including managed print services (MPS), business stationery supplies, signage, mail and fulfilment and business interiors.

Spicers Ireland – effective May 26, 2020, Paragon acquired certain assets out of liquidation of Spicers Ireland, a leading wholesaler of office supplies, providing a broad range of products including stationery, print/retail print, food, drink and catering, cleaning and hygiene, interiors and furniture and PPE and workwear.

The OfficeTeam, ZenOffice and Spicers Ireland acquisitions (all previously part of the Spicers-OfficeTeam Group) were opportunistic, having occurred during the COVID-19 crisis, allowing Paragon to acquire them under exceptional terms and conditions, and without substantial financial commitment. The excellent customer base, as well as the leading client interface/platform, SmartPad, presented opportunities to cross-sell, especially within PCC, particularly workplace solutions and PGS and leverage synergies across our businesses.

Post Fiscal Year-End Acquisitions

Groupe Bernard (GB) – effective October 1, 2020, Paragon acquired Groupe Bernard, a specialist in business process and customer relationship management. Groupe Bernard provides both physical and digital services to simplify business processes including paper and digital document management, customer on-boarding for loyalty, membership and retention programmes, survey management for administrating 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 PCC France's capabilities, with new competences 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 bases.

Airweb – effective November 1, 2020, Paragon ID has increased its shareholding in Airweb to a majority position. Airweb, a specialist provider of mobile ticketing using a QR-code based solution for public transport networks, has continued to grow at a rapid pace. Currently it is the most widely used mobile ticketing solution in France. Airweb has now expanded its networks to over 70 clients, and has continued to grow globally as a solution provider.

Trenton Box – effective November 2, 2020, Paragon acquired a specialist in high quality folding cartons which adhere to sustainable environmentally friendly requirements. 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.

Scytl – effective November 3, 2020, Paragon Holding Spain (SPS) acquired Scytl, the worldwide leader in secure electronic voting, election management and election modernisation solutions. Its solutions incorporate unique cryptographic protocols that ensure maximum security,

The extended Paragon M&A team: Joe Morgan, Anand TS, Patrick Billyeald, John Rogers, Bernhard Butz, Lucile Nurit and Pauric Crean (Pre-COVID-19 social distancing)

"Looking to the future, acquisitions will remain a critical and essential part of Paragon's DNA, as the Group continues to implement a long-term Buy, Build & Grow strategy."

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 secure and auditable manner, positioning the company as the global leader in the industry.

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

Tangent on Demand (TOD) – effective November 6, 2020, Service Graphics Print & Design (UK) acquired the assets of TOD, an on-demand bespoke small format 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 achieve cost savings through facility consolidation. TOD UK will be merged with our Digital Centre of Excellence operation to enhance our leading service offering within Service Graphics Print & Design business in the UK.

Looking Ahead

Looking to the future, acquisitions will remain a critical and essential part of Paragon's DNA, as the Group continues to implement a long-term Buy, Build & Grow strategy. Acquisitions will also enable the shift in our focus to become more of a services and solutions-led business, whilst increasing our digital capabilities. As digital disruption takes hold, new acquisitions, combined with technology, will allow us to help our clients transform their businesses, in turn making them sustainable for the future. In addition, we will continue to identify acquisition targets that will provide scale, geographical expansion and opportunistic consolidation.

The COVID-19 pandemic has presented many challenges across industries globally, and from an M&A point of view, we remain optimistic that it will also present many 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 is growing more than ever, providing enormous opportunity for the Group in the coming year. As a result, we are confident in achieving our next milestone of doubling the size of the business in the next two to three years, while continuing to improve our profitability.

Technology at Paragon

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

Technology at Paragon

Andrew Marks
CIO Paragon Group

“We have established a foundation of core strategic platforms, enabled by a complementary set of technologies.”

Strategic Platforms for Today and the Future

Having delivered on large parts of our journey to a simplified, scalable and flexible technology landscape, we are prepared to respond to changing client and market demands.

Our strategic technology investments have been built with the ability to evolve and adapt so we are well positioned to deliver today, and to grow and change in the future.

We see client organisations accelerate to a more complete digital way of working and consumer offering, while at the same time managing their own cost base and focusing even more on their core business.

With clients responding at a different pace and depth of outsourcing, we have established a foundation of core strategic platforms, enabled by a complementary set of technologies and supported with advice from experience. This ensures we can deliver the required transformation of cost-base and technology footprint for experienced outsourcers and clients relatively new to outsourcing alike.

Our strategic platforms benefit from a scalable architecture that we can grow at a reducing unit cost of operation for both national and international businesses. At the same time, as we continue to simplify our applications portfolio, we can drive cost from the underlying technology estate. Both enable us to become more competitive, whilst assuring profitability.

Paragon’s “deliver once, use many times” philosophy offers our clients assurance that if they operate cross-border, they can expect consistent quality and performance, as well as use of the same tool-kit to achieve it. By creating opportunities to leverage each strategic platform even further, we can introduce our existing and new clients to the breadth of what Paragon Group can offer at incremental cost.

Our sales teams are being equipped to cross-sell, reducing business development investment and cost of sale, whilst aligning our broad offering to a range of targets to grow client value. From the integration of services, we sit as true partners for our clients. Client relationship teams build trust and show paths to additional client value through knowledge of both client’s requirements and our extensive product portfolio, while also creating routes to increased profitable revenue for the Paragon Group.

What Are Our Strategic Platforms and Why Are They Compelling?

Our four strategic platforms, **PEP**, **OnePlatform**, **SmartPad** and **ePro** provide our clients with a balance of hands-on and hands-off control and direction, whether used as off-the-shelf products integrated into a unique architecture or developed from the ground up.

In each case, they are supported by experienced permanent teams working on roadmaps to drive continuous improvement, respond to changing client demands and assure competitive advantage for clients who adopt/leverage one or more industry leading platform.

- As an integrated portal, **PEP** provides clients with a platform to enable the delivery of Paragon Group’s services in an agile and fast manner. A single intuitive solution facilitates the seamless delivery of physical and digital products to consumers at point of sale, and remotely in support of customer communications campaigns and/or analytics-led targeted marketing. All whilst maintaining quality brand alignment for leading brands across the retail, travel, automotive, hospitality and financial services sectors.
- **ePro** provides clients with self-served or supported access to a transparent print management service. With integrated stock management, ePro becomes the

Case Study

Global Financial Services Company

Paragon Customer Communications has been selected by a leading global financial services company to implement the company's innovative digital transformation project across its EMEA base in Luxembourg.

The 10-year strategic partnership between Paragon Customer Communications Luxembourg S.A. and the global financial services company will enable the asset servicing company to deliver a market-leading, consistent customer experience for its customers, while seamlessly delivering enhanced multichannel customer communications across the multiple jurisdictions and territories in which it operates.

Enhanced 'self-serve' capabilities and 'managed service' will support the distribution of communications anywhere, anytime, via any channel and in any language.

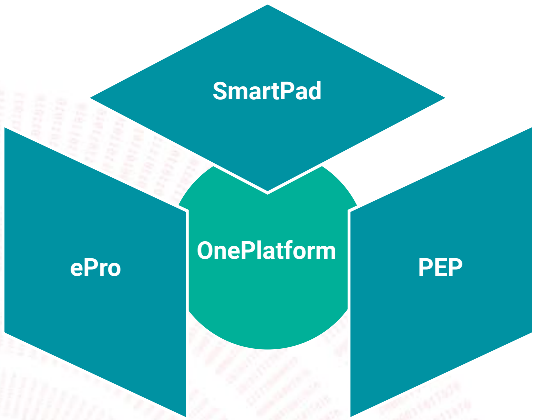
Acclaimed as a key step in the organisation's digital journey, the project involves upgrading the global financial services company's legacy systems and providing a centralised communication management platform through Paragon's industry-leading OnePlatform solution.

Paragon Customer Communications will integrate an agile, scalable, and responsive modular-based communication ecosystem for the global financial services company to enable the continuous roll-out of improved digital capabilities and long-term system improvements, while helping manage costs more effectively.

Application Program Interfaces (APIs) will deliver an enhanced, real-time, transparent customer experience, enhancing local service delivery and excellence, while supporting clients' future goals and objectives.

With a future-proofed model suited for continuous market change, product innovation and constant engagement will be delivered through the long-term, global strategic partnership; enabling the global financial services company to provide the latest technological innovations to its clients and their investors.

vehicle for managed delivery of on-demand and pre-packaged products to an organisation's diverse sites and end customers.



- **OnePlatform** is the foundational system for our inbound and outbound capabilities. Leveraging Paragon Group's digital channel capabilities, regional production facilities and expert team, it supports clients in the efficient management of their Centralised Customer Communications (CCM) processes – with complete control of brand, content and compliance.
- **SmartPad** provides clients with a seamless self-service web-to-print solution. Integrated effortlessly with our PEP system, following the recent acquisition of OfficeTeam Group, the growth platform is soon to internationalise our proven UK service. This means global clients of all sizes and sectors can gain easy-to-access to the industry leading services and products most relevant to them.

Driving Value from Management Information

Paragon Group's strategic platforms have been designed not only for efficient and convenient use, but also to enable our clients and our business teams to gain additional value through the presentation of relevant management information. Clients benefit from a common, up-to-date dashboard of service delivery, performance and production status.

OnePlatform, for instance, integrates into a client's existing workflow, providing them with email notifications to alert staff when to act, with a simple link takes directly to the system to undertake the required task. The result, greater efficiencies, reduced training requirements and, through the reporting mechanism, clarity over job progress, decision-making and billing.

Enabling the "Buy, Build & Grow" Strategy

Our strategic platforms deliver value for Paragon and our clients today and will do so tomorrow as we grow. A simplified technology landscape has allowed operational teams to deepen skills within a narrower targeted service portfolio. Deeper skills are then matched with process improvements that come from a deeper understanding of a technology's potential. Collectively, we can offer more capability to our clients, for lower unit cost, and highlight opportunities for innovation and digital transformation at the same time.

The platforms and their integration architecture form part of a defined Future State technology landscape against which we assess potential acquisition targets.

We can assess strategic fit quickly. We can assess synergy opportunity value more easily, as well as estimate the cost of consolidation. We can use the roadmap of change within Paragon as a timeline on which to hang integration phases, staffing changes and acquired client migrations. As we assess potential acquisitions, we can identify new technology advantages quicker, and consider how they can add value within the acquired business and where opportunities exist to expose our existing clients to new value through an expanding Paragon technology and service portfolio.

Consolidated Management Information & Reporting

PEP
- Common portal access
- Web to print
- Marketing engine
- Stock management

"I need to be assured that I am delivering a constant brand image to all customers in all geographies at the right cost."

SmartPad
- Office products
- Facilities services
- Transparent pricing

"I need to assure effective city-office and home-office facilities services are available to all staff, with minimum inconvenience and best value."

ePro
- Lead supply
- Print management
- Auction/bid platform
- Price transparency

"I need to demonstrate that we are leveraging the best value-for-money print management services without having to tender for each and every campaign."

OnePlatform
- Inbound ↔ outbound
- Omni channel CCM
- Real-time access
- Client self-served

"I must balance the benefit of engaging a leading print and digital partner, with my need to keep ownership of key steps in the CCM process and respond to customer demand in real-time."

Case Study

Transforming Global Marketing Delivery

Our client, a leading global home appliance manufacturer identified the need to transform its approach to marketing campaign design and delivery, in order to reduce global marketing spend, ensure global consistency, improve marketing delivery performance through physical and digital channels, and improve sustainability. As a market-leading innovator and inventor it was essential for our client to remain 'hands-on' for key steps in the design and delivery process, whilst being able to reduce its in-house cost base significantly. Our client uses multiple channels including its own retail outlets for direct customers, global distributor channels, and on-line direct to end consumers.

Working across multiple regions in Paragon, and also with strategic delivery partners in geographies where Paragon does not yet have a delivery capability, we designed a solution using our PEP and ePro platforms to provide a common access portal for our client's staff along with a real-time dashboard, independent of the delivery channels and partners used. This provides our client with a single window and visibility onto all aspects of global marketing campaign planning, design and marketing product delivery. Crucially Paragon coupled its technical expertise with its global and local approach of "boots on the ground" to ensure that we win the hearts and minds of the local markets and provide local language services on behalf of the client central team.

Our client has now achieved a consistent, high quality, tailored marketing platform experience; at a reduced unit cost, delivering increased ROI, across all preferred channels of communication.

Sustainability & Corporate Responsibility

Sustainability & Corporate Responsibility

As we emerge from what is arguably the world's greatest ever health crisis, sustainability is becoming increasingly important for governments, corporations and individuals alike. As a global business, Paragon Group has always understood the significance of not just building a sustainable business, but contributing to a wider sustainable economy and planet.

Many clients, including governments, are actively engaged with unravelling the sustainability challenges facing the World today, with Paragon Group playing an essential role in supporting many of these exciting initiatives. Part of this process has always been to ensure we deliver a holistic view of the sustainability footprint across the lifecycle of our products and services.

We focus on providing clients with the information and choices essential to making informed decisions about the impact associated with communication strategies, with the ultimate goal of delivering Net Positive solutions. This holistic approach provides Paragon Group with a wide scope of opportunities to expand the solutions and services we develop in conjunction with our clients.

Paragon Group is committed to continually iterating a sustainability framework, with 2020 being no exception. During the course of the year we developed our latest iteration, which included a long-term Sustainability Strategy. The strategy, which outlines our Sustainability Ambition for the next 30 years, will ensure we join our stakeholders in supporting a fairer, more equitable society and drive towards a Net Zero Carbon economy.

Sustainability Ambition 2050

We anticipate launching Sustainability Ambition 2050 in early 2021. The programme will support both our clients' long-term sustainability aspirations and the United Nations Sustainable Development Goals (SDGs) to partner our stakeholders in delivering solutions to counter the sustainability challenges the world faces.

Sustainability Governance

Paragon Sustainability Strategy is based on three key areas of risk: Planet, People and Partners. The approach helps drive value and sustainability performance throughout the lifecycle of our products and services.

Sustainability is well entrenched in all our operations, as we work hard to extend programmes across supply partners and stakeholders, to truly put sustainability into the DNA of everything we undertake. Programmes are implemented and overseen across all functions within our business including HR, Procurement, Client Relationship Management and Operations Management.

Certifications & Subscriptions

Our comprehensive management systems and internal audit programmes drive real improvements throughout our operations, all contributing to the sustainability of our products and services. Paragon Group holds ISO 14001 Environmental Management, ISO 50001 Energy Management, FSC and PEFC certification at our production locations. This provides the framework to identify and drive best practice and ensures compliance with all applicable legislation.

EcoVadis

Paragon has advanced level membership in EcoVadis, This on-line Corporate Social Responsibility (CSR) analysis system is used by several 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 & 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.

Paragon is proud to have been awarded the EcoVadis gold rating for a third consecutive year, which puts the company within the top 5% out of 50,000 companies assessed globally for sustainability performance.

Our Sustainable Products & Services

Sustainability is built into the fabric of all our products and services. We provide clients with simple access to a complete range of best in class solutions across the whole communications process, which in turn provides clients with efficiency, quality, performance and compliance across all communications activities.

Paragon Group is committed to developing reporting metrics that provide clients with the sustainability footprint of many of our products and services. And clients already have access to data on the carbon footprint of our printed, paper-based products and services. During 2021 and beyond we will be developing and extending this framework to cover all our products and services.

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Supply Chain Engagement

Supply Chain Due Diligence

As Paragon Group has a diverse range of supply partners, from large multinationals to small family-run businesses, in multiple geographic locations, rigorous governance is required. A supplier's misconduct could cause serious reputational, operational and financial harm to not only Paragon Group, but to clients. The majority of our sustainability risk, impact and therefore opportunity to improve, lies in collaborating with our supply partners.

Delivering sustainability across the lifecycle of our products and services will rely heavily on the upstream and downstream activities delivered by our supply partners. At Paragon Group, we are committed to working with our partners to identify and deliver sustainable solutions.

Sustainability risk within our supply partners is managed through our online supplier due diligence tool, which facilitates the assessment and reporting of risk levels across our supply chains. Suppliers complete a due diligence assessment, related to the products and services they provide. It covers: employment; fair business practice; information security; environmental performance and supply chain management.

All suppliers are required to sign the Paragon Group's Supplier Code of Conduct, which commits them to meeting required standards in the following areas: environmental performance, fair business practice, information security and ethics and compliance.

Streamlined Energy & Carbon Reporting (SECR) for Paragon Group 2019/2020

Introduction

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 report covers all Paragon Group legal entities that are registered in the UK and 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 to June 30. The current reporting period is July 1, 2019 to June 30, 2020.

Paragon Group 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 2019/2020 report presents the first reporting period, hence there is no comparison with previous year's performance.

Paragon Group comprises three operational divisions:

- Paragon Customer Communications
- Paragon ID
- Paragon Graphic Services

Individual legal entities within each division were assessed to determine the scope of required reporting. Holding companies were excluded from this activity.

All legal entities that fall into scope for SECR reporting are within the Paragon Customer Communications division.

Methodology

The calculation of carbon emissions has been completed using the UK Government Greenhouse Gas Reporting: Conversion Factors 2020. 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 the full reporting period. 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:

Paragon Group Division	Gas (buildings + forklift) kWh	Fuel (operated transport) kWh	Fuel (staff business travel) kWh	Electricity kWh	Carbon Emissions Kg CO_2e
Paragon Customer Communications	10,986,606 38,359	2,734,769	983,598	27,873,536	9,808,071
Paragon ID	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope
Paragon Graphic Services	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope

Energy Intensity Ratio

Paragon Group has 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.

Paragon Group Division	Total Electricity kgs CO_2e	Average square metre	Kg CO_2e per square metre
Paragon Customer Communications	6,498,436	109,775	59.20
Paragon ID	Out of scope	Out of scope	Out of scope
Paragon Graphic Services	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 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.

