Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	990 919 216
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	ALLKOPI HOLDING AS
Forretningsadresse:	Luhrtoppen 2 1470 LØRENSKOG

Regnskapsår

Årsregnskapets periode:	01.07.2021 - 30.06.2022

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Trond Hystad
Dato for fastsettelse av årsregnskapet:	19.12.2022

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 02.02.2024

Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	2	51 000	46 400
Sum kostnader		**51 000**	**46 400**
Driftsresultat		**-51 000**	**-46 400**
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern			60 353
Annen finansinntekt			5
Sum finansinntekter			**60 358**
Nedskrivning av finansielle eiendeler		18 828 000	
Rentekostnad til foretak i samme konsern		342 264	359 009
Annen finanskostnad		195 163	395 865
Sum finanskostnader	3	**19 365 427**	**754 874**
Netto finans		**-19 365 427**	**-694 516**
Ordinært resultat før skattekostnad		**-19 416 427**	**-740 916**
Ordinært resultat etter skattekostnad		**-19 416 427**	**-740 916**
Årsresultat		**-19 416 427**	**-740 916**
Overføringer og disponeringer			
Udekket tap		19 416 427	740 917
Sum overføringer og disponeringer	9	**19 416 427**	**740 917**

Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	5	32 748 950	32 748 950
Sum finansielle anleggsmidler		**32 748 950**	**32 748 950**
Sum anleggsmidler		**32 748 950**	**32 748 950**
Omløpsmidler			
Varer			
Sum omløpsmidler		**0**	**0**
SUM EIENDELER		**32 748 950**	**32 748 950**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	8,9	2 950 000	2 850 000
Overkurs		22 155 778	3 427 778
Annen innskutt egenkapital		1 778 889	1 778 889
Sum innskutt egenkapital		**26 884 667**	**8 056 667**
Opptjent egenkapital			
Udekket tap		20 157 343	740 917
Sum opptjent egenkapital		**-20 157 343**	**-740 917**
Sum egenkapital	9	**6 727 324**	**7 315 750**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			

Balanse

Beløp i: NOK	Note	2022	2021
Langsiktig konserngjeld	7	26 021 626	25 433 199
Sum annen langsiktig gjeld		**26 021 626**	**25 433 199**
Sum langsiktig gjeld		**26 021 626**	**25 433 199**
Sum gjeld		**26 021 626**	**25 433 199**
SUM EGENKAPITAL OG GJELD		**32 748 950**	**32 748 949**

2022

Report and Financial Statements

Paragon Group Limited
30th June 2022

PARAGON GROUP

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Strategic Report

Paragon Group Financial Statements

Parent Company Financial Statements


Strategic Report

2022 Financial Highlights

Sales
€1.458bn
+20%

Underlying EBITDA[2]
€109m
+31%

Cash on Hand
€255m

Proforma EBITDA[3]
€112m

People
9,000+

Net Debt[4]
€282m

Businesses Acquired
9

1. EBITDA is defined in Note 2(s) on page 66.
2. Underlying EBITDA is defined in Note 2(s) on page 66.
3. Proforma sales and EBITDA is defined in Note 2(s) on page 66.
4. Net debt is defined in Note 2(s) on page 66.

Paragon at a glance...

Paragon Group is a leading provider of Customer Communications, Identification, Graphics and Office Services. Paragon Group combines generations of experience with the latest innovations in technology and smart data to enable responsive and meaningful interactions between organisations and their customers.

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

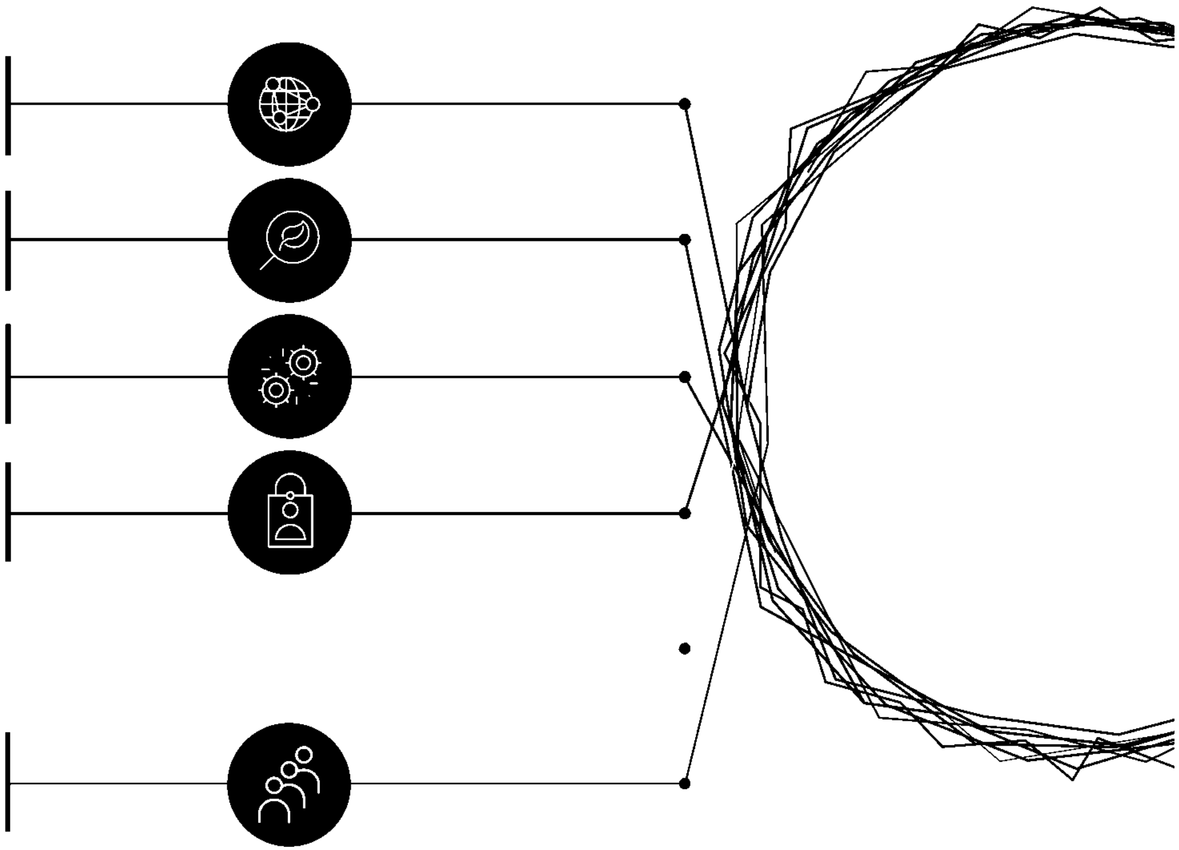
Focussed on **Sustainability**

Delivering everything customers need to operate **effectively**

Secure ID in a connected world

Creating

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



...from physical to digital

Local & Global:
Over 130 Locations in 20+ Countries

Canada
- Election Services (Scytl)

US locations
- Data Insight (Celerity)
- PID Manufacturing Facility in Vermont and North Carolina
- PID Sales Office in LA and San Diego
- Election Services (Scytl) in Tampa

India
- IT Support and Development Sites

Australia
- Sales Office

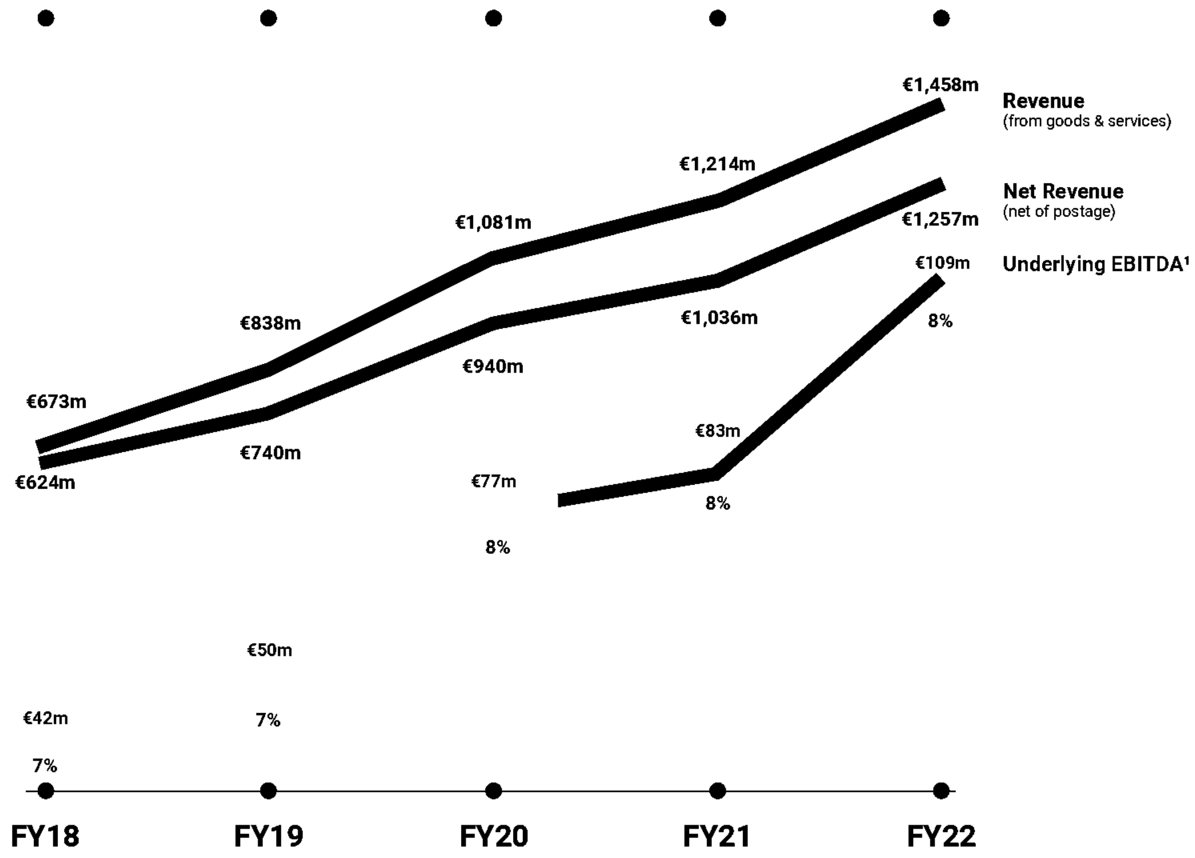
65 locations across 4 businesses in UK & Ireland
- Application Software Development Centre
- Corporate Support Office, M&A, Finance and Operations
- Data Analysis and Customer Insight
- International Sales & Marketing
- PCC bases providing Marketing, Transaction Processing, Print Management and Creative
- Consulting (DCX) and Agency
- Print & Design and Large Format & Display
- Sophisticated Regulatory, Transactional and Marketing Production
- RFID and Magnetic Production
- Payment Card Personalisation, R&D and Manufacturing
- Office Services

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

8 Eastern European locations including Bulgaria, Czech Republic and Poland
- 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 provides 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

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



1. Underlying EBITDA is defined in Note 2(s) on page 66. This is expressed as a percentage of Net Revenue.

Statement from Our Executive Chairman

Patrick J Crean
Executive Chairman,
Paragon Group

“I am pleased to report a year of solid growth.”

Paragon Group continues to demonstrate strong and steady growth despite the challenges presented by COVID-19; Ukraine conflict and increasing interest rates and inflation. I am pleased to report a year of solid growth.

Growth and Profitability

In 2022 we grew sales by 20% to €1.458 billion, while EBITDA[2] grew by 31% to €108.8 million. Our model of serving various customers across multiple sectors and geographies has contributed to our resilient performance.

I would like to personally thank all our people for their hard work and commitment, which contributed to the delivery of our results. The Group made a loss in the year of €31 million due to non-underlying items, as detailed in the CFO statement. However, as a Group, we have continued our strong growth trajectory. Our three-year compound annual growth rate in revenue since 2019 is 22%. As a Group, we are very well positioned with cash on hand of €255 million at 30 June 2022 as a result of our successful bond issue of €180 million during the year. In this period of significant uncertainty and strong headwinds, it is imperative that our balance sheet is strong. We are satisfied that our funding sources and balance sheet position us well to take advantage of opportunities that will undoubtedly arise during the coming year.

Acquisitive Growth, Integration and Evolution

Paragon Group acquired a number of companies during the fiscal year and post year end. In the 2022 fiscal year, our Paragon Customer Communications (PCC) completed the acquisitions of DG3's UK operations, Williams Lea CCM Limited, With Reason Limited (Reason) and The Lettershop Group. Our Paragon ID (PID) division was highly acquisitive this year acquiring Security Label in Germany, Electronic Data Magnetic (EDM) in the US and Urbanthings in the UK. Post year end, PID also acquired Tracktio in Spain. Our packaging business continues to grow following the acquisition of Dean Packaging in April. We have already substantially integrated the businesses acquired during the fiscal year. The integration and synergies of these businesses will set the Group up for further growth in the future. Our ability to integrate businesses successfully and at scale continues to be a key differentiator and gives us a strong platform for future growth. Paragon Group continues to assess markets to ensure we align our service offering with customer demands. Operationally and financially, we are a strong, disciplined, and ambitious company that prides itself on being customer focused. As a Group, we continue to evolve as a critical business service provider, offering our clients both physical and digital solutions. This migration has been driven primarily by our customers' needs and has heavily influenced our acquisitive focus to become more relevant to our clients' long-term expectations of the Group.

Technology: Continuing Investment in Customer-facing Platforms

We continue to build out our technology landscape. We further developed our customer facing platforms in PCC. I am particularly pleased with our progress in PID where we have expanded our platforms in the ticketing and traceability space. We now have a growing range of SaaS platforms and uptake by our customers is significant. We have also invested significantly in our delivery platforms in the Office Team business and this will allow us significantly enhance our online and e-services with our customers. In addition to our many customer facing platforms we have also engaged in extensive upgrade and replacement of our ERP and financial systems – this investment will significantly enhance our agility and responsiveness to our customer needs along with continue efficiency improvements. deliver digital transformation for customers. This is now a key part of our DNA and is driving further demand.

2. Underlying EBITDA is defined in Note 2(s) on page 66.

Sustainability

Sustainability is now a keep part of everything we do. Paragon's Sustainability programmes are based on three key pillars: Planet, People and Partners.

This approach drives value and sustainability performance throughout the lifecycle of our products and services. It allows our businesses to focus on programmes that are material and relevant to the stakeholders in their markets whilst maintaining a common ethos. Our Planet, People, Partners programmes are aligned with the UN Sustainable Development Goals to demonstrate the part Paragon plays in delivering solutions to climate change and the creation of a fairer, more equitable society.

Business Resilience and COVID-19

In previous years, we have focused our commentary on COVID-19. As of now, this is a lower risk item, but we continue to face challenges as a result of inflation; supply chain challenges, the conflict in Ukraine and increasing volatility in the business environment given the rapidly changing global scenarios. The approach to business resilience and risk management developed during COVID-19 will stand us well as we navigate the next years. We know that with courage, discipline, focus and the right team of people, we will continue to grow our business in a profitable manner.

Our People

On behalf of the Board, I want to extend my sincere gratitude to all our people. I feel privileged to work with you. I want to reiterate our absolute commitment to ensuring all our people are treated equally, irrespective of colour, creed, gender, sexual orientation, or any other factor. We are committed to embedding equality, diversity, and inclusion across the Group, ensuring that everyone has an equal opportunity and that our people are selected and treated solely based on merit, ability, and potential. We acknowledge, that there is still work to be done to ensure we create a working environment that is welcoming, inclusive, respectful, and free from discrimination, but I feel that we have significantly advanced our performance across all our businesses in this area.

Our Employees – Our Team

The results achieved by the Group in 2022 reflect the skills, initiative, qualities, and commitment of all of Paragon's employees. Our Board is grateful to all our colleagues for their contributions and their relentless drive to continue to deliver sustainable value creation.

Patrick J Crean

Executive Chairman, Paragon Group

9 February 2023

Statement from Our CEO

"The Group continues to focus on driving strong growth "

Paragon Group has an outstanding team of people, and we are privileged to work with the most successful customers globally. The Group continues to focus on driving strong growth and during the past year, we continued to operate in line with our growth strategy. Revenue grew by 20% to €1.458 billion and EBITDA[2] increased by 31% to €108.8 million.

Strong Operational Focus

This year, our focus on managing our business with rigour and discipline was critical. Our group comprises four Businesses – Paragon Customer Communications (PCC), Paragon Identification (PID), Paragon Graphic Services (PGS) and OfficeTeam Group (OTG). Each business is organised and runs independently with dedicated leadership teams. Each of our Divisions are now at the right scale to take on the next level of strategic growth.

In addition to our four primary divisions, we are also growing a new packaging business (Trenton and Dean) and also have some strategic software businesses (Scytl, UBStream and P3) in the development and growth stages.

Financial Performance

We continue to focus on driving strong growth and during the past year, our revenues of €1.458 billion represented growth of more than 20% on the previous year.

The underlying EBITDA[2] performance of €108.8 Million was also very robust in a difficult trading environment, and is testimony to all the hard work and commitment of the people in our business. This is an increase in underlying EBITDA of more than 31% on the previous financial year.

We made a statutory financial loss of €31 million during the year because of non-underlying items of €31.5 million including restructuring and losses on discontinued operations, as detailed in the CFO statement. Free Cashflow generation came in at €49.8 million compared with €58.8 million in the prior year.

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

Paragon Customer Communications

Total Sales exceeded €1 billion for the first time. Our unique positioning drives long term client loyalty, and this is demonstrated by the fact that our top 200 customers have an average relationship length with Paragon of more than 15 years.

We now go to market and organise ourselves through seven distinct lines of business:

- **Consulting & Agency** - providing our Consulting & Agency group for strategy, creative services, digital products and platforms, data and analytics, marketing activation and professional services
- **Paragon Customer Communications** – outbound multichannel marketing, regulatory and transactional communications
- **Paragon Lead Supply** – end to end management of marketing, print and promotional materials from sourcing, production, finishing, storage and distribution
- **Paragon Supply Chain Management** – data-driven fulfilment, co-packing and logistics
- **Paragon Business Process Outsourcing** – multichannel inbound communications and multishore back-office processing of correspondence, claims, invoices, payments and voting solutions
- **Paragon Workplace Solutions** – onsite creative and presentation services, mailroom, production, concierge and recruitment
- **Paragon Print Solutions** – trade printing of stationery, forms, labels, envelopes and security products

From a geographic prospective, we go to market through four geographic regions: UK, Ireland & Luxembourg; Western Europe; DACH & CEE and The Netherlands & Belgium with strong leadership teams in place across the whole business. In each region,

2. Underlying EBITDA is defined in Note 2(s) on page 66.

we have reorganised the company around our seven lines of business and where necessary, we have simplified the legal entity structure to facilitate the repositioning.

Paragon ID

Paragon ID is a leader in identification solutions, particularly in the e-ID, Mass Transit and Smart Cities, Traceability & Brand Protection and Payment sectors.

Using the latest technologies such as RFID and NFC, Paragon ID provides smart cards, smart tickets, labels and tags to worldwide clients in diverse markets including public transport, aviation, automotive, manufacturing, logistics and retail. Paragon ID is increasingly present in the development of cloud-based platforms which enable the effective deployment of these technologies.

Paragon ID employs more than 600 staff, with manufacturing sites in US and Europe, close to its customers.

Paragon ID is listed on Euronext Paris with a majority of its shares being held by the Paragon Group. PID is organised globally and is led by CEO Clem Garvey.

Paragon Graphic Services

We deliver Digital Print, Design and Display services and products in UK, Ireland, Scandinavia, Spain, and the Netherlands. This year we increased market share in a difficult environment, and gained a number of key customers. We have strong leadership teams in place running each of the business units. This business is led by Divisional Director, Brian Fitzpatrick.

OfficeTeam Group

OfficeTeam Group (OTG) reported sales of over €150 million revenue this year. We have invested heavily in the IT and support platforms for this business and we are now experiencing solid growth. We are satisfied with our progress to date. OTG is led by CEO, Andrew Jones.

Our Customers

We are privileged to work with some of the most successful and most recognised brands in the world. I want to say thank you to all our customers, we appreciate your business and will continue to deliver outstanding service. Our primary commitment is to our customers and to deliver on their requests. Throughout this report and the separate annual report for each business you will see descriptions of some client success stories.

Technology

A key focus of our investment is on building out technology platforms that automate and support customer business processes. We continue to invest heavily in technology – during this year we completed significant programmes in both customer facing and internal support platforms. I am satisfied that our investments in these platforms have positioned us for continued future profitable growth.

Our Team

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

Looking Ahead

Our ambition is to continue to drive our business and grow significantly by delivering critical business services. We believe that the right components are in place for this – we have the best people, we have the best technology, we are well-funded, and we have clear strategic positioning in our chosen markets. In addition, our M&A capability is outstanding, and we continue to track a large selection of opportunities. Beyond our ability to identify and buy the right companies at the right price, we can integrate new acquisitions at speed.

Sustainability

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

Positioned for the Future - Leadership

We announced a number of senior leadership changes including:

- Mike Gordon moved from CEO of PCC to Group Chief Operations Officer
- Jeremy Walters is now Chief Executive Officer of PCC
- Martin Edstorm joins as PCC Group Chief Financial Officer
- Brian Fitzpatrick has been promoted to Divisional for the Graphics business.

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

Sean Shine

Chief Executive Officer, Paragon Group

9 February 2023

2. Underlying EBITDA is defined in Note 2(s) on page 66.

Statement from Our CFO

The Group's businesses recorded strong advances in the financial year ended 30 June 2022.

"The Group's businesses recorded strong advances in the financial year ended 30 June 2022."

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

Income Statement highlights	FY ended 30 June 2022 € million	FY ended 30 June 2021 € million
Revenue from sale of goods and services	**1,457.5**	**1,213.8**
Underlying operating costs	1,348.7	1,130.9
EBITDA[2]	**108.8**	**83.0**
Depreciation and amortisation	84.3	69.3
Underlying EBIT[2]/Operating profit	24.5	13.6
Finance cost net of income	22.0	10.2
Underlying profit before tax	2.5	3.4
Income tax (charge) / credit	(2.0)	0.1
Profit for the year before non-underlying items	**0.5**	**3.6**
Non underlying items charges	(31.5)	(27.4)
(Loss) for the year	(31.1)	(23.9)
Cash and Net debt highlights		
Operating inflows	63.8	44.0
Free Cashflow	49.8	58.8
Cash and Cash equivalents	255.1	124.0
Net debt	(281.8)	(209.6)

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

Revenue from sale of goods and services increased by €243.7 million, an increase of 20.1%, from €1,213.8 million in the financial year ended 30 June 2021 ("FY 2021") to €1,457.5 million in the financial year ended 30 June 2022 ("FY 2022"). The increase in revenue reflects these divisional increases and decreases:

- Paragon Customer Communications revenue increased from €945 million in FY 2021 to €1,080.4 million in FY 2022, an increase of €135.4 million (+14%),
- Paragon ID revenue increased from €81.1 million in FY 2021 to €128.8 million in FY 2022, a increase of €47.7 million (+59%), mostly organic

1. EBIT and EBITDA is defined in Note 2(s) on page 66.
2. Underlying EBIT and EBITDA is defined in Note 2(s) on page 66.
3. Proforma sales and EBITDA is defined in Note 2(s) on page 66.
4. Net debt is defined in Note 2(s) on page 66.

Costs before depreciation and amortisation highlights	FY ended 30 June 2022 € million	% of revenue in FY 2022	FY ended 30 June 2021 € million	% of revenue in FY 2021
Revenue from sale of goods and services	1,457.5	100.0%	1,213.8	100.0%
Material Costs	721.3	49.5%	615.8	50.7%
Payroll Costs	448.5	30.8%	384.1	31.6%
Other operating costs	178.9	12.3%	131.0	10.8%
Costs before depreciation	1,348.7	92.5%	1,130.9	93.2%

- Paragon Graphic Services revenue increased from €78.4 million in FY 2021 to €84.7 million in FY 2022, an increase of €6.2 million (+8%), which mainly reflects the recovery COVID-19 effects
- Paragon growth revenue increased from €8.6 million in FY21 to €16.1 million in FY22, an increase of €7.5 million (88%) which mainly reflects acquisitions during the year
- Paragon Office Services revenue increased from €99.4 million in FY 2021 to €147 million in FY 2022, an increase of €47.6 million (+48%), which mainly comprises acquisition effects in the year, and
- Other business decrease of €0.7 million includes rent

Costs before depreciation and amortisation, before non-underlying costs, increased by €217.8 million due to revenue growth, an 19.3% increase, from €1,130.9 million in FY 2021 to €1,348.7 million in FY 2022, and as follows:

Costs before depreciation and amortisation in FY22 expressed as a percentage of revenue, as displayed in the above table, were better than FY2021 results, with savings in materials partially offset by increases in payroll and other operating costs.

In respect of payroll costs, our average monthly number of employees was 9,572 in FY 2022, including 7,565 production employees and 2,007 indirect employees, compared to 8,967 employees in FY 2021, including 6,965 production employees and 2,002 indirect employees.

Underlying EBITDA² increased by €25.8 million in FY 2022, an increase of 31.1%, from €83.0 million in FY 2021, representing 6.8% of revenue from sales of goods and services in FY 2021, to €108.8 million, representing 7.5% of revenue from sales of goods and services in FY 2022. The increase in EBITDA² reflects these divisional increases and decreases:

- Paragon Customer Communications underlying EBITDA² increased from €85.0 million in FY 2021 to €101.9 million in FY 2022, an increase of €16.9 million, equivalent to an 19.8% increase year on year. The increase reflects significant advances in delivering more client service and goods value. The FY 2022 increase represents a substantial advance on the FY 2021 results. This reflects our expanded client offerings and increasing client uptakes.
- Paragon ID underlying EBITDA² increased from €6.0 million in FY 2021 to €11.3 million in FY 2022, a increase of €5.3 million.
- In our Group, Graphic Services, Office Services businesses and Growth businesses, the underlying EBITDA² losses of €8.0 million in FY 2021 have turned into an underlying EBITDA² loss of €4.4 million in FY 2022. Important rationalisation costs have been engaged in these sectors in order reflect market requirements as well a post-acquisition consolidation strategy for future benefit.

Depreciation and amortisation increased by €15.0 million, an increase of 21.6%, from €69.3 million in FY 2021, representing 5.7% of revenue from sales of goods and services in FY 2021, to €84.3 million, representing 5.8% of revenue from sales of goods and services in FY 2022. The increase in Depreciation and amortisation reflects these increases:

- Depreciation of property, plant and equipment increased by €4.2 million from €20.8 million in FY 2021 to €25.0 million in FY 2022, as the cost or valuation of property, plant and equipment increased from €253.7 million at the start of the year to €267.7 million at the end of the year
- Amortisation of intangible assets increased by €6.2 million, from €20.7 million in FY 2021 to €26.9 million in FY 2022, as the cost or valuation of intangible increased from €165.6 million at the start of the year to €191.5 million at the end of the year
- Amortisation of right-of-use assets increased by €5.5 million, from €28.0 million in FY 2021 to €33.5 million in FY 2022, as the cost or valuation of right-of-use leased assets increased from €144.2 million at the start of the year to €158.7 million at the end of the year

As a result of the above revenue and cost developments, the underlying EBIT² / Operating profit increased by €10.9 million, an increase of 80.1%, from €13.6 million in FY 2021, representing 1.1% of revenue from sales of goods and services in FY 2021, to €24.5 million, representing 1.7% of revenue from sales of goods and services in FY 2022.

Finance costs net of income increased by €11.8 million, from €10.2 million in FY 2021 to €22.0 million in FY 2022. The increase is mainly due to

- foreign currency losses retranslation of intercompany loans were €0.5 million in FY 2022 compared to foreign currency gain on retranslation of intercompany loans of €1.7 million reported in FY 2021
- Finance costs, before finance income, were €23.0 million in FY 2022 compared to the €12.9 million reported in FY 2021,

2. Underlying EBIT and EBITDA are defined in Note 2(s) on page 66.

mainly reflecting the incremental interest on the bonds raised in early FY 2022 as well as other smaller borrowings

After finance costs and income taxation, the profit for the year before non-underlying items was €0.5 million in FY 2022 compared to €3.6 million in FY 2021.

Non-underlying items

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

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

These costs mainly relate to the consolidation costs of acquired business. This is one of the Group's fundamentals on the M&A front-end and its market consolidation strategy.

The Directors use judgement in assessing the particular items, which by virtue of their scale and nature, are disclosed in the Income Statement and in the notes to the financial statements as non-underlying items. The non-underlying expenses / (gains) in FY 2022 and FY 2021 were as follows:

The non-underlying expenses net of gains and after taxation increased by €4.1 million, from a net expense in FY 2021 of €27.4 million to a net expense in €31.5 million in FY 2022, mainly reflecting the following expense and gain increases:

- Redundancy and related charges which include redundancy, payroll and related charges that arise from the closure of locations and the reduction of staff resources at various locations decreased by €2.9 million, from €29.2 million in FY 2021, to €26.3 million in FY 2022
- Costs of industrial relocation, restructuring and consolidation includes the charges, other than redundancy, payroll and related charges, arising from the closure of locations, relocation of activities between sites and new activity start-up losses increased by €5.5 million, from €8.8 million in FY 2021, to €13.7 million in FY 2022
- Gains on acquisition related to bargain purchases arise in respect of acquired companies, when the sum of the fair values of the assets and liabilities recognised at their fair value at the acquisition date in accordance with IFRS 3 is greater than the purchase consideration payable in respect of the acquisition. The gain on acquisition related to bargain purchases increased by €1 million, from €7.6 million in FY 2021, to €8.9 million in FY 2022
- Goodwill of €2.2 million in respect of Scytl was impaired in FY22
- Discontinued includes the losses and costs incurred to close our Graphic division operations in Sweden in FY22
- The income tax credit related to the above expenses net of gains increased by €3.8 million, from €3.5 million in FY 2021, to €7.3 million in FY 2022

Non-underlying expenses / (gains) highlights	FY ended 30th June 2022 € million	FY ended 30th June 2021 € million
Redundancy and related charges	26.3	29.2
Costs of industrial relocation, restructuring and consolidation	13.7	8.2
Gain on acquisition	(8.5)	(7.6)
Impairment of goodwill	2.2	–
Loss on discontinued operations	2.2	–
Other expenses net of gains	3.2	1.1
Income tax credit	(5.3)	(3.5)
Non-underlying expenses / (gains) highlights	31.5	27.4

As a result of the above revenue and cost developments, the FY 2022 loss for the year was €31.1 million compared to the FY 2021 loss for the year of €23.9 million.

Cash Flow and Financing Review

The Group's operating cash inflows before movements in working capital increased by €19.8 million, from €44.0 million in FY 2021, to €63.8 million in FY 2022.

These results demonstrated that operating profits in FY 2022 funded the increased additional redundancy and restructuring costs incurred in FY 2022 to streamline operations, in addition to benefits from prior restructuring ROI on post-acquisition synergies.

The Group's cash generated from operations, including working capital movements, was €49.8 million in FY 2022 compared to €58.8 million in FY 2021. In FY 2022, our working capital remained under control with only €14.0 million of an increase in working capital, despite a very significant revenue increase.

Interest payments increased by €4.3 million from €7.6 million to €11.9 million in FY22.

Our net cash used in investing activities increased by €17.7 million, from €46.1 million invested in FY 2021 to €63.8 million invested in FY 2022, as we scaled our acquisition activity with a €12 million increase (FY 2022 expenditure of €23.7 million compared to FY 2021 of €11.7 million) and immediately integrated the businesses acquired in FY 2022. Our investment in property, plant, equipment, and intangibles, also increased by €6.6 million, from €36.3 million in FY 2021, to €42.9 million in FY 2022. All of our operations are consequently well invested.

