PARAGON

ANNUAL Report 2024

PCC Global Plc

Company number: 03526640

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STRATEGIC REPORT

1 2024 FINANCIAL HIGHLIGHTS

2024 FINANCIAL HIGHLIGHTS

Revenue
€1.2bn

Revenue Growth
11%

Underlying EBITDA[1]
€129m

Proforma EBITDA
€135m

Cash on Hand
€156m

People
7,500+

Business Acquisitions
4

1. Underlying EBITDA is defined in Note 2 on page 173.

1. FINANCIAL HIGHLIGHTS
STRATEGIC REPORT

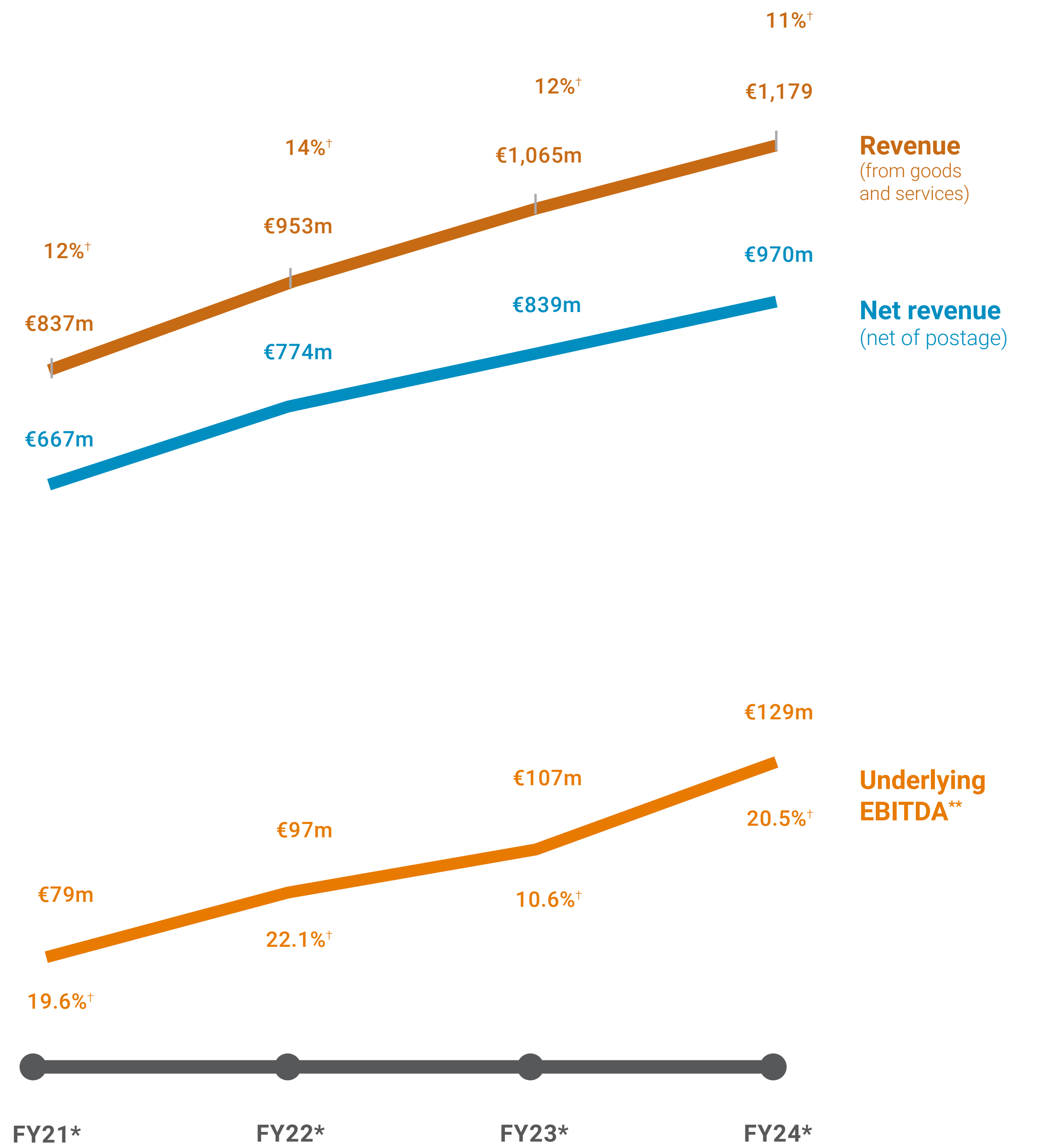
OUR LOCATIONS

Paragon combines global reach with local expertise and specialisms. Our business comprises 165 locations across 26 countries, but our divisional structure enables us to remain agile and flexible to local demands, delivering innovative solutions for major international brands. Our worldwide team comprises 7,572 people, each with diverse skills and backgrounds, giving our clients a tailored, high-quality service.

LOCATIONS

Australia | Austria | Belgium | China | Czech Republic | France | Germany | Greece | Hong Kong | Hungary India | Ireland | Italy | Luxembourg | Netherlands | Poland | Portugal | Romania | Slovakia | Spain | Sweden Switzerland | Turkey | United Arab Emirates | United Kingdom | United States of America

PCC GLOBAL PLC (PARAGON) CONTINUES TO DELIVER STRONG GROWTH IN LINE WITH OUR STRATEGIC OBJECTIVES...



* Actual figures reported
** Underlying EBITDA is defined in Note 2 on page 173.
† Annual Growth Rate

2 CHAIR'S STATEMENT

Introduction

As Non-Executive Chairman of PCC Global plc (Paragon), I am delighted to introduce the 2024 Annual Report. This year, we achieved a strong set of results and continued Paragon's evolution as a global business. The simplification of our structure has further enhanced our operating divisions' agility, while providing support and governance to fuel their growth. This powerful framework enabled our acquisitions to release their potential and for the divisions to benefit from the collective talents of the leadership team, led by Jeremy Walters, CEO of Paragon.

In Jeremy's CEO statement the balance between the long and short-term development of Paragon is clear. His statement demonstrates our commitment to our people, to sustainability and to successfully delivering against challenging financial and non-financial targets, it also displays our capability to deliver them year on year.

Results

Paragon has achieved its financial targets despite the headwinds in many of our core markets. Flat economies and inflationary pressure on raw material and labour costs were dealt with effectively, enabling a 21% increase in our underlying EBITDA and revenue growth of 11% compared to last year. I was very pleased to see this translate to an increase of 78% in cashflow. These figures are a strong example of the resilience of our business and of our leaders' skill and determination.

We chose to take certain exceptional costs within this financial year. These were associated with restructuring for efficiency and for alignment with our strategy, a process led by Jeremy Walters and his team with proficiency and tenacity. This choice has impacted our operating profit which comes in at £1.7m but, most importantly, it has laid the foundation for the coming years as our cost base better reflects the expected demand in our core markets.

Acquisition Growth

This year, we made a significant acquisition, adding certain assets of the Communisis business in the UK and the whole of the global Communisis Brand Deployment business to the Paragon group. This complex deal saved many jobs and gave continuity of service to some of the world's biggest brands. The deal takes Paragon into new geographies and boosts growth in the UK. This again proved our ability to buy and integrate large-scale businesses and deliver immediate improvements to their performance. We are excited about the growth platform this acquisition provides us in these new and growing markets.

Our acquisition strategy includes targeting similar deals. We will focus on opportunities that add new services, territories and capabilities to the group, broadening our growth platform and entering profitable markets where we can make an impact.

Strategy

Paragon's success is built on dynamism and adaptability, growing strongly as we move with the markets and with our clients' evolving needs. As a result, we became a €1bn company ahead of the deadline we set ourselves, and I expect to achieve our ambition of doubling our size every three years. But as we grow, we also need to adapt our strategy.

We are now a clear leader in certain markets. This presents a different set of challenges to those we face in markets where we are the challenger. We have embraced this, adapting and focusing our strategy, differentiating between the markets and sectors in which we need to consolidate - including Customer Communications - and those we are targeting for extensive growth - including Business Process Services, Fulfilment and Brand Deployment.

The clarity that the refreshed strategy provides to our stakeholders delivers a strong sense of purpose and enables us to execute at a global level which amplifies our growth potential. Jeremy's CEO statement further outlines the strategy which he and his team have rigorously developed and tested, and which has my full support.

People

We have made some key appointments this year, promoting talented Paragon leaders to the board from within. Promoting Clem Garvey to COO builds upon the advances made by Martin Edstrom since his appointment as CFO in 2022. This team led by Jeremy Walters has delivered some impressive results already and they give me great confidence for the future. Clem's appointment demonstrates our commitment to developing our people and reinforces the success that personal and professional growth can bring.

The group-level programmes we have in place for personal and professional growth are geared to long-term improvement for Paragon and for our employees. I am personally involved in many of these programmes and continue to be inspired by and learn from our people.

Since their inception, the Young Paragon Network (YPN) and European Leadership Development Programmes (ELDP), have challenged, developed and educated more than 160 of our people. YPN has benefited 101 candidates and the longer-term ELDP has produced 62 graduates, with a further cohort currently underway.

It is vital that these programmes achieve good outcomes and that their effectiveness is measured. Having seen two graduates of the ELDP progress to divisional leadership roles, we can see the proof in action, and we remain fully committed to our learning and development strategy.

I am buoyed by the positive feedback that I receive from our people, our clients, and our investors when I speak with them. I also appreciate the challenges that they deal with every day. Our ability to exceed our financial and non-financial targets, while developing our structure and strategy, is a further inspiration. It is these qualities that convince me that we have the right people, strategy and culture in place to deliver a successful future for Paragon.

Patrick Crean
Non-Executive Chairman | PCC Global plc (Paragon)
19 December 2024

STRATEGIC REPORT

3 STATEMENT FROM OUR CEO

Annual Report 2024 | PCC Global plc (Paragon)

INTRODUCTION

This year has proven yet again that Paragon can meet even the most complex of challenges. We observed the impact of stagnant economies across Europe and the UK, along with the continued channel shift in customer communications and direct marketing, come into sharp focus. As a result, we needed to match our cost base with the current and forecasted demand, choosing to take the exceptional restructuring costs this year. I have been hugely impressed by the dynamism and strong leadership of my team, who delivered these changes with speed and empathy, putting us into a strong financial position for the long-term.

The governance and structure of our business has also evolved. I have made some key appointments to the Paragon Group leadership team, positioning highly effective leaders at group level and moving reporting lines and governance up into this team. This change has elevated our growth ambitions to a global level while simultaneously strengthening our operational and financial control within the divisions. We are already seeing commercial benefits as a result, including the growth of key client relationships across borders, something that is reflected in the resurgent revenue figures seen in the last quarter of the year.

These changes, combined with the resilience of our underlying EBITDA performance, create a strong base to expand into markets where we can grow profitably and, where necessary, to exit markets where we cannot.

I'm looking forward to an exciting year ahead and would like to take this opportunity to thank my group and divisional teams and all their colleagues for their impressive performance this year.

STRATEGY

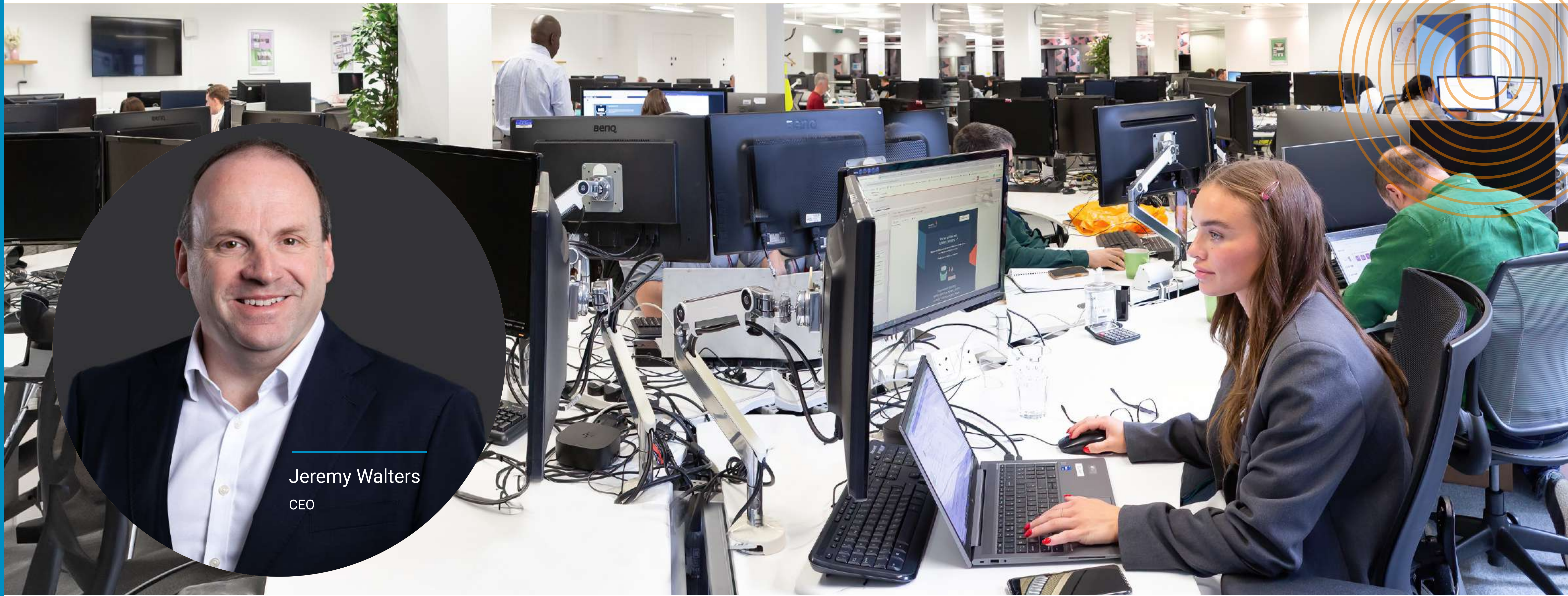
This year our strategy was tested by multifaceted market challenges. The stagnation of many of the economies in which we operate, as well as the acceleration of digitisation, both clearly highlighted our need to expand into growing markets. However, our strategic financial goal remains the same: doubling our business every three years.

For the business to overcome each new obstacle, evolution is required, and we have therefore adapted our strategy by preparing for a period of extensive growth outside our core Customer Communications markets. To support this move, we will consolidate our position through transformation and efficiency gains, which provide the dual benefit of helping our clients to deliver their own transformation goals while also generating higher profitability. This approach, alongside new business sales and the expansion of existing client relationships, will deliver our organic growth goals.

At the core of our strategy is growth in expanding, complementary markets, including Business Process Services, Fulfilment Solutions and Marketing Services. Our clients face challenges in these areas that they want us to help them solve, so we will build on the solid foundations and trust we have in our core markets to innovate and deliver sustainable growth where our clients need us to be.

We have also adapted our acquisition strategy to focus on entering new geographies and markets through targeted deals. A reduced focus on opportunistic acquisitions helps to clear a path to this goal. The sustained success we are seeing from the acquisition of the global Brand Deployment business this year also supports this direction of travel, and we expect to build new platforms for growth away from non-core markets in the next few years. Furthermore we intend to divest ourselves of operations which are no longer core to our strategy. These assets are classified as held for sale.

One of the early successes of our strategy has been to remove the constraints of borders within the organisation. Doing so has yielded new projects, including AI applications developed in one country and applied throughout our group no matter where they are based. Projects like this and our cross-border approach to ESG strategy implementation help us to remain open to innovations, partnership and change, but within the guide rails of the overall strategy. This is a vital ingredient in our future success. We will reinforce this important element of the strategy, alongside our organic and acquisition growth plans, to promote a truly global approach to developing our business in the long-term.



FINANCIAL PERFORMANCE

It has been another successful year financially for Paragon, which has further strengthened our position in our core markets. In an era of slow or stagnant growth, we have achieved positive growth in both revenue (11%) and UEBITDA (21%) against last year's results. We've also delivered a strong free cash flow improvement of 78%. These are encouraging results and they are in line with our budgeted targets.

Growth via acquisition was achieved when we bought key elements of Communisis, which performed well in the UK and made a global contribution via the Brand Deployment business. This year we have made important investments in consolidating and restructuring the business, which will prepare us for future success and ensure we can meet the expectations and key priorities of our clients. We have also invested significantly in technology, including AI development and platform and process standardisation to support our growth strategy. We closed the year with a resurgent revenue line and an improving cash position, ready for the new financial year and the challenges that lie ahead.

INVESTING IN PEOPLE

At Paragon, we recognise the unique value that our people bring to our business. We also understand that we must respond to their unique needs.

Through our staff surveys and engagement programmes we are gaining a better understanding of our people, which will enable us to meet their needs better than we ever have before. It also means we can show our gratitude for the commitment they show us in a way that works for them, both financially and in ways that satisfy their need for purpose.

We continue to run our expanding Reverse Mentoring Programme, our Women's Network and a European Leadership Programme which spans the whole of Paragon. The People section of the report gives more detail about these, and also highlights how we are onboarding new thinking and guidance from experts. We trust that the processes we have implemented will deliver results for our people. Those processes are already delivering the change that will help our business to attract and retain the best people and enable them to deliver purposeful and rewarding work. We continue to seek every opportunity to build an environment that stimulates creativity, builds trust and promotes a commitment to service to help us thrive together.

2. STATEMENT FROM OUR CEO
STRATEGIC REPORT

SUSTAINABILITY

Each of our divisions has developed and launched their sustainability strategies in 2023, built on the three pillars of People, Planet and Partners. This created a clear path for our future and powerful local ownership of the delivery.

We see sustainability as a core challenge and we approach it in a driven, positive way, mirroring our approach to every business challenge we face.

We are already seeing the results, and have achieved emissions reductions of 33% and 32% in Scopes 1 and 2 compared to the 2019/20 baseline year in the UK, and a 34% reduction in carbon emissions intensity compared to last year for one global client's work with us. We are eagerly awaiting the carbon and cost reduction results from our other divisions as they implement their energy management systems and deliver their waste reduction programmes.

We welcome the development of further and more extensive ESG regulations. With SECR and CFD covered in this report, and CSRD due to start next year, we have gained greater focus on the measurement and improvement of key sustainability metrics. This has led to investment in technology-enabled energy savings at many of our sites, with carbon efficiencies and waste reductions also generating a cascade of cost savings through our P&Ls, helping to achieve success across multiple bottom lines.

Although our sustainability strategies are developed and executed locally, the Paragon Group Board provides governance. In 2025, we will assess the need for a common set of targets to create greater alignment for all of our divisions. This will also help to better meet the demands of ESG reporting and, where possible, to lift our performance to the highest benchmarks set across each of the People, Planet and Partners pillars.

Jeremy Walters
Chief Executive Officer | Paragon
19 December 2024

Annual Report 2024 | PCC Global plc (Paragon)

STRATEGIC REPORT

4 PARAGON FINANCIAL OVERVIEW

PCC GLOBAL PLC GROUP
Financial Overview

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

Income statement highlights	FY 2024 (€m)	FY 2023 (€m)
From underlying items		
Revenue from sale of goods and services	**1,179.1**	**1,065.2**
Operating costs	(1,050.4)	(958.4)
Underlying EBITDA[1]	**128.7**	**106.8**
Depreciation and amortisation	(68.4)	(59.9)
Corporate charges	(11.6)	(8.2)
EBIT/Operating profit	48.7	38.7
Finance cost net of income	(32.6)	(26.9)
Share of equity accounted investments	0.4	0.1
Profit before tax non-underlying items	16.5	11.9
Income tax credit	4.2	3.0
Profit for the year from underlying items	**20.7**	**14.9**
Analysis of loss for the year (continuing and discontinued operations)		
From underlying items	20.7	14.9
From non-underlying items	(75.8)	(57.0)
Loss for the year	**(55.1)**	**(42.1)**
Cash and net borrowing highlights		
Operating inflows	40.1	46.1
Free cashflow	83.7	47.0
Cash and cash equivalents	156.1	154.8
Net borrowings	(352.3)	(285.3)

The key performance indicators in the above table include Alternative Performance Measures (APM), such as underlying figures, and Generally Accepted Accounting Principles (GAAP) measures, as explained at the end of this statement. Non-underlying items are defined in Note 2 on page 166.

Revenue from sale of goods and services from continuing operations increased by €113.9m, a 10.7% increase from €1,065.2m in the financial year ended 30 June 2023 (FY23) to €1,179.1m in the financial year ended 30 June 2024 (FY24). This was based on €125.1m (FY23 - €10.8m) of in-year acquisitions. Costs before depreciation and amortisation increased by €92.0m, an increase of 9.6%, from €958.4m in FY23 to €1,050.4m in FY24, as follows:

1. Underlying EBITDA is defined in Note 2 on page 173.

Costs before depreciation and amortisation highlights	FY ended 2024 (€M)	% of revenue in FY 2024	FY ended 2023 (€M)	% of revenue in FY 2023
From continuing operations				
Revenue from sale of goods and services	1,179.1	100%	1,065.2	100.0%
Material costs	588.3	49.9%	535.1	50.2%
Payroll costs	331.1	28.1%	320.2	30.1%
Other operating costs	131.0	11.1%	103.1	9.7%
Costs before depreciation and corporate charges	1,050.4	89.1%	958.4	90.0%

Costs before depreciation and amortisation, corporate charges, and non-underlying items in FY24 expressed as a percentage of revenue, as displayed in the above table, were 89.1% compared 90.0% in FY23. The decrease in cost of sales resulted in a 0.9% increase in gross profit margin – 10.9% in FY24 and 10.0% in FY23, which is in line with the expected gross profit margins of the group.

For payroll costs, our average monthly number of people employed was 7,572 in FY24, including 6,100 production people and 1,472 indirect employees, compared to 7,474 people in FY23, including 6,146 production and 1,328 indirect employees.

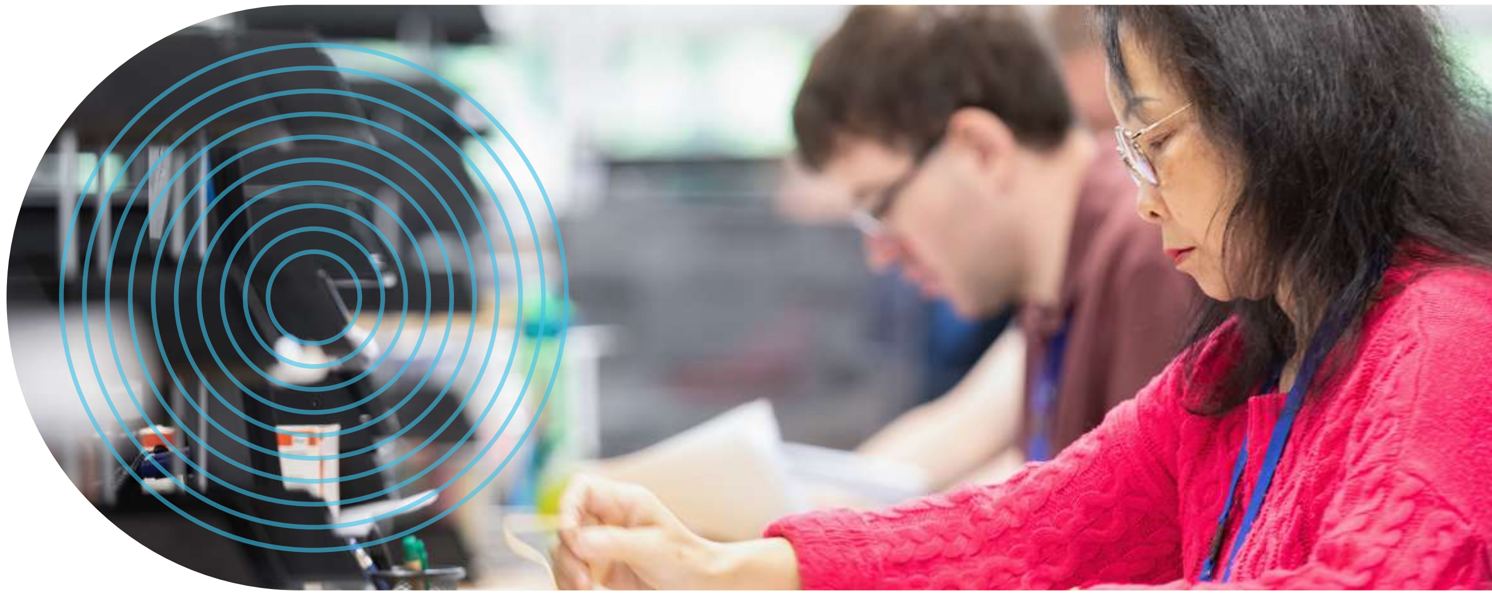
The group's underlying EBITDA[1] from continuing operations excluding corporate charges increased by €21.9m to €128.7m from €106.8m in FY23. The positive movement in underlying EBITDA is mainly driven by an increase in revenue and the increase in gross profit margin.

As a result of the above revenue and cost developments, the operating profit before non-underlying items from continuing operations increased by €10.0m, from an underlying operating profit of €38.7m in FY23 to €48.7m in FY24.

Net finance costs increased by €5.7m, from €26.9 in FY23 to €32.6m in FY24. The increase in net finance costs was due to the €3.9m revolving credit facilities interest (FY23: €Nil) from the utilisation of revolving credit facilities of €93.0m, which are extended to the group on 11 September 2023. The interest from term loan and overdraft increased by €2.7m from €nil in FY23 to €2.7m in FY24. While the increase in net finance cost highlighted above was partly netted off by a decrease in bond interest of €1.7m, from €13.8m in FY23 to €12.1m in FY24.

After finance costs and income taxation, the underlying profit for the year before non-underlying items from continuing operations was €20.7m (FY23: €14.9m).

1. Underlying EBITDA is defined in Note 2 on page 173.



REGION REPORTING SUMMARY

	FY 2024 (€m)	FY 2023 (€m)	Change from PY%
From continuing operations			
Revenue			
UKIL	596.8	581.8	2.6%
Western Europe	217.9	217.5	0.2%
DACH & CEE	193.6	194.6	(0.5)%
BENE	71.1	60.8	16.9%
BD	90.8	-	-
Related party	8.7	10.1	(13.9)%
Rental income	0.2	0.4	(50.0)%
Total group	**1,179.1**	**1,065.2**	**10.7%**
Underlying EBITDA			
UKIL	83.9	74.6	12.5%
Western Europe	25.2	21.7	16.1%
DACH & CEE	10.8	8.3	30.1%
BENE	7.9	6.7	17.9%
BD	5.9	-	-
Corporate and other entities	(5.0)	(4.5)	11.1%
Total group	**128.7**	**106.8**	**20.5%**

Revenue across all regions (Except from DACH & CEE) increased YoY in FY24 mainly due to strong pricing growth, new customers and the acquisition of BD.

Underlying EBITDA increased in all regions due to higher gross profit margin, restructuring and optimising the cost structure of the business.

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, especially in light of its very acquisitive strategic trend.

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, discontinued operations, significant impairment of assets and acquisition-related profits or losses and subsidiary acquisition costs. Non-underlying items are defined and disclosed in note 6 on page 179 of the financial statements.

Non-underlying items that arose are as follows	FY24 (€m)	FY23 (€m)
Redundancy and related charges	47.3	29.3
Costs of industrial relocation, restructuring and consolidation	4.4	15.2
Acquisition costs	2.1	2.1
Other	2.8	3.4
Gain on acquisition	(10.2)	(3.0)
Non-underlying net expenses impacting EBITDA	**46.4**	**47.0**
Corporate charges	0.6	2.2
(Gain) /loss on asset disposals	(0.6)	3.5
Loss allowance on financial assets	5.7	-
Non-underlying net expenses	**52.1**	**52.7**
Discontinued operations	23.3	5.8
Income tax charge/(credit)	0.4	(1.5)
Total non-underlying items	**75.8**	**57.0**

The directors use judgement in assessing these 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 (credits)/ charges in FY24 and FY23 were as follows:

The non-underlying expenses net of gains and after taxation increased by €18.8m from a net expense of €57.0m in FY23 to a net expense of €75.8m in FY24, reflecting the following non-recurring (see note 6 for further information) expense and gains:

- 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. Payroll costs of the redundant roles are included from the point of acquisition or from the start of the financial year in which the restructuring programme takes place, including those costs which are associated with the delivery of customer contracts during this transition or integration period – €47.3m (FY23: €29.3m).
- 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 – €4.4m (FY23: €15.2m).
- Gains on acquisition related to bargain purchases arise for 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 for the acquisition. The gain on acquisition related to bargain purchases – €10.2m (FY23: €3.0m).
- 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. 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 – loss of €23.3m (FY23: €5.8m).
- Acquisition cost - €2.1m (FY23: €2.1).
- (Gain)/loss on asset disposals – gain of €0.6m (FY23: loss of €3.4m).
- Loss allowance on related parties loans – loss of €5.7m (FY23: €nil).
- The income tax charge/(credit) related to the above expenses – €0.4m (FY23: €1.5m).

As a result of the above revenue and cost developments, the loss for FY24 (continuing and discontinued operations) was €55.1m (FY23: €42.1m).

"The group has the financial capability to support its ambitious organic and M&A development strategies. Our cash balance increased to €156.1m in FY24 from €154.8m in FY23, a €1.3m increase."

CASH FLOW AND FINANCING REVIEW

The group's operating cash inflows decreased by €6.0m, from €46.1m in FY23 to €40.1m in FY24.

The group's cash generated from operations (free cash flow), including working capital movements, was €83.7m (FY23: €47.0m). The increase in free cash flow was mainly due to a favourable movement in working capital.

Our net cash used in investing activities during the year was €85.6m (FY23: €29.4m). €10.6m was invested in property, plant and equipment (FY23: €13.4m), €26.5m was invested in intangible assets (FY23: €18.2m) and €43.0m cash invested in acquisition of subsidiaries (FY23: cash acquired in acquisition of subsidiaries €5.2m). We also spent €5.6m on acquiring a business from related parties (FY23: acquired asset from related parties of €3.3m). A dividend of €0.1m (FY23: €0.3m) was received from a joint venture.

In FY24, we repaid €108.0m (FY23: €51.7m) of our borrowings of which €31.0m (FY23: €28.4m) were repayments of the capital element of lease liabilities, and repaid €52.0m (FY23: €nil) of the bonds.

The net proceeds from borrowings during the year is €141.3m (FY23: €nil).

There were no dividends declared or paid in FY24 and FY23.

Net current liabilities were €172.6m (FY23: liabilities of €50.1m) at year-end. The net-current liabilities position in FY24 was mainly due to a €62.8m increase in trade and other payables (FY23: increase of €17.8m), €53.2m increase in borrowings (FY23: decrease of €19.0m).

The group has the financial capability to support its ambitious organic and M&A development strategies.

On 8 October 2023, the group's existing bond of €52m was repaid and a new facility of €180m was agreed with BNP Paribas, Citibank, Commerzbank, HSBC and NatWest. The new facility includes a €50m term loan and an initially undrawn €130 million revolving credit facility. The revolving credit facility can be drawn in cash in multiple currencies and provides the group with flexible financing to cover its mid-term needs. During FY24, €93.0m (FY23: €nil) has been drawn from the revolving credit facility.

CASH BALANCE AND NET BORROWINGS

The group's cash balance increased to €156.1m in FY24 from €154.8m in FY23, a €1.3m increase.

Net debt at the end of FY24 were €352.3m (FY23: €285.3m). The unfavourable movement in net borrowings was mainly due to the increase in revolving credit facilities €93.0m (FY23: €nil) and bank loans of €37.1m (FY23: decrease of €10.3m) , partially offset by a reduction in bonds of €52.0m (FY23: €nil) and an increase in cash balance of €1.3m (FY23: decrease of €64.5m).

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, driving 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, 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's 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' and bondholder investors' comprehension of the business by offering a more complete reading of its normalised performance.

These are defined in Note 2 of the financial statements, as well as being highlighted in the Consolidated Income Statement of the financial statements.

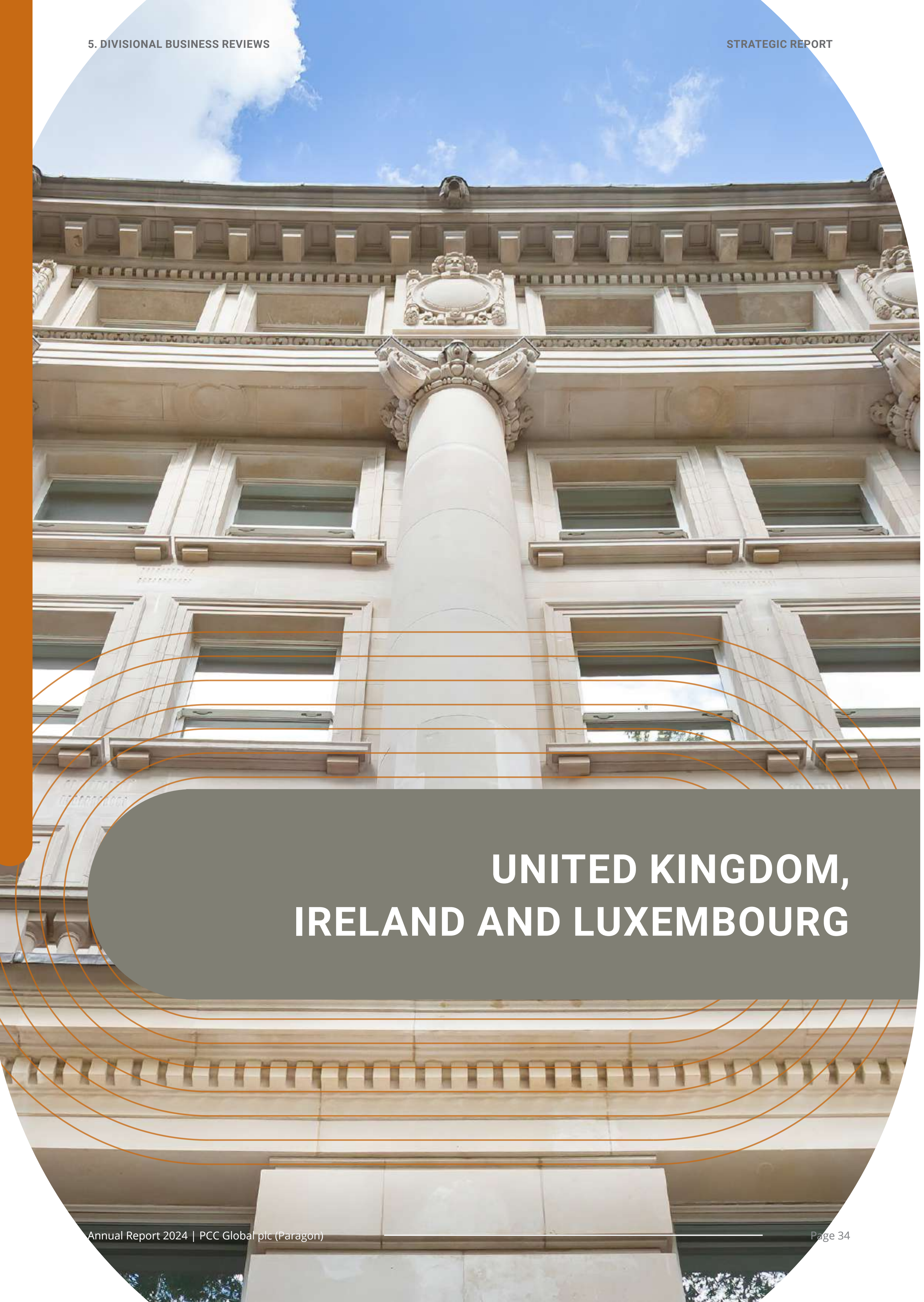
Although the Consolidated Statement of Financial Position includes the impact of recent acquisitions, the Consolidated Income Statement does not include a full 12 months of trading from acquisitions made during the financial year. So, we use an APM with a 12-month proforma Income Statement to enable 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 6 of the financial statements. APMs such as Underlying EBITDA[1] and EBITDA[2], 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.

Martin Edstrom
Chief Financial Officer | Paragon

1. Underlying EBITDA is defined in Note 2 on page 173.
2. EBITDA is defined in Note 2 on page 173.

5 DIVISIONAL BUSINESS REVIEWS



UNITED KINGDOM, IRELAND AND LUXEMBOURG

JEREMY WALTERS

CEO | Paragon

OVERVIEW

Paragon UK, Ireland and Luxembourg is our largest and most diverse division. It is a market leader in customer communications and direct marketing. As growth slowed in these core markets we needed to balance our overheads with our forecasted revenues. We did this while we nurtured the growing parts of our business and welcomed the newly acquired Communisis teams. In doing so, we have increased the resilience of our business in response to changing market conditions.

The strong revenue performance in the latter part of the financial year has convinced me that these changes were timely and necessary. The division is now better able to capitalise on the value created by our established business lines and capture the digital opportunities that our clients present us with each day. The growth of our AI capabilities and the introduction of new talent is proving critical in this digital space, and we are increasing our investment to build momentum.

The division's leaders now report to my team at group level, which helps to remove geographical barriers to growth, collaboration, and continuous improvement. This change in governance and leadership has paved the way for us to develop a common strategy and shared goals, and ultimately to deliver value to our multinational clients across services and geographies. I am looking forward to the next phase of our development, with the UKIL forming a key part of the future vision.

ORGANIC GROWTH

We are pleased with the progress made by many of our business lines, including Paragon Workplace Solutions, who delivered strong organic growth this year. They were able to secure new business in the Legal and Financial Services sectors, with Clyde & Co and UBS standing out as major wins.

In our other business lines we have seen cross-selling success and positive growth in the sales pipeline from a rejuvenated sales team. The Communisis acquisition brought with it a number of organic growth opportunities in the Customer Communications business line, with HSBC contributing the largest revenue gain.

The impressive performance of our dedicated business continuity operation remains a strong positive in the Customer Communications market, which helps to reinforce the value of our expertise in this critical area. We expect this aspect of our business to continue on its growth path as FCA regulations tighten and drive up demand for its bespoke business continuity services.

We recognise that diversification hinges on acquisitions, and aim to build organic growth plans following planned foundational deals. We remain focused on growth in our Business Process Services and Fulfilment Solutions business lines, for which we have created a plan for investment and expansion.

As the economy goes through further volatility in its search for a growth trajectory, we must remain agile to be where our clients need us the most, and where we can grow in expanding markets.

PEOPLE

We have continued our journey towards creating a culture that is truly inclusive. We recognise that when differences are celebrated, respected and valued, we attract and retain talent from diverse groups who bring with them fresh perspectives and innovative problem-solving skills. These are the ingredients we need to thrive in our competitive markets. We're making meaningful progress in this area, starting with accurate measurement of the makeup of our workforce, which will allow us to set targets. It is the first year we have done this, so it becomes our baseline year.

To create the inclusive environment that delivers equal opportunities for personal growth, we operate the following employee programmes across our business:

DIVERSITY AND INCLUSION FORUM

This group brings together employees from various roles, departments, and sites, and helps us share the knowledge and experience we need to build our inclusive culture. The forum does this through a series of company-wide events, a regular communications campaign arranged around national days of celebration, and by sponsoring specific programmes including the Reverse Mentoring Programme.

BE WELL

This programme is available to every colleague. It is focused on improving colleagues' working environments, encouraging physical and mental wellness, and promoting awareness of national health campaigns.

REVERSE MENTORING

Our Reverse Mentoring Programme positions colleagues from minority groups to act as mentors to senior management teams from across the business, with the aim of driving transformational change.

PARAGON PRIDE NETWORK

By bringing together both LGBTQ+ colleagues and allies, this network provides essential advocacy for inclusive policies and practices, which will contribute to creating a broader culture of acceptance, equity and inclusion.

PARAGON WOMEN'S NETWORK

Paragon's Women's Network aims to celebrate all women across the business and enable them to be the best they can be. The core pillars of the Network are Nurture, Inspire, Mentor and Lead.

LEARNING AND DEVELOPMENT

To stay at the forefront of our industry, we continually invest in the development of our workforce, processes, and infrastructure. We foster a culture of continuous improvement and innovation, ensuring that our teams are equipped to meet today's challenges and prepared for tomorrow's opportunities.

5. DIVISIONAL BUSINESS REVIEWS
STRATEGIC REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

In 2023, we introduced our sustainability strategy, "Transforming to Net Positive," setting a clear course for our future. This laid the groundwork for us to accelerate its implementation in 2024, and we are now deeply engaged in the execution phase.

The dedication and passion from all corners of our company have been inspiring, sparking new ideas and innovative solutions as we unite our teams to achieve our ESG goals.

Here are the key highlights of our progress:

EMBEDDING ACCOUNTABILITY THROUGHOUT OUR SITE NETWORK

Carbon accounting

Paragon's sites are empowered to take ownership of Carbon reduction targets, which is made possible by the visibility we give them into their metrics and performance. This development has given us a clearer and more precise understanding of our carbon footprint at site level, which has enabled sites to take responsibility and make informed decisions about their carbon reduction efforts.