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 Group recognises that we play a vital role in delivering the long-term sustainability goals of our stakeholders. Within our divisions, Paragon Group is currently formulating our long-term Sustainability Strategy. This strategy will demonstrate our commitment to driving sustainability improvements across the lifecycle of our operations, products and services. It will support not just our clients' aspirations, but also current and forthcoming regulatory frameworks, The United Nations Sustainable Development Goals and the needs and expectations of our workforce.

The strategy framework will consist of three themes of Planet, People and Partners, and will consist of a wide range of environmental, social and governance goals leading up to 2050.

Paragon Group supports the UK government's commitment to Carbon Net Zero by 2050 and our programme will include a commitment to Net Zero carbon by 2050.

Anna Pazio, Anna Stępka and Klaudia Zawiślak, Inbound & Outbound Services, PCC Poland

People & Governance, Risk & Compliance

People & Governance, Risk & Compliance

At Paragon, we support all our people in realising their full potential by investing in the technology, tools and training needed for the future, nurturing an environment of inclusion where everyone can flourish and putting care and wellbeing at the centre of our culture.

People

At Paragon, we support all our people in realising their full potential by investing in the technology, tools and training needed for the future, nurturing an environment of inclusion where everyone can flourish and putting care and wellbeing at the centre of our culture.

The importance of the 'Social' in ESG (Environmental, Social, Governance) has grown dramatically in the last few years with the COVID-19 pandemic and other global campaigns such as Me Too and Black Lives Matter.

More than just meeting legislative requirements, we want our staff to enjoy coming to work and to have the opportunity to develop as far as their aspirations and talent will take them. Our ethics and compliance and People Strategy help make our company an enjoyable place to work, a place where staff members can build their careers. Our people are our greatest asset and always at the forefront of everything we do, and will always remain so.

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 we do.

We will create and embrace inspirational ideas, make better choices and recognise the value in diversity of thought. The talent of our individuals and our high-tech equipment will be matched by the prominence of our thinking, leadership skills and decision making.

Our values:

- **Inspiring –** we will inspire each other in our work and give inspiration to our customers, fulfilling our promises of high quality in everything we do.
- **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.
- **Confident –** be confident in ourselves to deliver our very best in all we do, holding ourselves accountable for results.
- **Customer focused –** we are committed to listen and respond positively to our customers' needs, building lasting relationships with our clients and associates.
- **The best people –** we are passionate about our people. We will develop, inspire and create opportunity to progress and develop, adding value to the business and customers.

Our Behaviours:

- **Inclusive –** interact appropriately with all colleagues and customers. Demonstrates a personal commitment to create a hospitable and welcoming environment, fostering respect for all.
- **Customer/Quality focused –** meet the needs of our customers and respond to them in an appropriate manner. Demonstrate a personal commitment to identify customers' needs and requests, seeking to provide the highest quality service and products for our customers.

Ioana Nanut, PCC UK

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

- **Communicate –** communicate effectively, expressing thoughts and facts, demonstrating effective listening skills, displaying openness to other people's thoughts and ideas.
- **Adaptable –** adjust work by gathering relevant information and applying critical thinking to ensure demands and competing priorities are met.
- **Accountable –** accept responsibility for our actions and decisions, demonstrating our commitment to accomplish work ethically, efficiently and cost-effectively.

Health, Safety & Well-Being

We take the health, safety and well-being of our staff seriously. A Group-wide taskforce has promoted safe working practices over the last year, with all production sites achieving the BPIF Health & Safety Seal of Excellence. Five production sites hold BS 18001/ISO 45001 (Occupational Health and Safety), with all other sites to follow.

We are committed to keep the workplace a safe environment for all staff. With the constant threat of COVID-19, we have instructed employees to work from home when possible. As an essential business, we do need to have several employees on site and where this is applies, we have PPE and social distancing in place.

Our workplace provides an opportunity to give support and advice to every member of our team through our new Group-wide Be Well programme. We provide mental health first aiders and advice at all locations, including an independent help line, and offer a range of programmes such as gym membership and free fruit.

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 compliance, environmental and social responsibility and fair business practices.

Charity & Community

Paragon is committed to being a thoughtful, responsible and active part of the communities in which we live and work. Staff are encouraged to pursue their philanthropic passions and we support individuals and workplace teams in giving back to others and bringing our company values to life. All Paragon sites have a nominated charity, with organised fundraising and volunteering events throughout the year.

Inclusion & Diversity

Across Paragon Group, we are deeply committed to inclusivity and fair opportunity for all, recognising the vital contribution that diversity makes to our business and our customers. Paragon is an equal opportunities employer, treating everyone fairly and equitably. We employ the right person for the right job regardless of gender, sexual orientation, ethnicity or any other factor. We offer appropriate opportunities at Paragon for vulnerable and disadvantaged groups, including temporary and flexible projects. Paragon is about to become a Stonewall Partner and is proud to boast a richly diverse workforce.

Eleonora Kupryte, PCC UK

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 directors and an expansion of our Learning & Development team to address skills shortage and promote fair and equal opportunities for male and female 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 slavery and human trafficking. 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 which includes prohibitions against the use of staff sourced from forced, compulsory or trafficked labour, and anyone held in slavery or servitude.

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.

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

Principal Risks & Uncertainties

Principal Risks & Uncertainties

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.	• Loss of market shares due to changing markets. • Reduced financial performace arsing from competitve threats.	• 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 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 managesits business to ensure minimal disruption to its operations. In addition, there is an ongoing review of any newinformation 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.

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

Section 172 Statement

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

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). In 2020 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.

	People	Customers	Suppliers	Society	Governments & regulators
Key Facts	9,000+ employees worldwide	Spread throughout 120+ countries	Diversified supplier base from small contractors to FTSE100 groups	FY20 Community projects	Significant taxes paid to governments in 2020
Why we engage	Our people are at the core of our business. We 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.	Our customer partners are experts in the products they buy and sell, as well as in the experiences they create and deliver. We work with a wide range of customers: big and small, on-trade and off, digital and e-commerce. Our passion is to ensure we nurture mutually beneficial relationships that deliver joint value and the best outcome for all our consumers.	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, 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.	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.	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
How we engage	• Prioritisation of health, safety and wellbeing • Investment in learning opportunities for employee growth and development • The promotion of inclusion and diversity	• A portfolio of leading brands that meets evolving consumer preferences • Identification of opportunities that offer profitable growth • Insights into consumer behaviour and trends • Trusted product quality	• Developing strong, mutually beneficial partnerships • Collaborating to realise innovation • Fair contract and payment terms • Consistent performance measurement • Joint risk assessment and mitigation	• Impact of our operations on the local economy through ongoing dialogue, annual reviews • Access to skills development • Opportunities for employment and supplier opportunities	• Ongoing dialogue • Corporate behaviour

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

How Our Board Considers Stakeholders in Decision Making

People

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.

Customers

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 Chief Executive and Chief Financial Officer provide the Board with information about key suppliers as and when relevant to Board discussions, including when approval is required for material contracts with suppliers. During the year, the Board reviewed and approved several critical procurement agreements.

Society

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 focused on actions to support those communities.

Government & Regulators

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 regular briefings during the year on 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
Chief Executive Officer

Group Financial Statements

for the period 1 July 2019 to 30 June 2020

The Directors Present Their Report
for the year ended 30 June 2020

Directors
Patrick J Crean
(Executive Chairman)
Laurent T Salmon
(Chief Financial Officer)
Seán Shine
(Chief Executive Officer)
John Rogers (appointed 30 June 2020)
(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

The Directors Present Their Report

for the year ended 30 June 2020 (continued)

Directors of the Company

The Directors present their report and the financial statements for the year ended 30 June 2020. The Directors of the Company are listed opposite.

Results and dividends

The profit for the year after taxation for continuing operations amounted to €4,202,000 (2019: profit of €11,549,000).

The EBITDA[1] for the year for continuing operations amounted to €75,241,000 (2020 excluding IFRS 16: €52,469,000) (2019: €50,210,000). No dividend was paid during the year (2019: €nil).

The Directors are not recommending the payment of a dividend in respect of the financial year ended 30 June 2020 (2019: 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 are the key indicators management use to measure performance. KPIs for the financial year ended 30 June 2020 are shown in the table below, along with prior year comparatives which have not been restated for the impact of the adoption of IFRS 16 'Leases' (note 21).

	2020 €000	2019 €000	Change %
Sales of goods and services	1,080,713	837,875	+29%
EBITDA[1]	75,241	50,210	+50%
Underlying EBITDA[2]	77,185	50,011	+54%
Free cash flow[3]	119,812	45,368	+164%

1. EBIT and EBITDA are defined in note 2(s) on page 115.
2. Underlying EBITDA is defined in note 2(s) on page 115.
3. Defined as cash generated from operations on page 105.

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. The Group's acquisition capabilities are discussed further on page 66 of the Strategic Report.

Principal 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. Ultimately, thanks to PCC's excellent performance, the overall group net organic EBIDTA growth has only been marginally impacted with a net negative impact of €1.6m pre-acquisitions or less than 2% of our annual EBITDA. The acquisitions made during the course of the year have not yet delivered their full benefits in the year-ending June 2020. The impact of COVID-19 is discussed in further detail in the CFO statement and the going concern policy. See pages 14, 86-87 and 110 for discussion of this risk and other specific risks.

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.

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.

The Directors Present Their Report

for the year ended 30 June 2020 (continued)

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.

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.

To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts, where necessary. 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. 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. The Group also enters into derivative transactions, principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance. 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.

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.

The Directors Present Their Report

for the year ended 30 June 2020 (continued)

On 1 October 2020, the Group acquired Groupe Bernard. Initial consideration amounted to €12 million. No purchase price allocation exercise has yet been undertaken as the acquisition balance sheet has not yet been finalised. Groupe Bernard has a turnover of €17 million and is a specialist in business process and customer relationship management.

On 22 October, 2020, the Group acquired Scytl. Initial consideration amounted to €5 million. Scytl has a turnover of €23 million and is a worldwide leader in secure electronic voting, election management and election modernisation solutions.

On 3 November, 2020, the Group acquired the trade and certain assets of Promo International Limited in Administration. Initial consideration amounted to €50,000. The acquisition provides a low-cost entry into the area of UK promotional merchandise sourcing.

On 2 November, 2020, the Group acquired Trenton Box Company Limited. Initial consideration amounted to €160,000. Trenton Box Company Limited has a turnover of €7 million and is a specialist in high quality folding cartons which adhere to sustainable environmentally friendly requirements.

On 6 November, 2020, the Group acquired the trade and certain assets of Tangent on Demand plc, an on-demand bespoke small format and large format printer with in-house binding and speciality packaging offerings. Initial consideration amounted to €220,000.

On 1 November 1, 2020, the Group has increased its shareholding in Airweb SAS to a majority position. Initial consideration amounted to €1.6 million. Airweb SAS is a specialist provider of mobile ticketing using a QR-code based solution for public transport networks.

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 Directors believe that the Group is well placed to manage its business risks successfully.

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.

The Group generated strong free cash flows during the year. In 2020 the Group generated cash from operations of €119,812,000 (2020 excluding IFRS 16: €97,040,000) (2019: €45,368,000). The figures for 2020 were positively impacted by IFRS 16 with lease payments that relate to contracts previously classified as operating leases no longer being presented as operating cash flows in full. Only the portion of the lease payment that reflects interest on the liability is presented as operating cash flow.

After making enquiries, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. That expectation factors in the current and expected impact of COVID-19.

The Directors Present Their Report

for the year ended 30 June 2020 (continued)

In particular, the Board reviewed the Group's short-term cash flow forecasts, the cash flow forecasts for the period ending December 2021 which were revised post year end in light of COVID-19, the assumptions relating to the profitability and cash generation of the business, the achievement of cost saving measures, the Group's financing facilities and future funding plans. A full going concern assessment is discussed at Note 2: Significant Accounting Policies.

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 Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 IFRSs as adopted by the European Union 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 IFRSs as adopted by the European Union.

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 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 92. 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
December 22, 2020

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 2020, which comprise the 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 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 Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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.

The impact of uncertainties arising from the UK exiting the European Union on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for group associated with a course of action such as Brexit.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the group's business, including effects arising from Brexit, and analysed how those risks might affect the group's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group will continue in operation.

Independent Auditor's Report
to the members of Paragon Group Limited

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.

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 set out on page 96, 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.

Independent Auditor's Report
to the members of Paragon Group Limited

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.

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

December 22, 2020

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

Consolidated Income Statement

for the year ended 30 June 2020

	Notes	2020 €000 Underlying	2020 €000 Non-underlying	2020 €000 Statutory	2019 €000 Underlying	2019 €000 Non-underlying	2019 €000 Statutory
Revenue from sale of goods and services	3	**1,080,713**	**–**	**1,080,713**	**837,875**	**–**	**837,875**
Material costs		551,228	–	551,228	423,817	–	423,817
Payroll	5, 8	327,249	21,613	348,862	252,704	12,443	265,147
Other operating costs	4, 8	125,051	6,626	131,677	111,343	4,924	116,267
Other operating income	8	–	(26,295)	(26,295)	–	(17,566)	(17,566)
Operating costs		**1,003,528**	**1,944**	**1,005,472**	**787,864**	**(199)**	**787,665**
EBITDA[1]	8	**77,185**	**(1,944)**	**75,241**	**50,011**	**199**	**50,210**
Depreciation and amortisation	4	59,237	–	59,237	30,844	–	30,844
EBIT[1]**/Operating profit**	4	**17,948**	**(1,944)**	**16,004**	**19,167**	**199**	**19,366**
(Loss)/gain on asset disposals	8	–	(108)	(108)	–	734	734
Share of equity accounted investments	14	104	–	104	391	–	391
Dividend income		2	–	2	–	–	–
Finance income	6	281	–	281	43	–	43
Finance cost	7	(13,302)	–	(13,302)	(10,513)	–	(10,513)
Profit before tax	9	**5,033**	**(2,052)**	**2,981**	**9,088**	**933**	**10,021**
Income tax (charge)/credit	8,9	(1,890)	3,111	1,221	1,274	254	1,528
Profit for the year from continuing operations		**3,143**	**1,059**	**4,202**	**10,362**	**1,187**	**11,549**
Losses on discontinued operations	10	–	(35)	(35)	–	(215)	(215)
Profit for the year		**3,143**	**1,024**	**4,167**	**10,362**	**972**	**11,334**
Attributable to:							
Owners of the parent		**3,606**	**1,024**	**4,630**	**10,782**	**972**	**11,754**
Non-controlling interests –Continuing operations		(463)	–	(463)	(420)	–	(420)
Profit for the year		**3,143**	**1,024**	**4,167**	**10,362**	**972**	**11,334**

1. EBIT and EBITDA are defined in note 2(s) on page 115.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2020

	2020 €000	2019 €000
Profit for the year	**4,167**	**11,334**
Items that will not be reclassified subsequent to profit or loss		
Actuarial loss recognised on pension schemes (note 23, 25)	(612)	(849)
Deferred tax arising thereon	(102)	107
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(4,770)	(39)
Other comprehensive income for the year	**(5,484)**	**(781)**
Total comprehensive income for the year	**(1,317)**	**10,553**
Attributable to:		
Owners of the parent	(854)	10,973
Non-controlling interests	(463)	(420)
	(1,317)	**10,553**

Consolidated Statement of Financial Position

for the year ended 30 June 2020

	Notes	2020 €000	2019 €000
Assets			
Non-current assets			
Property, plant and equipment	11	89,647	95,385
Right-of-use assets	21	85,583	-
Goodwill	13	95,065	92,397
Other intangible assets	15	104,460	55,393
Financial investments	14	4,937	5,387
Retirement benefits surplus	25	641	816
Deferred tax assets	24	11,548	4,453
Other non-current assets	18	2,356	560
		394,237	**254,391**
Current assets			
Inventories	17	51,733	39,683
Trade and other receivables	18	128,317	119,090
Income tax receivable		3,519	4,201
Cash and cash equivalents	18	147,425	100,323
		330,994	263,297
Assets held for sale	16	1,371	5,103
		332,365	**268,400**
Total assets		**726,602**	**522,791**
Liabilities			
Current liabilities			
Lease liabilities	21	23,871	3,000
Borrowings	20	24,370	32,598
Trade and other payables	19	254,066	181,209
Income tax payable		2,340	1,134
Deferred income	22	6,419	3,767
Provisions	23	9,714	3,367
		320,780	**225,075**

continued...