In FY 2022, we repaid €45.2 million of our borrowings and lease liabilities, being mainly the repayment of the capital element of lease liabilities of €32.9 million.

In FY 2022, our proceeds from borrowings increased by €203.0 million, mainly thanks to fresh bonds raised on the Lux.Co (€180 million).

As a result of the above cash inflows and outflows, our cash net of bank overdrafts increased by €131.9 million, from €113.2 million at the start of the year to €245.1 million at the end of the year.

The Group had net current assets of €79.4 million at year-end (against €44.3 million net current liabilities in FY21), it also had considerable cash balances on hand of €255.1 million. (2021: €124.0 million). In FY 2022, we successfully financed €180 million of EuroPP Bonds on the Luxembourg SE. The bonds are repayable after seven years and carry an interest coupon of 4.25%.

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

Cash balance and net debt

The Group continues to have the financial capability to support its ambitious organic and M&A development strategies. The Group's cash balance has increased to €255.1 million in FY 2022 from €124.0 million in FY 2021, a €131.1 million increase.

This variance has mainly been generated by issuing an additional €180 million of EuroPP Bonds on the Luxembourg Stock Exchange (LuxSE), reduced by payments for acquisition as well as other variances such as positive operating cashflow and other debts repayments during this financial year FY2022.

Net borrowings at the end of FY 2022 were €281.8 million compared to €209.6 million at the end of FY 2021. The increase of €72.2 million included an additional €180 million of new EuroPP Bond issued on the LuxSE in July 2021.

Financial and Operational Discipline

We continue to manage the Group according to robust operational and financial disciplines and apply this approach as we acquire and integrate businesses. We prepare and execute detailed post acquisition plans to extract operational and procurement synergies identified during comprehensive due diligence processes. Continuous Improvement Programmes are operated across Paragon and are introduced in acquired companies to ensure that they adhere to the Group's relentless push towards greater operational efficiency. All Group companies operate with the discipline of monthly management reporting and performance and outlook reviews, with specific focus on sales development and pipeline, cost control management, cash flow forecasting, and working capital management. Our capital expenditure planning is based on strict return on investment parameters.

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

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

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

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

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

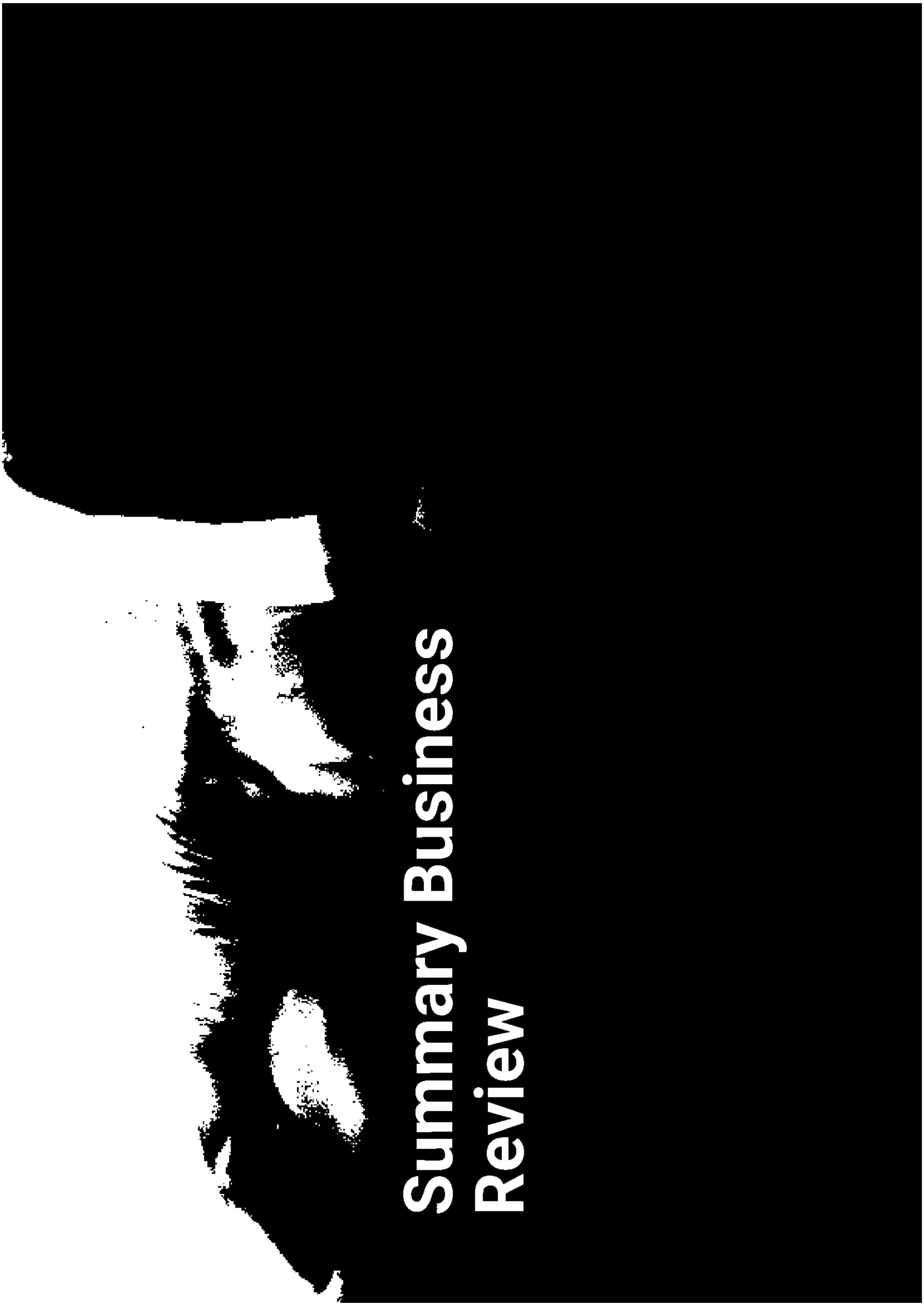
These are defined in note 2(s) of the financial statements, as well as being highlighted in the Consolidated Income Statement of the financial statements.

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

Laurent T. Salmon

Chief Financial Officer, Paragon Group

9 February 2023


Summary Business
Review

Paragon Customer Communications

"Our unique positioning drives long term client loyalty"

It has been my privilege to lead an outstanding team of people in Paragon over the past year. Our people have surpassed all expectations in a market environment that has continued to challenge our ability to adapt, evolve and innovate. The resilience and ambition that our people continue to show is remarkable.

In a year when we were delighted to have achieved Revenue in excess of €1 billion for the first time, we also want to thank our clients for their ongoing support for our business. Our unique positioning drives long term client loyalty, and this is demonstrated by the fact that our top 200 customers have an average relationship length with Paragon of more than 15 years.

Our supply chain partners have also provided invaluable support over the past year, and I would like to take this opportunity to thank them for this ongoing service.

Strategic Direction

Paragon Customer Communications (PCC Global Plc) is one of four primary divisions within the Paragon Group of companies. Over the last number of years, we have separated the organisations operations of these businesses to allow clear focus by each division on their respective markets and to allow us to capitalise on the potential for each business. Up to now, we have published an annual report for Paragon Group Limited (PGL) which included financial details for each of the four divisions. As PCC Global Plc has grown significantly, and as we look to continued growth of PCC Global Plc over the next number of years, we have decided to issue a separate annual report for PCC Global Plc to reflect the scale and nature of the business and to address the interests of all stakeholders including customers, suppliers, employee etc. This document is the first annual report to be published separately for PCC Global Plc.

We now go to market and organise ourselves through seven distinct lines of business:

- **Consulting & Agency** - provides strategy, creative services, digital products and platforms, data and analytics, marketing activation and professional services
- **Paragon Customer Communications** – outbound multichannel marketing, regulatory and transactional communications
- **Paragon Lead Supply** – end to end management of marketing, print and promotional materials from sourcing, production, finishing, storage and distribution
- **Paragon Supply Chain Management** – data-driven fulfilment, co-packing and logistics
- **Paragon Business Process Outsourcing** – multichannel inbound communications and multishore back-office processing of correspondence, claims, invoices, payments and voting solutions
- **Paragon Workplace Solutions** – onsite creative and presentation services, mailroom, production, concierge and recruitment
- **Paragon Print Solutions** – trade printing of stationery, forms, labels, envelopes and security products

We go to market through four geographic regions: UK, Ireland & Luxembourg; Western Europe; DACH & CEE and The Netherlands & Belgium with strong leadership teams in place across the whole business. In each region, we have reorganised the company around our seven lines of business and where necessary, we have simplified the legal entity structure to facilitate the repositioning.

We also have a small core central team focussing on the management of strategic initiatives which cut across all four region and all seven lines of business in Procurement, Technology, Human Resources and Finance.

PCC has a unique culture which has developed over the past twenty years as the business has continued to successfully diversify and grow.

Our Values:

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

1

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

2

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

3

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

4

THE BEST PEOPLE
We are passionate about our people. We will develop, inspire, and create opportunity to progress and grow, adding value to our business and customers.

5

DIVERSITY AND INCLUSION
Paragon has made great strides with our Diversity & Inclusion programmes, including our Inclusion Council, our recent partnership with Stonewall, and our appetite to have those often-uncomfortable discussions to ensure all our people feel valued and supported.

6

We are an ambitious company and our culture is summarised in our six core values which are in the graphic above.

Financial Performance

We continue to focus on driving strong growth and during the past year, our revenues of €1.088 billion represented growth of more than 15% on the previous year. Of this increase in revenues, nearly 80% was derived from organic growth, with just over 20% coming from acquisitions made during the year.

The underlying EBITDA performance of €101.9 million was robust in a difficult trading environment, and is testimony to all the hard work and commitment of the people in our business. This is an increase in Underlying EBITDA[2] of more than 21% on the previous financial year.

We made a financial loss of €3.5 million during the year because of non-underlying items.

Organic Growth

We have successfully retained all the large contracts that were due for renewal in the last financial year. We have also secured several large new business wins, which are highlighted in the Business Review section of this document.

Growth via Acquisitions

We completed four acquisitions in the financial year: DG3 UK, Williams Lea CCM, Reason and The Lettershop Group. The DG3 and Williams Lea acquisitions have been consolidated into our UK Customer Communications operations and the Reason transaction provides additional capability, talent and firepower for our DCX Consulting & Agency. The Lettershop Group increases our share of the Direct Mail market in the UK, and also brings the opportunity to accelerate the development of our ecoMLR sustainable packaging product, which is the alternative to plastic packaging in the e-commerce and food home delivery industry.

2. Underlying EBITDA is defined in Note 2(s) on page 66.

Investing in our People

We continue to invest in our people. I am delighted that the following initiatives that have either been launched, expanded or extended in the last financial year:

- partnership with 'Great Place to Work'
- 'myParagon' employee app
- Reverse Mentoring programme
- Young Paragon Network
- European Leadership Development Programme

These initiatives are covered in more detail later in this document.

Sustainability

Over the past few years the Paragon business has grown significantly both organically and via acquisitions. As well as increasing the size of our business, this has also diversified our product and service offering and expanded our supply chain. Accompanying our own growth has been a massive increase in the importance of sustainability – to individuals, to businesses and to governments.

Paragon recognises that, as well as the risks facing our planet and our societies, there is a tremendous opportunity to change the way we do business and embrace new technologies as we determine how we will collaborate with our stakeholders to deliver the changes needed to move to to support the UK government commitment to Net Zero by 2050, circular economy and help create a fairer, more equitable society.

Our approach to Sustainability is based around three pillars:

Planet, People and Partners.

The Sustainability section of this report covers the impressive range of Sustainability initiatives that Paragon has implemented in the last year. Highlights include our businesses in France and the UK both having been re-accredited with the 'Platinum' medal on the Ecovadis Sustainability Rating in the last financial year, with a Sustainability performances deemed 'advanced' in all four categories: Environment, Labour and Human Rights, Ethics and Sustainable Procurement. This Platinum medal places them in the top 1% of over 100,000 companies across 200 industries in more than 160 countries. Our DACH & CEE and Netherlands & Belgium regions have achieved the 'Gold' Ecovadis medal in the past year, which places them in the top 5% in the world.

All of our stakeholders are engaged with our Environment, Social and Governance (ESG) agenda and continue to drive our business to improve.

Investing in our Infrastructure

As part of our ongoing development of the business, we re-invest more than 25% of Proforma EBITDA[3] back into the business in capital expenditure projects each year.

We continue to invest in our core Technology platforms, in particular in our Paragon OnePlatform (PoP) multi-channel customer communications engine, which has seen a significant increase in the number of client 'SaaS' subscriptions over the past year. We have developed a new workflow technology to support our Inbound BPO services (integr8) and are developing a next generation Marketing Smart Cloud technology suite which complements our Paragon e-commerce Platform (PeP) and E-Pro service and procurement portals.

We opened two new sites in France: A Supply Chain Management centre in the Lille area, and a Transactional Customer Communications site near to Nice. Both sites are now fully operational and will facilitate significant future growth.

Looking Forward to FY23 and Beyond

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

- Accelerated organic growth in our existing markets
- Geographic expansion
- Continuous margin improvement
- Selective acquisitions

In addition to the growth we expect to continue to see in our core markets in Europe, we intend to develop a significant presence in the North American market in the next 1-2 years.

We believe that the repositioning of the business as a leading international provider of technology-enabled business critical services will create new opportunities to achieve our financial goals.

I want to thank our people for their continuing commitment and effort. Our people will always go the extra step to deliver for our customers.

I am delighted to hand the leadership over to Jeremy Walters who assume responsibility on January 1, 2023. Jeremy has been an outstanding leader and has driven the growth of our UK, Ireland and Luxembourg region for the past number of years. I am fully confident that Jeremy will continue to drive the Group to the next level.

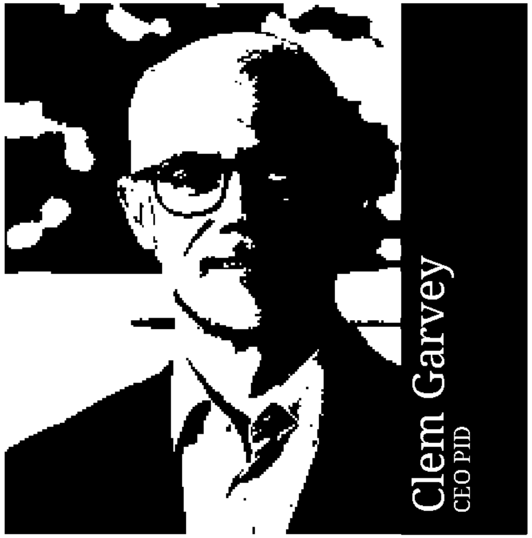
Mike Gordon

Chief Executive Officer

Paragon Customer Communications

2. Underlying EBITDA is defined in Note 2(s) on page 66.
3. Proforma sales and EBITDA is defined in Note 2(s) on page 66.

Paragon ID



"The financial year 2021/22 closed with record full-year revenues of €130.8m up 56% on prior year"

The financial year 2021/22 closed with record full-year revenues of approximately €130 million up 56% on prior year, and a fourth consecutive quarter of strong double-digit growth. During the course of the second half of the year, growth in revenues also included an inflationary element as the company passed on to its customers the price increases experienced in the current geopolitical context. This marks a record level of turnover, significantly higher than the initial objective of double-digit growth and the revised target of more than €120m set at the end of April.

Overall growth during the year benefited from:

- a rebound in the traditional activities of Mass Transit and e-ID, which had been particularly badly impacted by the pandemic-related lockdowns and travel bans;
- integration of revenues from the acquisitions made in the later part of the previous financial year (airweb and Apitrak) including particularly strong performances of acquisitions made during 2021/22 (Security Label, EDM Tech and UrbanThings);
- contributions from success in the company's four Strategic Initiatives: Digital Mobile and Account-Based-Ticketing Platforms, UHF RFID tags for IoT, RTLS Platforms and Own-Manufactured Metal Payment Cards

Strong defense of our margins and tight control of operational expenses allowed the company to achieve EBITDA of €10.5m, representing an EBITDA % of 8. Profitability is impacted by the significant expenses incurred in bringing the four key Strategic Initiatives to a level of maturity where they are, now, starting to generate revenues. As revenues from these Initiatives develop, profitability, expressed as a percentage of sales, should improve.

During the financial year 2021/22, Paragon ID continued to invest in its human, scientific and industrial capacities. Milestones included building the teams to progress the Strategic Initiatives, notably for the production of higher volumes of UHF tags destined for the IoT market and for the delivery of our first Account-Based-Ticketing platforms for our mid-sized-city, Mass Transit clientele.

R&D projects during the year included the development of new specialty payment cards and further investment in our cloud-based ticketing platforms. Following on from our acquisition of Apitrak in May 2021, a new cloud-based version of our Real-Time-Locating-System (RTLS) platform, RFID Discovery, was also completed.

On the industrial front, investments included the transfer of R&D activities in metal-payment cards from Ireland to the EMV-certified Thames Card factory in Rayleigh in the UK and purchases of additional inlay-bonding equipment in our flagship factory in Argent-sur-Sauldre in France.

Mass Transit & Smart Cities

The 2021/22 financial year was marked by a strong rebound in commercial activity in **Transport & Smart Cities** (37% of 2021/22 revenue), with passengers returning to public transport and a resumption of sustained orders from operators to replenish their stocks of tickets and cards.

In total, this division's turnover amounted to €48.6m, up 81% year-on-year. Organic growth was +67% over the year, illustrating the gains in market share achieved by Paragon ID post-pandemic. The recently acquired company, EDM Technology Inc. in the United States, performed strongly with activity levels at the end of the year in line with those prevailing before the crisis.

Track & Trace

Track & Trace represented 34% of 2021/22 revenues, posting turnover of €44.3m, up 61%. Organic growth was +27% at constant exchange rates and on a like-for-like basis.

The acquisition of Security Label GmbH, Europe's leading supplier of baggage tags and other equipment to the aviation industry, at the beginning of the 2021/22 financial year, contributed significantly to the division's solid growth. Security Label's turnover in the 4th quarter increased sharply, reaching record levels, higher than those achieved by the company pre-COVID, even though air traffic, generally, remains lower than that of 2019.

Payment

Activities in Payment, representing 22% of 2021/22 revenues, accelerated in growth in revenues in the second half of the year (+34% vs. +9% in the first half), driven by major orders in AmaTech for RFID modules for contactless payment.

Overall, the division finished 2021/22 with annual revenues of €28.7m, up 22% with no change in perimeter nor exchange rate. Thames Card continued to take market share in its traditional activity of gift and loyalty cards.

e-ID

Sales in passports and electronic-driving-licences (eID) represented 7% of 2021/22 revenues, benefiting strongly from the reopening of borders and the international travel recovery during the year.

Turnover amounted to €9.3m, up 53% on prior year (same change at constant exchange rates and on a like-for-like basis). Strong demand for volumes of passport from existing clients, coupled with major orders for Paragon ID's new polycarbonate products should continue to drive growth throughout 2022/23.

Acquisitions - Unlocking value

Paragon ID has a very strong track record in integrating its acquisitions and in nurturing the entrepreneurial spirit of the people who come on board with them. This has allowed Paragon ID to create new sources of organic revenue through the combination of these integrated entities with the other operations within the group. We call this "unlocking value".

During FY22, we acquired the following companies:

- EDM (USA) : Magnetic and smart card manufacturing
- Security Labels (Germany) : Airline luggage tag manufacture
- Urban Things : Mobile ticketing and ABT
- Tracktio: RTLS platform.

Outlook for 2022/23: sustained strong growth

While remaining particularly attentive to the economic and geopolitical context (raw material prices, component crisis, supply and transport conditions), Paragon ID intends to continue to deliver sustained growth in 2022/23 and has set itself the goal of achieving another year of strong double-digit growth in revenues.

Clem Garvey

Chief Executive Officer

Paragon ID

OfficeTeam Group

"Current trading is in line with our expectations, and we expect to make significant further progress in FY 2023."

This year Office Team Group (OTG) focused on execution to deliver on our commitments to investors, taking transformative action to return to strong cash generation and create sustainable long-term value.

Revenue grew to €147 million from €99 million in the previous year. Current trading is in line with our expectations, and we expect to make significant further progress in FY 2023.

The completion of the acquisition of Office Depot UK & Ireland in September 21 saw the turnover within our contract division continue to rise as it paved the way for group operations to move from our antiquated distribution facility in Birmingham, to Office Depot's automated site in Manchester, UK. The 275,000 sq ft distribution centre has been a key catalyst for our growth, enabling the introduction of more product lines and providing a robust national operational infrastructure to drive the expansion of our UK customer base.

Integration, Evolution and Innovation

The integration of Office Depot into our group operations has been a core focus for this year and the onboarding of the Office Depot customer base has strengthened our position as a leading provider for core sectors including the Finance & Banking, Public Sector, Retail and Legal & Professional industries within our contract division.

This year, we rebranded our wholesale division in the UK and Ireland under the single brand of Spicers and redefined our wholesale proposition to ensure we align our offering to the evolving needs of our customers.

To reflect these changes within our group, we have realigned our sales structure under a single sales stream, covering both our contract and wholesale division.

Our strategic focus for next year will be to simplify our contract model further by bringing our multiple businesses together under a single brand, putting us in a strong position for future acquisitions, amplifying our collective voice in the industry, and enhancing our market share.

As such, our ambition to expand our product and service portfolio, in line with the new markets we've entered and provide our customers with over 1.5 million products by the end of FY2023. This, coupled with the opportunity to reap the benefits of the range of solutions we offer across the whole of the Paragon Group, should see organic growth to £170 million revenue – and 3% EBITDA, with longer-term targets of offering over three million products to customers through our SmartPad ecommerce platform.

Investing to create long-term growth and sustainable value

During the year, we continued to invest prudently to develop new and existing technologies, which will enable us to seize the significant commercial opportunity presented by the altering business landscape and the shifting working from home, hybrid, and return-to-work trends. The group saw a further £2 million investment into its online procurement platform, SmartPad to enable the expansion of the products and services we can offer our customers online.

We will continue to fuel the digital transformation of our organisation with the upcoming implementation of a new ERP system, making it easier for customers to do business with us by improving efficiencies and response times throughout the entire company.

Despite a continually challenging economic backdrop with ever-evolving workplace trends, OTG has achieved significant strategic progress over the past 12 months, and now has a solid platform for future expansion.

Through consistent execution, we have simplified and refocused the Group, strengthened the balance sheet and accelerated our sustainability progress. OTG is now a focused and resilient business with a strong platform from which to drive value for our stakeholders.

2. Underlying EBITDA is defined in Note 2(s) on page 66.

Acquisitions – a key catalyst for growth

The acquisition of Office Depot UK & Ireland – a renowned and respected brand – set the tone for the vision of the organisation and enabled the group to bring new technology into the business, through an automated, industry-leading distribution centre in Ashton-Under-Lyne, Manchester. This new site provided the opportunity to significantly increase our operational size and the scale of our capabilities, increase efficiencies by leveraging the power of technology, and extract overhead savings through consolidation synergies.

We are now well positioned to build upon our current market share, as the work has been done to enable any future strategic acquisitions to be integrated at speed.

Business transformation and diversification

This year, our product portfolio has grown from 20,000 core products to over 65,000 items and we have ambitious plans to provide customers with access to over 1 million products during 2023 – before tripling our product offering in 2024.

These ambitions, coupled with the investment we have made into developing a digital-first approach for customers through our online platforms, will fuel our entry into new markets.

Leveraging our position as part of the Paragon Group means we have been able to refine our go-to-market strategy and amplify the solutions offered across the entire organisation. The mutual and ongoing cross-selling of our products and services means we continue to strengthen our market proposition and the benefits to customers, providing a complete end-to-end business solution.

Realignment of our brands

This year we commenced the review and realignment of our company brands, in order to simplify and streamline our go to market strategy. Ultimately with the goal of making it straightforward for our customers to do business with us.

Our wholesale channels, OT Wholesale in the UK and Spicers in Ireland have been rebranded to Spicers to reflect our redefined proposition – focussing on the customer experience. The mission is getting the right products, at the right price and delivered on time.

This 'new-look' Spicers is even more efficient, with over 90% of orders being placed electronically – allowing greater productivity and a low cost-to-serve model.

Looking ahead, we will combine our contract business brands Office Depot and OfficeTeam into a single brand during 2023, providing a stronger positioning in this segment of the contract market.

Andrew Jones

Chief Executive Officer

OfficeTeam Group

Building upon a common heritage in print, PGS provides end-to-end visual communications solutions across Europe through locally branded businesses comprising: Service Graphics in the UK, Make!Graphics in Norway, FMI ServicePoint in Spain, and FleQs in the Netherlands.

Revenue grew to €85 million from €78 million in the prior year. Current trading is in line with our expectations and we expect to make further progress in FY2023.

Our companies are built on a foundation of strong customer relationships and excellent customer service, delivered by brilliant colleagues, with innovation, collaboration and sustainability as core values.

Our vision is to provide creative and differentiated solutions efficiently and effectively for, and with, our customers. Rather than focussing solely on everyday print needs, we provide an entire creative packaging, including studios services and creative production, ecommerce platforms, end-of-line optimisation and marketing activation conceptualisation, design, support, and implementation. This allows us to build long-term, collaborative relationships with our clients, and to create value. This long-term focus is clearly shown in our commitment to sustainability. We help our clients to discover more eco-conscious options to help to reduce their scope 3 emissions, deliver more environmentally responsible marketing and help the planet.

We enhance our customers' and clients' branding and positioning in the marketplace, from their packaging on-shelf, to in-store and out-of-home activations, events & exhibitions support and any and all customer touchpoints. We work across multiple verticals, including retail, construction, sport, finance and legal, and our strong geographical presence ensures our customers receive the communication, service, and follow-up they require.

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

During the course of the year, we have made some important steps to realign our cost base. We exited our Swedish Holmbergs operations. As part of our integration of businesses acquired in recent years, we also exited some UK-based production sites, allowing us to optimise our cost base and footprint.

The division has continued its focus on clarifying positioning and we have rebranded and repositioned many of our businesses.

We recently rebranded two of our UK businesses under the common ServiceGraphics brand. This year, we have taken the next logical step, uniting the two businesses under common leadership and direction in order to ensure a consistent message and offering to the market. Our Norwegian business has been rebranded as Make!Graphics, refreshing the brand identity and relaunching the business with a renewed focus on delivering added-value creative sales. We launched a new website for our FleQs and continue to confirm and clarify the positioning as a market leader in sustainable paper-based promotional products.

Our newest ventures, HumanBuilt and Southern Mail, have seen significant growth in both revenue and profitability. These are exciting growth opportunities for the future, and we have great ambitions for these business lines.

Growth/New Businesses

In addition to the four primary Divisions, we have a number of companies we are currently developing and we refer to them as "Growth/New Businesses.

P3 Technologies

P3 Technologies is building regulatory technology protecting senior executives in financial services firms that are subject to Individual Accountability regimes. In an increasingly regulated world, P3 protects executives from potentially career-ending sanctions and firms from lengthy and costly legal battles.

P3 Technologies' first product, Vault, is a secure record held of any data created by a top executive in discharging their regulatory responsibilities. Information - such as emails, presentations, documents, chat messages, or any other information created - is transferred, encrypted, and stored for 7-years or more in an independent Vault. This data (or evidence) is then available, even after an executive has left the firm, should any investigation by a conduct authority begin. A further product, RSF (reasonable Steps Framework), designed as a light-touch application to help executives create the right evidence is in prototype-stage.

UBStream

UBStream is a ground-breaking platform designed to create, manage, and share digital content. With privacy at its core, data is hosted on a sovereign cloud. Built upon 20 years of development, this platform streams content on all devices without using apps while ensuring a user's privacy.

With UBStream, content will be shared without being duplicated and users are empowered with in-depth analytics and tracking of access to content. As work is not duplicated or recreated, content shared is the most up-to-date and it fits in perfectly with all of the tools a business already uses: UBStream integrates with Slack, GMail, MS Office, Outlook and many more. Publish documents, post signage, release catalogues, and share information with teams from the most secure place on the internet.

Scytl

Scytl has collaborated with governments around the world to provide voters and election officials alike with accessible, transparent, and secure election technology.

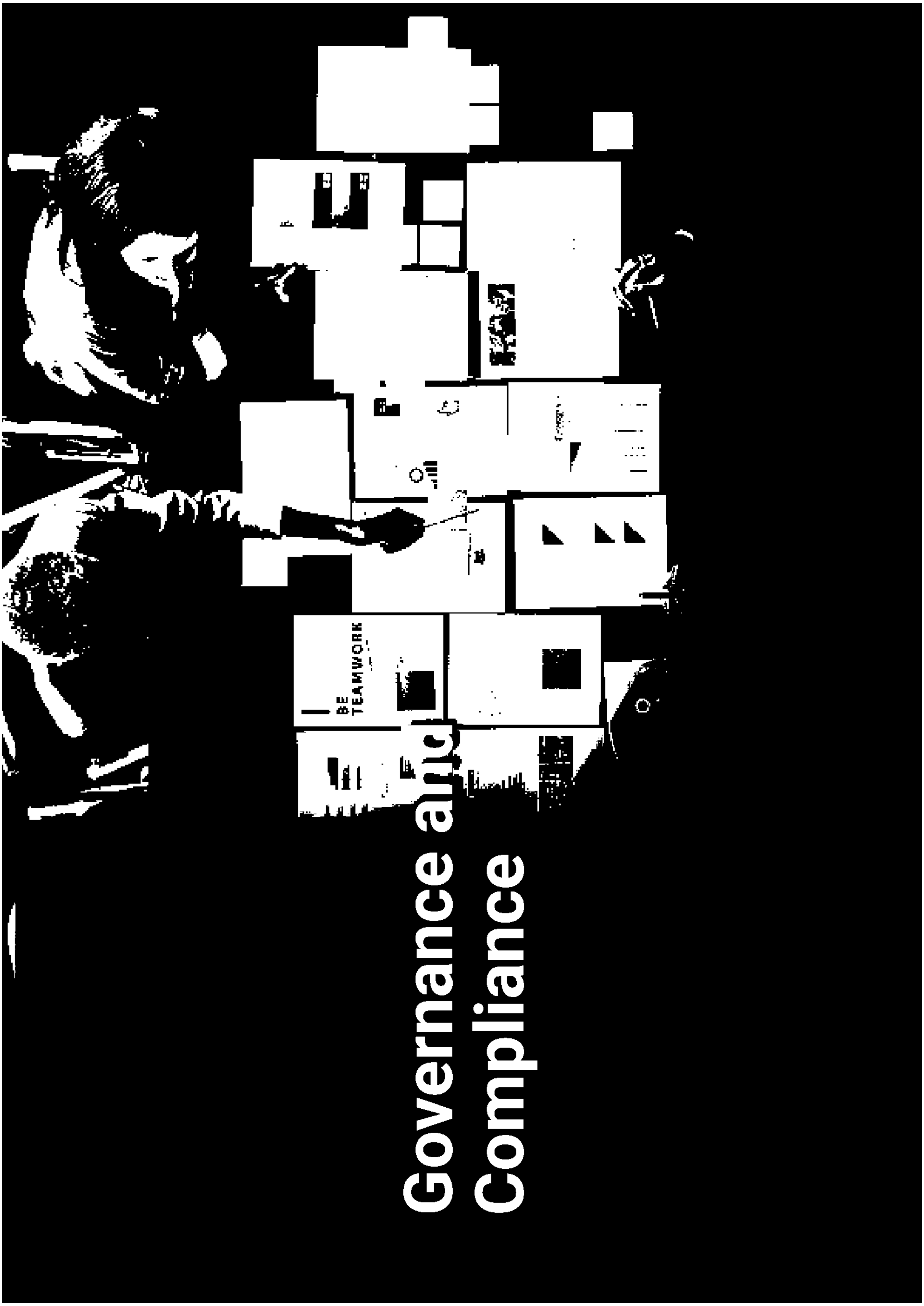
In Canada, over 1.2 million voters had the opportunity to cast their votes privately and securely during the 2022 Ontario Municipal Elections using Scytl's end-to-end verifiable online voting technology. Scytl is proud to have partnered with many of the largest municipalities who adopted secure online voting this year. Over half of all votes across the municipalities were cast online, and in Markham, clear voter preference was shown with online voting accounting for 93% of total participation.