Site scorecards

In 2023, we launched our site scorecard system, which fosters ownership, promotes behaviour change, and evaluates site performance across our ESG metrics. We conduct the scoring on a quarterly basis, revisiting each site to monitor progress and enhance accountability by providing a clear comparison of each site's standing.

INTEGRATING NEW SYSTEMS AND ENHANCING EXISTING TECHNOLOGY

We have invested in new systems, integrated them, and upgraded our existing technology, leading to the automation of a significant portion of our reporting. These changes allow us to deliver more accurate and timely data to our clients, while also improving visibility into ESG metrics and targets across our supply chain.

As a result, we can now more easily identify opportunities to reduce our Scope 3 carbon emissions. By developing systems that enhance our data capture and reporting capabilities, we have addressed some of the most critical challenges within our supply chain.

LEVERAGING THIRD-PARTY DATA IN ESG REPORTING

Our technological advancements provide immediate access to valuable data, allowing us to monitor and evaluate ESG policy implementation effectively. They also enable us to spot gaps and areas that need focused attention. By integrating third-party data, we gain a deeper understanding of the status of our supply chain partners, enhancing decision-making and supporting risk management. Furthermore, beyond advancing our ESG objectives, we are also achieving financial and personnel benefits.

This added insight helps us benchmark against industry standards and strengthens our efforts to attract, retain, and engage top talent. As a result, ESG factors are now deeply embedded in our governance and decision-making processes, holding equal importance to financial criteria at the highest levels of our organisation.

TECHNOLOGY OVERVIEW

We continue to invest in the technology needed to transform customer and employee experiences, enabling us to solve the most complex business challenges facing organisations today.

Our custom technology fuels rapid multichannel digitisation and provides the governance, control and data to make the right decisions. We also offer extensive technology-based solutions to boost brand reach and create deep and profitable connections with customers. Our key technologies include:

OnePlatform

With OnePlatform, we solve our clients' fundamental customer communications challenges. This year we deployed OnePlatform to meet the challenges presented by new clients, including HSBC and Lloyds Banking Group. For many clients we have created a bespoke solution, helping them to remove layers of complexity, consolidate multiple data sources and work from a single system. OnePlatform can be integrated with legacy systems, accelerating digital transformation and enabling our clients to keep pace with changing industry and customer demands with minimal risk. It is the key to delivering our clients' digitisation goals without them needing to move work outside of Paragon.

Smart_Cloud

Smart_Cloud is a full-service marketing operations platform which combines the power of Paragon's purchasing scale with best-in-class workflow and marketing technology. Smart_Cloud enables us to extend the scope of service we can provide under an integrated and intuitive platform. It powers the delivery of marketing operations, allowing our clients to outsource a wide range of services to Paragon with the control, visibility and economies of scale associated with a company of our size. This year we invested in delivering new features and greater integration to add value in every part of our clients' brand and direct marketing process.

Integr8

Integr8 delivers industry-leading customer and user experience, simply and efficiently. This solution is enabled by an advanced suite of integrated and flexible document management technologies, which manage the tasks and workflows associated with inbound document scanning and categorisation. This year, we also invested in the development and testing of an AI model to deliver automation and quality gains in this area. We expect to see positive results and further expansion of AI following a carefully managed trial period in 2024.

LOOKING FORWARD

In the short-term, we need to prepare our business so it is ready for growth, delivering change while still delivering business as usual. The focus of our short-term strategy is broken down into three categories of Growth, Governance and Efficiency, with specific programmes and initiatives to help deliver success in each area.

In the medium-term, our aim is to continue delivering strong organic growth across our business with new client wins and cross-selling to our existing customer base, making the changes needed to deliver success. A greater emphasis will be placed on acquiring companies that strengthen our service offering to the market, and we will also expand into areas which offer increased opportunities for growth and profitability, giving our clients even greater options to work with Paragon.

WESTERN EUROPE

GUILHEM BOUCON

CEO | Paragon Western Europe

OVERVIEW

In line with our steps taken in 2022-2023, this year we were keen to complete the restructuring of Paragon Western Europe's (PWE) governance: six business lines managed by six autonomous management teams, acting under the supportive guidance of our Western Europe executive committee (ExCom).

This clarity will enable us to act with greater agility and empower local management to provide locally adapted solutions. At a cross-functional level, we have improved our purchasing under the leadership of Léa Viale, our Regional Purchasing Manager. We now have centralised sourcing for paper, energy and transport. On the sales front, Thomas Choquel has taken on his role as cross-business line sales director with energy and enthusiasm, accelerating existing growth opportunities and vigilantly seeking new ones out.

For this new financial year, we will focus on four priority growth areas: Business Process Services, Financial Services, Digital Communications and Marketing Services. We will also focus on developing our Direct Marketing and Print Solutions activities through transformation, cost-efficiency improvements and new revenue streams.

In everything we do, our values guide us: Together – Entrepreneurial – Sustainable – Surpassing Ourselves – Proximity, so that we can move forward confidently on an ever more sustainable and profitable path. All our teams are contributing to this momentum, and we have no doubt that this strength will enable us to meet the challenges of tomorrow.

ORGANIC GROWTH

SIGNIFICANT BUSINESS WINS

Paragon has won one of the largest print contracts in the French public sector, demonstrating recognition of our expertise and know-how.

In addition, we strengthened our relationships with longstanding customers such as Printemps, Citya Safety and Macif, offering them innovative and tailored solutions.

PRINTEMPS: A REWARDING PARTNERSHIP

Our collaboration with Printemps started 18 months ago and has been a great success. We helped the company simplify its processes, benefit from proven business expertise and achieve significant savings. Our scope of work has also widened to include our Print Management services.

GROWTH AND COMMERCIAL TRANSFORMATION

We have appointed Thomas Choquel as Sales Director to support this growth. Under his leadership, we have created a sales strategy structured around three key pillars:

- Transformation: Specialising the sales force by business line and centralised management of all sales actions
- Transversality: Supporting customers in all business lines to build global outsourcing solutions that meet all their requirements
- Lead generation: maximising lead generation by activating all acquisition channels – public market, telemarketing, search engine optimisation (SEO), events, customer base animation, alliances and collaborations.

ADAPTING OUR GO-TO-MARKET

Simultaneously, we have pursued efforts to adapt to better serve small and medium-sized enterprises (SMEs), particularly in our traditional businesses, such as printing. We have launched websites based on our Web2Print technology to improve access to our services and simplify ordering.

STRENGTHENING OUR SALES TEAMS

To support the company's growth as effectively as possible, we have strengthened our sales teams by creating new specialist positions to increase focus and clarity. This recruitment will give our customers greater expertise and customised support.

PEOPLE

We reinforced our governance in the financial year (FY24) to support Paragon Western Europe's evolution.

First, we clarified our organisational charts by business lines. We recruited best-in-class people in pivotal positions in their respective domains to enable the growth potential of each business line. These included Bouchra Limouni as Sales Director of BPS and dedicated business line finance and HR directors to support the rapid transformation of our business and operations.

Second, we revamped how we lead the community, which makes up our top 100 key people. We call them 'PARtAGeONs' (in French, *partager* means 'to share') to make them even more committed to and involved with our success. We worked on our vision, mission and values. We co-built and shared it with our colleagues throughout FY24 through communication, workshops, gamification, and via our HR processes.

The second employee survey with workplace culture experts Great Place To Work (GPTW) in June 2023 highlighted the need for more robust communication and management skills and better recognition of people's expertise and contributions. Among the numerous actions we have implemented, we renewed the interviews to accompany employees throughout their career at Paragon, from the notice period to the exit interview, including annual assessments.

We have trained 120 managers to strengthen their skills and support this evolution. We implemented many other initiatives locally, such as work-from-home agreements, special events, projects improving working conditions (noise, light, wall painting, etc), and communication with businesses and people. As a result, we gained five points on GPTW's Trust Index survey of our employees compared to the previous year. Next year's objective is to keep the same improvement pace.

Following the Canon France Business Services (CFBS) acquisition, we integrated 300 new staff into PWE in July 2023. In September, we organised a roadshow with Guilhem Boucon, CEO of PWE, to meet these new employees, bring a human touch to the changes taking place, and explain why PWE had acquired their company. As part of this acquisition, we took over CFBS's payroll, and more generally, we aligned all its HR processes with those of PWE.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

In FY24, we wrote our vision: the construction of sustainable and innovative business services. This vision guides our mission to confidently operate, secure and transform our customers' sensitive and strategic communications and business processes.

Our fundamentals are the pillars of our success, defining our identity and approach. The following elements shape and grow the value creation that our customers see: Our unconditional drive for customer satisfaction, recognised expertise in delegated service delivery, ability to make the complex 'simple' for our customers, strong solution orientation and project culture, innovation in Corporate Social Responsibility (CSR), resilience and risk governance.

Finally, we defined our core values:

- **TOGETHER:** We think collectively, we support each other
- **PARTNER**: We dare, act, measure and assume
- **SUSTAINABLE**: we anticipate needs and take care of all our stakeholders
- **SCALE**: We expand the scope of possibilities and change the game
- **PROXIMITY**: We invest in every relationship and are genuinely accessible.

We manage our CSR commitment through three vital key performance indicators (KPIs): the number of EcoVadis-labelled entities, employee satisfaction and the supplier Net Promoter Score (NPS).

Our commitment to CSR and continuous improvement approach to quality, safety, environment, and information security are based on several accreditations, including EcoVadis and certifications such as ISO 9001 or new ones like ISO 45001, Imprim'Vert, and Supplier Origin France Guaranteed. For instance, Paragon Editique has been recently certified Imprim'Vert (Blois & Carros) and ISO 27001.

In 2023-24, PTSA, GRS and PSS (Noyelles) earned EcoVadis Gold, and Paragon Romania and PBPS earned EcoVadis Silver.

In June 2024, we ran our third employee survey with GPTW. The PWE Trust Index (average satisfaction) rose to 54% (+5pts vs 2023), demonstrating better employee satisfaction. Management and communication have improved significantly.

Regarding ethics, the PTSA, PSS and PBPS entities already have access to a whistleblower platform we aim to deploy to all other entities.

At the Nanterre, Paris and Cosne sites in France, we have set up a teleworking agreement that allows everyone to work from home for up to two days a week. Therefore, we aim to reduce employee travel and significantly reduce this source of CO_2 emissions.

Finally, we have worked closely with our suppliers to improve their satisfaction and compliance. The supplier NPS increased to 48 in 2024 (+21 pts compared to 2023). We ran an online campaign to ensure their compliance, renewed the supplier code of conduct, wrote a supplier mediation procedure, and collect their carbon footprint.

TECHNOLOGY OVERVIEW

In the Paragon Western Europe region, an accelleration of digital transition and a redefinition of societal issues characterised FY24, including digital transition (digitisation of communications), zero waste, digital security and ecological transition.

In response to these considerable societal changes, companies have had to adapt their communication strategies and accelerate technological transition with more responsive, efficient and traceable systems.

In this context, Paragon's teams have developed offers and solutions to meet these challenges and reach new markets, to achieve optimisation of customer systems (outsourcing) and innovation in marketing solutions.

Thanks to a powerful IT team of over 100 colleagues, we set up new projects daily and dissect new technological trends to ensure PWE remains at the cutting edge of the latest innovatios, including data marketing, AI and RPA. We will prioritise using digital technologies to conduct and grow business operations, deliver value to customers, continue to innovate and integrate technology into our culture in an increasingly interconnected world.

We will continue our move to a cloud-native architecture, prioritising scalability, resilience, and flexibility and ensuring business continuity and rapid deployment of services. With cyber threats becoming more sophisticated, we will ensure data assets are protected to maintain trust with our customers and stakeholders without forgetting to raise awareness and training for all our employees. We will continue to optimise our operations, increase efficiency and create more value for our stakeholders by harnessing the power of artificial intelligence and robotic process automation.

LOOKING FORWARD

Faced with constant change in our industry, we have restructured to secure the future of all our activities. We rely on strategic alliances, acquisitions and intrapreneurial projects to meet our customers' increasingly precise and digital needs.

We will focus our investments on value-creating activities, such as:

- Automation and mechanisation, particularly in our Fulfilment business line. We have invested more than €4 million to give our strategic clients fully automated co-packing production lines that are unique in Europe
- Providing innovative technological solutions for voting, invoice processing, information security and business resilience.

Our highly complementary business lines enable us to respond to complex issues. Nevertheless, as part of our 'Make or Buy' strategy, we continue to insource value. We have already started this approach with our customers.

Simultaneously, we are accelerating the transformation of our sales approach to ensure that we are growing in the right markets, to achieve a profitable and exciting future.

GERMANY, AUSTRIA, SWITZERLAND AND CENTRAL EASTERN EUROPE

THOMAS SIMON
CEO | Paragon DACH & CEE

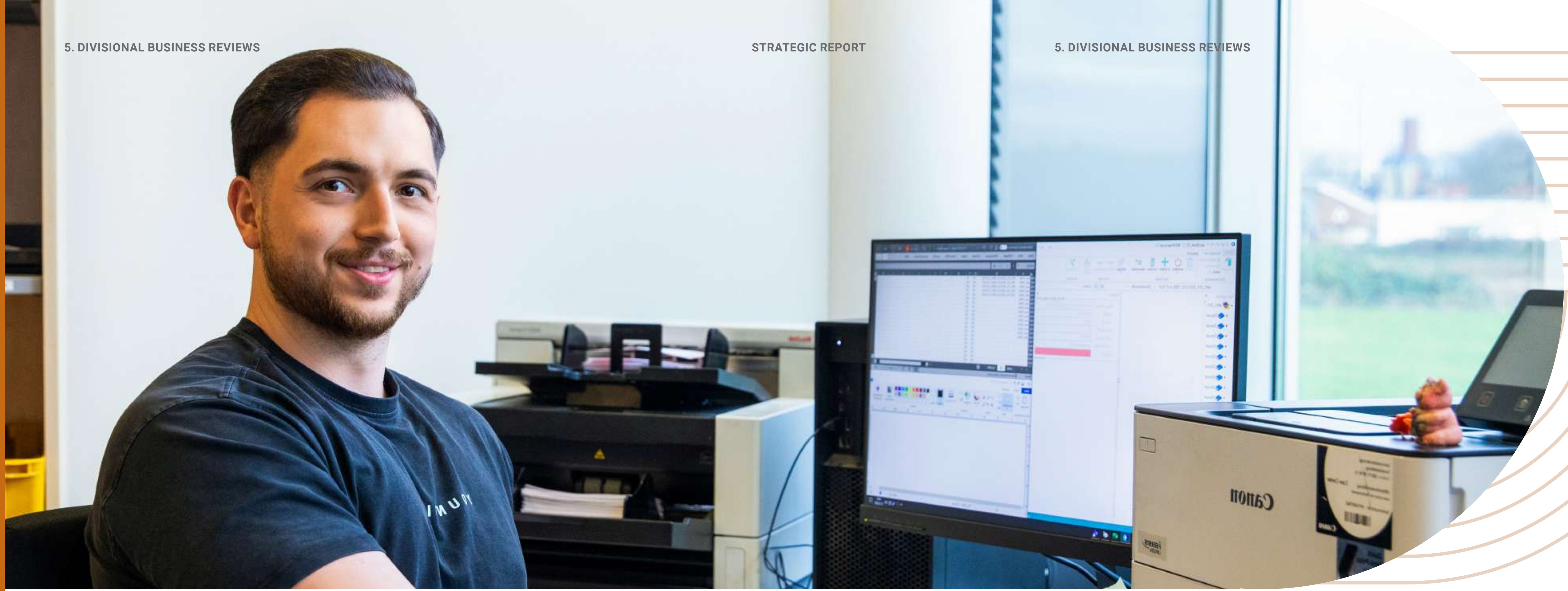
OVERVIEW

Challenging economic conditions marked the 2023/24 fiscal year for Paragon DACH & CEE. Particularly in the direct marketing sector, it became clear early in the year that the consumer downturn would significantly impact our capacity utilisation. Consequently, we sharpened our strategic focus and implemented necessary restructuring measures. Following this phase, we now look to the future at each location with a significantly refined portfolio and more focused offerings.

Despite this consolidation and reorganisation, we managed to extend key customer contracts for the long-term and, notably, expand our position as a reliable partner for complex projects in the direct marketing business. We continue to have an unparalleled service portfolio in this market, and we will leverage this to further strengthen our market leadership in direct marketing and transactional services.

Our BPO services complement our offering. We reorganised them last year and now present them as an independent business line in the market. With a mix of German and nearshore processing, we are the ideal partner for clients with high compliance requirements in a cost-sensitive environment.

The fiscal year 2023/24 has again demonstrated the importance of an experienced and agile leadership team that can respond to market changes without delay. We are well prepared for the upcoming challenges and look forward to many successful projects with our clients.



ORGANIC GROWTH

In the past fiscal year, we achieved significant organic growth in our transactional services' core sectors, particularly within the utilities, insurance, and banking industries. Our commitment to innovation and excellence enabled us to develop robust, scalable solutions that addressed these critical sectors' unique needs.

In the utilities sector, we positioned ourselves as a preferred partner for leading utility companies. Our solutions help streamline operations, enhance customer engagement and ensure regulatory compliance, driving efficiency and value for our clients.

We continued to build on our success in the insurance industry by offering tailored transactional services that improved policy administration, claims processing and customer communication. Our expertise in this sector ensured that our clients could deliver superior service and maintain a competitive advantage in a rapidly evolving market.

For the banking sector, our secure and efficient transactional services supported many financial operations. Our technology-driven approach guaranteed high levels of accuracy and security, which are paramount in the banking industry.

In addition to our growth in transactional services, we achieved remarkable success in contract renewals within the direct marketing sector. Our ability to deliver high-quality, innovative marketing solutions resulted in long-term partnerships with key clients. These renewals not only reflected our clients' confidence in our capabilities but also reinforced our market position as a leader in direct marketing.

PEOPLE

After Johannes Stadlmayr joined us as the new Chief Operating Officer last year, we made another change to the team during this fiscal year. Chief Financial Officer Philippe Coquelet informed us of his departure early, with a one-year notice. Through the company's European Leadership Development Programme, we found the perfect replacement for our CFO position in Gintare Dabasinskaite. She took over the CFO responsibilities on 1 April 2024.

With this, we have taken another step towards diversifying and rejuvenating our management team. Gintare is taking over the entire finance area and is responsible for legal and tax matters. She brings five years of Paragon experience from the UK and will assist our company in developing our profitability, optimising our analyses, and automating our administrative processes.

Joanna Dragun took over responsibility for the BPO business line last year, leading our operations at the Warsaw and Korschenbroich locations. Last year, she guided the business towards a larger nearshore share and will continue on this strategic path. At our Nyrany location in the Czech Republic, Markus Molch and Rudolf Hellmayer took over Managing Director Anton Jordan's responsibilities after he retired.

Due to the limited demand from our customers, we were forced to restructure our locations. We created socially acceptable agreements in cooperative collaboration with our works councils. However, such challenges do not occur without difficult decisions. Our focus will continue to be on our employees' wellbeing, to which we are committed. We also conducted an initial employee survey and implemented some of its measures. We will build on this with future surveys.

The final merger of all German companies highlights our endeavour to unify the various locations into one organisation. As a result, all our employees now work for one entity. We have standardised works agreements, elected new works councils and a central works council, positioning ourselves as a robust unified entity for the coming year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

In 2023/24, Paragon DACH & CEE once again made significant progress in sustainability. Our ESG activities are now part of our daily work in many areas and are essential for our company's future success. Here is a brief insight into our initiatives and successes in the past year:

CARBON EMISSIONS/ENERGY

Our 'Carbon Net Zero 2045' transformation project continues to progress. It has resulted in many more measures to reduce our carbon footprint at individual locations. Energy plays a significant role. Therefore, Paragon DACH & CEE will obtain DIN ISO 50001 energy management certification at many of our sites, a project which we launched in 2023/24. We launched this project in 2023/24. We also decided to install a photovoltaic system at Korschenbroich. In addition, we organised our first 'Digital Clean Up Month' to raise awareness among our employees to delete data that is no longer needed, saving energy.

REGULATION

Again, we were busy fulfilling our regulatory requirements in the past financial year. We successfully renewed all relevant certifications and passed the corresponding audits. Despite continuously increasing requirements, we also maintained our EcoVadis 'Gold' rating. The future Corporate Sustainability Reporting Directive (CSRD) already requires numerous activities. We have started a corresponding project and are preparing the process as best as possible. Generally, we aim to remain current with the latest legal requirements through proactive measures and continuous

SOCIAL ENGAGEMENT

Many initiatives promoting our employees' and societal wellbeing reflect our social commitment. Last year, for example, we expanded our company health support programme and introduced various new corporate benefits for our employees. In addition, we supported the 'Clean Water for Ghana' project in collaboration with the renowned charitable organisation PLAN International.

CORPORATE GOVERNANCE

Integrity and transparency are the cornerstones of our corporate philosophy. In 2023/24, we further strengthened our compliance activities to ensure that all business processes met high ethical standards. We held further training courses and workshops for our employees to raise awareness of ethical behaviour and legal regulations. We aim to promote an environment of openness and honesty in which internal and external stakeholders feel safe and respected.

OUTLOOK

Our ESG achievements in 2023/24 testify to our commitment and determination to shape a sustainable and responsible future. We will continue to invest in innovative technologies, expand our social initiatives and strive for the highest compliance standards. With our employees, partners and customers, we are confident that we will continue to pursue our ESG goals consistently in the coming years and master the challenges ahead.

TECHNOLOGY OVERVIEW

In the last fiscal year, our IT and Technology departments progressed substantially by building on the projects initiated in the previous financial year. This continuity has been pivotal in achieving significant advancements across multiple fronts.

PROJECT GATEWAY

Gateway drives the modernisation and transformation of IT infrastructure. So far, we have delivered improvement in the following areas:

- Service
- Cyber Security Operating Centre
- Data Centre core infrastructure including Internet Gateway
- Secure Mail Gateway
- Hardware refresh in edge locations

PROJECT ONEPLATFORM

The Document Output business' USP is our capability to produce mail as close to the end recipient as possible. With OnePlatform, we can process all incoming data on a single platform using a mixture of standard software and products we developed to fit our customers' needs. The architecture makes it simple to load balance between sites to cope with peaks and enhance business continuity.

Within the last year, a critical review of the OnePlatform approach ensured we use state-of-the-art processes and technologies while retaining our client focus. We reorganised the teams and responsibilities as a base to cope with future requests in a leaner manner. We've made significant progress in continuously migrating to OnePlatform, including almost the entire volume of our Magdeburg site, and released our new service portal for our clients and operational teams.

Changes, significant achievements and improvements in IT and Technology have marked the year overall. By continuing to build on our previous efforts and focusing on lean delivery, we are well positioned to tackle future challenges and capitalise on emerging opportunities.

LOOKING FORWARD

After a year of intensive restructuring and commercial challenges, we are optimistically looking towards the upcoming fiscal year. The measures we implemented have streamlined our processes and refined our portfolio, improving our positioning. We have a strengthened market position and are ready to seize new growth opportunities.

With a clear strategic focus and a concentrated offering, we are well prepared to meet our clients' needs more effectively than ever. Our investments in technology and infrastructure will help us continue to provide innovative solutions and expand our market leadership. Additionally, we have extended key customer contracts and established new partnerships, offering us further stability and growth potential.

We are confident we can successfully navigate the upcoming challenges and implement many exciting and successful projects with our clients. The following year promises positive developments and sustainable growth.

THE NETHERLANDS AND BELGIUM

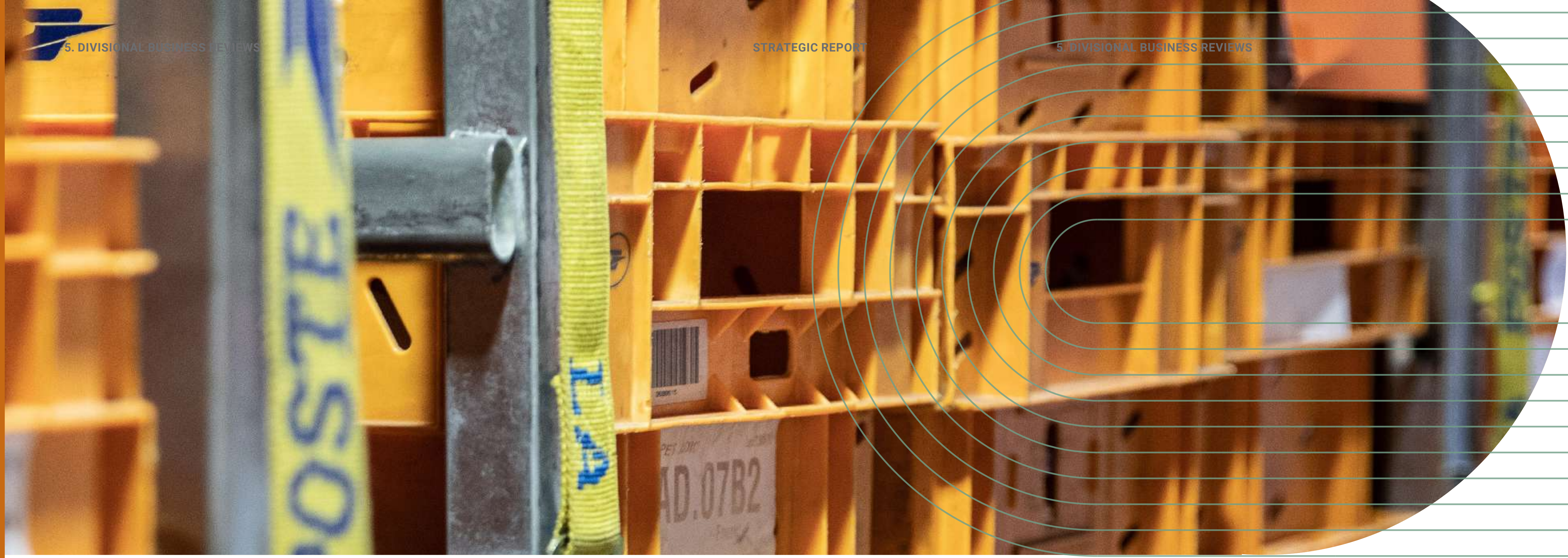
MIEKE CLARK-MARSMAN

CEO | Paragon The Netherlands and Belgium

OVERVIEW

Our success is built on continued organic and strategic growth in customer-centric business solutions, helping our clients achieve outstanding customer and employee experience. We follow a go-to-market diversification strategy through our business lines, ensuring our customers get the best end-to-end solution. We create a sustainable customer experience through data-driven customer engagement, offering multichannel marketing, omnichannel communication, fulfilment solutions, workplace solutions and outsourcing business processes in inbound and output management. Our focus is on corporate, SME and niche markets.

To this end, we combine our expertise with leading technology to ensure organisations can turn their ambition and strategy into achievable goals. Simultaneously, our ambition is to move up the value chain further by providing next-level services from customer experience management (CXM) to customer communications management (CCM) in one of Europe's most mature digital markets. By helping our clients design, manage and operate digital transformation, front and back-end experiences improve and loyalty grows. Following our strategic focus, we target further organic and acquisitive growth to expand our leading market share by double digits.



ORGANIC GROWTH

This year, we exceeded the previous year's financial results by growing organically by more than 5% by building on our core propositions:

1. OnePlatform is our SaaS solution for high-volume omnichannel communication. With more than 135 clients in our highly digitised business-to-consumer market, our advanced multichannel CCM solution is at the forefront of functionality and technology. It can be implemented both as a bespoke environment and a SaaS solution.

2. Our consulting and agency services deliver digital customer experience and professional services. Existing and new clients continue to ask us to steer and manage their digital transformation when connecting with the end client. Our CX and business consultants, Quadient Inspire technology expertise, and hands-on experience in managed services for output management are a unique combination.

3. Fulfilment and marketing services focused on data-driven, personalised and unique end products in eFulfilment, distribution and end-to-end marketing.

4. Fully integrated outbound and inbound services. A growing number of clients have experienced the efficiency, costs and customer experience benefits of this holistic approach.

PEOPLE

Every day, over 500 colleagues from eight locations in the Netherlands and Belgium enthusiastically dedicate themselves to work.

We have a transparent, informal organisation. Our decision lines are short, communication is open and direct, and the doors are open at all levels. Our mentality is one of acting with ownership, enthusiasm and inventiveness. Our employees reflect this attitude. They are down-to-earth, decisive people who can look beyond the boundaries of their jobs, goals and tasks.

We consider cooperation to be one of our central core values. We help each other and tackle challenges together, but we are also free to plan a meeting to catch up. Our business is as much about people as it is about processes and outcomes.

Following our acquisition of Minc, a leading fulfilment company, in 2023, we integrated our two facilities in Apeldoorn and established and expanded our capacity to over 3,000 sqm. We supported our ambition for sustainable growth by opening Apeldoorn 3.0 in July 2024. The team managed the integration exceptionally well and was supported by experts throughout our organisation.

Our people are our greatest asset in remaining successful. We continue to invest in our people by providing training facilities through Good Habits, learning from other disciplines by teaming up with colleagues across the organisation and enabling leadership training and succession planning.

We conducted an employee engagement survey in the Netherlands, followed by Belgium this year. We objectively developed insights into what is essential to our employees and creating awareness within the teams and locations on how we can evolve together to even greater engagement on specific topics.

Finally, we arranged a central Works Council election in the Netherlands, resulting in a newly chosen Works Council with a diverse and inclusive group representing all entities and locations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Our ambition is to measure and achieve our ESG goals, actively contributing to reducing our carbon footprint to ensure safe and healthy working environments and sustainable employment for our people. We will do this within the company and by developing true partnerships with our clients, suppliers and co-workers.

We've published our first Sustainability Report, 'Tour du Sustainability 2022/2023'. As the title suggests, it is a journey that does not stop. We produced the report to encourage our employees, clients and partners to travel with us on our road to achieve even greater ESG ambitions.

We are proud of our achievements to date. They include impressive accreditations, such as EcoVadis Gold and an ISO 26000 self-declaration from the Royal Netherlands Standardisation Institute (NEN), and we also received calculations from ClimateCalc of our carbon footprint. We gave employees access to 'OpenUp', a platform supporting mental wellbeing, which greatly influences thinking, feeling and behaviour in a safe, secure and private way. Furthermore, we sponsor various employee health events, such as Mud Masters.

The new mobility policy we implemented last year provides more flexibility of choice and incentivises electric vehicle use regardless of mileage. It has proven successful. Every new company car is now electric or hybrid, contributing significantly to carbon reduction. The next step is to electrify our transporters upon ending lease terms.

Diversity within our organisation continues to be our focus. Our female/male ratio is, on average, 35/65. It is 40/60 at senior management level and 25/75 at the statutory Board level. Our target is to reach 50/50 at all levels. We actively contribute to social return objectives across our locations, both in fixed and temporary labour.

Although we almost exclusively buy paper with an FSC quality mark, we also investigated the possibility of using carbon-neutral paper. As a result, several clients have switched. This is an excellent example of lowering our carbon footprint in cooperation with our clients.

Furthermore, we are budgeted to replace our lighting with LEDs in our main production centres.

Our 'Tour du Sustainability' never ends. We are committed to making significant contributions to greater diversity (People), achieving carbon net zero by 2035 and enhancing biodiversity (Planet), as well as promoting sustainability across the value chain (Partner).

TECHNOLOGY OVERVIEW

Our Netherlands and Belgium region is the digital adoption frontrunner within Europe and one of the most advanced and mature markets in digital transformation. Consequently, demands continue to change at a high pace, as does the need for bespoke data and information and communication technology (ICT) solutions, which creates moving requirements for simplified, controlled and secured data interchanges.

We recognised this early and duly invested in our Technology Team while evolving our ICT landscape, commercial propositions and operational excellence. We continue to do so, with a clear focus and priority on tech solutions, such as the further development of OnePlatform, our managed hosted customer communication (CCM) solution with the highest level of cybersecurity. We have gained a competitive advantage by achieving and securing our SOC 2 accreditation and investing in advanced email security software and multi-factor authentication.

Simultaneously, we increased our monitoring and continue to rationalise and modernise our operating systems. We upgraded Business Central Dynamics to the latest cloud version. Preparations to replace our production system have started, enabling us to fully automate enterprise resource planning (ERP) orders to cash flows.

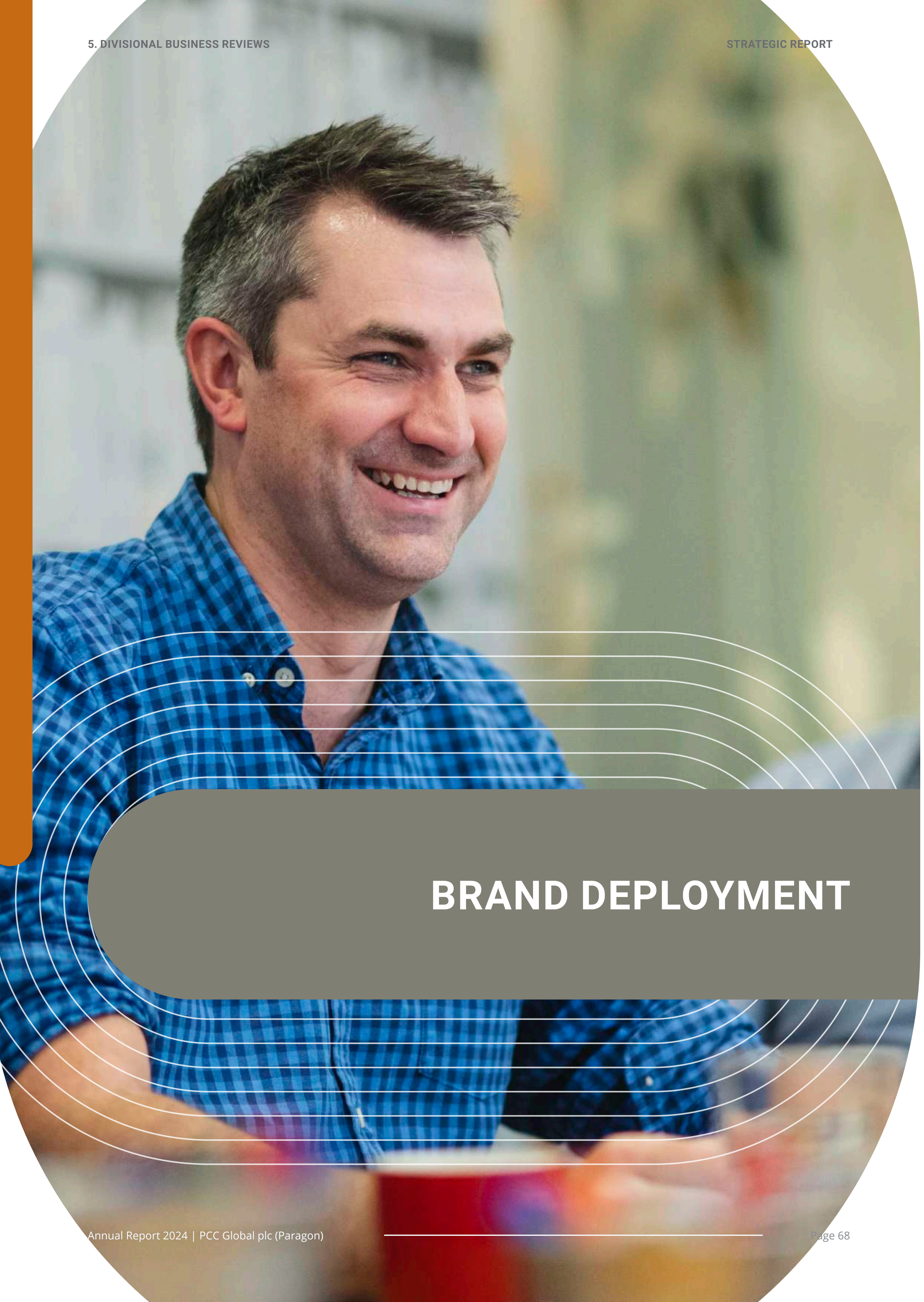
We completed our Print-on-Demand service. We also designed an entirely new process flow and IT architecture, improving our processes and aligning better with those of our clients. These include an Application Programming Interface (API) platform and the Azure Service Bus for optimal workflows.

LOOKING FORWARD

Looking forward to 2025 and beyond, our goal is to reach double-digit EBITDA growth.

We will do so through a combination of:

- Accelerated organic growth by focusing on our core propositions and using our business lines' shared capabilities to provide end-to-end solutions to our clients
- Selective acquisitions that strengthen our business lines in competencies and capacity
- Further investments in digital transformation to enable us to move further up our clients' value chain, helping them execute their strategy and goals.



BRAND DEPLOYMENT

JONAS MAGNUSSON

CEO | Paragon Brand Deployment

OVERVIEW

Acquired by Paragon in December 2023, Brand Deployment helps global consumer brands to connect with their customers and drive sales. Our core activity – creating in-store Point of Sale (POS) campaigns – taps into a global industry worth an estimated £35 billion.

With our market set to grow by 8% annually over the next three years, we are well positioned to enjoy a share of that growth by focusing on six key areas:

1. **Operational Excellence**: Improve margins through smarter purchasing, centralised expertise, strong governance, and compliance.
2. **Tech Transformation**: Invest in advanced technology and infrastructure to meet our clients' future needs and drive efficiency.
3. **Growth**: Expand our presence in key regions like MENA and further strengthen relationships with major clients.
4. **Diversification**: Build out an even broader range of profitable services.
5. **Responsible Business**: Continue to commit to strong environmental and social practices, which will set us apart in the market.
6. **People**: Focus on developing our people, ensuring their wellbeing, and driving strong performance.

Leveraging the size, scale, and selected capabilities of Paragon, coupled with further investment that builds on our existing strengths, we are confident in our continued growth, strengthening our market position.

ORGANIC GROWTH

We have seen significant growth this year in all markets. Our increase in size, scale and capability as part of Paragon unlocked opportunities for us with access to new service lines.

A broadening of scope among our largest clients led to an increase in order volumes across all lines following geographic expansion. With an increased global reach, new colleagues were recruited to join our teams and service those clients in key and emerging markets.

Order volumes in permanent display have been strong, driven by high-end productions for leading FMCG clients that support in-store shopper engagement, plus the increasing popularity of sustainable, re-usable units with long life expectancy and reduced carbon footprint.

New client onboarding has been strong, with significant gains in the USA in the food and beverage and home improvement sectors, where our creative engineering teams have solved challenging retail display problems through innovation and technology.

With access to next-generation technologies through Paragon companies, clients and prospects alike have been extremely interested in understanding how we can support their growth agendas by building faster and stronger sustainable shopper marketing ecosystems that increase their agility, drive ROI, and bring them closer to their customers.

PEOPLE

People are at the heart of our business. Their talents, expertise and wellbeing are what drives our success.

Investment in our people means we keep our top talent and attract the best to join our business. In doing so, we drive high performance across the organisation, fueling further success. With clear objectives, clarity, and focus, we become highly effective in everything we do, which means better outcomes for our people, our clients and supply partners.

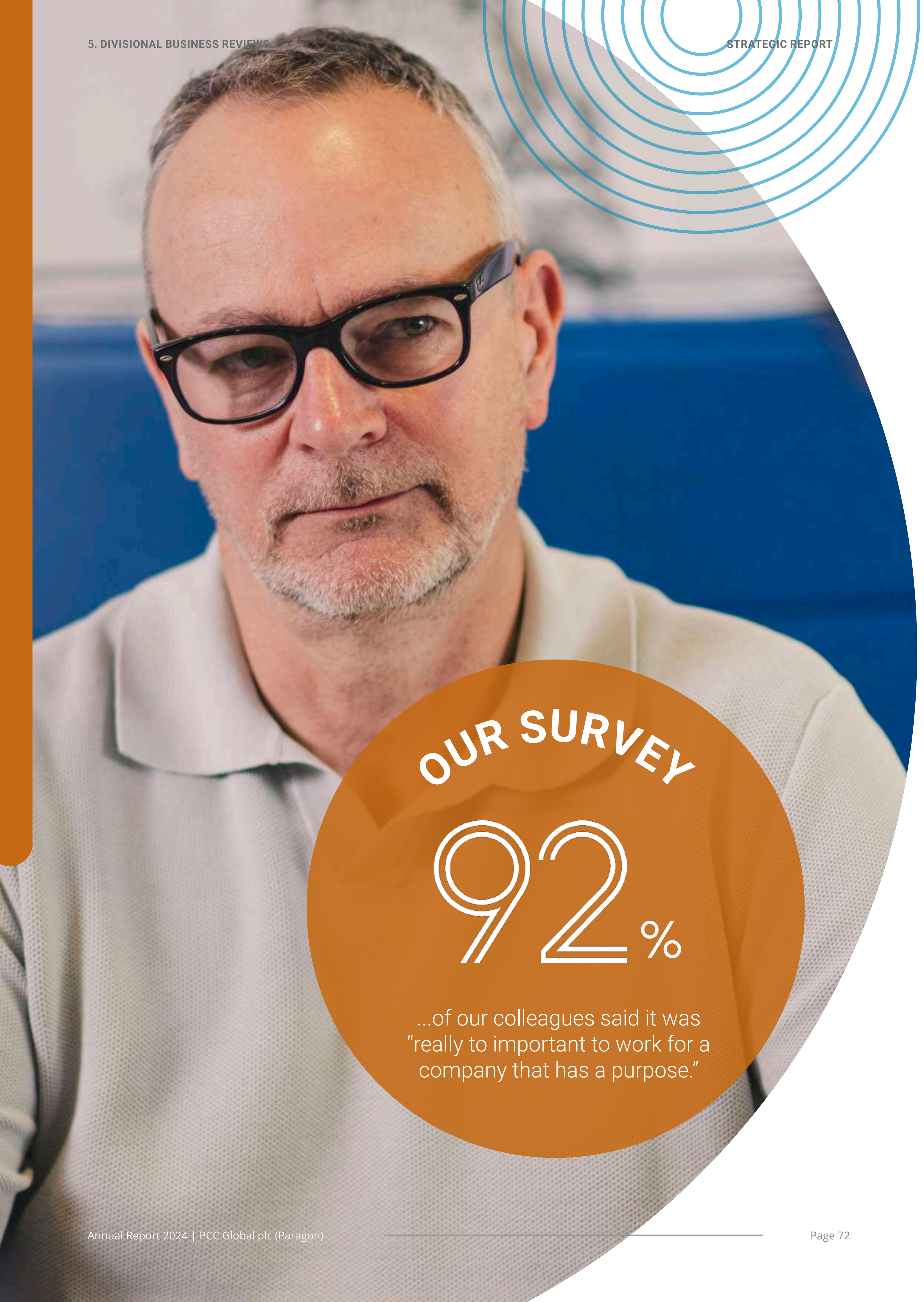
What are we doing?