Consolidated Statement of Financial Position
for the year ended 30 June 2020 (continued)

	Notes	2020 €000	2019 €000
Non-current liabilities			
Borrowings	20	208,746	160,202
Lease liabilities	21	58,882	5,948
Provisions	23	13,476	10,736
Deferred consideration	19	1,346	5,659
Deferred income	22	976	1,052
Deferred tax liabilities	24	16,974	7,865
Retirement benefits deficit	25	4,546	4,261
		304,946	**195,723**
Total liabilities		**625,726**	**420,798**
Net assets		**100,876**	**101,993**
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	(3,698)	1,072
Retained earnings	27	48,688	45,072
Non-controlling interests		269	232
Total equity		**100,876**	**101,993**

These financial statements were approved by the Board of Directors on 22 December 2020 and signed on its behalf by

Patrick J. Crean
Director

Laurent T. Salmon
Director

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2020

	Share capital €000	Capital reserve €000	Capital redemption reserve €000	Retained earnings €000	Cumulative translation reserve €000	Total €000	Non-controlling interests €000	Total equity €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 (Note 21)	–	–	–	(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**

For the year ended 30 June 2019

	Share capital €000	Capital reserve €000	Capital redemption reserve €000	Retained earnings €000	Cumulative translation reserve €000	Total €000	Non-controlling interests €000	Total equity €000
Balance as at 30 June 2018	**30,000**	**23,867**	**1,750**	**34,343**	**1,111**	**91,071**	**652**	**91,723**
Profit/(loss) for the year	–	–	–	11,754	–	11,754	(420)	11,334
Other comprehensive income for the year	–	–	–	(742)	(39)	(781)	–	(781)
IFRS 9 taken to reserves	–	–	–	(283)	–	(283)	–	(283)
Balance at 30 June 2019	**30,000**	**23,867**	**1,750**	**45,072**	**1,072**	**101,761**	**232**	**101,993**

Consolidated Statement of Cash Flow

for the year ended 30 June 2020

	Notes	2020 €000	2019 €000
Profit from continuing activities before tax		**2,981**	**10,021**
Adjustments for:			
Loss before tax from discontinued operations	10	(35)	(215)
Depreciation of property, plant and equipment	11	18,567	19,604
Non-cash gains on acquisitions	8	(26,295)	(17,566)
Amortisation of intangible assets	15	16,871	11,284
Amortisation of right-of-use assets	21	23,898	-
Loss/(gain) on assets disposal	8	108	(734)
Dividend income		(2)	-
Amortisation of government grants	22	(99)	(44)
Share of equity accounted investments	14	(104)	(391)
Net finance costs	6, 7	13,021	10,470
Operating cash inflows before movements in working capital		**48,911**	**32,429**
Decrease/(increase) in inventories		5,689	(2,421)
Decrease in receivables		57,968	7,217
Increase in payables		5,462	12,794
Decrease in deferred income		(44)	(67)
Cash contributions to defined benefit pension schemes		22	(73)
Increase/(decrease) in other provisions	23	1,804	(4,511)
Cash generated from operations		**119,812**	**45,368**
Interest paid		(10,019)	(10,374)
Interest income		168	30
Income tax paid		(694)	(957)
Net cash generated by operating activities		**109,267**	**34,067**
Cash flows from investing activities			
Payments for property, plant and equipment, and intangibles		(15,205)	(21,711)
Proceeds from disposal of property, plant and equipment and intangibles		2,858	1,681
Proceeds from disposal of assets held for sale		3,647	–
Payments for purchase of assets held for sale	16, 31	–	(1,380)
Payment for purchase of investments	14	–	(3,911)
Payments for acquisition of subsidiaries, net of cash acquired	12	(60,588)	(28,282)
Dividends received from trade investments		2	–
Dividends received from joint ventures	14	549	112
Net cash used in investing activities		**(68,737)**	**(53,491)**

continued...

Consolidated Statement of Cash Flow

for the year ended 30 June 2020 (continued)

	Notes	2020 €000	2019 €000
Cash flows from financing activities			
Repayments of capital element of lease liabilities		(26,411)	(5,145)
Repayment of borrowings		(19,213)	(7,035)
Proceeds from borrowings		53,862	13,274
Proceeds of sale of shares to NCI		500	–
Net cash generated by financing activities		**8,738**	**1,094**
Net increase/(decrease) in cash and bank overdrafts		**49,268**	**(18,330)**
Cash net of bank overdrafts at the beginning of the year		**90,199**	**108,430**
Net increase/(decrease) in cash and bank overdrafts		49,268	(18,330)
Effect of exchange rate changes on cash and bank overdrafts held in foreign currencies		(550)	99
Cash net of bank overdrafts at the end of the year		**138,917**	**90,199**

Analysis of net debt

	At 30 June 2019 €000	IFRS 16 transition At 1 July €000	Reclass €000	Cash flow €000	Exchange difference €000	Non cash €000	Acquisition movements €000	At 30 June 2020 €000
Cash and cash equivalents	100,323	–	–	39,313	(617)	–	8,406	147,425
Bank overdrafts	(10,124)	–	–	1,563	67	–	(14)	(8,508)
Cash net of bank overdrafts	**90,199**	**–**	**–**	**40,876**	**(550)**	**–**	**8,392**	**138,917**
Bank loans	(42,915)	–	167	(34,649)	405	–	(7,451)	(84,443)
Bonds net of unamortised issue costs	(139,761)	–	(199)	–	–	(205)	–	(140,165)
Lease liabilities	(8,948)	(62,979)	32	26,411	950	(21,367)	(16,852)	(82,753)
Net debt	**(101,425)**	**(62,979)**	**–**	**32,638**	**805**	**(21,572)**	**(15,911)**	**(168,444)**

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. 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 (2019: €206,000). Non-cash right-of-use lease movements of €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 2020

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 twelve months ended 30 June 2020 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 22 December 2020.

The consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union ('Adopted IFRS').

The Company has elected to prepare its parent company financial statements in accordance with FRS 101. These are presented on pages 181 to 188.

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 2020:

- IFRS 16: Leases
- IFRIC 23: Uncertainty over Income Tax Treatments
- Amendments to IFRS 9: Prepayment features with negative compensation
- Amendments to IAS 19: Employee Benefits
- Amendments to IAS 28: Investments in Associates and Joint Ventures
- Annual Improvements 2015 – 2017 Cycle

The adoption of the above standards, policies, interpretations and amendments did not have a significant impact on the Group's Consolidated Financial Statements, with the exception of IFRS 16 as described below.

Standards issued but not yet effective are not expected to have a material impact on next years financial statements.

Adoption of IFRS 16

IFRS 16 'Leases' introduces a new model for the identification of leases and accounting for lessors and lessees. It replaces IAS 17 and is effective for accounting periods beginning on or after 1 January 2019. The Group's date of initial application of IFRS 16 is 1 July 2019.

IFRS 16 prescribes a single lessee accounting model that requires the recognition of a right-of-use asset and corresponding liability for all leases with terms over twelve months, unless the underlying asset is of low value. The liability is initially measured at the present value of future lease payments for the lease term (including payments for renewal options which are reasonably certain to be exercised). The right-of-use asset has been calculated as the lease liability at 1 July 2019 adjusted for any prepayments, accruals, incentives and onerous lease provisions.

The discount rates applied were arrived at using a methodology to calculate the average incremental borrowing rates across the Group by country, with reference to the Group's own credit risk and the quality of the underlying leased assets. A practical expedient was then applied to group a single discount rate to a portfolio of leases with similar characteristics.

The right-of-use asset is amortised, with the amortisation charge and the interest on the corresponding liability being recognised in the income statement over the lease term. In the cash flow statement, the total amount of cash paid in respect of lease payments is separated into a principal portion within financing activities, and an interest portion within operating activities.

The Group adopted the modified retrospective approach to application, using technical reliefs available. Comparatives were not restated but were recognised as a cumulative adjustment to the opening balance of retained earnings at 1 July 2019.

Practical expedient reliefs availed of by the Group are as follows:

- The Group made use of the reliefs not to reassess whether a contract contains a lease, and therefore the definition of a lease under IAS 17 will continue to apply to lease entered into before the date of transition
- The Group made use of the relief to exclude any leases with a remaining term less than twelve months at the date of transition
- The Group applied the recognition exemption for both short-term and low value leases
- The Group availed of the practical expedient to not separate non-lease components from lease components for all asset classes apart from land and buildings

The adoption of IFRS 16 had a material impact on the Group's Consolidated Financial Statements.

Income statement – operating lease payments previously charged to operating profit have been replaced by amortisation of right-of-use assets withing operating profit and interest cost within finance costs. Although the aggregate Income Statement impact of each lease over its life does not change, the generally straight-line profile of operating lease expense is now more front-loaded under IFRS16 because of the interest charge on the lease liability.

Underlying EBITDA[2] has increased from €54m to €77m following the elimination of rental costs. Depreciation costs have increased from €39m to €59m due to the depreciation of right-of-use assets. Finance costs have increased from €11m to €13m due to the imputed interest calculated on the lease liability.

Statement of financial position – on transition to IFRS 16 the Group recognised additional right-of-use assets (€63m) and additional liabilities (€63m) related to operating leases, recognising the difference in retained earnings.

Statement of cashflow - there is no impact on overall cashflows but the presentation differs. Operating lease payments were previously presented within operating cashflows and finance lease payments were presented within financing activities. Under IFRS16, all lease payments are now split between payments of principal, presented within financing activities and interest, presented within operating as financing cashflows.

2. Underlying EBITDA is defined in note 2(s) on page 115.

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

1 General information (continued)

Impact of the transition on the Statement of Financial Position

	1 July 2019 as previously stated €000	IFRS 16 impact €000	1 July 2019 restated €000
Property, plant and equipment	95,385	(9,752)	85,633
Other intangible assets	55,393	(143)	55,250
Right-of-use assets	–	73,232	73,232
Non-current assets	**150,778**	**63,337**	**214,115**
Trade and other receivables	119,090	(1,286)	117,804
Total assets	**269,868**	**62,051**	**331,919**
Trade and other payables	181,209	(444)	180,765
Provisions	14,103	(414)	13,689
Lease liabilities	8,948	62,979	71,927
Deferred tax liabilities	7,865	230	8,095
Total liabilities	**212,125**	**62,351**	**274,476**
Net assets/(liabilities)	**57,743**	**(300)**	**57,443**

Reconciliation of the operating lease commitments previously reported under IAS17 to the discounted lease liability as at 1 July 2019 under IFRS 16 is as follows:

	1 July 2019 €000
Lease commitments under IAS 17	**57,491**
Extensions beyond break date	16,684
Non-lease components	(3,417)
Short term leases	(1,870)
Low value leases	(117)
Other adjustments	893
Undiscounted lease liability under IFRS 16	**69,664**
Less impact of discounting	(6,685)
Discounted lease liabilities under IFRS 16	**62,979**

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

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 2020. 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.

A performance obligation can either be a distinct good or service or series of distinct goods or services that are substantially the same that have the same pattern of transfer to the customer.

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 three divisions.

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 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 licenses, 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 which occurs most often on delivery.
- For banking technology licenses for which the performance requirements are based on sales levels of the products under license by the subscribers of these licenses. 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.

1. EBIT and EBITDA are defined in note 2(s) on page 115.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

2 Significant accounting policies (continued)

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. 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.

New/Growth Businesses

The newly acquired Spicers OfficeTeam Group entities have 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.

(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 2020 and 2021, 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 three markets and extensive actions already undertaken to protect profitability and conserve cash.

Financial Forecasts

Two scenarios were considered for the Group in preparing our going concern assessment being a management case and another scenario 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:

- We anticipate that volume would be somewhat subdued for the remainder of 2020 and into 2021;
- 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;
- 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% in turnover across the three division for the remainder of 2020 and on into 2021 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.

Outcome of assessment

Overall the Group traded ahead of the management case for the first quarter of 2021 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.

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

2 Significant accounting policies (continued)

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

Property, plant and equipment held for use in the production or supply of goods, or for administration purposes is stated in the Consolidated Statement of Financial Position at cost less any accumulated depreciation and impairment losses.

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 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 of an 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 incomestatementcomprises current tax and deferred tax.

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

2 Significant accounting policies (continued)

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 generally 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.

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 presentational currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

2 Significant accounting policies (continued)

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.

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 7.3% of gross trade receivables (2019: 4.6%). 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 deferred 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 benefits 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 benefits 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 benefits obligation recognised in the Consolidated Statement of Financial Position represents the present value of the defined benefits 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.

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

2 Significant accounting policies (continued)

(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.

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 Group's 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.

Accounting policy applied before 1 January 2019

Leases were classified as finance leases whenever the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All other leases were classified as operating leases.

Rental costs under operating leases were charged to the Consolidated Income Statement in equal amounts over the terms of the lease.

Assets held under finance leases were recognised as assets of the Group at their fair value or, if lower, the present value of the minimum lease payments; each determined at the inception of the lease. The corresponding liability to the lessor was included in the Consolidated Statement of Financial Position as a finance lease obligation. Lease payments were apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

(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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

2 Significant accounting policies (continued)

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.

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 and 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.

(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 eight CGU's are grouped together in the three cash generating unit groups (CGUG's) and have remained unchanged from the prior year. CGUG's 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.

Carrying value of property, plant and equipment

The carrying value of the Group's investment in property, plant and equipment represents a key area of management judgement. This includes assumptions in respect of the use of fair values as well as estimation in respect of useful lives.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

2 Significant accounting policies (continued)

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.

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.

Credit losses

In determining an appropriate provision for credit losses reliance has to be placed on estimates and judgements on payment history, current customer relationships, latest market intelligence and the availability of credit insurance. Please see note 26 to the financial statements for further details.

Lease terms

The Group adopted IFRS 16 from 1 July 2019. IFRS 16 'Leases' eliminates the IAS 17 classification of leases as either operating leases or finance leases and introduces a single lessee accounting model with some exceptions. See note 21 for further details.

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 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.

(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.

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 €3,905,000 (2019: deficit €3,445,000). Please see note 23 and 25 to the financial statements for further details.

Fair value on acquisitions

The carrying value of certain items of the Group's assets and liabilities are dependent on the fair values assigned to them when acquired. Estimates are used in assessing these fair values for customer relationships and other intangibles especially where open market valuations are not readily accessible. Please see note 12 to the financial statements for further details.

Valuation of inventory

At any point in time, the Group has significant levels of inventory, including work in progress. Manufacturing is a complex process and the final product is required to be made to exacting specifications and tolerance levels. In valuing the work in progress at the balance sheet date, assessments are made over the level of waste contained within the product based on the production performance to date and past experience.

In assessing the recoverability of finished goods assessments are made to validate that inventory is correctly stated at the lower of cost and net realisable value and that obsolete inventory, including inventory in excess of requirements, is provided against.

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 arrive at 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.

Proforma sales, EBIT and 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.

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

3 Revenue

An analysis of the Group's revenue from continuing operations as defined by IFRS 15 – 'Revenue from Contracts with Customers'. All Revenue is recognised at point in time. 'Revenue' is as follows:

	2020 €000	2019 €000
Paragon Customer Communications	880,318	627,837
Paragon ID	105,182	105,638
Paragon Graphic Services	94,256	103,240
Rental income	957	1,160
Total revenue	**1,080,713**	**837,875**
Share of revenue from joint ventures	**4,665**	**3,409**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

4 Operating profit

Operating profit has been arrived at after charging/(crediting):

	2020 €000	2019 €000
Auditor's remuneration:		
Audit fees:		
– Audit of the Group accounts	267	125
– Audit of the accounts of the Company's subsidiaries by Grant Thornton UK LLP	916	479
– Audit of the accounts of the Company's subsidiaries by the Group auditors	363	320
– Audit of the accounts of the Company's subsidiaries by others	628	540
Non audit fees to Group auditors:		
Corporate finance transactions	49	259
Other assurance services	9	10
Audit related assurance services	16	9
Other non-audit services not covered elsewhere	–	1
Tax compliance services	4	14
Tax advisory services	11	–
Foreign exchange loss	–	166
Non-underlying net expenses/(gains) (note 8)	1,944	(199)
Lease charges (note 21)	2,554	19,892
Depreciation of property, plant and equipment (note 11)	18,567	19,604
Amortisation of intangible assets (note 15)	16,871	11,284
Amortisation of government grants (note 22)	(99)	(44)
Amortisation of right-of-use assets (note 21)	23,898	-
Depreciation and amortisation	**59,237**	**30,844**

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

5 Staff costs

The average monthly number of employees (including Executive Directors) was:

	2020 No.	2019 No.
Production	6,191	4,703
Administration	1,565	1,300
	7,756	**6,003**

Their aggregate remuneration comprised:

	2020 €000	2019 €000
Wages and salaries	297,925	218,303
Social security costs	45,447	43,276
Other pension costs	5,490	3,568
	348,862	**265,147**

Directors emoluments:

	2020 €000	2019 €000
Remuneration	2,476	2,310
Company contributions paid to money purchase scheme	6	26
	2,482	**2,336**

	2020 No.	2019 No.
Members of money purchase pension schemes	**2**	**2**

The remuneration from the Company of the highest paid director in the amount of €1,115,000 (2019: €1,257,000) includes amounts paid to related parties in which the director also operates as a director of €1,050,000 (2019: €1,200,000). The contributions paid into money purchase pension schemes for the highest paid director were €2,000 (2019: €1,000).

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

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

6 Finance income

	2020 €000	2019 €000
Interest on bank deposits	53	7
Interest on loan to related party	105	22
Other interest income	123	14
	281	**43**

7 Finance cost

	2020 €000	2019 €000
Bank loans and overdrafts	3,829	3,210
Finance charge on leased liabilities (note 21)	2,790	297
Net interest on retirement provisions and defined benefit pension schemes (note 23, 25)	71	52
Bond interest	5,640	6,256
Foreign exchange losses on retranslation of intercompany loan balances	532	466
Amortisation of capitalised bond issue costs	205	206
Other finance costs	235	26
	13,302	**10,513**

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (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:

	2020 €000	2019 €000
Redundancy and related charges (a)	21,613	12,443
Costs of industrial relocation, restructuring and consolidation (b)	4,903	4,031
Acquisition related fees (c)	1,527	635
Other (d)	196	258
Gain on acquisition (e) (note 12)	(26,295)	(17,566)
Non-underlying net expenses/(gains) impacting EBITDA[1]	**1,944**	**(199)**
Loss/(gain) on asset disposals (f)	108	(734)
Non-underlying net expenses/(gains)	**2,052**	**(933)**
Income tax credit	(3,111)	(254)
	(1,059)	**(1,187)**

(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. Also included are costs associated with redundant roles from the point of acquisition.
(b) Costs of industrial relocation, restructuring and consolidation includes the charges arising from the close of locations, relocation of activities between sites and new activity start-up losses.
(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) Loss/(gain) on asset disposals arose on the sale of property, plant and equipment and disposal of trade investment.