The Netherlands Earlier this year, Scytl and Paragon Customer Communications (PCC) Netherlands, both part of Paragon group, together with the Dutch IT company KPN, were awarded a five-year agreement to build, manage and maintain a digital election system (DHV) for the Electoral Council of the Netherlands.

Scytl's online voting solutions, organisations and companies across Spain saw the benefits of modernised elections and meetings this year, including the Catalan College of Architects, the Palau de Música Catalana, Ricoh and Mercedes-Benz. Cajamar, Spain's largest rural savings bank, saw 99.8% of voters opt for online voting in their Labor Counselor elections.

Our Packaging business consists of **Trenton** and **Dean Packaging**, both based in the UK.

Trenton business now operates under the tagline 'Sustainable Packaging Solution' to reflect the relentless focus on creatively delivering opportunities to replace unsustainable solutions (plastic, foam etc.) with recyclable, compostable paper-based packaging. We also made some significant investments in the sites production capabilities, adding additional print and finishing capacity to cater for the significant growth in volumes created by our work in switching plastic to sustainable paper-based alternatives. In addition, we acquired the complementary business of Dean Packaging, a UK-based distributor of packaging products in order to allow us to provide a holistic packaging solution for clients.


Governance and
Compliance
BE
TEAMWORK

Governance and Compliance

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

1. Board leadership and Company purpose

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

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

Performance and Risk Management

The Board also ensures that the necessary financial and human resources are in place for Paragon to meet its objectives, and measures performance against them.

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

- The Group's strategy and organisation development
- The Group's corporate structure and capitalisation
- Approval of financial reports
- Risk management
- Approval of expenditure and material transactions including M&A
- Board composition and succession

Oversight of governance, including approval of applicable corporate policies The key activities undertaken by the Board during the financial year included:

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

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

2. Division of responsibilities

The Role of the Chair

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

Role of the Independent Director

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

3. Audit, risk and internal control

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

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

Legislative Compliance

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

Anti-Bribery & Corruption

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

Ethics and Compliance

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

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

Modern Slavery

Paragon 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, Supplier Code of Conduct and Whistle-blowing Policy. All companies within Paragon are 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 due diligence to ensure their employment practices are in line with the International Labour Organisations recommendations. Our Anti- Slavery and Human-Trafficking policies apply to all persons working for, or on behalf of the Company in any capacity, including but not limited to; employees, agency workers, temporary staff, agents, contractors, external consultants, third-party representatives and business partners.

Health and Safety

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

Our key H&S programmes cover:

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

Equal Opportunities

Paragon is an equal opportunities employer. This means that we operate a policy of fair and equitable treatment for all employees and for all applicants for employment.

We are committed to ensuring that nobody receives less favourable treatment on grounds of age, disability, sex, sexual orientation, race, religion or belief, gender reassignment, marriage or civil partnership, and pregnancy and maternity, or are placed at a disadvantage by imposed conditions or requirements which cannot be shown to be justified.

All employees have the opportunity to seek promotion and are given equal access to promotional opportunities. All job applicants will be assessed on the basis of their suitability, capability and qualifications using a fair and consistent selection process.

Our people are what makes Paragon special – nothing this business achieves is possible without the contribution of our colleagues, whatever their role. We want to ensure that Paragon is a place that is representative of the diversity of people and thought in our local communities; a place where people want to work. We believe that attracting and retaining talented people and offering an environment where they can thrive, is integral to growing a sustainable and successful business.

Gender Pay Gap

Paragon is committed to the principle of equal opportunities and equal treatment for all employees, regardless of gender or any other characteristic. Our employment strategy is gender neutral and as such we hire and promote based on merit. We evaluate job roles and compensation as necessary to ensure a fair structure whilst recognising our diverse business.

We acknowledge that there are significant challenges in the industries which we operate in, particularly concerning the industrial nature of our business. We will continue to invest in learning, development and training programmes for employees. Through the steps we are taking we believe that the gender pay gap will narrow in the long-term as more female employees are recruited, developed, promoted and retained within the business.

At Paragon we believe that our commitment to diversity and inclusion is fundamental to our ability to meet the needs of our current and future clients, drives business success and promotes a high-performance culture.

We will continue to employ and develop the best people to deliver excellence for our clients.

Mental Health and Wellbeing

Paragon is committed to taking steps to promote positive mental health in the workplace and support those employees who may be experiencing mental health issues of any description. It is our intention to improve mental health awareness in the organisation, tackle the causes of work-related mental ill health, create a workplace culture where employees feel able to talk about their mental health, and support employees who are experiencing mental ill health.

By fostering a mentally healthy workplace culture and by putting in the right support, we aim to break the stigma of mental ill health and create an open and supportive culture that enables staff to be honest with managers, to access support and enjoy a healthy working life.

The Company is actively developing a culture where we openly talk about mental health, offer support, and address factors that may negatively affect mental wellbeing, and to upskill managers' awareness of mental health issues.

Mental Health First Aiders who are trained to provide first hand support and additional source of confidential support for someone experiencing mental ill health, and along with dedicated Wellbeing Champions we continue to drive our wellbeing agenda.

Partners

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

Community Engagement

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

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

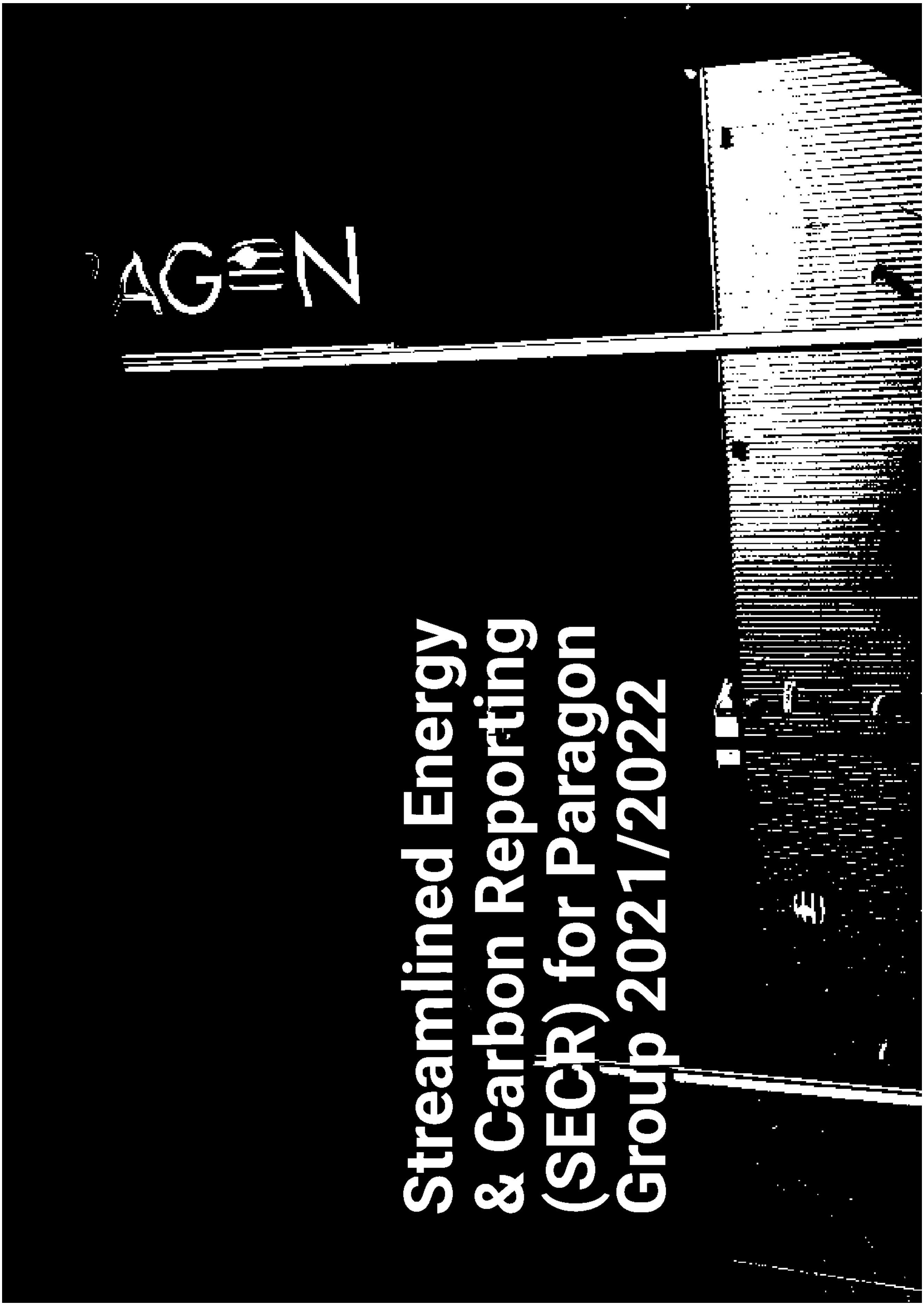
We value the different experiences and important contributions that our differently abled or disabled colleagues bring. Our policies and programmes ensure that we provide a framework and workplace that not just facilitates, but also celebrates our differences.

Stakeholder Engagement and Participation

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

Workforce Policies and Practices

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


Streamlined Energy
& Carbon Reporting
(SECR) for Paragon
Group 2021/2022

Streamlined Energy and Carbon Reporting – Paragon Group 2021 / 2022

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 Plc consists of multiple subsidiary companies across the globe. The scope of this report covers all Paragon Group Ltd 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 1st July in any given year to 30th June to that of the preceding year. The current reporting period is 1st July 2021 to 30th June 2022.

Paragon Group Ltd has grown massively through acquisition and will continue to do so in the future. For this reason we will adopt a rolling baseline year of the previous reporting period. This will reflect the changing scope of the business. The current baseline year is 1st July 2020 to 30th June 2021.

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

Paragon Group Ltd is split into 4 operational divisions:

- **Paragon Customer Communications**
- **Paragon ID**
- **Paragon Graphic Services**
- **Office Teams Group**

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

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

Changes in the reporting period affecting Carbon Emissions

During the reporting period, there were a number of acquisitions and subsequent restructuring that impacted energy use. These have been summarised for the divisions in scope:

Paragon Customer Communications Ltd:

- Acquisition of DG3 Leycol adding two new UK locations
- Acquisition of Reason and integration into our Consultancy & Agency business line
- Acquisition of Williams Lea CCM, adding three new UK locations

OT Group Ltd

- OTG closed several sites this year, with all distribution now being run from OTG head office and warehouse site in Ashton, Manchester.
- Acquisition of the contract arm of Office Depot UK & Ireland

In line with Paragon Customer Communication's baselining policy, the baseline year of 01/07/2019 – 30/06/2020 as been recalculated to include the newly acquired sites (where they were operational in the baseline year).

Operational Changes

Following the COVID-19 pandemic we have seen an increase in business travel and staff commuting, although this has not returned to pre-pandemic levels. There continues to be a flexible approach to hybrid working, where job role facilitates this.

The scope of work undertaken is evolving to meet the changing needs of our clients, including the development of our digital and marketing agencies. Our production locations have upgraded kit and work space to accommodate this changing scope of work.

Methodology

The calculation of carbon emissions has been completed using the Greenhouse Gas Protocol: Corporate and Accounting Standard methodology.

The methods of data collection and verification have been documented within our supporting evidence which can be made available on request. Wherever possible, 12 months of actual data has been used covering 01/07/2021 to 30/06/2022. 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:

2020/2021 Reporting Year

Paragon Group Division	**Gas** (buildings + forklift) kWh	**Fuel** (operated transport) kWh	**Fuel** (staff business travel) kWh	**Electricity** kWh	**Carbon Emissions** Kg CO_2e
PCC	12,697,672 Recalculated to include acquisitions in reporting year	1,168,368	245,224	36,085,836 Recalculated to include acquisitions in reporting year	7,662,105
PID	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope
PGS	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope
OTG	N/A	N/A	N/A	5,092,464	1,081,283 Recalculated to include acquisitions in reporting year

2021/2022 Reporting Year

Paragon Group Division	**Gas** (buildings + forklift) kWh	**Fuel** (operated transport) kWh	**Fuel** (staff business travel) kWh	**Electricity** kWh	**Carbon Emissions** Kg CO_2e
PCC	11,223,662	1,204,205	308,582	35,538,423	6,872,420
PID	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope
PGS	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope	No subsidiaries in scope
OTG	1,650	N/A	N/A	3,013,720	583,165

Energy Intensity Ratio

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

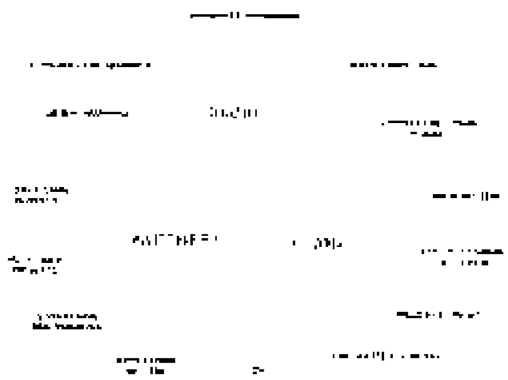
The intensity ratio has been reported at Paragon Group division level. This intensity measure is also reported monthly to all production locations as part of our ongoing ISO 14001 and ISO 50001 certified management programmes.

Paragon Group Division	**2020/21 Total Electricity** Kg CO_2e	**2020/21 Total** square metre	**2020/21 Kg CO_2e** per square metre	**2021/22 Total Electricity** Kg CO_2e	**2021/22 Total** square metres	**2021/22 Kg CO_2e** per square metre
PCC	7,662,105 Recalculated to include acquisitions in reporting year	107,174 Recalculated to include acquisitions in reporting year	71.49 Recalculated to include acquisitions in reporting year	6,872,420	107,174	64.49
PID	Out of scope	Out of Scope	Out of Scope	Out of scope	Out of Scope	Out of Scope
PGS	Out of scope	Out of Scope	Out of Scope	Out of scope	Out of Scope	Out of Scope
Office Teams Group	1,081,282	17,769	60.85	582,793	28,835	20.21

Improvement Programmes

Over the past few years the business has grown massively through acquisition. As well as increasing the size of our business, this has also expanded our product offering and grown our supply chain. Accompanying our own growth has been a massive increase in the importance of sustainability – to individuals, to businesses and to governments. Paragon recognise that, as well as the risks facing our planet and our societies, there is a tremendous opportunity to change the way we do business and embrace new technologies as we determine how we will collaborate to deliver the changes needed to move to a Net Zero, circular economy and help create a fairer, more equitable society.

Paragon launched our Sustainability Ambition 2030 which will help deliver the lasting change that our planet and our societies need. Our Ambition focusses on sustainability across the lifecycle of our product offering through an ESG framework. By helping our stakeholders to make informed decisions, we can drive responsible choices and behaviours across the value chain.



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

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

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

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

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

- Implementation of Site Sustainability Champions Team to identify and share best practice and drive ownership for carbon reduction at site level
- Consolidation of work and production locations
- Lighting upgrades to LED technology
- Air conditioning upgrades to production, offices and server rooms
- Refresh of production & warehouse equipment to more energy efficient kit
- Investigation into on site renewables opportunities
- Metering of individual operational plant equipment to better measure efficiencies across the warehouse operation

Paragon Customer Communications has seen the following reductions since the baseline year:

- **Scope 1 – 9%** reduction (subject to external verification)
- **Scope 2 – 20%** reduction (subject to external verification

Paragon Customer Communications and OT Group are the largest users of energy and carbon emissions within Paragon Group. Both Paragon Customer Communications publish its energy and carbon performance in their annual Sustainability Report.

Objectives & Targets and Future Plans

Both in scope divisions of the business have worked with external consultants JRP Solutions to develop Carbon Net Zero Plans that are aligned with the Science Based Targets Initiative (SBTi) Net Zero Standard.

Paragon Customer Communications launched its Net Zero Plan is November 2021 which commits the PCC business to a 46.2% reduction in Scope 1, 2 and 3 carbon emissions by 2030, and a 90% reduction by 2050.

The OT Group also worked with JRP Solutions, the final report and recommendations has been received and OT Group expect to publish their Carbon Net Zero plan covering Scope 1, 2 and 3 emissions by Q2 of the current financial year which will also be aligned with the SBTi.

The current political and economic climate continues to make operating conditions challenging for all businesses with unprecedented increases in the cost of energy and raw materials. Our focus on energy reduction and production efficiency will continue at our production locations to maximise the use of our raw materials. Our Site Sustainability Champions work to identify and share best practice across the group.

Future plans to 2025 focus on the following areas:

Behaviour Change is a powerful driver for Carbon reduction. It is the actions of People that will drive responsible decision making and result in both carbon and cost reductions. In order to drive ownership of carbon reduction Paragon is developing the following programmes:

- Framework for internal price for Carbon – delivered at site level this will drive ownership for carbon reduction programmes and put carbon reduction at the heart of business decisions and investment.
- Sustainability Academy – in order to educate and inspire our People Paragon is developing a Sustainability Academy covering a wide range of Sustainability topics to help empower our People to make responsible decisions both at work and home.
- Electric Vehicle salary sacrifice scheme – to help make the investment in EV more affordable for our People Paragon will be implementing an EV salary sacrifice scheme and onsite charging points.

Supply Chain engagement – across the group over 80% of our carbon emissions lie in our Scope 3 emissions, the vast majority with our upstream and downstream supply chain. Paragon is developing our Supplier Management programme to include:

- More accurate carbon emissions reporting from our top carbon emitting suppliers
- Benchmarking sustainability and Net Zero commitments within the supply chain
- Developing sustainability & carbon reporting SLAs and targets with our top carbon emitting suppliers

Summary

Carbon Net Zero continues to be a core driver for our business strategy and planning, Paragon is committed to being part of the solution in the drive to Net Zero and the creation of a fairer, more equitable society. We remain committed to our Sustainability programmes throughout the challenging business conditions of the last few years.

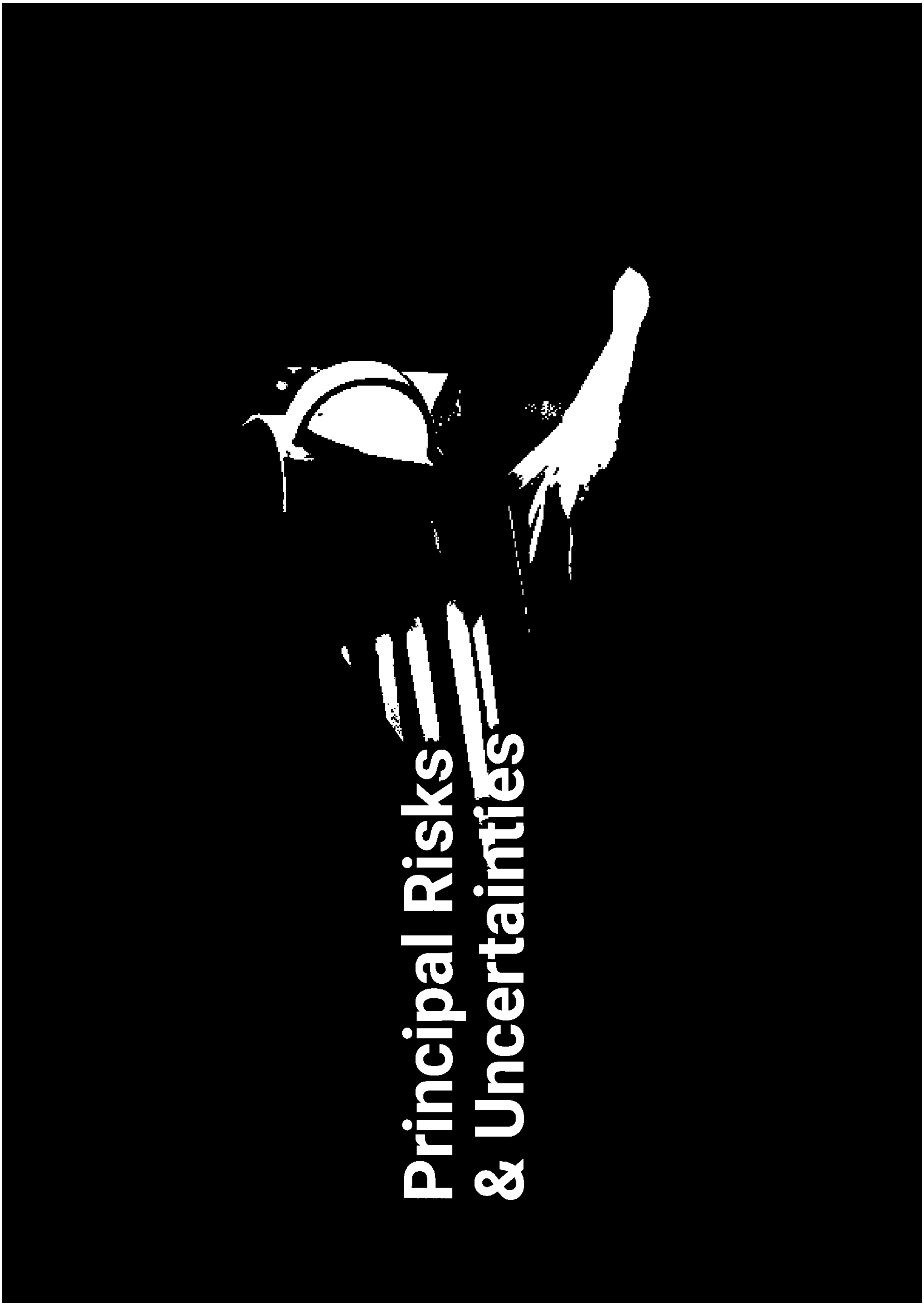
Paragon reports full details of our Sustainability programmes and plans in each division's Sustainability Report which can be accessed on our websites.

Appendix A

The qualifying conditions are met by a company or LLP in a year in which it satisfies two or more of the following requirements:

- Turnover £36 million or more
- Balance sheet total £18 million or more
- Number of employees 250 or more

Paragon Group Division	Entity	In Scope of SECR	Included in reporting	Gas (buildings)	Fuel (operated transport)	Fuel (staff business travel)	Electricity
PCC	Paragon Customers Communications (London) Ltd	Yes	Yes	Yes	Yes	Yes	Yes
	DG3 Group Ltd	No	Yes	Yes	Yes	Yes	Yes
	Devonshire Appointments Ltd	No	Yes	Yes	Yes	Yes	Yes
	Paragon Workplace Solutions	Yes	Yes	Yes	Yes	Yes	Yes
	Print Trade Suppliers Ltd	No	Yes	N/A	N/A	N/A	N/A
	Global Document Systems Ltd	No	Yes	N/A	N/A	N/A	N/A
	Critical Mail Continuity Services Ltd	No	Yes	Yes	Yes	Yes	Yes
	Paragon CMM Ltd	Yes	Yes	Yes	Yes	Yes	Yes
PID	Bemrose Booth Paragon Ltd	No	No	N/A	N/A	N/A	N/A
	Thames Card Technology Ltd	No	No	N/A	N/A	N/A	N/A
PGS	ZenOffice UK Ltd	No	No	N/A	N/A	N/A	N/A
	Paragon Group UK Ltd	No	No	N/A	N/A	N/A	N/A
	Image Factory Retail Graphics Ltd	No	No	N/A	N/A	N/A	N/A
POS	Office Teams Group Ltd	Yes	Yes	Yes	N/A	Yes	Yes
Misc	Trenton Box Company Ltd	No	No	N/A	N/A	N/A	N/A
	Grenadier Holdings Ltd	No	No	N/A	N/A	N/A	N/A

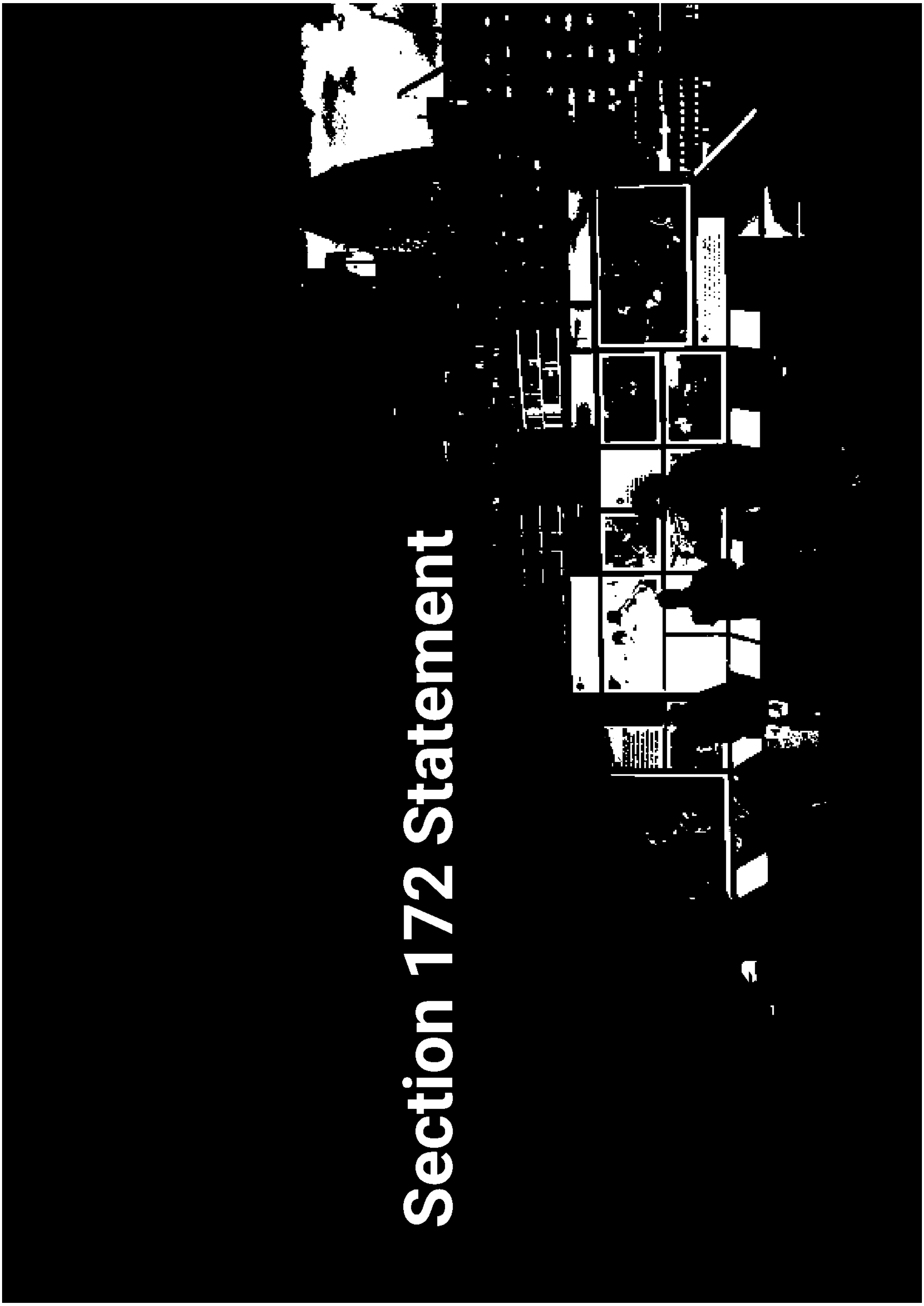

Principal Risks
& Uncertainties

Principal Risks & Uncertainties

The Board determines the nature and extent of principal risks and uncertainties it is willing to accept to achieve its strategic objectives. Risks are identified and evaluated and appropriate risk management strategies are implemented.

Risk Description	Potential Impact	Mitigation
Product and Service The success of Paragon 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.	• Paragon is rapidly expanding, and the success of this expansion will be determined by the group's ability to manage and motivate our people in order to achieve the Groups performance objectives • We operates a competitive remuneration package and incentive schemes for management personnel • We continue to strengthen the Senior Leadership Team to encourage motivation and engagement with the business
Competition and Clients Group operates in highly competitive markets.	Group operates in highly competitive markets.	• We 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 • Our 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
Economic and Global Political Changes The Group's businesses operate worldwide.	Economic and political uncertainty could lead to a reduction or delay in client spending on the services offered by Paragon and/or restriction on the Paragon's ability to trade in certain jurisdictions. It has also led to a shortage of material and in turn cost inflation.	• We provide 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

Climate and Sustainability	Increased operating costs as a result of increased cost and availability of raw materials, cost of meeting current and emerging legislative & regulatory requirements, Increased electricity consumption for cooling as a result of temperature rise, loss of revenue if our Sustainability and Net Zero programmes do not meet stakeholder requirements and loss of revenue from clients' digital migration plans driven by their commitment to reduce carbon. Relocation of operational sites due to acute physical risk from flooding and rising sea level.	• Carbon Net Zero plans in place, or in development to: - reduce carbon emissions - support client goals & requirements - meet current & future legislative & regulatory requirements • Investigation into viability of on site renewable generation to reduce both carbonemissions & operating costs • ISO 14001 & ISO 50001 certifi ed management systems focus on energy reduction programmes to reduce carbon & operating costs • Investment in technology, acquisitions and people skills to address the changing requirements of our stakeholders: - digital communication platforms - Lifecycle carbon calculation and reduction at product level to help our clients reduce the carbon footprint associated with their communication strategies
Regulatory Compliance	We may be subject to regulations restricting its activities or effecting changes in taxation.	• The majority of the Paragon's operations are based in the UK, France, Germany and the Netherlands. Appropriate advisors are employed in all geographies to ensure Paragon 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 Attacks and Systems Failure	Significant operational disruption caused by a major disaster.	• Business continuity plans have been implemented across Paragon, including disaster recovery programmes, and plans to minimise business disruption • We regularly review its cyber security and website security protocols
Pandemics	Global outbreak of a public health threat or fear of such an event could result in increased government restrictions and regulations including the shutdown of the on-trade, restrictions to travel, and quarantining of our employees resulting in a negative impact to consumer demand, or a slowdown or halting of our business operations due to supply or logistic constraints, could adversely impact our financial performance.	• Global crisis management and business continuity management programme in place to enhance our capability to react effectively to crises and minimise damage and disruption in our business operations • Multi-channel product availability enabling consumers to continue to purchase our products for consumption • Established links to government bodies enabling dialogue regarding industry response and regulation • Decentralised decision-making enables re-prioritisation and resource re-deployment where required.


Section 172 Statement

Section 172 Statement

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

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

Our People

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

Primary Interests

PCC Employees want:

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

How we engage

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

Impact on Board decisions

The Board recognises the importance of effective engagement with Paragon's employees and wider workforce, including contractors and temporary staff. In recent years, members of the Board have visited our sites 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.

Customers

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

Customers want

First class product and service

On time delivery

To know their data is being kept private

How we engage

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

Impact on Board decisions

The Board engages with customers, primarily through the Chief Executive and Executive Chairman, who provide information about key customers in their regular reports, in other business Board reports and at the quarterly Board meetings. Understanding the importance to customers of maintaining a broad portfolio with consumer offerings at a variety of price points and categories, the Board regularly reviews both innovation and inorganic opportunities to enhance its portfolio.