A dedicated Learning and Development Manager has been appointed to ensure that the development needs of all our colleagues across the 25 countries where we have offices are being met, utilising local geographical training funding and applying a consistent approach for development to enable our teams to develop their careers.

People Action Plans for each area have been introduced to ensure leaders are focused on looking after their teams. The aim is to create an environment for success where colleagues can thrive and be their true selves. The plans consider employee wellbeing, development, engagement strategies, building an inclusive culture, work life integration and team building.

Our Performance Plans focus on performance, culture, succession, and measurement. The plans include the use of tools and systems to motivate and reward high performance.

Regular colleague engagement is achieved through monthly townhalls and the daily use of our engagement platform to improve communication and support collaboration. We will assess how we are performing against all measures through our annual Employee Engagement Survey. The insights gained will help us to understand what is working, what can be improved and what we need to develop for our future People Strategy.



5. DIVISIONAL BUSINESS REVIEWS
STRATEGIC REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

In 2023, we developed our approach to ESG to become Purpose-led as a demonstration of how the business and the sector is maturing.

We undertook an initial materiality exercise, ascertaining what is important to our stakeholders, and from that we developed our Purpose. With a passion for progression, we make lives better. We launched our Purpose through a series of lunch and learns, listening and team engagement sessions.

On surveying our colleagues, 92% said that it was "Really important, to work for a company that has a Purpose".

Our purpose sits at the heart of what we want to achieve. It is how we will create shared value for our people, clients, supply partners, and wider stakeholders, including the environment and the communities in which we operate. At the same time, we developed a set of behaviours to enable and protect our Purpose.

Our responsible business strategy, Responsible Business is Everyone's Business, has five pillars and they seek to maximise opportunities for positive impact, while addressing challenges and negative impacts, helping us to measure and monitor our performance and that of our clients. Those pillars are:

1. Operating Responsibly
2. Tackling Climate Change and Protecting Nature
3. Inclusive and Healthy Workplaces
4. Responsible Supply Chain
5. Strong, Healthy Communities

Supporting Our Clients

The service we offer to our clients goes beyond the products we procure on their behalf; we also help them to achieve their sustainability goals. To do this we have developed and work to a six-step model that allows us to manage impact across all aspects of responsible business.

1. Purpose: it starts by delivering our Purpose for our clients
2. Governance and Controls: vital for integrity
3. Data and Measurement: what we measure we understand, what we understand, we can improve
4. Insight: to drive change
5. Constant pursuit of innovation
6. Change Management Expertise

With a Purpose-led approach and to deliver on our responsible business strategy, by implementing our six-step model we have achieved great results for our clients.

Working to tackle climate change and protect nature and working to deliver a key CO_2e KPI for one of our clients, in the last year we have managed to reduce their CO_2 intensity (the $kgCO_2e$ per million of currency spent) by 34% compared with the previous year. This was achieved through implementing a plan across their entire spend, re-designing items and using the most sustainable materials.

Reducing the amount of virgin plastic we use across all products we procure is a key way that we minimise our negative environmental impact. Therefore, we are pleased to have achieved a 54% reduction in year-on-year plastic tonnage for a major client.

Inclusion is very important to us, and that extends to our supply chain partners to gain greater innovation and diversity of thought. We track our spend with women owned businesses, and in 2024 it was over 15%.

With a passion for progression, we look forward to making our stakeholders lives better in 2025 and beyond.

TECHNOLOGY OVERVIEW

Since we were acquired by Paragon, we have undertaken a total review of our technology environment. We have listened to our clients, suppliers and internal teams and understood their challenges and requirements for the future. The results informed aspects of a transformation programme that will build on our agility and digital capabilities.

To lead the programme, the business appointed a Chief Digital Officer to own the delivery of our Technology Transformation Roadmap and take our client facing martech offering to the next level.

Key to our ongoing business transformation is our transition to a best-of-breed technology partner for effective and efficient client and data management. Investment in Enterprise SaaS technology will help to reshape the strategic profile of our business in our market, as we continue to develop our position as an insights-led business.

Through cloud access to real-time, accurate transactional and performance data, our goal is to create additional value and unlock opportunities across our growing client base. Our aim is to complete this part of the journey by the end of FY25.

In parallel, we are undergoing an assessment of our client-facing martech solutions and affiliated services, with a view to creating the right foundation for future growth. Of critical importance is a continued investment in building and delivering a unified end-to-end data solution for our clients, and exploring next generation technologies that will drive demand for our services and set us apart from our competition on a global stage.

LOOKING FORWARD

As we continue to deliver against our growth strategy by leveraging the power of Paragon, servicing more regions, offering a wider portfolio of services, investing in new technologies, and growing revenues at pace, we increase our position of responsibility as clients lean harder on us to help them achieve their goals and maintain effective global operations.

As a strategic supply partner to many global brands, these are exciting times. We are in an excellent position to grow market share, win new clients, increase scope and expand into new territories. We will continue to drive our Responsible Business agenda, reducing carbon emissions, exploring new sustainable materials and educating across the supply chain. We will recruit and retain the best talent and pursue points of difference that set us apart from our competitors, while continuing to demonstrate our passion for progression as a leading player in our industry.

6 CLIMATE-RELATED FINANCIAL DISCLOSURE

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

This report covers our disclosures in accordance with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, Sections 414C, 414CA and 414CB of the Companies Act 2006 (the 'Act'), and is part of our reporting suite for the 2023/24 financial year.

Climate change presents ongoing risks and opportunities for all businesses, and Paragon is no exception. It will directly impact our operating models and costs, and is already driving changes in market requirements and the assessment of the climate-related risks and opportunities required by regulatory and legislative changes across our regions.

We welcome the increased transparency these regulations demand. We are proud of the progress we are making with our climate change programmes, but we are also aware of the work still to be done to fully integrate climate-related risk into our core business strategy, risk profiling and reporting.

GOVERNANCE

Our stakeholders rely on us to deliver sustainable solutions across the lifecycle of our products and services. We need to adopt a lifecycle climate change analysis that involves all our stakeholders. To tackle these challenges, we have aligned our climate change strategy to the United Nations Sustainable Development Goals (SDGs) and used them to help develop our roadmaps.

ROLES AND RESPONSIBILITIES FOR ESG

The Paragon Group Board provides governance for the setting of and compliance with the ESG standards across Paragon. Initial steps have been taken to set minimum standards in three key areas including Net Zero, supply chain standards and gender pay gaps. The Paragon Group Board's role in climate change governance will be reviewed in 2024/25 to identify where it can support and accelerate the achievement of group-wide and local targets and to raise overall standards.

The CEO of each region has overall responsibility for oversight on climate-related risks and opportunities. Accountability and responsibility for climate change is assigned to divisional CEOs, supported by their ESG leads. Each region is responsible for setting its climate change targets, metrics and programmes, driven by the risks and opportunities relevant to their regions. The divisional boards, supported by their ESG lead, review climate-related risks and opportunities and integrate them into business strategy, goals and decision-making. Risks and opportunities are reviewed by the Paragon Group Board at minimum annually, however, risks and opportunities will be reviewed by the Paragon Group Board and divisional boards as and when they arise as part of their monthly board meetings.

The ESG leads from each of our subsidiary companies regularly meet to evolve a common approach for core climate change strategy supported by implementation of local climate change targets in all our operating companies.

The ESG team leads the Paragon Group Board and divisional boards to support their governance of the local delivery. They report on local and global climate-related risks and opportunities and keep the Paragon Group Board and their divisional CEOs updated on a quarterly basis.

The team undertook climate-related risk assessments to provide the Paragon Group Board with consolidated risk and opportunity data, while providing divisional CEOs and leadership teams with climate-related risk and opportunity data. This was the second consolidated and coordinated Group-wide climate-related assessment and will be reviewed annually.

The ESG leads complete a climate change assessment which is delivered to the Paragon Group Board annually. In the financial year 2024/25 this will be to the Paragon Group Board and will be updated and reviewed quarterly. The template covers progress against Net Zero targets, mitigation progress against specific climate-related risks as well as reporting on progress against local climate change targets. Climate change reporting will be integrated with the financial reporting systems used within Paragon to enable efficient capture from local teams and the consolidation at Paragon group level for consolidated reporting.

The Paragon Group Board and subsidiary CEOs use this information to monitor the progress towards climate-related change targets, act upon underperformance and to address and mitigate the risks identified. This is achieved through the allocation of suitable resources including personnel and financial investment.

Climate-related risks and opportunities are identfied at divisional level and reported upward to the divisional CEOs and on a consolidated basis to the Paragon Group Board and CEO.

Risk identification and consideration is undertaken by the ESG leads and Risk and Audit Committee using a combination of qualitative and quantitative data. This includes analysis of stakeholder requirements covering:

- Client requirements and expectations and associated revenue at risk;
- Current and forthcoming regulatory and legislative requirements; and
- Acute and chronic physical risk factors.

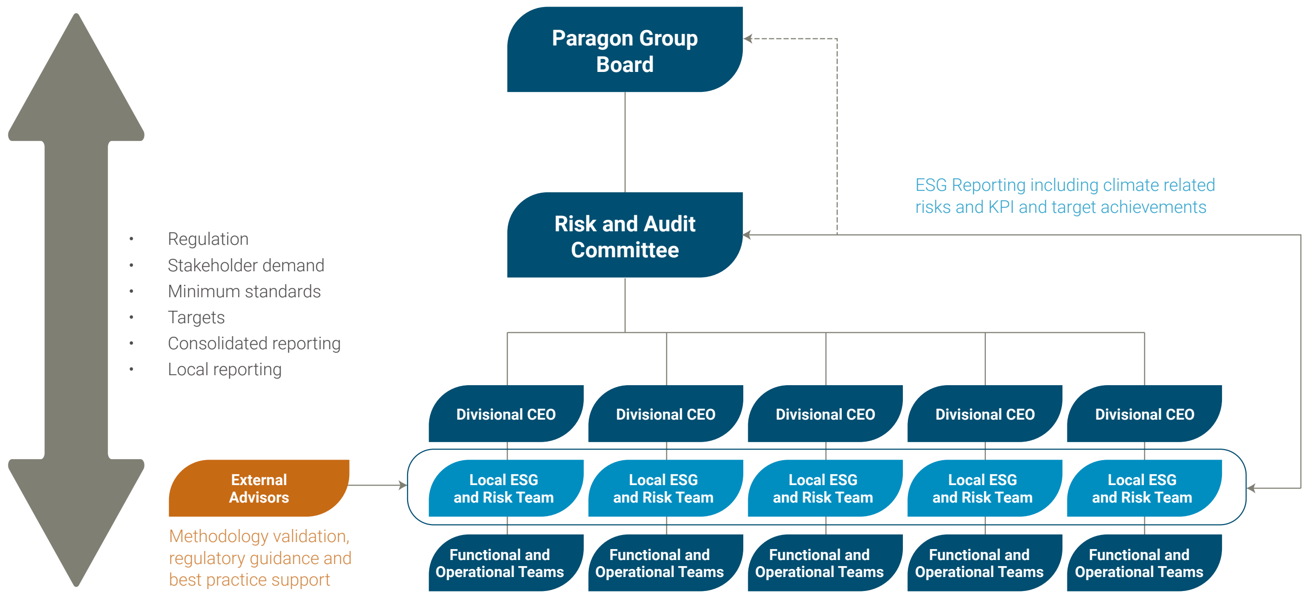
Existing risk consideration frameworks are used to assess the likelihood, impact and management of climate-related risks and opportunities.

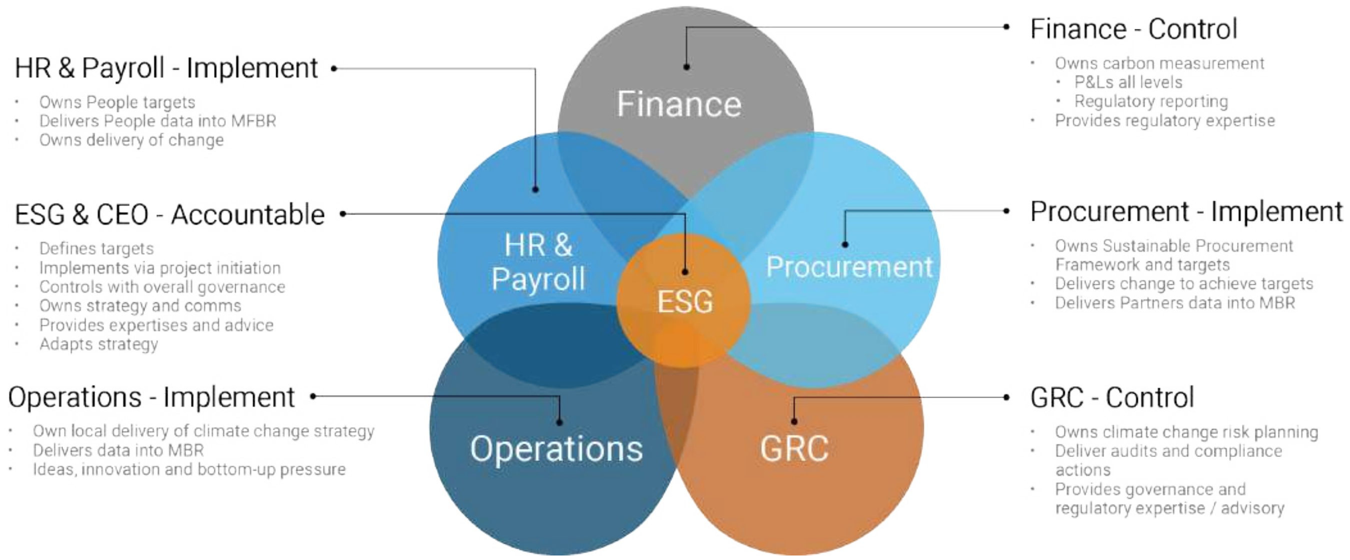
Paragon has processes at the divisional level for managing climate-related risks and opportunities. Decisions are made by the division's leadership team based on the assessment of the risk by ESG teams in consultation with the risk team and any external advisors that may be needed. Financial and qualitative data are used to grade the risk and define the actions to be taken which may include mitigation, transfer, acceptance, or control of those risks. Business cases may be requested to support any investment required covering impacts across people, planet and partners, in addition to financial and risk impacts. Following a prioritisation of risks and actions, resources are allocated to project managers to take action, govern the changes and to report on progress.

Decision making is supported by divisionally managed materiality assessments which are validated by external advisors on an annual basis.

6. CLIMATE-RELATED FINANCIAL DISCLOSURE STRATEGIC REPORT

GOVERNANCE MODELS





Note: Diagram showing the model of interdependency for the delivery of Paragon's climate change strategy.

STRATEGY

TIME HORIZONS

Paragon recognises the risk that climate change poses to our business model and those of our clients. Our long-term planning regarding our facilities and our product and service offerings does not extend beyond 10 years. This approach lets us adapt to market and regulatory requirements, while developing strategies to address the impacts of climate change on our activities.

Time horizon	Justification
Short-term: 0 to 2 years	The business conducts operational and financial planning over a one-to-two-year timeframe. Criteria for expenditure projects generally work to a two-year return on investment. This lets us prioritise projects that will return short-term gains for the business.
Medium-term: 3 to 5 years	The business conducts strategic and capital planning over a two-to-five-year period. It has a strategic ambition to double its turnover every three years and has a number of strategies in place, including mergers and acquisitions. This activity tends to be planned around the medium-term. This also aligns with the average client contract term of three years.
Long-term: 6 to 10 years	The business is growing rapidly through mergers and acquisitions and 10 years is a realistic long-term planning target for growth. It also aligns with the average lease term on our sites and reflects the timescales in which changes to our facilities can be made. This also aligns with our most ambitious Net Zero target of 2035 set in UK, Ireland and Luxembourg.
Beyond 10 years to 2050	All governments in our regions have set legally binding targets to reach Net Zero by 2050 and the IPCC SSP1-1.9 scenario of a 1.5°C rise by 2050, which we have used for our scenario analysis, fits with the useful lives of some of Paragon's assets of 10-40 years.

IMPACT DEFINITIONS

Paragon considers the climate-related risks and opportunities associated with the products and services we provide, including mergers and acquisitions, research and development, cost of sales and technological changes, when considering strategic plans. Operational risk is also considered, as failure to properly address climate-related risks can lead to a substantive impact on the business' ability to operate.

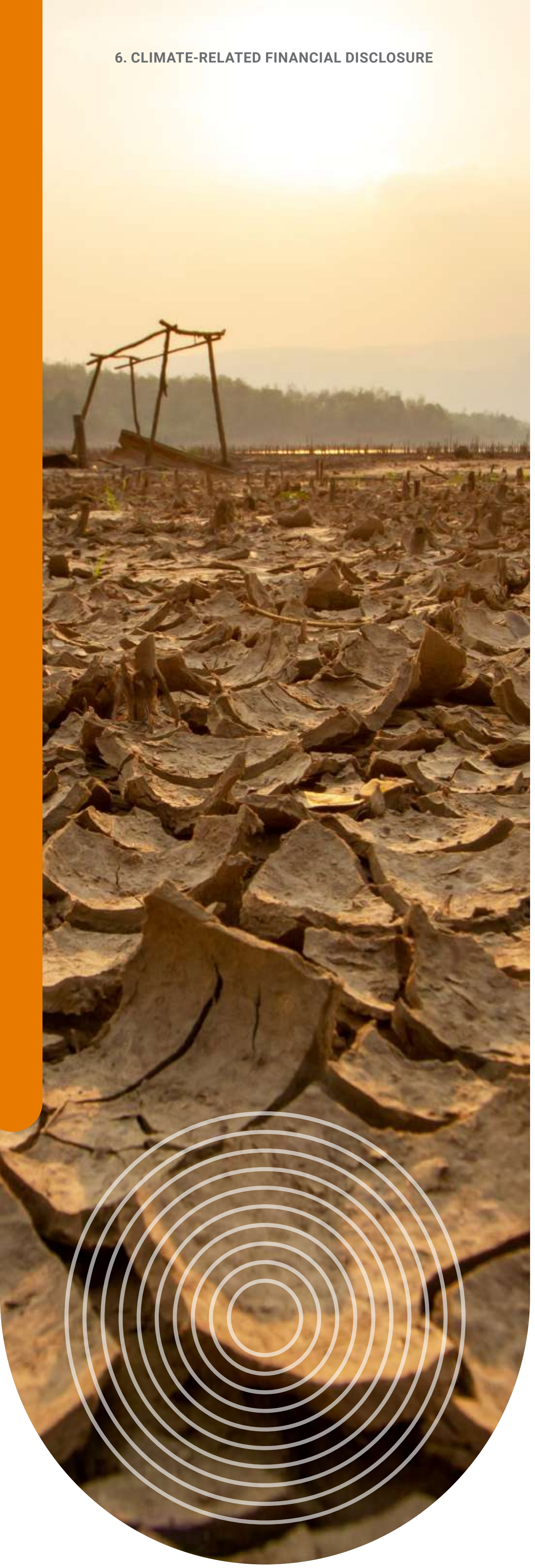
Impact category	Description
Impact	Loss of revenue from failure to win or retain clients, and the changing scope of market requirements because of stakeholder engagement with climate-related risks and opportunities. Loss of revenue of over 5% from failure to win or retain clients constitutes a substantive impact.
Expenditure	Increased operating costs are likely to erode our profit margins. This can result from a single factor changing, such as the rise in energy costs or a combination of multiple increases related to climate change that will impact our profitability and economic sustainability. An increase of 1% on operating costs constitutes a substantive impact.
Asset/investment	Paragon has a culture of rapid growth through acquisition and product innovation. Activities that increase greenhouse gas (GHG) emissions by more than 5% within a financial reporting year, such as acquisitions, new product offerings and change in activity, are considered to have a substantive impact on our Sustainability Ambition and Net Zero plan. Activities that increase GHG emissions by more than 5% within a financial reporting year constitute a substantial impact.

REPORTING DEVELOPMENTS

Climate-related risks will be assessed alongside all other organisational risks as part of a planned change to each division's risk management framework.

In FY 24/25 the Paragon Group Board will assess the need for a group wide approach to risk management which will include climate-related risks and opportunities. Currently, the senior leaders accountable for risk management in each division are advised upon climate related risks by the local ESG teams with support from third party specialist advisors where required.

In preparation for CSRD and to align with CFD guidance in full, a review of the time horizons, risk severity categorisation, process for scoping risk size and impact, the development of further KPIs to measure progress on climate-related risk management and closer alignment of KPIs and risk scenarios will be carried out in FY 24/25 and improvements made will be reported upon.



CLIMATE-RELATED RISKS AND OPPORTUNITIES

The risks and opportunities posed by climate change are driving Paragon to integrate this issue into our business strategy and planning. We are working to harmonise our frameworks across our regions and fully integrate them into our business planning and day-to-day activities.

The ESG leads have undertaken analysis of our stakeholder requirements to assess the risk of climate change on our operations, revenue and product offerings. Historically, this has focused on the impact of regulations and global initiatives, such as the UN SDGs, client requirements, and the associated financial risks and opportunities.

During this financial year, we have extended this analysis to include qualitative and quantitative factors affecting our business. A range of material risks and scenarios have been assessed that are now helping to guide our future disclosures, planning and strategy.

Risk identification, assessment and management has been undertaken by the ESG leads from across our divisions using a common set of risk factors and scenarios. These have been assessed at the divisional level and then aggregated for Group-level disclosure. The analysis lets our divisional leadership teams focus on local delivery of climate-related risks and opportunities. This activity was undertaken at the end of the financial year and will be reviewed and expanded where appropriate annually.

Currently there is no single consolidated framework for business risk identification, assessment and management across the Paragon group. The ESG leads are working with the Risk and Audit Committee to integrate climate-related change risk into group risk frameworks and assessments.

The climate-related change risk and opportunity assessments include the following systems and procesess:

Annual assessment of client requirements – client and stakeholder requirements are changing rapidly with regards to climate change. Our clients are one of our main stakeholders and Paragon needs to ensure we are providing solutions that support our clients' climate change goals.

The top 20 clients by revenue for each region are assessed annually by the ESG leads, supported by sales and bids teams, to determine the following:

- Material climate change themes;
- Client Net Zero commitments, including Scope 3 targets that extend to their supply chain; and
- Revenue at risk should Paragon not meet clients' supply chain climate-related targets.

The Sales and Marketing Teams also analyse client requirements to ensure we continue to provide a product and service portfolio that meets market requirements. This includes analysis of our clients' drive to digital communication strategies, which is driven by cost and climate-related factors. This analysis helps drive our climate change strategy.

Regulatory and legislative review – Paragon is subject to multiple regulatory requirements relating to climate change. As part of our ISO 14001 certified environmental management system, the Governance teams in each region undertake regular assessment of current and emerging legislation. We closely monitor and assess risks associated with any changes through their inclusion in our legal compliance process. This process assesses the applicability of legislative and regulatory requirements to our locations and activities, and provides the framework to implement the operational requirements, reporting frameworks and compliance status. Reviews are undertaken quarterly as a minimum. The estimated cost of operational changes required by legislation is assessed to determine regulations that are likely to have a material impact on the business.

Physical risk assessment – Paragon has over 60 locations across Europe. As part of our ISO 14001 certified environmental management system, the regional Governance teams undertake annual assessments of chronic and acute physical risks such as flood, fire, rising temperature and sea level rise on physical assets and operational impact.

This includes:

- Risk of localised fluvial and coastal flooding;
- Impact of rising sea levels on our physical assets; and
- Impact of rising temperatures on operational costs.

Paragon is aware that we have work to do to integrate climate-related risk assessments fully into our core business strategy and frameworks.

This report is our second public disclosure of climate-related risks, and Paragon is fully committed to developing our risk assessment framework to include the following factors:

- Impact on cost and availability of raw materials;
- Impact on rental increases resulting from climate-related regulations (such as improved EPC ratings);
- Impact on staff including health (sickness rates), and our employee satisfaction and attrition rates; and
- Analysis of maintenance costs and the impact of climate change (regulatory and physical).

CLIMATE RESILIENCE AND SCENARIO PLANNING

Paragon has made good progress in measuring our climate change impacts, setting targets and implementing strategies. We have completed our first climate scenario planning using Intergovernmental Panel on Climate Change (IPCC) scenarios and a mix of quantitative and qualitative analysis.

We have selected scenarios and climate-related risks and opportunities that are most material to our business and its stakeholders.

The IPCC AR6 Synthesis Report: Climate Change 2023 makes it clear that the global average temperature is expected to hit 1.5°C above pre-industrial levels by the mid-2030s, regardless of the level of mitigation implemented.

Scenario analysis has been completed using risk factors against the IPCC scenarios listed below, considering the impact on our business up to 2035. The IPCC scenarios have been selected as they capture a wide range of environmental and socio-economic factors that will impact climate change up to the end of the century. This will allow Paragon to expand and mature our risk and opportunity analysis over the forthcoming years to include a wider range of climate-related factors.

Our analysis considers the impact on our business up to 2050. For our first year, our quantitative analysis has only been completed up to 2035 to align with the majority of our long-term business planning and most ambitious Carbon Net Zero targets.

SCENARIO ASSUMPTIONS, UNCERTAINTIES AND CONSTRAINTS

Scenario	Assumptions	Uncertainties	Constraints
SSP1 - 1.9 **Rationale for selection:** Policy alignment: All governments in our countries of operation have committed to Net Zero by 2050 and legislation is driving increased transparency and action. Market requirements: Over 38% of revenue is from client partners with a Net Zero target of 2050 or sooner. Our stakeholders recognise the threat climate change presents to their business models and align their planning and programmes to expected legislation, investment and technological developments that a 1.5°C scenario would bring. General public and workforce expectations: Deloitte's 2024 Gen Z and Millennial Survey shows that nearly nine in 10 Gen Zs and millennials say purpose is important and they are increasingly likely to turn down work or employers that don't align with their values. This behaviour is aligned with a 1.5°C scenario and in order to attract and retain talent into our business we must align our strategy and frameworks with this scenario.	Global Policy: We assume that the UK government will continue with its Net Zero and other commitments such as decarbonisation of the national grid by 2035. Technological advances: We assume that industry will continue to develop renewable energy, energy efficiency solutions and carbon capture and storage to tackle emissions that are not currently possible to reduce. Market behaviour: We assume that our clients will continue with their ambitious commitments regarding climate change.	Political will, stability and policy implementation: Limiting global warming to 1.5°C requires sustained commitment of governments to implement policies to decarbonise. The current global political instability coupled with the recovery from the pandemic and changing government priorities could delay climate action. Feasibility and affordability of technology: Paragon is a low profit margin business; the affordability and scalability of new technology could result in uncertainty on timescales for decarbonisation. Climate sensitivity : Climate research develops rapidly and even with strong mitigation, uncertainties related to climate impacts such thawing permafrost could result in higher than expected warming. Socio-economic response: At a time where the cost of living and commodity costs for business are increasing, resistance to policy changes and adoption of new technology could delay our progress on our Net Zero targets.	Timeframe: The latest IPCC reports already predict that the planet will hit a 1.5°C rise by the mid 2030s. Paragons' earliest Net Zero target of 2035 presents challenges in terms of the speed and scale of the action we must take.
SSP1 - 2.6 **Rationale for selection:** Paragon has chosen a 1.6 to 1.9°C scenario in order to reflect the uncertainty in limiting global warming to 1.5°C based on scientific, political and socio-economic factors. We need to understand the dependencies, risks and opportunities that this scenario would present. With every degree of temperature rise, the impact on our OPEX, the availability of raw materials, extreme weather events and other physical impacts will increase and we need to prepare for this within our short, medium and long-term planning.	Policy: Moderate policy implementation assuming climate policies and commitments from governments are moderately ambitious but fall short of the strict measures required to meet the 1.5°C target. Technology: Widespread adoption of low-carbon technologies assuming broad adoption of renewable energy technologies and energy efficiency improvements. Partial decoupling of economic growth and emissions with economic growth through green technologies and carbon-efficient production methods. International Cooperation with Lagging Regions: While global cooperation is assumed to continue, not all countries or regions will meet their targets equally.	Effectiveness of Current Policies: Uncertainty around whether current national climate policies and targets will be fully implemented and enforced. Technological Innovation: While significant progress in renewable energy, electric vehicles, and energy storage is assumed, uncertainty remains about whether breakthroughs in harder-to-decarbonise sectors will occur in time. Societal and Behavioural Shifts: Assumes moderate changes in consumer behaviour. Climate System Sensitivity: There is scientific uncertainty regarding whether the Earth's climate sensitivity could either mitigate or amplify warming.	Economic and Social Trade-offs: Political and public support to manage the loss of jobs in traditional industries and regions. Physical Limits to Adaptation: More frequent extreme weather events are expected that will impact our operations. Global Equity: Lack of support for financial transfers & technology by wealthier countries may delay decarbonisation. Technology: Part of our Net Zero plan relies on renewable energy, electrification, and carbon capture technologies. This is constrained by existing infrastructure & investment in the UK.

SCENARIO ASSUMPTIONS, UNCERTAINTIES AND CONSTRAINTS (CONTINUED)

Scenario	Assumptions	Uncertainties	Constraints
SSP2 - 4.5 **Rationale for selection:** Paragon has chosen a 2.5-2.9°C scenario in order to reflect the uncertainty in limiting global warming to below 2°C based on scientific, political and socio-economic factors. We need to understand the dependencies, risks and opportunities that this scenario would present. With every degree of temperature rise the impact on political systems and stability, global cooperation and infrastructure, production of raw materials, supply chains and the demand for our products and services will impact our ability to continue to operate as we do now, and we need to prepare for this within our short, medium and long-term planning.	Inadequate Climate Policy: Current global commitments to reduce GHG emissions are not ambitious and fall short of achieving the targets required. Gradual Transition to Low-Carbon Technologies: Renewable energy and electric vehicles will be adopted, but at a slower pace than required for more ambitious climate scenarios. Limited Global Cooperation: International cooperation is weaker, with some countries prioritising national economic growth over global climate action. Population and Economic Growth: Steady population growth and continued economic growth is not fully decoupled from carbon emissions.	Climate System Feedbacks: There is significant uncertainty regarding how the Earth's climate system will respond and this could amplify global warming or have unpredictable consequences. Extreme Weather Events: The frequency, intensity, and regional distribution of extreme weather events are uncertain. Socioeconomic and Political Responses: Political instability, social unrest, or economic disruptions may arise as a result of climate-induced shocks. Technological Innovation: Uncertainty surrounds whether future technological advancements will be able to mitigate some of the warming.	Physical Limits of the Climate System: The world will face significant physical changes imposing limits on adaptation strategies; some ecosystems and regions may face irreversible damage or transformation. Economic Trade-offs: Many economies will face constraints in balancing climate mitigation with economic development, with financial resources directed toward disaster recovery and adaptation measures. Limits of Adaptation: Many regions may struggle to adapt effectively to the rising impacts of climate change, potentially leading to large-scale displacement or economic instability. Global Inequities: The unequal distribution of climate-related impacts and access to resources could exacerbate socio-political tension. Political and Institutional: Politically constrained by economic & electoral priority.
SSP3 - 7.0 **Rationale for selection:** Paragon has chosen a 3.5-3.9°C scenario in order to reflect the drastic change in our operating conditions that this level of temperature rise would bring. We need to understand the dependencies, risks and opportunities that this scenario would present. With every degree of temperature rise the impact on political systems and stability, global cooperation and infrastructure, production of raw materials, supply chains and the demand for our products and services will impact our ability to continue to operate as we do now, and we need to prepare for this within our short, medium and long-term planning.	Inadequate Climate Policy: Assumes that global efforts to reduce emissions are minimal or largely ineffective. Continued Fossil Fuel Dominance: The scenario assumes that fossil fuels remain a dominant part of the global energy mix. Limited Technological Innovation: Technological advancements in renewable energy, carbon capture and storage and energy efficiency either progress too slowly or are not widely adopted.	Climate System: Uncertainty about tipping points, such as the collapse of ice sheets or changes in ocean circulation, that could lead to abrupt and irreversible climate impacts. Regional Climate Impacts: Some regions may experience much higher temperature increases, while others could experience more extreme weather patterns. Societal Response: Political, social & economic instability could arise as communities face displacement, food and water shortages, and increased competition for resources. Economic: Some models predict catastrophic economic losses due to infrastructure damage, reduced agricultural yields, and increased disaster recovery costs. Unregulated Land Use and Deforestation: Deforestation, land degradation, and poor land management practices continue unchecked.	Physical Limits to Adaptation: Constraints on the ability of human & natural systems to adapt with many regions becoming uninhabitable. Economic and Social Disruption: Key industries, such as agriculture, fisheries & tourism will suffer due to extreme weather and changing climate conditions. Political & Governance: Likely social unrest, resource conflicts, and migration crises. Technological & Infrastructure: Technological development will not be fast enough to mitigate or adapt to the most severe impacts of 3.5-3.9°C warming.

CLIMATE RESILIENCE AND SCENARIO PLANNING (CONTINUED)

OUTCOMES OF SCENARIO ANALYSIS

Paragon uses scenario analysis to identify risks and opportunities from the impact of climate-related issues, the outcomes of which we use to build resilience into our business strategy and decision making. Scenario analysis has been completed using risk factors against scenarios described above considering the impact up to 2035. This year aligns with most of our long-term business planning and Net Zero target of 2035.

Risk type: Transitional: Regulatory				
Time horizon: Long-term (6-10 years)				
Risk Factors: Expenditure				
Likelihood: More likely than not				
Impact: Long-term: Substantive				
While the amount of regulatory change is likely to increase operating costs, the majority of the changes are not deemed to pose a material risk. All governments within our areas of operation are committed to Net Zero by 2050. The most likely method of driving behaviour change is the application of a carbon tax across businesses' Scope 1 and 2 emissions in the next five to 10 years. Paragon has considered the financial impact and risk to the business from a potential carbon tax in the lead up to 2035. The impact of a potential carbon tax for the scenarios was calculated on all Scope 1 & 2 emissions as this is method is the most likely to drive change. Additional expenditure for each scenario assumes that with each °C rise carbon tax will increase to allow governments to invest in climate mitigation and response.				
Scenario outcomes	**SSP1 - 1.9**	**SSP1 - 2.6**	**SSP2 - 4.5**	**SSP3 - 7.0**
We assumed a carbon tax in the long-term of 6-10 years at a number of price points & calculated the financial impact based on 2023/24 Scope 1&2 emissions.	€120 per tCO_2e Potential Annual Impact: €2.3 million Potential impact of the 5 years in the long-term timeframe of 6-10 years: €11.5 million	€240 per tCO_2e Potential Annual Impact: €4.6 million Potential impact of the 5 years in the long-term timeframe of 6-10 years: €23.1 million	€361 per tCO_2e Potential Annual Impact: €6.9 million Potential impact of the 5 years in the long-term timeframe of 6-10 years: €34.7 million	€482 per tCO_2e Potential Annual Impact: €9.2 million Potential impact of the 5 years in the long-term timeframe of 6-10 years: €46.3 million
Influence on strategy & planning: In place: Future cost of carbon tax is integrated into the business case process for all CAPEX, equipment lease and acquisition of new business / facilities where the lifespan is over 5 years. Contingency plans: An internal price for carbon is planned to further drive responsibility for carbon reduction at divisional and operational levels. Implementation timescales will be integrated into our Transition Plan.				

Risk type: Transitional: Market / Reputation				
Time horizon: Medium-term (3-5 years) and Long-term (6-10 years)				
Risk Factors: Income				
Likelihood: More likely than not				
Impact: Medium-term: Substantive, Long-term: Substantive				
Over 50% of Paragon's derived is spend from clients with a Net Zero plan that extends to their supply chain. We have seen this figure rise by at least 5% each year. Failure to implement and deliver Net Zero targets that support our clients' climate change plans puts this revenue at risk in the medium-term. In addition, clients representing 37% of our revenue require reporting though an external climate-related assessment platform, such as CDP, EcoVadis and SEDEX. Based on the increase in clients' climate-related requirements in the last 2 years, we assume that clients will continue to drive change regardless of political will.				
Scenario outcomes	**SSP1 - 1.9**	**SSP1 - 2.6**	**SSP2 - 4.5**	**SSP3 - 7.0**
We assumed a 10% increase in revenue at risk with each ºC rise, based on the reporting year revenue.	Potential Impact: 60% revenue at risk Annual Impact: €724 million	Potential Impact: 70% revenue at risk Annual Impact: €844 million	Potential Impact: 80% revenue at risk Annual Impact: €965 million	Potential Impact: 90% revenue at risk Annual Impact: €1,086 million
Influence on strategy & planning: In place: Our clients are a primary driver for investment and strategy planning, and we recognise the opportunity that changing markets requirements bring. The development of strong climate change plans and governance allows us to retain business & increase our market share. We have a dedicated ESG team and budget to ensure that our climate-related programmes are an opportunity for clients to place work with us.				

Risk type: Acute Physical				
Time horizon: Time horizon: Short (0-2 years), Medium (3-5 years), Long-term (6-10 years) and Beyond 10 years to 2050				
Risk Factors: Expenditure and Income				
Likelihood: More likely than not				
Impact: Short-term: Substantive, Medium-term: Substantive, Long-term: Substantive, Beyond 10 years: Risk Impact not assessed				
A 1.5ºC temperature increase is expected by the mid-2030s, regardless of any mitigation taken now. We assume that the frequency of extreme weather events will increase with each ºC rise. The impacts of local extreme weather could affect any of our sites with flooding from local rivers and coastal storm surges being the most likely cause of damage to our facilities and risk to our workforce. Two UK sites (Dagenham and Lancing) are on the floodplain of large rivers. Adverse weather has already disrupted the ability of our people to travel and deliveries of raw material and products. Weather-related events are also likely to increase the cost of insurance.				
Scenario outcomes	**SSP1 - 1.9**	**SSP1 - 2.6**	**SSP2 - 4.5**	**SSP3 - 7.0**
The estimated cost of business continuity planning & new site setup in the event of loss of our 1 site located on the Thames flood plain is €8.4 million. This was based on the insurance claim following the loss of one UK location in 2023. The loss of uncontracted annual revenue is estimated to be €25.8 million. Whilst the impact would be the same, the likelihood of an extreme event will increase with each ºC rise.	Potential Annual Impact: Site Relocation & BCP: €8.4 million Potential Impact Loss of Contracted Revenue: €25.8 million	Potential Annual Impact: Site Relocation & BCP: €8.4 million Potential Impact Loss of Contracted Revenue: €25.8 million	Potential Annual Impact: Site Relocation & BCP: €8.4 million Potential Impact Loss of Contracted Revenue: €25.8 million	Potential Annual Impact: Site Relocation & BCP: €8.4 million Potential Impact Loss of Contracted Revenue: €25.8 million
Influence on strategy & planning: In place: Flood risk assessment is built into the following processes: Site facilities annual risk assessment, Lease renewal and Mergers & acquisitions. Our preferred lease terms are 10 years, which allows us the flexibility to reassess the risk and impact of acute weather-related events.				