1. EBIT and EBITDA are defined in note 2(s) on page 115.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

9 Income tax credit

Income tax on the profit as shown in the Consolidated Income Statement is as follows:

	2020 €000	2019 €000
Current tax		
Current period	1,701	945
Adjustments for current tax on prior periods	880	(1,162)
Total current tax charge/(credit)	**2,581**	**(217)**
Origination and reversals of temporary differences	(3,462)	(874)
Adjustments for deferred tax on prior periods	(340)	(437)
Total deferred tax credit (note 24)	**(3,802)**	**(1,311)**
Total income tax credit	**(1,221)**	**(1,528)**

The credit can be reconciled to the profit before tax as shown in the Consolidated Income Statement as follows:

	2020 €000	2019 €000
Profit before tax	**2,981**	**10,021**
Tax calculated at a rate of 19% (2019 – 19%)	566	1,904
Non-taxable income	(5,297)	(3,737)
Non-deductible expenses	377	1,749
Effect of changes in tax rates	(311)	10
Losses carried forward not recognised	3,249	1,785
Utilisation of previously unrecognised losses	(935)	(1,884)
Effect of different tax rates of subsidiaries	590	250
Foreign exchange differences	-	(6)
Adjustments in respect of prior periods	540	(1,599)
Total income tax credit	**(1,221)**	**(1,528)**

Income tax on the profit as shown in the Consolidated Statement of Comprehensive Income is as follows:

	2020 €000	2019 €000
Deferred tax charge/(credit) on origination and reversal of temporary differences (note 24)	**102**	**(107)**

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

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.

	2020 €000	2019 €000
Discontinued operations:		
Payroll	–	104
Other operating costs	35	119
Operating costs	**35**	**223**
EBIT[1]/Operating loss	**(35)**	**(223)**
Gain on assets disposal	–	8
Loss for the year from discontinued operations	**(35)**	**(215)**
Cash flows from discontinued operations		
Net cash outflows from operating activities	(35)	(223)
Net cash inflows from investing activities	–	8
Net cash outflows	(35)	(215)

1. EBIT and EBITDA are defined in note 2(s) on page 115.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (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 2018	57,999	170,303	7,837	236,139
Additions	1,280	15,013	1,943	18,236
Transfers	(2,635)	3,628	(119)	874
Acquisitions	12,352	8,661	1,664	22,677
Disposals	(83)	(19,438)	(1,156)	(20,677)
Exchange movements	(58)	(851)	(18)	(927)
At 30 June 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 (note 12)	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**
Accumulated depreciation and impairment:				
At 1 July 2018	30,948	126,900	4,976	162,824
Charge for the period	3,428	14,614	1,562	19,604
Transfers	(4,084)	3,202	74	(808)
Disposals	(64)	(18,995)	(751)	(19,810)
Exchange movements	(100)	(776)	3	(873)
At 30 June 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**
At 30 June 2020	**39,579**	**45,625**	**4,443**	**89,647**
At 30 June 2019	**38,727**	**52,371**	**4,287**	**95,385**

Amounts included in transfers include properties no longer in use that are now included in held for sale and movements between property, plant and equipment, intangible assets and right-of-use assets.

The Group has freehold land, included within land and buildings, with a book value of €7,033,000 (2019: €6,387,000), which has not been depreciated. The amount of fully depreciated machinery and equipment and fixtures and fittings is €126,688,000 (2019: €127,389,000).

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

12 Acquisitions

Acquisition of certain companies of the RR Donnelley & Sons European Division

On the 25 October 2019, the Group acquired RR Donnelley's European Global Document Solutions (GDS) business. This included the entire issued share capital of RR Donnelly UK Limited, Devonshire Recruitment Group Limited, Devonshire Appointments Limited, RR Donnelly Nederland BV, Critical Mail Continuity Services Limited, RR Donnelly Ireland Limited, RR Donnelly France SAS, RR Donnelly Spain SL, RR Donnelly Italy SRL, RR Donnelly Germany GmbH, RR Donnelly Poland SP z.o.o and RRD GDS Limited.

The company now trades as Paragon Customer Communications International. 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	7,456
Development expenditure	2,367
Customer relationships	31,842
Right-of-use assets	13,166
Deferred tax asset	5,833
Other non-current assets	3,447
Non-current assets	**64,111**
Inventories	2,715
Trade and other receivables	46,107
Income tax recoverable	132
Cash and cash equivalents	6,577
Current assets	**55,531**
Total assets	**119,642**

	Fair value €000
Trade and other payables	36,424
Deferred income	1,613
Lease liabilities	11,103
Deferred tax liabilities	5,474
Retirement provisions	37
Restructuring provisions	527
Dilapidation provisions	2,055
Other provisions	796
Total liabilities	**58,029**
Net assets	**61,613**
Fair value of consideration	**49,956**
Gain on acquisition (note 8)	**11,657**

The fair value of acquired trade receivables are materially equal to the gross contractual amounts receivable.

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 €49,956,000. A gain on acquisition arose as this was a non-core and very insignificant activity for a large financial group. 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 acquired entities support mainly blue-chip customers in managing contact with their customers by providing print management, transactional printing and inbound document/ BPO services. Also included is a recruitment business which specialises in providing temporary staff into the digital, marketing and communications and BPO/outsourcing sector.

In respect of the acquisition, revenue of €131,708,000 and EBITDA[1] of €4,647,000, 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 €194,418,000 and EBITDA[1] of €7,916,000.

1. EBIT and EBITDA are defined in note 2(s) on page 115.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

12 Acquisitions (continued)

Acquisition of part of the trade and certain assets of the Spicers OfficeTeam Group

On the 15 May 2020, the Group acquired parts of the trade and certain assets of Spicers Limited (in administration), OfficeTeam Limited (in administration), Spicers (Ireland) Limited (in Liquidation) and the entire issued share capital of Stat Company Limited.

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	2,360
Development expenditure	29
Software	1,750
Customer relationships	9,090
Right-of-use assets	271
Brands	5,886
Non-current assets	**19,386**
Inventories	12,738
Trade and other receivables	3,623
Income tax recoverable	276
Cash and cash equivalents	44
Current assets	**16,681**
Total assets	**36,067**

	Fair value €000
Trade and other payables	9,213
Deferred income	1,097
Lease liabilities	271
Borrowings	921
Deferred tax liabilities	4,139
Restructuring provisions	3,082
Total liabilities	**18,723**
Net assets	**17,344**
Fair value of consideration	**2,706**
Gain on acquisition (note 8)	**14,638**

The fair value of acquired trade receivables are materially equal to the gross contractual amounts receivable.

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 €2,493,000 and a deferred consideration of €213,000. A gain on acquisition arose as discounted assets were bought through the administration process of Spicers OfficeTeam Group following the impact of COVID-19 on their business.

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. Brands have been valued using a royalty relief methodology.

The acquired Spicers OfficeTeam Group entities are leading providers of business services, managed solutions, including managed print services (MPS), mail & fulfilment, signage & exhibition, workwear & PPE, business interiors and office supplies.

In respect of the acquisition, revenue of €7,071,000 and EBITDA[1] loss of €1,430,000 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 €166,199,000 and EBITDA[1] of €1,535,000.

1. EBIT and EBITDA are defined in note 2(s) on page 115.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

12 Acquisitions (continued)

Acquisition of PostNL Communicate Services B.V.

On the 31 December 2019, the Group acquired the entire issued share capital of PostNL Communicate Services B.V.

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 summarisedin the following table.

	Fair value €000
Property, plant and equipment	2,467
Software	117
Other intangibles	21
Customer relationships	8,320
Right-of-use assets	1,871
Non-current assets	**12,796**
Inventories	323
Trade and other receivables	11,370
Cash and cash equivalents	1,469
Current assets	**13,162**
Total assets	**25,958**

	Fair value €000
Trade and other payables	8,101
Lease liabilities	1,871
Deferred tax liabilities	2,069
Restructuring provisions	148
Total liabilities	**12,189**
Net assets	**13,769**
Fair value of consideration	**14,441**
Goodwill on acquisition (note 13)	**672**

The fair value of acquired trade receivables are materially equal to the gross contractual amounts receivable.

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 €14,441,000.

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.

PostNL is a leading player in the Dutch printing industry, engaging in traditional printing and more advanced end to end customer communications. It brings critical scale to the Dutch market.

In respect of the acquisition, revenue of €18,842,000 and EBITDA[1] of €1,599,000 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 €39,074,000 and EBITDA[1] of €3,972,000.

1. EBIT and EBITDA are defined in note 2(s) on page 115.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

12 Acquisitions (continued)

Other transactions

The Group entered three other smaller acquisitions in the year. Due to the smaller nature of these individual acquisitions, a simple description of the acquisitions along with a single fair value table for the above has been presented below.

On 31 October 2019, the Group acquired all of the issued share capital of Thames Card Technology Limited. This acquisition with its diverse portfolio as the company designs, manufactures, personalises and distributes payments cards, loyalty cards, gift cards and other cards. Accredited with Visa and Mastercard and having the required security certifications for the manufacture of personalisation of EMV chip cards. The group considers the target to be a significant expansion of Paragon ID's payment activity, launched last year with the acquisition of Amatech Group.

On 15 January 2020, the Group acquired all the share capital of Image Factory Retail Factory Limited. The acquired entity specialises in the design and manufacture of Point of Purchase, Display Packaging, Shelf Ready Packaging, Window Display and Retail Point of Sales.

On 17 January 2020, the Group acquired the entire share capital of A.E. Tyler Limited. The acquired entity joins the Paragon Graphic Services division and is a leading signage, graphics and marketing suite provider to the property industry in London.

	Fair value €000
Property, plant and equipment	4,207
Development expenditure	29
Software	418
Customer relationships	1,705
Brands	355
Other intangibles	79
Right-of-use assets	3,599
Deferred tax asset	832
Non-current assets	**11,224**
Inventories	2,283
Trade and other receivables	9,519
Cash and cash equivalents	316
Current assets	**12,118**
Total assets	**23,342**

	Fair value €000
Trade and other payables	9,614
Lease liabilities	3,606
Borrowings	6,530
Overdraft	14
Deferred tax liabilities	300
Restructuring provisions	529
Dilapidation provisions	81
Other provisions	93
Total liabilities	**20,767**
Net assets	**2,575**
Fair value of consideration	**4,672**
Goodwill on acquisition (note 13)	**2,097**

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 €2,090,000 and deferred consideration of €2,582,000.

In respect of these acquisitions, revenue of €17,780,000 and EBITDA[1] of €1,158,000 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 €32,867,000 and EBITDA[1] of €2,383,000.

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 115.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

13 Goodwill

	2020 €000
Cost and carrying amount of goodwill	
At 1 July 2018	81,002
Acquisitions	11,395
At 30 June 2019	92,397
Acquisitions (note 12)	2,769
Foreign currency translation	(101)
At 30 June 2020	**95,065**

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 eight CGU's are grouped together in the three cash generating unit groups (CGUG's) and have remained unchanged from the prior year. Post year end the business has developed more CGUs (in PCC) and these will be allocated to and tested next year following completion of the restructure. Current year CGUs are:

- Paragon Customer Communications – provides a range of services to our clients to improve their communications with their customers (3 CGU's)
- Paragon ID – delivers RFID and contactless solutions for personal identification, mass transit, smart cities, brand protection and traceability (4 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.

During the last year, the Group acquired a number of businesses that operate in adjacent and related markets. Rather than putting these into an existing division, we group these currently in our New/Growth Businesses area and these new businesses are managed independently with guidance from our Group. Due to this change, a new CGU will be added next year for the purpose of goodwill impairment assessment, however no goodwill arose from these acquisitions in the current year. Therefore no allocation to a current year CGU was required.

	2020 €000	2019 €000
Paragon Customer Communications (PCC)	49,775	49,209
Paragon ID (PID)	39,955	39,368
Paragon Graphic Services (PGS)	5,335	3,820
	95,065	**92,397**

For the purpose of impairment testing, the key assumptions applied to these CGUs were:

	Pre Tax discount rates	Long term growth rate
Paragon Customer Communications	9.5% - 10.5% (2019: 12.4%)	1.7% (2019: 1.7%)
Paragon ID	10.8% (2019: 12.4%)	1.7% (2019: 1.7%)
Paragon Graphic Services	11.7% (2019: 12.7%)	1.7% (2019: 1.7%)

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

13 Goodwill (continued)

Impairment testing of goodwill

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 before-tax discount rate representing the Group's estimated before tax weighted average cost of capital, adjusted to reflect risks associated with each CGU. The pre-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.

Applying these techniques no impairment charge arose in 2020 (2019: 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	21.0% - 24.0% (2019: 17% - 23%)	56.0% - 76.0% (2019: 40% - 50%)
Paragon ID	13.5% - 60.0% (2019: 30%)	25.0% - 88.0% (2019: 10% - 70%)
Paragon Graphic Services	14.6% (2019: 21%)	22.0% (2019: 22%)

Management believes that any reasonable change in any of the key assumptions for the PCC and PID CGUGs would not cause the carrying value of the goodwill to exceed its fair value. Management have noted that in respect of Paragon Graphics Services, 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. Currently the unit has a recoverable amount of €17.05m in excess of the carrying amount when using a discount factor of 11.7%. If the discount factor was increased to 14.6%, the unit's recoverable amount would equal it's carrying amount.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

14 Financial investments

	Trade investments €000	Investment in associates €000	Investment in joint ventures €000	Total €000
Cost of valuation				
At 1 July 2019	2,147	33	3,207	5,387
Disposals	(29)	–	–	(29)
Share of (losses)/profits	–	(27)	131	104
Dividends received	–	–	(549)	(549)
Exchange movements	–	–	24	24
At 30 June 2020	**2,118**	**6**	**2,813**	**4,937**

At each reporting date, an assessment of fair value is undertaken by management. Details on the Group's joint ventures and associates can be found in note 34.

Disposals

During the year, the Company's holding in MyDahu Limited was disposed of.

Summarised financial information for the Group'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 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**

	Non-current assets €000	Current assets €000	Current liabilities €000	Total €000
As at 30 June 2019				
Joint ventures	1,765	3,282	(1,840)	3,207
Associates	3	42	(12)	33
At 30 June 2019	**1,768**	**3,324**	**(1,852)**	**3,240**

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (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 2018	2,019	11,386	34,220	1,151	3,299	–	52,075
Transfers	(1,130)	1,130	(10)	(383)	–	–	(393)
Acquisitions	–	1,428	19,688	–	–	–	21,116
Additions	682	2,103	1,062	334	–	–	4,181
Disposals	–	(2,144)	–	–	–	–	(2,144)
Exchange movement	19	(168)	(133)	34	–	–	(248)
At 30 June 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 (note 12)	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**
Accumulated amortisation:							
At 1 July 2018	623	5,110	3,292	536	888	–	10,449
Disposals	–	(2,144)	–	80	–	–	(2,064)
Transfers	(321)	607	(295)	(384)	–	–	(393)
Charge for the period	356	3,144	7,587	(78)	275	–	11,284
Exchange movement	6	(95)	(27)	34	–	–	(82)
At 30 June 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**
At 30 June 2020	**3,051**	**9,804**	**82,065**	**1,599**	**1,863**	**6,078**	**104,460**
At 1 July 2019	**926**	**7,113**	**44,270**	**948**	**2,136**	–	**55,393**

Amounts included in transfers have been moved between other intangible assets and property, plant and equipment.

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

16 Assets held for sale

	2020 €000	2019 €000
At 1 July	**5,103**	**5,285**
IFRS 5 fair value adjustment	–	(1,682)
Disposals	(3,728)	–
Addition	–	1,380
Exchange movements	(4)	120
At 30 June	**1,371**	**5,103**

During the year, a property that had been held for sale in Pilsen, Czech Republic was sold.

In the prior year, a fair value adjustment in line with IFRS 5 arose on the Pilsen, Czech Republic property. Also the Group acquired a property from Trenton Box Company Limited, a company that shares a common director.

17 Inventories

	2020 €000	2019 €000
Raw materials and consumables	25,266	25,903
Work in progress	4,258	4,825
Finished goods and goods for resale	22,209	8,955
	51,733	**39,683**

There was no write-down of inventories in either period. Inventories included in material costs in the year amounted to €357,245,000 (2019: €315,352,000).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

18 Other financial assets

	2020 €000	2019 €000
Trade and other receivables		
Amounts receivable for the sale of goods and services	66,463	78,730
Allowance for doubtful debts	(4,869)	(3,650)
Trade receivables	61,594	75,080
VAT receivables	2,505	4,753
Other receivables	18,300	9,254
Amount due from related party (note 31)	1,852	1,342
Amount due from joint ventures and associates (note 31)	2,762	2,576
Accrued income	25,876	14,260
Prepayments	15,428	11,825
	128,317	**119,090**

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.

	2020 €000	2019 €000
Other non-current assets		
Other receivables (see below)	561	560
Prepayments	1,795	–
	2,356	**560**

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 (2019: €66,000).

Prepayments include long term IT prepayments associated with new acquisitions in the year.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

18 Other financial assets (continued)

	2020 €000	2019 €000
Cash and cash equivalents	147,425	100,323
Cash and cash equivalents	**147,425**	**100,323**

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 €7,513,000 (2019: €16,643,000).

19 Trade and other payables

	2020 €000	2019 €000
Trade payables	116,658	103,988
Other taxes and social security	64,478	28,019
Holiday accrual	8,924	7,217
Amounts due to related parties (note 31)	229	649
Other payables	14,548	7,869
Amount owed to joint ventures and associates (note 31)	2,038	2,037
Accruals for goods and services	40,250	30,305
Deferred consideration	6,941	1,125
	254,066	**181,209**

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.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

19 Trade and other payables (continued)

The deferred consideration is payable as follows:

	2020 €000	2019 €000
Within one year	6,941	1,125
Beyond one year	1,346	5,659
	8,287	**6,784**

20 Borrowings

	2020 €000	2019 €000
Bank loans	84,443	42,915
Bonds	141,000	141,000
Unamortised debt issue costs	(835)	(1,239)
Bank overdrafts	8,508	10,124
	233,116	**192,800**

The borrowings are repayable as follows:

	2020 €000	2019 €000
Within one year	24,370	32,598
Between two and five years	193,381	154,786
Beyond five years	15,365	5,416
	233,116	**192,800**

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. €9,102,000 (2019: €11,752,000) is secured on land and buildings in the form of a commercial mortgage. €8,506,000 (2019: €12,322,000) is secured on trade debtors and are subject to terms and conditions as to the nature, quantum and age of such debtors. €2,563,000 (2019: €292,000) is secured on equipment.