Suppliers

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

Primary Interests

Suppliers want:

To build a long-term, mutually beneficial relationship

The businesses to meets their payment obligations on time

How we engage

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

The Board is given updates from management, as appropriate, regarding the business's relationships with its suppliers, including with respect to any material risks, performance issues or potential future changes. As part of the Group's standard engagement process, suppliers are required to accept the PCC's Supplier Guidelines, which act as an acknowledgement that they meet certain minimum ethical and legal standards approved by the Board, including in relation to modern slavery, anti-bribery and anti-money laundering more details in relation to this can found on page 53. Our suppliers and agencies are experts in the wide range of goods and services we require to create and market our brands. By working with them closely, we not only deliver high-quality products marketed responsibly, but improve our collective impact, ensuring sustainable supply chains, reducing our environmental impact, and making positive contributions to society. This is reported on in our sustainability section, page 32.

Impact on Board decisions

The Board is committed to ensuring there is no slavery, servitude, forced or compulsory labour or human trafficking in our supply chains or within any part of our operations and we enforce effective systems and controls to minimise the risk.

Communities

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

Primary interests

Communities care about:

The Group's carbon footprint

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

How we engage

During the year, the Board engaged with communities through our various businesses and its employees. Paragon employees are encouraged to nominate communities/charities that matter to them, which PCC donates to through the fundraising activities. The Board seeks to transparently disclose the Group's carbon emissions, and the ways it achieves status as a carbon neutral business. More concerning Paragon's carbon emissions can be found on page 58 .Investing in sustainable growth means supporting and empowering the communities where we live, work, source and sell. By ensuring we make a positive contribution, we can help build thriving communities and strengthen our business.

Impact on Board decisions

Maintaining close relationships with the communities in which we operate 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.

Government & Regulators

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

Primary interests

Government & Regulators want:

Taxes up to date

Rules and regulations adhered to

How we engage

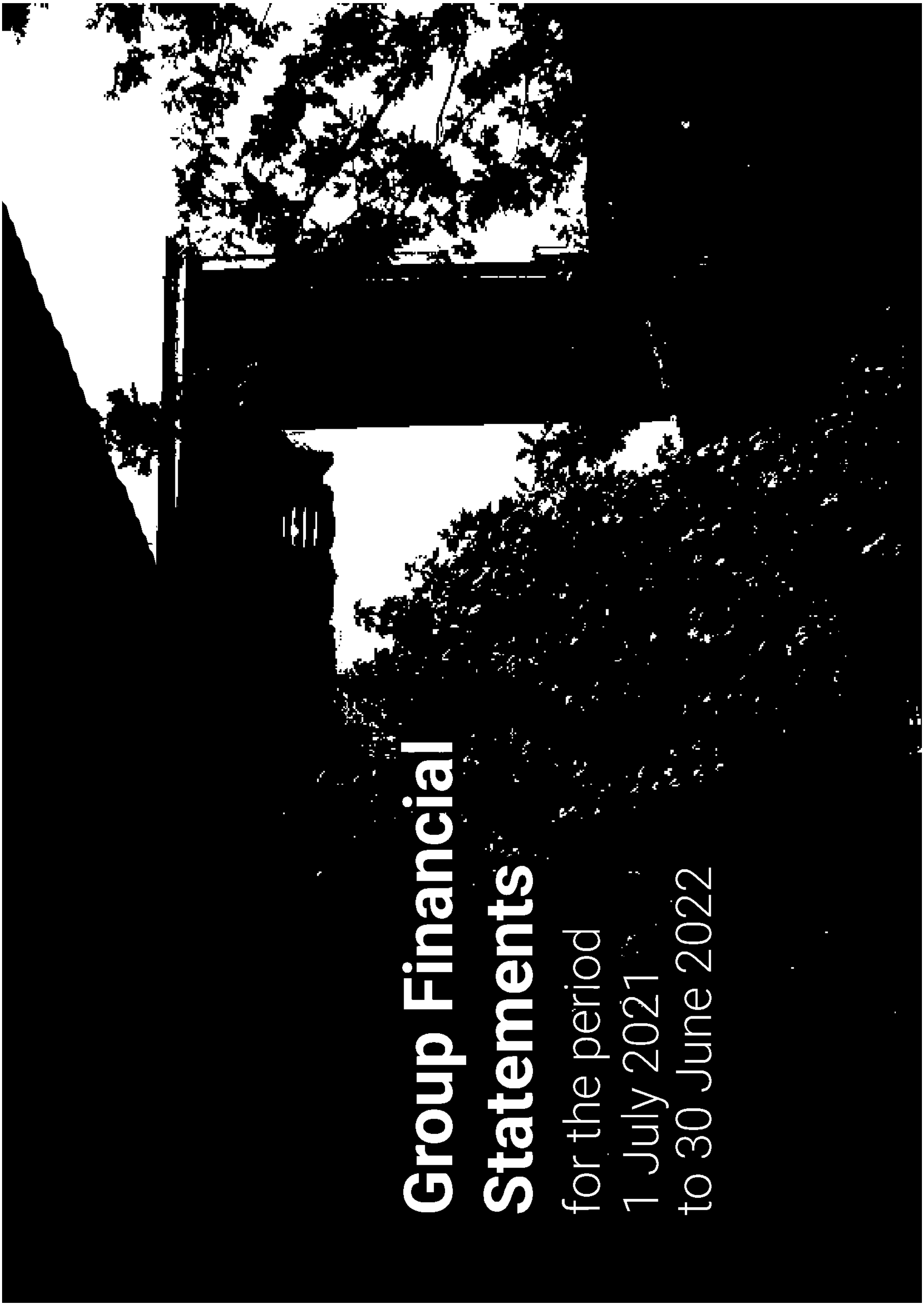
The regulatory environment is critical to the success of our business. We believe it is important that those who can influence policy, laws and regulation understand our views. We also want to share information and perspectives on areas that can impact our business and public health. Collaboration is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

Impact on Board decisions

The Board engages indirectly with government, regulators, and policymakers through regular reports from the Chief Executive as well as periodic updates from management. 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.

This strategic report is approved by order of the Board

Sean Shine
Chief Executive Officer, Paragon Group
9 February 2023


Group Financial
Statements
for the period
1 July 2021
to 30 June 2022

The Directors Present Their Report

for the year ended 30 June 2022

Patrick Crean
Executive Chairman

Laurent T Salmon
Chief Financial Officer

Seán Shine
Chief Executive Officer

John Rogers
Executive Director,
Corporate Development

Nelson Loane
Non Executive Director

Directors

Patrick J Crean
(Executive Chairman)

Laurent T Salmon
(Chief Financial Officer)

Seán Shine
(Chief Executive Officer)

John Rogers
(Executive Director, Corporate Development)

Nelson Loane
(Non Executive Director)

Company Secretary

Richard Cahill

Auditors

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

Bankers and Advisors

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

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

Solicitors

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

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

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

Directors' Report

for the year ended 30 June 2022 (continued)

Directors of the Company

The Directors present their report and the financial statements for the year ended 30 June 2022. The Directors of the Company are listed opposite.

Results and dividends

The loss for the year after taxation for continuing operations amounted to €34,167,000 (2021: loss of €27,452,000).

The EBITDA[1] for the year for continuing operations amounted to €77,127,000 (2021: €51,630,000). No dividend was paid during the year (2021: €nil).

The Directors are not recommending the payment of a dividend in respect of the financial year ended 30 June 2022 (2021: nil).

Financial key performance indicators

Management uses a range of performance measures to monitor and manage the business. KPIs measure past performance and provide information to manage the business. Sales, EBITDA[1], Underlying EBITDA[2] and free cash flow[3] are the key indicators management use to measure performance. KPIs for the financial year ended 30 June 2022 are shown in the table below, along with prior year comparatives.

	2022 €000	2021 €000	Change %
Sales of goods and services	1,457,523	1,213,835	+20%
Underlying EBITDA[2]	108,814	82,950	+31%
Non-underlying items	(34,819)	(31,320)	+11%
Operating cashflow	63,835	43,968	+45%
Free cash flow[3]	49,811	58,795	-15%
Cash and cash equivalents	255,134	124,016	+206%
Net Debt[4]	281,816	209,561	+34%

1. EBIT and EBITDA are defined in note 2(s) on page 66.
2. Underlying EBITDA is defined in note 2(s) on page 66.
3. Defined as cash generated from operations on page 57.
4. Net debt is defined in Note 2(s) on page 66.

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.

Engagement with suppliers, customers and others

A summary of how our business engages with suppliers, customers and others is outlined in our Section 172 Statement on page 40.

Financial risks and uncertainties

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

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

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

Liquidity risk

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

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

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

Capital risk

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

Market risk

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

Commodity price risk

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

Currency risk

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

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

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

Directors' Report

for the year ended 30 June 2022 (continued)

the net assets of the Group's foreign operations primarily through borrowings denominated in the relevant foreign currencies.

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

Interest rate risk

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

Credit risk

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

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

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

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

Financial instruments

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

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

Research and development

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

Streamlined Energy & Carbon Reporting (SECR)

The Directors present their Streamlined Energy & Carbon Reporting (SECR) for Paragon Group 2021/2022 on page 31 of the Strategic Report.

Development of business relationships

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

Events since the Consolidated Statement of Financial Position

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

On 18 July 2022, the Group acquired 100% of the issued share capital of Tracktio Group SL. Initial consideration amounted to €0.5 million. Tracktio Group SL has an annual turnover of €0.3 million and is a Spanish provider of asset tracking and RTLS solutions.

Directors' liabilities

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

Disabled employees

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

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

Employee involvement

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

Going concern

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

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

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

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

Directors' Report

for the year ended 30 June 2022 (continued)

On 20 December 2021, PCC Global plc, a wholly-owned subsidiary, raised €41 million of loan notes that were admitted to trading on the Luxembourg MTF market. The repayment date is 29 July 2028.

The Group generated strong free cash flows during the year. In 2022 the Group generated cash from operations of €49,811,000 (2021: €58,795,000).

The Directors have performed an assessment of going concern, including a review of the Group's current cash position, available banking facilities and financial forecasts for 2023 and quarter one of 2024, including the ability to adhere to banking covenants. In doing so the Directors have considered the uncertain nature of the current COVID-19 pandemic, current trading trends in our five divisions and extensive actions already undertaken to protect profitability and conserve cash.

Financial Forecasts

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

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

- Our management case anticipates that volume would be steady for the remainder of calendar 2023 and into and quarter one of 2024;
- The downside case factors in a reduction in variable costs to align the costs with the lower volumes and reducing repairs and maintenance costs;
- Additional reductions in support costs to reflect the impact of the extensive cost reduction initiatives implemented by the Group including the implementation of a recruitment freeze, deferral of executive bonuses and graduated salary reductions for support staff across the business:
- The downside case included further reductions in the range of 10%, 15% and 20% in turnover across the five divisions for the remainder of calendar 2023 and on into quarter one of 2024 to reflect a scenario of a deeper economic impact, impact of war in Ukraine, cost of living increases, region specific lockdowns 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 in line with the management case for the first six months of the 2023 financial year and has remained profitable at an underlying EBITDA level which further underlines the resilience and adaptability of our business during this difficult time.

The Directors are confident that the Group is now well positioned to manage its business risks and have considered a number of factors including current trading performance, the outcomes of comprehensive forecasting, a range of possible future trading impacts, and existing liquidity.

The Directors are of the view that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the next 12 months following the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis for preparing the financial statements, and there are no material uncertainties that the Directors are aware of in relation to this.

Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the Group financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare Group financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with the UK-adopted international accounting standards.

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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group, and enable them to ensure that the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Strategic and Directors' Report in accordance with applicable laws and regulations. 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' Report

for the year ended 30 June 2022 (continued)

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 44. 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
9 February 2023

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 2022, which comprise Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flow and Notes to the Consolidated Financial Statements, including a summary of significant accounting policies, the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity and notes to the parent company 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 UK-adopted international accounting standards. 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 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as the Ukraine crisis and the residual impact of Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the report and financial statements. 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.

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 themselves. 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

Independent Auditor's Report

to the members of Paragon Group Limited

- 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 their 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

As explained more fully in the directors' responsibilities statement set out on page 47, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

- Through discussions with management, we obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and parent company. We determined that the most significant frameworks that are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework, being UK-adopted international accounting standards (for the Group), Financial Reporting Standard 101 'Reduced Disclosure Framework' (for the parent company) and the Companies Act 2006.
- We enquired of management, the finance team and the board of directors about the Group's and parent company's policies and procedures relating to: the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management and the board of directors whether they were aware of any instances of non-compliance with laws and regulations and whether they had any knowledge of actual, suspected or alleged fraud;
- For components at which full-scope audit procedures were performed, we requested the component auditor to report to us instances of non-compliance with laws and regulations that give rise to a risk of material misstatement of the Group financial statements;
- Making specific inquiries of each member of the finance team to ascertain whether they had been subject to undue pressure or had been asked to make any unusual postings or modifications to reports used in financial reporting;
- We assessed the susceptibility of the Group's and parent company's financial statements to material misstatement, consulting with our specialists to inform this assessment, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
  - Enquiring of management, the finance team, legal counsel, and the Board about the risks of fraud at the Group and parent company level, and the controls implemented to address those risks.
  - Assessing the design and implementation of controls relevant to the audit that management has in place to prevent and detect fraud, including updating our understanding of the internal controls over journal entries, including those related to the posting of non-standard entries used to record non-recurring, unusual transactions or other non-routine adjustments;
  - Identifying and testing journal entries selected based on risk profiling;
  - Undertaking specific keyword searches (including to related parties and of those previously connected to related entities) over the journal entry population to identify descriptions that could indicate fraudulent activity or management override of controls;
  - In addition, journal entries by user were evaluated to identify types of entries posted that were not in line with

Independent Auditor's Report

to the members of Paragon Group Limited

the expectations of their role. Unusual entries noted from these searches were agreed to supporting documentation to corroborate the appropriateness of the posting;

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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
9 February 2023

GT UK LLP

Consolidated Income Statement

for the year ended 30 June 2022

	Notes	2022 €000 *Underlying*	2022 €000 *Non-underlying*	2022 €000 *Statutory*	2021 €000 *Underlying*	2021 €000 *Non-underlying*	2021 €000 *Statutory*
Revenue from sale of goods and services	3	**1,457,523**	**–**	**1,457,523**	**1,213,835**	**–**	**1,213,835**
Material costs		721,252	–	721,252	615,824	–	615,824
Payroll	5, 8	448,517	26,256	474,773	384,059	29,248	413,307
Other operating costs	4, 8	178,940	13,999	192,939	131,002	9,715	140,717
Other operating income	8	–	(8,568)	(8,568)	–	(7,643)	(7,643)
Costs before depreciation and amortisation		**1,348,709**	**31,687**	**1,380,396**	**1,130,885**	**31,320**	**1,162,205**
EBITDA[1]	8	108,814	(31,687)	77,127	82,950	(31,320)	51,630
Corporate fee	8	–	3,132	3,132	–	–	–
Depreciation and amortisation	4	84,321	–	84,321	69,315	–	69,315
EBIT[1]/Operating (loss)/profit	4	**24,493**	**(34,819)**	**(10,326)**	**13,635**	**(31,320)**	**(17,685)**
Gain on asset disposals	8	–	384	384	–	317	317
Share of equity accounted investments	8, 14	698	–	698	501	408	909
Impairment of goodwill and investments	8, 13, 14	–	(2,222)	(2,222)	–	(300)	(300)
Finance income	6	295	–	295	2,168	–	2,168
Finance cost	7	(22,996)	–	(22,996)	(12,861)	–	(12,861)
(Loss)/profit before tax	9	**2,490**	**(36,657)**	**(34,167)**	**3,443**	**(30,895)**	**(27,452)**
Income tax credit/(charge)	8, 9	(2,012)	7,340	5,328	108	3,484	3,592
(Loss)/profit for the year from continuing operations		**478**	**(29,317)**	**(28,839)**	**3,551**	**(27,411)**	**(23,860)**
Losses on discontinued operations	10	–	(2,212)	(2,212)	–	(19)	(19)
(Loss)/profit for the year		**478**	**(31,529)**	**(31,051)**	**3,551**	**(27,430)**	**(23,879)**
Attributable to:							
Owners of the parent		**2,086**	**(31,529)**	**(29,443)**	**5,326**	**(27,430)**	**(22,104)**
Non-controlling interests –Continuing operations		(1,608)	–	(1,608)	(1,775)	–	(1,775)
(Loss)/profit for the year		**478**	**(31,529)**	**(31,051)**	**3,551**	**(27,430)**	**(23,879)**

1. EBIT and EBITDA are defined in note 2(s) on page 66.

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2022

	2022 €000	2021 €000
Loss for the year	**(31,051)**	**(23,879)**
Items that will not be reclassified subsequently to profit or loss		
Actuarial gain recognised on pension schemes (note 23, 25)	1,092	440
Deferred credit/(charge) tax arising thereon	(62)	266
Revaluation reserve on land and buildings	37,729	–
Deferred tax charge arising thereon	(10,786)	–
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(2,685)	1,633
Other comprehensive income for the year	**25,288**	**2,339**
Total comprehensive loss for the year	**(5,763)**	**(21,540)**
Attributable to:		
Owners of the parent	4,155	(19,765)
Non-controlling interests	(1,608)	(1,775)
	(5,763)	**(21,540)**

Consolidated Statement of Financial Position

for the year ended 30 June 2022

	Notes	2022 €000	2021 €000
Assets			
Non-current assets			
Property, plant and equipment	11	137,974	101,542
Right-of-use assets	21	101,119	95,998
Goodwill	13	128,075	117,531
Other intangible assets	15	117,514	111,936
Financial investments	14	4,840	3,202
Retirement benefits surplus	25	1,507	823
Deferred tax assets	24	14,541	14,295
Other non-current assets	18	1,786	1,509
		507,356	**446,836**
Current assets			
Inventories	17	82,555	51,109
Trade and other receivables	18	190,994	146,922
Income tax receivable		1,653	3,375
Cash and cash equivalents	18	255,134	124,016
		530,336	325,422
Assets held for sale	16	191	191
		530,527	**325,613**
Total assets		**1,037,883**	**772,449**
Liabilities			
Current liabilities			
Lease liabilities	21	30,951	25,409
Borrowings	20	50,367	28,161
Trade and other payables	19	350,045	296,764
Income tax payable	19	5,021	4,444
Deferred income	22	10,847	7,459
Provisions	23	3,656	7,457
		450,887	**369,694**

continued...

Consolidated Statement of Financial Position

for the year ended 30 June 2022 (continued)

	Notes	2022 €000	2021 €000
Non-current liabilities			
Borrowings	20	398,742	213,276
Lease liabilities	21	66,022	66,731
Provisions	23	19,466	15,808
Deferred consideration	19	2,823	3,913
Deferred income	22	2,810	1,638
Deferred tax liabilities	24	18,174	16,177
Retirement benefits deficit	25	4,323	4,813
		512,360	**322,356**
Total liabilities		**963,247**	**692,050**
Net assets		**74,636**	**80,399**
Equity			
Share capital	27	30,000	30,000
Capital reserve	27	23,867	23,867
Capital redemption reserve	27	1,750	1,750
Revaluation reserve	27	26,943	–
Cumulative translation reserve	27	(4,750)	(2,065)
Retained earnings	27	(854)	27,559
Non-controlling interests		(2,320)	(712)
Total equity		**74,636**	**80,399**

These financial statements were authorised for issue by the Board of Directors on 9 February 2023 and signed on its behalf by

Patrick J. Crean
Director

Laurent T. Salmon
Director

Consolidated Statement of Changes in Equity

for the year ended 30 June 2022

	Share capital €000	Capital reserve €000	Capital redemption reserve €000	Revaluation reserve €000	Retained earnings €000	Cumulative translation reserve €000	Total €000	Non-controlling interests €000	Total equity €000
Balance as at 30 June 2021	**30,000**	**23,867**	**1,750**	–	**27,559**	(2,065)	**81,111**	**(712)**	**80,399**
Loss for the year	–	–	–	–	(29,443)	–	(29,443)	(1,608)	(31,051)
Other comprehensive income for the year	–	–	–	26,943	1,030	(2,685)	25,288	–	25,288
Balance at 30 June 2022	**30,000**	**23,867**	**1,750**	**26,943**	**(854)**	**(4,750)**	**76,956**	**(2,320)**	**74,636**

For the year ended 30 June 2021

	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 2020	**30,000**	**23,867**	**1,750**	**48,688**	**(3,698)**	**100,607**	**269**	**100,876**
Loss for the year	–	–	–	(22,104)	–	(22,104)	(1,775)	(23,879)
Increase in NCI shareholding	–	–	–	–	–	–	1,063	1,063
Acquisition of NCI shareholding	–	–	–	269	–	269	(269)	–
Other comprehensive income for the year	–	–	–	706	1,633	2,339	–	2,339
Balance at 30 June 2021	**30,000**	**23,867**	**1,750**	**27,559**	**(2,065)**	**81,111**	**(712)**	**80,399**

Consolidated Statement of Cash Flow

for the year ended 30 June 2022

	Notes	2022 €000	2021 €000
Loss from continuing activities before tax		**(34,167)**	**(27,452)**
Adjustments for:			
Loss before tax from discontinued operations	10	(2,212)	(19)
Depreciation of property, plant and equipment	11	25,037	20,784
Non-cash gains on acquisitions	8	(8,568)	(7,643)
Impairment of goodwill	13	2,222	–
Amortisation of intangible assets	15	26,850	20,693
Amortisation of right-of-use assets	21	33,499	27,970
Gain on assets disposal	8	(384)	(317)
Impairment of investments	8	–	300
Amortisation of government grants	22	(445)	(132)
Share of equity accounted investments	14	(698)	(909)
Net finance costs	6, 7	22,701	10,693
Operating cash inflows before movements in working capital		**63,835**	**43,968**
(Increase)/decrease in inventories		(25,863)	4,105
(Increase) in receivables		(10,932)	(3,430)
Increase in payables		23,626	16,447
Increase in government grants	22	380	552
Increase/(decrease) in deferred income		4,305	(313)
Cash contributions to defined benefit pension schemes		(65)	(106)
(Decrease) in other provisions	23	(5,475)	(2,428)
Cash generated from operations		**49,811**	**58,795**
Interest paid		(11,948)	(7,621)
Interest income		194	35
Income tax paid		(361)	(611)
Net cash generated by operating activities		**37,696**	**50,598**
Cash flows from investing activities			
Payments for property, plant and equipment		(17,829)	(23,670)
Payments for intangible assets	15	(25,044)	(12,601)
Proceeds from disposal of property, plant and equipment		3,647	1,713
Payments for acquisition of subsidiaries, net of cash acquired	12	(23,666)	(11,742)
Payment for purchase of investments	14	(1,640)	–
Dividends received from joint ventures	14	700	233
Net cash used in investing activities		**(63,832)**	**(46,067)**

continued...

Consolidated Statement of Cash Flow

for the year ended 30 June 2022 (continued)

	Notes	2022 €000	2021 €000
Cash flows from financing activities			
Repayments of capital element of lease liabilities		(32,890)	(30,939)
Repayment of borrowings		(12,285)	(6,889)
Proceeds from borrowings		203,007	6,735
Net cash increase/(decrease) generated by financing activities		**157,832**	**(31,093)**
Net increase/(decrease) in cash and cash equivalents		**131,696**	**(26,562)**
Cash net of bank overdrafts at the beginning of the year		**113,236**	**138,917**
Net increase/(decrease) in cash and bank overdrafts		131,696	(26,562)
Effect of exchange rate changes on cash and bank overdrafts held in foreign currencies		198	881
Cash net of bank overdrafts at the end of the year		**245,130**	**113,236**

Supplementary information – analysis of net debt

	At 30 June 2021 €000	Cash flow €000	Exchange difference €000	Non cash €000	Acquisition movements €000	At 30 June 2022 €000
Cash and cash equivalents	124,016	127,106)	306	–	3,706	255,134
Bank overdrafts	(10,780)	884	(108)	–	–	(10,004)
Cash net of bank overdrafts	**113,236**	**127,990**	**198**	**–**	**3,706**	**245,130**
Bank loans	(90,287)	(15,144)	(40)	–	(7,735)	(113,206)
Bonds net of unamortised issue costs	(140,370)	(175,578)	–	(818)	–	(316,766)
Lease liabilities	(92,140)	32,890	106	(16,898)	(20,932)	(96,974)
Net debt	**(209,561)**	**(29,842)**	**264**	**(17,716)**	**(24,961)**	**(281,816)**

Cash and cash equivalents (which are presented as a single class of assets on the face of the Consolidated Statement of Financial Position) comprise cash at bank and other short term highly liquid investments with a maturity of three months or less, calculated at origination. The effective interest rates on cash and cash equivalents are based on current market rates. Net debt is defined in note 2(s) on page 66 and does not include accrued bond interest.

Non-cash movements include amortisation of bond issue costs of €818,000 (2021: €205,000). Non-cash right-of-use lease movements of €16,898,000 (2021: €30,904,000) 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 2022

1 General information

Paragon Group Limited ('the Company') is a company domiciled and incorporated in the United Kingdom. The consolidated financial statements of the Company for the year ended 30 June 2022 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 9 February 2023.

The consolidated financial statements have been prepared and approved by the Directors in accordance with UK adopted international accounting standards.

The Company has elected to prepare its parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the Companies Act 2006. These are presented on pages 132 to 139.

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 2022:

- Annual Improvements 2018-2020
- Amendments to IFRS 7, and IFRs 16 – Interest rate Benchmark reform – Phase 2 (effective 1 January 2021)
- Amendments to IFRS 16, 'Leases' – Covid 19 related rent concessions Extension of the practical expedient (effective 1 April 2021)

The following standard amendment was issued for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies. The amendment was adopted effective 1 January 2024 and will not result in a material impact on the Group's results entered into before the date of transition

The adoption of the above standards, policies, interpretations and amendments did not have a significant impact on the Group's Consolidated Financial Statements.

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

2 Significant accounting policies

Basis of preparation

The going concern basis has been applied in these accounts. The consolidated financial statements are presented in Euro, rounded to the nearest thousand. They are prepared on the historical cost basis except that certain financial instruments are stated at fair value.

Assets classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell.

In the process of applying the Group's accounting policies, management has made judgements as to the policies that have the most significant effect on the amounts recognised in the financial statements. The accounting estimates and assumptions that management considers to be its critical accounting estimations are detailed and explained in Paragraph (x) and (y) below.

At 30 June 2022, the Group decided to revalue land and buildings. As this was a first-time adoption, there is no requirement to apply the accounting policy retrospectively.

Otherwise 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 2022. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its investments with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The purchase method is used to account for the acquisition of subsidiaries and Group reorganisations. Under the purchase method the cost of the acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred in exchange for the subsidiary.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at fair value at the acquisition date. All acquisition costs are expensed immediately.

The value of non-controlling interests in subsidiaries is calculated initially as their share of identifiable net assets, and is subsequently adjusted by their share of changes in equity since the date of acquisition.

Intercompany transactions and balances between Group entities are eliminated on consolidation. Where necessary, the accounting policies applied by subsidiaries have been changed to ensure consistency with the accounting policies applied by the Group.

(b) Revenue recognition

Revenue is measured at the transaction price that is allocated to the relevant performance obligations, net of trade discounts, up-front payments, VAT and other sales- related taxes.

A performance obligation is a promise in a contract with a customer to transfer to the customer either goods or services.

Revenue is recognised over time when a performance obligation is satisfied by the customer simultaneously receiving and consuming the benefits over the period of the contract.

When a payment is received in advance of a performance obligation being satisfied it is recorded on the balance sheet as deferred revenue. Revenue is then recognised at the point in time or over the period that the performance obligation is satisfied.

Additionally, a small proportion of Group revenue is received through rental income. This is mainly related to spare warehouse and office space leased to private individuals and companies.

2. Underlying EBITDA is defined in note 2(s) on page 66.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

Paragon Customer Communications

Revenue is measured at the transaction price that is allocated to the relevant performance obligations, net of trade discounts, up-front payments, VAT and other sales related taxes.

A performance obligation is a promise in a contract with a customer to transfer to the customer either goods or services.

Revenue is recognised over time when a performance obligation is satisfied by any one of the following:

- Customer simultaneously receives and consumes the benefits provided by our performance over the period of the contract;
- Our performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- Our performance does not create an asset with an alternative use for the Group and we have an enforceable right to payment for performance completed to date.

In all other cases revenue is recognised at the point in time that control of the goods or services are transferred to the customer.

Additionally, a small proportion of Group revenue includes 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.

Revenue from goods and services recognised from contracts with customers are included in seven business lines across the Group's four regions of UKIE, Western Europe, DACH and BENE.

The seven business lines of goods and services are summarised as follows:

Business Process Outsourcing revenues include multi-channel inbound, back office and voting solutions.

Consulting and Agency revenues include creative services, campaign management, digital transformation, data analytics and automation.

Customer Communications revenues include outbound marketing, regulatory and transactional communications.

Lead Supply revenues include end to end management of marketing promotional materials.

Print Solutions revenues include stationery, forms, labels, envelopes and security products.

Supply Chain Management revenues include warehousing, fulfilment, co-packing and logistics.

Workplace Solutions revenues include onsite creative and presentation services, mailroom, production, concierge and recruitment (placement and contractors).

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 over time on the basis that the customer simultaneously receives and consumes the benefits provided by our performance over the period of the contract for the following business lines:

Business Process Outsourcing, Consulting and Agency, Supply Chain Management, Workplace Solutions except placement and rental income.

Revenue is recognised at point in time for all other business lines such as Customer Communications, Lead Supply, Print Solutions and Workplace Solutions placement. Revenue is recognised when delivery occurs or has been despatched for delivery.

No other performance obligations have been identified. Modifications are treated as amendments to existing contracts. Customer advance payments are recognised as deferred income liabilities until the performance obligations have been completed and revenue recognised.

Customers are not offered a contract with significant funding components. There are no warranties in place.

Paragon ID

Within Paragon ID revenue is recognised based on its revenue streams:

- For the sale of passports, driving licences, cards, tickets, validators, labels, traceability solutions and bank cards the performance obligation is generally defined at the level of each individual good and not at the level of a bundle of goods. Revenue is recognised when the control of the asset is transferred.
- For banking technology licences for which the performance requirements are based on sales levels of the products under licence by the subscribers of these licences. The IP licence is therefore a sales-based royalty recognised based on sales made by the customer in accordance with IFRS 15.

Revenue is recognised when control of the asset is transferred and this typically occurs at the later of the subsequent sale by the customer or satisfaction of the performance obligation.

No other performance obligations have been identified. Modifications are treated as amendments to existing contracts. Customer advance payments are recognised as liabilities until the performance obligations have been completed and revenue recognised. Customers are not offered a contract with significant funding components. There are no warranties in place.

Paragon Graphic Services

Within Paragon Graphic Services revenue is recognised based on its revenue streams:

For the sale of on-demand, whether in walk-in print centres in metropolitan areas or in industrial facilities, the sale of complex display graphics, books, promotional products, mail solutions and pressure seal technologies, the performance obligation is generally defined at the level of each good and is not bundled.

Revenue is recognised when control of the asset is transferred and this typically occurs on delivery, with revenue recognised at that point in time. Noother performance obligations have been identified. Modifications are treated as amendments to existing contracts. Customer advance payments are recognised as liabilities until the performance obligations have been completed and revenue recognised. Customers are not offered a contract with significant funding components. There are no warranties in place.

Paragon Office Services

Paragon Office Services, a national distributor, has revenue streams from the sale of goods across a number of diversified areas such as stationary, workwear & PPE, business interiors and office supplies. Across all streams the performance obligation is generally defined at the level of each good and is not bundled.

Revenue is recognised when control of the asset is transferred and this typically occurs on delivery, with revenue recognised at that point in time. No other performance obligations have been identified. Modifications are treated as amendments to existing contracts. Customer advance payments are recognised as

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

2 Significant accounting policies (continued)

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.