Risk type: Chronic Physical				
Time horizon: Medium-term (3-5 years), Long-term (6-10 years) and Beyond 10 years to 2050				
Risk Factors: Expenditure and Investment				
Likelihood: Virtually certain				
Impact: Medium-term: Substantive, Long-term: Substantive, and Beyond 10 years: Risk Impact not assessed				
With each ºC of temperature rise, we assume longer heatwaves, greater sea-level rise, disruption to global supply chains, increased cost of energy, and reduced availability of cooling technology.				
Scenario outcomes	**SSP1 - 1.9**	**SSP1 - 2.6**	**SSP2 - 4.5**	**SSP3 - 7.0**
We have assumed a 10-16 cm sea level rise, the NASA Coastal Risk Screening Tool indicates sea-level rise will increase the likelihood of flooding at 6 sites across the southern UK and the Netherlands. This is unlikely to impact these locations within the timeframe of lease renewals so analysis is qualitative. With increasing temperature, the expected sea level rise will increase. However, the same number of sites remain at risk as all other sites are not located in coastal regions.	Potential Annual Impact: Number of sites at risk of sea-level rise and storm surges: 6	Potential Annual Impact: Number of sites at risk of sea-level rise and storm surges: 6	Potential Annual Impact: Number of sites at risk of sea-level rise and storm surges: 6	Potential Annual Impact: Number of sites at risk of sea-level rise and storm surges: 6
Scenario outcomes	**SSP1 - 1.9**	**SSP1 - 2.6**	**SSP2 - 4.5**	**SSP3 - 7.0**
Increased cooling demand. We estimate increased energy spend of 10% with a 1.5ºC rise and an additional 5% for each scenario to reflect the fluctuation in energy cost and supply and 10 sites requiring upgraded cooling equipment by 2035.	Potential Annual Impact: €3 million increased energy spend Potential Impact over long-term time horizon (6-10 years): €15 million	Potential Annual Impact: €4.5 million increased energy spend Potential Impact over long-term time horizon (6-10 years): €22.5 million	Potential Annual Impact: €6 million increased energy spend Potential Impact over long-term time horizon (6-10 years): €30 million	Potential Annual Impact: €7.5 million increased energy spend Potential Impact over long-term time horizon (5-10 years): €37.5 million
Scenario outcomes	**SSP1 - 1.9**	**SSP1 - 2.6**	**SSP2 - 4.5**	**SSP3 - 7.0**
Increased cooling demand: We estimate that in order to meet future cooling demand, up to 25 sites will require replacement of or upgraded cooling technology. We have estimated this as €361,585 per site based on recent costs to replace print room cooling equipment at one site. With each °C rise we expect the number of sites requiring cooling equipment to increase, so have applied a range of between 10 and 25 sites across the different scenarios.	Potential Cost to replace cooling equipment at 10 sites: €3.6 million	Potenial Cost to replace cooling equipment at 15 sites: €5.4 million	Potential Cost to replace cooling equipment at 20 sites: €7.2 million	Potential Cost to replace cooling equipment at 25 sites: €9 million
Influence on strategy & planning: In place: Flood risk assessment is built into the following processes: Site facilities annual risk assessment, Lease renewal and Mergers & acquisitions. Contingency plans: Over the next 24 months we are integrating climate-related risks into our wider risk assessment and management frameworks.				

OPPORTUNITIES

Where there is risk, there is also great opportunity to adapt and thrive. We have defined the substantive opportunities.

Definitions of substantive opportunity:

Income Opportunity: Increase of revenue of over 5%.

Expenditure Opportunity: Increased operating costs are likely to erode our profit margins. A decrease of 1% on operating costs constitutes a substantive opportunity.

Asset / Investment Opportunity: Activities that decrease GHG emissions by more than 5% within a financial reporting year.

Opportunity Type: Market / Reputation
Time horizon: Medium-term (3-5 years) and Long-term (6-10 years)
Opportunity Factor: Income
Description of Opportunity: Over 50% of revenue is from clients with a Net Zero plan extending to their supply chain. At group level this has risen by 5% each year and 37% of client revenue requires reporting through external platforms such as CDP, EcoVadis and SEDEX. Strong ESG and climate-related credentials can be a deciding factor in winning work. We are seeing an increased weighting being placed on climate change responses in the tender process, particularly within the public sector in the UK. Paragon performs consistently well in public disclosure platforms, scoring a minimum of Gold EcoVadis rating across our regions, and B for our UK 2023 CDP submission. Whilst it is difficult to attribute new business wins or contract renewals purely to our sustainability credentials, we estimate that based on the trend for strong climate-related programmes embedded into most tenders and RFPs, increased revenue of 5% each year could be achieved. Medium-term opportunity (5% of reporting year revenue x 3 years) = €60.3 million x 3 = €180.9 million Long-term opportunity (5% of reporting year revenue x 5 years) = €60.3 million x 5 = €301.5 million **Strategy to realise opportunity:** In place: We have introduced climate-related risk into our Risk and Audit function and during the 2024 / 2025 reporting year will integrate climate-related risks into our wider risk framework at both subsidiary and group level. Contingency plans: We recognise that whilst we have made good progress on our sustainability strategy, we need to ensure the necessary governance frameworks are in place to fully integrate the climate-related risks, opportunities and dependencies into our financial and wider business strategy.
Opportunity Type: Technology / Renewables
Time horizon: Medium-term (3-5 years), Long-term (6-10 years) and Beyond 10 years to 2050
Opportunity Factor: Expenditure and Asset / Investment
Description of Opportunity: All divisions have or are in the process of setting Net Zero targets, the most ambitious of which is 2035. The business has recognised that to reduce our Scope 1 and 2 GHG emissions we need to investigate the feasibility for renewable energy generation at our sites, or partner with renewable energy providers. This will provide the opportunity not just to reduce our GHG emissions in line with our Net Zero targets, but also future-proof our business against possible energy supply issues, rising energy costs, and avoidance of future carbon tax costs. **Strategy to realise opportunity:** Paragon approach this opportunity from a group and subsidiary / regional perspective. Contingency plans: The group approach is investigating two medium to long-term options: Option 1: Direct investment in renewable energy generation. Initial research indicates an estimated €1.2 million of investment per 2GW of electricity would enable the generation of renewable energy for the business, which would deliver close to zero Scope 2 GHG emissions. The potential investment is €26.5 million. It is estimated that generation of renewable energy would decrease annual spend on electricity by around €10.8 million per year over the next 5-10 years, resulting in a payback period of just over two years. Option 2: Purchase Power Agreements (PPA) Group Procurement are investigating options for long-term (10 year) PPA agreements to cover all subsidiaries' electricity requirements. **Subsidiary level approach:** In place / In planning: There are a number of subsidiary level renewable programmes in progress in the short, medium and long-term including: • Solar at multiple locations (implementation expected between 2024 and 2028) • Private wire network at one UK location (implementation expected 2026) • Hydropower at one French location (implementation expected 2025)

Opportunity Type: Technology / Products & Services
Time horizon: Short (0-2 years) and Medium-term (3-5 years)
Opportunity Factor: Income
Description of Opportunity: Paragon invests in supporting products and services that help our client base to achieve their ESG and Net Zero goals and ambitions. Paragon's clients have ambitious Net Zero targets and we are part of their Scope 3 GHG emissions. Obtaining accurate data to calculate Scope 3 GHG emissions is challenging for all businesses. Providing measurement and reduction capabilities at a product level lets Paragon deepen our relationship with our client partners, while securing a competitive advantage by helping them to achieve their goals. Paragon designed, developed and launched a Capitalise Carbon Calculator to provide our clients with greater transparency of the GHG emissions associated with the products and services they buy from us. This data enables Paragon and our clients to make more informed, responsible decisions that align with our business goals and compulsory targets. It also provides a means of tracking progress as we all work towards Net Zero. This technology is live and in use across our UKIL business in 2023. Based on analysis of clients' requirements for Net Zero plans in their supply chain and the increased interest in product level carbon calculations, we estimate that the enhanced capability to provide product level carbon analysis is expected to increase revenue by 1% from a combination of new business wins, carbon offsetting and carbon reduction programmes. Medium-term impact: 1% of UKIL revenue = €6.4 million x 3 years = €19.3 million Long-term opportunity: 1% of UKIL revenue = €6.4 million x 5 years = €32.2 million **Strategy to realise opportunity:** In place: During the reporting year, Paragon UKIL already delivered carbon calculations for around 58% of UKIL client revenue which helped secure contract renewal with one client with an annual revenue of over €12 million with €120 million of additional annual revenue allocated to deliver carbon reporting and product level carbon reduction planning. Contingency plan: The Carbon Calculator has a dedicated budget and roadmap for the 24 months to integrate carbon calculations into our estimating and production management information to automate carbon reporting for client work. This will allow the UKIL subsidiary to continue to win market share and revenue.

Opportunity Type: Technology / Production & Facilities
Time horizon: Short-term (0-2 years) and Medium-term (3-5 years)
Opportunity Factor: Expenditure and Asset
Description of Opportunity: Energy spend has already risen from around €4.3 million to over €30 million per year in the period from July 2020 to July 2024. Energy prices are forecast to continue to rise. Over the next 5-10 years, we can expect energy prices to continue to rise towards the end of the decade. Reducing energy consumption across our locations is an important part of our Net Zero plan for Scope 1 and 2 GHG emissions reductions, and also an opportunity to reduce operating costs across the business. All subsidiaries identify energy and carbon savings opportunities across our Scope 1 and 2 GHG emissions through our ISO 50001 and ISO 14001 certified management systems. The opportunities have not yet been fully calculated and collated across our subsidiaries. Calculations in our UKIL subsidiary estimate opportunities to reduce electricity consumption by 103%. Opportunities range from low cost and easy implementation to high investment and complex implementation. **Strategy to realise opportunity:** In place: Four locations in our UK region have had energy audits in the last 24 months, and further energy and decarbonisation surveys are planned for 10 UK locations over the next 5 years. This will focus on identifying facilities' equipment that can be upgraded during its lifecycle or replaced at end of life with more energy efficient and / or low-carbon technology. The outcomes of these surveys will inform our financial planning, investment and capital expenditure for the short and medium-term.

CLIMATE CHANGE TARGETS - FUTURE APPROACH

Historically, the Paragon divisions have had responsibility for setting their own climte-related Key Performance Indicators (KPIs) and targets. Scope 1, 2 and 3 GHG emissions are KPIs for all divisions, however, there are differences in the maturity of measurement and target setting across the divisions, resulting in different baseline years and different Net Zero targets.

In December 2023, Paragon acquired Communisis Brand Deployment. Although included in this Annual Report, climate-related change risk assessment, management and reporting have not yet been included in Paragon's climate-related change reporting frameworks. Communisis Brand Deployment will be integrated into Paragon's climate-related reporting frameworks for the year ending 30th June 2025.

Paragon recognises that there needs to be a group wide approach to climate-related KPI measurement, performance indicators and target setting that is linked to our group wide identification, assessment, and management of climate-related risk.
We have outlined the implementation timeline for this Paragon group approach:

Action	By when
Measurement of Scope 1, 2 and all relevant categories of Scope 3, covering all divisions	YE June 2025
Paragon group Net Zero target set for Scope 1 and 2, aligned with SBTi Net Zero Standard and 1.5°C pathway	YE June 2025
Paragon group Net Zero target set for Scope 3, aligned with SBTi Net Zero Standard and 1.5°C pathway	YE June 2026
KPIs linked to identified climate-related risks and opportunities	YE June 2025
Identification of additional KPIs and targets to manage climate-related risks and opportunities (in addition to Net Zero targets)	YE June 2025
Publish Transition Plan for targets	YE June 2026
Publish progress against targets using defined KPIs	From YE June 2026

METRICS AND TARGETS

Reporting through external climate-related platforms is a market requirement and, as such, both a risk and opportunity for our business. We use these platforms to measure and maintain our performance and identify climate-related trends and thought leadership. Our scores and compliance for the requirements of these platforms is a KPI for managing our climate-related market risks.

The table below shows the status of our regions for various external climate-related platforms:

KPI: External climate-related platforms				
Platform	BENE status	DACH & CEE status	UKIL status	Western Europe status
EcoVadis	Gold Target: maintain Gold	Gold Target: maintain Gold	Gold Target: maintain Gold	Gold Target: maintain Gold
CDP (Carbon Disclosure Project)	Not currently required	Not currently required	B A- by 2025	Not currently required
SBTi (Science Based Targets Initiative)	Not currently required	Not currently required	Committed Targets to be submitted by 2025	Committed Targets approved
UN Global Compact	Not currently required	Committed	Not currently required	Not currently required

Historically, climate-related reporting has been addressed separately from our core business strategy and review processes. As we mature in our approach, Paragon will integrate climate-related reporting and measures of success into our business performance metrics, targets and risk management frameworks.

Net Zero is the most commonly mentioned climate-related topic by our stakeholders from a market and regulatory risk and opportunity perspective and will be critical in limiting the impacts of climate change and global warming to 1.5°C. Therefore, GHG emissions are Paragon's primary KPIs for measuring our impact and progress in managing and reducing our climate-related risks.

Paragon has used the GHG Protocol to develop our GHG emissions reporting across our regions. We are on a journey to accurate emissions calculations, alongside the setting of Net Zero targets across the regions.

All regions are working on developing the frameworks to measure and report their GHG emissions, and set Net Zero targets as part of their climate-related strategies. The table below details the overall GHG emissions for the regions and the measurement status. All regions are working to fill the gaps in their carbon reporting to ensure relevant categories are included for the end of the next reporting year.

KPI: GHG emissions						
Scope	Category	Total tonnes CO_2e	BENE status tonnes CO_2e	DACH & CEE status CO_2e	UKIL status CO_2e	Western Europe status CO_2e
Scope 1	Natural gas and fuel	4,514	262	Not yet calculated	2,017	2,235
Scope 2	Electricity (Grid emissions)	70,656	155	Not yet calculated	6,020	890

Scope 3	Category	Total tonnes CO_2e	BENE status tonnes CO_2e	DACH & CEE status CO_2e	UKIL status CO_2e	Western Europe status CO_2e
	Cat 1 – Purchased goods and services	126,682	To be calculated for YE June 2025	To be calculated for YE June 2025	86,524	40,158
	Cat 2 – Capital goods	1,870	To be calculated for YE June 2025	To be calculated for YE June 2025	1,280	590
	Cat 3 – Fuel and energy-related services	4,638	To be calculated for YE June 2025	To be calculated for YE June 2025	2,554	2,084
	Cat 4 – Upstream transportation and distribution	9,849	Not relevant	To be calculated for YE June 2025	Not relevant	9,849
	Cat 5 – Waste generated in operations	528	To be calculated for YE June 2025	To be calculated for YE June 2025	70	458
	Cat 6 – Business travel	1,046	To be calculated for YE June 2025	To be calculated for YE June 2025	1,023	23
	Cat 7 – Employee commuting	4,481	To be calculated for YE June 2025	To be calculated for YE June 2025	3,005	1,476
	Cat 8 – Upstream leased assets	4,587	To be calculated for YE June 2025	To be calculated for YE June 2025	4,587	To be calculated for YE June 2025
	Cat 9 – Downstream transportation and distribution	70,489	To be calculated for YE June 2025	To be calculated for YE June 2025	70,325	164
	Cat 12 – End-of-life treatment	14,470	To be calculated for YE June 2025	To be calculated for YE June 2025	12,339	2,131
	Cat 15 – Investments	828	To be calculated for YE June 2025	To be calculated for YE June 2025	828	To be calculated for YE June 2025

Cat 10 – Processing of sold goods, Cat 13 – Downstream leased assets and Cat 14 - Franchises are not relevant to our activities.

GHG emissions calculation methodology

The methodology used for calculating Paragon's GHG emissions uses the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard: Corporate and Accounting Standard (GHG Protocol Scope 2 Guidance: An Amendment to the GHG Protocol Corporate Standard (the "Scope 2 Guidance")).

The organisational boundary established in 'operational control' ensures that emissions reported comprise all the activities and assets under Paragon's direct control.

Scope 1 – Gas use. Gas use is taken from a combination of meter readings and energy bills, then multiplied by the regional government-issued GHG conversion factor.

Scope 2 – Electricity. Scope 2 emissions result from the consumption of electricity at our locations. All electricity used at our locations is supplied through the national grid in the countries in which we operate. Electricity usage data is provided by our energy management company, and kWh of electricity is multiplied by the relevant government-issued GHG conversion factor.

Scope 3 – Cat 1 Purchased goods and services, Cat 2 Capital goods, Cat 8 Upstream leased assets, Cat 9 Downstream transportation & distribution and Cat 15 Investments. Calculated based on a combination of product lifecycle emissions calculations provided by supply partners, and Extended Environmental Input Output (EEIO) analysis based on supply chain spend.

Scope 3 – Cat 3 Fuel and energy-related services. Energy use figures provided through energy suppliers are multiplied by relevant regional government-supplied GHG conversion factors.

Scope 3 – Cat 4 Upstream transportation and distribution. Calculated based on a combination of:

- product lifecycle emissions calculations provided by supply partner
- activity data; the delivery distance and weight of the shipment are multipled together to obtain the kmtonne. This is then multiplied by the GHG conversion factor for the transport type, which are issued by local governments.

Scope 3 – Cat 5 Waste generated in operations. The weight of each waste stream is measured by our waste contractors. The total weight in tonnes of each waste stream is multiplied by the relevant government-issued GHG conversion factors for each waste stream.

Scope 3 – Cat 6 Business travel. Business travel is calculated using a number of different methods using data from our expenses system. The report details the method of travel/expense type and emissions are calculated using the most relevant regional government-issued GHG conversion factors.

Scope 3 – Cat 7 Employee commuting. Emissions calculated using responses from a staff commuting survey using government-issued GHG factors for relevant modes of transport.

Scope 3 – Cat 12 End-of-life treatment. Relevant regional government-issued GHG factors for end-of-life treatment were multiplied by the tonnes of our primary raw material (paper) consumed. This assumes that the raw material used will be disposed of by the end consumer.

CURRENT NET ZERO COMMITMENTS

Net Zero was identified as a primary area of interest from our stakeholder analysis and Paragon is committed to setting Net Zero targets across our regions that are relevant and material to the regional activities and stakeholders.

Details of each region's Net Zero targets, programmes and progress are published in regional ESG/Sustainability Reports, and are summarised below.

All targets have been set using the SBTi Corporate Net-Zero Standard as guidance and reflect that a 90% emissions reduction by 2050 at the latest is the accepted requirement for Net Zero.

Before the requirement for climate-related disclosure in our Annual Report, the divisions had responsibility for their own climate-related reporting and net-zero targets. As a result there are different levels of maturity in GHG measurement and target setting. Divisionally Net Zero targets were aligned with the stakeholders requirements relevant to each division, and this has resulted in different baseline years, and different target years.

The setting of an overarching Paragon group-wide Net Zero target, aligned with SBTi Corporate Net Zero Standard,, will provide a framework for climate-related change KPI reporting and target setting, which will allow the climate-related performance of Paragon group to be assessed and allow divisions to set local targets within the framework relevant to local stakeholder analysis and expectation.

In future reporting years, Paragon group climate-related change KPIs, metrics and targets will be included in the Annual Report, and divisional information in local ESG / Sustainability Reports.

Region	Near-term target	Long-term targets	Progress against baseline year
BENE Baseline period: 2022/23 financial year	50% absolute reduction of Scope 1, 2 and 3 by 2030	To be determined	25% reduction in Scope 1 4% reduction in Scope 2
DACH & CEE Baseline period: 2022/23 financial year	40% absolute reduction in Scope 1 and 2 by 2035 15% absolute reduction in Scope 3 by 2030	Net Zero by 2045 across Scope 1, 2 and 3	Awaiting validation
UKIL Baseline period: 2019/20 financial year	90% absolute reduction in Scope 1 and 2 by 2030 50% absolute reduction in Scope 3 by 2030	90% absolute reduction in Scope 3 by 2035	Currently tracking: 33% reduction in Scope 1 32% reduction in Scope 2 9% reduction in Scope 3
WESTERN EUROPE Baseline period: 2020/21 financial year	5% absolute annual reduction in Scope 1, 2 and 3 per year	90% absolute reduction in Scope 1, 2 and 3 by 2050	Baseline to be recalculated following expanded scope of carbon reporting

SUMMARY

Paragon recognise that the risks to our business model and strategy could be substantially impacted by climate change. Our divisions have historically identified, assessed and managed climate-related risks locally, and have developed metrics, KPIs and targets to address their most material risks and build resilience into their business models, strategy and frameworks.

In order to fully assess the resilience of our business model and strategy, Paragon will consolidate the efforts of our divisions to implement a Paragon group framework for climate-related change risk and opportunity identification, assessment and management, and the setting of Paragon group KPIs, targets and progress monitoring linked to the identified risks and opportunities.

Paragon welcomes the regulatory and legislative frameworks that are driving increased transparency around climate-related change disclosure and is committed to communicating transparently on our climate-related risks, opportunities, impacts and targets.

Over the next 24 months Paragon is committed to fully integrating climate-related change risk into our core business strategy, risk profiling, reporting and resilience planning.

7 STREAMLINED ENERGY AND CARBON REPORTING (SECR)

STREAMLINED ENERGY AND CARBON REPORTING – PARAGON 2023/24

Paragon is 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 consists of multiple subsidiary companies across the globe. The scope of this SECR report covers PCC Global Plc, and all subsidiary companies that are registered and / or located in the UK and in scope for SECR reporting as of 30 June 2024. Energy use and carbon emissions are reported for the following activities:

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

The reporting period will track the financial year of 1 July in any given year to 30 June of the preceding year. The current reporting period is 1 July 2023 to 30 June 2024. Only legal entities and locations in the UK are included in this section of the report, in line with the requirements of the SECR legislation.

Paragon has grown significantly through acquisition and will continue to do so in the future. For this reason, for the purposes of SECR reporting, we will adopt a rolling baseline year of the previous reporting period. The current baseline year for SECR reporting is 1 July 2023 to 30 June 2024. This is in addition to our Carbon Net Zero target outlined in Section 5.

Individual legal entities were assessed to find out the scope of required reporting. Holding companies and dormant companies were excluded from this activity.

CHANGES IN THE REPORTING PERIOD AFFECTING CARBON EMISSIONS

During the reporting period, Paragon completed several acquisitions and the subsequent restructuring impacted energy use.

OPERATIONAL CHANGES

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 equipement and workspace to accommodate this changing scope.

During the reporting year the following acquisitions and restructures impacted energy use and carbon emissions:

- 30 December 2023 acquired Communisis CMM, however, the energy use from the assets acquired have not been added into our reporting as the acquired sites were planned for closure within six months.
- August 2023 - Knutsford site was handed back to the landlord.
- July 2023 - Leeds site and operation was divested to another entity within our parent company.

During this reporting year we recalculated our baseline year and all subsequent reporting years to reflect a change in our rebaselining policy and improved calculation methodology:

Our rebaselining policy has been updated to leave all sites that have been divested or closed as a result of planned business consolidation in the baseline and previous reporting periods. Previously they had been removed from all reporting periods. They now are removed from the date of closure onwards. Scope 1, 2 and relevant Scope 3 categories have been recalculated the the baseline year and all subsequent reporting periods.

METHODOLOGY

We calculated carbon emissions using the Greenhouse Gas Protocol: Corporate and Accounting Standard methodology.

The methods we used for data collection and verification are documented within our supporting evidence, which can be made available on request. Wherever possible, we used 12 months of actual data, covering 1 July 2023 to 30 June 2024. When estimates or projections were used, this has been stated.

ENERGY USE AND CARBON EMISSIONS

Energy use and carbon emissions have been calculated:

	Gas (buildings + forklift) kWH	Fuel (operated transport) kWh	Fuel (staff business travel) kWh	Electricity kWh	Scope 1 and 2 carbon emissions kg CO_2e
2021/22 Period	11,127,164	1,204,205	308,582	35,537,739	9,210,000
2022/23 Period	10,833,680	1,214,916	470,646	32,415,407	9,088,000
2023/24 Period	8,436,909	1,766,352	508,799	29,075,311	8,037,000

ENERGY INTENSITY RATIO

Paragon has chosen electricity KgCO_2e per square metre of floor space as its intensity ratio. This method will best reflect the different scope and activity of work across our locations.

The intensity ratio is also reported monthly to all production locations as part of our ongoing ISO 14001 and ISO 50001 certified management programmes.

Paragon Group Division	2021/22 total electricity kg CO_2e	2021/22 total square metres	2021/22 kg CO_2e per square metre	2022/23 total electricity kg CO_2e	2022/23 total square metres	2022/23 kg CO_2e per square metre	2023/24 total electricity kg CO_2e	2023/24 total square metres	2023/24 kg CO_2e per square metre
Paragon	6,872,420	107,174	64.49	6,712,000	112,570	59.22	6,020,043	111,503	53.99

IMPROVEMENT PROGRAMMES

Over the past few years, the business has grown through acquisition. As well as increasing the size of our business, this growth has also expanded our product offering and expanded our supply chain. Our own significant growth has been accompanied by an increase in the importance of sustainability – to people, businesses and governments. Paragon recognises that, as well as the risks facing our planet and our societies, there is also tremendous opportunity to change how we do business

and embrace new technologies. They will help us collaborate to deliver the changes necessary to move to a net zero, circular economy and help create a fairer, more equitable society.

Paragon's ESG strategy is based on four bottom lines of success for our business:

- People
- Planet
- Partners
- Prosperity

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

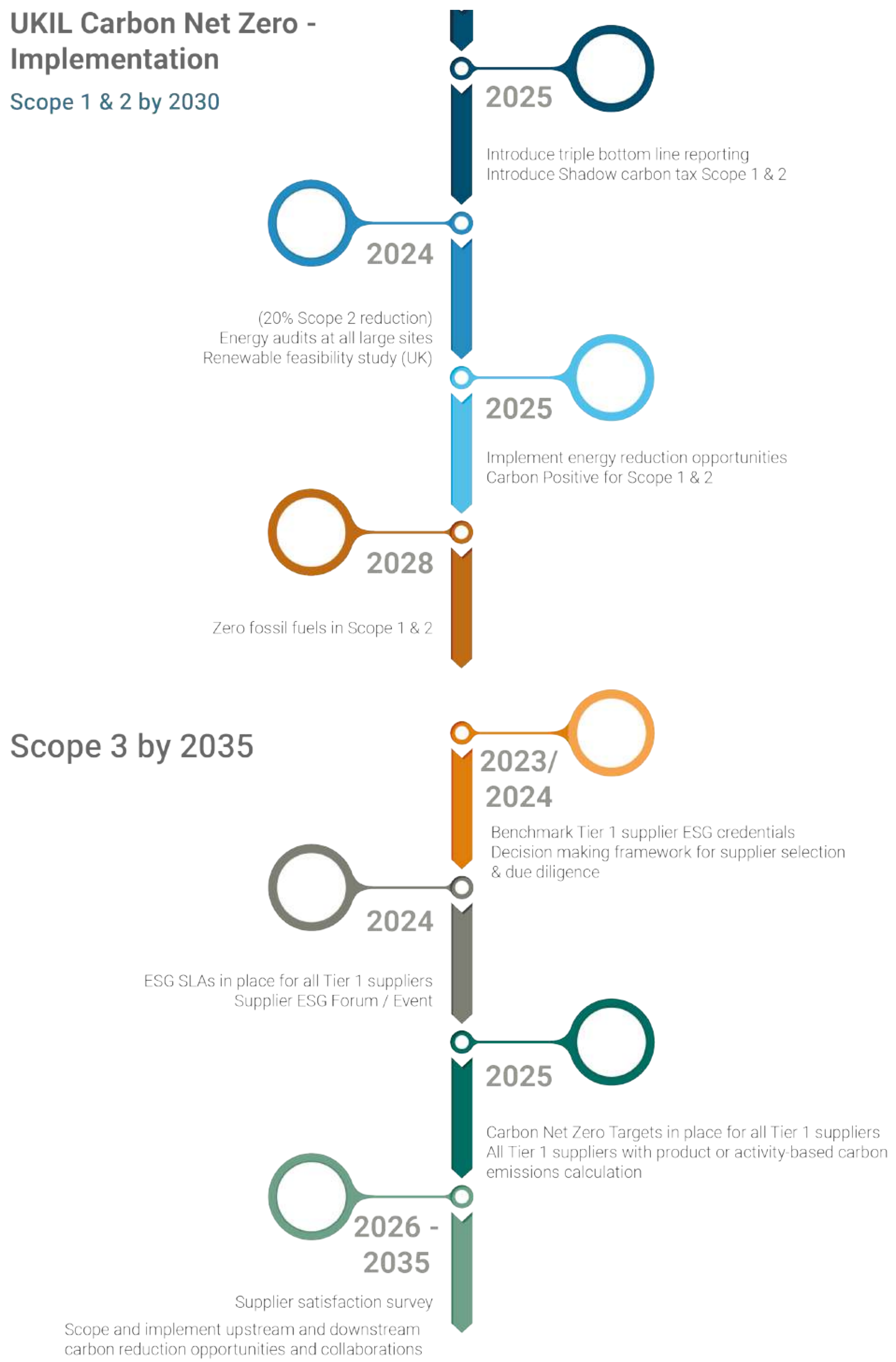
Across our operations, improvement programmes focus on the following areas:

- Production efficiency – lean manufacturing, kit optimisation and upgrades
- Facilities efficiency – heating, ventilation, air-conditioning, lighting and facilities infrastructure
- Supply chain governance
- Paragon has seen the following reductions since the baseline year:
- Scope 1 – 33% reduction*
- Scope 2 – 32% reduction*

OBJECTIVES, TARGETS AND FUTURE PLANS

Paragon UK, Ireland and Luxembourg (UKIL) launched its original Net Zero Plan in November 2021. Since then, we recognised that recognised that our net zero target of 2050, while supportive of the UK government's commitments, did not align with our clients' goals. It was not ambitious enough to drive the level of innovation, change and collaboration required to help solve the problem of climate change and mitigate the impacts that are already affecting our business operations. Therefore, we launched a new target for the UKIL business of achieving Carbon Net Zero, comprising a 90% reduction in Scope 1, 2 and 3 emissions by 2035 against a baseline period of 2019/20 financial year.

Our delivery roadmap is outlined below:



SUMMARY

Achieving carbon net zero is a core driver for our business strategy and planning. Paragon is committed to being a part of the solution in the drive to net zero and the creation of a fairer, more equitable society. We remained committed to our sustainability programmes throughout the challenging business conditions of the last few years.

STRATEGIC REPORT

8 PEOPLE

Annual Report 2024 | PCC Global plc (Paragon)

OUR PEOPLE

It is our people that deliver success for Paragon. Their diverse skills, experience and personalities give us a unique set of capabilities that are highly valued by our clients.

Even with our investments in automation and AI, our business model still relies on the skills and experience our people bring. We are therefore committed to helping them to achieve personal growth and learn new skills, and to creating an environment that rewards curiosity and facilitates learning in multiple ways. When we get this right, we mitigate risk within our business and find new and innovative way to thrive.

STRATEGY

Our people strategy aims to deliver three main goals:

1. To be the employer of choice in all our markets, attracting and retaining the best talent available.
2. To foster a diverse, equitable, and inclusive workplace that promotes creativity and innovation.
3. To continuously enhance our people's skills and capabilities to meet our evolving business needs.

The strategy provides a framework and guidance for each of our divisions, allowing local adaptation across the company, and using standardised measurement to provide governance. To share some examples of our strategy at work, we've spotlighted examples of key programmes carried out in our divisions across employee engagement, wellbeing, talent development, and apprenticeships.

This overview provides a high-level view of our governance framework and some of the key local initiatives that have been implemented within the last year. The People overview in each of the divisional update sections of this report provides details of further initiatives for the region.

EMPLOYEE ENGAGEMENT

Our business is powered by over 7,700 people across the world who work in offices, production facilities, warehouses, research and development hubs, and from their own homes. We have a clear plan to develop a progressive culture to deliver consistent and competitive performance.

Engaging our people is crucial to fostering a positive and productive work culture, especially in the modern environment where remote and hybrid working are becoming the norm. By embracing flexible work models and investing in technologies that support seamless collaboration, we can empower people to thrive.

Embedding DE&I across the business will ensure every voice is valued while also enhancing innovation. Providing employees with a clear sense of purpose and well-defined goals connects their work to the company's mission, and this alignment helps colleagues understand how their contributions impact Paragon's success.

In Paragon Western Europe (PWE), we partnered with workplace culture experts, Great Place To Work (GPTW), to conduct our second employee survey in the region. The results from the survey highlighted the need for more robust communication and management skills, as well as better recognition for people's expertise and contributions.

A key outcome has been that in PWE, we have been able to get closer to our people by increasing the number of interviews we conduct with them throughout their career, from their notice period through to them exiting the business. In this way, we have trained 120 managers to strengthen their skills and help evolve our culture.

Other local initiatives at PWE, including work-from-home agreements, events, workplace environmental improvements around lighting and noise and increased communication have all helped us gain five points on the GPTW's Trust Index. We hope to keep improving at the same pace over the next year.

In the UKIL region, our DE&I forum has also grown and continued to have a positive impact on our business and culture. It brings together employees from various roles, departments and sites, and helps us share the knowledge and experience we need to make our business better. The Forum sponsors the Reverse Mentoring Programme, which positions colleagues from minority groups as mentors to senior management teams, with the aim of driving transformational change.

With Cohort One of the Reverse Mentoring Programme, we started the journey of driving change through actions, and with Cohort Two we have continued to explore why minority and under-represented groups experience more challenges in their working lives.

Our aim across the business is to create and develop a culture which makes Paragon the employer of choice for talented individuals from every walk of life. Doing so will better prepare us for the challenges that lie ahead, delivering long-term success for our people and our business.

TALENT DEVELOPMENT

Developing skills, providing clear pathways, and attracting new expertise are essential pillars of our performance and business growth strategy. By nurturing talent, we enhance innovation and drive performance, and creating clear career pathways will motivate our people and help them to align their goals with business objectives.

Attracting new people brings in diverse perspectives and new ideas, which is vital for staying competitive. Together, these efforts create a dynamic workforce that continuously improves, ensuring sustainable growth and long-term success for our business.

Across our business we have two central development programmes: The Young Paragon Network (YPN) and the European Leadership Development Programme (ELDP). They both provide our people with the opportunities to improve their abilities, connect with colleagues and share ideas with other people from Paragon whom they may not usually interact with.

The ELDP began in 2021. The programme focuses on enhancing core leadership competencies, driven by monthly development activities to increase skills and knowledge, and participants are assigned a mentor from the Paragon senior leadership team. From that first cohort, two team members in two regions have been promoted to their region's senior leadership team. The second cohort is currently underway, with over 70 people now taking part.

The YPN has been running since 2020 to bring together colleagues across the whole Paragon group of businesses. This international programme is a fantastic opportunity for young and enthusiastic professionals across Paragon to expand their network while collaborating with employees from around the company.

Participants are split into teams and work on tactical and strategic challenges set by senior sponsors across the business. Challenges run for three months, and the teams then present their findings and recommendations to the Paragon Board and senior leadership team. So far, there have been six successful cycles, more than 90 participants and 28 challenges.

APPRENTICESHIPS

Apprenticeships play a vital role in bridging the skills gap, offering significant value to both individuals and businesses. For young people and those working to switch careers, apprenticeships provide hands-on experience, industry-recognised qualifications, and a clear pathway into a chosen profession. For Paragon, they offer a unique opportunity to develop a skilled workforce tailored to the specific needs of our clients, boosting productivity and fostering long-term loyalty.

Apprenticeships also help us support our local communities by giving people from diverse backgrounds access to high-quality training and career opportunities. In a rapidly evolving job market, they also ensure our workforce remains competitive, with the latest skills to adapt to changing industry demands.

In the UKIL region, this year we have spent just under £170,000 on apprenticeships across our business, helping to upskill and grow colleagues in a range of opportunities. These range from business modules to help develop our team leaders and operations managers, through to role specific-apprenticeships in Finance, HR and Legal.

In the UK, the Apprenticeship Levy is paid by large businesses to help fund new apprenticeships. Government rules allow companies to transfer up to 50% of their previous financial year's apprenticeship levy funds to support other employers in the funding of the staff's training and development. This year we have transferred over £152,000 of our available Apprenticeship Levy to help 53 smaller organisations and charities upskill their staff throughout the UK. Some of these Levy payments have been used to help train people in:

- South East Coast Ambulance Service (NHS Trust)
- Norwich City Community Sports Foundation
- The Medical Detection Dogs charity
- A variety of trades, care homes and the care service

In doing so, Paragon is enabling vital organisations to develop talent they may not have been able to develop without access to these funds, and helping to strengthen the communities in which we operate.

9 GOVERNANCE AND COMPLIANCE

BOARD LEADERSHIP AND COMPANY PURPOSE

The highest standards of corporate governance are critical to our business's integrity and ensure that we maintain our investors' trust. Therefore, Paragon's directors and employees must act with honesty, integrity and fairness. We will follow the laws and customs of the countries where we operate, adopt the proper standards of business practice and procedure, operate with integrity, and respect the culture of every territory in which we do business.

The Board has collective accountability to oversee Paragon's operational management. It is also responsible for Paragon's long-term sustainable success and how it contributes to wider society.

The Board sets the company's strategy, for purpose, proposition and values and ensures we align them with Paragon's culture.

PERFORMANCE AND RISK MANAGEMENT

The Board is also responsible for ensuring the business has the financial and human resources to achieve its objectives while measuring Paragon's performance against them. We reserve a clear schedule of matters for the Board, which comprises Paragon's controls environment, including:

- Strategy and organisational development
- Corporate structure and capitalisation
- Approval of financial reports
- Risk management
- Approval of expenditure and material transactions, including mergers and acquisitions (M&A)
- Board composition and succession
- Oversight of governance, including approving applicable corporate policies

The main activities the Board undertook during the financial year included the review and ongoing monitoring of:

- Paragon's long-term strategy and objectives
- Our financial reports
- Acquisition opportunities
- The principal risks facing the business
- Evaluating the performance and effectiveness of the Board and its directors

The Board sets the risk appetite and evaluates the main risks. It monitors and revises these and emerging risks to indicate the changes impacting the business and its markets. The Board also monitors the company's risk management and internal control systems.

DIVISION OF RESPONSIBILITIES

The Board

The Paragon board comprises three Executive Directors including the CEO, CFO and COO and five Non-Executive-Directors (NED), including the Non-Executive Chairman.

The Audit & Risk Committee comprises one NED as chair and the group CFO, supported by the group COO to cover the operational risks.

The Remuneration and Nomination Committee comprises the CEO and the Non-Executive Chair. The Non-Executive chair is chair of this committee.

Role of the Chair

The Chair's role is separate from the CEO's. Moreover, the Chair, CEO, and the Board have agreed on the division of responsibility between the roles. The Chair is responsible for the Board's overall effectiveness and ensuring it properly performs its role. The CEO is accountable for the business's daily operations, managing the Executive Management Team and determining Paragon's strategic leadership.

Legislative Compliance

Complying with all relevant legislation is critical both for Paragon and our customers. Our Governance, Risk and Compliance (GRC) Team ensures the business applies new or revised regulatory requirements. They use our ISO-accredited quality, risk and health and safety framework and quarterly audits to deliver the controls and training that drive compliance across the entire business.

AUDIT, RISK AND INTERNAL CONTROLS

The Board reviews annual, biannual and monthly financial statements, internal controls, and external audits. It also maintains and implements the company's risk management framework, the scope of its annual audit and non-audit work performed by external auditors, and the effectiveness of the Group's internal controls.

In addition, the Board is responsible for presenting a fair, objective, and transparent assessment of the company's position and prospects – a primary factor when preparing the financial information the business issues. We undertake the organisation and evaluation of the annual report in parallel with the formal audit by external auditors and the review by the Board and its committees. The Board is confident that the current policies and procedures ensure the audit functions' independent status and effectiveness.

Another responsibility is thoroughly assessing the company's emerging and principal risks. The Board, through the audit and risk committee monitors the company's risk management and internal controls and, at a minimum, reviews their effectiveness annually and shares that review's primary information in the annual report.

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 robust 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 Whistleblowing Policy.

A dedicated compliance team audits all companies within Paragon to assess their employment arrangements and Human Resources policies. They determine the risk of any modern slavery offences occurring as low. Supply partners operating in countries or industries with a high risk of modern slavery undergo due diligence to ensure their employment practices align with the International Labour Organisation's recommendations. Our anti-slavery and human trafficking policies apply to all individuals 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.

ETHICS AND COMPLIANCE

Paragon acknowledges that our business activities directly and indirectly affect the communities in which we operate; how we engage with the world defines our place within it. We are committed to fostering an environment of trust, collaboration, and respect in all our business relationships. Our ethics and compliance programmes empower our employees to act with integrity, confidence, honesty, and respect in their daily activities.

ANTI-BRIBERY AND CORRUPTION

Paragon expects its contractors, suppliers, and other partners to uphold high standards in all business practices and to adopt our zero-tolerance stance on bribery and corruption. Suppliers should adhere to all applicable laws of the country in which they operate. They must also sign the Paragon Supplier Code of Conduct. A dedicated compliance team conducts our supplier due diligence at specified intervals.