Amounts falling due after more than one year include a variable facility of €nil (2019: €nil) secured over debtors. The remainder of the 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.

During the year 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 2020 (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)
Present value of lease obligations	**72,536**	**41,078**	**1,046**	**114,660**
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**
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 2020 (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	6,499	570	7,069
Disposals	(320)	(452)	(772)
Exchange movement	(622)	(328)	(950)
At 30 June 2020	**56,686**	**26,067**	**82,753**
Current	7,595	16,276	23,871
Non-current	49,091	9,791	58,882
At 30 June 2020	**56,686**	**26,067**	**82,753**

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

21 Leases (continued)

Amounts recognised in the Consolidated Income Statement

The Consolidated Income Statement includes the following amounts relating to leases:

	2020 €000
Amortisation charge:	
Right-of-use assets	23,898
Finance costs:	
Interest expense on lease liabilities	2,790
Operating expenses:	
Expenses relating to short-term leases	2,402
Expenses relating to leases of low-value assets	170
Expenses relating to variable lease payments not included within lease liabilities	939
Operating income:	
Sublease rental income:	(957)
Lease charges	2,554

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.

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.

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

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

21 Leases (continued)

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 impact of IFRS 16 on the Group's Consolidated Income Statement for the period to 30 June 2019 was a loss of €300,000.

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 €385,000 for short term leases and €689,000 for low value leases which were not accounted for under IFRS 16 'Leases'.

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

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

21 Leases (continued)

Comparative lease disclosures under IAS 17

The Consolidated Income Statement included total lease charges amounting to €19,892,000 in 2019.

Operating lease commitments

Future minimum lease payments under non-cancellable operating leases were as follows:

	2019 Land and Buildings €000	2019 Other €000	2019 Total €000
Within one year	13,431	6,948	20,379
Between two and five years	23,957	8,673	32,630
After five years	4,146	336	4,482
	41,534	**15,957**	**57,491**

Finance lease commitments

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments were as follows:

	2019 Minimum lease payments €000	2019 Present value of minimum lease payments €000
Amounts payable under finance leases:		
Within one year	3,210	3,000
Between two and five years	6,317	5,948
	9,527	**8,948**
Less finance charges	(579)	
Present value of lease obligations	**8,948**	
Current	3,000	
Non-current	5,948	
	8,948	

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

22 Deferred income

	2020 €000	2019 €000
Advanced billings and other deferred income	6,374	3,618
Government grants	413	511
Deferred gains on property sale and leaseback	608	690
	7,395	**4,819**
Current	6,419	3,767
Non-current	976	1,052
	7,395	**4,819**

Advance billings and other deferred income are current and will be recognised as revenues and collected in the next twelve months.

Government grants

	2020 €000	2019 €000
At 1 July 2019	511	560
Released in the year	(99)	(44)
Exchange movements	1	(5)
At 30 June	**413**	**511**

The above grant has no unfulfilled obligations or contingencies.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

23 Provisions

	Retirement €000	Restructuring €000	Dilapidations €000	Other €000	Total €000
Balance at 1 July 2018	**3,871**	**3,072**	**3,737**	**2,851**	**13,531**
Actuarial movements	1,389	–	–	–	1,389
Utilised during the period	(848)	(2,172)	–	(2,516)	(5,536)
Exchange movements	–	(4)	(28)	(3)	(35)
Reclassification from trade payables	–	137	(25)	130	242
Charge/(credit) during the period	300	1,050	(718)	151	783
Interest charged during the year	21	–	–	–	21
Acquisitions	1,965	350	1,200	193	3,708
Balance at 30 June 2019	**6,698**	**2,433**	**4,166**	**806**	**14,103**
Effect of adopting IFRS 16	–	(142)	323	(595)	(414)
Actuarial movements	242	–	–	–	242
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 (note 12)	37	4,286	2,136	889	7,348
Balance as at 30 June 2020	**7,057**	**8,487**	**5,579**	**2,067**	**23,190**
Current	452	7,654	783	825	9,714
Non-current	6,605	833	4,796	1,242	13,476
Balance as at 30 June 2020	**7,057**	**8,487**	**5,579**	**2,067**	**23,190**

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (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.

In the previous financial statements rent free periods included in property operating lease contracts were included but these have been reversed on transition to IFRS 16 'Leases'.

Provisions have been recorded for the onerous payments on certain lease arrangements. They have been established on the basis of the expected onerous element of future lease payments over the remaining life of the relevant leases and agreements, which expire in between one to three years. These have been discounted and the provisions are expected to be utilised, with the discounts unwinding accordingly, over the remaining terms of the corresponding lease arrangements. Current provisions represent the anticipated settlement costs in the next twelve months.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

24 Deferred tax

The analysis of deferred tax (liabilities)/assets is as follows:

	2020 €000	2019 €000
Deferred tax assets	11,548	4,453
Deferred tax liabilities	(16,974)	(7,865)
Net deferred tax liabilities	**(5,426)**	**(3,412)**

The total movement in the net deferred tax (liabilities)/assets is as follows:

	2020 €000	2019 €000
(Liabilities)/asset at the beginning of the period	(3,412)	745
Effect of adopting IFRS 16	(230)	-
Reclassification	(196)	-
Credit to the Consolidated Income Statement (note 9)	3,802	1,311
Right-of-use asset addition	(7)	-
Credit to the Consolidated Statement of Comprehensive Income (note 9)	(102)	107
Acquisitions (note 12)	(5,317)	(5,556)
Exchange rate differences	36	(19)
Liabilities at the end of the period	**(5,426)**	**(3,412)**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

24 Deferred tax (continued)

The individual movement in the deferred tax liabilities/(asset) is as follows:

	Property, plant & equipment €000	Intangible assets €000	Tax losses €000	Other temporary differences €000	Total €000
Balance at 1 July 2018	**(2,296)**	**(4,338)**	**3,994**	**3,385**	**745**
Credit/(charge) to the Consolidated Income Statement	2,392	1,051	(454)	(1,678)	1,311
Charge to the Consolidated Statement of Comprehensive Income		–	–	107	107
Acquisitions	(840)	(5,003)	–	287	(5,556)
Items taken direct to equity	–	–	–	(19)	(19)
Balance at 30 June 2019	**(744)**	**(8,290)**	**3,540**	**2,082**	**(3,412)**
Credit/(charge) to the Consolidated Income Statement	1,220	3,157	(891)	316	3,802
Effect of adopting IFRS 16	(230)	–	–	–	(230)
Reclassification	(196)	–	–	–	(196)
Right-of-use asset addition	(7)	–	–	–	(7)
Credit 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)**

Deferred tax arising on intangible assets are now separately disclosed. In previous years these had been included with property, plant and equipment. They have now been separately reported to improve the understanding of the basis for these temporary differences.

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 €50,100,000 that are available indefinitely for offset against future taxable profits and €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 which are due to expire within five years.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

25 Retirement benefits

Defined contribution scheme – UK

The defined contribution scheme – UK is funded by the payment of contributions to an independently administered fund and the assets of the scheme are held separately from those of the Group. The pension cost charge for the year amounted to €4,460,000 (2019: €2,599,000).

Contributions totalling €986,000 (2019: €568,000) were payable to the fund at the year end and are included in other payables.

Defined contribution scheme – Norway

The defined contribution scheme – Norway is funded by the payment of contributions to an independently administered fund and the assets of the scheme are held separately from those of the Group. The pension cost charge for the year amounted to €345,000 (2019: €332,000). Contributions totalling €nil (2019: €nil) were payable to the fund at the year end and are included in other payables.

Defined contribution scheme – Belgium

The defined contribution scheme – Belgium is funded by the payment of contributions to an independently administered fund and the assets of the scheme are held separately from those of the Group. The pension cost charge for the year amounted to €21,000 (2019: €19,000). Contributions totalling €nil (2019: €nil) were payable to the fund at the year end and are included in other payables.

Defined contribution scheme – The Netherlands

The defined contribution scheme – The Netherlands is funded by the payment of contributions to an independently administered fund and the assets of the scheme are held separately from those of the Group. The pension cost charge for the year amounted to €427,000 (2019: €443,000). Contributions totalling €100,000 (2019: €14,000) were payable to the fund at the year end and are included in other payables.

Defined contribution scheme – Ireland

The defined contribution scheme – Ireland is funded by the payment of contributions to an independently administered fund and the assets of the scheme are held separately from those of the Group. The pension cost charge for the year amounted to €113,000 (2019: €73,000). Contributions totalling €7,000 (2019: €14,000) were payable to the fund at the year end and are included in other payables.

Defined contribution scheme – USA

The defined contribution scheme – USA is funded by the payment of contributions to an independently administered fund and the assets of the scheme are held separately from those of the Group. The pension cost charge for the year amounted to €16,000 (2019: €19,000). Contributions totalling €6,000 (2019: €1,000) were payable to the fund at the year end.

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

25 Retirement benefits (continued)

Defined benefits scheme – UK

A subsidiary company operates a final salary defined benefits 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 2020.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2020 Per annum	2019 Per annum
Discount rate	1.4%	2.2%
Expected rate of inflation	2.9%	3.2%
Rate of increase of pensions in payment	2.9%	3.1%
Rate of increase for deferred pensioners	2.0%	2.2%

Demographic assumptions

	2020	2019
Mortality (post retirement)	S2PMA/S2PFA CMI 2019 M/F 1.25%	S2PMA/S2PFA CMI 2018 M/F 1.25%

	2020		2019	
	Males	Females	Males	Females
Life expectancy for a current 65 year old	21.6 years	23.5 years	21.5 years	23.4 years
Life expectancy at age 65 for current 45 year old	22.9 years	25.1 years	22.8 years	24.9 years

The amount recognised in the Consolidated Statement of Financial Position in respect of the Group's UK defined benefits scheme assets is as follows:

	2020 £000	2019 £000
Present value of funded obligations	(9,567)	(9,030)
Fair value of scheme assets	10,134	9,733
Year-end assets	**567**	**703**

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 2020 (continued)

25 Retirement benefits (continued)

Amounts recognised in the Consolidated Income Statement in respect of the defined benefit scheme are as follows:

	2020 €000	2019 €000
Interest charge on obligation (note 7)	(191)	(213)
Interest income from scheme assets (note 7)	207	234
	16	**21**

Amounts recognised in other Comprehensive Income in respect of the defined benefit scheme are as follows:

	2020 €000	2019 €000
Actuarial losses on defined benefit obilgation	(848)	(812)
Actuarial return on assets	701	697
	(147)	**(115)**

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 €3,042,000 (2019: €3,189,000).

Changes in the present value of defined benefits obligations are as follows:

	2020 €000	2019 €000
Opening defined benefits obligation	9,030	8,453
Interest cost	191	213
Foreign exchange movements	(62)	(74)
Actuarial losses	848	812
Benefits paid	(440)	(374)
Closing defined benefits obligation	**9,567**	**9,030**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

25 Retirement benefits (continued)

Changes in the fair value of scheme assets are as follows:

	2020 €000	2019 €000
Opening fair value of scheme assets	9,733	9,258
Interest income	207	234
Foreign exchange movements	(67)	(82)
Actual gain	701	697
Benefits paid	(440)	(374)
Closing fair value of scheme assets	**10,134**	**9,733**

The fair value of the scheme assets at the Consolidated Statement of Financial Position date is analysed as follows:

	Value at 30 June 2020 €000	Value at 30 June 2019 €000
Equity instruments	4,270	4,268
Gilts	3,307	2,937
Cash	2,557	2,528
	10,134	**9,733**

The history of the scheme for the current and prior period is as follows:

	2020 €000	2019 €000
Fair value of scheme assets	10,134	9,733
Present value of defined benefit obligations	9,567	9,030
Net surplus	567	703
Percentage of total scheme obligation	0%	0%
Experience adjustments on scheme assets	701	697
Percentage of scheme assets	0.7%	0.7%

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

25 Retirement benefits (continued)

The last actuarial valuation of the plan was performed by the Actuary for the Trustees as at 30 June 2020. 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 2020 other than in respect of ongoing expenses.

	Change in assumption	Change in obligation
Sensitivity analysis		
Discount rate	+0.5%/-0.5%	+8.0%/-8.0%
Expected rate of inflation	+0.5%/-0.5%	+4.0%/-5.0%
Assumed life expectancy	+ 1 year	+4.0%

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

25 Retirement benefits (continued)

Defined benefits 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 2020.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2020 Per annum	2019 Per annum
Discount rate	2.3%	2.4%
Expected rate of inflation	2.75%	2.5%
Expected rate of salary increases	2.75%	2.5%
Rate of increase of pensions in payment	0.5%	0.5%
Rate of increase for deferred pensioners	N/A	N/A

Demographic assumptions

	2020	2019
Mortality	K2013BE	K2013BE

	2020		2019	
	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

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

25 Retirement benefits (continued)

The amount recognised in the Consolidated Statement of Financial Position in respect of the Group's Norwegian defined benefits scheme assets is as follows:

	2020 €000	2019 €000
Present value of funded obligations	(2,581)	(2,772)
Fair value of scheme assets	2,576	2,794
Year-end (liability)/asset	**(5)**	**22**

Amounts recognised in the Consolidated Income Statement in respect of the defined benefits scheme are as follows:

	2020 €000	2019 €000
Service cost (note 5)	(14)	(21)
Interest charge on obligation (note 7)	(57)	(66)
Interest income from scheme assets (note 7)	53	64
	(18)	**(23)**

Amounts recognised in other Comprehensive Income in respect of the defined benefit scheme are as follows:

	2020 €000	2019 €000
Actuarial losses on defined benefit obligation	(148)	(40)
Actual return on assets	107	(80)
	(41)	**(120)**

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 €252,000 (2019: €211,000).

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

25 Retirement benefits (continued)

Changes in the present value of defined benefits obligations are as follows:

	2020 €000	2019 €000
Opening defined benefits obligation	2,772	2,896
Interest cost	57	66
Service cost	14	21
Foreign exchange movements	(256)	(80)
Actuarial loss	148	40
Benefits paid	(154)	(171)
Closing defined benefits obligation	**2,581**	**2,772**

Changes in the fair value of scheme assets are as follows:

	2020 €000	2019 €000
Opening fair value of scheme assets	2,794	3,012
Interest income	53	64
Foreign exchange movements	(257)	(84)
Return on assets	107	(80)
Contributions by employer	33	53
Benefits paid	(154)	(171)
Closing fair value of scheme assets	**2,576**	**2,794**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

25 Retirement benefits (continued)

The fair value of the scheme assets at the Consolidated Statement of Financial Position date is analysed as follows:

	2020 €000	2019 €000
Equity instruments	232	223
Bonds	1,829	2,179
Real Estate	412	307
Cash	103	85
	2,576	**2,794**

The history of the scheme for the period since acquisition is as follows:

	2020 €000	2019 €000
Fair value of scheme assets	2,576	2,794
Present value of defined benefit obligations	2,581	2,772
Net (deficit)/surplus	(5)	22
Experience adjustments on scheme liabilities	9	(9)
Percentage of total scheme obligation	0.4	(0.3)
Experience adjustments on scheme assets	134	(50)
Percentage of scheme assets	5.3	(1.8)

The last actuarial valuation of the plan was performed by the Actuary for the Trustees as at 30 June 2020

	Change in assumption	Change in obligation
Sensitivity analysis		
Discount rate	+0.5%/-0.5%	+5.50%/-5.04%
Expected rate of inflation	+0.5%/-0.5%	+0.06%/-0.18%
Assumed life expectancy	+ 1 year	+ 3.69%

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

25 Retirement benefits (continued)

Defined benefits 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 2020. The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2020 Per annum	2019 Per annum
Discount rate	1.50%	1.75%
Expected rate of inflation	0.0%	1.75%
Rate of increase of pensions in payment	0.0%	1.5%

Demographic assumptions

	2020	2019
Mortality	Richttafeln 2018 G Von Klaus Heubeck	Richttafeln 2005 G Von Klaus Heubeck

	2020 Males	2020 Females	2019 Males	2019 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 benefits scheme assets is as follows:

	2020 €000	2019 €000
Present value of funded obligations	(246)	(305)
Fair value of scheme assets	320	396
Year-end assets	**74**	**91**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

25 Retirement benefits (continued)

Amounts recognised in the Consolidated Income Statement in respect of the defined benefits scheme are as follows:

	2020 €000	2019 €000
Asset ceiling restriction (note 7)	(6)	(16)
Interest charge on obligation (note 7)	(5)	(6)
Interest income from scheme assets (note 7)	13	24
	2	**2**

Amounts recognised in other Comprehensive Income in respect of the defined benefit scheme are as follows:

	2020 €000	2019 €000
Actuarial gain on defined benefit obligation	22	18
Actual return on assets	(28)	(22)
	(6)	**(4)**

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 €10,000 (2019: €4,000).

Changes in the present value of defined benefits obligations are as follows:

	2020 €000	2019 €000
Opening defined benefits obligation	305	359
Actuarial gain	(22)	(18)
Interest cost	5	6
Benefits paid	(42)	(42)
Closing defined benefits obligation	**246**	**305**

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

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

25 Retirement benefits (continued)

Changes in the fair value of scheme assets are as follows:

	2020 €000	2019 €000
Opening fair value of scheme assets	396	465
Interest income	13	24
Actual return	(28)	(22)
Asset ceiling restriction	(6)	(16)
Benefits paid	(55)	(55)
Closing fair value of scheme assets	**320**	**396**

The fair value of the scheme assets at the Consolidated Statement of Financial Position date is analysed as follows:

	2020 €000	2019 €000
Bonds	320	396
	320	**396**

The history of the scheme for the period since acquisition is as follows:

	2020 €000	2019 €000
Fair value of scheme assets	320	396
Present value of defined benefit obligations	(246)	(305)
Net gain	**74**	**91**

The last actuarial valuation of the plan was performed by the Actuary for the Trustees as at 30 June 2020.