Growth/New Businesses

We have a number of companies that we are developing. During the year, revenue streams were recognised, including revenue from the production of high-quality carton packaging to major FMCG companies, as well as the supply of secure online voting and election modernization software to markets on a global scale. Across these streams the performance obligation is generally defined at the level of each good and is not bundled.

Revenue is recognised when control of the asset is transferred and this typically occurs on delivery, with revenue recognised at that point in time. No other performance obligations have been identified. Modifications are treated as amendments to existing contracts. Customer advance payments are recognised as liabilities until the performance obligations have been completed and revenue recognised. Customers are not offered a contract with significant funding components. There are no warranties in place.

(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 calendar 2023 and quarter one of 2024, including the ability to adhere to banking covenants. In doing so the Directors have considered the uncertain nature of the impact of war in Ukraine, increase in cost of living, current trading trends in our five divisions and extensive actions already undertaken to protect profitability and conserve cash.

Financial Forecasts

Three scenarios were considered for the Group in preparing our going concern assessment, being a management case and three other scenarios using a set of severe but plausible downside assumptions to that management case. The management case which is built up from detailed projections for each of the Group's businesses and markets includes the following key assumptions:

- Our management case anticipates that volume would be steady for the remainder of calendar 2023 and into quarter one of 2024;
- The downside case factors in a reduction in variable costs to align the costs with the lower volumes and reducing repairs and maintenance costs;
- Additional reductions in support costs to reflect the impact of the extensive cost reduction initiatives implemented by the Group including the implementation of a recruitment freeze, deferral of executive bonuses and graduated salary reductions for support staff across the business:
- The downside case included further reductions in the range of 10%, 15% and 20% in turnover across the five divisions for the remainder of calendar 2023 and on into quarter one of 2024 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 in line with the management case for the first six months of the 2023 financial year and has remained profitable at an underlying EBITDA level which further underlines the resilience and adaptability of our business during this difficult time.

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

(d) Non-underlying items

The Group has adopted an accounting policy and Income Statement format that seeks to highlight significant items of income and expense within the Group results for the year. The Directors believe that this presentation provides a more useful analysis. Such items may include significant restructuring and integration costs, profits or losses on disposal or termination of operations or significant contracts, litigation costs and settlements, profit or loss on disposal of investments, significant impairment of assets and acquisition related profits or losses. The Directors use judgement in assessing the particular items, which by virtue of their scale and nature, are disclosed in the Income Statement and Note 8 as non- underlying items.

(e) Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of the acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of the acquisition.

Both fair value and provisional fair value is finalised within 12 months of the date of the acquisition. Goodwill is not amortised but reviewed for impairment annually in accordance with the impairment of goodwill policy set out below.

Other intangible assets – software

Computer software that is not integral to an item of property, plant or equipment is classified as an intangible asset and is

held on the Consolidated Statement of Financial Position at cost. These assets are amortised on a straight-line basis over their estimated useful lives, which is generally three to five years.

Other intangible assets – development expenditure

Expenditure incurred in the development of products or enhancements to existing product ranges is capitalised as an intangible asset only when the future economic benefits expected to arise are deemed probable and the costs can be reliably measured. Development costs not meeting these criteria are expensed in the Consolidated Income Statement as incurred. Capitalised development costs are amortised on a straight-line basis over their estimated useful economic lives, which vary

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

2 Significant accounting policies (continued)

between three and five years, once the product or enhancement is available for use. Product research costs are written off as incurred.

Other intangible assets – customer relationships

Customer relationships identified as separable intangible assets in the context of business combinations are capitalised at their fair value at the date of acquisition. They are fully amortised over their estimated useful lives which is generally three to fifteen years

Other intangible assets – licences

Licences are recorded at fair value at the date of acquisition. They are fully amortised over their estimated useful lives which is generally three to five years.

Other intangible assets – patents

Patents are recorded at fair value at the date of acquisition. They are fully amortised over their estimated useful lives which is generally three to twenty years.

Other intangible assets – brands

Brands are recorded at fair value at the date of acquisition. They are fully amortised over their estimated useful lives which is ten years.

(f) Property, plant and equipment

Costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the 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 10 years
- Fixture, fittings and equipment 2 to 5 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.

Revaluation

At 30 June 2022, the Group decided to revalue land and buildings. As this is first time adoption, there is no requirement to apply the accounting policy retrospectively.

Land and buildings are stated at fair value less any subsequent accumulated depreciation and impairment losses. Revaluations will be carried out regularly by independent valuers, so that the carrying amount of the Group's property portfolio does not differ materially from its fair value at the balance sheet date. The last revaluation was carried out on 30 June 2022. If an item is revalued, the entire class of assets to which that asset belongs is also revalued. Revalued assets are depreciated in the same way as noted above.

If a revaluation results in an increase in value, it will be credited to other comprehensive income and accumulated in equity under the heading "revaluation reserve" unless it represents the reversal of a revaluation decrease of the same asset previously recognised as an expense, in which case it will be recognised in profit or loss. A decrease arising as a result of a revaluation will be recognised as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.

When a revalued asset is disposed of, any revaluation surplus may be transferred directly to retained earnings, or it may be left in equity under the heading revaluation surplus. The transfer to retained earnings should not be made through profit or loss.

(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.

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1. EBIT and EBITDA are defined in note 2(s) on page 66.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

2 Significant accounting policies (continued)

i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those production overheads that have been incurred in bringing the inventories to their present location and condition. Cost is valued on a first in, first out ('FIFO') basis. Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in selling and distribution.

(j) Tax

The tax expense in the Consolidated income statement comprises current tax and deferred tax.

Current tax is the expected tax payable on the taxable profit for the period. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income and expense that are taxable or deductible

in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax

is calculated using tax rates that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit. Deferred tax is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise on goodwill or from the initial recognition (other than business combinations) of other assets or liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Consolidated Statement of Financial Position date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 dependent 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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

2 Significant accounting policies (continued)

liabilities are recognised within other comprehensive income. Exchange differences arising on non-monetary assets and liabilities that are fair valued are recognised in accordance with the gain or loss on fair value.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Paragon Group Limited's consolidated financial statements are presented in Euros, which is the parent company's functional currency and presentation currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency, which is determined on the primary economic environment. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(m) Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest and are initially measured at the transaction price and subsequently held at amortised cost. For trade receivables, the transaction price is deemed to be equal to fair value. Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are held at amortised cost.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 26 for further details.

Credit risk arising in the context of the Group's operations is not significant with the total bad debt provision at the Consolidated Statement of Financial Position date amounting to 8.8% of gross trade receivables (2021: 8.6%). 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 also 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 invoice discounting arrangements are presented within cash flows as proceeds from borrowings in the Consolidated Statement of Cash Flows.

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. Changes relating to the unwinding of the discount to present value are recorded as a finance expense.

Contingent consideration

This is initially 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.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

2 Significant accounting policies (continued)

(n) Retirement benefits

The Group operates both defined benefit and defined contribution schemes for its employees. Payments to the defined contribution schemes are expensed to the Consolidated Income Statement as they fall due.

For the defined benefit pension scheme full actuarial calculations are carried out every three years using the projected unit credit method and updates are performed for each financial period end. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the Consolidated Income Statement and presented in the Consolidated Statement of Comprehensive Income.

The net defined benefit liability/(asset) is the deficit or surplus, adjusted for the affect of any limiting of a net defined benefit asset to an asset ceiling. The deficit or surplus is the present value of the defined benefit obligation less the fair value of any plan assets, if any. The defined benefit obligation recognised in the Consolidated Statement of Financial Position is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. The plan assets comprise assets held by a long-term employee benefit fund and any qualifying insurance policies.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

(o) Leases

IFRS 16 was adopted on 1 July 2019, without restatement of comparative figures.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. All leases are accounted for by recognising a right-of-use asset and a lease liability unless they are for leases of low value assets or for a duration of twelve months or less. The Group has elected to apply the recognition exemptions for short-term and low value leases and recognises the lease payments associated with these leases as an expense within the Consolidated Income Statement on a straight-line basis over the term of the lease.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date which is the date at which the asset is made available for use by the Group.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for; lease payments made at or before commencement of the lease, initial direct costs incurred; and the amount of any dilapidations provisions recognised where the Group is contractually required to dismantle, remove or restore the leased asset. Right-of-use assets are disclosed under three separate categories in the financial statements. These include land and buildings, plant and equipment and other (made up of fixtures & fittings and software).

Lease liabilities are measured at the present value of contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless, as is typically the case, this is not readily determinable, in which case the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term.

Other variable lease payments are expensed in the period to which they relate.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset, if rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependant on a rate of index is revised. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the revised remaining lease term.

The Group as lessor

Rental income from operating leases which are less than twelve months in duration is recognised on a straight-line basis over the term of the relevant lease within revenue on the Consolidated Income Statement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are recognised on a straight-line basis over the term of the leases. The Group does not act as a lessor on any lease which are longer than twelve months in duration.

(p) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed by the Group, in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition- date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below).

All other subsequent changes in the fair value of contingent consideration classified as an asset, liability or equity are accounted for in accordance with relevant IFRSs.

Where a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in the Consolidated Income Statement. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the Consolidated Income Statement, where such treatment would be appropriate if that interest were disposed of.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

2 Significant accounting policies (continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

The value of non-controlling interests in subsidiaries is calculated initially as their share of identifiable net assets, and is subsequently adjusted by their share of changes in equity since the date of acquisition.

(q) Government grants

Amounts receivable from government grants are presented in the financial statements only when there is reasonable assurance that the Group fulfils the necessary conditions and that the grants will be received. Reported payroll is net of any COVID-19 payroll assistance received through national Governments.

Government grants in relation to income are credited in the Consolidated Income Statement for the year.

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, amortisation and corporate fee (defined (w) below). It also includes all restructuring and non- underlying items and any gains/(losses) arising on or from acquisitions (including gains on bargain purchases). EBIT includes depreciation and amortisation.

- Underlying EBIT/EBITDA

Underlying EBIT and EBITDA is stated after adjusting for items which in the opinion of the Directors are non-underlying due to their nature, size or incidence. Whilst costs/gains of this nature can reoccur they have been highlighted to provide a better understanding of the underlying performance of this trading group.

- Proforma sales, EBIT, EBITDA and Underlying EBITDA

The Consolidated Income Statement includes the impact of acquisitions from their effective date of acquisition.Proforma amounts reported in the Strategic Report include in the Directors' opinion the full year impact of acquisitions that were made during the year based on an estimate of performance had these entities benefitted from being part of the Paragon Group for the full year.

- Net debt

Net debt includes cash and cash equivalents less bank overdrafts, bank loans, bonds net of unamortised issue costs and lease liabilities. It does not include accrued bond interest.

(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) Corporate fee

Corporate charges includes professional fees incurred to raise equity or debt financing.

(x) Critical accounting judgements

In the course of applying the Group's accounting policies the following judgements have been made which could have

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

2 Significant accounting policies (continued)

a significant effect on the results of the Group were they subsequently found to be inappropriate.

Cash generating units

A cash generating unit ("CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Because the CGU definition is based on cashflows, the division process should focus on an entity source of revenue and how assets are utilised in generating revenues.

Goodwill acquired in business combinations is allocated, at acquisition, to the CGUs that are expected to benefit from the business combination.

Management makes decisions around revenues on a divisional basis as set out above and management make decisions on this basis. The aim is to negotiate deals on a divisional basis with invoices sold across each division and therefore the cashflows are interdependent on each other. The Group applies judgement on identifying the cash generating unit deemed to be the lowest level at which independent cash flows arise.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units that is expected to benefit from the synergies of the combinations.

As the group evolves the appropriateness of the CGUs is monitored and when necessary, updated.

Non-underlying item presentation

IAS 1 'Presentation of Financial Statements' requires material items to be disclosed separately in a way that enables the users to assess the quality of a company's profitability. In practice, these are commonly referred to as 'non-underlying' items, but this is not a concept defined by IFRS and therefore there is a level of judgement involved in determining what to include in headline profit. We consider items which are non- recurring and/or significant in size or in nature to be suitable for separate presentation. Please see note 8 to the financial statements for further details in relation to non-underlying items.

Lease terms

Many of the Group's leases have options to renew or terminate. The Group applies judgement in evaluating the length of the lease. Management consider all relevant factors and, in particular, if an economic incentive exists to 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.

Revaluation of land and buildings

At 30 June 2022, the Group decided to revalue it's owned land and buildings using independent valuers. Revaluations will be carried out regularly by independent valuers, so that the carrying amount of the Group's property portfolio does not differ materially from its fair value at the balance sheet date. Property revaluation involves significant judgements such as market conditions, construction, usage, repair and condition. The carrying amount at the reporting date was €77,722,000.

(y) Critical accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. The following areas of estimation could have a significant effect on the results of the Group were they subsequently found to be inaccurate.

Useful life of intangible assets

In determining the useful life intangible assets for amortisation purposes, the Group considers the period of expected cash flows used to measure the fair value of the recognised intangible asset, adjusted for entity-specific factors. Those entity-specific factors include, but are not limited to, the entity's expected use of the asset and the entity's historical experience in renewing or extending similar arrangements.

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.

Forecasts and discount rates

The carrying values of goodwill is dependent on estimates of future cash flows arising from the Group's operations which, in some circumstances, are discounted to arriveat a net present value. As a result, estimates of future cash flows are required, together with an appropriate discount factor for the purpose of determining the present value of those cash flows (value in use). Assessment for impairment involves comparing the book value of an asset with its recoverable amount (being the higher of value in use and fair value less costs to sell). Both the cash flows and the discount rate involve a significant degree of estimation uncertainty. Please see note 13 to the financial statements for further details.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

3 Revenue

An analysis of the Group's revenue from continuing operations as defined by IFRS 15 – Revenue from Contracts with Customers. Revenue over time amounted to €248,249,000 (restated 2021: €218,293,000). The Group had reported overtime revenue in prior year financial statements of €11,757,000. Following an internal review, over time revenue was changed to €218,293,000 from €11,757,000 for the prior year. The correction of this error has no impact on reported revenue, tax, result for the year and the Consolidated Statement of Financial Position. All other revenue was recognised at point in time. Revenue is as follows:

	2022 €000	2021 €000
Paragon Customer Communications	1,080,446	945,047
Paragon ID	128,840	81,137
Paragon Graphic Services	84,675	78,442
Paragon Growth	16,059	8,557
Paragon Office Services	147,028	99,436
Rental income	475	1,216
Total revenue	**1,457,523**	**1,213,835**
Of which relates to revenue with joint ventures	**5,175**	**4,945**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

4 Operating profit

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

	2022 €000	2021 €000
Auditor's remuneration:		
Audit fees:		
– Audit of the Group accounts	388	322
– Audit of the accounts of the Company's subsidiaries by Grant Thornton UK LLP	1,383	951
– Audit of the accounts of the Company's subsidiaries by the Group auditors	446	439
– Audit of the accounts of the Company's subsidiaries by others	587	613
Non-audit fees to Group auditors:		
Corporate finance transactions	–	–
Other assurance services	–	–
Audit related assurance services	333	41
Other non-audit services not covered elsewhere:		
Tax compliance services	–	–
Tax advisory services	4	–
Audit and non-audit fees	**3,141**	**2,366**
Foreign exchange loss	(205)	(636)
Non-underlying net expenses (note 8)	34,819	31,320
Lease charges (note 21)	1,422	223
Depreciation of property, plant and equipment (note 11)	24,417	20,784
Amortisation of intangible assets (note 15)	26,850	20,693
Amortisation of government grants (note 22)	(445)	(132)
Amortisation of right-of-use assets (note 21)	33,499	27,970
Depreciation and amortisation	**84,321**	**69,315**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

5 Staff costs

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

	2022 No.	2021 No.
Production	7,565	6,965
Administration	2,007	2,002
	9,572	**8,967**

Their aggregate remuneration comprised:

	2022 €000	2021 €000
Wages and salaries	408,180	349,044
Social security costs	57,076	56,900
Other pension costs	9,517	7,363
	474,773	**413,307**

Directors emoluments:

	2022 €000	2021 €000
Remuneration	3,633	2,679
Company contributions paid to money purchase scheme	7	7
	3,640	**2,686**

	2022 No.	2021 No.
Members of money purchase pension schemes	**2**	**2**

The remuneration from the Company of the highest paid director director in the amount of €1,259,000 (2021: €1,178,000) includes amounts paid to related parties in which the director also operates as a director of €1,200,000 (2021: €1,125,000). The contributions paid into money purchase pension schemes for the highest paid director were €2,000 (2021: €2,000).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

6 Finance income

	2022 €000	2021 €000
Interest on loan to related party	190	35
Foreign exchange gains on retranslation of intercompany loan balances	–	1,743
Release of unutilised legacy French interest provision	–	390
Other interest income	105	–
	295	**2,168**

7 Finance cost

	2022 €000	2021 €000
Interest on bank loans and overdrafts	6,411	3,737
Finance charge on leased liabilities (note 21)	3,148	3,071
Net interest on retirement provisions and defined benefit pension schemes (note 23, 25)	40	76
Bond interest	12,036	5,646
Foreign exchange losses on retranslation of intercompany loan balances	449	–
Changes in deferred consideration	–	27
Amortisation of capitalised bond issue costs	818	205
Other finance costs	94	99
	22,996	**12,861**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (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:

	2022 €000	2021 €000
Redundancy and related charges (a)	26,256	29,248
Costs of industrial relocation, restructuring and consolidation (b)	12,549	8,154
Acquisition related fees (c)	1,450	1,305
Other (d)	–	256
Gain on acquisition (e) (note 12)	(8,568)	(7,643)
Non-underlying net expenses/(gains) impacting EBITDA[1]	**31,687**	**31,320**
Corporate fee (i)	3,132	–
	34,819	**31,320**
(Gain) on asset disposals (f)	(384)	(317)
Share of equity accounted goodwill (g)	–	(408)
Impairment of goodwill	2,222	–
Impairment of joint venture (h)	–	300
Non-underlying net expenses/(gains)	**36,657**	**30,895**
Income tax credit	(7,340)	(3,484)
	29,317	**27,411**

(a) Redundancy and related charges include the redundancy, payroll and related charges that arise from the closure of locations and the reduction of staff resources at various locations. in the UK, France and Ireland. In addition there were reductions of staff resources at various locations including the UK, France, Germany, Ireland, Scandinavia and Benulux. Also included are costs associated with redundant roles from the point of acquisition and restructuring program.
(b) Costs of industrial relocation, restructuring and consolidation includes the charges arising from the close of locations, relocation of activities between sites including the UK, France, Germany, Ireland, Scandinavia and Benulux and new activity start-up losses in Luxembourg.
(c) These represent legal and professional fees relating to completed acquisitions, and those that did not complete.
(d) Amounts included in other non-underlying items are costs to establish new operations.
(e) Gains on acquisition arose on bargain purchases as defined by IFRS 3.
(f) Gain on asset disposal in the current year arose on the sale of property, plant and equipment.
(g) Historical losses in PY relating to Airweb SAS were reversed upon acquisition, as part of the calculation of goodwill.
(h) Historical Impairment in Inlays India Pvt Ltd.
(i) Includes professional fees incurred to raise equity or debt financing.

1. EBIT and EBITDA are defined in note 2(s) on page 66.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

9 Income tax credit

Income tax on the (loss)/profit as shown in the Consolidated Income Statement is as follows:

	2022 €000	2021 €000
Current tax		
Current period	2,356	1,983
Adjustments for current tax on prior periods	445	908
Total current tax charge	**2,801**	**2,891**
Origination and reversals of temporary differences	(9,799)	(6,375)
Adjustments for deferred tax on prior periods	1,670	(108)
Total deferred tax credit (note 24)	**(8,129)**	**(6,483)**
Total income tax credit	**(5,328)**	**(3,592)**

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

	2022 €000	2021 €000
(Loss)/profit before tax	**(34,167)**	**(27,452)**
Tax calculated at a rate of 19% (2020 – 19%)	(6,492)	(5,216)
Non-taxable income	(1,213)	(2,943)
Non-deductible expenses	2,139	252
Effect of changes in tax rates	(3,680)	(4,030)
Losses carried forward not recognised	3,392	10,356
Timing differences	(1,873)	(1,966)
Effect of different tax rates of subsidiaries	284	(845)
Adjustments in respect of prior periods	2,115	800
Total income tax credit	**(5,328)**	**(3,592)**

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

	2022 €000	2021 €000
Deferred tax (credit)/charge on origination and reversal of temporary differences (note 24)	**62**	**(266)**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

9 Income tax credit (continued)

The Finance Act 2020 included legislation to maintain the main rate of UK corporation tax at 19%, rather than reducing it to 17% from 1 April 2020. The change to the main rate of corporation tax was substantively enacted by the balance sheet date and therefore included in these financial statements. The UK Budget announcements on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. Temporary differences have been remeasured using these budget tax rates that are expected to apply when the liability is settled or the asset realised.

10 Analysis of loss for the year from discontinued operations

During the year the company discontinued operations in Holmbergs i Malmo AB. The results of the previously discontinued operations of Beijing ASK Smart Technology Co. Limited are also included in the loss for the current year as stated in the income statement set out below. The previous year results included the costs incurred on the closure of Beijing ASK Smart Technology Co. Limited.

	2022 €000	2021 €000
Discontinued operations:		
Revenue	3,671	–
Material Costs	2,502	–
Payroll	2,149	–
Other operating costs	673	19
Depreciation & Amortisation	620	–
Operating costs	**5,944**	**19**
EBIT[1]/Operating loss	**(2,273)**	**(19)**
Gain on assets disposal	225	–
Finance Charges	**(164)**	–
Loss for the year from discontinued operations	**(2,212)**	**(19)**
Cash flows from discontinued operations		
Net cash outflows from operating activities	(2,212)	(19)
Net cash inflows from investing activities	–	–
Net cash outflows	(2,212)	(19)

1. EBIT and EBITDA are defined in note 2(s) on page 66.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

11 Property, plant and equipment

	Land and buildings €000	Plant and machinery €000	Fixtures, fittings & equipment €000	Total €000
Financial year ended 30 June 2021				
Opening Net book Value	**39,579**	**45,625**	**4,443**	**89,647**
Additions	2,088	19,053	2,139	23,280
Transfers from held for sale (note 16)	1,245	-	-	1,245
Transfers from right-of-use assets (note 21)	-	687	-	687
Transfers and Reclassifications	270	(3,167)	2,897	-
Acquisitions (note 12)	642	7,206	82	7,930
Disposals	(22)	(2,195)	(72)	(2,289)
Depreciation charge for the period	(4,070)	(15,151)	(1,563)	(20,784)
Exchange movements	465	1,280	81	1,826
Net carrying value at 30 June 2021	**40,197**	**53,338**	**8,007**	**101,542**
At 30 June 2021				
Cost or deemed cost	73,451	165,380	14,839	253,670
Accumulated depreciation	(33,254)	(112,042)	(6,832)	(152,128)
Net book Amount as at 30 June 2021	**40,197**	**53,338**	**8,007**	**101,542**
Financial year ended 30 June 2022				
Opening Net book Value	40,197	53,338	8,007	101,542
Additions	2,960	12,867	2,002	17,829
Transfers	1,840	(2,655)	815	-
Acquisitions (note 12)	1,203	7,086	25	8,314
Disposals	(2,226)	(567)	-	(2,793)
Revaluation	37,729	-	-	37,729
Depreciation charge for the period	(4,201)	(18,333)	(2,503)	(25,037)
Exchange movements	220	154	16	390
Net carrying value at 30 June 2022	77,722	51,890	8,362	137,974
At 30 June 2022				
Cost or revalued/ deemed cost	86,405	164,877	14,455	265,737
Accumulated depreciation	(8,683)	(112,987)	(6,093)	(127,763)
Net book Amount as at 30 June 2022	**77,722**	**51,890**	**8,362**	**137,974**

The book cost of Land & Buildings would have been if the Group had not revalued them would be

At 30 June 2022:	
Cost or deemed cost	74,229
Accumulated depreciation	(34,236)
Net book Amount	**39,993**

Amounts included in transfers include properties previously as held for sale and movements between property, plant and equipment and right-of-use assets.

The Group has freehold land, included within land and buildings, with a book value of €7,159,000 (2021: €8,031,000), which has not been depreciated.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

12 Acquisitions

Acquisition of Williams Lea CCM Limited

On the 1 April 2022, the Group acquired the entire issued share capital of Williams Lea CCM Limited.

In calculating the goodwill arising from this acquisition, the fair value of the assets and liabilities has been assessed and adjustments to book value have been made where necessary. The fair value of assets and liabilities acquired are summarised in the following table.

	Fair value €000
Property, plant and equipment	621
Right-of-use asset	8,791
Software	1,263
Customer relationships	3,242
Deferred tax assets	1,488
Non-current assets	**15,405**
Trade and other receivables	7,293
Inventories	1,202
Cash and cash equivalents	920
Current assets	**9,415**
Total assets	**24,820**

	Fair value €000
Trade and other payables	8,465
Deferred income	38
Deferred tax liabilities	583
Lease liabilities	8,791
Other provisions	799
Total liabilities	**18,676**
Net assets	**6,144**
Fair value of consideration	**5,118**
Borrowing repaid on acquisition	**5,681**
Goodwill (Note 13)	**4,655**

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

An income approach incorporating the multi-period excess earnings methodology (MEEM) was used in assessing the valuation of the core business contracts and relationships as at the date of acquisition

The fair value of the customer relationships was based on an external valuation prepared by specialists with the direct experience of the types of assets concerned. The fair value of consideration comprised of a cash payment of €5,118,000, and loan settlement of €5,681,000. All acquisition costs were included in other operating costs in the income statement.

Williams Lea CCM Limited was acquired to strengthen our capabilities in the trans actional sphere, with them brining a highly experienced and dedicated team. They have a strong history of delivering excellent work for major financial services, legal and professional services business.

In respect of the acquisition, revenue of €12,875,000 and EBITDA[1] of €396,000, 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 €50,545,000 and EBITDA[1] of €3,4045,000.

1. EBIT and EBITDA are defined in note 2(s) on page 66.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

12 Acquisitions (continued)

Acquisition of controlling interest in The Lettershop Group (TLG)

On the 15 June 2022, the Group acquired the entire issued share capital of Hamsard 3302 Limited. In turn this company owns 100% of The Lettershop Limited. The following company was created on acquisition – Eco MLR Limited – which is owned 80% by The Lettershop Limited and 20% by Prudential Insurance Company.

In calculating the goodwill arising on this acquisition, the fair value of the assets and liabilities has been assessed and adjustments to book value have been made where necessary. The fair value of assets and liabilities acquired are summarised in the following table.

	Fair value €000
Property, plant and equipment	4,014
Right-of-use assets	201
Software	724
Deferred tax assets	735
Non-current assets	**5,674**
Trade and other receivables	4,454
Inventories	1,488
Cash and cash equivalents	790
Current assets	**6,732**
Total assets	**12,406**

	Fair value €000
Trade and other payables	8,876
Lease Liabilities	201
Income tax payable	34
Total liabilities	**9,111**
Net assets	**3,295**
Fair value of consideration	**853**
Gain on acquisition (note 8)	**2,442**

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

An income approach incorporating the multi-period excess earnings methodology (MEEM) was used in assessing the valuation of the core business contracts and relationships as at the date of acquisition Development expenditure was based upon an internal valuation model using the cost approach

The fair value of the customer relationships was based on an internal valuation model. The fair value of consideration comprised of a cash payment of €853,000. All acquisition costs were included in other operating costs in the Income Statement.

The Lettershop Group, produce innovative direct mail and packaging solution for some of the leading UK and global brands. The business of real strategic value to the business, and it brings the possibility of extending our Direct Mail and Packaging services, broadening the range of solutions we can offer.

In respect of the acquisition, revenue of €424,000 and EBITDA[1] loss of €356,000 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 €25,318,000 and an EBITDA[1] of €47,000.

1. EBIT and EBITDA are defined in note 2(s) on page 66.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

12 Acquisitions (continued)

Acquisition of part of the trade and certain assets of Office Depot

On the 27 September 2021, the Group completed the acquisition of the remainder of the trade and certain assets and liabilities of the Office Depot business in the UK and Ireland (part of the Office Depot Group).

In calculating the gain on acquisition arising on the 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 the remainder of the certain assets and liabilities acquired in the current financial year are summarized in the following table.

	Fair value €000
Right-of-use assets	10,004
Customer relationships	242
Non-current assets	**10,246**
Trade and other receivables	13,347
Current assets	**13,347**
Total assets	**23,593**

	Fair value €000
Lease liabilities	6,196
Dilapidation provision	3,809
Total liabilities	**10,005**
Net assets	**13,588**
Fair value of consideration	**7,586**
Gain on acquisition (Note 8)	**6,002**

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 impact in financial year 2022, was due to understating the amount in the financial year 2021.

The fair value of the consideration comprised of a cash payment of €7,586,000. The fair value of the customer relationships was based on an external valuation prepared by specialists with the direct experience of the types of assets concerned. The fair value of property, plant and equipment was based on replacement cost as new less depreciation, was based on an external valuation prepared by specialists with the direct experience of the types of assets concerned.

Office Depot was acquired to synergies and expand further into the Office Supplies sector. The gain on acquisition arose as discounted assets were bought due to the parent exiting the sector. The business is a leading supplier of workspace products and services to a blue-chip corporate and public sector customer base within the UK and Ireland. Office Depot offers long standing customers, a diverse revenue base, cross-sell opportunities, synergy potential and an experienced team.

In respect of the acquisition, revenue of €30,035,000 and EBITDA[1] of €108,000 have been achieved. The estimated annual impact of this acquisition had it been made at the start of the financial year would have been revenue of €47,441,000 and EBITDA[1] of €171,000.

1. 1. EBIT and EBITDA are defined in note 2(s) on page 66.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

12 Acquisitions (continued)

Acquisition of DG3 Group Holdings

On 1 December 2021, the Group acquired the entire issued share capital of DG3 Group (Holdings) Limited.

In calculating the goodwill arising on this acquisition, the fair value of the assets and liabilities has been assessed and adjustments to book value have been made where necessary. The fair value of assets and liabilities acquired are summarised in the following table.

	Fair value €000
Property, plant and equipment	1,501
Software	17
Customer relationships	1,660
Right-of-use assets	4,964
Non-current assets	**8,142**
Trade and other receivables	4,156
Inventories	392
Cash and cash equivalents	508
Current assets	**5,056**
Total assets	**13,198**

	Fair value €000
Trade and other payables	4,405
Lease liabilities	4,987
Borrowings	618
Dilapidation provision	351
Other provisions	1
Deferred tax liabilities	299
Total liabilities	**10,661**
Net assets	**2,537**
Fair value of consideration	**7,746**
Goodwill on acquisition (note 13)	**5,209**

DG3 is a single-source, end to end communication solution provider, specializing in regulatory compliance, marketing and business applications. The acquisition will strengthen our capabilities in the transactional and commercial print sphere.

The fair value of acquired trade receivables are materially equal to the gross contractual amounts receivable. The fair value of consideration comprised of a cash payment of €7,746,000. All acquisition costs are included in other operating costs in the income statement.

The fair value of customer relationship was based on an internal valuation.

In respect of the acquisition, revenue of €14,343,000 and EBITDA[1] loss of €263,000 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 €22,599,000 and an EBITDA[1] s of €1,198,000.

1. EBIT and EBITDA are defined in note 2(s) on page 66.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

12 Acquisitions (continued)

Acquisition of With Reason Limited

On 26 January 2022, the Group acquired the entire share capital of With Reason Limited

In calculating the goodwill arising on this acquisition, the fair value of the assets and liabilities has been assessed and adjustments to book value have been made where necessary. The fair value of assets and liabilities acquired are summarised in the following table.