HEALTH AND SAFETY

Paragon operates under the principle that our people's safety, our sites' regulatory compliance, and sustainable management of our resources are key indicators 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. We have embedded it into our operations, and incorporated accountability into all we do to ensure our people remain safe, injuries are reduced, compliance is maintained, and culture is changed.

Our main H&S programmes cover:

- Multiple mandatory online and physical H&S training sessions across all sites;
- Successful retention of existing external standards, including Occupational Health Standard ISO 45001;
- Refurbishment of facilities, break rooms, soundproofing, and air conditioning; and
- Production and equipment upgrades to reduce fatigue and the risk of repetitive strain injury.

9. GOVERNANCE AND COMPLIANCE STRATEGIC REPORT

GENDER PAY GAP

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

We acknowledge that the industries in which we operate have significant challenges, particularly concerning the industrial nature of our business. We will continue to invest in learning, development and training programmes for our people. Through the steps we take, we believe the gender pay gap will narrow in the long-term as we recruit, develop, promote and retain more female employees in the business.

We believe our commitment to diversity and inclusion is fundamental to our ability to meet the needs of our current and future clients, drive business success, and promote a high-performance culture. We will continue to employ and develop the best people to deliver excellence for our clients.

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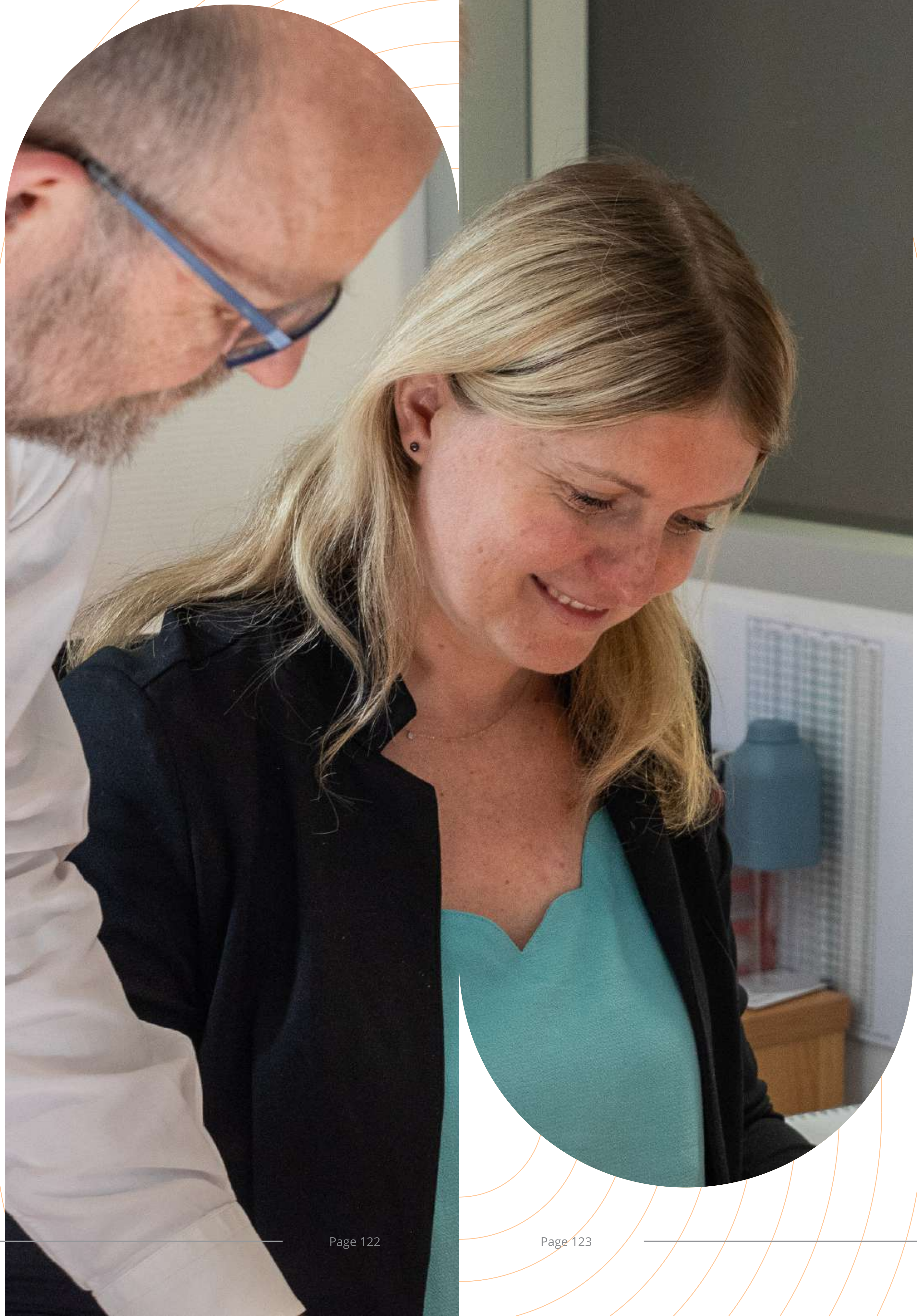
EQUAL OPPORTUNITIES

Paragon is an equal opportunities employer. So, we operate a fair and equitable treatment policy for all our employees and applicants for employment. We are committed to ensuring that nobody receives less favourable treatment on the grounds of age, disability, sex, sexual orientation, race, religion or belief, gender reassignment, marriage or civil partnership, and pregnancy and maternity. Neither should anyone be placed at a disadvantage by imposed conditions or requirements that we cannot show to be justified. All employees can seek promotion and we give them equal access to promotional opportunities. We'll use a fair and consistent selection process to assess all job applicants based on suitability, capability, and qualifications.

Our people make Paragon unique – nothing this business achieves is possible without their contribution, whatever their role. We want to ensure that Paragon is representative of our local communities and is a place where people want to work. We believe attracting and retaining talented individuals and offering an environment where they can thrive is integral to growing a sustainable and successful business.

COMMUNITY ENGAGEMENT

We are committed to being a thoughtful, responsible, and active part of the communities in which we operate. We encourage colleagues to pursue their philanthropic interests, providing opportunities for individuals and teams to contribute to their



communities. All sites collaborate with our chosen charities and organise regular fundraising and volunteering events.

We support various charities that reflect our colleagues' diverse passions. Our team members engage in broad-ranging activities, including painting and decorating, gardening, tree planting, and path clearance. Our colleagues regularly raise funds for company-nominated charities through bake sales and sporting challenges. We value the unique experiences and significant contributions of our colleagues with disabilities. Our policies and programmes ensure we accommodate and celebrate our differences, providing a supportive and inclusive workplace environment.

PARTNERS

Paragon is determined to deliver sustainability improvements on our clients' behalf across the lifecycle of our products and services. The carbon footprint of most of our products and services lies within our value chain, making it essential to assess the sustainability impact across the entire lifecycle. We cannot address these challenges alone – collaboration among all our stakeholders is necessary to achieve the required changes.

MENTAL HEALTH AND WELLBEING

Paragon is intent on promoting positive mental health in the workplace and supporting colleagues who may be experiencing mental health issues of any kind. We aim to improve mental health awareness within the organisation, address the causes of work-related mental ill health, create a workplace culture where people feel comfortable discussing their mental health, and support employees experiencing mental ill health.

By fostering a mentally healthy workplace culture and providing the proper support, we aim to break the stigma surrounding mental ill health and create an open and supportive environment that enables staff to be honest with managers, access support, and enjoy a healthy working life.

Paragon is actively developing a culture where we openly discuss mental health, offer support, address factors that may negatively affect mental wellbeing, and enhance managers' awareness of mental health issues. We have mental health first aiders trained to provide immediate support and an extra source of confidential assistance for those experiencing mental ill health, along with dedicated wellbeing champions. They help us to continue driving our wellbeing agenda.

STAKEHOLDER ENGAGEMENT AND PARTICIPATION

For Paragon to fulfil its responsibilities to shareholders and stakeholders, the Board must ensure effective engagement with and encourage participation from these parties. The Board maintains a dialogue with stakeholders to foster mutual understanding.

WORKFORCE POLICIES AND PRACTICES

The Board approves policies about the workforce. As part of its review, it ensures that these policies and practices align with Paragon's values and contribute to long-term sustainable success. We have various initiatives to foster workforce engagement. The Inclusion Council is dedicated to cultivating a culture that attracts, develops, and empowers diverse talent.

10 PRINCIPAL RISKS AND UNCERTAINTIES

PRINCIPAL RISKS AND 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		
Paragon's success depends only on the quality and relevance of our products and services.	Loss of revenues if the quality and relevance of our product diminishes.	• We have developed robust data integrity platforms and processes. • Continued investment in recruiting and retaining high-quality researchers and analysts. • We are continually developing innovative solutions that enhance the content's quality and our client's user interface experience. • Focus on client feedback. • External consultants engaged to review quality control procedures.
People and succession		
Our performance could be adversely affected if we: do not react quickly enough to changes in our market; fail to attract key creative, commercial, technology and management talent, are unable to retain and incentivize key and diverse talent: or are unable to adapt to new ways of working by balancing home and office working.	We are dependent on the talent, creative abilities and technical skills of our people as well as their relationships with clients. We are vulnerable to the loss of people to competitors (traditional and emerging) leading to disruption to the business.	• We operate a competitive remuneration package and incentive schemes for management personnel. • We continue to strengthen the Senior Leadership Team to encourage motivation and engagement within the business. • We continue to focus on the mental health of our employees by providing quality wellbeing resources, discussion forums and funded events. • We continue to work across the group to embed collaboration and invest in training and development to retain and attract talented people.
Competition and clients		
Paragon operates in highly competitive markets which are continuously evolving and undergoing structural change and advancements in AI, data and technology. Client net loss to competitors or as a consequence of client consolidation, insolvency or a reduction in marketing budgets due to a geopolitical change or shift in client spending, would have a material adverse effect on our market share, business, revenues, results of operations, financial condition and prospects.	Failure to deliver satisfactory customer service leading to complaints or loss of customers. Significant changes in our target markets could make those markets less attractive. This could be due to significant changes in demand or in supply which impact the addressable market, market share and margins.	• We constantly monitor new technology capabilities and innovation to ensure that our products are always contemporary and relevant, which lets us respond to new competitive threats as they arise. • Our data sets, technology platforms and highly specialised equipment are unique and difficult to replicate. • Provide improved and best in class client support, thereby improving customer satisfaction and retention.

Risk description	Potential impact	Mitigation
Economic and global political changes		
Adverse economic conditions, pose a risk that our clients may reduce, suspend or cancel spend with us or be unable to satisfy obligations. Growing geopolitical tension and conflicts continue to have a destabilising effect in our markets and across geographical regions. This rise in geopolitical activity continues to have an adverse effect upon the economic outlook, the general erosion of trust and an increasing trend of national ideology and regional convergence over global cooperation and integration.	Economic conditions, including inflation and increasing interest rates, among others, have a direct impact on our business, results of operations and financial position. Actual or threatened geopolitical tension and conflicts lead to greater uncertainty, economic instability and a general lack of confidence for many of our clients who are inclined to scale back, delay or cancel their marketing plans and budgets.	• 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. • Our client portfolio is diverse, consisting of organisations operating in different industry sectors and across a broad geographical spread which further helps mitigate the impact of any specific challenges individual clients or markets might be facing. • We work closely with our in-country teams, third-party advisors, clients and other agencies in monitoring the level and nature of geopolitical issues, events and developments across all markets and regions. • Our primary focus is the safety and security of our people, and for extreme events or periods of disruption we have developed a series of crisis and response plans with clear lines of escalation to the Board and senior management team that focus. upon the wellbeing of our people and their families • We have detailed operational and financial plans, developed through the consideration of a range of potential scenarios and outcomes that are continuously monitored and, if required, used to make interventions and support decision-making over our operations, investments and advice to clients.
ESG Regulation and reporting		

The group could be subject to increased costs to comply with the potential future changes in Environmental, Social and Governance (ESG) law and regulations.
 	
A failure to manage the complexity in carbon emission accounting for marketing and media or to consider Scope 3 emissions in new technology and business model innovation across the supply chain could have an adverse effect on our business and reputation.
	We could be subject to increased costs to comply with potential future changes in ESG laws and regulations. This includes increasing carbon offset pricing to meet our net zero commitments.
	
	Increased investment is also required in building renovation, electrification, and supplier engagement to meet targets, including developing internal ESG capacity and capabilities.
	
	In addition, carbon emission accounting for marketing and media is in its infancy and methodologies continue to evolve. This is particularly the case for emissions associated with digital media.
		• Carbon Net Zero plans in place or in development to:
		  • Reduce carbon emissions
		  • Support client goals and requirements
		  • Meet current and future legislative & regulatory requirements
		• Investigation into viability of on-site renewable generation to reduce both carbon emissions and operating costs.
		• ISO 14001 & ISO 50001 certified 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		
Failure to comply with legal and other requirements (such as anti-bribery), may result in fines and that may lead to adverse financial, legal and reputational consequences.	We continue to monitor controls implemented across the group, which support the business to demonstrate compliance with regulations. We have assessed the risk to be in line with the previous year given our current response strategies, monitoring and control environment.	• Wherever we operate, we aim to ensure that we incorporate the impacts of regulatory changes in our strategic planning and policies. This includes ongoing monitoring of potential changes to the future regulatory landscape. • The majority of Paragon's operations are based in the UK, France, Germany and the Netherlands. Appropriate advisers are employed in all geographies to ensure Paragon remains compliant with local laws and regulations. • We support our code of business conduct and various policies by new starter and annual compliance training.
Acquisition and disposal risk		
Paragon's strategy is for growth, both organically and by acquisition. Acquisitions may not always realise the benefits expected at the time of completion.	The failure to successfully identify and integrate the main 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.

Risk description	Potential impact	Mitigation
IT and systems		
We continue to undertake a series of IT programmes devised to prioritise the most critical changes necessary to support the group's strategic plan whilst maintaining the operational performance and security of core systems. The group is reliant on third parties for the performance of a significant portion of our worldwide information technology and operations functions. A failure to provide these functions could have an adverse effect on our business.	Any failure or delay in implementing the IT programmes may have a material adverse effect upon the overall strategic plan and the realisation of key targeted benefits and savings. Disruption and unavailability of critical systems may lead to disruption in our operations and client service delivery.	• The Board and management team provide oversight and governance of the most important IT and systems change initiatives the business is pursuing. • Detailed plans have been prepared for each major systems initiative and overall progress, challenges and risks are monitored as part of our project management processes and discussed in dedicated steering committees who also agree upon any corrective action that may be required, including around supplier resilience. • Progress reports are also completed as part of regular briefings that the Board receives on the overall implementation of the strategic plan.
AI Strategy		
Paragon may incur costs when ensuring it can comply with the introduction of artificial intelligence laws and regulations, including the EU AI Act. This will be through review of IT systems and processes, which may require refinement or amendment, to ensure regulation can be adhered to.	Falling behind competitors leveraging the opportunities generative AI offers to gain a competitive advantage could result in lost market share, decreased revenue and reduced profitability. We may struggle to attract and retain talent, further hindering our ability to innovate and compete. Generated materials may infringe third party IP and data, resulting in legal costs and client reputation impact.	• We actively monitor the changing regulatory landscape and the introduction of new laws regulating AI to assess the impact on our business and work, including detailed review of the EU AI Act and evolving IP laws (including copyright), and how they will impact how we service our clients. • Whilst AI provides many opportunities (including efficiencies and new services and offerings) we also continue to review and consider the impact around our business model through the Generative AI Governance Committee, reporting to the Board and Audit Committee on identified risks and impacts.
Pandemics		
The impact of a pandemic on our business is varied by a number of factors and we will not be able to accurately predict the impact. A risk of future long-term pandemic-related lockdowns will affect multiple major markets and impact our clients' spending plans.	A pandemic and any new variants and the measures to contain its spread may have an adverse effect on our business, revenues, results of operations and financial condition and prospects.	• A strong balance sheet, supported further by action to maintain liquidity including, if needed, the suspension of acquisitions, cost reduction and cash conservation measures, savings on property and IT capex. • Continuously assessing potential scenarios and outcomes and closely monitoring working capital and balance sheet. Implement necessary cost and cash saving measures if necessary.
Liquidity risk		
Risk that Paragon will not be able to meet the financial obligations as they fall due.	Our main sources of liquidity in the foreseeable future are likely to be cash generated from operations and borrowings through committed bank facilities. Adverse changes in credit markets or our credit rating could increase the cost of borrowing and banks may be unwilling to renew credit facilities on existing terms.	• Paragon's policy on liquidity is to ensure that it has committed bank facilities available to provide continuity of funding. • Throughout the financial year, the group maintained comfortable headroom against its covenants.
Interest rate fluctuations		
The group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets.	Paragon finances its operations through a mixture of retained profit and bank borrowings. Fluctuations in the rates of applicable interest could adversely impact the group's profitability and cash flows.	• Paragon borrows at fixed and floating rates over a specified period. This enables the group to forecast borrowing costs with a degree of certainty.
Cyber and information security		
Risk of failure to prevent impacts from the denial of service, cyber espionage and the related theft/ disclosure of confidential/ customer data leading to reputational, regulatory and financial impacts.	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 our cyber security and website security protocols.

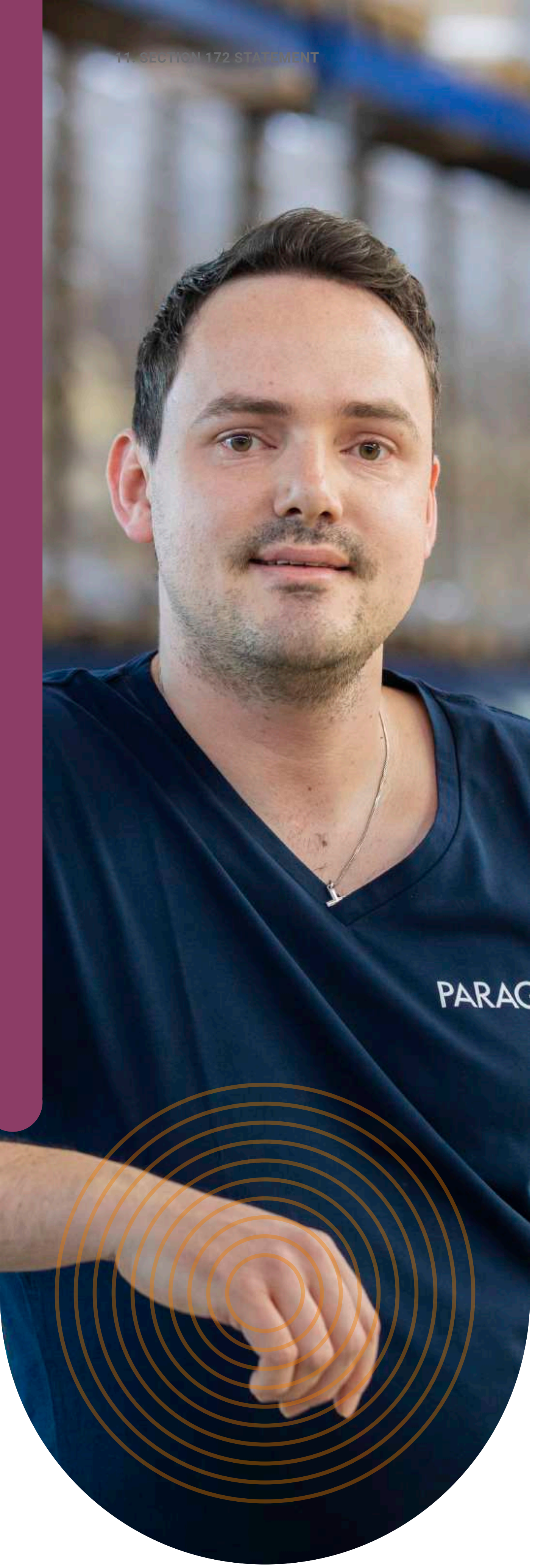
Risk description	Potential impact	Mitigation
Market risk		
The group is exposed to the risk of changes in market prices.	Potential impact on the group's income or the value of its holdings of financial instruments.	• We track our revenue by client sectors to ensure we limit our exposure to market risk. • We regularly review market risk exposures within acceptable parameters, while optimising the return.
Commodity price risk		
The group is exposed to the fluctuation of commodity price.	Potential impact on the group's profitability.	• Ongoing centralisation of the group procurement team and also certain inputs being rechargeable directly to clients. The directors revisit the appropriateness of the policies 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 when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The 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 generates a significant portion of its earnings in the UK market, and any significant decline in the value of Sterling will impact the group's translation of its Sterling earnings with consequential impacts on the reported performance and results of the group.	• We manage the currency exposure arising from the net assets of the group's foreign operations primarily through borrowings denominated in the relevant foreign currencies.
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, have 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.	If a client is unable to pay sums due, there could be an adverse effect on our working capital and operating cash flow.	• 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.

Key

No change from last year · Increased risk · Reduced risk · New risk

STRATEGIC REPORT

11 SECTION 172 STATEMENT



SECTION 172 STATEMENT

The directors have a duty to promote the success of the group for the benefit of its members as a whole in accordance with section 172 of the Companies Act.

The Board delegates authority, for day-to-day management of the company, to executives and then engages management in setting, approving and overseeing execution of the business strategy and related policies. We review financial and operational performance, customer and related matters and legal and regulatory compliance at every Board meeting. We also review other areas over the course of the financial year including the company's business strategy; key risks (including risks relating to the regulatory landscape, cyber and sanctions) the company's risk appetite, operational resilience and workforce matters (including culture, diversity, pensions and remuneration). This is done through the consideration and discussion of reports which are sent in advance of each Board meeting and through presentations to the Board and responses to questions from directors.

OUR APPROACH TO ENGAGEMENT

Our stakeholders are central to our strategy and critical to the long-term success of our business. The Board oversees our approach to engagement as we seek feedback and make decisions for the long-term benefit of Paragon group. For each matter that comes before the Board for decision, the Board considers the likely consequences of any decision in the long-term, identifies stakeholders who may be affected, and carefully considers their interests and any potential impact as part of the decision-making process. Our stakeholder engagement processes enable our Board to understand what matters to stakeholders most, consider all relevant factors and select the course of action that best delivers long-term value for our stakeholders and protects their interests, reflecting what are referred to as Section 172 factors.

OUR PEOPLE

Our employees are our biggest asset and the driving force behind our purpose and growth. Our success is driven by the talent and effort of our workforce. We recognise that interaction between the Board and senior management is crucial for maintaining the welfare of our people and future success.

Primary interests

Paragon colleagues want:
- A culture of autonomy and responsibility;
- To work in a safe environment;
- To work for a market leader with the opportunity for personal growth and career development; and
- Competitive benefits and remuneration.

How we engage

We aim to build a trusting, respectful and inclusive culture so every individual feels highly engaged and can be their best. We want our people to feel their human rights are respected and they are treated with dignity. We are committed to creating opportunities for growth and to a continuous learning culture.

We prioritise the health, safety and wellbeing of our people and promotion of inclusion and diversity. During the financial year, we have continued to invest in learning and development across the entire business. We have expanded our apprenticeship programmes and implemented Group-wide development initiatives.

The board hold regular meetings with senior management and in turn regional heads are required to engage fully with their staff. Training budgets are included in all group companies.

Impact on Board decisions

The Board recognises the importance of effective engagement with Paragon's people and wider workforce, including contractors and temporary staff. In 2024, the senior management team visited our sites in all countries of operation. During these visits, senior management team engages directly with local management and other colleagues during site and trade visits, with Board presentations and Board dinners and lunches enabling the Board to meet a broad spectrum of people from differing departments and markets.

CUSTOMERS

We are a customer-focused business and 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; and
- 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 the 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 eCommerce 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.

The Board engages with customers, on issues including strategy, changes taking place in our market and understanding the changes taking place in our client's markets.

Impact on Board decisions

In 2024, the senior management team engaged with key clients through site meetings in various locations.

SUPPLIERS

The performance of Paragon's suppliers is integral to its 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 useful long-term relationships with its suppliers.

Primary interests

Suppliers want:
- To build a long-term, mutually helpfulful relationship; and
- Paragon to meet their payment obligation on time.

How we engage

The executive directors, together with the members of the management team, engage collaboratively with suppliers, through site meetings, to discuss matters of mutual interest, including any risks which may need to be addressed.

The Board is given updates from management, as appropriate, about the business's relationships with its suppliers, including for any material risks, performance issues or potential future changes. As part of Paragon's standard engagement process, suppliers are required to accept the Supplier Guidelines, which act as an acknowledgement that they meet certain minimum ethical and legal standards approved by the Board, including about modern slavery, anti-bribery and anti- money laundering. More details about this can found on page 120.

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 in our sustainability section on page 85.

Impact on Board decisions

In FY24, the senior management team met with suppliers and external advisors, providing a valuable opportunity to engage with these stakeholder groups and listen to their feedback.

COMMUNITIES

It is important to the Board and all our people, that the business gives back to the communities in which it operates. 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; and
- The Group's efforts to promote worthy causes within the community.

How we engage

During the year, the Board engaged with communities, in various events and campaigns, through our businesses and their people. Paragon colleagues are encouraged to nominate communities/charities that matter to them, which Paragon donates to through fundraising activities.

The Board seeks to disclose the Group's carbon emissions transparently and how it will achieve status as a carbon neutral business. More information concerning Paragon's carbon emissions can be found on page 57. 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 about environmental and social initiatives.

GOVERNMENT AND REGULATORS

The Board considers it vital that all our businesses adhere to government and regulator laws and rules within the countries where we operate.

Primary interests

Government and regulators want:

- Taxes to be up to date; and
- All rules and regulations adhered to.

How we engage

In 2024, the Sustainability committee received reports on the likely impact of new ESG regulations including CSRD and will continue to monitor progress towards compliance.

Also, the senior management team received reports from the Global Data Protection Officer on changing regulatory landscapes with regards to data protection, security and privacy as well as data ethics and artificial intelligence.
Impact on Board decisions.

Impact on Board decisions

The senior management team participated in consultations associated with ESG disclosure requirements and regulation, and supported efforts to increase ESG standardisation and alignment.

This strategic report is approved by order of the Board.

Jeremy Walters
Chief Executive Officer

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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THE DIRECTORS PRESENT THEIR REPORT

For the year ended 30 June 2024

The Paragon board comprises three Executive Directors and five Non-Executive-Directors, including the Non-Executive Chairman Patrick J Crean. The other Non-Executive Directors are Pauric Crean, Sarah Crean, Liam Devane and Joseph Morgan.

The Executive Directors are Jeremy Walters, CEO, Clem Garvey COO and Martin Edstrom CFO.

The Audit & Risk Committee comprises Liam Devane and Martin Edstrom with Clem Garvey participating in the risk subjects to represent the operations. The Audit & Risk Committee is chaired by Non-Executive Director, Liam Devane.

The Remuneration & Nomination Committee is chaired by Non-Executive Chairman Patrick J Crean. Jeremy Walters, CEO is the other constituent of this committee.

Jeremy Walters
Chief Executive Officer

Clem Garvey
Chief Operating Officer

Martin Edstrom
Chief Financial Officer

Patrick Crean
Non-Executive Chairman

Pauric Crean
Non-Executive Director

Sarah Crean
Non-Executive Director

Liam Devane
Non-Executive Director

Joseph Morgan
Non-Executive Director

Executive Directors
Jeremy Walters (Chief Executive Officer)
Clem Garvey (Chief Operating Officer)
Martin Edstrom (Chief Financial Officer)

Non-Executive Directors
Patrick J Crean, Non-Executive Chairman
Pauric Crean, Non-Executive Director
Sarah Crean, Non-Executive Director and Company Secretary
Liam Devane, Non-Executive Director
Joseph Morgan, Non-Executive Director

Auditors
Deloitte Ireland LLP
Chartered Accountants and Statutory Auditor Firm
29 Earlsfort Terrace, Dublin 2, Ireland, D02AY28

Bankers and advisers
Crédit Agricole Corporate and Investment Bank (CA-CIB)
43 Place des États Unis, 92120, Montrouge, France

Lloyds Bank plc
25 Gresham Street, London, EC2V 7HN, United Kingdom

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

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

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

DIRECTORS' REPORT

For the year ended 30 June 2024

The directors present their annual report and the audited consolidated financial statements of PCC Global plc (Paragon) and its subsidiaries for the year ended 30 June 2024.

DIRECTORS

The directors who held office during the year and up to the date of signing of the financial statements are shown on page 140.

On 17 November 2023 and 4 July 2024, John Farmer and Sean Shine resigned as directors respectively.

On 17 November 2023, Martin Olof Edstrom was appointed as a director.

On 28 June 2024 Richard Cahill resigned as a company secretary and on the same day, Sarah Crean was appointed as a company secretary.

On 27 August 2024, Laurent Salmon and John Rogers resigned as directors.

On 27 August 2024, Joseph Morgan, Sarah Crean, Pauric Crean, Liam Devane and Clement Garvey were appointed as directors.

FINANCIAL KEY PERFORMANCE INDICATORS

The board uses a range of performance measures to monitor and manage the business. Key performance indicators (KPIs) measure past performance and provide information to manage the business. Sales, EBITDA, Underlying EBITDA and free cash flow are the key indicators management uses to measure performance. KPIs for the financial year ended 30 June 2024 are shown in the table below, along with prior year comparatives.

	Note	2024 €000	2023 as restated[2] €000	Change %
Sales of goods and services	4	1,179,137	1,065,240	11%
Underlying EBITDA[1]	4	128,747	106,822	21%
Non-underlying items	6	75,795	56,998	33%
Operating Inflows		40,123	46,132	(13%)
Free cash flow[3]		83,692	46,981	78%
Cash and Cash equivalents	24	156,131	154,818	1%
Net Borrowings		352,300	285,340	23%

1. Underlying EBITDA is defined in Note 2 on page 173.
2. For details on the prior year restatement, please refer to Note 36 on page 225
3. Free cash flow is defined in Note 2 on page 173

FUTURE DEVELOPMENTS

The group continues to evaluate new investment opportunities, acquisitions and product lines in order to enhance the scale and profitability of the group.

The group's acquisition capabilities are discussed further on page 31 of the Paragon Financial Overview section in the Strategic Report.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

A summary of how our business engages with suppliers, customers and others is outlined in our Section 172 Statement on pages 135 and 136.

DIVIDENDS

There were no dividends proposed or paid during the financial year (2023: €nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties reflect our competitive environment and the operating characteristics of our industry and a summary of these risks and uncertainties, together with details of how they are managed, is set out in the Principal risks and uncertainties section on pages 127 to 131 and which is incorporated by reference into this Directors' Report.

Details of the financial risks to which the group's operations are exposed and an understanding of how these risks are managed are set out in Note 30 to the Consolidated Financial Statements.

DIRECTORS' REPORT (continued)

For the year ended 30 June 2024

FINANCIAL INSTRUMENTS

The group finances its activities with a combination of bonds, bank loans, debtor finance, lease liabilities, related parties 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.

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.

Management and the directors are in regular communication with the lenders' agents. Regular and clear reporting is in place that demonstrates that the group's performance is meeting agreed covenants.

The directors review and approve all formal reporting to the lenders. Financial plans including scenarios and impacts on covenants are reported to and discussed at Board meetings. The board's annual going concern assessment is performed with specific reference to the impact of different operating scenarios on banking covenants.

The group holds a revolving credit facility with five global banks of €130m, of which €93m was utilised as at 30 June 2024 (2023: €nil).

The group's risk management process, the policies for mitigating certain types of risk and details of the financial instruments are set out in note 30.

STREAMLINED ENERGY & CARBON REPORTING (SECR) AND CLIMATE-RELATED FINANCIAL DISCLOSURE (CFD)

The directors present their Streamlined Energy & Carbon Reporting (SECR) and Climate-related Financial Disclosure (CFD) on page 99 and page 77 respectively in 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 AFTER THE REPORTING PERIOD

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 8 August 2024, Paragon Customer Communications (London) Limited acquired the trade and assets of OT Group Limited , a company incorporated in England and Wales for consideration of £6m. No further information can be given as the initial accounting for this business combination is incomplete at the date these financial statements are authorised.

Directors and management are currently working with current bond holder to refinance a bond that is due for repayment on the 6th April 2025. While negotiations are not complete, the parties continue to work very closely to ensure it will be completed by the 6th of April 2025. The directors have confidence that if required, the group could repay the bond out of current liquidity availability.

DIRECTORS' LIABILITIES

The company has granted indemnity to one or more of its directors against liability for 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 PEOPLE

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

Where existing colleagues 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 our people with information through regular bulletins and newsletters has continued. Regular meetings are held between local management and colleagues to allow a free flow of information and ideas.

DIRECTORS' REPORT (continued)

For the year ended 30 June 2024

GOING CONCERN

In considering going concern, the directors have reviewed the group's future cash requirements and earnings projections. The directors believe these forecasts have been prepared on a prudent basis and have also considered the impact of a range of potential changes to trading performance.

The directors' forecasts until 31 December 2025 show sufficient cash will be generated from the group's operations to be able to repay the loans and other obligations as they fall due together with cash available and the utilised borrowing facilities available.

Therefore, the directors have concluded that the group will be able to operate within its current facilities and comply with its banking covenants for the foreseeable future and therefore believe it is appropriate to prepare the financial statements of the group on a going concern basis.

FINANCIAL FORECASTS

Four scenarios were considered for the group in preparing our going concern assessment – a management case (base case), and three other scenarios (downside cases). We used a set of severe but plausible downside assumptions for the downside cases.

The directors have prepared a series of outcomes built up from detailed projections for each of the group's businesses and markets, considering:

- Reasonably possible increase in revenue and operating costs – management case (base case);
- Severe but plausible downside declines in revenue – downside cases;
- The downside cases factor in a reduction in variable costs to align the costs with the lower volumes;
- We assumed extra 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; and
- The downside cases included further reductions in the range of 5% - 15% in turnover across the five divisions for the remainder of 2024 and on into 2025 to reflect a scenario of a deeper economic impact, of war in Ukraine, cost of living increases, and a slower recovery over the course of next year. Those projections and considering the group's bank covenant and liquidity headroom and cost mitigation actions, which are implemented, show that the group would be able to operate with appropriate liquidity and within its banking covenants and be able to meet its liabilities as they fall due.

OUTCOME OF ASSESSMENT

Overall, the group traded in line with the management case for the first four months of the 2025 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 and company are 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 financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Accounting Standards, endorsed by the international accounting standards in conformity with the UK-adopted International Accounting Standards.
The directors have also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework

DIRECTORS' REPORT (continued)

For the year ended 30 June 2024

and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the Financial Statements comply with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) as applied in accordance with the provisions of the Companies Act 2006; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- In preparing the group financial statements, International Accounting Standard 1 requires that directors:
- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITORS

Grant Thornton LLP resigned as auditors and Deloitte Ireland LLP were appointed as auditor during the year. Deloitte Ireland LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint Deloitte Ireland LLP as auditor will be proposed at the forthcoming Annual General Meeting.

Directors' statements as to disclosure of information to auditors

Each of the directors who held office at the date of approval of this report confirm that:

- So far as they are aware, there is no relevant audit information (being information needed by the auditor in connection with preparing their audit report), of which the group's auditor is unaware, and
- each of the directors has taken all the steps that they ought reasonably to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Approved by the Board on 19 December 2024 and signed on its behalf by:

By order of the Board

Jeremy Walters
Director | Paragon Group

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PCC GLOBAL PLC

Report on the audit of the financial statements

1. OPINION

In our opinion:

- the financial statements of PCC Global Plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Other Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the Consolidated Statements of Changes in Equity;
- the Consolidated Statement of Cash Flow; and
- the related notes 1 to 40, including material accounting policy information as set out in note 2.

the Parent Company financial statements comprise:

- the Parent Company Statement of Financial Position;
- the Parent Statement of Changes in Equity; and
- the related notes 1 to 15, including material accounting policy information as set out in note 2 to the Parent Company Financial Statements.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, United Kingdom adopted international accounting standards as issued by the IASB. 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 FRS 101 "Reduced Disclosure Framework".

2. 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 Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, 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.

3. SUMMARY OF OUR AUDIT APPROACH

Key audit matters

The key audit matters that we identified in the current year were:

- Going concern (Group and Parent company)
- Acquisitions – fair value intangibles (excluding goodwill) (Group only)
- Presentation of non-underlying items (Group only)
- Impairment of investments in subsidiaries and valuation of intercompany debtors (Parent company only)
- Goodwill impairment – key assumptions used (Group only).

As a result of our risk assessment procedures based on our understanding of the Group and its operations, we identified three key audit matters which were not identified by the predecessor auditor: Goodwill impairment – key assumptions used (Group), acquisitions – fair value of intangibles (excluding goodwill) (Group) and presentation of non-underlying items (Group). Our basis for identifying these as key audit matters is set out below. The remaining key audit matters considered by the Group's predecessor auditor in the prior year were broadly aligned with the items identified above.

Materiality

The Group materiality that we used in the current year was €10.1 million, which was determined based on revenue as the benchmark, representing approximately 0.8% of this benchmark. In respect of the financial year ended 30 June 2023, the predecessor auditor determined materiality for the Group at €6 million based on 0.5% of revenue.

The materiality that we used for the Parent Company financial statements was €3.9 million, determined based on total equity/net assets and represents approximately 1% of that metric. In respect of the financial year ended 30 June 2023, the predecessor auditor determined materiality for the Parent at c. €2.3 million based on 0.5% of total assets.

Report on the audit of the financial statements (continued)

Scoping

We structured our approach to the audit to reflect how the Group is organized as well as ensuring our audit was both effective and risk-focused, including the identification of key controls, and assessing the risks of material misstatement.

Our scope covered 20 components in total, which represent 87% of revenue and 80% of net assets, with the remainder being subject to analytical procedures at a group level.
This is in line with the scoping determined by the Group's predecessor auditor.

First Year audit transition

This is the first year we have been appointed as auditors to the Group and the Parent Company. We undertook a number of transitional procedures to prepare for the audit -

- Before we commenced our audit, we established our independence from the Group and its subsidiaries.
- We reviewed the predecessor auditor working papers to gain an understanding of the Group and Parent Company's processes, their audit risk assessment, the controls on which they relied for the purposes of issuing their audit opinion, as well as understanding the evidence obtained on the significant judgements the Group and Parent Company made.

4. CONCLUSIONS RELATING TO GOING CONCERN

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.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting is discussed in section 5.1.

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 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.

5. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

As a result of our risk assessment procedures based on our understanding of the Group and its operations, we identified one key audit matter which was not identified by the predecessor auditor: non-underlying expenses. Our basis for identifying non-underlying expenses as a key audit matter is set out below. The remaining key audit matters considered by the Group's predecessor auditor in the prior year were broadly aligned with the items identified above.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 GOING CONCERN

Key audit matter description

We identified going concern as one of the most significant assessed risks of material misstatement, due to the inherent judgements around future forecasting and the ongoing negotiations for financing which impacts the Group's existing bond, which is due for repayment on the 9th of April 2025, as well as the impact on financial covenant compliance for the period.

As auditors, we are required by auditing standards to "obtain sufficient and appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern". Management has modelled a base case forecast over the period to 31 December 2025 and considered various downside scenarios, noting that mitigating actions could be taken to prevent any potential covenant breach.

Please also refer to page 143 (Directors' Report), Accounting Policy – Going Concern within Note 2, and Note 3 Critical accounting judgements and key sources of uncertainty – Forecasts and Discount Rates.

How the scope of our audit responded to the key audit matter

In responding to the key audit matter, we performed the following audit procedures:

- We evaluated the design and determined the implementation of relevant controls around the directors' assessment of going concern.
- We obtained the directors' base case scenario for the period to 31 December 2025, together with supporting evidence for significant trading, and cash flow assumptions for each reporting segment. We assessed how these cash flow forecasts were compiled and assessed their appropriateness by applying relevant sensitivities to the underlying assumptions and challenging the nature of those assumptions.
- We performed arithmetical, and consistency checks on management's going concern model.
- We obtained the directors' downside scenarios for the period to 31 December 2025, including a scenario with a set of severe but plausible assumptions reflecting their assessment of relevant uncertainties and stress-tested it independently. This included an assessment of the ability of the group to meet its existing bond repayment of €89m due for repayment by 6th April 2025.
- We evaluated the assumptions regarding the forecast period and reduced trading levels under each of the downside scenarios referenced above, including the impact on the covenant calculations.
- We assessed the financing facilities available including nature of facilities and repayment terms.
- We assessed the accuracy of management's historical forecasting by comparing management's forecasts for the year ended 30 June 2024 to the actual results for the period and considered the impact on the base case cash flow forecast.

Report on the audit of the financial statements (continued)

- We obtained unaudited post year end management accounts and compared them against amounts forecasted to assess the accuracy of forecasts.
- We assessed the accuracy of debt covenant calculations within the group's forecasts by agreeing the inputs of the calculation to the terms of the relevant debt agreements.
- We assessed the impact of the mitigating factors available to the directors in respect of their ability to restrict the impact on covenant compliance; and
- We assessed the adequacy of going concern related disclosures within the report and financial statements against International Accounting Standards (IAS) 1 going concern disclosure requirements.