	Change in assumption	Change in obligation
Sensitivity analysis		
Discount rate	+0.5%/-0.5%	+2.3%/-2.4%

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (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 2020.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2020 Per annum	2019 Per annum
Discount rate	1.5%	1.75%
Expected rate of inflation	1.5%	1.75%
Rate of increase of pensions in payment	1.5%	1.5%

Demographic assumptions

	2020	2019
Mortality	Richttafeln 2018 G Von Klaus Heubeck	Richttafeln 2005 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 benefits scheme assets is as follows:

	2020 €000	2019 €000
Present value of funded obligations	(2,830)	(2,766)
Fair value of scheme assets	2,417	2,425
Year-end liability	**(413)**	**(341)**

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

25 Retirement benefits (continued)

Amounts recognised in the Consolidated Income Statement in respect of the defined benefits scheme are as follows:

	2020 €000	2019 €000
Service cost (note 5)	(16)	(17)
Interest charge on obligation (note 7)	(48)	(48)
Interest income from scheme assets (note 7)	42	40
	(22)	**(25)**

Amounts recognised in other Comprehensive Income in respect of the defined benefit scheme are as follows:

	2020 €000	2019 €000
Actuarial (loss)/gain on defined benefit obligation	(93)	282
Actual return on assets	22	184
	(71)	**466**

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 €453,000 (2019: €524,000).

Changes in the present value of defined benefits obligations are as follows:

	2020 €000	2019 €000
Opening defined benefits obligation	2,766	3,065
Service cost	16	17
Interest cost	48	48
Actuarial losses/(gains)	93	(282)
Benefits paid	(93)	(82)
Closing defined benefits obligation	**2,830**	**2,766**

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

25 Retirement benefits (continued)

Changes in the fair value of scheme assets are as follows:

	2020 €000	2019 €000
Opening fair value of scheme assets	2,425	2,263
Interest income	42	40
Contributions by employer	21	20
Actual return	22	184
Benefits paid	(93)	(82)
Closing fair value of scheme assets	**2,417**	**2,425**

The fair value of the scheme assets at the Consolidated Statement of Financial Position date is analysed as follows:

	Value at 30 June 2020 €000	Value at 30 June 2019 €000
Bonds	2,417	2,425
	2,417	**2,425**

The history of the scheme for the period since acquisition is as follows:

	2020 €000	2019 €000
Fair value of scheme assets	2,417	2,425
Present value of defined benefit obligations	(2,830)	(2,766)
Net deficit	**(413)**	**(341)**

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

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

25 Retirement benefits (continued)

Weingarten Scheme:

The most recent formal actuarial valuation for the final salary defined benefit pension plan "Weingarten" was carried out as at 30 June 2020.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2020 Per annum	2019 Per annum
Discount rate	1.75%	1.72%
Expected rate of inflation	2.0%	2.5%
Expected rate of salary increases	0.0%	0.0%
Rate of increase of pensions in payment	1.5%	1.5%

Demographic assumptions

	2020	2019
Mortality	Richttafeln 2018 G Von Klaus Heubeck	Richttafeln 2005 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 benefits scheme assets is as follows:

	2020 €000	2019 €000
Present value of funded obligations	(4,128)	(3,920)
Fair value of scheme assets	–	–
Year-end liability	**(4,128)**	**(3,920)**

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

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (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 benefits scheme are as follows:

	2020 €000	2019 €000
Service cost (note 5)	(78)	(45)
Interest charge on obligation (note 7)	(68)	(44)
	(146)	**(89)**

Amounts recognised in other Comprehensive Income in respect of the defined benefit scheme are as follows:

	2020 €000	2019 €000
Actuarial (loss)/gain on defined benefit obligation	(105)	313
	(105)	**313**

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 €208,000 (2019: €313,000).

Changes in the present value of defined benefits obligations are as follows:

	2020 €000	2019 €000
Opening defined benefits obligation	3,920	–
Acquisition	–	4,359
Service cost	78	45
Interest cost	68	44
Actuarial loss/(gain)	105	(313)
Benefits paid	(43)	(215)
Closing defined benefits obligation	**4,128**	**3,920**

Changes in the fair value of scheme assets are as follows:

The history of the scheme for the period since acquisition is as follows:

	2020 €000	2019 €000
Present value of defined benefit obligations	(4,128)	(3,920)
Net deficit	**(4,128)**	**(3,920)**

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

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (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.

To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts, where necessary. 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.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

26 Financial risk management (continued)

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 2020 the discount rate used on contingent deferred consideration was 3.0 per cent (30 June 2019: 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 2020 (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 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**

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 2019							
Non derivative financial liabilities							
Lease liabilities	Level 2	3,210	6,317	–	9,527	(579)	8,948
Borrowings	Level 2	39,195	171,333	9,520	220,048	(27,248)	192,800
Trade and other payables	Level 2	180,084	–	–	180,084	–	180,084
Deferred consideration	Level 2	4,306	–	–	4,306	–	4,306
Deferred consideration	Level 3	–	2,478	–	2,478	–	2,478
		226,795	**180,128**	**9,520**	**416,443**	**(27,827)**	**388,616**

1. EBIT and EBITDA are defined in note 2(s) on page 115.

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (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	
	2020	**2019**	**2020**	**2019**
Currency				
Sterling	1.14	1.14	1.11	1.12
Swedish Krona	0.09	0.10	0.10	0.09
Norwegian Kroner	0.10	0.10	0.09	0.10
Romanian Leu	0.21	0.21	0.21	0.21
Polish Zloty	0.23	0.23	0.22	0.24
Czech Koruna	0.04	0.04	0.04	0.04
Australian Dollar	0.61	0.63	0.61	0.62
US Dollar	0.91	0.88	0.89	0.89
Hongkong Dollar	0.12	0.11	0.11	0.11
Indian Rupee	0.01	0.01	0.01	0.01
Bulgarian Lev	0.51	0.51	0.51	0.51
China RMB	0.13	0.13	0.13	0.13

Sensitivity analysis

A 10 per cent weakening of these currencies at 30 June 2020 and 30 June 2019 would have had the following effect on profit on ordinary activities before tax:

	2020 €000	**2019 €000**
Sterling	(1,040)	(1,270)
Norwegian Kroner	–	117
Swedish Krona	(9)	84
Polish Zloty	(58)	(51)
Czech Koruna	34	107
Romanian Leu	(37)	(102)
US Dollar	(64)	(78)
Bulgarian Lev	17	1
Australian Dollar	–	2

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (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

	2020 €000	2019 €000
Euro	100,768	61,795
Sterling	41,456	34,632
US Dollar	2,589	2,291
Romania Leu	73	37
Norwegian Kroner	898	377
Swedish Krona	720	865
Polish Zloty	423	127
Czech Koruna	183	20
Australian Dollar	233	56
Canadian Dollar	53	12
Indian Rupee	3	3
Bulgarian Lev	18	9
China RMB	8	99
	147,425	**100,323**

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

	2020 €000	2019 €000
Euro bank borrowings	141,265	147,921
Sterling bank borrowings	7,098	13,444
US Dollar bank borrowings	12	89
Norwegian Kroner bank borrowings	1,397	2,534
Czech Koruna bank borrowings	–	971
	149,772	**164,959**

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 2020 (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.

	2020 €000	2019 €000
100% movement in 3 month EUIBOR and LIBOR	380	337

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.

Group 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.

Trade receivables of €66,463,000 and accrued income of €25,876,000 have been reviewed to determine the adequacy of the credit loss provision. No issues were noted for accrued income. 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 €4,869,000 is in place in respect of overdues in the amount of €9,698,000. Outstanding customer balances are regularly monitored and a review 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.

Ageing of overdue and partly impaired receivables

	2020 €000	Weighted average loss rate	2019 €000
Between 0 and 90 days	5,333	29%	3,374
Between 91 and 120 days	1,465	65%	177
Between 121 and 180 days	745	72%	605
Over 181 days	2,155	86%	3,384
	9,698		**7,540**

Notes to the Consolidated Financial Statements
for the year ended 30 June 2020 (continued)

26 Financial risk management (continued)

Movement in the allowance for doubtful debts

	2020 €000	2019 €000
Balance at beginning of period	3,650	2,531
Impairment provisions	1,400	1,422
Amounts written-off as uncollectible	(382)	(277)
Foreign exchange movements	301	7
Impairment provisions reversed	(100)	(33)
Balance at end of period	**4,869**	**3,650**

Ageing of past due but not impaired receivables

	2020 €000	2019 €000
Between 0 and 90 days	30,342	16,738
Between 91 and 120 days	4,801	1,647
Between 121 and 180 days	1,582	1,842
Over 181 days	368	387
	37,093	**20,614**

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 2020 (continued)

27 Share capital and reserves

Share capital

	2020 No.	2020 €	2019 No.	2019 €
Allotted, called up and fully paid				
Ordinary Class A shares of €1.00 each	15,789,474	15,789,474	15,789,474	15,789,474
Ordinary Class B shares of €1.00 each	14,210,526	14,210,526	14,210,526	14,210,526
	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.

	2020 €000	2019 €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.

	2020 €000	2019 €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.

	2020 €000	2019 €000
Cumulative translation reserve	(3,698)	1,072

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

27 Share capital and reserves (continued)

Retained earnings

	2020 €000	2019 €000
Retained earnings	48,688	45,072

28 Dividends paid

	2020 €000	2019 €000
Dividends declared and paid in the year	–	–

29 Capital and other commitments

	2020 €000	2019 €000
Capital expenditure contracted but not provided	–	–

Lease commitments where the Group is lessor

The Group has let property that is currently surplus to requirements under a non-cancellable lease with remaining terms between two to five years. There is no provision for an upward rent review.

	2020 €000	2019 €000
Not more than one year	561	547
After one year but not more than five years	140	137
	701	**684**

30 Contingent liabilities

In the Directors' opinion there are no contingent liabilities.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (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 109. The Group's principal subsidiaries, joint ventures and associates are disclosed on pages 176 to 180.

Joint ventures

Transactions and year-end balances with joint ventures were:

	2020 €000	2019 €000
Sales	4,665	3,409
Purchases	9	1
Amounts due from joint ventures	2,762	2,571
Amounts owed to joint ventures	2,038	2,037

Sales and purchases are with dsi Billing Services Limited.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

31 Related party transactions (continued)

Amounts due from joint ventures include historic receivables from Inlays India Private Limited, trading balances from dsi Billing Services Limited and loans advanced to Airweb SAS.

Amounts due to joint ventures include historic payables with Inlays India Private Limited..

Associates

Transactions and year-end balances with associates were:

	2020 €000	2019 €000
Sales	7	73
Purchases	–	–
Amounts due from associates	–	5
Amounts due to associates	–	–

These amounts include the transactions and balances with European Direct Mail Specialists Limited and Response Handling Centre Limited.

Other related parties

Transactions and year-end balances with other related parties were:

	2020 €000	2019 €000
Rental income	116	165
Interest received	107	24
Purchase of asset held for sale	–	1,380
Amounts due from related parties	1,567	996

Rental income, interest and amounts due are in respect of Trenton Box Company Limited, a company that shares a common director. The Trenton Box Company Limited property was purchased during the previous year and was held for sale. Subsequent to year-end the Group acquired Trenton Box Company Limited.

Key management personnel

Transactions and year-end balances with key management personnel were:

	2020 €000	2019 €000
Interest payable to shareholder	2	2
Amounts due from companies with common key management personnel	285	346
Amounts due to companies with common key management personnel	229	649

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (continued)

31 Related party transactions (continued)

During the year the Group incurred €1,700 (2019 - €36,000) of business accommodation costs with a hotel that shares a common director with the Group and employee costs of €147,000 (2019 - €114,000) for individuals who are related parties by virtue of being a close family member of a Director. A loan of €116,000 between the Group and Grenadier Management Investment Limited was advanced and settled during the previous year.

The amounts owed represent unpaid historic balances and unpaid remuneration to Investment (Paragon) Limited, Grenadier Management Limited, Parapet Unlimited Company and 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 92.

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 October 2020, the Group acquired Groupe Bernard. Initial consideration amounted to €12 million. Groupe Bernard has a turnover of €17 million and is a specialist in business process and customer relationship management.

On 22 October, 2020, the Group acquired Scytl. Initial consideration amounted to €5 million. Scytl has a turnover of €23 million and is a worldwide leader in secure electronic voting, election management and election modernisation solutions.

On 3 November, 2020, the Group acquired the trade and certain assets of Promo International Limited in Administration. Initial consideration amounted to €50,000. The acquisition provides a low-cost entry into the area of UK promotional merchandise sourcing.

On 2 November, 2020, the Group acquired Trenton Box Company Limited. Initial consideration amounted to €160,000. Trenton Box Company Limited has a turnover of €7 million and is a specialist in high quality folding cartons which adhere to sustainable environmentally friendly requirements.

On 6 November, 2020, the Group acquired the trade and certain assets of Tangent on Demand plc, an on-demand bespoke small format and large format printer with in-house binding and speciality packaging offerings. Initial consideration amounted to €220,000.

On 1 November 1, 2020, the Group has increased its shareholding in Airweb SAS to a majority position. Initial consideration amounted to €1.6 million. Airweb SAS is a specialist provider of mobile ticketing using a QR-code based solution for public transport networks.

33 Ultimate controlling party

The ultimate controlling party is Patrick James Crean, by virtue of his shareholding.

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (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

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 Limited	England	Ordinary	100%	(29)	Parent undertaking
Paragon Group UK Limited	England	Ordinary	100%	(1)	PGS
Paragon Identification SAS	France	Ordinary	85.50%	(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%	(2)	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	80%	(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	85.50%	(16)	PID
Print Trade Suppliers Limited	England	Ordinary	100%	(1)	PGS
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 2020 (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
Allkopi AS	Norway	Ordinary	100%	(7)	PGS
KSB Groep BV	Netherlands	Ordinary	100%	(8)	PGS
Netprint Kristiansand AS	Norway	Ordinary	100%	(7)	PGS
Paragon Nederland BV	Netherlands	Ordinary	100%	(29)	Dormant
Paragon Identification SRL	Romania	Ordinary	85.50%	(16)	PID
C&D Investments BV	Netherlands	Ordinary	100%	(29)	Dormant
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	85.50%	(29)	PID
ASK InTag LLC	USA	Ordinary	85.50%	(4)	PID
ASK Asia HK Limited	Hong Kong	Ordinary	85.50%	(4)	Parent undertaking
Beijing ASK Smart Technology Co Limited	China	Ordinary	85.50%	(18)	PID
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
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)	Other
Paragon Customer Communications Nederland BV	Netherlands	Ordinary	100%	(36)	PCC
Service Point Solutions S.A.	Spain	Ordinary	81.30%	(30)	Parent undertaking
Service Point Facilities Management Iberica S.A.	Spain	Ordinary	81.30%	(31)	PGS
Service Point Belgium NV	Belgium	Ordinary	81.30%	(31)	PCC
Paragon MeillerGHP Holdings GmbH	Germany	Ordinary	100%	(5)	Parent undertaking

continued...

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (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 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	85.5%	(16)	PID
Paragon Identification Pty Limited	Australia	Ordinary	85.5%	(11)	PID
Burall Infosmart Limited	England	Ordinary	85.5%	(11)	PID
Burall InfoSyS Limited	England	Ordinary	100%	(17)	Dormant
Paragon Customer Communications (Finsbury Circus) Limited	England	Ordinary	100%	(19)	PCC
Paragon Customer Communications (Redruth) Limited	England	Ordinary	100%	(19)	PCC
Paragon Customer Communications Korschenbroich GmbH	Germany	Ordinary	100%	(10)	PCC
AmaTech Group Limited	Ireland	Ordinary	85.26%	(4)	PID
Feinics AmaTech Teoranta	Ireland	Ordinary	85.26%	(24)	PID
AmaTech Precision GmbH	Germany	Ordinary	85.26%	(24)	PID
AmaTech Inc.	USA	Ordinary	85.26%	(24)	PID
Paragon Customer Communications (Pilsen) s.r.o.	Czech	Ordinary	100%	(26)	PCC
Global Document Systems Limited	England	Ordinary	100%	(1)	PGS
Grenadier Holdings Investment Limited	England	Ordinary	100%	(29)	Parent undertaking
Paragon Customer Communications Schwandorf Realty GmbH	Germany	Ordinary	100%	(14)	Property Holding
Paragon Customer Communications Korschenboich Realty GmbH	Germany	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
Paperhat GmbH	Germany	Ordinary	100%	(29)	PCC

continued...

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (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 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
D&MSP Celerity Services SL	Spain	Ordinary	48%	(34)	PCC
Despark UK Limited	England	Ordinary	100%	(19)	Parent undertaking
Despark Bulgaria EOOD	Bulgaria	Ordinary	100%	(12)	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
Pickfield Printing company Limited	England	Ordinary	100%	(28)	Dormant
PCC Netherlands Holdings BV	Netherlands	Ordinary	100%	(5)	Parent undertaking
Paragon Softtech Limited	Ireland	Ordinary	100%	(29)	Property Holding
Stat Company Limited	England	Ordinary	100%	(39)	Parent undertaking
ZenOffice Limited	England	Ordinary	Nil	(40)	Other
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%	(1)	PGS
A.E. Tyler Limited	England	Ordinary	100%	(1)	PGS
Optimum Media Marketing Services Limited	England	Ordinary	100%	(37)	PCC
Paragon Customer Communications International Limited	England	Ordinary	100%	(19)	PCC
PCC GDS Limited	England	Ordinary	100%	(38)	PCC
Devonshire Appointments Limited	England	Ordinary	100%	(19)	PCC

continued...