	Fair value €000
Property, plant and equipment	47
Right-of-use asset	246
Non-current assets	**293**
Trade and other receivables	1,412
Cash and cash equivalents	678
Current assets	**2,090**
Total assets	**2,383**

	Fair value €000
Trade and other payables	631
Income tax payable	100
Dilapidations	58
Lease liabilities	246
Total liabilities	**1,035**
Net assets	**1,348**
Fair value of consideration	**2,694**
Goodwill on acquisition (Note 13)	**1,346**

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

The fair value of consideration comprised of a cash payment of €2,694,000. All acquisition costs were included in other operating costs in the income statement.

With Reason was acquired to compliment the Group's existing business in the DCX sector. With Reason design, build and scale digital products that transfom business, and they have a strong track record of delivering innovative solutions for prestigious clients. This acquisition will help us to achieve our vision of creating a viable alternative to the major network agencies, by being a solution-led business that helps brands reimagine and deliver their future.

In respect of the acquisition, revenue of €3,133,000 and an EBITDA[1] of €201,000 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 €8,244,000 and EBITDA[1] of €807,000.

1. EBIT and EBITDA are defined in note 2(s) on page 66.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

12 Acquisitions (continued)

Other transactions

The Group entered three other smaller acquisitions in the year. A simple description of the acquisitions in this grouping along with a single fair value table for the four acquisitions has been presented below. All acquisitions were made to help expand into their respective sectors and complement existing business within the Group. All acquisition costs are included in other operating costs in the income statement.

On 1 July 2021, the Group acquired the 99.3% issued share capital of Security Labels GmbH. The company designs and manufactures baggage tags, offering its customers a complete range for check-in documents and standard RFID baggage labelling tags. This acquisition provides the opportunity to the group to become a world leader in baggage tags for the aviation sector.

On 20 September 2021, the Group acquired the trade and certain assets of Electronic Data Magnetics Inc. (in chapter 11). The acquisition provides the opportunity to Paragon ID to strengthen its position as the leading supplier of transport tickets for the world's largest cities, and also providing a second manufacturing site in the US.

On 11 April 2022, the Group acquired the entire share capital of Dean Packaging Limited. The company is a supplier of miscellaneous packaging to local industries.

On 28 June 2022, the Group acquired the entire share capital of UrbanThings Limited. The company is a provider of one of the leading UK mass transit applications.

	Fair value €000
Property, plant and equipment	2,131
Brands	102
Customer relationships	440
Software	18
Other intangibles	2
Rights-of-use assets	511
Other non current assets	5
Non-current assets	**3,209**
Inventories	2,115
Trade and other receivables	1,906
Cash and cash equivalents	810
Current assets	**4,831**
Total assets	**8,040**

	Fair value €000
Trade and other payables	1,386
Lease liabilities	511
Deferred tax liabilities	185
Other provisions	104
Borrowings	1,436
Total liabilities	**3,622**
Net assets	**4,418**
Fair value of consideration	3,375
Deferred consideration	2,536
Total Consideration	**5,911**
Gain on acquisition (Note 8)	**(124)**
Goodwill on acquisition (note 13)	**1,617**

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 €3,375,000 and deferred consideration of €2,536,000.

In respect of these acquisitions, revenue of €15,705,000 and EBITDA[1] of €2,007,000 have been achieved. This has been included in the financial statements since the date of acquisition. The estimated annual impact of these acquisitions had they been made at the start of the financial year would have been revenue of €9,387,000 and EBITDA[1] of €533,000.

In respect of all acquisitions, the acquisition date for the gross contractual amounts receivable for acquired trade receivables is equal to the respective business acquisition date.

1. EBIT and EBITDA are defined in note 2(s) on page 66.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

13 Goodwill and impairment review of non-current assets

	€000
Cost and carrying amount of goodwill	
At 1 July 2020	95,065
Acquisitions	21,272
Foreign currency translation	1,194
At 30 June 2021	117,531
Acquisitions (note 12)	12,827
Impairment	(2,222)
Foreign currency translation	(61)
At 30 June 2022	**128,075**

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 fourteen CGU's are grouped together in the five cash generating unit groups (CGUG's). Current year CGUs are:

- Paragon Customer Communications – provides a range of services to our clients to improve their communications with their customers (4 CGU's)
- Paragon ID – delivers RFID and contactless solutions for personal identification, mass transit, smart cities, brand protection and traceability (6 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 (1 CGU)
- Paragon Office Services – provides a range of office supplies and services to business (1 CGU)
- Paragon Growth – is made up of opportunities in adjacent and related markets, packaging and technology sector (2 CGU's)

	2022 €000	2021 €000
Paragon Customer Communications (PCC)	72,792	62,211
Paragon ID (PID)	50,406	48,182
Paragon Graphic Services (PGS)	3,863	3,914
Paragon Office Services (POS)	–	–
Paragon Growth (PGD)	1,014	3,224
	128,075	**117,531**

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

	Post Tax discount rates	Long term growth rate
Paragon Customer Communications	11.5% - 12.0% (2021: 10.8% - 11.2%)	2.5% (2021: 2.5%)
Paragon ID	14.2% (2021: 11.2%)	2.5% (2021: 2.5%)
Paragon Graphic Services	13.9% (2021: 12.7%)	2.5% (2021: 2.5%)
Paragon Office Services	14.3% (2021: 14.3%)	2.5% (2021: 2.5%)
Paragon Growth	16.0% (2021: 14.3%)	2.5% (2021: 2.5%)

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

13 Goodwill and impairment review of non-current assets (continued)

Impairment testing of goodwill and non-current assets

Goodwill acquired through business combinations has been allocated to CGUs for the purpose of impairment testing. Impairment of goodwill occurs when the carrying value of a CGU is greater than the present value of the cash that it is expected to generate (i.e. the recoverable amount). The Group reviews the carrying value of each CGU at least annually or more frequently if there is an indication that the CGU may be impaired.

The recoverable amount of each CGU is based on a value in use computation, which has been calculated over a five year period. The cash flow forecasts employed for this computation are extracted from budgets and specifically excludes future acquisition activity. Cash flows for a further period are based on the assumptions underlying the budgets. The budgets and forecasts are approved by the board. The weighted average long term growth rate used in the impairment testing are noted above.

A present value of the future cash flows is calculated using a post-tax discount rate representing the Group's estimated before tax weighted average cost of capital, adjusted to reflect risks associated with each CGU. The post-tax discount rates used are presented above.

Key assumptions include management's estimates on sales growth, Underlying EBITDA[2] 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 an impairment charge of €2,222,000 arose in 2022 (2021: €nil), on the Scytl division goodwill.

Sensitivity Analysis

Sensitivity analysis was performed by increasing the discount rate and reducing cash flows.

Management believes that any reasonable change in any of the key assumptions for the PCC CGUGs (6), PID CGUGs (4), Paragon Graphics Services (1) and Paragon Growth (1) would not cause the carrying value of the goodwill to exceed its fair value. Management have noted that in respect of Paragon Office Services and two of the PID CGU's, a reasonably possible change in one of the key assumptions on which management has based its determination of the unit's recoverable amount would cause the unit's carrying amount to exceed its recoverable amount.

The Paragon Office Services CGU has a recoverable amount of €0.5m in excess of carrying amount when using a discount rate of 14.3%. A 1% increase in the discount rate would imply an impairment of €2.4m to intangible assets.

The PID EID CGU has a recoverable amount of €0.6m in excess of carrying amount when using a discount rate of 14.2%. If management's business plan is delayed by a year, the implied impairment would be €1.6m.

The PID RTLS CGU has a recoverable amount of €0.7m in excess of carrying amount when using a discount rate of 14.9%. If management's business plan is delayed by a year, the implied impairment would be €5.5m.

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	18.0% - 30.0% (2021: 17.1% - 24.5%)	40% - 65% (2021: 39% - 62%)
Paragon ID	14.7% - 60.0% (2021: 13.1% - 70.0%)	7% - 86% (2021: 20% - 90%)
Paragon Graphic Services	30.0% (2021: 20.5%)	50% (2021: 40%)
Paragon Office Services	14.4% (2021: 15.5%)	1% (2021: 14%)
Paragon Growth	16.0% (2021: 16.0%)	25% (2021: 25%)

2. Underlying EBITDA is defined in note 2(s) on page 66.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

14 Financial investments

	Trade investments	Investment in associates	Investment in joint ventures	Total
	€000	€000	€000	€000
Cost of valuation				
At 1 July 2021	2,119	35	1,048	3,202
Additions	1,640	–	–	1,640
Share of profits	–	(27)	725	698
Dividends received	–	–	(700)	(700)
Exchange movements	–	–	–	–
At 30 June 2022	**3,759**	**8**	**1,073**	**4,840**

At each reporting date, an assessment of fair value is undertaken by management. Following this assessment, no impairment was noted for FY22.

Details on the Group's joint ventures and associates can be found in Note 34.

Summarised financial information for the Company's investment in joint ventures and associates which are accounted for using the equity method is as follows:

	Non-current assets	Current assets	Current liabilities	Total
	€000	€000	€000	€000
As at 30 June 2022				
Joint ventures	–	2,465	(1,392)	1,073
Associates	1	9	(2)	8
At 30 June 2022	**1**	**2,474**	**(1,394)**	**1,081**

	Non-current assets	Current assets	Current liabilities	Total
	€000	€000	€000	€000
As at 30 June 2021				
Joint ventures	–	2,646	(1,598)	1,048
Associates	–	37	(2)	35
At 30 June 2021	**–**	**2,683**	**(1,600)**	**1,083**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

15 Other intangible assets

	Development expenditure €000	Software €000	Customer relationships €000	Licences & other intangibles €000	Patents €000	Brands €000	Total €000
Financial year ended 30 June 2021							
Opening Net book Value	3,051	9,804	82,065	1,599	1,863	6,078	104,460
Transfers	(405)	503	-	(98)	-	-	-
Acquisitions (note 12)	1,181	4,140	5,387	535	1,231	596	13,070
Additions	4,096	7,883	-	563	59	-	12,601
Disposals	(126)	(30)	-	(5)	-	-	(161)
Amortisation charge for the period	(1,930)	(4,808)	(12,443)	(197)	(484)	(831)	(20,693)
Exchange movements	62	310	1,915	100	-	272	2,659
Net carrying value at 30 June 2021	**5,929**	**17,802**	**76,924**	**2,497**	**2,669**	**6,115**	**111,936**
At 30 June 2021							
Cost or deemed cost	6,077	33,296	111,520	2,955	4,589	7,202	165,639
Accumulated amortisation	(148)	(15,494)	(34,596)	(458)	(1,920)	(1,087)	(53,703)
Net book Amount	**5,929**	**17,802**	**76,924**	**2,497**	**2,669**	**6,115**	**111,936**
Financial year ended 30 June 2022 **Accumulated amortisation:**							
Opening Net book Value	**5,929**	**17,802**	**76,924**	**2,497**	**2,669**	6,115	111,936
Transfers	417	(77)	-	(419)	79	-	-
Acquisitions (note 12)	-	2,022	5,584	2	-	102	7,710
Additions	4,912	19,046	6	954	126	-	25,044
Disposals	(47)	(28)	-	(177)	-	-	(252)
Amortisation charge for the period	(2,539)	(9,588)	(12,777)	(331)	(823)	(792)	(26,850)
Exchange movements	-	(72)	128	(146)	-	16	(74)
Net carrying value at 30 June 2022	**8,672**	**29,105**	**69,865**	**2,380**	**2,051**	**5,441**	**117,514**
At 30 June 2022							
Cost or deemed cost	10,824	49,011	117,129	3,235	3,978	7,311	191,488
Accumulated amortisation	(2,152)	(19,906)	(47,264)	(855)	(1,927)	(1,870)	(73,974)
Net book Amount	**8,672**	**29,105**	**69,865**	**2,380**	**2,051**	**5,441**	**117,514**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

16 Assets held for sale

	2022 €000	2021 €000
At 1 July 2021	**191**	**1,371**
Transfer to property, plant and equipment (note 11)	–	(1,245)
Exchange movements	–	65
At 30 June 2022	**191**	**191**

During the previous financial year, a property tenanted by Trenton Box Company Limited that had been held for sale in the United Kingdom was transferred to property plant and equipment at cost. The programme to locate a buyer for the property was ended as the entity was acquired during the year by the Group. Management are no longer committed to a plan to sell the property.

17 Inventories

	2022 €000	2021 €000
Raw materials and consumables	33,216	22,972
Work in progress	19,586	7,780
Finished goods and goods for resale	29,753	20,357
	82,555	**51,109**

There was no write-down of inventories in either period. Inventories included in material costs in the year amounted to €595,755,000 (2021: €442,950,000).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

18 Other financial assets

	2022 €000	2021 €000
Trade and other receivables		
Amounts receivable for the sale of goods and services	76,567	67,147
Allowance for doubtful debts	(6,394)	(5,805)
Trade receivables	70,173	61,342
VAT receivables	4,383	4,005
Other receivables	17,790	18,298
Amount due from trade investment	6,385	3,271
Amount due from related party (note 31)	25,435	35
Amount due from joint ventures and associates (note 31)	1,468	2,394
Accrued income	36,053	32,586
Prepayments	29,307	24,991
	190,994	**146,922**

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.

	2022 €000	2021 €000
Other non-current assets		
Other receivables (see below)	664	614
Prepayments	1,122	895
	1,786	**1,509**

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 amount's receivable. The Group made a payment to the French state fund in the current year of €50,000 (2021: €66,000).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

18 Other financial assets (continued)

	2022 €000	2021 €000
Cash and cash equivalents	255,134	124,016
Cash and cash equivalents	**255,134**	**124,016**

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 €9,708,000 (2021: €17,664,000).

19 Trade and other payables

	2022 €000	2021 €000
Trade payables	218,391	164,714
Other taxes and social security	46,218	58,650
Holiday accrual	9,145	12,736
Amounts due to related parties (note 31)	337	43
Other payables	20,039	15,601
Amount owed to joint ventures and associates (note 31)	1,837	1,837
Accruals for goods and services	52,222	38,415
Deferred consideration	1,856	4,770
	350,045	**296,764**

Amount owed to joint ventures and associates include historic amounts owed to Inlays India Private Limited and trading balances with dsi Billing Services Limited and European Direct Mail Limited.

The deferred consideration is payable as follows:

	2022 €000	2021 €000
Within one year	1,856	4,770
Beyond one year	2,823	3,913
	4,679	**8,683**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

19 Trade and other payables (continued)

Contingent consideration

Contingent consideration liability represents the fair value of amounts which may become payable over the period from July 2022 to June 2026 in connection with the acquisition of subsidiaries. Payment is dependent on achieving predetermined targets based on future performance and profitability. Included within the balance in the table above is contingent consideration of €2,764,000 (2021: €3,033,000) recognised in respect of acquisitions in 2022 and 2021, which is payable beyond one year, and €185,000 (2021: €185,000) payable within one year.

In the Directors' opinion there are no further contingent liabilities other than those disclosed above.

20 Borrowings

	2022 €000	2021 €000
Bank loans	113,206	90,287
Bonds	321,000	141,000
Unamortised debt issue costs	(4,234)	(630)
Bank overdrafts	10,004	10,780
	439,976	241,437
Accrued interest	9,133	-
	449,109	**241,437**

The borrowings are repayable as follows:

	2022 €000	2021 €000
Within one year	41,234	28,161
Accrued interest within one year	9,133	-
Between two and five years	197,366	206,810
Beyond five years	201,376	6,466
	449,109	**241,437**

Bonds

On 16 December 2016, the Group 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 Group 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.

On 30 July 2021, the company raised €139,000,000 on loan notes that were admitted to trading on the Luxembourg MTF market. There are 1390 loan notes with a face value of €100,000 each. The repayment date is 29 July 2028.

On 20 December 2021, the company raised €41,000,000 on loan notes that were admitted to trading on the Luxembourg MTF market. There are 410 loan notes with a face value of €100,000 each. The repayment date is 29 July 2028.

The notes bear a fixed interest rate between 4% to 5% subject to a margin grid. The loan notes are secured on investments of the Company. The issuance costs have been capitalised and are being amortised to net finance costs over the 7 year life of these loan notes.

Bank loans

The bank loans and other borrowings comprise both fixed terms and other credit facilities. €7,176,000 (2021: €7,725,000) is secured on land and buildings in the form of a commercial mortgage. €11,870,000 (2021: €8,803,000) is secured on trade debtors and are subject to terms and conditions as to the nature, quantum and age of such debtors. €2,050,000 (2021: €2,050,000) is secured on equipment.

Variable Group borrowings are largely denominated in Euros at a rate of 0.85% above EURIBOR and in Sterling at a rate 1.75% above LIBOR. The Directors consider that the carrying amount of the loans approximates their fair value.

In 2020, the Group borrowed €45m in France as part of the French State response to COVID-19. These loans are 80% guaranteed by the French State and can be repaid over five years.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (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
Financial year ended 30 June 2021				
Opening Net book Value	58,653	26,370	560	85,583
Additions	10,243	14,824	-	25,067
Transfers	-	(687)	-	(687)
Acquisitions (note 12)	6,675	505	-	7,180
Disposals	(386)	(509)	(65)	(960)
Modification to lease terms	4,587	265	88	4,940
Amortisation charge for the period	(16,667)	(11,036)	(267)	(27,970)
Exchange movements	1,764	1,075	6	2,845
At 30 June 2021	**64,869**	**30,807**	**322**	**95,998**
At 30 June 2021				
Cost or deemed cost	92,322	50,954	926	144,202
Accumulated amortisation	(27,453)	(20,147)	(604)	(48,204)
Net book Amount	**64,869**	**30,807**	**322**	**95,998**
Financial year ended 30 June 2022				
Opening Net book Value	64,869	30,807	322	95,998
Additions	5,485	6,662	16	12,163
Transfers	442	(455)	13	-
Acquisitions (note 12)	18,754	5,570	393	24,717
Disposals	(66)	(579)	(6)	(651)
Modification to lease terms	1,900	474	(5)	2,369
Amortisation charge for the period	(19,659)	(13,608)	(232)	(33,499)
Exchange movements	(17)	40	(1)	22
At 30 June 2022	**71,708**	**28,911**	**500**	**101,119**
At 30 June 2022				
Cost or deemed cost	107,088	50,706	926	158,720
Accumulated amortisation	(35,380)	(21,795)	(426)	(57,601)
Net book Amount	71,708	28,911	500	101,119

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

21 Leases (continued)

Lease liabilities

	Land and buildings €000	Other €000	Total €000
Cost:			
At 1 July 2020	56,686	26,067	82,753
Acquisitions	6,675	425	7,100
Interest	2,174	897	3,071
Repayments	(18,346)	(12,593)	(30,939)
Additions	10,243	14,664	24,907
Modification to lease terms	4,587	353	4,940
Disposals	(1,396)	(618)	(2,014)
Exchange movements	1,795	527	2,322
At 30 June 2021	**62,418**	**29,722**	**92,140**
Current	15,043	10,366	25,409
Non-current	47,375	19,356	66,731
At 30 June 2021	**62,418**	**29,722**	**92,140**
Cost:			
At 1 July 2021	62,418	29,722	92,140
Acquisitions	14,945	5,987	20,932
Interest	2,186	962	3,148
Repayments	(19,111)	(13,779)	(32,890)
Additions	5,476	6,545	12,021
Modification to lease terms	2,176	211	2,387
Disposals	(64)	(594)	(658)
Exchange movements	(47)	(59)	(106)
At 30 June 2022	**67,979**	**28,995**	**96,974**
Current	18,270	12,682	30,952
Non-current	49,709	16,313	66,022
At 30 June 2022	**67,979**	**28,995**	**96,974**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

21 Leases (continued)

Amounts recognised in the Consolidated Income Statement

The Consolidated Income Statement includes the following amounts relating to leases:

	2022 €000	2021 €000
Amortisation charge:		
Right-of-use assets	33,499	27,970
Finance costs:		
Interest expense on lease liabilities	3,148	3,072
Operating expenses:		
Expenses relating to short-term leases	44	476
Expenses relating to leases of low-value assets	251	292
Expenses relating to variable lease payments not included within lease liabilities	1,602	671
Operating income:		
Sublease rental income:	(475)	(1,216)
Lease charges	1,422	223

As at 30 June 2022, 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	20,173	13,731	33,904
After one year but not more than five years	43,563	18,327	61,890
After five years	9,474	66	9,540
Total undiscounted cash flows	**73,210**	**32,124**	**105,334**

As at 30 June 2021, the maturity analysis of the Group's undiscounted cash flows on IFRS 16 leases were as follows:

	Land and Buildings €000	Other €000	Total €000
Not later than one year	17,470	11,705	29,175
After one year but not more than five years	41,875	20,241	62,116
After five years	9,419	304	9,723
Total undiscounted cash flows	**68,764**	**32,250**	**101,014**

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

21 Leases (continued)

Leasing activities

The Group enters into leases for a range of assets, principally relating to property and machinery. Property leases consist of sites and office buildings and have varying terms, renewal rights and escalation clauses, including periodic rent reviews. Leases of machinery include those used for production of finished goods.

Extension and termination options

Extension and termination options are included in a number of property leases throughout the Group. They are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

In determining whether a renewal or termination option will be taken, the following factors are normally the most relevant:

- The future intended use of the leased asset and future developments;
- If there are significant penalties to terminate (or not to extend), the Group is typically reasonably certain to extend (or not terminate);
- Strategic importance of the asset to the Group;
- Past practice; and
- Costs and business disruption to replace the asset

The lease term is reassessed if an option is exercised (or not exercised) and this decision has not already been reflected in the lease term as part of a previous determination. The assessment of reasonable certainty is revised only if a significant change in circumstances occurs, which affects this assessment, and this is within the control of the lessee.

The Group's weighted average incremental borrowing rate for all leases has been calculated by country and ranges from 2% to 6.5%. As a practical expedient, a lessee may apply a single discount rate to a portfolio of leases with reasonably similar characteristics; leases have been grouped according to location, type and lease length.

The practical expedient has been employed such that leases where the contractual term ends within twelve months of the date of initial application have been accounted for as short- term leases.

The Group has elected to rely on its assessment on whether a lease is onerous under IAS37: Provisions, Contingent Assets, and Contingent Liabilities immediately before the date of initial application, and included an adjustment to the right-of-use asset in accordance with this. The weighted average incremental borrowing rate for leases included in continuing operations are listed above.

Operating lease commitments consisted of total future minimum lease payments of €18,000 (2021: €46,000) for short term leases and €230,000 (2021: €447,000) for low value leases which were not accounted for under IFRS 16 'Leases'.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

22 Deferred income

	2022 €000	2021 €000
Advanced billings and other deferred income	12,362	7,659
Government grants	817	880
Deferred gains on property sale and leaseback	478	558
	13,657	**9,097**
Current	10,847	7,459
Non-current	2,810	1,638
	13,657	**9,097**

Advance billings and other deferred income are current and will be recognised as revenues and collected in the next twelve months.

Government grants

	2022 €000	2021 €000
At 1 July	**880**	**413**
Acquisitions	–	30
Proceeds from government grants received	380	552
Released in the year	(445)	(132)
Exchange movements	2	17
At 30 June	**817**	**880**

The above grant has no unfulfilled obligations, contingencies and is not related to COVID-19 Government measures.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

23 Provisions

	Retirement €000	Restructuring €000	Dilapidations €000	Other €000	Total €000
Balance at 1 July 2020	**7,057**	**8,487**	**5,579**	**2,067**	**23,190**
Actuarial movements	(495)	–	–	–	(495)
Effect of adopting IFRS 16	(337)	(10,746)	(475)	(676)	(12,234)
Utilised during the period	–	71	168	13	252
Exchange movements	173	6,924	430	2,279	9,806
Reclassification from trade payables	15	–	86	–	101
Charge/(credit) during the period	1,746	864	–	35	2,645
Balance at 30 June 2021	**8,159**	**5,600**	**5,788**	**3,718**	**23,265**
Actuarial movements	138	–	–	–	138
Utilised during the period	(718)	(3,358)	(1,000)	(928)	(6,004)
Exchange movements	–	11	(4)	4	11
Charge during the period	286	480	(232)	593	1,127
Interest charged during the year	–	–	81	–	81
Remeasurement Adjustment	–	–	(20)	–	(20)
Reclassification	372	(400)	–	(570)	(598)
Acquisitions (note 12)	–	–	4,218	904	5,122
Balance as at 30 June 2022	**8,237**	**2,333**	**8,831**	**3,721**	**23,122**
Current	742	857	458	1,599	3,656
Non-current	7,495	1,476	8,373	2,122	19,466
Balance as at 30 June 2022	**8,237**	**2,333**	**8,831**	**3,721**	**23,122**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

23 Provisions (continued)

Retirement provisions

Certain European countries in which the Group operates oblige the employer to provide lump sum termination payments.

The provisions have been calculated with reference to specified individuals who are entitled to this arrangement. The calculation of retirement benefit obligations requires estimates to be made of discount rates, inflation rates, future salary and pension increases and mortality.

Eventual settlement of this provision is dependant on the final retirement date for each individual concerned. Current provisions represent the anticipated settlement costs in the next twelve months.

Restructuring provisions

This provision includes redundancy and related charges incurred on the closure or restructuring of Group operations. Restructuring provisions are recognised when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline and the employees affected have been notified of the plan's main features.

The calculation of restructuring provisions requires estimates in some circumstances to be made about the amounts and timing of resulting payments. Current provisions represent the anticipated payments to occur in the next twelve months.

Dilapidations provisions

Dilapidations are the provisions recorded for the costs of returning properties held under lease to the state of repair at the inception of the lease. These provisions are expected to be utilised on the termination of the underlying leases. The calculation of these provisions requires judgements to be made on the level of dilapidations that have arisen and estimates on the costs of returning the properties to their state of repair at the inception of the lease. Current provisions represent the anticipated payments to occur in the next twelve months.

Other provisions

These provisions include onerous contracts and claims. Current provisions represent the anticipated settlement costs in the next twelve months.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

24 Deferred tax

The analysis of deferred tax assets/(liabilities) is as follows:

	2022 €000	2021 €000
Deferred tax assets	14,541	14,295
Deferred tax liabilities	(18,174)	(16,177)
Net deferred tax liabilities	**(3,633)**	**(1,882)**

The total movement in the net deferred tax liabilities are as follows:

	2022 €000	2021 €000
Liabilities at the beginning of the period	(1,882)	(5,426)
Credit to the Consolidated Income Statement (note 9)	8,129	6,483
Right-of-use asset addition	(143)	(160)
*Revaluation of property	(10,786)	–
(Charge)/credit to the Consolidated Statement of Comprehensive Income (note 9)	(62)	266
Acquisitions (note 12)	1,156	(3,215)
Exchange rate differences	(45)	170
Liabilities at the end of the period	**(3,633)**	**(1,882)**

Within the credit to the consolidated income statement above, €3,680,000 (2021: €4,030,000) is due to the impact of a change in rates. Deferred tax has been calculated at rate of 19%, rising to a rate of 25% from 2023.

*Revaluation of property deferred tax (charge)/credit recognised in the Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

24 Deferred tax (continued)

The individual movement in the deferred tax assets/(liabilities) is as follows:

	Property, plant & equipment €000	Intangible assets €000	Tax losses €000	Other temporary differences €000	Total €000
Balance at 1 July 2020	**2,391**	**(16,005)**	**6,800**	**1,388**	**(5,426)**
Credit/(charge) to the Consolidated Income Statement	1,516	1,722	2,974	271	6,483
Right-of-use asset addition	(160)	–	–	–	(160)
Charge to the Consolidated Statement of Comprehensive Income	–	–	–	266	266
Acquisitions	(1,580)	(1,661)	26	–	(3,215)
Items taken direct to equity	–	–	–	170	170
Balance at 30 June 2021	**2,167**	**(15,944)**	**9,800**	**2,095**	**(1,882)**
Credit to the Consolidated Income Statement	(120)	(1,860)	9,093	1,016	8,129
Right-of-use asset addition	(143)	–	–	–	(143)
Revaluation of property*	(10,786)	–	–	–	(10,786)
Credit to the Consolidated Statement of Comprehensive Income	–	–	–	(62)	(62)
Acquisitions	1,488	(248)	–	(84)	1,156
Items taken direct to equity	–	–	–	(45)	(45)
Balance at 30 June 2022	**(7,394)**	**(18,052)**	**18,893**	**2,920**	**(3,633)**

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 €101,877,000 (2021: €52,828,000) that are available indefinitely for offset against future taxable profits and €673,222,000 (2021: €656,294,000) 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 (2021: €1,033,000) which are due to expire within five years.

Deferred tax assets are recognized to the extent that it is probable (or "more likely than not") that sufficient taxable profits will be available to utilize the carry forward of unused tax losses. The Group have €176,778,000 (2021: €174,460,000) at the tax rate, worth of deferred tax losses not recognised. The Group have recognised deferred tax asset on losses of €18,893,000 (2021: €9,800,000).

* Revaluation of property deferred tax (charge)/credit recognised in Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

25 Retirement benefits

Defined contribution schemes

All defined contribution schemes are funded by the payment of contributions to independently administered funds and the assets of the scheme are held separately from those of the Group. The pension cost charges included in the income statement during the year and contribution amounts payable at the end of the year are summarised by country in the table below. Contribution amounts payable are included within other payables.

	Pension Costs Charges		Contribution Amounts Payable	
	2022	2021	2022	2021
	€000	€000	€000	€000
UK	6,439	5,484	1,161	630
The Netherlands	1,168	1,105	26	26
Norway	321	248	21	21
Sweden	52	213	–	18
Poland	103	86	9	9
Ireland	274	69	25	13
Germany	15	41	–	63
USA	79	16	16	–
Belgium	17	13	–	–
	8,468	**7,275**	**1,258**	**780**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

25 Retirement benefits (continued)

Defined benefit scheme – UK

A subsidiary company operates a final salary defined benefit pension plan. No benefits have accrued since 3 August 2005. Pension benefits for deferred members are based on the members' final pensionable salaries and service at the date accrual ceased (or date of leaving if earlier).

The most recent formal actuarial valuation was carried out as at 30 June 2022.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2022 Per annum	2021 Per annum
Discount rate	3.80%	1.70%
Expected rate of inflation	3.10%	3.30%
Rate of increase of pensions in payment	3.10%	3.20%
Rate of increase for deferred pensioners	2.30%	2.40%

Demographic assumptions

	2022	2021
Mortality (post retirement)	S3PMA/S3PFA CMI 2021 M/F 1.25%	S2PMA/S2PFA CMI 2019 M/F 1.25%

	2022		2021	
	Males	Females	Males	Females
Life expectancy for a current 65 year old	21.9 years	24.3 years	21.6 years	23.5 years
Life expectancy at age 65 for current 45 year old	23.2 years	25.7 years	22.9 years	25.1 years

The amount recognised in the Consolidated Statement of Financial Position in respect of the Group's UK defined benefit scheme assets is as follows:

	2022 €000	2021 €000
Present value of funded obligations	(6,990)	(9,529)
Fair value of scheme assets	8,199	10,063
Year-end assets	**1,209**	**534**

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 2022 (continued)

25 Retirement benefits (continued)

Amounts recognised in the Consolidated Income Statement in respect of the defined benefit scheme are as follows:

	2022 €000	2021 €000
Interest charge on obligation (note 7)	(159)	(137)
Interest income from scheme assets (note 7)	168	146
	9	**9**

Amounts recognised in other Comprehensive Income in respect of the defined benefit scheme are as follows:

	2022 €000	2021 €000
Actuarial gains on defined benefit obligation	2,390	174
Actuarial return on assets	(1,725)	(242)
	665	**(68)**

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 €3,639,000 (2021: €2,974,000).