Key observations

We have nothing to report in addition to that stated in the "Conclusions relating to going concern" section of our report

5.2 ACQUISITIONS – FAIR VALUE OF INTANGIBLES

Key audit matter description

As at 30 June 2024, the Group recognised intangibles (excluding goodwill) for the completed acquisitions at PS Holdings Limited, Editions Financial Inc., Editions Publishing Limited and Contract with Lloyds TSB (BD/VOX acquisition) totalled €30.4m, comprising a brand name of €3.0m and customer relationships of €27.4m. There is significant judgement and estimation in the calculation of a fair value for intangibles, including purchase price allocation, discount rates, and long term growth rates.

Please also refer to page 30 (Paragon Financial Overview), Accounting Policy – Intangible Assets within Note 2, Note 14 on Acquisitions and Note 16 to the consolidated financial statements on Intangible assets.

How the scope of our audit responded to the key audit matter

We evaluated the design and determined the implementation of the relevant controls in place in relation to the valuation process for acquired intangible assets and their fair value.

In conjunction with our valuation specialists, we reviewed the purchase price allocation and challenged the other key assumptions including long term growth rates and discount rates utilised by the directors in the acquisition model, to value the allocation between goodwill and other intangible fixed assets.

Our valuation specialists assisted us in assessing whether all intangible assets have been appropriately identified and evaluated and whether appropriate methodologies were used in the valuation of the intangible assets identified. We also reviewed the accounting treatment of acquisitions for compliance with IFRS 3 (Revised).

We evaluated the completeness and accuracy of the disclosures in relation to acquisitions, for compliance with the relevant accounting standards.

Key observations

Based on the procedures performed, we are satisfied that acquisitions of intangible assets at the balance sheet date are fairly valued, when assessed against our own independent expectations.

5.3 PRESENTATION OF NON-UNDERLYING ITEMS

Key audit matter description

Due to the Group's continuous acquisition strategy, the directors consider the use of Alternative Performance Measures of non-underlying figures to be fundamental to an understanding of the Group's performance.

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. These are referred to as 'non-underlying' items. However, this is not a concept defined by IFRS and therefore, there is judgement involved in determining the correct classification of items, which impacts the presentation of the consolidated income statement. The directors are required to apply considerable judgement in identifying items which are unusual and/or significant in size or in nature so as to be suitable for presentation as 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 separately presented and disclosed to provide a better understanding of the underlying performance of the trading group.

Please refer to page 28 (Paragon Financial Overview), Accounting Policy – Non-underlying items within Note 2, Note 3 – Critical accounting judgements and key sources of estimation uncertainty – Non-underlying item presentation and Note 6 to the consolidated financial statements on Non-underlying items.

How the scope of our audit responded to the key audit matter

We obtained an understanding of the process management undertook to identify and present non-underlying items and evaluated the design and determined the implementation of relevant controls.

We selected a sample of non-underlying expenses and:

Evaluated and challenged the nature and classification as non-underlying items in accordance with the group accounting policy, and evaluated whether the accounting policy for non-underlying items was appropriate and consistent with previous periods.

We evaluated the presentation of non-underlying items and adequacy of the related disclosures in the Group's financial statements against relevant accounting standards requirements and assessed the accuracy and completeness of the disclosure, as included in Note 6 to the consolidated financial statements.

Key observations

Based on the procedures performed, we have determined that the directors' recording and presentation of non-underlying expenses are reasonable.

Report on the audit of the financial statements (continued)

5.4 IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES AND VALUATION OF INTERCOMPANY DEBTORS (PARENT COMPANY ONLY)

Key audit matter description

We identified valuation of amounts owed by group undertakings and risk of impairment of investments in subsidiaries as one of the most significant assessed risks of material misstatement. The Parent Company is a holding company in the PCC Global group, with many subsidiaries and transactions made to several group undertakings:

- Investments in subsidiaries €449m and
- Total Amounts falling due from group undertakings to the Parent Company €140m.

The directors are required to make an annual assessment to determine whether investments in subsidiaries and amounts owed by group undertakings are impaired. There is a risk that certain investments in subsidiaries may be impaired and a risk that amounts due from group undertakings may not be recoverable.

Management's assessment for indicators of impairment involves significant judgements, such as discount rates and long-term growth rates, that lead to a heightened risk of misstatement.

Please refer to page 30 (Paragon Financial Overview), Accounting Policy – Investments and Accounting Policy – Impairment of Financial Assets within Note 1, Note 2 – Critical accounting judgements and key sources of estimation - Investments impairment and intercompany balances, Note 6 Investments in subsidiaries within the Parent Company financial statements and Note 7 Loan receivable and borrowings from group undertakings within the Parent Company financial statements.

How the scope of our audit responded to the key audit matter

Investments in subsidiaries

- We evaluated the design and determined the implementation of the relevant controls in place over the directors' impairment review process.
- We evaluated the net asset value of the subsidiaries balance sheet against the gross carrying value of the investment, to assess whether there are indicators of impairment.
- Where there was an indicator of impairment, we obtained the directors' impairment assessment, including the underlying discounted cash flow forecasts used to determine value in use and confirmed the arithmetical accuracy of those calculations including the associated sensitivity analyses.
- We obtained the directors' assessment of impairment indicators relating to the investment in group undertakings and obtained evidence to support key assumptions, including discount rate and long term growth rate therein. Through discussions with the directors and by using industry data and other external information, we assessed the reasonableness of the directors' assumptions, including discount rate and long-term growth rate, by completing independent stress-tests.
- We considered the implications of the group's goodwill and intangible asset impairment review for evidence of any underperforming subsidiaries

Valuation of intercompany debtors

- We evaluated and challenged the directors' assessment of the ability of the respective subsidiaries to repay these balances by ascertaining if the highly liquid assets held by the subsidiary at year-end are sufficient to repay the liabilities and evaluated if the entities have the financial capacity to settle the amounts owed, with considerations to any loan repayments required that would restrict the ability to repay the loans.

Key observations

We have no observations that impact on our audit in respect of the recoverability of investments held by the parent company in subsidiary undertakings or in relation to the carrying value of amounts owed by group undertakings.

5.5 GOODWILL IMPAIRMENT – KEY ASSUMPTIONS USED

Key audit matter description

The assessment of the carrying amount of goodwill is a key audit matter because of the significant judgments and assumptions made by the directors to estimate the recoverable amount of the CGUs to which goodwill is allocated to. Significant judgements include but are not limited to discount rate and long term growth rate.

Goodwill acquired through business combinations is allocated to Group's cash generating units ("CGUs") for the purpose of impairment testing. The directors review the carrying value of each CGU at least annually or more frequently if there is an indication that the CGU may be impaired.

The Group's evaluation of the carrying value of goodwill for impairment involves the comparison of the recoverable amount of each CGU to its carrying value.

The Group used the value-in-use approach, which deploys a discounted cash flow model to estimate the recoverable amount. This requires the directors to make significant estimates and assumptions relating to sales growth and discount rates. Cash flow forecasts and key assumptions are determined based on historical performance together with the directors' expectation of future trends affecting the industry and other developments and initiatives in the business.

Performing audit procedures to evaluate the reasonableness of management's key assumptions requires a high degree of auditor judgment and an increased extent of audit effort, including the need to involve our valuation specialists.

Please also refer to page page 143 (Director's Report), Accounting Policy – Goodwill and accounting policy – Impairment within Note 2, Note 3 Critical accounting judgements and key sources of estimation uncertainty – Goodwill impairment, Note 15 – Goodwill impairment within the consolidated financial statements.

How the scope of our audit responded to the key audit matter

Our audit procedures related to the discount rate, long term growth rates and other judgements by the directors to estimate the recoverable amount of the CGU included the following:

Report on the audit of the financial statements (continued)

We evaluated the design and determined the implementation of the relevant controls in place over the directors' impairment review process.

In conjunction with our valuation specialists, we evaluated the impairment review methodology applied by the directors in preparing the value in use calculations.

We understood and challenged the underlying key assumptions within the Group's impairment model, including assessing for any indicators of management bias, by developing an independent view of the discount rates and long-term growth rates in conjunction with our valuation specialists, and benchmarked the rates used by the directors against market data and comparable organisations.

We performed a retrospective review of assumptions used in prior period value in use calculations and compared these to actual performance.

We obtained and challenged the directors' cash flow projections, and the budgeting process on which the projections are based, by comparing them to historic growth rates and the Group's strategic plans and remained cognizant of management bias.

We evaluated the directors' sensitivity analysis and performed an independent analysis of key assumptions used. We evaluated and challenged the judgements applied in determining CGUs. Where we noted any significant reductions or increases in headroom for a CGU since the prior period, we gained an understanding of the reasons giving rise to the reduction/increase and performed additional procedures to substantiate these reasons.

We held discussions with the business unit controllers to understand the changes being implemented at the site level to achieve the targets set in the strategic plans.

We evaluated the completeness and accuracy of the disclosures in relation to goodwill for compliance with the requirements of the relevant accounting standards, IAS 36 Impairment of assets.

Key observations

Based on the procedures performed, we have determined the directors' assumptions used in the assessment of the carrying value of goodwill associated with the CGUs to be reasonable.

We concluded that the related disclosures provided in the Group Financial Statements are appropriate.

6. OUR APPLICATION OF MATERIALITY

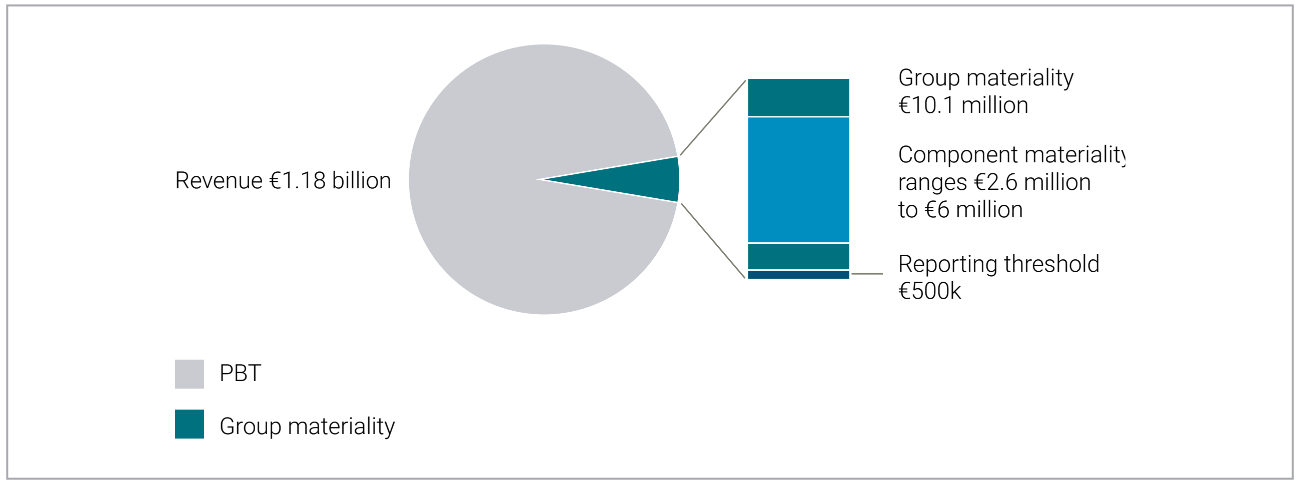
6.1 MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	€10.1 million	€3.9 million
Basis for determining materiality	The materiality that we used for the Group financial statements was determined based on revenue as the benchmark and represents approximately 0.8% of that metric. For the year ended 30 June 2023, the predecessor auditor determined Group materiality at €6 million based on 0.5% of Group revenue.	The materiality that we used for the Parent Company financial statements was €3.9 million, determined based on total equity/net assets and represents approximately 1% of that metric. For the year ended 30 June 2023, the predecessor auditor determined Parent Company materiality at €2.3 million based on 0.5% of total assets
Rationale for the benchmark applied	Revenue has been considered the most appropriate benchmark for determining the Group materiality because this is a key measure used by the directors to report to investors on financial performance. In determining our benchmark, we have considered quantitative and qualitative factors including our understanding of the nature of the Group and its environment, the focus of the users of the financial statements, and the industry and economic environment in which the Group operates.	The Parent Company holds large investments in its subsidiary companies and bonds that are listed on Luxembourg Multilateral Trading Facility (MTF). Net assets were considered to be the most appropriate benchmark because it is the key measure for the primary users of the Parent Company's financial statements. In determining our benchmark, we have considered quantitative and qualitative factors such as our understanding of the nature of the Parent Company and its environment, the focus of the users of the financial statements, and the industry and economic environment in which the Parent Company operates

Report on the audit of the financial statements (continued)



6.2 PERFORMANCE MATERIALITY

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	68% of group materiality For the year ended 30 June 2024, the predecessor auditor determined performance materiality at 70% of Group materiality.	80% of parent company materiality For the year ended 30 June 2024, the predecessor auditor determined performance materiality at 70% of Parent Company materiality..
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. our understanding of the Group and its environment and the impact of various macro-economic factors, b. the financial performance of the Group and the Parent Company, c. the nature, volume, and size of misstatements (corrected and uncorrected) in the predecessor audit, d. the likelihood of the prior year misstatements reoccurring in the current year audit, and our ability to forecast misstatements given that this is our first-year audit.	

6.3 ERROR REPORTING THRESHOLD

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of €500k as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

As part of our procedures to develop our Group Audit Strategy, we attended a Risk and Audit Committee meeting during the year ended 30 June 2024, as well as regularly meetings with management.

7.1 IDENTIFICATION AND SCOPING OF COMPONENTS

We determined the scope of our audit by performing a risk-based audit that includes obtaining an understanding of the Group and its operating environment, including the identification of key controls, and assessing the risks of material misstatement.

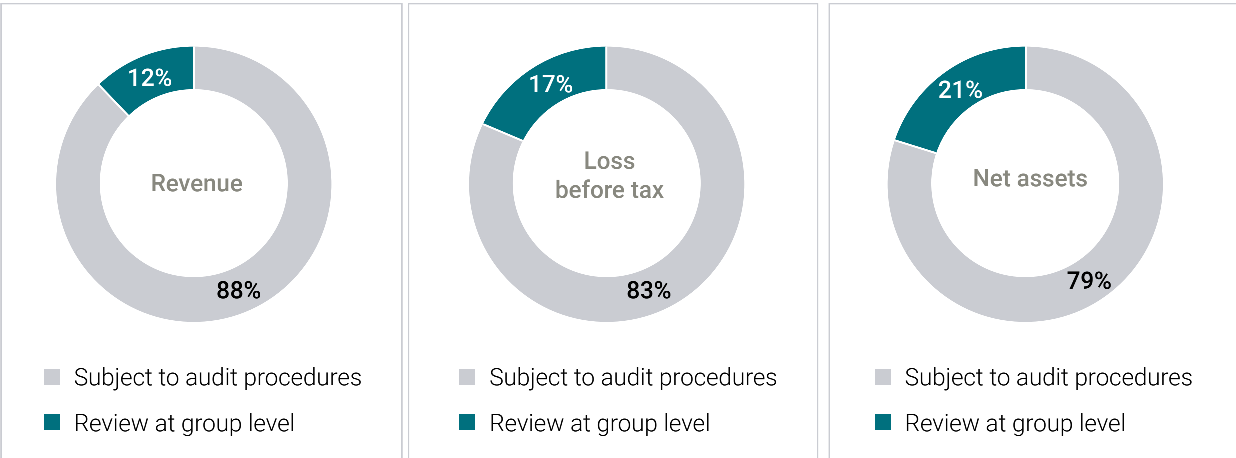
Report on the audit of the financial statements (continued)

Understanding the Group, its components and their environments, including Group-wide controls

- We obtained an understanding of the Group and its environment, including Group-wide controls, and assessed the risks of material misstatement at the Group level.
- We obtained an understanding of the effect of the Group organisational structure on the scope of the audit. This included determining that the Group financial reporting system is centralised and that there is use of management experts where required.

Identifying significant components

- The Group is a mixture of trading, holding, lease/adjustment entities which are structured into 6 reporting segments, as reported within Note 4 of the Consolidated Financial Statements. The structure of the group, acquisitions, mergers and other factors that present a potential risk, are considered in determined the group level risk assessment.
- Based on our group-level risk assessment, we identified a number of key areas at which audit work is performed. This was based on our assessment of identified significant risks, areas of higher assessed risks of material misstatement of the consolidated financial statements and areas in the audit of the group financial statements that involve significant judgement.
- We focused our audit work on 20 legal entities. These audit procedures covered 88% of the group's Revenue, 83% of the group's Losses before Tax and 79% of the group's Net Assets.
- Residual analysis was completed on the components not selected for further audit procedures, which incorporated analysing disaggregated financial data to assist in identifying unusual movements or relationships.
- Our audit work for all components was executed at levels of materiality applicable to each individual component which were lower than Group materiality and ranged from €2.6 million to €6 million.



7.2 OUR CONSIDERATION OF THE CONTROL ENVIRONMENT

We obtained an understanding of the group and its environment, including group-wide controls, and assessed the risks of material misstatement at a group level. A controls reliance approach to IT systems or business cycles has not been adopted. For significant risks, design and implementation of controls review has been conducted.

7.3 OUR CONSIDERATION OF CLIMATE-RELATED RISKS

In planning our audit, we have considered the potential impacts of the climate-related risks identified by the directors on the Group's business and its financial statements.

The Group has set out their 2030 carbon reduction target on page 85. The Group have also identified climate change and policy as part of their principal operational risks and uncertainties. They have set out the potential impacts of their physical risks and transitional risks on their business and their Taxonomy eligible economic activities on page 128.

As part of our audit, we have obtained the directors' climate-related risk assessment and made inquiries of them to understand their process for considering the impact of climate-related risks. The Group reflected the impact of stated 2030 carbon reduction target on assumptions used in setting key estimates recorded in the financial statements in accordance with IFRS requirements.

Report on the audit of the financial statements (continued)

We assessed if the assumptions used by the directors in the financial statements were consistent with their 2030 carbon reduction target and as set out in their accounting policies, on pages 168.

We have also read the Group's disclosure of climate-related information in the Annual Report listed on pages 77 to 105.

7.4 WORKING WITH OTHER AUDITORS

- The group engagement team communicated with component auditors by issuing group instructions, conducting site visits, frequent progress monitoring and reviewing component working papers at the planning, fieldwork, and completion stages of the audit.
- Group-level testing, such as residual analysis of components not in scope and audit work on consolidated financial statements, was completed by the group engagement team.

8. OTHER INFORMATION

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

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 course of 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 this gives rise to 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.

9. RESPONSIBILITIES OF DIRECTORS

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

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

10. 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 IDENTIFYING AND ASSESSING POTENTIAL RISKS RELATED TO IRREGULARITIES

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector and business performance including the design of the group's remuneration policies,
- results of our enquiries of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal

Report on the audit of the financial statements (continued)

- specialists, including tax, valuations, IT, ESG and accounting specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: Revenue Recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the relevant laws and regulations applicable to the Group (including its components) and the sector it operates including UK Companies Act, Listing Rules, pensions legislation, tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the lenders covenants requirements, labour and employment practices, competition, anti-fraud and theft, anti-bribery, anti-corruption, data protection and data privacy and security and health and safety.

11.2 AUDIT REPONSE TO RISKS IDENTIFIED

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Compliance, Governance and Risk team (CGR) and in-house & external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- For the fraud risk of material misstatement surrounding revenue recognition, we pinpointed the risk of material misstatement to be around accrued revenue being recognised in line with IFRS 15. In addressing the assessed risk of material misstatement, we obtained an understanding of the revenue streams and reviewed accounting policies; we performed detailed walkthroughs of each revenue stream; we used analytical procedures to compare revenue balances for the year against expectations; performed substantive testing on individual revenue streams, which included reconciling details to contracts, purchase orders, delivery notes, subsequent cash receipts; performed procedures on manual sales transactions which includes manual journals.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

13. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

13.1 ADEQUACY OF EXPLANATIONS RECEIVED AND ACCOUNTING RECORDS

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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

Report on the audit of the financial statements (continued)

- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2 DIRECTORS' REMUNERATION

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. OTHER MATTERS

The consolidated financial statements of PCC Global plc for the year ended June 30th, 2023, were audited by another auditor. Those financial statements were approved on December 20th, 2023.

15. 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.

Daniel Murray

Daniel Murray, *FCA*

Senior Statutory Auditor

For and on behalf of Deloitte Ireland LLP

Statutory Auditor, Chartered Accountants

Dublin

19 December 2024

Notes:
An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2024

	Notes	2024 €000	2024 €000	2024 €000	2023 as restated[2] €000	2023 as restated €000	2023 as restated €000
		Underlying	Non-underlying	Statutory	Underlying	Non-underlying	Statutory
Revenue from sale of goods and services	4	**1,179,137**	**-**	**1,179,137**	**1,065,240**	**-**	**1,065,240**
Material costs		588,308	-	588,308	535,115	-	535,115
Payroll	5, 6	331,080	47,261	378,341	320,198	29,304	349,502
Other operating costs		131,002	9,379	140,381	103,105	20,704	123,809
Other operating income	6	-	(10,210)	(10,210)	-	(3,027)	(3,027)
Costs before depreciations and amortisation		**1,050,390**	**46,430**	**1,096,820**	**958,418**	**46,981**	**1,005,399**
EBITDA[1] (excluding corporate charges)	2, 6	128,747	(46,430)	82,317	106,822	(46,981)	59,841
Corporate charges	2	11,593	560	12,153	8,205	2,165	10,370
Depreciation and amortisation	7, 12	68,445	-	68,445	59,965	-	59,965
Operating profit/(loss)	6, 7	**48,709**	**(46,990)**	**1,719**	**38,652**	**(49,146)**	**(10,494)**
Gain/(loss) on asset disposals	6	-	645	645	-	(3,496)	(3,496)
Other non-operating expenses	35	-	(5,701)	(5,701)	-	-	-
Finance income	9	4,397	-	4,397	932	-	932
Finance cost	10	(37,017)	-	(37,017)	(27,833)	-	(27,833)
Share of equity accounted investments	17	406	-	406	97	-	97
Profit/(loss) before tax		**16,495**	**(52,046)**	**(35,551)**	**11,848**	**(52,642)**	**(40,794)**
Income tax credit/(charge)	11	4,264	(443)	3,821	3,013	1,537	4,550
Profit/(loss) for the year from continuing operations		**20,759**	**(52,489)**	**(31,730)**	**14,861**	**(51,105)**	**(36,244)**
Discontinued operations	12	-	(23,306)	(23,306)	-	(5,893)	(5,893)
Profit/(loss) for the year		**20,759**	**(75,795)**	**(55,036)**	**14,861**	**(56,998)**	**(42,137)**

The figures for 2023 have been restated to reflect an adjustment for discontinued operations in 2024. Reported revenue for 2023 has been reduced by €132.9m, cost of sales reduced by €76.9m, payroll reduced by €34.6m, other operating expenses reduced by €21.7m, deprecation by €4.2m, loss on asset disposal reduced by €1m and finance cost reduced by €0.4m. Further information can be found in note 12 on page 183 and 36 on page 225.

1. EBITDA is defined in Note 2 on page 173.
2. Further information can be found in note 36 on page 225.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	2024 €000	2023 as restated €000
Loss for the year	**(55,036)**	**(42,137)**
Items that will not be reclassified subsequent to profit or loss		
Actuarial (loss)/gain recognised on pension schemes	(164)	373
Revaluation loss of land and buildings	(142)	(199)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	251	30
Other comprehensive income for the year	**(55)**	**204**
Total comprehensive income for the year	**(55,091)**	**(41,933)**
Attributable to:		
Owners of the company	(55,091)	(41,933)

The impact of tax on the other comprehensive income items was €nil (2023: €nil).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	2024 €000	2023 €000
Assets			
Non-current assets			
Property, plant and equipment	13	55,837	62,047
Goodwill	15	119,088	76,687
Other intangible assets	16	136,456	87,647
Equity accounted investment	17	460	520
Right-of-use assets	19	94,396	99,721
Other non-current assets	21	11,935	9,916
Deferred tax assets	28	10,842	13,791
Retirement benefit surplus	29	137	139
		429,151	**350,468**
Current assets			
Trade and other receivables	21	140,957	115,272
Inventories	22	25,610	32,649
Cash and cash equivalents	24	156,131	154,818
Loan receivable from related party	35	33,278	21,880
Income tax receivable		1,059	1,268
		357,035	325,887
Assets classified as held for sale	12,18	25,683	17
		382,718	**325,904**
Total assets		**811,869**	**676,372**
Liabilities			
Current liabilities			
Lease liabilities	20	23,723	21,576
Deferred income	23	7,195	5,653
Borrowings - related party	25,35	4,868	1,676
Borrowing – 3rd party	25	114,346	64,318
Trade and other payables	26	336,104	273,292
Income tax payables		2,168	812
Provisions	27	15,881	8,703
		504,285	376,030
Liabillities directly associated with assets classified as held for sale	12,18	51,036	-
		555,321	**376,030**

The notes on pages 164 to 234 from part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2024

	Notes	2024 €000	2023 €000
Non-current liabilities			
Borrowing - third party	25	329,785	301,541
Lease liabilities	20	68,987	72,927
Deferred income	23	429	281
Trade and other payables	26	-	500
Provisions	27	12,593	13,443
Deferred tax liabilities	28	6,268	8,680
Retirement benefits deficit	29	4,386	4,142
		422,448	401,514
Total liabilities		**977,769**	**777,544**
Net liabilities		**(165,900)**	**(101,172)**
Equity			
Share capital	31	240,407	240,407
Capital reserve	32	142	142
Cumulative translation reserve	32	(1,456)	(1,779)
Revaluation reserve	32	5,520	5,662
Retained earnings	32	(70,456)	(15,184)
Equity pre-merger reserve		174,157	229,248
Unrecognised fair value merger reserve	33	(340,057)	(330,420)
Total equity		**(165,900)**	**(101,172)**

The notes on pages 164 to 234 from part of these financial statements.

The financial statements of PCC Global plc (registration number: 03526640) were approved and authorised for issue by the Board of Directors on 19 December 2024 and signed on its behalf by:

Jeremy Walters
Director

Martin Edstrom
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Share capital €000	Capital reserve €000	Retained earnings €000	Revaluation reserve €000	Cumulative translation reserve €000	Total €000	Unrecognised fair value merger reserve €000	Total equity €000
Balance as at 1 July 2023	**240,407**	**142**	**(15,184)**	**5,662**	**(1,779)**	**229,248**	**(330,420)**	**(101,172)**
Loss for the year	-	-	(55,036)	-	-	(55,036)	-	(55,036)
Common control transaction (note 14)	-	-	-	-	-	-	(9,637)	(9,637)
Other comprehensive income for the year	-	-	(236)	(142)	323	(55)	-	(55)
Balance as at 30 June 2024	**240,407**	**142**	**(70,456)**	**5,520**	**(1,456)**	**174,157**	**(340,057)**	**(165,900)**

For the year ended 30 June 2023

	Share capital €000	Capital reserve €000	Retained earnings €000	Revaluation reserve €000	Cumulative translation reserve €000	Total €000	Unrecognised fair value merger reserve €000	Total equity €000
Balance as at 1 July 2022	**240,407**	**142**	**26,580**	**5,861**	**(1,809)**	**271,181**	**(328,182)**	**(57,001)**
Loss for the year	-	-	(42,137)	-	-	(42,137)	-	(42,137)
Common control transaction (note 14)	-	-	-	-	-	-	(2,238)	(2,238)
Other comprehensive income for the year	-	-	373	(199)	30	204	-	204
Balance as at 30 June 2023	**240,407**	**142**	**(15,184)**	**5,662**	**(1,779)**	**229,248**	**(330,420)**	**(101,172)**

The notes on pages 164 to 234 form part of these financial statements.

Supplementary information – unrecognised fair value merger reserve:

Management have used the retrospective presentation method or merger accounting. Under merger accounting principles, the assets and liabilities of the subsidiaries are consolidated at carrying value in the group financial statements and the consolidated reserves of the group have been adjusted to reflect the statutory share capital of PCC Global plc, with the difference relating to fair value and presented in a merger reserve.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	2024 €000	2023 €000
Assets			
Non-current assets			
Intangible assets	4	1,326	1,456
Deferred tax assets	5	4,388	4,442
Investments in Subsidiaries	6	449,364	419,441
Loan receivable from group undertakings	7	62,939	62,939
		518,017	**488,278**
Current assets			
Trade and other receivables	8	11,242	4,308
Loan receivable from group undertakings	7	76,821	39,852
Loan receivable from corporate group undertakings	14	17,246	-
Cash and cash equivalents	9	21,448	44,597
		126,757	**88,757**
Total assets		**644,774**	**577,035**
Liabilities			
Current liabilities			
Trade and other payables	10	10,503	13,907
Borrowing from corporate group undertakings	14	-	2,218
Borrowings from group undertakings	7, 11	6,727	3,172
Loan and borrowings	11	97,716	52,000
		114,946	**71,297**
Non-current liabilities			
Loan and borrowings	11	307,860	265,478
		307,860	**265,478**
Total liabilities		**422,806**	**336,775**
Net assets		**221,968**	**240,260**
Equity			
Share capital	12	240,407	240,407
Capital reserve	13	142	142
Cumulative translation reserve	13	(3)	(3)
Retained earnings	13	(18,578)	(286)
Total equity		**221,968**	**240,260**

In accordance with Section 408 of the Companies Act 2006, the company is exempt from the requirement to present its own income statement and statement of comprehensive income. The company's loss for the year was €18.3m (2023: €12.5m).

The notes on pages 164 to 234 form part of these financial statements.

These financial statements were approved by the Board of Directors of PCC Global plc (registered number 03526640) on 19 December 2024 and signed on its behalf by:

Jeremy Walters
Director

Martin Edstrom
Director

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 30 June 2024

	Notes	2024 €000	2023 as restated €000
Loss before tax from continuing activities		**(35,551)**	**(40,794)**
Adjustment for:			
Depreciation of property, plant and equipment	13	12,978	13,751
Non-cash gains on acquisitions	6	(10,210)	(3,027)
Amortisation of intangible assets	16	28,900	23,964
Amortisation of right-of-use assets	19	30,077	26,477
Loss on assets disposal	6	5,056	4,519
Amortisation of government grants	7	(35)	(71)
Discontinued operations (loss after tax)	12,36	(23,306)	(5,893)
Share of equity accounted investments	17	(406)	(97)
Net finance costs	9,10	32,620	27,303
Operating cash inflows before movements in working capital		**40,123**	**46,132**
Decrease in inventories	22	7,205	6,205
Decrease /(increase) in receivables	14,21	11,377	(3,057)
Increase/(decrease) in payables	14,26	25,456	(4,810)
Increase in government grant	23	250	-
Decrease in deferred income		(758)	(211)
Cash contributions to defined benefit pensions schemes		-	(17)
Increase in other provisions		39	2,739
Cash generated from operations		**83,692**	**46,981**
Interest paid		(31,341)	(23,281)
Interest income		-	4
Income tax received		174	-
Interest tax paid		-	(3,363)
Net cash generated by operating activities		**52,525**	**20,341**
Cash flows from investing activities			
Payments for property, plant and equipment	13	(10,680)	(13,404)
Payments for intangible assets	16	(26,463)	(13,074)
Payments for other intangible assets		-	(5,145)
Payments from purchase company from related party, net of cash acquired	14	(5,654)	(3,306)
Payments for acquisition of subsidiaries, net of cash acquired	14	(42,985)	5,155
Dividends received from joint ventures	17	119	349
Net cash used in Investing activities		**(85,663)**	**(29,425)**

CONSOLIDATED STATEMENT OF CASH FLOW (continued)

For the year ended 30 June 2024

	Notes	2024 €000	2023 €000
Cash flows from financial activities			
Repayments of capital element of lease liabilities	20	(31,002)	(28,382)
Repayment of borrowings, third party		(13,620)	(10,238)
Repayment of borrowings, related party		(11,370)	(13,080)
Proceeds from borrowings		141,318	-
Repayment of bonds		(52,000)	-
Net cash increase/(decrease) generated by financing activities		**33,326**	**(51,700)**
Net increase/(decrease) in cash and bank overdrafts		**188**	**(60,784)**
Cash net of bank overdrafts at the beginning of the year		**152,964**	**213,760**
Net increase/(decrease) in cash and bank overdrafts		188	(60,784)
Effect of exchange rate changes on cash and bank overdrafts held in foreign currencies		402	(12)
Cash net of bank overdrafts at the end of the year		**153,554**	**152,964**

Supplementary information – analysis of net debt

	2023 €000	Cash flow €000	Exchange difference €000	Non cash €000	Acquisition movements €000	2024 €000
Cash and cash equivalents (note 24)	154,818	(8,698)	287	-	9,724	156,131
Bank overdrafts (note 25)	(1,854)	(838)	115	-	-	(2,577)
Cash net of bank overdrafts	**152,964**	**(9,866)**	**402**	**-**	**10,054**	**153,554**
Bank loans (note 25)	(46,414)	(34,698)	31	(804)	(1,592)	(83,477)
Revolving credit facilities (note 25)	-	(93,000)	-	-	-	(93,000)
Bonds net of unamortised issue costs (note 25)	(317,591)	52,000	-	514	-	(265,077)
Net loan with related party (note 35)	20,204	11,370	(2,166)	(998)	-	28,410
Lease liabilities (note 20)	(94,503)	31,002	(1,161)	(26,714)	(1,334)	(92,710)
Net debt	**(285,340)**	**(43,192)**	**(2,894)**	**(28,002)**	**7,128**	**(352,300)**

Cash and cash equivalents comprise cash at bank and in hand and short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value, including bank deposits. The effective interest rates on cash and cash equivalents are based on current market rates.

Non-cash movements include amortisation of bond issue costs of €514.0k (2023: €827.0k). Non-cash lease liabilities movements of €26.7m (2023: €39.3m) include asset additions, discontinued operations and remeasurements and are itemised in further detail in note 20.

Non-cash net loan with related party movements of €5,701,000 (2023: €nil) are related to loss allowance on related parties loans written off during the year, partially offset by €1,539,000 (2023: €nil) of liabilities which are directly associated with assets classified as held for sale and net interest on loan with related parties of €3,164,000 (2023: €nil).

Non-cash bank loans movements of €804,000 (2023: €nil) mainly relate to liabilities which are directly associated with assets classified as held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. GENERAL INFORMATION

PCC Global Plc ('the company') and subsidiaries controlled by the company (together, the 'group') are customer-focused, operating as a strategic partner to our clients and an extension of their businesses, guiding them to the solution that best fits their needs. Paragon simplifies the complexity of today's business landscape, and our decades of experience and innovative solutions will transform the journeys our clients provide throughout the lifecycle of their customer relationships.

PCC Global plc (registration number 03526640) is a public company limited by share capital, incorporated and domiciled in England and Wales under the Companies Act 2006. 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 19 December 2024.

The nature of the group's operations and its principal activities are set on page 176.

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

The IASB has issued the following standards, policies, interpretations and amendments which were effective for the group for the first time in the year ended 30 June 2024:

- Amendments to IFRS 4 Extension of the Temporary Exemption from Applying IFRS 9 1 Jan 2023;
- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of accounting policies 1 Jan 2023;
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction 1 Jan 2023;
- Amendments to IAS 8 Definition of accounting estimates 1 Jan 2023;
- mendment to IAS 12 International Tax Reform — Pillar Two Model Rules 1 Jan 2023.

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

The following standards issued but not yet effective are not expected to have a material impact on next year's financial statements:

- Amendment to IFRS 16 – Leases on sale and leaseback;
- Amendment to IAS 1 – Non-current liabilities with covenant;
- Amendment to IAS 7 and IFRS 7 - Supplier finance;
- Amendments to IAS 21 - Lack of Exchangeability;
- IFRS 18 Presentation and Disclosure in Financial Statements;
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

PCC Global plc group is made up of five divisions which are aligned by management control. These are Western Europe, DACH & CEE, BENE, UKIE and Brand Deployment. This is not based on geographical location but by management of operations. Each division provides a range of service to our clients to improve their communication with their customers.

2. ACCOUNTING POLICIES

The material accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

BASIS OF PREPARATION

These financial statements are presented in euro (€), which is the currency of the primary environment in which the group and company operate.

The financial statements have been prepared under the historical cost convention as modified by use of fair values for revaluation of buildings.

In the process of applying the group's accounting policies, management have 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 note 3 on page 175.

STATEMENT OF COMPLIANCE

GROUP

These financial statements have been prepared in accordance with international accounting standards in conformity with the UK-adopted International Accounting Standards as issued by the IASB, requirements of the Companies Act 2006, and under historical cost convention, modified for the revaluation of certain assets and liabilities at fair value.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the company and all its subsidiary undertakings made up to 30 June 2024. Subsidiaries undertakings are those entities controlled by the group. Control exists where the group is exposed to or has the rights to variable returns from its involvement with, the investee and has the ability to use its power over the investee to affect its returns. The results of subsidiary undertakings acquired or disposed of during the period are included or excluded from the consolidated income statement from the effective date of acquisition or disposal.

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 third-party acquisition of subsidiaries. Under the purchase method the cost of the acquisition is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred to former owners of the acquiree and the equity interests issued by the acquirer.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured in accordance with IFRS 3. All acquisition costs are expensed immediately.

Appropriate adjustments are made to achieve uniformity of accounting policies in the combining entities from 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

2. ACCOUNTING POLICIES (continued)

BASIS OF CONSOLIDATION (continued)

Non-controlling interests represent the share of earnings or equity in subsidiaries that is not attributable, directly or indirectly,
to shareholders of the group. 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 from the date of acquisition.

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 the remainder of the year 2024/25, including the ability to adhere to banking covenants. In doing so, the directors have considered the uncertain nature of the current local economic, current trading trends in our five divisions and extensive actions already undertaken to protect profitability and conserve cash. Directors and management are currently working with current bond holder to refinance a bond that is due for repayment on the 6th April 2025. While negotiations are not complete, the parties continue to work very closely to ensure it will be completed by the 6th of April 2025. The directors have confidence that if required, the group could repay the bond out of current liquidity availability.

On 6 October 2023, the group entered a €50m term loan and a €130m revolving credit facility with a maturity on 30 July 2026 (extendable by 1+1 year). The undrawn balance on the revolving credit facility, as at 30 November 2024, that can be used to meet existing current liabilities was €25m.

In considering going concern, the directors have reviewed the group's future cash requirements and earnings projections. The directors believe these forecasts have been prepared on a prudent basis and have also considered the impact of a range of potential changes to trading performance.

The directors' forecasts until 31 December 2025 show sufficient cash will be generated from the group's operations to be able to repay the loans and other obligations as they fall due together with cash available and the utilised borrowing facilities available.

Therefore, the directors have concluded that the group will be able to operate within its current facilities and comply with its banking covenants for the foreseeable future and therefore believe it is appropriate to prepare the financial statements of the group on a going concern basis and that there are no material uncertainties which give rise to a significant going concern risk.

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 group has ample liquidity and a stable long-term source of funding.

FINANCIAL FORECASTS

Four scenarios were considered for the group in preparing our going concern assessment, being a management case showing FY 2025 in line with expectations and three other downside scenarios, and using one scenario which is severe, but plausible assumptions to the management base case. These forecasts have assessed the group's liquidity and ability to comply with lending covenants (underlying EBITDA is a key metric for one of the covenants). The forecast does not include any acquisitions.

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

- Our management case, prepared on a prudent basis, anticipates that volume would be steadily increase for the remainder of 2024 and into 2025. Key assumptions included in the management case are 2.5% revenue growth YoY and operating cost increase by 2% YoY;
- The downside case factors in a reduction in variable costs to align the costs with the lower volumes, such as reducing repairs and maintenance costs. The downside case included further reductions of 5%, 10% and 15% in turnover across the five divisions for the remainder of 2024 and on into 2025 to reflect a scenario of a deeper economic impact, and a slower recovery over the course of next year. Those projections showed that the group will continue to operate viably over that period;
- Notwithstanding the above, a severe, but plausible, reduction in EBITDA could result in a breach of banking covenants before management implement mitigating actions;
- Extra measures are available to management, such as 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; and
- Should any of the downside cases occur, management are confident that positive action could be taken to mitigate this position, and prevent any breach of covenants, such as: implementation of cost savings, restructuring and cash management.

OUTCOME OF ASSESSMENT

Overall, the group has remained profitable at the underlying EBITDA level, for the first four months of the 2025 financial year. The group is ahead of budget for the first four months and is on track to meet its covenants.

The directors are confident that the group and company are 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, mitigating actions available to management and existing liquidity.

Having assessed the group's current and forecast trading position, the directors believe that the group will meet its obligations as and when they fall due for a period of at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements as detailed on pages 140 to 234.

The directors have concluded that the group will be able to operate within its current facilities and comply with its banking covenants for the foreseeable future and therefore believe it is appropriate to prepare the financial statements of the group on a going concern basis and there are no material uncertainties which give rise to a going concern risk.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

2. ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION (continued)

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 Statement of Financial Position as deferred income. Revenue is then recognised at the point in time or over the period that the performance obligation is satisfied.