Notes to the Consolidated Financial Statements

for the year ended 30 June 2020 (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
Devonshire Recruitment Group Limited	England	Ordinary	100%	(19)	PCC
Critical Mail Continuity Services Limited	England	Ordinary	100%	(38)	PCC
PCC International Germany GmbH	Germany	Ordinary	100%	(38)	PCC
Paragon Customer Communications Ireland Limited	Ireland	Ordinary	100%	(38)	PCC
Paragon Customer Communications Italy s.r.l.	Italy	Ordinary	100%	(38)	PCC
Paragon Customer Communications Spain SL	Spain	Ordinary	100%	(38)	PCC
PCC Poland SP z.o.o	Poland	Ordinary	100%	(38)	PCC
Paragon Customer Communications International France SAS	France	Ordinary	100%	(38)	PCC
Paragon Customer Communications Nederland BV	Netherlands	Ordinary	100%	(38)	PCC
Joint ventures					
Inlays India Private Limited	India	Ordinary	56.32%	(4)	Dormant
dsi Billing Services Limited	England	Ordinary	50%	(23)	PCC
Airweb SAS	France	Ordinary	50%	(4)	PID
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
BeeBuzziness SA	France	Ordinary	15%	(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 Financial Statements

for the period 1 July 2019 to 30 June 2020

Parent Company Statement of Financial Position

for the year ended 30 June 2020

	Notes	2020 €000	2019 €000
Fixed assets			
Investments	4	74,943	74,943
		74,943	**74,943**
Current assets			
Other receivables	5	49	49
		49	**49**
Current liabilities			
Other payables	6	193	191
		193	**191**
Net current liabilities		**(144)**	**(142)**
Net assets		**74,799**	**74,801**
Capital and reserves			
Share capital	8	30,000	30,000
Capital redemption reserve		1,750	1,750
Retained earnings		43,049	43,051
Total equity		**74,799**	**74,801**

As permitted by Section 408 of the Companies Act 2006, no Income Statement account of the Company is included in these financial statements. The loss for the financial period for the Company was €2,000 (2019: profit of €2,731,000).

These financial statements were approved by the Board of Directors on 22 December 2020 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 2020

	Share capital €000	Capital redemption reserve €000	Retained earnings €000	Total equity €000
Balance as at 30 June 2018	30,000	1,750	40,320	72,070
Loss for the year	–	–	2,731	2,731
Balance at 30 June 2019	**30,000**	**1,750**	**43,051**	**74,801**

	Share capital €000	Capital redemption reserve €000	Retained earnings €000	Total equity €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**

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

Notes to the Parent Company Financial Statements

for the year ended 30 June 2020

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 107 to 180.

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.

Notes to the Parent Company Financial Statements

for the year ended 30 June 2020 (continued)

1 Accounting policies (continued)

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 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.

Critical accounting judgements

In the course of applying the Group's accounting policies the following estimations have been made which could have a significant effect on the results of the Group were they subsequently found to be inappropriate.

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 2020 (continued)

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 loss for the financial period for the Company was €2,000 (2019: profit of €2,731,000).

3 Auditors' remuneration

Fees paid to the auditors in respect of their audit of the Company were €5,000 (2019: €5,000).

4 Investments held as fixed assets

	2020 €000	2019 €000
Cost:		
At 1 July	74,943	74,999
Additions	–	2,150
Disposals	–	(2,206)
At 30 June	**74,943**	**74,943**

The Company acquired Paragon Marketing Solutions SAS from Paragon Transaction SA in the prior year. Subsequently, Paragon Marketing Solutions SAS was merged into Paragon Transaction SA in the prior year.

The above are unlisted investments. The principal trading subsidiaries are listed in note 34 of the Group financial statements.

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

Notes to the Parent Company Financial Statements

for the year ended 30 June 2020 (continued)

5 Other receivables

	2020 €000	2019 €000
Amount due from related undertaking	**49**	**49**

6 Other payables

	2020 €000	2019 €000
Amounts payable to shareholders	193	191
	193	**191**

7 Related party transactions

Transactions and year-end balances with related parties were:

	2020 €000	2019 €000
Interest payable to shareholder	2	2
Amounts payable to shareholder	193	191
Amounts due from companies with common key management personnel	49	49

Companies with common key management personnel include Grenadier Management Limited.

Details of the Directors are given on page 92. 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 2020 (continued)

8 Called up share capital and share premium account

	2020 No.	2020 €	2019 No.	2019 €
Allotted, called up and fully paid				
Ordinary Class A shares of €1.00 each	15,789,474	15,789,474	15,789,474	15,789,474
Ordinary Class B shares of €1.00 each	14,210,526	14,210,526	14,210,526	14,210,526
	30,000,000	**30,000,000**	**30,000,000**	**30,000,000**

All authorised and issued share capital is represented by equity shareholdings.

Designed by
Paragon Customer Communications Ireland.

Printed by
Holmbergs i Malmo, Sweden.

Registered Office:

Paragon Group Ltd
Park House
16-18 Finsbury Circus
London EC2M 7EB
United Kingdom

Correspondence:

Paragon Group Ltd
Paragon Suite
IMI, Sandyford Road
Dublin D16 X8C3
Ireland

Paragon Group Limited
Park House
16-18 Finsbury Circus
London EC2M 7EB
United Kingdom

PARAGON GROUP

opencorporates

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Company name or number Search

Companies Officers only in United Kingdom

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PARAGON GROUP LIMITED

Company Number
05258175
Status
Active
Incorporation Date
13 October 2004 (over 16 years ago)
Company Type
Private Limited Company
Jurisdiction
United Kingdom
Ultimate Beneficial Owners

- Mr Patrick James Crean
- Mr Patrick James Crean

Registered Address

- Lower Ground Floor, Park House, 16/18 Finsbury Circus
- London
- EC2M 7EB
- England

Industry Codes

- 63.11: Data processing, hosting and related activities (UK SIC Classification 2007)
- 63.12: Web portals (UK SIC Classification 2007)
- 63.99: Other information service activities n.e.c. (UK SIC Classification 2007)
- 74.90/9: Other professional, scientific and technical activities (not including environmental consultancy or quantity surveying) n.e.c. (UK SIC Classification 2007)
- 63.11: Data processing, hosting and related activities (European Community NACE Rev 2)
- 6311: Data processing, hosting and related activities (UN ISIC Rev 4)
- 63.12: Web portals (European Community NACE Rev 2)
- 6312: Web portals (UN ISIC Rev 4)
- 63.99: Other information service activities n.e.c. (European Community NACE Rev 2)
- 6399: Other information service activities n.e.c. (UN ISIC Rev 4)

- 74.90: Other professional, scientific and technical activities n.e.c. (European Community NACE Rev 2)
- 7490: Other professional, scientific and technical activities n.e.c. (UN ISIC Rev 4)

Latest Accounts Date
2020-06-30
Annual Return Last Made Up Date
2015-10-13
Previous Names

- SHELFCO (NO. 3002) LIMITED

Directors / Officers

- JOHN ROGERS, director, 30 Jun 2020-
- LAURENT THIERRY SALMON, director, 25 Nov 2004-
- NELSON LOANE, director, 20 Oct 2016-
- PATRICK JAMES CREAN, director, 12 Nov 2004-
- RICHARD JOSEPH CAHILL, secretary, 19 Feb 2014-
- SEAN AONGUS SHINE, director, 4 Apr 2017-

Inactive Directors / Officers

- CORNELIUS JAMES DONNELLY, director, 12 Nov 2004-20 Dec 2013
- EPS SECRETARIES LIMITED, secretary, 13 Oct 2004- 9 Jan 2006
- IAIN SHEARER BLACK, director, 25 Nov 2004-31 Mar 2011
- MIKJON LIMITED, director, 13 Oct 2004-12 Nov 2004
- PATRICK JAMES CREAN, secretary, 10 Apr 2006-19 Feb 2014

Registry Page
https://beta.companieshouse.gov.uk/co...

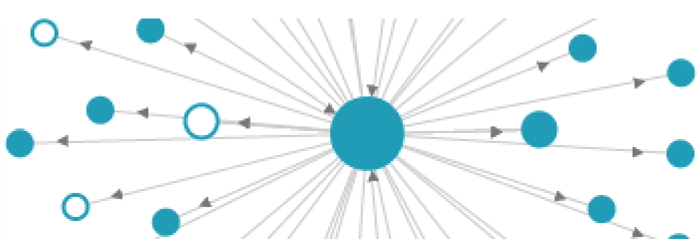
Source UK Companies House, http://xmlgw.companieshouse.gov.uk/, 5 Apr 2021 (UK Crown Copyright)
Add data *(website, address, etc)*
update from registry

Financial Transactions

3 payments from government totalling £3,638

- £1,364 from Spelthorne Borough Council on 2009-06-09 (details)
- £1,203 from Spelthorne Borough Council on 2009-08-11 (details)
- £1,074 from Spelthorne Borough Council on 2009-09-28 (details)

Explore company network



Global Database | Report

PARAGON GROUP LIMITED

ACTIVE - ACCOUNTS FILED

INDUSTRY
Commercial banks

TOTAL CURRENT LIABILITIES	TOTAL ASSETS	Employees	Age of Business
£37M	£42M	6,003	17 years

Company profile

Incorporated:
2004-10-13

Company type:
Private limited with Share Capital

Shareholders:
2 Shareholders

Registration Number:
05258175

VAT Number:
-

Sic Codes:

74909 - Other professional, scientific and technical activities n.e.c.

63990 - Other information service activities n.e.c.

63120 - Web portals

63110 - Data processing, hosting and related activities

Industries:

Commercial banks

Finance & Insurance

Financial services

Accounts:
-

Contact information

Registered address:
London,FINSBURY CIRCUS,EC2M 7EB,LOWER GROUND FLOOR, PARK HOUSE,, FINSBURY CIRCUS, LONDON

Phones:
+448458494000

-

Country Origin:
United Kingdom

Emails:
nigel.terrinton@paragongroup.co.uk

Websites:
http://www.paragongroup.co.uk

Summary

	2014	2015	2016	2017	2018	2019	7-years trend
Working Capital	-6M	-3M	-6M	17M	55M	37M	
Total Liabilities	107M	159M	152M	265M	314M	355M	
Consolidated A/cs	Y	Y	Y	Y	Y	Y	
Employee Numbers	1K	3K	4K	4K	6K	6K	
Profit after Tax	6M	6M	6M	11M	8M	10M	
EBITDA	11M	17M	18M	27M	33M	42M	
Net Assets	34M	37M	41M	71M	77M	86M	
Reporting period	12	12	12	12	12	12	
Turnover	154M	271M	355M	386M	567M	706M	
Return on Capital Employed (%)	14	12	9	12	6	7	
Total Assets	141M	196M	193M	337M	390M	441M	

Profit & Loss

	2014	2015	2016	2017	2018	2019	7-years trend
Depreciation of Tangibles	4M	9M	10M	10M	15M	17M	
Dividends Payable	-	3M	-	-	-	-	
Directors Remuneration	2M	639K	615K	2M	2M	2M	
Interest Receivable	400K	319K	122K	161K	672K	36K	
Interest Payable	1M	2M	3M	3M	5M	8M	
Pre-Tax Profit	7M	6M	5M	12M	8M	8M	
Operating Profit	7M	8M	7M	16M	13M	16M	
Profit after Tax	6M	6M	6M	11M	8M	10M	
Retained Profit	6M	3M	6M	11M	7M	10M	
Turnover	154M	271M	355M	386M	567M	706M	
Wages & Salaries	52M	102M	125M	136M	191M	224M	
Taxation	-769K	-403K	1M	-1M	644K	1M	

Balance Sheet

	2014	2015	2016	2017	2018	2019	7-years trend
Intangible Assets	34M	39M	40M	89M	103M	125M	
Tangible Assets	24M	46M	47M	65M	67M	80M	
Total Fixed Assets	66M	87M	87M	154M	171M	214M	
Cash	9M	23M	23M	38M	98M	85M	
Trade Debtors	41M	54M	51M	94M	65M	63M	
Stocks & Work-in-Progress	12M	17M	18M	30M	28M	33M	

	2014	2015	2016	2017	2018	2019	7-years trend
Miscellaneous Current Assets	13M	7M	6M	6M	7M	8M	
Total Current Assets	75M	109M	106M	183M	220M	226M	
Total Assets	141M	196M	193M	337M	390M	441M	
Trade Creditors	31M	45M	48M	74M	73M	88M	
Bank Loan	-	-	-	-	-	-	
Bank Overdraft	-	-	-	23M	27M	27M	
Other Short Term Loans	17M	21M	21M	3M	2M	-	
Miscellaneous Current Liabilities	31M	44M	40M	59M	58M	70M	
Other Short Term Financing	19M	25M	24M	9M	6M	5M	
Current Hire Purchase Commitments	2M	3M	-	-	-	-	
Total Current Liabilities	82M	113M	112M	165M	165M	190M	
Other Long Term Financing	5M	8M	8M	8M	6M	5M	
Total Long Term Liabilities	26M	46M	40M	100M	149M	165M	
Total Liabilities	107M	159M	152M	265M	314M	355M	
Net Assets	34M	37M	41M	71M	77M	86M	

Cashflow

	2014	2015	2016	2017	2018	2019	7-years trend
Net Cash Flow from Financing	-3M	8M	-6M	16M	51M	922K	
Net Cash Flow before Financing	-2M	4M	6M	-2M	11M	-16M	
Increase In Cash	-5M	12M	-307K	14M	62M	-15M	
Net Change In Cash	-5M	12M	-307K	14M	62M	-15M	
Net Cash Flow from Operations	8M	13M	12M	13M	39M	29M	

Capital & Reserves

	2014	2015	2016	2017	2018	2019	7-years trend
Sundry Reserves	2M	2M	1M	22M	23M	22M	
Shareholder Funds	34M	37M	41M	71M	77M	86M	
Capital Employed	59M	83M	81M	171M	226M	251M	
Equity Paid Up	29M	29M	27M	26M	25M	25M	
P&L Account Reserve	3M	6M	13M	23M	29M	38M	
Revaluation Reserve	-	-	-	-	-	-	
Working Capital	-6M	-3M	-6M	17M	55M	37M	

Miscellaneous indicators

	2014	2015	2016	2017	2018	2019	7-years trend
Net Assets	34M	37M	41M	71M	77M	86M	
Contingent Liability	-	-	-	-	-	-	
Share Capital	30M	30M	30M	30M	30M	30M	
Total Assets	141M	196M	193M	337M	390M	441M	
Total Liabilities	107M	159M	152M	265M	314M	355M	
Audit Fees	294K	498K	599K	153K	95K	105K	

	2014	2015	2016	2017	2018	2019	7 year trend
Amortisation of Intangibles	367K	459K	972K	968K	5M	10M	
Auditor Fees	605K	700K	681K	1M	1M	1M	
Bank Overdraft & LTL	26M	46M	40M	123M	176M	193M	
Current Financial Liabilities	19M	25M	24M	29M	31M	30M	
Current Grants	-	-	-	-	-	-	
Current Liabilities held for resale	-	-	-	-	-	-	
Dividends Payable	-	3M	-	-	-	-	
Employee Remuneration	41M	76M	97M	107M	157M	184M	
Financial Assets (Current)	-	-	-	-	4M	4M	
Finished Goods	5M	7M	8M	8M	8M	8M	
Group Accounts Payable	-	-	-	2M	2M	2M	
Interest Bearing Loans	16M	32M	28M	81M	132M	140M	
Miscellaneous Current Liabilities	31M	44M	40M	59M	58M	70M	
Net Cashflow before Financing	-2M	4M	6M	-2M	11M	-16M	
Non Current Directors Loans	-	-	-	-	-	-	
Non Current Financial Liabilities	21M	40M	36M	89M	138M	145M	
Non Current Grants	-	-	-	-	-	-	
Non Current Group Accounts Payable	-	-	-	-	-	-	
Non Current Group Loans	-	-	-	-	-	-	
Non Current Liabilities held for resale	-	-	-	-	-	-	
Non Current Other Payables	210K	1M	35K	-	-	-	
Non Current Trade Payables	-	-	-	-	-	-	
Other Audit Costs	311K	202K	82K	1M	913K	1M	
Other Current Financial Liabilities	-	-	-	-	-	-	
Other Non-Current Assets	8M	2M	2M	1M	4M	5M	
Other Non Current Financial Liabilities	-	-	-	-	-	-	
Other Payables	6M	3M	4M	3M	5M	7M	
P&L Account Reserve	3M	6M	13M	23M	29M	38M	
Pension Liabilities	-	-	-	-	676K	4M	
Pensions	251K	1M	2M	1M	2M	3M	
Net Worth	-455K	-2M	930K	-18M	-27M	-39M	
Provisions & Charges	3M	6M	1M	5M	5M	3M	
Raw Materials	5M	8M	9M	16M	15M	22M	
Shareholder Funds	34M	37M	41M	71M	77M	86M	
Sundry Reserves	2M	2M	1M	22M	23M	22M	
Total Non-Current Assets	66M	87M	87M	154M	171M	214M	
Total Non-Current Liabilities	26M	46M	40M	98M	149M	165M	
Trade & Other Payables	56M	82M	87M	131M	128M	157M	
Trade & Other Receivables	41M	63M	58M	109M	86M	100M	
Trade Creditors / Trade Payables	31M	45M	48M	74M	73M	88M	
Work-in-Progress	1M	1M	1M	5M	5M	4M	