Changes in the present value of defined benefit obligations are as follows:

	2022 €000	2021 €000
Opening defined benefit obligation	9,529	9,567
Interest cost	159	137
Foreign exchange movements	10	453
Actuarial (gains)	(2,390)	(174)
Benefits paid	(318)	(454)
Closing defined benefit obligation	**6,990**	**9,529**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

25 Retirement benefits (continued)

Changes in the fair value of scheme assets are as follows:

	2022 €000	2021 €000
Opening fair value of scheme assets	10,063	10,134
Interest income	168	146
Foreign exchange movements	11	479
Actual return on assets	(1,725)	(242)
Benefits paid	(318)	(454)
Closing fair value of scheme assets	**8,199**	**10,063**

The fair value of the scheme assets at the Consolidated Statement of Financial Position date is analysed as follows:

	Value at 30 June 2022 €000	Value at 30 June 2021 €000
Equity instruments	2,393	4,970
Gilts	2,015	2,391
Cash	3,791	2,702
	8,199	**10,063**

The history of the scheme for the current and prior period is as follows:

	2022 €000	2021 €000
Fair value of scheme assets	8,199	10,063
Present value of defined benefit obligations	6,990	9,529
Net surplus	1,209	534
Percentage of total scheme obligation	17.3%	5.6%
Experience adjustments on scheme assets	(1,725)	(242)
Percentage of scheme assets	(21%)	(2%)

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

25 Retirement benefits (continued)

The last actuarial valuation of the plan was performed by the Actuary for the Trustees as at 30 June 2022. This valuation revealed a surplus in the 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 2022 other than in respect of ongoing expenses.

	Change in assumption	Change in obligation
Sensitivity analysis		
Discount rate	+0.5%/-0.5%	-6%/+7%
Expected rate of inflation	+0.5%/-0.5%	+3%/-4%
Assumed life expectancy	+ 1 year	+3%

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

25 Retirement benefits (continued)

Defined benefit scheme – Norway

A subsidiary company operates a final salary defined benefit pension plan.

The most recent formal actuarial valuation was carried out as at 30 June 2022.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2022 Per annum	2021 Per annum
Discount rate	3.00%	1.90%
Expected rate of inflation	1.90%	1.70%
Expected rate of salary increases	2.75%	2.25%
Rate of increase of pensions in payment	0.00%	0.00%
Rate of increase for deferred pensioners	2.50%	2.00%

Demographic assumptions

	2022	2021
Mortality	K2013BE	K2013BE

	2022		2021	
	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 40 year	23.2 years	26.5 years	23.2 years	26.5 years

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

25 Retirement benefits (continued)

The amount recognised in the Consolidated Statement of Financial Position in respect of the Group's Norwegian defined benefit scheme assets is as follows:

	2022 €000	2021 €000
Present value of funded obligations	(2,015)	(2,284)
Fair value of scheme assets	2,277	2,512
Year-end asset	**262**	**228**

Amounts recognised in the Consolidated Income Statement in respect of the defined benefit scheme are as follows:

	2022 €000	2021 €000
Service cost (note 5)	(3)	(10)
Interest charge on obligation (note 7)	(41)	(46)
Interest income from scheme assets (note 7)	42	41
	(2)	**(15)**

Amounts recognised in other Comprehensive Income in respect of the defined benefit scheme are as follows:

	2022 €000	2021 €000
Actuarial gains on defined benefit obligation	125	332
Asset ceiling restriction (note 7)	(18)	-
Actual return on assets	(71)	(131)
	36	**201**

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 €15,000 (2021: Loss of €51,000).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

25 Retirement benefits (continued)

Changes in the present value of defined benefit obligations are as follows:

	2022 €000	2021 €000
Opening defined benefit obligation	2,284	2,581
Interest cost	41	46
Service cost	3	10
Foreign exchange movements	(32)	150
Actuarial (gain)	(125)	(332)
Benefits paid	(156)	(171)
Closing defined benefit obligation	**2,015**	**2,284**

Changes in the fair value of scheme assets are as follows:

	2022 €000	2021 €000
Opening fair value of scheme assets	2,512	2,576
Interest income	42	41
Foreign exchange movements	(35)	150
Return on assets	(71)	(131)
Contributions by employer	3	47
Asset ceiling restriction	(18)	-
Benefits paid	(156)	(171)
Closing fair value of scheme assets	**2,277**	**2,512**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

25 Retirement benefits (continued)

The fair value of the scheme assets at the Consolidated Statement of Financial Position date is analysed as follows:

	2022 €000	2021 €000
Equity instruments	165	286
Bonds	1,373	1,635
Real Estate	294	314
Cash	445	277
	2,277	**2,512**

The history of the scheme for the period since acquisition is as follows:

	2022 €000	2021 €000
Fair value of scheme assets	2,277	2,512
Present value of defined benefit obligations	2,015	2,284
Net surplus/(deficit)	262	228
Experience adjustments on scheme liabilities	95	(163)
Percentage of defined benefit obligation	4.7%	7.1%
Experience adjustments on scheme assets	40	96
Percentage of scheme assets	1.8%	3.8%

The last actuarial valuation of the plan was performed by the Actuary for the Trustees as at 30 June 2022.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

25 Retirement benefits (continued)

Defined benefit scheme – Germany

A subsidiary company operates two final salary defined benefit pension plan.

Allianz Scheme:

The most recent formal actuarial valuation for the first plan "Allianz scheme" was carried out as at 30 June 2022. The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2022 Per annum	2021 Per annum
Discount rate	3.20%	1.25%
Expected rate of inflation	0.0%	0.0%
Rate of increase of pensions in payment	0.0%	0.0%

Demographic assumptions

	2022	2021
Mortality	Richttafeln 2018 G Von Klaus Heubeck	Richttafeln 2018 G Von Klaus Heubeck

	2022 Males	2022 Females	2021 Males	2021 Females
Life expectancy for a current 65 year old	21.9 years	23.8 years	21.9 years	23.8 years
Life expectancy at age 65 for current 45 year old	23.3 years	25.4 years	23.3 years	25.4 years

The amount recognised in the Consolidated Statement of Financial Position in respect of the Group's German defined benefit scheme assets is as follows:

	2022 €000	2021 €000
Present value of funded obligations	(121)	(204)
Fair value of scheme assets	157	265
Year-end assets	**36**	**61**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

25 Retirement benefits (continued)

Amounts recognised in the Consolidated Income Statement in respect of the defined benefit scheme are as follows:

	2022 €000	2021 €000
Asset ceiling restriction (note 7)	-	(7)
Interest charge on obligation (note 7)	(3)	(3)
Interest income from scheme assets (note 7)	9	11
	6	**1**

Amounts recognised in other Comprehensive Income in respect of the defined benefit scheme are as follows:

	2022 €000	2021 €000
Actuarial gain on defined benefit obligation	44	3
Actual return on assets	(75)	(4)
	(31)	**(1)**

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 €42,000 (2021: €11,000).

Changes in the present value of defined benefit obligations are as follows:

	2022 €000	2021 €000
Opening defined benefit obligation	204	246
Actuarial gain	(44)	(3)
Interest cost	3	3
Benefits paid	(42)	(42)
Closing defined benefit obligation	**121**	**204**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

25 Retirement benefits (continued)

Changes in the fair value of scheme assets are as follows:

	2022 €000	2021 €000
Opening fair value of scheme assets	265	320
Interest income	9	11
Actual return on plan assets	(75)	(4)
Interest on effect of asset ceiling restriction	-	(7)
Benefits paid	(42)	(55)
Closing fair value of scheme assets	**157**	**265**

The fair value of the scheme assets at the Consolidated Statement of Financial Position date is analysed as follows:

	2022 €000	2021 €000
Bonds	157	265
	157	**265**

The history of the scheme for the period since acquisition is as follows:

	2022 €000	2021 €000
Fair value of scheme assets	157	265
Present value of defined benefit obligations	(121)	(204)
Net gain	**36**	**61**

The last actuarial valuation of the plan was performed by the Actuary for the Trustees as at 30 June 2022.

	Change in assumption	Change in obligation
Sensitivity analysis		
Discount rate	+0.5%/-0.5%	-0.02%/+0.02%

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (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 2022.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2022 Per annum	2021 Per annum
Discount rate	3.20%	1.25%
Expected rate of inflation	3.20%	1.25%
Rate of increase of pensions in payment	1.50%	1.50%

Demographic assumptions

	2022	2021
Mortality	Richttafeln 2018 G Von Klaus Heubeck	Richttafeln 2018 G Von Klaus Heubeck

	2022 Males	2022 Females	2021 Males	2021 Females
Life expectancy for a current 65 year old	21.9 years	23.8 years	21.9 years	23.8 years
Life expectancy at age 65 for current 45 year old	23.3 years	25.4 years	23.3 years	25.4 years

The amount recognised in the Consolidated Statement of Financial Position in respect of the Group's German defined benefit scheme assets is as follows:

	2022 €000	2021 €000
Present value of funded obligations	(2,166)	(2,879)
Fair value of scheme assets	1,768	2,358
Year-end liability	**(398)**	**(521)**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

25 Retirement benefits (continued)

Amounts recognised in the Consolidated Income Statement in respect of the defined benefit scheme are as follows:

	2022	2021
	€000	€000
Service cost (note 5)	(15)	(14)
Interest charge on obligation (note 7)	(35)	(42)
Interest income from scheme assets (note 7)	29	36
	(21)	**(20)**

Amounts recognised in other Comprehensive Income in respect of the defined benefit scheme are as follows:

	2022	2021
	€000	€000
Actuarial gain/(loss) on defined benefit obligation	664	(88)
Actual return on assets	(535)	(13)
	129	**(101)**

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 €483,000 (2021: €351,000).

Changes in the present value of defined benefit obligations are as follows:

	2022	2021
	€000	€000
Opening defined benefit obligation	2,879	2,830
Service cost	15	14
Interest cost	35	42
Actuarial (gains)/losses	(664)	88
Benefits paid	(99)	(95)
Closing defined benefit obligation	**2,166**	**2,879**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

25 Retirement benefits (continued)

Changes in the fair value of scheme assets are as follows:

	2022	2021
	€000	€000
Opening fair value of scheme assets	2,358	2,417
Interest income	29	36
Contributions by employer	12	13
Actual return	(535)	(13)
Benefits paid	(96)	(95)
Closing fair value of scheme assets	**1,768**	**2,358**

The fair value of the scheme assets at the Consolidated Statement of Financial Position date is analysed as follows:

	Value at 30 June 2022	Value at 30 June 2021
	€000	€000
Bonds	1,768	2,358
	1,768	**2,358**

The history of the scheme for the period since acquisition is as follows:

	2022	2021
	€000	€000
Fair value of scheme assets	1,768	2,358
Present value of defined benefit obligations	(2,166)	(2,879)
Net deficit	**(398)**	**(521)**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

25 Retirement benefits (continued)

Defined benefit scheme – Germany. A subsidiary company operates a final salary defined benefit pension plan.

Weingarten Scheme:

The most recent formal actuarial valuation for the final salary defined benefit pension plan "Weingarten" was carried out as at 30 June 2022.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2022 Per annum	2021 Per annum
Discount rate	1.50%	1.50%
Expected rate of inflation	0.00%	0.00%
Expected rate of salary increases	1.50%	1.50%
Rate of increase of pensions in payment	1.50%	1.50%

Demographic assumptions

	2022	2021
Mortality	Richttafeln 2018 G Von Klaus Heubeck	Richttafeln 2018 G Von Klaus Heubeck

	2022 Males	2022 Females	2021 Males	2021 Females
Life expectancy for a current 65 year old	21.9 years	23.8 years	21.9 years	23.8 years
Life expectancy at age 65 for current 45 year old	23.3 years	25.4 years	23.3 years	25.4 years

The amount recognised in the Consolidated Statement of Financial Position in respect of the Group's German defined benefit scheme assets is as follows:

	2022 €000	2021 €000
Present value of funded obligations	(3,925)	(4,292)
Year-end liability	**(3,925)**	**(4,292)**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (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 8 years' time. Amounts recognised in the Consolidated Income Statement in respect of the defined benefit scheme are as follows:

	2022 €000	2021 €000
Service cost (note 5)	(61)	(64)
Interest charge on obligation (note 7)	(50)	(60)
	(111)	**(124)**

Amounts recognised in other Comprehensive Income in respect of the defined benefit scheme are as follows:

	2022 €000	2021 €000
Actuarial gain/(loss) on defined benefit obligation	431	(86)
	431	**(86)**

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 €553,000 (2021: €122,000).

Changes in the present value of defined benefit obligations are as follows:

	2022 €000	2021 €000
Opening defined benefit obligation	4,292	4,128
Service cost	61	64
Interest cost	50	60
Actuarial (gain)/loss	(431)	86
Benefits paid	(47)	(46)
Closing defined benefit obligation	**3,925**	**4,292**

The history of the scheme for the period since acquisition is as follows:

	2022 €000	2021 €000
Present value of defined benefit obligations	(3,925)	(4,292)
Net deficit	**(3,925)**	**(4,292)**

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

26 Financial risk management

The Group's Treasury function is responsible for managing the Group's exposure to financial risk and operates within a defined set of policies and procedures reviewed and approved by the Board. The Group's financial risk management policies are established and reviewed regularly to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Liquidity risk

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

The Group manages this risk by ensuring that it maintains sufficient levels of committed borrowing facilities including invoice discounting and cash and cash equivalents. The level of headroom needed is reviewed annually as part of the Group's planning process. A maturity analysis of the carrying amount of the Group's borrowings is shown below in the reporting of financial risk section together with associated fair values.

Market risk

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

Currency risk

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

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

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

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

Interest rate risk

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

Credit risk

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

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

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

The Group factors trade receivable balances. The risk of trade receivables passes to the factoring company once the trade receivable invoice is with the factoring company.

Factoring is at EURIBOR +0.65% and LIBOR +0.65%. This decreases the Group bad debt risk.

Reporting of financial risks

Fair values

The carrying value approximates fair value for all financial

assets and liabilities in the Consolidated Statement of Financial Position.

Fair value hierarchy

The valuation bases are classified according to the degree of estimation required in arriving at the fair values. Level 1 valuations are derived from unadjusted quoted prices for identical assets or liabilities in active markets, level 2 valuations use observable inputs for the assets or liabilities other than quoted prices, while level 3 valuations are not based on observable market data and are subject to management estimates.

Deferred consideration

Deferred consideration is initially based on the present value of the expected payment, discounted using an appropriate market discount rate at the reporting date. It is subsequently measured at amortised cost.

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 2022 the discount rate used on contingent consideration was 3.0 per cent (30 June 2021: 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 2022 (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 2022							
Non derivative financial liabilities							
Lease liabilities	Level 2	33,904	61,900	9,359	105,163	(8,189)	96,974
Borrowings	Level 2	65,392	234,388	219,515	519,295	(70,186)	449,109
Trade and other payables	Level 2	300,132	–	–	300,132	–	300.132
Deferred consideration	Level 2	1,671	59	–	1,730	–	1,730
Contingent consideration	Level 3	185	2,764	–	2,949	–	2,949
		401,284	**299,111**	**228,874**	**929,269**	**(78,375)**	**850,897**

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 2021							
Non derivative financial liabilities							
Lease liabilities	Level 2	29,175	62,116	9,723	101,014	(8,874)	92,140
Borrowings	Level 2	35,160	224,011	6,830	266,001	(24,564)	241,437
Trade and other payables	Level 2	231,507	–	–	231,507	–	231,507
Deferred consideration	Level 2	4,585	880	–	5,465	–	5,465
Contingent consideration	Level 3	185	3218	–	3,218	–	3,218
		300,612	**290,040**	**16,553**	**607,205**	**(33,438)**	**573,767**

1. EBIT and EBITDA are defined in note 2(s) on page 66.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (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	
	2022	2021	2022	2021
Currency				
Sterling	1.18	1.13	1.17	1.17
Swedish Krona	0.10	0.10	0.09	0.10
Norwegian Kroner	0.10	0.10	0.10	0.10
Romanian Leu	0.20	0.20	0.20	0.20
Polish Zloty	0.22	0.22	0.21	0.22
Czech Koruna	0.04	0.04	0.04	0.04
Australian Dollar	0.64	0.63	0.66	0.63
US Dollar	0.89	0.84	0.96	0.83
Hongkong Dollar	0.11	0.11	0.12	0.11
Indian Rupee	0.01	0.01	0.01	0.01
Bulgarian Lev	0.51	0.51	0.51	0.51
Canadian Dollar	0.70	0.65	0.75	0.68
China RMB	0.14	0.13	0.14	0.13

Sensitivity analysis

A 10 per cent weakening of these currencies at 30 June 2022 and 30 June 2021 would have had the following effect on profit on ordinary activities before tax:

	2022 €000	2021 €000
Sterling	837	549
Norwegian Kroner	370	50
Swedish Krona	208	7
Polish Zloty	(138)	(62)
Czech Koruna	15	98
Romanian Leu	(38)	(3)
US Dollar	(80)	81
Bulgarian Lev	–	(7)
Chinese Yuan	3	–
Canadian Dollar	–	(15)
Australian Dollar	(9)	(11)

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (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

	2022 €000	2021 €000
Euro	179,457	63,651
Sterling	67,897	55,934
US Dollar	4,555	2,222
Romania Leu	65	33
Norwegian Kroner	1,254	506
Swedish Krona	829	923
Polish Zloty	591	426
Czech Koruna	5	108
Australian Dollar	404	97
Canadian Dollar	12	102
Indian Rupee	3	–
Bulgarian Lev	1	14
China RMB	4	–
South African Rand	48	–
Hong Kong Dollar	9	–
	255,134	**124,016**

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

	2022 €000	2021 €000
Euro bank borrowings	321,972	192,547
Sterling bank borrowings	10,181	7,703
Norwegian Kroner bank borrowings	1,690	1,651
Czech Koruna bank borrowings	404	1,636
	334,247	**203,537**

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 2022 (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.

	2022 €000	2021 €000
100% movement in 3 month EURIBOR and LIBOR	294	521

Foreign exchange risk

The Group investments and activities are mainly located within the Eurozone as well as the UK. Cover is arranged through a combination of internal hedging of risks by matching sales and purchases where practical and forward contracts where considered necessary.

Credit risk

The Group receives credit from funders and suppliers. Group policies are aimed at ensuring this credit is maintained at adequate levels for the purpose of funding the business operations.

Additionally, policies are aimed at minimising losses from credit risk and require that credit terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Exposure to credit risk is also mitigated by the Group invoice factoring facility (without recourse) as it is the financial institution that bears the risks of non-payment. Individual exposures are monitored with customers subject to credit limits to ensure that the Group's exposure to bad debts is not significant. Goods may be sold on a cash-with-order basis to mitigate credit risk. An appropriate level of credit insurance cover has been arranged in the UK to ensure that we have a cost effective means of protection against increased credit risks in the current economic environment.

In determining the recoverability of a trade receivable the Group considers any change in the quality of the trade receivable from the date the credit was initially granted up to the reporting date, payment history, current relationship, latest market intelligence and the availability of credit insurance.

Expected credit loss

Overdue trade receivables were reviewed for indication of any credit loss issues to assess the likelihood of expected credit losses. The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics, such as, current relationship with the customer, industry in which the customer operates, geographical location of customers, historical information on payment patterns, terms of payment and the days past due.

The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced. The rates are monitored to ensure they reflect current and forward-looking information on macroeconomic factors. There has been no significant deterioration in the aging of trade receivables or extension of debtor days in the year. Notwithstanding this, the global financial uncertainty arising from COVID-19, has resulted in an increase in the expected credit loss rate, and the consequently the impairment loss allowance, compared to the prior year. This reflects the increased risk of credit default by the Group's customers going forward due to the impact of COVID-19.

Overdue trade receivables were reviewed for indication of any credit loss issues to assess the likelihood of expected credit losses. A doubtful receivable provision of €6,394,000 is in place in respect of trade receivables of €76,567,000. Outstanding customer balances are regularly monitored and reviewed for indicators of impairment to determine where there is a need for a provision. Expected credit losses are measured in a way that reflects an unbiased and probability – weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable supportable information.

Bad debts are written off as uncollectible when there is strong objective evidence that there will be no recoverable element of the debt and all methods of recovery have been exhausted.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

26 Financial risk management (continued)

Loss allowances determined as follows for trade receivables:

	2022				2021			
	Current €000	**1 to 90 days past due €000**	**More than 90 days past due €000**	**Total €000**	**Current €000**	**1 to 90 days past due €000**	**More than 90 days past due €000**	**Total €000**
Gross carrying amount	55,124	15,917	5,526	76,567	25,900	35,150	6,097	67,147
Loss allowance	390	1,018	5,526	6,394	77	1,100	4,628	5,805
ECL%	0%	6%	100%	8%	0%	3%	76%	9%

Movement in the allowance for doubtful debts

	2022 €000	**2021 €000**
Balance at beginning of period	5,805	4,869
Impairment provisions	2,159	1,611
Amounts written-off as uncollectible	(2,401)	(530)
Acquisitions	1,059	–
Foreign exchange movements	22	175
Impairment provisions reversed	(250)	(320)
Balance at end of period	**6,394**	**5,805**

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 2022 (continued)

27 Share capital and reserves

Share capital

	2022 No.	2022 €	2021 No.	2021 €
Allotted, called up and fully paid				
Ordinary Class A shares of €1.00 each	15,789,473	15,789,473	15,789,473	15,789,473
Ordinary Class B shares of €1.00 each	14,210,526	14,210,526	14,210,526	14,210,526
Special Share of €1.00	1	1	1	1
	30,000,000	**30,000,000**	**30,000,000**	**30,000,000**

All authorised and issued share capital is represented by equity shareholdings.

Reserves

Capital reserve

In April 2017, Paragon ID SA (formerly known as ASK SA) acquired the Group's Identification Division. As a consequence of this transaction Paragon ID SA has now become a subsidiary of the Group. Share capital in a subsidiary of the Group was treated as consideration for the purchase. This resulted in the creation of the Group's capital reserve.

	2022 €000	2021 €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.

	2022 €000	2021 €000
Capital redemption reserve	1,750	1,750

Revaluation reserve

The revaluation reserve arose on the revaluation of all the Group's property portfolio during the year ended 30 June 2022.

	2022 €000	2021 €000
Revaluation reserve	26,943	–

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.

	2022 €000	2021 €000
Cumulative translation reserve	(4,750)	(2,065)

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

27 Share capital and reserves (continued)

Retained earnings

	2022 €000	2021 €000
Retained earnings	(854)	26,024

28 Dividends paid

	2022 €000	2021 €000
Dividends declared and paid in the year	–	–

29 Capital and other commitments

	2022 €000	2021 €000
Capital expenditure contracted but not provided	–	–

Lease commitments where the Group is lessor

	2022 €000	2021 €000
Not more than one year	–	–
After one year but not more than five years	–	–
	–	**–**

30 Contingent liabilities

In the Directors' opinion there are further contingent liabilities other than those disclosed in Note 19.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (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 62. The Group's principal subsidiaries, joint ventures and associates are disclosed on pages 126 to 131.

Joint ventures

Transactions and year-end balances with joint ventures were:

	2022 €000	2021 €000
Sales	4,781	4,945
Purchases	1	2
Amounts due from joint ventures	1,468	2,394
Amounts owed to joint ventures	1,837	1,837

Sales and purchases are with dsi Billing Services Limited.

Amounts due from joint ventures include historic receivables from Inlays India Private Limited and trading balances from dsi Billing Services Limited.

Amounts due to joint ventures include historic payables with Inlays India Private Limited.

Associates

The Group had no transactions during the year or year-end balances with associates. Previous year balances were also NIL.

Other related parties

Transactions and year-end balances with other related parties were:

	2022 €000	2021 €000
Rental income	–	46
Interest received	190	35
Amounts due from related parties	–	–

Interest income in the current year is interest on loans to Grenadier CFH SARL and Grenadier Investment Management Limited, which are companies that shared a common director. In the previous year, rental income and interest were in respect of Trenton Box Company Limited, a company that shared a common director prior to being acquired by us.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

31 Related party transactions (continued)

Key management personnel

Transactions and year-end balances with key management personnel were:

	2022 €000	2021 €000
Interest payable to shareholder	–	–
Amounts due from companies with common key management personnel	25,435	35
Amounts due to companies with common key management personnel	337	43

Amounts owed by other related parties represents loans made by the Company to two companies which share common directors, Grenadier CFH SARL and Grenadier Investment Management Limited. These loans are repayable on demand and bear interest at the rate of 1.15% per annum.

During the year the Group incurred €Nil (2021: €Nil) business accommodation costs with a hotel that shares a common director with the Group and employee costs of €209,500 (2021: €180,000) for individuals who are related parties by virtue of being a close family member of a Director.

The amounts owed represent unpaid remuneration and business expenses to companies that share common directors.

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 44.

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 18 July 2022, the Group acquired 100% of the issued share capital of Tracktio Group SL. Initial consideration amounted to €0.5 million. Tracktio Group SL has an annual turnover of €0.3 million and is a Spanish provider of asset tracking and RTLS solutions.

33 Ultimate controlling party

The ultimate controlling party is Patrick James Crean, by virtue of his shareholding.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

34 List of all undertakings

Details of the investments in which the Group or the Company holds at least than 3% of the nominal value of any class of share capital are as follows:

Subsidiary undertakings

PCC: Paragon Customer Communications
PID: Paragon ID
PGS: Paragon Graphic Services
PGD: Paragon Growth Division

Name of Company	Country of incorporation	Holding	Proportion of voting rights and shares held	Footnote	Nature of business
Grenadier Holdings plc	England	Ordinary	100%		Parent undertaking
PCC Global PLC	England	Ordinary	100%	(45)	Parent undertaking
PCC Grenadier Ltd	England	Ordinary	100%	(29)	Parent undertaking
Service Graphics Limited	England	Ordinary	100%	(1)	PGS
Paragon Identification SAS	France	Ordinary	80.41%	(4)	PID
Paragon Transaction SA	France	Ordinary	100%	(36)	PCC
Paragon Group Holdings Limited	England	Ordinary	100%	(35)	Dormant
Grenadier Corporate Limited	England	Ordinary	100%	(29)	Parent undertaking
Paragon Romania SRL	Romania	Ordinary	100%	(3)	PCC
Paragon Transaction (UK) Limited	England	Ordinary	100%	(3)	Parent undertaking
Paragon Financial Investment Limited (UK)	England	Ordinary	100%		Parent undertaking
Immobiliere Paragon France SAS	France	Ordinary	100%	(29)	Property holding
Inter Routage Sologne SAS	France	Ordinary	100%	(3)	PCC
SCI de L'erigny	France	Ordinary	100%	(27)	Property holding
Gresset Rault Solutions SA	France	Ordinary	100%	(36)	PCC
D'Haussy Solutions International SAS	France	Ordinary	100%	(3)	PCC
D'Haussy GmbH	France	Ordinary	100%	(13)	PCC
D'Haussy Solutions SAS	France	Ordinary	100%	(3)	PCC
Immobiliere Grenadier France SAS	France	Ordinary	100%	(29)	Property holding
Bemrose Booth Paragon Limited	England	Ordinary	80.41%	(16)	PID
Print Trade Suppliers Limited	England	Ordinary	100%	(19)	PCC
Holmbergs Malmo AB	Sweden	Ordinary	100%	(1)	PGS
Njaljus AB	Sweden	Ordinary	100%	(9)	PGS
Allkopi Holding AS	Norway	Ordinary	100%	(1)	Parent undertaking

continued...