Additionally, a small proportion of Group revenue is received through rental income. This is mainly related to spare warehouse and office space leased to private individuals and companies. Rental income is recognised in the Consolidated Income Statement on a straight-line basis over the term of the lease.

The group revenue comprises of similar types of products and services across all five divisions.

Within Paragon group, revenue is recognised based on its revenue streams:

The Customer Engagement and Marketing revenues include creative and studio services, marketing planning, analytics execution and procurement, digital marketing, direct mail and marketing print, logistics, fulfilment and supply chain management and tech consulting and marketing services. Revenue is recognised as a point in time.

Business Process and Transactions revenues include transaction services, secure and regulatory communications, strategic and security document printing, document solutions, omnichannel inbound, BPO/BPS physical and digital, postal optimisation, consulting and integration. Revenue is recognised over time.

The group has elected to use the practical expedient in IFRS 15.B16 to recognise revenue as they have a right to consideration in an amount that corresponds directly with the value to the customer of the group's performance completed to date.

Digital Customer Experience revenues include data insights, data management, secure data processing and archiving, data compliance, digital platform development and data technology services. Revenue is recognised as a point in time.

In all cases, the performance obligation is generally defined at the level of each good/service and is not bundled.

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

NON-UNDERLYING ITEMS

The group has adopted an accounting policy and Income Statement format that seeks to highlight material 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 6 as non-underlying items.

INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of fair value attributed to investments in businesses over the fair value of the underlying net assets where relevant, including intangible assets, at the date of their acquisition.

IFRS 3 requires fair values to be finalised as soon as you have the required information or know that there will be no further information forthcoming. It allows only for a maximum of one year from date of acquisition if needed. Goodwill is not amortised but reviewed for impairment annually in accordance with the impairment of goodwill policy set out on page 190.

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 less amortisation and impairment. 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 if all the criteria below are met:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.

(b) its intention to complete the intangible asset and use or sell it.

(c) its ability to use or sell intangible assets.

(d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not meeting these criteria are expensed in the Consolidated Income Statement as incurred. Capitalised development costs are amortised on a straight-line basis over their estimated useful economic lives, which vary between three and five years, once the product or enhancement is available for use. Product research costs are written off as incurred.

Other intangible assets – customer relationships

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

Other intangible assets – licences

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

Other intangible assets - third party technology contract

The intangible asset related to third party technology contract includes the transition and transformation of the group's technology structure to future operating model. The contract is initially recognised at cost and amortised on a straight-line basis over the 8-year useful life of the contact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

2. ACCOUNTING POLICIES (continued)

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 repair 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

Land and buildings are stated at fair value less any subsequent accumulated depreciation and impairment losses. Revaluations are 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 during the current financial year. 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.

During the financial year, the group revalued the land and buildings using an independent valuation. This is in line with the policy of reviewing property valuation every two years.

INVESTMENT IN JOINT VENTURES

Entities in which the group holds an interest on a long-term basis and are jointly controlled by the group under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

IMPAIRMENT

The carrying amounts of the group's intangible assets, other than goodwill, right-of- use assets and property, plant and equipment are reviewed at each Consolidated Statement of Financial Position date to find out whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill is tested for impairment at the reporting date regardless of whether or not there is any impairment indicator.

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 for 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. The net present value of future cash flows, to determine value in use, is derived from the underlying assets using a projection period of up to five years for each cash-generating unit. After the projection period, a steady growth rate representing an appropriate long-term growth rate for the industry is applied.

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 for goodwill is not subsequently reversed. For other assets, an impairment charge is reversed if there has been a change in the estimates used to find out 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.

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 all estimated costs of completion and costs to be incurred in selling and distribution.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

2. ACCOUNTING POLICIES (continued)

TAX (continued)

on transactions such as leases and decommissioning obligations, where both an asset and liability are recognised, is accounted for in accordance with amendments of IAS 12.

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.

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 that reflects current market assessments of the time value of money (i.e. a risk-free rate) and the risks specific to liability. Also, the rate must not reflect any risks for which the future cash flows estimates have been adjusted. 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.

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 colleagues affected, a detailed estimate of the associated costs, and an appropriate timeline and the people affected have been notified of the plan's main features.

CLIMATE CHANGE CONSIDERATIONS

In preparing these consolidated financial statements, the potential impacts of climate change risks, particularly in the context of the TCFD Statement in the Strategic Report on pages 77-97, have been considered. This primarily focused on the impact on profit and loss, capital expenditure, increase regulatory reporting and a carbon tax of the group over short, medium and long-term timeframes. There has been no material impact on the financial statements for the years ending 30 June 2024 and 2023. The potential implications of climate change risks on the financial statements will continue to be monitored and assessed in future periods.

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.

RETIREMENT BENEFIT COSTS

The group accounts for retirement benefit costs in accordance with IAS 19 Employee Benefits.

For defined contribution plans, contributions are charged to the consolidated income statement as payable in respect of the accounting period.

For defined benefit plans the amounts charged to operating profit are the current service costs, past service costs, administrative expenses and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the consolidated income statement when the related plan amendment occurs. Net interest expense is calculated by applying the discount rate to the recognised overall surplus or deficit in the plan.

Actuarial gains and losses are recognised immediately in other comprehensive income.

Where defined benefit plans are funded, the assets of the plan are held separately from those of the group, in separate independently managed funds. Pension plan assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the plan liabilities. The actuarial valuations are obtained at least annually and are updated at each balance sheet date.

Recognition of a surplus in a defined benefit plan is limited based on the economic gain the group is expected to benefit from in the future by means of a refund or reduction in future contributions to the plan, in accordance with IAS 19.

The group operates both defined benefit and defined contribution schemes for its people.

Defined contribution pension scheme

The group operates defined benefit schemes, where both employee and employer are required to make contributions with the employer's contributions for each employee determined by the level of contribution made by the employee. The employer's contributions are charged to profit and loss in the year in which the contributions are made.

Defined benefit pension scheme

The group operates three defined benefit pension schemes which require contributions to be made to separately administered funds. The cost of providing benefits under the plans are determined using independent actuarial valuations. These are recognised in accordance with IAS 19. Past service costs resulting from enhanced benefits are recognised on a straight-line basis over the vesting period or immediately if the benefits have vested.

Re-measurement gains and losses, and taxation thereon, are recognised in other comprehensive income and are not reclassified to profit and loss in subsequent periods. Re-measurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest) and changes in the amount of any asset restrictions.

Actuarial gains and losses may result from differences between the actuarial assumptions underlying the plan liabilities and actual experience during the year or changes in the assumptions used in the valuation of the plan liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

2. ACCOUNTING POLICIES (continued)

RETIREMENT BENEFIT COSTS (continued)

The aggregate defined benefit liability or asset recognised in the Statement of Financial Position comprises the present value of the benefit obligation using a discount rate based on appropriate high quality corporate bonds, at the reporting date, minus any past service costs not yet recognised, minus the fair value of the plan assets, if any, at the reporting date. Where the plans are in surplus, the asset recognised is limited to the amount which the group expects to recover by way of refunds or reduction in future contributions.

TERMINATION PAYMENTS

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.

FOREIGN CURRENCIES

Transactions in foreign currencies other than the 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 at 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 translation of non-monetary assets and liabilities are recognised in Other Comprehensive Income and recorded within cumulative translation reserves.

On consolidation, the assets and liabilities of the group's foreign operations are translated into Euros 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. Exchange differences arising on retranslation of non-monetary assets and liabilities are recognised directly within cumulative translation reserves. Exchange differences arising on non-monetary assets and liabilities that are fair valued are recognised in accordance with the gain or loss on fair value.

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

PCC Global Plc 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 which are measured using that functional currency, which is the currency of the primary economic environment in which the entity operates. The group uses the direct method of consolidation and on disposal of operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity, shall be reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised.

On the partial disposal of a subsidiary that includes a foreign operation, the entity shall re-attribute the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income to the non-controlling interests in that foreign operation. In any other partial disposal of a foreign operation the entity shall reclassify to profit or loss only the proportionate share of the cumulative amount of the exchange differences recognised in other comprehensive income.

The direct method is the method of consolidation in which the financial statements of the foreign operation are translated directly into the functional currency of the ultimate parent.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets and financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

FINANCIAL ASSETS

Financial assets – recognition and measurement

Financial assets are recognised when the entity becomes a party to the contract and, therefore, has a legal right to receive cash.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at a fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The group classifies its financial assets in the following measurements categories:

- Those measured at amortised cost,
- Those to be measured subsequently at fair value, either through other comprehensive income (FVTOCI) or through profit or loss (FVTPL)

Financial assets at amortised costs

A financial asset is measured at amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

2. ACCOUNTING POLICIES (continued)

FINANCIAL ASSETS (continued)

Financial assets at amortised costs (continued)

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Financial asset at FVTOCI

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Financial assets at FVTPL

Any financial asset, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as FVTPL. FVTPL is a residual category for financial assets.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade debtors and accrued income. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The group always recognises lifetime ECL for trade debtors and accrued income using the simplified approach under IFRS9. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other financial instruments, the group employs the general approach and recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well through the effective interest method.

Financial liabilities measured subsequently at amortised cost using the effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of a financial liability

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

TRADE RECEIVABLES

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method.

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 required by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Therefore, the group does not trade charges in credit risk but recognises a loss allowance based on the financial asset's lifetime expected credit loss. The group measures expected credit losses based on ageing of the receivable, based on the group's historical experience and informed credit assessment.

The group's bad debt allowance as at 30 June 2024 amounted to 5.1% of gross trade receivables (2023: 9.7%). 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.

PREPAYMENTS

Prepayments are typically related to third-party expenses that are incurred in the amount of the prepayment to suppliers for the group's operating services in future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

2. ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value, including bank deposits.

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 trade receivable balances have been sold and the risk and rewards have been transferred to the factors, the majority of the balance is received in cash immediately. The remaining balance is held within the trade receivable balance and cash received once the factor has collected the payment from the customer.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

BORROWINGS

Interest-bearing debt is recorded at the proceeds received, net of direct issue costs.

Finance costs of borrowing are recognised in the consolidated income statement over the term of those borrowings.

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. 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. Where discounting is required, deferred consideration is discounted at the group's prevailing cost of borrowing.

CONTINGENT CONSIDERATION

Contingent consideration is accounted for in accordance with IFRS 3 Business Combinations. Contingent consideration only applies to situations where contingent payments are not dependent on future employment of vendors and any such payments are expensed when they relate to future employment, with the associated liability recognised in accordance with IAS 19 Employee benefits.

Future anticipated payments to vendors in respect of contingent consideration (earnout agreements) are initially recorded at fair value which is the present value of the expected cash outflows of the obligations. The obligations are dependent on the future financial performance of the interest acquired (over the periods specified in the purchase agreement following the year of acquisition) and assume the operating companies improve profits in line with directors' estimates. The directors derive their estimates from internal business plans together with financial due diligence performed in connection with the acquisition.

Subsequent adjustments to fair value are recorded in the consolidated income statement.

LEASES

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.

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 12 months or less and there must not be an option to purchase the asset.

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 four separate categories in the financial statements. These include land and buildings, plant and machinery and other (made up of fixtures & fittings and software).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate for the same term as the underlying lease. Lease payments included in the measurement of lease liabilities comprise fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate as at the commencement date. Lease modifications result in remeasurement of the lease liability. Other variable lease payments are expensed in the period to which they relate.

The group's weighted average incremental borrowing rate for all leases has been calculated by country. Leases have been grouped according to location, type and lease length.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

2. ACCOUNTING POLICIES (continued)

LEASES (continued)

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 dependent 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 practical expedient has been employed such that leases where the contractual term ends within 12 months of the date of initial application and the lease agreement does not contain a purchase option, 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 is listed above.

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 ended).

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, and significant events within our control;
- If there are significant penalties to end (or not to extend), the group is typically reasonably certain to extend (or not end);
- 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 AS LESSOR

Rental income from operating leases which are less than 12 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 12 months in duration.

BUSINESS COMBINATIONS

The group accounts for acquisitions in accordance with IFRS 3 Business Combinations. IFRS 3 requires the acquiree's identifiable assets, liabilities and contingent liabilities (other than non-current assets or disposal groups held for sale) to be recognised at fair value at acquisition date. In assessing fair value at acquisition date, management make their best estimate of the likely outcome where the fair value of an asset or liability may be contingent on a future event. In certain instances, the underlying transaction giving rise to an estimate may not be resolved until some years after the acquisition date. IFRS 3 requires the release to profit of any acquisition reserves which subsequently become excess in the same way as any excess costs over those provided at acquisition date are charged to profit. At each period end management assess provisions and other balances established in respect of acquisitions for their continued probability of occurrence and amend the relevant value accordingly through the consolidated income statement or as an adjustment to goodwill as appropriate under IFRS 3. 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).

Subsequent adjustments to the fair value are recorded in the consolidated income statement within revaluation and retranslation of financial instruments. The effect of any revisions to fair value adjustments that had been determined provisionally at the immediately preceding balance sheet date are accounted for as revisions to goodwill, as permitted by IFRS 3 Business Combinations.

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 before the acquisition date that have previously been recognised in other comprehensive income are reclassified to the Consolidated Income Statement, where such treatment would be appropriate if that interest were disposed of.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

2. ACCOUNTING POLICIES (continued)

BUSINESS COMBINATIONS (continued)

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 or fair value and is subsequently adjusted by their share of changes in equity since the date of acquisition.

PREDECESSOR ACCOUNTING (UNRECOGNISED FAIR VALUE MERGER TRANSACTIONS)

The merger accounting method (predecessor accounting) is used for internal group reorganisations (common control transactions).

Where a business combination involves the acquisition of assets and liabilities which constitute a business, all of the combining entities or businesses are ultimately controlled by the same party of parties both before and after the combination, and that control is not transitory (that is, a common control transaction), a predecessor accounting is applied to the combination.

In applying predecessor accounting, the following is recognised in the separate financial statements:

- The assets and liabilities of the acquiree are recognised at the acquisition date carrying values;
- The consideration is recognised either as a decrease in cash or an increase in liabilities, at the actual value of consideration given;
- The difference between the consideration and the carrying value of the net assets acquired is recognised directly in equity, in a unrecognised fair value merger reserve;
- Comparatives are not restated to include the acquired business; and
- Profit and loss is recognised for post-acquisition earnings only.

GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and that the grants will be received government grants in relation to income are credited in the Consolidated Income Statement for the year.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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 in order the assets held for sale to qualify for recognition.

The liabilities associated with assets disposal group classified as held for distribution are presented separately from other liabilities in the consolidated statement of financial position.

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

NON-STATUTORY MEASURES

The group presents alternative performance measures, including EBIT & EBITDA, Underlying EBIT/EBITDA, proforma sales, EBIT & EBITDA and net debt. They are used by management for internal performance analyses; the presentation of these measures facilitates comparability with other companies, although management's measures may not be calculated in the same way as similarly titled measures reported by other companies; and these measures are useful in connection with discussions with the investment community.

EBIT/EBITDA

EBITDA is earnings before corporate charges, interest, tax, depreciation and amortisation. It also includes all restructuring and non-underlying items and any gains/(losses) arising on/ or from acquisitions (including gains on bargain purchases).

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. While 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 2024 Financial Highlights of 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 benefited from being part of the Paragon group for the full year.

Free cash flow

Free cashflow is the cash a company can generate after accounting for capital expenditure needed to maintain or maximise its asset base.

Net debt

Net debt includes cash and cash equivalents less bank overdrafts, bank loans, related party loans, bonds net of unamortised issue costs and lease liabilities.

Reconciliation of profit before taxation to EBITDA can be found in the financial review section on page 26 and calculation of underlying EBITDA can be found in Note 2 on page 173.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

2. ACCOUNTING POLICIES (continued)

GAIN ON ACQUSITION

If the fair value of the net identifiable assets of the subsidiary acquired is more than 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 within other operating income. Please see note 14 to the financial statements for further detail about gain on acquisition.

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 shareholders' share of changes in equity since the date of the combination.

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.

CORPORATE CHARGES

Corporate charges from the entities controlled by the ultimate parent company, including brand and other corporate charges are recognised in profit or loss on a receipt of an invoice. Corporate charges include professional fees incurred for raising of financing opportunities, which are non-operating.

Corporate charges relating to raising of finance are recognised in profit or loss on a straight-line basis over the term of the borrowings they relate to.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's and group's accounting policies, which are described in Note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates and the estimates and underlying assumptions are reviewed on an ongoing basis.

GROUP

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

GOODWILL

The amount of goodwill recognised as a result of business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on a management's judgement. Allocation of the purchase price affects the results of the group as a finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets. See note 15 for further details.

GOODWILL IMPAIRMENT

Goodwill is tested annually for impairment or more frequently when there is an indication that the related cash-generating units (CGU) may be impaired. Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units (CGU) to which the goodwill has been allocated. The value-in-use requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Note 15 provides further details of the key assumptions used for the value-in-use calculation and sensitivities applied.

INTANGIBLE ASSETS

Other intangible assets include the amount spent on the acquisition of brand names and customer bases. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset where no active market for these assets exists. The use of different assumptions for the expectations of future cashflows and the discount rate would change the valuation of the intangible assets. During the first 12 months of ownership, intangible assets are reviewed to determine whether any additional information exists that could require amendments to the original assessment. Management has performed subsequent review and deemed the prior period's treatment reasonable.

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 reporting entity's profitability. These items 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 profit before tax before underlying items. We consider items which are non-recurring and/or significant in size or in nature to be suitable for separate presentation. Please see note 6 to the financial statements for further details in relation to non-underlying items.

EXTENSION OPTION FOR LEASES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

CALCULATION OF INCREMENTAL BORROWING RATE

Under IFRS 16 'Leases', discount rates are used to find out 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 (Incremental Borrowing Rate) approach. The conclusions in the IBR approach are based upon the assumption that the current level of management expertise and effectiveness would continue to be maintained for the subject entities and that the character and integrity of the enterprise through any sale, reorganisation, exchange, or diminution of the owners' participation would not be materially or significantly changed.

The incremental borrowing rate is derived from contractual lease rates. 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.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

USEFUL LIFE OF INTANGIBLE ASSETS

The group's management determines the estimated useful lives and related amortisation charges for its intangible assets. This estimate is based on the historical experience of the actual useful lives of the intangible assets of similar nature and functions. Management will change the amortisation charge where useful lives are different from the previously estimated lives.

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. Please see note 28 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 are discounted to arrive at a net present value. As a result, estimates of future cash flows are required, together with an appropriate discount factor for the purpose of determining the present value of those cash flows (value in use). Assessment for impairment involves comparing the carrying amount 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 15 to the financial statements for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

4. SEGMENT INFORMATION

The group is a leading provider of transformational business services, delivering business-critical products and services that achieve enhanced performance for our clients. We are agile and flexible to market demands, delivering our solutions through seven business lines and operating across five key regions: the UKIL; BENE; DACH and CEE; Western Europe and BD (Brand Deployment). Our Brand Deployment business (acquired on 28 December 2023) has a footprint in more than 20 countries, delivering expert solutions across permanent and temporary point of sale, digital displays, brand merchandise and print.

The group's operating and reporting segments in the current year corresponds to the five key regions described above. IFRS 8 Operating Segments requires operating segments to be identified on the same basis as is used internally for the review of performance and allocation of resources by the Chief Executive Officer and Chief Financial Officer (the Chief Operating Decision Maker), which reviews revenue and Underlying EBITDA (excluding corporate charges) by region. The group's costs, finance income, tax charges, non-current liabilities, net assets and capital expenditure are only reviewed at a consolidated level and therefore have not been allocated between region in the analysis below.

An analysis of the group's revenue operations as defined by IFRS 15 – 'Revenue from Contracts with Customers'. 'Revenue' is as follows:

	2024 €000	2023 as restated €000
UKIL	596,874	581,821
Western Europe	217,878	217,474
DACH & CEE	193,600	194,647
BENE	71,051	60,847
BD	90,852	-
Third party revenue	**1,170,255**	**1,054,789**
Related party	8,735	10,099
Rental income	147	352
Total revenue fron continuing operations	**1,179,137**	**1,065,240**
Total revenue from discontinued operations (See note 12 and 36)	**117,966**	**132,915**
Total revenue	**1,297,103**	**1,198,155**

UKIL includes UK, Luxembourg, Bulgaria and Ireland
DACH & CEE includes Germany, Poland, Sweden and Czech Republic
Western Europe includes France, Spain, Italy and Romania
BENE includes Belgium and the Netherlands
BD includes the operation in Europe, Asia and United States

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

4. SEGMENT INFORMATION (continued)

An analysis of the group's underlying EBITDA (excluding corporate charges) :

Continuing operations	2024 €000	2023 as restated €000
UKIL	83,922	74,626
Western Europe	25,187	21,702
DACH & CEE	10,839	8,268
BENE	7,905	6,722
BD	5,915	-
Corporate & other entities	(5,021)	(4,496)
Total underlying EBITDA (excluding corporate charges)	**128,747**	**106,822**

The group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time.

	2024 €000	2023 as restated €000
External revenue by timing of revenue		
Good and services transferred at point of time	482,725	423,599
Goods and services transferred over time	696,412	641,641
Continuing operations	**1,179,137**	**1,065,240**
Discontinued operations (note 12)	117,966	132,915
Total revenue	**1,297,103**	**1,198,155**

A reconciliation of underlying EBITDA to operating profit/(loss) is included in the financial overview section in the Strategic report on page 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

5. STAFF COSTS

The average monthly number of persons employed by the group (including executive directors) during the year, analysed by category was as follows:

	2024 No.	2023 No.
Production	6,100	6,146
Management and administration	1,472	1,328
	7,572	**7,474**

Staff costs include:

Continuing operations	2024 €000	2023 as restated €000
Wages and salaries	326,737	302,084
Social security costs	43,943	40,216
Other pension costs	7,661	7,202
	378,341	**349,502**

Included within the aggregate payroll costs are non-underlying items (Note 6) of €47,261,000 (2023: €29,304,000) which include redundancy cost of €19,809,000 (2023: €11,473,000).

Payroll costs of €43.8m (2023: €34.6m) were included in discontinued operations in note 12. €11.6m related to non-underlying items (2023: €0.2m) were included in the payroll costs for discontinued operations. Further details can be found in note 12.

Details of the compensation of key management personnel for the purposes of the disclosure requirements under IAS 24 are provided in note 35.

Compensation for directors includes:

	2024 €000	2023 as restated €000
Remuneration	1,271	1,232
Compensation for loss of office	147	-
Company contributions paid to money purchase scheme	25	11
Directors fees	43	-
	1,486	**1,243**
Members of money purchase pension schemes	**1**	**1**

Remuneration of certain group and company directors for the current and prior year was borne by other group undertakings and it is not practical to allocate the time the directors and key management personnel spent on the PCC Global plc group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

6. NON-UNDERLYING ITEMS

The identification of non-underlying items is a judgement in terms of which costs or credits otherwise impact the comparability of the group's results year on year. Non-underlying items are those which in the opinion of the directors are non-underlying due to their nature, size or incidence.

Non-underlying items include gains/losses on disposal of investments and subsidiaries, gains/losses on remeasurement of equity interests arising from a change in scope of ownership, impairment of investment, litigation settlement, restructuring and transformation costs, goodwill impairment, impairment of acquired intangible assets, intangible asset impairment, property-related restructuring costs and share of adjusting items for joint venture.

While costs of this nature can re-occur, 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 are as follows:

Non-underlying items that arose are as follows:

	2024 €000	2023 as restated €000
Redundancy and related charges (a)	47,261	29,304
Costs of industrial relocation, restructuring and consolidation (b)	4,375	15,210
Acquisition costs (g)	2,125	2,052
Other (d)	2,879	3,442
Gain on acquisition (e)	(10,210)	(3,027)
Non-underlying net expenses impacting EBITDA	**46,430**	**46,981**
Corporate charges (c)	560	2,165
(Gain)/loss on asset disposals (f)	(645)	3,496
Loss allowance on financial assets (h)	5,701	-
Non-underlying net expense	**52,046**	**52,642**
Discontinued operations (note 12)	**23,306**	**5,893**
Income tax charge/(credit)	443	(1,537)
	75,795	**56,998**

Costs of industrial relocation, restructuring and consolidation, acquisition costs and other are included within other operating costs in the consolidated income statement.

a) Redundancy and related charges include the redundancy, payroll cost for redundant roles and related charges that arise from the closure of locations and the reduction of staff resources at various locations in the UK, Germany, Netherlands and France (2023: UK and France). Payroll costs associated with redundant roles are costs related to roles that are not replaced due to optimisation of operational activities;

b Costs of industrial relocation, restructuring and consolidation includes the charges arising from the closure of locations, relocation of activities between sites in the UK;

c) Corporate charges relating to professional fees in relation to refinancing;

d) Amounts included in other non-underlying items are costs to establish new operations, and claims;

e) Gain on bargain purchase (note 14);

f) (Gain)/loss on asset disposal in the current year arose on the sale of property, plant and equipment;

g) Acquisition costs relate to third party legal and professional fees occurred in relation to acquisitions. It also includes costs related to integration of newly acquired subsidiaries, costs incurred by newly acquired subsidiaries that do not relate to the current financial reporting period; and

h) Loss allowance on financial assets relate to related parties loans written off during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

7. OPERATING PROFIT/(LOSS)

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

	2024 €000	2023 as restated €000
Audit and non-audit fees (note 8)	1,289	1,761
Foreign exchange loss	682	574
Non-underlying net expenses (note 6)	46,430	46,981
Lease charges (note 20)	2,800	1,247
Cost of inventories recognised as expense (note 22)	392,188	356,128
Loss allowance on trade receivables (note 21)	2,092	1,164
Depreciation of property, plant and equipment (note 13)	12,978	13,751
Amortisation of intangible assets (note 16)	28,900	23,964
Amortisation of government grants (note 23)	(35)	(71)
Amortisation of right-of use assets (note 19)	30,077	26,477
Depreciation and amortisation	**71,920**	**64,121**

Details of the prior year restatements are provided in note 36.

8. AUDITOR’S REMUNERATION

Continuing operations	2024 €000	2023 as restated €000
Audit fees:		
Fees payable to the company’s auditor for the statutory audit of the company account	629	603
The audit of the financial statements of the subsidiaries pursuant to legislation	660	1,139
Non-audit fees to group auditors:		
Audit related assurance services	-	19
Audit and non-audit fees	**1,289**	**1,761**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

9. FINANCE INCOME

Continuing operations	2024 €000	2023 €000
Foreign exchange gains on retranslation on intercompany loan balances	1,099	-
Interest from corporate group undertakings (note 35)	2,433	367
Other interest income	134	16
Interest from other parent group undertaking (note 35)	731	549
	4,397	**932**

10. FINANCE COST

Continuing operations	2024 €000	2023 as restated €000
Bond interest		
Bond interest before amortisation of capitalised bond issue costs	12,098	13,797
Amortisation of capitalised bond issue costs	1,168	827
Total Bond interest	**13,266**	**14,624**
Bank loans and overdrafts	2,381	2,085
Term loan interest	2,675	-
Interest on factoring	2,147	1,998
Finance charge on factoring	7,796	5,339
Revolving credit facilities	3,956	-
Foreign exchange losses on retranslation on intercompany loan balances	-	776
Finance charge on lease liabilities (note 20)	3,825	2,813
Net interest on retirement pensions and defined benefit schemes (note 29)	141	121
Other finance costs	830	77
	37,017	**27,833**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

11. INCOME TAX

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

Continuing operations	2024 €000	2023 as restated €000
Current tax		
Current period	961	987
Adjustment for current tax on prior periods	519	102
Total current tax charge	**1,480**	**1,089**
Origination and reversals of temporary differences	(4,954)	(2,729)
Adjustments for deferred tax on prior periods	(347)	(2,910)
Total deferred tax credit (note 28)	**(5,301)**	**(5,639)**
Total income tax credit	**(3,821)**	**(4,550)**

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

Continuing operations	2024 €000	2023 as restated €000
Loss before tax from continuing operations	**(35,551)**	**(40,794)**
Tax calculated at effective rate of 25% (2023: 20.5%)	(8,888)	(8,362)
Non-taxable income	(9)	(652)
Non-deductible expenses *	3,941	5,850
Effect of changes in tax rates	(19)	(487)
Losses carried forward not recognised	877	2,381
Utilisation of previously unrecognised losses	(267)	(308)
Effect of higher tax rate overseas	(328)	(352)
Foreign exchange difference	(5)	188
Other charges	705	-
Adjustments for prior periods	172	(2,808)
Total income tax credit	(3,821)	(4,550)
Effective tax rate on profit before tax	11%	11%

*Non-deductible expenses are wholly and exclusively for business expenses that include legal fees on acquisition, customer entertainment.

See note 12 for details on income tax on discontinued operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

11. INCOME TAX (continued)

Factors affecting the tax charge in future years

In the UK Government's Finance Act (No.2) 2023, legislation was enacted introducing a 15% global minimum corporate income tax rate, in line with the Organisation for Economic Cooperation and Development's (OECD) Pillar Two model framework. The Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions where the group operates. The legislation is effective is for periods commencing 1 January 2024.

The group is in scope of the legislation and has performed a number of preliminary assessments of the group's potential exposure to Pillar Two income taxes based on financial information of the constituent entities in the group. Based on the assessments performed, the Pillar Two effective tax rates in all jurisdictions in which the group operates are expected to be either above 15% or covered by exemptions provided within the rules. Therefore, it is not expected that the legislation will have a material impact on the group tax charge.

The group has applied the mandatory exception to the requirements in IAS 12 that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes.

12. DISCONTINUED OPERATIONS

On 27 June 2024 the board resolved to dispose of certain group's operations. The disposal is consistent with the group's long-term policy to focus its activities on the group's other businesses. These operations, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the statement of financial position. The proceeds of disposal are expected to exceed the carrying amount of the related net liabilities and accordingly no impairment losses have been recognised on the classification of these operations as held for sale.

The prior year Consolidated Income Statement has been restated to exclude the discontinued operations from continuing operations for comparative purposes.

Discontinued operations	2024 €000	2024 €000	2024 €000	2023 €000	2023 €000	2023 €000
	Underlying	Non-underlying	Statutory	Underlying	Non-underlying	Statutory
Revenue from sale of goods and services (note 4)	**117,966**	**-**	**117,966**	**132,915**	**-**	**132,915**
Material costs	62,891	-	62,891	76,943	-	76,943
Payroll	32,208	11,590	43,798	34,427	155	34,582
Other operating costs	29,356	1,046	30,402	21,702	-	21,702
Costs before depreciations and amortisation	**124,455**	**12,636**	**137,091**	**133,072**	**155**	**133,227**
EBITDA	(6,489)	(12,636)	(19,125)	(157)	(155)	(312)
Depreciation and amortisation	3,475	-	3,475	4,156	-	4,156
Operating loss	**(9,964)**	**(12,636)**	**(22,600)**	**(4,313)**	**(155)**	**(4,468)**
Loss on asset disposals	(279)	-	(279)	(1,023)	-	(1,023)
Finance cost	(466)	-	(466)	(402)	-	(402)
Loss before tax	**(10,709)**	**(12,636)**	**(23,345)**	**(5,738)**	**(155)**	**(5,893)**
Income tax credit	39	-	39	-	-	-
Loss for the year	**(10,670)**	**(12,636)**	**(23,306)**	**(5,738)**	**(155)**	**(5,893)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

12. DISCONTINUED OPERATIONS (continued)

Discontinued operations	2024 €000
Cash flows from discontinued operations	
Net cash inflows from operating activities	5,980
Net cash outflows from investing activities	(75)
Net cash outflows from fiinancing activities	(4)
Net cash inflows	5,901

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

Discontinued operations	2024 €000
Property, plant and equipment (note 13)	6,356
Goodwill (note 15)	1,148
Other intanigble assets (note 16)	876
Right-of-use assets (note 19)	4,408
Other non-current assets	252
Trade and other receivables	7,774
Inventories	4,752
Loan receivable from related parties	100
Total assets classified as held for sale (note 18)	**25,666**
Trade and other payables	31,305
Deferred income	472
Provisions (note 27)	11,761
Tax liabilities	96
Deferred tax liabilities	1,082
Bank overdrafts and loans	1,244
Lease liabilities (note 20)	3,537
Loan payable from related parties	1,539
Liabilities directly associated with the assets held for sale (note 18)	**51,036**
Net liabilities of disposal group	**(25,370)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings €000	Plant and machinery €000	Fixtures, fittings and equipment €000	Total €000
Financial year ended 30 June 2023				
Opening carrying value	18,670	33,011	2,362	54,043
Reclassification from/(to) ROU and intangibles	361	(2,093)	929	(803)
Additions	7,429	5,075	900	13,404
Acquisitions	4,644	5,983	81	10,708
Disposals	(331)	(1,359)	(106)	(1,796)
Depreciation	(1,753)	(10,417)	(1,581)	(13,751)
Exchange movements	217	24	1	242
Net carrying value at 30 June 2023	**29,237**	**30,224**	**2,586**	**62,047**
At 30 June 2023				
Cost or revalued cost	38,800	106,112	12,083	156,995
Accumulated depreciation	(9,563)	(75,888)	(9,497)	(94,948)
Net carrying value	**29,237**	**30,224**	**2,586**	**62,047**
Financial year ended 30 June 2024				
Opening net carrying value	29,237	30,224	2,586	62,047
Reclassification from/(to) intangibles	(673)	(119)	683	(109)
Additions	1,088	2,857	6,735	10,680
Acquisitions (note 14)	-	2,249	303	2,552
Revaluation	53	-	-	53
Depreciation	(1,953)	(5,701)	(5,324)	(12,978)
Transferred to assets classified as held for sale (note 12)	(1,289)	(4,670)	(397)	(6,356)
Exchange movements	(61)	(20)	29	(52)
Net carrying value at 30 June 2024	**26,402**	**24,820**	**4,615**	**55,837**
At 30 June 2024				
Cost or revalued cost	38,851	174,698	15,836	229,385
Accumulated depreciation	(12,449)	(149,878)	(11,221)	(173,548)
Net carrying value	**26,402**	**24,820**	**4,615**	**55,837**

Depreciation of property, plant and equipment of €12,978,000 (2023: €13,751,000) includes €11,581,000 (2023: €12,062,000) arising from continuing operations and €1,397,000 (2023: €1,689,000 arising from discontinued operations, see note 12 for further details.

The group has freehold land, included within land and buildings, with a carrying value of €2,533,000 (2023: €1,412,000), which has not been depreciated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying value of land and buildings would have been as follows if the group had not revalued them:

At 30 June 2024	2024 €000
Cost	34,957
Accumulated depreciation	(18,539)
Carrying value	**16,418**

14. ACQUISITIONS

Acquisition of Taylor Data Mailing Logistique

On 4 July 2023, the group acquired the entire issued share capital of Taylor Data Mailing Logistique, obtaining control of Taylor Data Mailing Logistique. Taylor Data Mailing Logistique has developed unique New'vlop technology that provides postal optimisation that supports the group's strategy in providing sustainable approach for the Direct Marketing business.

In calculating the goodwill arising from this acquisition, the fair value of the assets and liabilities has been assessed and adjustments to carrying value have been made where necessary. The goodwill of €1m from the acquisition of Taylor Data Mailing Logistique represents expected benefits from diversification and greater market share that do not qualify for a separate recognition. The fair value of assets and liabilities acquired are summarised in the following tables.

	Fair value €000
Property, plant and equipment	1,826
Other intangible asset	84
Other non-current assets	10
Non-current assets	**1,920**
Trade and other receivables	559
Inventories	183
Cash and cash equivalents	270
Current assets	**1,012**

	Fair value €000
Trade and other payables	1,291
Provisions	938
Term loan	1,592
Total liabilities	**3,821**
Net assets	**(889)**
Fair value of consideration	168
Goodwill (note 15)	**1,057**

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

The fair value of consideration comprised a cash payment of €168,000. The determination of their fair value was affected by assumptions such as future revenue levels and the duration over which revenues are expected to be derived from those relationships. Different assumptions about such matters would have changed the estimated fair value calculated.

All acquisition costs of €36,000 were included in other operating costs in the income statement.

Taylor Data Mailing Logistique was acquired to enable us to acquire and develop new customers and obtain the possibility of finding cross selling opportunities, while also increasing plant capacity.

For the acquisition, revenue of €3,685,000, loss of €1,061,000 and underlying EBITDA[1] of €885,000, have been achieved. This has been included in the financial statements since the date of acquisition. As part of planned post-acquisition restructuring the trade and assets of Taylor Data Mailing Logistique were transferred to other group entities with the Western Europe (WE) division in April 2024.

1. Underlying EBITDA is defined in note 2 on page 173.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

14. ACQUISITIONS (continued)

Acquisition of entire issued share capital of PS Holdings Limited, Communisis Inc, Editions Financial Inc., Editions Publishing Limited, Psona Limited and Psona 12 Limited as well as trade and assets in relation to contract with Lloyds TSB.

On the 28 December 2023, the group acquired the entire issued share capital of PS Holdings Limited, Communisis Inc, Editions Financial Inc., Editions Publishing Limited, Psona Limited, Psona 12 Limited and the trade and assets in relation to contract with Lloyds TSB, obtaining control of these entities. The profitability and future operating synergies from the acquired businesses align with the longer-term growth ambitions of the group and is expected to deliver a financial return.

In calculating the goodwill arising on acquisition, the fair value of the assets and liabilities has been assessed and adjustments to carrying value have been made where necessary. The goodwill of €38.2m form the acquisition of the above entities represents expected benefits from diversification, geographic footprint and greater market share that do not qualify for a separate recognition. The fair value of assets and liabilities acquired are summarised in the following table.

	PS Holdings Ltd Fair Value €000	Psona Ltd and Psona 12 Ltd Fair Value €000	Editions Financial Inc. and Editions Publishing Ltd Fair Value €000	Contract with Lloyds TSB Fair Value €000	Assets acquisiton Fair Value €000	Total Fair Value €000
Property, plant and equipment	50	3	9	656	-	718
Right-of-use assets	1,259	75	-	-	-	1,334
Other intangible assets	70	-	-	234	-	304
Brand name	2,961	-	-	-	-	2,961
Customer relationships	14,973	-	235	11,585	-	26,793
Loan receivables	-	-	740	-	-	740
Deferred tax assets	-	242	-	-	-	242
Non-current assets	**19,313**	**320**	**984**	**12,475**	**-**	**33,092**
Trade and other receivables	40,397	1,544	5,445	1,645	645	49,676
Cash and cash equivalents	6,759	473	570	-	-	7,802
Inventories	3,679	272	-	521	-	4,472
Current assets	**50,835**	**2,289**	**6,015**	**2,166**	**645**	**61,950**
Total assets	**70,148**	**2,609**	**6,999**	**14,641**	**645**	**95,042**
Trade and other payables	58,347	1,717	5,488	-	-	65,552
Provisions	12,464	-	-	-	-	12,464
Lease liabilities	1,259	75	-	-	-	1,334
Deferred tax liability	4,081	-	59	2,896	-	7,036
Total liabilities	**76,151**	**1,792**	**5,547**	**2,896**	**-**	**86,386**
Net assets	**(6,003)**	**817**	**1,452**	**11,745**	**645**	**8,656**
Fair value of consideration	31,785	1,240	223	2,764	645	36,657
Bargain purchase			1,229	8,981	-	10,210
Goodwill (note 15)	**37,788**	**423**	**-**	**-**	**-**	**38,211**

The fair value of acquired trade receivables is materially equal to the gross contractual amounts receivable. A provision for expected credit loss of €415,000 is included in the trade and other receivable in the table above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

14. ACQUISITIONS (continued)

An income approach incorporating The Multi-period Excess Earnings Method ("MEEM") was used in assessing the valuation of the core business contracts and relationships as at the date of acquisition. Brand name was valued based on the royalty relief method.

The fair value of the customer relationships was based on an internal valuation model. The determination of their fair value was affected by assumptions such as future revenue levels and the duration over which revenues are expected to be derived from those relationships. Different assumptions about such matters would have changed the estimated fair value calculated.

The consideration comprised a cash payment of €36.7m.

All acquisition costs of €1,016,000 were included in other operating costs in the Income Statement.

The acquisition will enable us to acquire and develop new customers in transactional communications, procurement services, marketing services, and brand engagement services. It also enables us to obtain the possibility of finding cross selling opportunities.

For the acquisition, revenue of €122,216,000, profit of €6,098,000 and underlying EBITDA[1] of €11,643,000 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 €221,827,000, profit of €5,311,000 and underlying EBITDA[1] of €17,478,000.

There were no contingent liabilities recognised on the acquisitions completed during the current or prior year.

Other Goodwill movements during the year:

During the current year, the group recognised additional Goodwill on the following acquisitions completed in 2023. The additional goodwill arose on working capital adjustments recognised in the current year.