KPIs & Ratios

	2014	2015	2016	2017	2018	2019	7-years trend
Operating Profit Margin (%)	5	3	2	4	2	2	
EBITDA Margin (%)	7	6	5	7	6	6	
Net Margin (%)	4	2	2	3	1	1	
Return on Assets (%)	7	5	4	6	4	4	
Pre-tax Profit Margin (%)	4	2	1	3	1	1	
Cash to Current Liabilities Ratio	0	0	0	0	1	0	
Cash to Total Assets (%)	7	12	12	11	25	19	
Liquidity Ratio	1	1	1	1	1	1	
Gearing (%) (liability basis)	320	428	375	371	409	414	
Gearing (%) (gross debt basis)	134	191	158	184	238	230	
Gearing (%) (net debt basis)	107	129	100	130	110	132	
Debt to Capital (%)	76	81	79	79	80	81	
Inventory Turnover Ratio	13	16	20	13	20	21	
Cash to Turnover (%)	7	6	7	8	12	13	
Days Sales Outstanding (DSO)	75	64	54	68	51	33	
Revenue per Employee	106K	95K	92K	95K	100K	118K	
Human Capital Value Added	41K	38K	34K	37K	36K	40K	
Interest Coverage Ratio	7	4	2	5	2	2	
Net Debt to EBITDA Ratio	3	3	2	3	3	3	
CFO to Sales Ratio	0	0	0	0	0	0	
Current Ratio	1	1	1	1	1	1	
Return on Equity (%)	17	16	15	15	11	11	
Return on Capital Employed (%)	14	12	9	12	6	7	

Growth & Industry Comparison

	2014	2015	2016	2017	2018	2019	7-years trend
Net Assets	34M	37M	41M	71M	77M	86M	
Employee Numbers	1K	3K	4K	4K	6K	6K	
Working Capital	-6M	-3M	-6M	17M	55M	37M	
Total Assets	141M	196M	193M	337M	390M	441M	
Directors Remuneration	2M	639K	615K	2M	2M	2M	
Operating Profit	7M	8M	7M	16M	13M	16M	
Pre-Tax Profit	7M	6M	5M	12M	8M	8M	
Retained Profit	6M	3M	6M	11M	7M	10M	
Wages & Salaries	52M	102M	125M	136M	191M	224M	
Return on Assets (%)	7	5	4	6	4	4	
Return on Capital Employed (%)	14	12	9	12	6	7	
Total Liabilities	107M	159M	152M	265M	314M	355M	
Current Ratio	1	1	1	1	1	1	
Debt to Capital (%)	76	81	79	79	80	81	

	2014	2015	2016	2017	2018	2019	

CXO	Director	Manager	Non-Manager	Partner	Seniors	VP
0	4	0	1	0	0	0

Employees

First Name	Last Name	Seniority	Job Title	Email	Phone
	EPS SECRETARIES LIMITED	-	-	-	-
	MIKJON LIMITED	-	-	-	-
Cornelius	Donnelly	Director	Director	-	-
Iain	Black	Director	Director	-	-
Laurent	Salmon	Director	Director	-	-
Nelson	Loane	Director	Director	-	-
Nigel	Terrinton	-	CXO	-	-
Patrick	Crean	Director	Director	-	-
Patrick	Crean	Non-Manager	Company Secretary	-	-
Richard	Cahill	Non-Manager	Company Secretary	-	-
Sean	Shine	Director	Director	-	-
None	EPS SECRETARIES LIMITED	Non-Manager	Company Secretary	-	-
None	MIKJON LIMITED	Director	Director	-	-

Shareholders

Name	Quantity	Share type	Value	Total Value
PATRICK JAMES CREAN	15789474	ORDINARY A	1.0 EUR	15,789,474 ORDINARY A EUR 1.00
INVESTMENT (PARAGON) LTD	14210526	ORDINARY B	1.0 EUR	14,210,526 ORDINARY B EUR 1.00

Tradding Address

Registered address:
, London, LOWER GROUND FLOOR, United Kingdom, FINSBURY CIRCUS, PARK HOUSE

Email:
nigel.terrinton@paragongroup.co.uk

Website:
http://www.paragongroup.co.uk

Phone:
+448458494000

Fax:
-

Country Origin:
United Kingdom

Registered address:
, London, Lower Ground Floor, Park House, Finsbury Circus, United Kingdom

Email:
-

Website:
-

Phone:
-

Fax:
-

Country Origin:
United Kingdom

Offices location

United Kingdom

Address

, London, Lower Ground Floor, Park House, Finsbury Circus, United Kingdom

Phone:
-

Email:
-

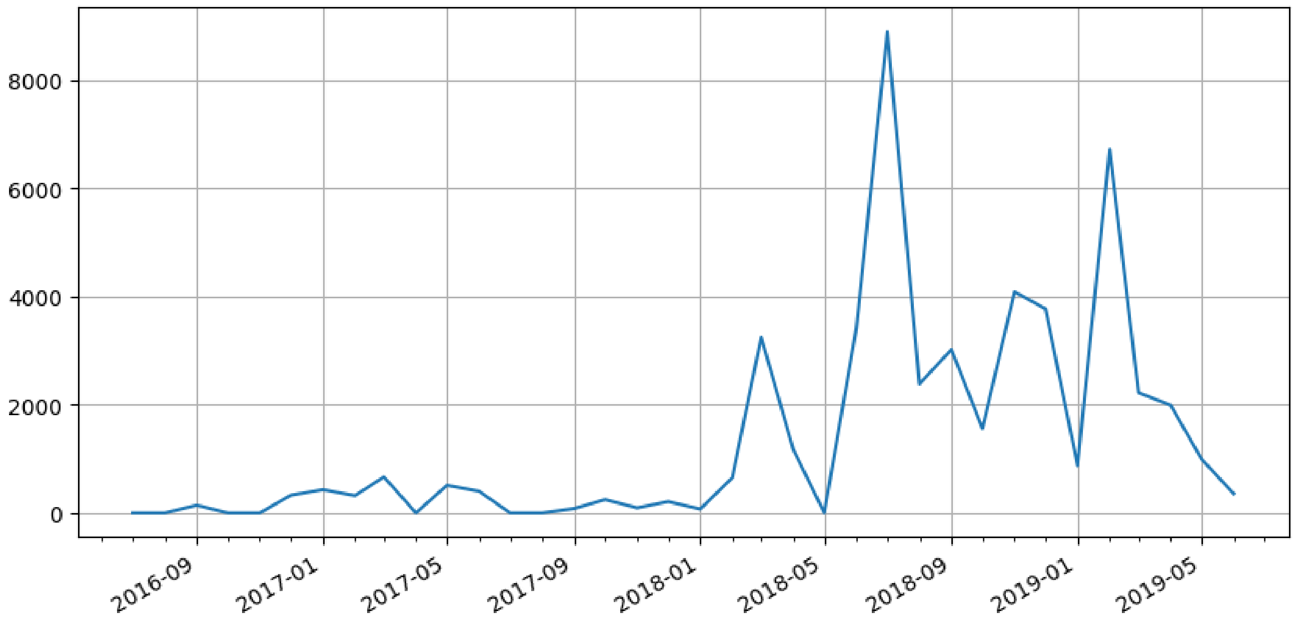
United Kingdom

Address

Tyne And Wear, United Kingdom, Pallion Trading Estate, Sunderland

Phone:
0191 5146200

Email:
-

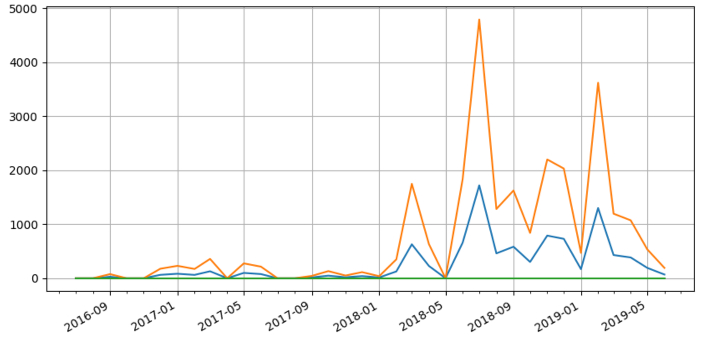


Total 6 Months Visitors
48860
DOWN

Alexa Rank
4995369
DOWN

Today Similar web
21153342
DOWN

Traffic Sources



Google organic
68 19.3%

Direct Traffic
191 53.9%

Referral Traffic
0 0%

Top Organic Keywords:

Keyword	Percentage
No Data	

Top Referral Partners

URLs
No Data

Traffic by countries

Country	Percentage
United States	0.79%
Morocco	0.21%

Analytics

Google Analytics
Google Analytics is a service offered by Google that generates detailed statistics about a website's traffic and traffic sources and measures conversions and sales. Google Analytics can track visitors from all referrers, including search engines and social networks, direct visits and referring sites. It also displays advertisin...

Audio Video Media

YouTube
Embedded videos from YouTube.

Meta Tags

Meta Description
Meta descriptions are HTML attributes that provide concise explanations of the contents of web pages. Meta descriptions are commonly used on search engine result pages (SERPs) to display preview snippets for a given page.

Meta Google Site Verification
Sites who has this tag are verfied by google to use WebMaster tools

Captcha

reCAPTCHA
Anti-bot CAPTCHA widget that helps digitize books by providing snippets of books for people to enter the text for. Owned by Google.

Publisher Ad Server

DoubleClick
DoubleClick is a provider of digital marketing technology and services. Companies come to DoubleClick for expertise in ad serving, media, video, search and affiliate marketing to help them make the most of the digital medium.

JavaScript

jQuery
jQuery: The Write Less, Do More, JavaScript Library.

Bootstrap
Sleek, intuitive, and powerful mobile first front-end framework for faster and easier web development.

Document Standard

HTML5 DocType
The DOCTYPE is a required preamble for HTML5 websites.

HTTPS
Websites using https protocol.

Mobile

Meta Viewport
This site uses the viewport meta tag which means the content may be optimized for mobile content.

Information Technology

Google
Websites using Google technologies

Marketing

Google Marketing Platform
Unified Advertising and Analytics solutions from Google

Mapping

Google Maps
Websites embedding Google maps.

Payment Currency

United States Dollar
websites using the $ symbol on their website - meaning it may accept payment in this currency used in Israel.

Pound Sterling
Website using the £ symbol on their website - meaning it may accept payment in this British currency.

Payment Acceptance

MasterCard
Websites that accepts payments with MasterCard.

Visa
Websites that accepts payments with Visa.

iDEAL

iDEAL is a payment method made up of a collection of agreements and standards for an immediate online transfer from a purchaser's bank account to the bank account of a webshop or organisation.

Email Hosting Provider

Microsoft Exchange Online
A rich hosted Exchange environment for every user without having to manage a server.

Web Hosting

Microsoft Azure
Hosted on Microsoft Azure.

Microsoft Azure UK South Region
Websites Hosted on Microsoft Azure UK South region.

ECommerce Platforms

Shopify
Shopify is a powerful ecommerce website solution that allows you to sell online by providing everything you need to create an online store.

ECommerce

Cart Functionality
Websites with cart functionality on them

Fonts

Font Awesome
The iconic font and CSS toolkit

WHOIS Website Owner

Domain name:
paragongroup.co.uk

Data validation:
Nominet was able to match the registrant's name and address against a 3rd party data source on 07-Feb-2019

Registrar:
Image Logistics Limited [Tag = IMAGELOGISTICS]
URL: http://www.imagelogistics.co.uk

Relevant dates:
Registered on: 13-Feb-2015
Expiry date: 13-Feb-2022
Last updated: 18-Jan-2021

Registration status:
Registered until expiry date.

Name servers:
dnseuw.imagehosting.co.uk 40.114.241.249
dnssco.imagehosting.co.uk 88.97.108.75
dnsuks.im463.net
dnsuse.im463.net

WHOIS lookup made at 04:05:35 19-Apr-2021

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WHOIS Server Details

IP Address (IPv4)	35.246.71.242
ASN Name (ISP)	GOOGLE
ASN Country	United Kingdom
Mail Server(MX Records)	paragongroup-co-uk.mail.protection.outlook.com.
Name servers	dnseuw.imagehosting.co.uk 40.114.241.249

Company network

Not yet available for this company. Click to find out more

Latest Events

2016-10-20
Addition of officer NELSON LOANE, director
2017-04-04
Addition of officer SEAN AONGUS SHINE, director
2020-06-30
Addition of officer JOHN ROGERS, director

See all events

Corporate Grouping User Contributed

None known. Add one now?
See all corporate groupings

Similarly named companies

Found 175. Showing first 10

- PARAGON GROUP LIMITED (New Zealand, 18 Aug 2015-)
- PARAGON GROUP LIMITED INC (Florida (US), 30 Mar 2017-)
- PARAGON GROUP LIMITED (Malta, 12 Feb 2019-)
- PARAGON GROUP LIMITED LIABILITY COMPANY (Puerto Rico, 9 Mar 2021-)
- "ПАРАГОН ГРУП" ЕООД (Bulgaria)
- PARAGON SECURITY GROUP LIMITED (United Kingdom, 11 Mar 2016-)
- PARAGON GROUP UK LIMITED (United Kingdom, 30 Jun 1955-)
- PARAGON PARTNERS GROUP LIMITED (Hong Kong, 21 Feb 2017-)
- PARAGON PROPERTY GROUP LIMITED (Isle of Man, 23 Apr 2012-)
- PARAGON PROCUREMENT GROUP LIMITED (Hong Kong, 7 Oct 2011-)

Statements of control (by this company)

Date	Description	Mechanisms	
2016-04-06	Mr Patrick James Crean controls PARAGON GROUP LIMITED (United Kingdom, 13 Oct 2004-)	Share Ownership, Voting Rights	details
2016-04-06	INVESTMENT (PARAGON) LIMITED (United Kingdom, 9 Aug 2013-) controls PARAGON GROUP LIMITED (United Kingdom, 13 Oct 2004-)	Share Ownership, Voting Rights	details

Statements of control (relating to this company)

Date	Description	Mechanisms

Date	Description	Mechanisms	
2016-04-06	PARAGON GROUP LIMITED (United Kingdom, 13 Oct 2004-) controls PARAGON FINANCIAL INVESTMENTS LIMITED (United Kingdom, 24 Apr 2014-)	Share Ownership, Voting Rights, Right To Appoint And Remove Directors	details
2016-04-06	PARAGON GROUP LIMITED (United Kingdom, 13 Oct 2004-) controls GRENADIER HOLDINGS PLC (United Kingdom, 26 Jun 1998-)	Share Ownership, Voting Rights	details

Filings

Filing Date	Title	Description	
2021-03-25	Filing dated 25 March 2021	Second filing of Confirmation Statement dated 2020-01-31	details
2021-02-15	Annual Accounts	Group of companies' accounts made up to 2020-06-30	details
2021-02-02	Confirmation Statement	Confirmation statement made on 2021-01-31 with no updates	details
2020-09-29	Appointment of director	Appointment of Mr John Rogers as a director on 2020-06-30	details
2020-02-13	Annual Accounts	Group of companies' accounts made up to 2019-06-30	details
2020-02-05	Confirmation Statement	Confirmation statement made on 2020-01-31 with updates	details
2020-01-06	Notice of particulars of variation of rights attached to shares	Particulars of variation of rights attached to shares	details
2020-01-03	Notice of name or other designation of class of shares	Change of share class name or designation	details
2019-12-31	Filing dated 31 December 2019	Resolutions	details
2019-02-18	Annual Accounts	Group of companies' accounts made up to 2018-06-30	details
2019-01-31	Confirmation Statement	Confirmation statement made on 2019-01-31 with updates	details
2018-10-18	Confirmation Statement	Confirmation statement made on 2018-10-13 with updates	details
2018-04-03	Statement of satisfcation of a charge	Satisfaction of charge 2 in full	details
2018-01-05	Annual Accounts	Group of companies' accounts made up to 2017-06-30	details
2017-10-20	Confirmation Statement	Confirmation statement made on 2017-10-13 with no updates	details

Filing Date	Title	Description	
2017-06-28	Change of registered office address	Registered office address changed from Paragon Pallion Trading Estate Sunderland Tyne & Wear SR4 6st United Kingdom to Lower Ground Floor, Park House, 16/18 Finsbury Circus London EC2M 7EB on 2017-06-28	details
2017-04-06	Appointment of director	Appointment of Mr Sean Aongus Shine as a director on 2017-04-04	details
2017-01-18	Annual Accounts	Group of companies' accounts made up to 2016-06-30	details
2016-10-28	Appointment of director	Appointment of Mr Nelson Loane as a director on 2016-10-20	details
2016-10-25	Change of registered office address	Registered office address changed from Pallion Trading Estate Sunderland Tyne & Wear SR4 6st to Paragon Pallion Trading Estate Sunderland Tyne & Wear SR4 6st on 2016-10-25	details

See all (92 records)

Industry codes

Code	Description	Code scheme	
63.11	Data processing, hosting and related activities	UK SIC Classification 2007	details
74.90/9	Other professional, scientific and technical activities (not including environmental consultancy or quantity surveying) n.e.c.	UK SIC Classification 2007	details
63.99	Other information service activities n.e.c.	UK SIC Classification 2007	details
63.12	Web portals	UK SIC Classification 2007	details
18.12/9	Printing (other than printing of newspapers and printing on labels and tags) n.e.c.	UK SIC Classification 2007	details

* While we strive to keep this information correct and up-to-date, it is not the primary source, and the company registry (see source, above) should always be referred to for definitive information
Data on this page last changed April 9 2021

Problem/question about this data? Click here

API Open Data

Get this info as json, xml, rdf

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- About

- Blog
- Team
- Governance
- Jobs

Using our data

- Our data
- Our purpose
- Legal/Licence
- User/Cookie privacy policy
- Public records privacy policy

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- API Reference
- Glossary
- Status

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- Twitter
- Medium
- Newsletter
- Problems with our data?
- Temporary redaction

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- Impact
- Grants