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

34 List of all undertakings (continued)

Name of Company	Country of incorporation	Holding	Proportion of voting rights and shares held	Footnote	Nature of business
Global Grafixnet S.A.	Spain	Ordinary	76.16%	(31)	Dormant
Paragon Business Process Services	France	Ordinary	100%	(3)	PCC
Trenton Box Company Limited	UK	Ordinary	100%	(30)	PGD
Apitrak SAS	France	Ordinary	58.90%	(4)	PID
Paragon ID Technologie SAS	France	Ordinary	80.41%	(16)	Dormant
Airweb SAS	France	Ordinary	80%	(4)	PID
Scytel Election Technologies SA	Spain	Ordinary	76.16%	(31)	PGD
Scytel Sarl	France	Ordinary	76.16%	(46)	PGD
Scytel Pty Limited	Australia	Ordinary	76.16%	(46)	PGD
Scytel MIKE	Greece	Ordinary	76.16%	(46)	PGD
Scytel LLC	USA	Ordinary	76.16%	(46)	PGD
SOE Software Inc.	USA	Ordinary	76.16%	(47)	PGD
Scytel Inc.	Canada	Ordinary	76.16%	(46)	PGD
Akira Systems Inc.	Canada	Ordinary	76.16%	(48)	PGD
Allkopi AS	Norway	Ordinary	100%	(7)	PGS
KSB Groep BV	Netherlands	Ordinary	100%	(8)	PGS
Paragon Nederland BV	Netherlands	Ordinary	100%	(29)	Dormant
Paragon Identification SRL	Romania	Ordinary	80.41%	(16)	PID
FleQs BV	Netherlands	Ordinary	100%	(1)	PGS
Paragon Grenadier US Inc.	USA	Ordinary	100%	(29)	Parent undertaking
Paragon Solutions Group Inc.	USA	Ordinary	100%	(6)	PID
Paragon ID SA	France	Ordinary	80.41%	(29)	PID
ASK InTag LLC	USA	Ordinary	80.41%	(4)	PID
ASK Asia HK Limited	Hong Kong	Ordinary	80.41%	(4)	Parent undertaking
Beijing ASK Smart Technology Co Limited	China	Ordinary	80.41%	(18)	Dormant
Paragon Customer Communications Limited	England	Ordinary	100%	(5)	Parent undertaking
Grenadier Realty Limited	England	Ordinary	100%	(14)	Property Holding
Paragon Customer Communications (Bristol) Limited	England	Ordinary	100%	(19)	PCC
Lateral Holdings Limited	England	Ordinary	100%	(19)	Parent undertaking
Dsicmm Group Limited	England	Ordinary	100%	(19)	Parent undertaking

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Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

34 List of all undertakings (continued)

Name of Company	Country of incorporation	Holding	Proportion of voting rights and shares held	Footnote	Nature of business
Lateral Group Limited	England	Ordinary	100%	(20)	Parent undertaking
Paragon Customer Communications (London) Limited	England	Ordinary	100%	(19)	PCC
Paragon Customer Communications (Nottingham) Limited	England	Ordinary	100%	(21)	PCC
OT Group Limited	England	Ordinary	100%	(1)	PGD
Paragon Customer Communications Nederland BV	Netherlands	Ordinary	100%	(36)	PCC
Innovative Solutions Ecosystem SA	Spain	Ordinary	76.16%	(30)	Parent undertaking
Service Point Facilities Management Iberica S.A.	Spain	Ordinary	99.99%	(1)	PGS
Paragon Customer Communications Belgium NV	Belgium	Ordinary	100%	(36)	PCC
Paragon MeillerGHP Holdings GmbH	Germany	Ordinary	100%	(5)	Parent undertaking
Paragon Customer Communications Schwandorf GmbH	Germany	Ordinary	100%	(10)	PCC
Paragon Customer Communications Czech Republic a.s	Czech Republic	Ordinary	100%	(15)	PCC
Paragon Customer Communications Sp. z.o.o.	Poland	Ordinary	100%	(5)	PCC
MeillerGHP AB	Sweden	Ordinary	100%	(5)	PCC
Paragon Magnadata USA Inc.	USA	Ordinary	80.41%	(16)	PID
Paragon Identification Pty Limited	Australia	Ordinary	80.41%	(11)	PID
Burall Infosmart Limited	England	Ordinary	80.41%	(11)	PID
Paragon Customer Communications (Finsbury Circus) Limited	England	Ordinary	100%	(19)	Dormant
Paragon Customer Communications (Redruth) Limited	England	Ordinary	100%	(19)	Dormant
Paragon Customer Communications Korschenbroich GmbH	Germany	Ordinary	100%	(10)	PCC
AmaTech Group Limited	Ireland	Ordinary	80.41%	(4)	PID
Feinics AmaTech Teoranta	Ireland	Ordinary	80.41%	(24)	PID
AmaTech Inc.	USA	Ordinary	80.41%	(24)	PID
Paragon Realty (Pilsen) s.r.o.	Czech	Ordinary	100%	(26)	PCC
Global Document Systems Limited	England	Ordinary	100%	(19)	PCC
Grenadier Holdings Investment Limited	England	Ordinary	100%	(29)	Parent undertaking
Paragon Customer Communications Schwandorf Realty GmbH	Germany	Ordinary	100%	(14)	PCC

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Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

34 List of all undertakings (continued)

Name of Company	Country of incorporation	Holding	Proportion of voting rights and shares held	Footnote	Nature of business
Paragon Customer Communications Korschenboich Realty GmbH	Luxembourg	Ordinary	100%	(14)	Property Holding
PCC Realty (UK) Limited	England	Ordinary	100%	(19)	Property Holding
DSICMM (PB Germany) Limited	England	Ordinary	100%	(5)	Dormant
Paragon Graphics Limited	England	Ordinary	100%	(29)	Parent undertaking
Paragon Customer Communications Weingarten GmbH	Germany	Ordinary	100%	(10)	PCC
Paragon Customer Communications (Luxembourg) SA	Luxembourg	Ordinary	100%	(23)	PCC
Paperhat India Pvt Limited	India	Ordinary	99%	(23)	PCC
Celerity Information Services (Inc).	USA	Ordinary	100%	(23)	PCC
Despark Bulgaria EOOD	Bulgaria	Ordinary	100%	(19)	PCC
Paragon Supply Services	France	Ordinary	100%	(3)	PCC
Innovative Output Solutions (Manchester) Limited	England	Ordinary	100%	(19)	Dormant
PCC Netherlands Holdings BV	Netherlands	Ordinary	100%	(5)	Parent undertaking
Paragon Softtech Limited	Ireland	Ordinary	100%	(29)	PGD
Stat Company Limited	England	Ordinary	100%	(39)	Parent undertaking
ZenOffice Limited	England	Ordinary	100%	(40)	PGD
Paragon Communicatie Services BV	Netherlands	Ordinary	100%	(36)	PCC
Paragon Nederlands BV	Netherlands	Ordinary	100%	(36)	PCC
Grenadier Realty Ireland Limited	Ireland	Ordinary	100%	(14)	Property Holding
SG Print Limited	Ireland	Ordinary	100%	(1)	PGS
Thames Card Technology Limited	England	Ordinary	100%	(11)	PID
OTGI Limited	Ireland	Ordinary	100%	(1)	PGS
Paragon Office Team Limited	Ireland	Ordinary	100%	(1)	PGS
Image Factory Retail Graphics Limited	England	Ordinary	100%	(35)	Dormant
A.E. Tyler Limited	England	Ordinary	100%	(35)	Dormant
Optimum Media Marketing Services Limited	England	Ordinary	100%	(37)	Dormant
Paragon Customer Communications International Limited	England	Ordinary	100%	(19)	Dormant

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Notes to the Consolidated Financial Statements

for the year ended 30 June 2022 (continued)

34 List of all undertakings (continued)

Name of Company	Country of incorporation	Holding	Proportion of voting rights and shares held	Footnote	Nature of business
PCC GDS Limited	England	Ordinary	100%	(19)	PCC
Devonshire Appointments Limited	England	Ordinary	100%	(19)	PCC
Critical Mail Continuity Services Limited	England	Ordinary	100%	(19)	PCC
PCC International Germany GmbH	Germany	Ordinary	100%	(36)	PCC
Paragon Customer Communications Ireland Limited	Ireland	Ordinary	100%	(19)	PCC
Paragon Customer Communications Italy s.r.l.	Italy	Ordinary	100%	(36)	PCC
Paragon Customer Communications Spain SL	Spain	Ordinary	100%	(36)	PCC
PCC Poland SP z.o.o	Poland	Ordinary	100%	(36)	PCC
Paragon Customer Communications International France SAS	France	Ordinary	100%	(33)	PCC
UrbanThings Limited	England	Ordinary	80.41%	(11)	PID
Airweb Urban Things Limited	England	Ordinary	80.41%	(11)	PID
RFID Discovery Solutions Limited	England	Ordinary	80.41%	(11)	PID
Eco Mlr Limited	England	Ordinary	80%	(12)	PCC
The Lettershop Limited	England	Ordinary	100%	(22)	PCC
Hamsard 3302 Limited	England	Ordinary	100%	(23)	PCC
Security Label GmbH	Germany	Ordinary	75.02%	(4)	PID
DG3 Group (Holdings) Limited.	England	Ordinary	100%	(23)	PCC
EDM Technologies Inc	USA	Ordinary	80.41%	(4)	PID
Paragon Properties Holdings LLC	USA	Ordinary	80.41%	(4)	PID
DG3 Connections Limited	England	Ordinary	100%	(23)	Dormant
DG3 Europe Limited	England	Ordinary	100%	(23)	Dormant
DG3 Digital Limited	England	Ordinary	100%	(23)	Dormant
DG3 Squared Limited	England	Ordinary	100%	(23)	Dormant
WL CCM Limited	England	Ordinary	100%	(23)	PCC
With Reason Limited	England	Ordinary	100%	(23)	PCC
Grenadier RIES SAS	France	Ordinary	100%	(42)	Property Division
Paragon Customer Communications France SAS	France	Ordinary	100%	(36)	Holding Company
Holding Hopa 15 SAS	France	Ordinary	20%	(42)	Property Division

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Notes to the Consolidated Financial Statements

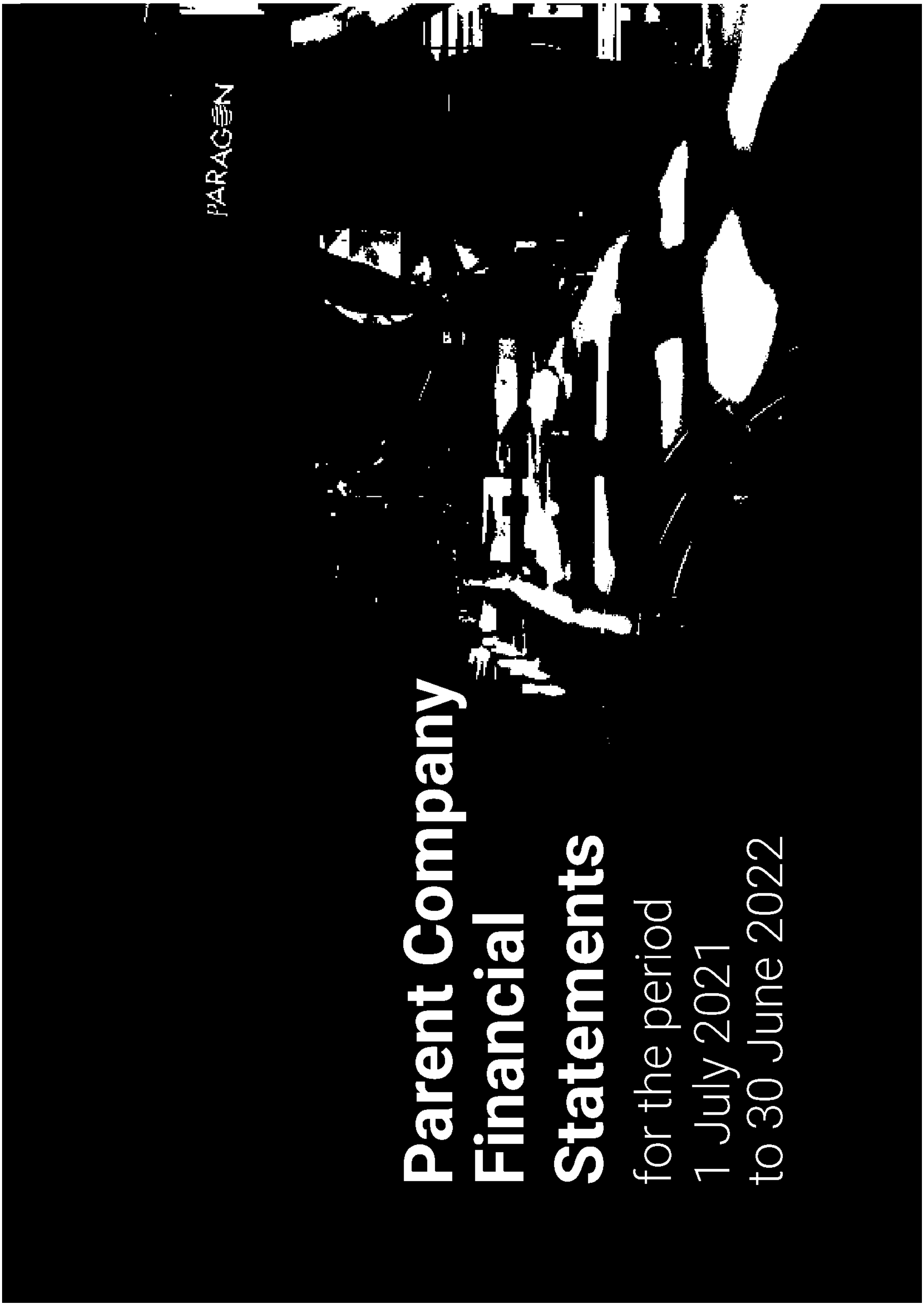
for the year ended 30 June 2022 (continued)

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 Luxembourg S.à.r.l.	Luxembourg	Ordinary	100%	(43)	PCC
Paragon Workplace Solutions Hong Kong Limited	Hong Kong	Ordinary	100%	(19)	PCC
Dean Packaging	England	Ordinary	100%	(44)	PGD
Joint ventures					
Inlays India Private Limited	India	Ordinary	56.32%	(4)	Dormant
dsi Billing Services Limited	England	Ordinary	50%	(23)	PCC
Associates					
Response Handling Centre Limited	England	Ordinary	34%	(23)	PCC
Investments					
Intercopy AB	Sweden	Ordinary	7%	(9)	PGS
Output AG	Germany	Ordinary	6%	(25)	PCC
Scytl Voting Hardware SL	Spain	Ordinary	5%	(41)	Dormant
BeeBuzziness SA	France	Ordinary	7.8%	(29)	PCC

(1) Held via Paragon Graphics Limited
(2) Held via Paragon Transaction (UK) Limited
(3) Held via Paragon Transaction SA
(4) Held via Paragon ID SA
(5) Held via PCC Global Limited
(6) Held via Paragon Grenadier US Inc
(7) Held via Allkopi Holdings AS
(8) Held via Allkopi AS
(9) Held via Holmbergs i Malmo AB
(10) Held via Paragon MeillerGHP Holdings GmbH
(11) Held via Bemrose Booth Paragon Limited
(12) Held via Despark UK Limited
(13) Held via D'Haussy Solutions International SAS
(14) Held via Grenadier Holdings Investments Limited
(15) Held via Paragon Customer Communications Schwandorf GmbH
(16) Held via Paragon Identification SAS
(17) Held via Burall Infosmart Limited
(18) Held via ASK Asia HK Limited
(19) Held via Paragon Customer Communications Limited
(20) Held via Lateral Holdings Limited
(21) Held via Lateral Group Limited
(22) Held via dsicmm Group Limited
(23) Held via Paragon Customer Communications (London) Limited
(24) Held via Amatech Group Limited
(25) Held via Paragon Customer Communications Korschenbroich GmbH
(26) Held via Paragon Customer Communications Czech a.s.
(27) Held via Inter Routage Sologne SAS
(28) Held via Innovative Output Solutions (Manchester) Limited
(29) Held via Grenadier Holdings plc
(30) Held via Paragon Financial Investments Limited
(31) Held via Service Point Solutions SA
(32) Held via Paragon Grenadier US Inc.
(33) Held via Despark Bulgaria EOOD
(34) Held via Paragon Customer Communications (London) Limited. This entity has been consolidated as the Group exerts significant influence and control over the Board of Directors.
(35) Held via Paragon Group UK Limited
(36) Held via PCC Netherlands Holdings BV
(37) Held via A.E. Tyler Limited
(38) Held via Paragon Customer Communications International Limited
(39) Held via OT Group Limited
(40) Held via Stat Company Limited. This entity has been consolidated as the Group exerts significant influence and control over the Board of Directors.
(41) Held via Airweb Urban Things Limited.
(42) Held via Immobiliere Paragon France SAS
(43) Held via Devonshire Appointments Limited
(44) Held via Trenton Box Company Limited
(45) Held via PCC Grenadier Ltd
(46) Held via Scytel Election Technologies SA
(47) Held via Scytel LLC
(48) Held vis Scytel Inc.

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.


PARAGON
Parent Company
Financial
Statements
for the period
1 July 2021
to 30 June 2022

Parent Company Statement of Financial Position

for the year ended 30 June 2022

	Notes	2022 €000	2021 €000
Fixed assets			
Investments	4	74,943	74,943
		74,943	**74,943**
Current assets			
Other receivables	5	–	–
		–	–
Current liabilities			
Other payables	6	147	144
		147	**144**
Net current liabilities		**(147)**	**(144)**
Net assets		**74,796**	**74,799**
Capital and reserves			
Share capital	8	30,000	30,000
Capital redemption reserve		1,750	1,750
Retained earnings		43,046	43,049
Total equity		**74,796**	**74,799**

As permitted by Section 408 of the Companies Act 2006, no Income Statement account of the Company is included in these financial statements. The loss for the financial period for the Company was €3,294 (2021: Profit of €Nil).

These financial statements were approved by the Board of Directors on 9 February 2023 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 2022

	Share capital	Capital redemption reserve	Retained earnings	Total equity
	€000	€000	€000	€000
Balance as at 30 June 2021	30,000	1,750	43,049	74,799
Loss for the year	–	–	(3)	(3)
Balance at 30 June 2022	**30,000**	**1,750**	**43,046**	**74,796**
Balance at 30 June 2021	**30,000**	**1,750**	**43,049**	**74,799**

Notes to the Parent Company Financial Statements

for the year ended 30 June 2022

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 59 to131.

Foreign currencies

Transactions in foreign currencies other than Euro are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Euro at the exchange rate ruling at that date.

Foreign currency differences arising on translation or settlement of monetary items are recognised in the Income Statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and not retranslated each period end. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Euro at exchange rates ruling at the date the fair value was determined.

Paragon Group Limited's financial statements are prepared in Euro as the majority of the company's transactions are denominated in Euro.

Investments

Investments are stated at historical cost in the Consolidated Statement of Financial Position. Provision is made for any impairment in the value of fixed asset investments.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Tax

The tax expense in the Income Statement comprises current tax and deferred tax. Current tax is the expected tax payable on the taxable profit for the period. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income and expense that are taxable

or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the consolidated financial statement position date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit. Deferred tax is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that 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.

Notes to the Parent Company Financial Statements

for the year ended 30 June 2022

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Income Statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current assets against

current liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts

reported for revenues and expenses during the year. However the nature of estimation means that actual outcomes could differ from those estimates.

The following estimates have had the most significant effect on amounts recognised in the financial statements:

Forecasts and discount rates

The carrying values of investments in the balance sheet are dependent on estimates of future cash flows arising from Group operations which, in some circumstances, are discounted to arrive at a net present value. Assessment for impairment involves comparing the book value of an asset with its recoverable amount (being the higher of value in use and fair value less costs to sell).

Value in use is determined with reference to projected future cash flows discounted at an appropriate rate. Both the cash flows and the discount rates involve a significant degree of estimation uncertainty.

Notes to the Parent Company Financial Statements

for the year ended 30 June 2022

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 year for the Company was €3,294 (2021: profit of €Nil).

3 Auditors' remuneration

Fees paid to the auditors in respect of their audit of the Company were €5,000 (2021: €5,000). These fees were borne by another Group entity.

4 Investments held as fixed assets

	2022 €000	2021 €000
Cost:		
At 1 July	74,943	74,943
At 30 June	**74,943**	**74,943**

The above are unlisted investments. The principal trading subsidiaries are listed in note 34 of the Group financial statements.

Notes to the Parent Company Financial Statements

for the year ended 30 June 2022

5 Other receivables

	2022 €000	2021 €000
Amount due from related undertaking	–	–
	–	–

6 Other payables

	2022 €000	2021 €000
Amounts payable to shareholders	–	–
Intercompany loan payable	147	144
	147	**144**

7 Related party transactions

Transactions and year-end balances with related parties were:

	2022 €000	2021 €000
Interest payable to shareholder	3	–

Companies with common key management personnel include Grenadier Management Limited.
Details of the Directors are given on page 44. 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.

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Notes to the Parent Company Financial Statements

for the year ended 30 June 2022

8 Called up share capital and share premium account

	2022		2021	
	No.	€	No.	€
Allotted, called up and fully paid				
Ordinary Class A shares of €1.00 each	15,789,473	15,789,473	15,789,473	15,789,473
Ordinary Class B shares of €1.00 each	14,210,526	14,210,526	14,210,526	14,210,526
Special Share of €1.00	1	1	1	1
	30,000,000	**30,000,000**	**30,000,000**	**30,000,000**

All authorised and issued share capital is represented by equity shareholdings.

Allkopi Holding AS

Årsrapport for perioden

01.07.2021 – 30.06.2022

Styrets årsberetning

Resultatregnskap

Balanse

Noter

Organisasjonsnummer 990 919 216

Allkopi Holding AS pr 30.06.2022
Årsberetning for perioden 01.07.2021 – 30.06.2022

Virksomheten
Selskapet er morselskap til MAKE!Graphics AS som er av de ledende selskapene i Norge innen grafisk bransje. Selskapet har ingen aktivitet utover utøvelse av eierskapet i datterselskapet.

Arbeidsmiljø, personale, likestilling og miljørapportering
Selskapet har ingen ansatte. Styret i selskapet består av to menn.

Selskapet har ingen egen aktivitet og styret er ikke kjent med at selskapet har virksomhet som forurenser det ytre miljø.

Resultat, finansiering og likviditet
Det fremlagte regnskap viser resultatregnskap for selskapet. Årets underskudd etter skatt var NOK 19.416.427. Selskapet har ingen egne bank konti og likviditet er dermed null.
Totalkapitalen ved utgangen av året var NOK 32.748.950.
Årets negative resultat på NOK 19.416.427 kommer i hovedsak fra nedskrivning av investeringen i datterselskapet MAKE!Graphics AS med NOK 18.828.000

Fortsatt drift, egenkapital og fremtids utsikter
Selskapets egenkapital pr 30.06.2022 er NOK 6.727.324

Etter styrets oppfatning gir det fremlagte resultatregnskapet, balanse og kontantstrøm med tilhørende noter fyllestgjørende informasjon om selskapets drift gjennom året og stilling ved årsskiftet. Selskapets totale gjeld på NOK 26.021.626 er i sin helhet langsiktig konserngjeld. Den langsiktige gjelden forfaller mer enn 12 mnd. etter balansedagens dato.

På denne bakgrunn bekrefter styret at forutsetningen for fortsatt drift er til stede, og dette legges til grunn ved avleggelse av regnskapet.

Årsresultat og disponeringer
Styret foreslår at årets underskudd på NOK 19.416.427 disponeres mot udekket tap.

Lørenskog 19. desember 2022

LAURENT SALMON

Patrick Crean	Laurent Salmon	Espen Husebø Daland
Styrets leder	Styremedlem	Adm. direktør

ALLKOPI HOLDING AS

(Tall i NOK)

RESULTATREGNSKAP	Note	01.07.2021 - 30.06.2022	01.07.2020 - 30.06.2021
Andre driftskostnader	2	51 000	46 400
Sum driftskostnader		**51 000**	**46 400**
Driftsresultat		**-51 000**	**-46 400**
Renteinntekt fra foretak i samme konsern		-	60 353
Annen finansinntekt		-	5
Nedskrivning finansielle eiendeler		-18 828 000	-
Rentekostnad til foretak i samme konsern		-342 264	-359 009
Annen finanskostnad		-195 163	-395 865
Netto finansposter	3	**-19 365 427**	**-694 517**
Resultat før skatt		**-19 416 427**	**-740 917**
Skattekostnader på årets resultat	4	0	0
Årsresultat		**-19 416 427**	**-740 917**
Overføres mot udekket tap		-19 416 427	-740 917
Sum resultatdisponering	9	**-19 416 427**	**-740 917**

ALLKOPI HOLDING AS

(Tall i NOK)

BALANSE PR.		30.06.2022	30.06.2021
EIENDELER	Note		
ANLEGGSMIDLER			
Investeringer i datterselskap	5	32 748 950	32 748 950
SUM ANLEGGSMIDLER		**32 748 950**	**32 748 950**
SUM EIENDELER		**32 748 950**	**32 748 950**
EGENKAPITAL OG GJELD			
EGENKAPITAL			
Aksjekapital	8,9	2 950 000	2 850 000
Overkursfond		22 155 778	3 427 778
Annen innskutt egenkapital		1 778 889	1 778 889
Sum innskutt egenkapital		**26 884 667**	**8 056 667**
Udekket tap		-20 157 343	-740 917
Sum opptjent egenkapital		**-20 157 343**	**-740 917**
SUM EGENKAPITAL	9	**6 727 324**	**7 315 751**
GJELD			
Langsiktig gjeld til konsernselskap	7	26 021 626	25 433 199
SUM GJELD		**26 021 626**	**25 433 199**
SUM EGENKAPITAL OG GJELD		**32 748 950**	**32 748 950**

Lørenskog, 19. desember 2022

Laurent Salmon

Patrick Crean
Styreformann

Laurent Salmon
Styremedlem

Espen Husebø Daland
Adm. Direktør

Allkopi Holding AS - Kontantstrømoppstilling

Alle tall er i hele kroner hvis ikke annet er angitt

	Note	30.06.2022	30.06.2021
Kontantstrømmer fra operasjonelle aktiviteter			
Tilført fra årets virksomhet *)		-588 427	-740 917
Netto kontantstrøm fra operasjonelle aktiviteter		**-588 427**	**-740 917**
Kontantstrømmer fra investeringsaktiviteter			
Investering i datterselskap	5	-18 828 000	
Netto kontantstrøm fra investeringsaktiviteter		**-18 828 000**	**-**
Kontantstrømmer fra finansieringsaktiviteter			
Opptak/(nedbetaling) av gjeld		18 828 000	
Opptak/(nedbetaling) av mellomværende med konsernselskaper		588 427	721 157
Konvertert gjeld til egenkapital		-18 828 000	
Kapitalutvidelse		18 828 000	
Netto kontantstrøm fra finansieringsaktiviteter		**19 416 427**	**721 157**
Netto endring i likviditetsbeholdning		**-**	**-19 759**
Likviditetsbeholdning ved periodens begynnelse		**-**	**19 759**
Likviditetsbeholdning ved periodens slutt		**-**	**-0**
*) Dette tallet fremkommer slik:			
Resultat etter skattekostnad		-19 416 427	-740 917
Nedskrivning verdi i datterselskap		18 828 000	-
Skattekostnad på årets resultat	4	-	-
Tilført fra årets virksomhet		**-588 427**	**-740 917**

REGNSKAPSPRINSIPPER ALLKOPI HOLDING

Årsregnskapet er satt opp i samsvar med regnskapsloven og god regnskapsskikk.

a) Konsolideringsprinsipper
Selskapet er ikke pliktig til å utarbeide konsernregnskap, jf unntakregelen i regnskapslovens § 3-7. Konsernregnskapet er avlagt i UK for Paragon Group Limited med registrert nummer 05258175.

b) Kostnadsføring
Kostnader regnskapsføres når de påløper.

c) Klassifisering og vurdering av balanseposter
Omløpsmidler og kortsiktig gjeld omfatter poster som forfaller til betaling innen ett år etter anskaffelsestidspunktet, samt poster som knytter seg til varekretsløpet. Øvrige poster er klassifisert som anleggsmidler/langsiktig gjeld.

Omløpsmidler vurderes til laveste av anskaffelseskost og virkelig verdi. Kortsiktig gjeld balanseføres til nominelt beløp på opptakstidspunktet.

Anleggsmidler nedskrives til virkelig verdi dersom verdifallet ikke forventes å være forbigående. Langsiktig gjeld balanseføres til nominelt beløp på etableringstidspunktet.

d) Skatter
Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt er beregnet med grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt ligningsmessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet.

Betalbar skatt og utsatt skatt er regnskapsført direkte mot egenkapitalen i den grad skattepostene relaterer seg til egenkapitaltransaksjoner.

e) Bruk av estimater
Ledelsen har brukt estimater og forutsetninger som har påvirket resultatregnskapet og verdsettelsen av eiendeler og gjeld, samt usikre eiendeler og forpliktelser på balansedagen under utarbeidelsen av årsregnskapet i henhold til god regnskapsskikk,

f) Valuta
Transaksjoner i utenlandsk valuta omregnes til kursen på transaksjonstidspunktet. Pengeposter i utenlandsk valuta omregnes til norske kroner ved å benytte balansedagens kurs. Ikke-pengeposter som måles til historisk kurs uttrykt i utenlandsk valuta, omregnes til norske kroner ved å benytte valutakursen på transaksjonstidspunktet. Ikke-pengeposter som måles til virkelig verdi uttrykt i utenlandsk valuta, omregnes til valutakursen fastsatt på balansetidspunktet. Valutakursendringer resultatføres løpende i regnskapsperioden.

g) Kontantstrømoppstilling
Kontantstrømoppstillingen er utarbeidet etter den indirekte metode. Kontanter og kontantekvivalenter omfatter kontanter, bankinnskudd og andre kortsiktige, likvide plasseringer.

Allkopi Holding AS - Noteopplysninger for 2021/2022

Alle tall er i hele kroner hvis ikke annet er angitt

NOTE 2 LØNNSKOSTNADER, ANTALL ANSATTE OG GODTGJØRELSER

Det er ingen ansatte i selskapet.
Kostnadsført revisjonshonorar for 2021/2022 utgjør 34.900, samt fakturerte tilleggstjenester gjeldende skatt og annen bistand 16.100

NOTE 3 FINANSPOSTER

Finansposter	**2021/22**	**2020/21**
Nedskrivning finansielle eiendeler	-18 828 000	0
Netto rentekost til andre konsernselskap	-342 264	-298 656
Netto rentekostnader		-395
Valutatap (gevinst)	-195 163	-395 465
Netto finansposter	**-19 365 427**	**-694 517**

NOTE 4 SKATT

Årets skattekostnad fordeler seg på:	**2021/22**	**2020/21**
Betalbar skatt	0	0
Totale skattekostnader	**0**	**0**

Beregning av årets skattegrunnlag:

Resultat før skattekostnad	-19 416 427	-740 917
Permanente forskjeller	18 828 000	0
Årets skattegrunnlag	-588 427	-740 917

Forklaring til hvorfor årets skattekostnad ikke utgjør 22% av resultat før skatt:

22% av regnskapsmessig resultat	-129 454	-163 002
Ikke balanseført økning i skattefordel	129 454	163 002
Permanente forskjeller (22%)	4 518 720	0
Skattekostnad	**0**	**0**
Effektiv skatt i %	n/a	n/a

Det er ikke regnskapsført utsatt skattefordel knyttet til det fremførbare underskuddet på TNOK 10.105

NOTE 5 DATTERSELSKAP, TILKNYTTET SELSKAP M.V.

Selskap	Ervervet	Kontor	Eierandel	St.andel
MAKE!Graphics AS	30.06.2007	Oslo	100 %	100 %

Investering etter kostmetoden

Selskap	Aksjekapital	Antall aksjer	Bokført verdi	Egenkapital	Resultat
MAKE!Graphics AS pr 30.06.2022	100	16 000	32 748 950	3 477 181	-18 976 436

Den bokførte verdien av MAKE!Graphics AS overstiger egenkapitalen i selskapet. Dette skyldes at det ligger betydelige merverdier i den fremtidige forventede kontantstrømmen i selskapet. Dog er merverdiene et estimat som det kan knyttes usikkerhet til.
Selskapet har ny administrerende direktør fra mars 2022, og ny strategi er lansert og under implementering.
Det jobbes langsiktig med utvikling av salg, produksjonseffektivisering, kostnadskontroll hvor antall ansatte er nedskallert og tilpasset forventet omsetningsnivå.

Konsernregnskap er ikke utarbeidet basert på regnskapslovens §3-7 hvor det fremgår at underkonsern er fritatt for å avlevere konsernregnskap så lenge man inngår i et utenlandsk konsern som avlegger konsernregnskap innenfor en EØS stat.

NOTE 6 FINANSIELL MARKEDSRISIKO

Selskapet benytter seg ikke av finansielle instrumenter i forbindelse med styringen av finansiell risiko.

Renterisiko
Renterisiko oppstår på kort og mellomlang sikt som et resultat av at selskapets gjeld har flytende rente.

Valutarisiko
Utvikling i valutakurser innebærer både direkte og indirekte en økonomisk risiko for selskapet. Det er ikke inngått avtaler som reduserer denne risikoen pr 30.06.2022.

NOTE 7 MELLOMVÆRENDE MED SELSKAP I SAMME KONSERN OG TILKNYTTEDE SELSKAP

	Langsiktig gjeld	
Gjeld	**30.06.2022**	**30.06.2021**
Paragon Graphics Limited	12 233 524	11 852 643
MAKE!Graphics AS	13 788 102	13 580 556
Sum	**26 021 626**	**25 433 199**

NOTE 8 AKSJEKAPITAL OG AKSJONÆRINFORMASJON

Aksjekapital

	Antall aksjer	Pålydende	Balanseført
A-aksjer	2 950	1 000	2 950 000

Aksjonærer pr 30.06.2022

	A-aksjer	Sum	Eierandel	St.andel
Paragon Graphics Limited	2 950	2 950	100 %	100 %

NOTE 9 EGENKAPITAL

	Aksjekapital	Overkurs fond	Annen innskutt egenkapital	Udekket tap	SUM
Egenkapital 30.06.21	2 850 000	3 427 779	1 778 889	-740 917	7 315 751
Kapitalforhøyelse	100 000	18 728 000			18 828 000
Årets resultat				-19 416 427	-19 416 427
Egenkapital 30.06.22	**2 950 000**	**22 155 779**	**1 778 889**	**-20 157 343**	**6 727 324**

Grant Thornton
An instinct for growth™

Til generalforsamlingen i Allkopi Holding AS

Grant Thornton Revisjon AS
Kirkegata 15
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UAVHENGIG REVISORS BERETNING

Konklusjon
Vi har revidert Allkopi Holding AS' årsregnskap som viser et underskudd på kr 19.416.427. Årsregnskapet består av balanse per 30. juni. 2022, resultatregnskap, kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening oppfyller årsregnskapet gjeldende lovkrav og gir et rettvisende bilde av selskapets finansielle stilling per 30. juni. 2022, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen
Vi har gjennomført revisjonen i samsvar med internasjonale revisjonsstandardene *International Standards on Auditing* (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor i «*Revisors oppgaver og plikter ved revisjon av årsregnskapet*». Vi er uavhengige av selskapet slik det kreves i lov, forskrift og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av the International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Ledelsens ansvar for årsregnskapet
Ledelsen er ansvarlig for å utarbeide årsregnskapet for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet
Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av

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sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og vurderer vi risikoen for vesentlig feilinformasjon i årsregnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av intern kontroll.
- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets interne kontroll.
- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.
- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av årsregnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i årsregnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet og årsberetningen. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.
- evaluerer vi den samlede presentasjonen, strukturen og innholdet i årsregnskapet, inkludert tilleggsopplysningene, og hvorvidt årsregnskapet gir uttrykk for de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde. Vi kommuniserer med styret blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Oslo, 21.12.2022
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Erik Tolo Fostervold
Statsautorisert revisor