- Cannon France Business Services SAS - €1,848k. In addition, consideration of €10.45m for the acquisition of Cannon France Business Services SAS completed in 2023 was paid during the current financial year.
- Minc Groupe BV - €80k. In addition, the group paid €1.85m deferred consideration during the current financial year.

Acquisition of entities under common control

On 21 February 2024, the group acquired the entire issued share capital of Stat Company Limited and ZenOffice Limited, obtaining control of these entities. The acquisition enables the group to create new client relationships and achieve synergies within print management services.

Stat Company Limited and ZenOffice Limited were acquired from the OT Group Limited, a common control company and the acquisition is not within the scope of IFRS 3 business combination accounting.

The acquisition was considered as business combinations under common control as Stat Company Limited and ZenOffice Limited are both ultimately controlled by Grenadier CFH Sàrl. The acquisitions was accounted for using merger accounting.

In applying merger accounting, the assets and liabilities of the acquiree are recognised at the acquisition date carrying values, the consideration is recognised either as a decrease in cash or an increase in liabilities, at the actual value of consideration given and the difference between the consideration and the carrying value of the net assets acquired is recognised directly in equity, in a unrecognised fair value merger reserve.

In calculating the unrecognised fair value merger reserve arising on this acquisition under common control, the carrying value of the assets and liabilities has been recognised on acquisition. The carrying value of assets and liabilities acquired are summarised in the following tables.

1. Underlying EBITDA is defined in note 2 on page 173.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

14. ACQUISITIONS (continued)

Acquisition of entities under common control (continued)

	Carrying value €000
Property, plant and equipment	8
Non-current assets	**8**
Trade and other receivables	2,247
Inventories	142
Cash and cash equivalents	1,652
Current assets	**4,041**
Total assets	**4,049**
Trade and other payables	2,548
Total liabilities	**2,548**
Net assets	**1,501**

	Fair value €000
Net assets	**1,501**
Consideration	10,211
Unrecognised fair value merger reserve (note 33)	**8,710**

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

The consideration comprised a cash payment of €7,306,000 and intercompany loan of €2,905,000. All acquisition costs were included in other operating costs in the income statement.

For the acquisition, revenue of €2,913,000, loss of €97,000 and an underlying EBITDA of €250,000 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 €7,700,000, profit of €549,000 and underlying EBITDA of €901,692.

Other unrecognised fair value merger reserve movements during the year:

During the current year, the group recognised additional unrecognised fair value merger reserve on the following acquisition completed in 2023. The additional unrecognised fair value merger reserve arose on lease liabilities adjustments recognised in the current year.

- Image Factory €927,000.

1. Underlying EBITDA is defined in note 2 on page 173.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

15. GOODWILL IMPAIRMENT

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.

	2024 €000
Cost and carrying amount of goodwill	
At 30 June 2022	72,803
Acquisitions	3,953
Foreign currency translation	(69)
At 30 June 2023	**76,687**
Acquisitions	41,196
Transferred to assets classified as held for sale (note 12)	(1,148)
Foreign currency translation	2,353
At 30 June 2024	**119,088**
Goodwill by CGU	
UKIL	41,419
Western Europe	21,997
BENE	4,362
DACH & CEE	11,624
BD	39,686
At 30 June 2024	**119,088**

The group provides a range of services to our clients to improve their communications with their customers (five CGU's). The key cash generating units (CGU's) are determined based on consideration including regions under common leadership team and key customers under common sales team. Performance is reported and monitored against specific performance criteria for each CGU as a whole.

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

Post-tax discount rate

The post-tax rate, being the Board's estimated discount rates, have been used in discounting all projected cash flows is as per below.

	Post tax discount rates
UKIL	12.4% (2023: 12.8%)
Western Europe	13.4% (2023: 12.4%)
DACH & CEE	12.5% (2023: 11.3%)
BENE	13.3% (2023: 12.5%)

The Board considers these post-tax discount rates to be calculated using appropriate methodology and reference to market yields of long-term government bonds. These rates are already in the higher end of the spectrum amongst its peers, and the Board views these rates as accurately reflecting the return expected by a market participant. The Board has considered whether to risk-affect the discount rate used for the different brands. Given the nature of each business, that they operate in well-developed territories and are largely similar businesses dependent on the mature economies in which they operate, the Board has considered no risk adjustment to the individual discount rates is required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

15. GOODWILL IMPAIRMENT (continued)

Cash flow projections

The recoverable amounts of all CGUs have been determined from value-in-use calculations based on the post-tax operating profits before non-cash transactions including amortisation and depreciation taken from the most recent financial budgets approved by management for the next financial year. The Board-approved budgets are based on assumptions of client wins and losses, rate card changes and cost inflation as well as any other one-off items expected in the year for that particular CGU. The cash flow forecasts extrapolate the FY25 budgeted cash flows for the following four years based on the estimated regional growth rates, which is applied to revenue and costs. This rate does not exceed the average long-term growth rate for the relevant markets. The value-in-use is compared with the combined total of goodwill, intangible assets and tangible fixed assets. The growth rate is then applied into perpetuity after five years.

Goodwill impairment testing

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 exclude future acquisition activity. The weighted average long-term growth rate used in the impairment testing is noted below.

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

Key assumptions include management's estimates on sales growth and discount rates. Cash flow forecasts and key assumptions are generally determined based on historical performance together with management's expectation of future trends affecting the industry and other developments and initiatives in the business. The prior year assumptions were prepared on the same basis.

Applying these techniques, no impairment charge arose in 2024 (2023: €nil).

Sensitivity analysis

The group has performed sensitivity analysis on the assumptions used in the value-in-use calculations. The group has performed two scenarios.

Firstly, with all other variables unchanged, if revenue and costs do not grow past the FY26 budget and there is no growth in perpetuity, no material impairment would be required. Secondly, with all other variables unchanged, if the post-tax discount rate increased as per the table below, no impairment would be required.

	Post tax discount rates	Reduction in cash flows
UKIE	23% (2023: 28%)	59% (2023: 42%)
Western Europe	49% (2023: 17%)	71% (2023: 30%)
BENE	100% (2023: 35%)	100% (2023: 68%)
DACH & CEE	100% (2023: 21%)	91% (2023: 55%)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

16. INTANGIBLE ASSETS

	Development expenditure €000	Software €000	Customer relationships €000	Licences and other intangibles €000	Total €000
Financial year ended 30 June 2023					
Opening carrying value	733	18,781	58,837	19,030	97,381
Reclassification	-	217	-	-	217
Additions	913	9,547	-	2,614	13,074
Acquisitions	279	359	2,827	760	4,225
Disposals	(645)	(2,379)	-	(59)	(3,083)
Amortisation	(275)	(7,648)	(10,120)	(5,921)	(23,964)
Foreign exchange movements	13	55	(151)	(120)	(203)
Net carrying value at 30 June 2023	**1,018**	**18,932**	**51,393**	**16,304**	**87,647**
At 30 June 2023					
Cost	2,067	43,258	101,127	31,006	177,458
Accumulated amortisation	(1,049)	(24,326)	(49,734)	(14,702)	(89,811)
Net book value	**1,018**	**18,932**	**51,393**	**16,304**	**87,647**
Financial year ended 30 June 2024					
Opening net book value	1,018	18,932	51,393	16,304	87,647
Reclassification	-	4,777	-	-	4,777
Additions	5,148	31,212	-	5,614	41,974
Acquisitions (note 14)	21	130	26,793	3,198	30,142
Amortisation	(987)	(11,848)	(9,521)	(6,544)	(28,900)
Transferred to assets classified as held for sale (note 12)	-	(876)	-	-	(876)
Foreign exchange movements	10	1,508	1,005	(831)	1,692
Net carrying value at 30 June 2024	**5,210**	**43,835**	**69,670**	**17,741**	**136,456**
At 30 June 2024					
Cost	7,414	88,191	129,382	39,970	264,957
Accumulated amortisation	(2,204)	(44,356)	(59,712)	(22,229)	(128,501)
Net book value	**5,210**	**43,835**	**69,670**	**17,741**	**136,456**

Amortisation of intangible assets of €28,900,000 (2023: €23,964,000) includes €28,752,000 (2023: €23,785,000) arising from continuing operations and €148,000 (2023: €179,000) arising from discontinued operations, see note 12 for further details.

Additions of €15,511,000 included above are unpaid and included in trade and other payables (note 26) at 30 June 2024.

Amortisation is the reduction reflected in the carrying value of the asset as a consequence of the regular use of that asset by the organisation.

Customer relationships refer to intangible assets that arise from entity acquisitions, which bring a number of customer agreements.

Licenses and other intangibles primarily include intangible assets that arise from entity acquisitions, such as brands and trademarks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

17. EQUITY ACCOUNTED INVESTMENTS

	2024			2023		
	Associates €000	Joint ventures €000	Total €000	Associates €000	Joint ventures €000	Total €000
At 1 July	**-**	**520**	**520**	**8**	**795**	**803**
Disposals	-	-	-	(8)	(14)	(22)
Share of results	-	406	406	-	97	97
Dividend received	-	(119)	(119)	-	(349)	(349)
Dividend declared but yet received	-	(354)	(354)	-	-	-
Foreign exchange translation gains	-	7	7	-	(9)	(9)
At 30 June	**-**	**460**	**460**	**-**	**520**	**520**

A joint venture is where the Paragon group has joint control over an entity with another partner(s).

Interests in joint ventures includes €460,000 (2023: €520,000) for the group's investment in dsi Billing Services Limited.

The group tests assets for indicators of impairment annually. Management believes that no impairment is due on the group's share in dsi Billing Services Limited following the review for indicators for impairment (2023: €nil).

18. ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

Assets held for sale	2024 €000	2023 €000
At 1 July	17	17
Transfer from assets due to assets held for sale (note 12)	25,666	-
At 30 June 2024	**25,683**	**17**

Liabilities directly associated with assets classified as held for sale	2024 €000	2023 €000
At 1 July	-	-
Transfer from liabilities due to liabilities directly associated with assets classified as held for sale (note 12)	51,036	-
At 30 June 2024	**51,036**	**-**

Non-current assets and non-current liabilities are classified as held for sale if their carrying amount will be recovered principally through sale rather than continuing use. They are available for immediate sale and the sale is highly probable, normally within the next 12 months.

The prior and current year asset held for sales relate to the Paragon Romorantin property held by WE (Western Europe) division. The sale of the property was delayed, expected to be completed during the next financial year and therefore remain as held for sale at 30 June 2024.

In the current year, management have taken the decision to dispose of non-core assets and liabilities in the WE (Western Europe), UKIE and DACH (Germany). Therefore, non-current assets related to those parts of the operations have been transferred to assets held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

19. RIGHT OF USE ASSETS

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	Total €000
Financial year ended 30 June 2023			
Opening carrying value	58,328	23,044	81,372
Additions	9,849	12,607	22,456
Transfers to/(from) tangible assets	(209)	892	683
Acquisitions	4,071	707	4,778
Disposals	(2,397)	(1,075)	(3,472)
Modification to lease terms	20,593	82	20,675
Amortisation	(14,168)	(12,309)	(26,477)
Exchange movements	(290)	(4)	(294)
At 30 June 2023	**75,777**	**23,944**	**99,721**
At 30 June 2023			
Cost	111,923	52,202	164,125
Accumulated amortisation	(36,146)	(28,258)	(64,404)
Net book value	**75,777**	**23,944**	**99,721**
Financial year ended 30 June 2024			
Opening net book value	75,777	23,944	99,721
Additions	16,790	12,809	29,599
Acquisitions (note 14)	1,088	246	1,334
Transfer	806	(5,474)	(4,668)
Disposals	(1,016)	(1,745)	(2,761)
Modification to lease terms	1,644	2,886	4,530
Amortisation	(17,571)	(12,506)	(30,077)
Transferred to assets classified as held for sale (note 12)	(2,668)	(1,740)	(4,408)
Exchange movements	906	220	1,126
At 30 June 2024	**75,756**	**18,640**	**94,396**
At 30 June 2024			
Cost	115,355	41,742	157,097
Accumulated amortisation	(39,599)	(23,102)	(62,701)
Net book value	**75,756**	**18,640**	**94,396**

Amortisation of right-of-use assets of €30,077,000 (2023: €26,477,000) includes €28,147,000 (2023: €24,189,000) arising from continuing operations and €1,930,000 (2023: €2,288,000) arising from discontinued operations, see note 12 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

20. LEASES

Lease liabilities	Land and buildings €000	Other €000	Total €000
Cost			
At 1 July 2022	**55,313**	**23,714**	**79,027**
Additions	9,849	8,016	17,865
Transfers	232	1,003	1,235
Acquisitions	4,071	707	4,778
Disposals	(2,391)	(1,075)	(3,466)
Interest	2,268	752	3,020
Modification to lease terms	20,786	(112)	20,674
Repayments	(16,833)	(11,549)	(28,382)
Exchange movements	(194)	(54)	(248)
At 30 June 2023	**73,101**	**21,402**	**94,503**
Current	12,659	8,917	21,576
Non-current	60,442	12,485	72,927
At 30 June 2023	**73,101**	**21,402**	**94,503**
Cost			
At 1 July 2023	**73,101**	**21,402**	**94,503**
Additions	13,379	10,439	23,818
Transfers	(323)	323	-
Acquisitions (note 14)	1,088	246	1,334
Disposals	(1,331)	(813)	(2,144)
Interest	2,970	957	3,927
Modification to lease terms	1,761	2,889	4,650
Transferred to liabilities directly associated with assets classified as held for sale (note 12)	(2,519)	(1,018)	(3,537)
Repayments	(18,956)	(12,046)	(31,002)
Exchange movements	765	396	1,161
At 30 June 2024	**69,935**	**22,775**	**92,710**
Current	14,642	9,081	23,723
Non-current	55,293	13,694	68,987
At 30 June 2024	**69,935**	**22,775**	**92,710**

Finance Charge of €3,927,000 (2023: €3,020,000) includes €3,825,000 (2023: €2,813,000) arising from continuing operations and €102,000 (2023: €207,000) arising from discontinued operations, see note 12 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

20. LEASES (continued)

The Consolidated Income Statements include the following amount relating to leases:

Continuing operations	2024 €000	2023 €000
Amortisation charges		
Right-of-use assets (note 7)	28,147	24,189
Finance costs		
Interest on lease liabilities (note 10)	3,825	2,813
Operating expenses		
Expenses relating to short-term lease	107	25
Expenses relating to lease of low value assets	35	117
Expenses relating to variable lease payments not included with lease liabilities	2,900	1,457
Operating income		
Sublease rental income	(242)	(352)
Lease charges (note 7)	**2,800**	**1,247**

As at 30 June 2024, the maturity of the group's undiscounted cash flows on IFRS 16 leases were as follows:

At June 2024	Land and buildings €000	Other €000	Total €000
Not later than one year	16,004	11,256	27,260
After one year but not more than five years	49,042	20,165	69,207
After five years	26,637	892	27,529
Total undiscounted cashflows	**91,683**	**32,313**	**123,996**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

20. LEASES (continued)

As at 30 June 2023, the maturity of the group's undiscounted cash flows on IFRS 16 leases were as follows:

At June 2023	Land and buildings €000	Other €000	Total €000
Not later than one year	14,401	9,631	24,032
After one year but not more than five years	39,651	13,859	53,510
After five years	23,045	413	23,458
Total undiscounted cashflows	**77,097**	**23,903**	**101,000**

Operating lease commitments consisted of total future minimum lease payments of €19,000 (2023: €7,000) for short-term leases and €4,000 (2023: €45,000) for low value leases which were not accounted for under IFRS 16 'Leases'.

21. TRADE AND OTHER RECEIVABLES

The following are included in trade and other receivables:

Amounts falling due within one year

Amounts falling due within one year	2024 €000	2023 €000
Trade and other receivables		
Amounts receivable for the sale of goods and services	58,552	47,994
Loss allowance	(2,975)	(4,641)
Trade receivables	**55,577**	**43,353**
VAT and sales taxes recoverable	3,485	3,440
Other receivables	8,288	6,181
Supplier advances	4,754	3,231
Amount due from corporate group undertakings (note 35)	253	523
Amount due from other group undertakings (note 35)	4,332	5,289
Amount due from joint venture (note 35)	734	710
Accrued income	43,568	33,373
Prepayments	19,966	19,172
	140,957	**115,272**

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 factors. The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Accrued revenue is unbilled revenue with no substantive task before billing. Accrued revenue is unbilled revenue with no substantive task before billing. Accrued revenue are balances due from customers for contracted work performed. Accrued revenue are recognised when a performance obligation has been satisfied but has not yet been billed. The group will previously have recognised an accrued income for any work performed. Any amount previously recognised as an accrued income is reclassified to trade receivables at the point at which it is invoiced to the customer. There has not been a major impact of IFRS 9 on the gross amounts of the accrued revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

21. TRADE AND OTHER RECEIVABLES (continued)

Amounts falling due after more than one year

	2024 €000	2023 €000
Other non-current assets		
Other receivables (see below)	799	733
Prepayments	11,136	9,183
	11,935	**9,916**

Other non-current assets include the group's French operations for which there is a requirement to make contributions to a French state fund on an annual basis. There are two treatments available for the contributions made to the fund. The first is to receive a one-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 20 years.

The group has adopted the latter treatment, where contributions made to the fund will be refunded after 20 years. This receivable has been discounted and reflects the fair value of the amounts receivable. The group made a payment to the French state fund in the current year of €66,000 (2023: €69,000).

The carrying amount of trade and other receivables are denominated in the following currencies:

	2024 €000	2023 €000
Euro	48,519	42,612
Sterling	61,695	65,400
US Dollar	6,752	449
Romanian Leu	5,135	1,462
Czech Koruna	1,682	1,789
Swedish Krona	2,372	137
Polish Zloty	6,197	2,475
Hong Kong Dollar	1,552	-
Bulgarian Lev	1,067	948
Turkish Lira	2,246	-
Chinese Yuan	4	-
Hungarian Forint	1,141	-
Serbian Dinar	1,265	-
Emirati Dirham	227	-
Ukrainian Hryvnia	1,103	-
	140,957	**115,272**

Expected credit losses

Trade and other receivables are reviewed regularly 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 requires the use of the lifetime expected loss provision for all trade receivables that do not have a financing component. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

21. TRADE AND OTHER RECEIVABLES (continued)

Expected credit losses (continued)

Given the short-term nature of the group's trade receivables and accrued income, which are mainly due from large national or multinational companies, the group's assessment of expected credit losses includes provisions for specific clients and receivables where the contractual cash flow is deemed at risk. Considerations include the current economic environment, and the level of credit insurance the group has along with historical loss rates for each category of customers adjusted for forward-looking information. Additional provisions are made based on the assessment of recoverability of aged receivables over one year where sufficient evidence of recoverability is not evident.

The directors of the group always measure loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the customer communication industry. The group considers all receivable to be fully recoverable and therefore no loss allowance has been recognised.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amounts due from customers under contracts.

The accrued revenue primarily relates to the group's right to consideration for work completed but not billed at the reporting date on consulting and agency, customer communications, supply chain management, workplace solutions, business process outsourcing revenue streams.

Expected credit losses on unbilled costs, related parties, joint ventures and other debtors were immaterial for the years presented.

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.

The expected credit loss of €2,975,000 (2023: €4,641,000) is equivalent to 5% (2023: 10%) of gross trade receivables.

	Current	1 to 90 days past due €000	More than 90 days past due €000	2024 Total €000	Current €000	1 to 90 days past due €000	More than 90 days past due €000	2023 Total €000
Trade receivables	**29,964**	**19,428**	**9,160**	**58,552**	**21,279**	**20,916**	**5,799**	**47,994**
Loss allowance	-	203	2,772	2,975	144	1,129	3,368	4,641
ECL%	0%	1%	30%	5%	1%	5%	58%	10%

Expected credit losses on amounts due from related party, joint ventures and other receivables were immaterial for the years presented.

Movement in the allowance for expected credit losses

Amounts falling due within one year	2024 €000	2023 €000
Balance at beginning of year	4,641	4,267
Charged to the income statement (Continuing operations)	2,092	1,164
Utilisations and other movements	(2,505)	(639)
Foreign exchange movements	(8)	7
Released to the income statement	(120)	(158)
Transferred to assets classified as held for sale	(1,125)	-
Balance at end of year	**2,975**	**4,641**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

22. INVENTORIES

	2024 €000	2023 €000
Raw materials and consumables	8,557	12,484
Work in progress	11,227	12,839
Finished goods and goods for resale	5,826	7,326
	25,610	**32,649**

There was no write-down of inventories in either year. Inventories included in material costs in the year amounted to €392,187,800 (2023: €356,128,401).

23. DEFERRED INCOME

Amounts related to deferred income recognised in the Consolidated Income Statement:

	2024 €000	2023 €000
Advanced billing and other deferred income	6,804	5,573
Government grants	526	6
Deferred gains on property sale and lease back	294	355
	7,624	**5,934**
Within one year	7,195	5,653
Beyond one year	429	281
	7,624	**5,934**

Advance billings and other deferred income are current and will be recognised as revenues and collected in the next 12 months.

A deferred income is recognised for revenue relating to consulting and agency, customer communications, lead supply, supply chain management, workplace solutions, business process outsourcing and print solutions revenue streams. at the time of the initial sales transaction and is released over the service period. In certain cases, payments are received from customers prior to the satisfaction of a performance obligation and are recognised as deferred income on the group's Statement of Financial Position.

The following tables show how much the revenue recognised in the current reporting period related to brought-forward deferred revenue. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

	2024 €000	2023 €000
Revenue recognised that was included in the deferred income balance at the beginning of the year	5,934	6,010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

23. DEFERRED INCOME (continued)

The movement of government grants are disclosed in the belows.

Government grants	2024 €000	2023 €000
At 1 July	6	79
Addition	250	-
Released during the year	(35)	(71)
Foreign exchange movements	55	(2)
Proceeds from government grants received	250	-
At 30 June	**526**	**6**

The above grants have no unfulfilled obligations and contingencies.

24. CASH AND CASH EQUIVALENTS

Government grants	2024 €000	2023 €000
Cash and cash equivalents	156,131	154,818
Cash and cash equivalents	**156,131**	**154,818**

Cash and cash equivalents comprise cash at bank and in hand and short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value, including bank deposits. The carrying amounts of short-term deposits assets approximate their fair value at year end was €nil (2023: €nil). Included are restricted cash balances €7,305,000 (2023: €7,697,000) arising from the group factoring facility.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

25. SOURCES OF FINANCE

Borrowings

The following table summarises the debt financing of the group, and changes during the year:

	2024 €000	2023 €000
Bank loans	83,477	46,414
Revolving credit facilities	93,000	-
Bonds	269,000	321,000
Unamortised debt issue costs	(3,923)	(3,409)
Loan with other group undertakings (note 35)	4,739	8
Loan with corporate group undertakings (note 35)	129	1,668
Bank overdrafts	2,577	1,854
	448,999	**367,535**

The borrowings are repayable as follows:

	2024 €000	2023 €000
Within one year	119,214	65,994
Between two and five years	329,785	115,541
Beyond five years	-	186,000
	448,999	**367,535**

Related party loans

Related party loans are payable on demand, interest rate is charged at 6.92% (2023: 4.14%) and 7.17% (2023: 5.33%).

Bank loans
Bank loans comprise fixed terms bank loans and other credit facilities.

Bank loans

In 2022, the group has borrowed two bank loans of €10m and €5m in France. The loans bear interest at 4.5% and 4.1% respectively and are 90% guaranteed by the French State. The balance of each loan at the end of the period was €10m and €5m (2023: €10m and €5m).

The €10m loan will be repaid through four annual repayments of €2.5m in 2027, 2028, 2029 and 2030. The €5m loan will be repaid through sixteen quarterly repayments of €315,000 starting from September 2026.

On 6 October 2023, the group entered a €50m term loan with a maturity on 30 July 2028. The term loan bears interest at 3 months EURIBOR, plus a margin varying between 2.5% to 3.5% per annum dependent on total leverage. The term loan has a net debt to EBITDA, interest cover and leverage ratio covenants which are tested quarterly.

Other credit facilities

In 2020, the group borrowed €35m 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. The balance at the end of the period was €16.6m (2023: 24.5m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

25. SOURCES OF FINANCE (continued)

Bonds

On 30 July 2021 the bond notes originally held by Grenadier Holdings Plc (a related party outside of the PCC Global plc group) were transferred to the group. The following is when these were issued:

- On 16 December 2016, the group raised €52m on loan notes that were admitted to trading on the Luxembourg MTF market. There are 520 bond notes with a face value of €100,000 each. The bond notes were repaid on 11 October 2023.
- On 7 April 2018, the group raised €89m on bond notes that were admitted to trading on the Luxembourg MTF market. There are 890 bond notes with a face value of €100,000 each. The repayment date is 6 April 2025.
- On 30 July 2021, the group raised €139m of bond notes that were admitted to trading on the Luxembourg MTF market. There are 1,390 bond notes with a face value of €100,000 each. The repayment date is 30 July 2028.
- On 20 December 2021, the group raised €41m of bond notes that were admitted to trading on the Luxembourg MTF market. There are 410 bond notes with a face value of €100,000 each. The repayment date is 30 July 2028.

The bond notes bear a fixed interest rate between 4% and 5% per annum dependent on total leverage. This instrument meets the definition of floating charge under IFRS9. The bond notes are secured on investments of the company. The issuance costs have been capitalised and are being amortised to net finance costs over the life of the bond notes. The bond notes have a net debt to EBITDA, interest cover and leverage ratio covenants which are tested quarterly.

Revolving credit facility

On 6 October 2023, the group entered a €130m revolving credit facility with a maturity on 30 July 2026 (extendable by 1+1 year). The undrawn balance on the revolving credit facility as at 30 November 2024, that can be used to meet existing current liabilities was €25m.

The revolving credit facility bears interest at 3 months EURIBOR, plus a margin varying between 2.5% to 3.5% per annum dependent on total leverage. The revolving credit facility has a net debt to EBITDA, interest cover and leverage ratio covenants which are tested quarterly.

Bank overdrafts

Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts approximates 7% (2023: 5%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

26. TRADE AND OTHER PAYABLES

	2024 €000	2023 €000
Amount falling due within one year		
Trade payables	211,742	172,305
Other taxes and social security	29,334	25,310
Holiday accrual	3,667	5,161
Amounts due to corporate group undertakings (note 35)	7,516	7,345
Amounts due to other group undertakings (note 35)	7,894	4,329
Payables for purchase of intangible assets	17,957	2,052
Customer advances	12,469	5,196
Other payables	11,764	8,775
Accruals for goods and services	32,878	30,064
Deferred conisderation	783	12,555
Contingent consideration	100	200
	336,104	**273,292**
Amount falling due more than one year		
Deferred conisderation	-	500
	-	**500**

The deferred and contingent consideration is payable as follows:

	2024 €000	2023 €000
Within one year	883	12,755
Beyond one year	-	500
	883	**13,255**

Deferred consideration of €10.5m for the acquisition of Cannon France Business Services SAS was paid on 10 July 2023.

Deferrred consideration of €1.9m for the acquisition of Minc Groupe BV was paid as follows: €1.5m in July 2023 and €0.4m in February 2024.

Future anticipated payments due to vendors in respect of contingent consideration (earnout agreements) are recorded at fair value, which is the present value of the expected cash outflows of the obligations. Contingent consideration is dependent on the future financial performance of the entity and it is assumed that future profits are in line with directors' estimates. The directors derive their estimates from internal business plans together with financial due diligence performed in connection with the acquisition.

As of 30 June 2024, the undiscounted amount of future payments that could be required under the earnout agreements for acquisitions is €100k (2023: €200k).

12. FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

27. PROVISIONS

	Retirement provision €000	Restructuring €000	Dilapidations €000	Other €000	Total €000
Balance as at 30 June 2022	**7,045**	**1,914**	**4,239**	**3,465**	**16,663**
Utilised during the period	(169)	(901)	(578)	(2,642)	(4,290)
Exchange movements	(4)	(13)	(23)	(32)	(72)
Charge/(credit) during the period	454	6,347	(161)	389	7,029
Interest charged during the year	-	-	76	-	76
Reclassification	-	192	264	(456)	-
Acquisitions	2,396	-	-	344	2,740
Balance as at 30 June 2023	**9,722**	**7,539**	**3,817**	**1,068**	**22,146**
Utilised during the period	(412)	(3,902)	(1,479)	(7,044)	(12,837)
Exchange movements	-	55	99	496	650
Addition of right of use assets	-	-	3,285	-	3,285
Charge/(credit) during the period	(1,338)	13,403	136	674	12,875
Interest charged during the year	-	-	714	-	714
Reclassification	-	74	-	(74)	-
Transferred to liabilities directly associated with assets classified as held for sale (note 12)	(1,685)	(7,578)	(985)	(1,513)	(11,761)
Acquisitions (note 14)	-	-	-	13,402	13,402
Balance as at 30 June 2024	**6,287**	**9,591**	**5,587**	**7,009**	**28,474**
Current	308	7,352	1,311	6,910	15,881
Non-current	5,979	2,239	4,276	99	12,593
Balance as at 30 June 2024	**6,287**	**9,591**	**5,587**	**7,009**	**28,474**
Current	1,889	5,704	129	981	8,703
Non-current	7,833	1,835	3,688	87	13,443
Balance as at 30 June 2023	**9,722**	**7,539**	**3,817**	**1,068**	**22,146**

Retirement provision

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 and are based on a detailed plan agreed between management and employee representatives. 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 people affected, a detailed estimate of the associated costs and an appropriate timeline and the colleagues 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

27. PROVISIONS (continued)

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

Other provisions primarily relate to onerous contracts and legal provisions as well as various items that do not fall within the group's categories above. Current provisions represent the anticipated settlement costs in the next twelve months.

28. DEFERRED TAX

	2024 €000	2023 €000
Deferred tax assets	10,842	13,791
Deferred tax liabilities	(6,268)	(8,680)
Net Deferred tax asset	**4,574**	**5,111**
Asset at the beginning of the year	5,111	1,926
Credit to the Consolidated Income Statement	5,301	5,638
Acquisitions (note 14)	(6,794)	(2,607)
Transfer to liabilities directly associated with assets classified as held for sale (note 12)	1,082	-
Exchange rate differences	(126)	154
Assets at the end of the year	**4,574**	**5,111**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

28. DEFERRED TAX (continued)

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

	Property plant and equipment €000	Intangible assets €000	Tax losses €000	Other temporary differences €000	Total €000
Balance at 01 Jul 2022	**3,768**	**(13,106)**	**8,470**	**2,794**	**1,926**
Credit/(charge) to the Consolidated Income Statement	268	732	6,137	(1,499)	5,638
Acquisitions	(1,895)	(712)	-	-	(2,607)
Items taken direct to equity	-	-	-	154	154
Balance at 30 June 2023	**2,141**	**(13,086)**	**14,607**	**1,449**	**5,111**
Credit to the Consolidated Income Statement	2,260	861	912	1,268	5,301
Acquisitions (note 14)	-	(6,794)	-	-	(6,794)
Transfer to liabilities directly associated with assets classified as held for sale (note 12)	-	-	71	1,011	1,082
Exchange rate differences	-	(19)	-	(107)	(126)
Balance at 30 June 2024	**4,401**	**(19,038)**	**15,590**	**3,621**	**4,574**

The group has tax losses arising in the UK of €102.9m (2023: €49.2m) that are available indefinitely for offset against future taxable profits and €31.4m (2023: €33.7m) of tax losses and other temporary differences arising in overseas territories that are available to carry forward indefinitely and tax losses of nil (2023: €nil) which are due to expire within five years.

Deferred tax assets are recognised to the extent that it is probable (or "more likely than not") that sufficient taxable profits will be available to utilise the carry forward of unused tax losses. The group has €18.3m (2023: €13.8m) at the tax rate, worth of deferred tax losses not recognised. The group has recognised deferred tax assets on losses of €15.6m (2023: €14.6m). The increase in losses primarily arose in the WE (Western Europe), UKIE and DACH (Germany) region as a result of steps that were part of the group's continuing restructuring programme.

At the reporting date, the aggregate amount of the temporary differences in relation to the investment in subsidiaries for which deferred tax assets (2023: deferred tax labilities) have not been recognised was €14.8m (2023: €1.3m). The group is in control of its future distribution policy. As no future distributions are planned no deferred taxes have been calculated on any potential withholding taxes that could arise on distributions.

In recognising the deferred tax asset, management have reviewed the forecast for each of the subsidiaries for which a deferred tax asset has been recognised and are satisfied that sufficient taxable profits are forecast and available to utilise the asset. In making this assessment, management note that historic losses are reflective of acquisition and restructuring activity, including the hive-up of operations. Further, the duration of customer relationships and current trading performance support the recognition of the asset. Forecasts used in making this assessment are consistent with those used for other areas of estimation within these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

29. RETIREMENT BENEFIT

Companies within the group operate a large number of pension plans, the forms and benefits of which vary with conditions and practices in the countries concerned.

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.

	Pensions cost charges		Contribution amounts payable	
	2024 €000	2023 €000	2024 €000	2023 €000
UK	5,821	5,377	183	562
The Netherlands	1,430	1,075	-	-
Poland	105	100	-	-
Ireland	164	246	2	1
Germany	159	145	-	-
Spain	5	-	-	-
USA	18	-	6	-
China	22	-	-	-
Italy	9	16	-	-
Ukraine	1	-	-	-
Sweden	40	-	-	-
	7,774	**6,959**	**191**	**563**

Defined benefit scheme

A subsidiary company operates three final salary defined benefit pension plans in Germany. Which are the Allianz scheme, Swiss Life scheme and Weingarten Scheme. The pension costs are assessed in accordance with the advice of local independent qualified actuaries. The latest full actuarial valuations for the various pension plans were carried out on 30 June 2024. These valuations have been updated by the local actuaries to 30 June 2024. The implications of IFRIC 14 have been allowed for where relevant, in particular with regard to the asset ceiling/irrecoverable surplus.

Expected return on assets and interest on obligations are recorded under investment income. The cumulative actuarial loss for the three schemes recognised in the Consolidated Statement of Other Comprehensive Income is €164,000 (2023: €373,000).

The three final salary defined benefit pension plans expose the group to actuarial risks such as: investment risk, interest rate risk, longevity

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality bond yields; if the return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

29. RETIREMENT BENEFIT (continued)

Defined benefit scheme (continued)

Allianz scheme

The actuarial valuation assessed by local independent qualified actuaries for the first plan, 'Allianz scheme' was carried out as at 30 June 2024. The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2024 per annum	2023 per annum
Discount rate	3.50%	3.80%
Rate of salary increase	0.00%	0.00%
Rate of increase of pensions in payment	0.00%	0.00%

Demographic assumptions

The life expectancies underlying the value of the accrued liabilities used for the purpose of the actuarial valuations for both years were based on Richttafeln 2018 G Von Klaus Huebeck. The life expectancy assumptions used for the purpose of the actuarial valuations were as follows:

	2024		2023	
	Males	Females	Males	Females
Life expectancy for a current 65-year-old	21.9 years	23.8 years	21.9 years	23.8 years
Life expectancy at age 65 for a 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 for the Allianz scheme assets is as follows:

	2024 €000	2023 €000
Present value of funded obligations	(459)	(466)
Fair value of scheme assets	596	605
Year-end assets	**137**	**139**

Amounts recognised in the Consolidated Income Statement for the Allianz scheme are as follows:

	2024 €000	2023 €000
Interest charge on obligation	(20)	(21)
Interest income from scheme assets	25	22
	5	**1**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

29. RETIREMENT BENEFIT (continued)

Defined benefit scheme (continued)

Allianz scheme (continued)

Amounts recognised in other Comprehensive Income for the Allianz scheme are as follows:

	2024 €000	2023 €000
Actuarial loss on defined benefit obligation	(18)	(384)
Actual return on plan assets	4	7
	(14)	**(377)**

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

	2024 €000	2023 €000
Opening defined benefit obligation	466	120
Interest cost	17	3
Actuarial losses	18	385
Benefits paid	(42)	(42)
Closing defined benefit obligation	**459**	**466**

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

	2024 €000	2023 €000
Opening fair value of scheme assets	605	157
Interest income	22	4
Actual return on plan assets	5	7
Interest on effect of asset ceiling restriction	19	492
Benefits paid	(55)	(55)
Closing fair value of scheme assets	**596**	**605**

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

	2024 €000	2023 €000
Bonds	596	605

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

29. RETIREMENT BENEFIT (continued)

Defined benefit scheme (continued)

Allianz scheme (continued)

The plan asset have quoted prices in active markets and will be subjected to the risk of volatility.

The following table presents a sensitivity analysis for significant actuarial assumption showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the balance sheet date.

This sensitivity analysis applies to the defined benefit obligation only and not to the net defined benefit pension liability in its entirety.

	(Decrease) /increase in defined benefit obligation	
	2024 €000	2023 €000
Sensitivity analysis		
Discount rate increase by 50 basis point	-	(17)
Discount rate decrease by 50 basis point	-	17

Swiss Life scheme

The actuarial valuation assessed by local independent qualified actuaries for the second plan, 'Swiss Life scheme' was carried out as at 30 June 2024. The principal assumptions used for the purpose of the actuarial valuations were as follows:

	2024 per annum	2023 per annum
Discount rate	3.80%	3.80%
Inflation	3.80%	3.80%
Salary increase	3.00%	3.00%
Rate of increase of pensions in payment	2.00%	2.00%

Demographic assumption

The life expectancies underlying the value of the accrued liabilities used for the purpose of the actuarial valuations for both years were based on Richttafeln 2018 G Von Klaus Huebeck. The life expectancy assumptions used for the purpose of the actuarial valuations were as follows:

	2024		2023	
	Males	Females	Males	Females
Life expectancy for a current 65-year-old	21.9 years	23.8 years	21.9 years	23.8 years
Life expectancy at age 65 for a current 45-year-old	23.3 years	25.4 years	23.3 years	25.4 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

29. RETIREMENT BENEFIT (continued)

Defined benefit scheme (continued)

Swiss Life scheme (continued)

The amount recognised in the Consolidated Statement of Financial Position for the group's 'Swiss Life' defined benefit scheme liabilities is as follows:

	2024 €000	2023 €000
Present value of funded obligations	(2,116)	(2,030)
Fair value of scheme assets	1,711	1,733
Year-end liability	**(405)**	**(297)**

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

	2024 €000	2023 €000
Service cost	(10)	(10)
Interest charge on obligation	(77)	(68)
Interest income from scheme assets	64	55
	(23)	**(23)**

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

	2024 €000	2023 €000
Actuarial (loss)/gain on defined benefit obligation	(97)	123
Actuarial loss on plan assets	(4)	(13)
	(101)	**110**

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

	2024 €000	2023 €000
Opening defined benefit obligation	2,030	2,166
Service cost	10	10
Interest cost	77	68
Actuarial losses/(gains)	97	(123)
Benefits paid	(98)	(91)
Closing defined benefit obligation	**2,116**	**2,030**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

29. RETIREMENT BENEFIT (continued)

Defined benefit scheme (continued)

Swiss Life scheme (continued)

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

	2024 €000	2023 €000
Opening fair value of scheme assets	1,733	1,768
Return on plan asset	64	55
Contribution by employer	16	14
Actuarial losses	(4)	(13)
Benefits paid	(98)	(91)
Closing fair value of scheme assets	**1,711**	**1,733**

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

	2024 €000	2023 €000
Bonds	1,711	1,733
	1,711	**1,733**

The plan asset have quoted prices in active markets and will be subjected to the risk of volatility.

Weingarten Scheme

The actuarial valuation assessed by local independent qualified actuaries for the third plan, 'Weingarten Scheme' was carried out as at 30 June 2024. The principal assumptions used for the purpose of the actuarial valuations were as follows

	2024 per annum	2023 per annum
Discount rate	3.60%	3.80%
Inflation	0.00%	0.00%
Expected rate of salary increases	3.00%	3.00%
Rate of increase of pensions in payment	1.50%	1.50%

Demographic assumption

The life expectancies underlying the value of the accrued liabilities used for the purpose of the actuarial valuations for both years were based on Richttafeln 2018 G Von Klaus Huebeck. The life expectancy assumptions used for the purpose of the actuarial valuations were as follows:

	2024		2023	
	Males	Females	Males	Females
Life expectancy for a current 65-year-old	21.9 years	23.8 years	21.9 years	23.8 years
Life expectancy at age 65 for a current 45-year-old	23.3 years	25.4 years	23.3 years	25.4 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

29. RETIREMENT BENEFIT (continued)

Defined benefit scheme (continued)

Weingarten scheme (continued)

The amount recognised in the Consolidated Statement of Financial Position for the Weingarten scheme assets is as follows:

	2024 €000	2023 €000
Present value of defined benefit obligations	(3,978)	(3,845)
Year-end liability	**(3,978)**	**(3,845)**

Weingarten Scheme is an unfunded scheme, obligations are to be funded from current operations. Pension payments are expected to begin in eight years. Amounts recognised in the Consolidated Income Statement for the defined benefit scheme are as follows:

	2024 €000	2023 €000
Service cost	(41)	(53)
Interest charge on obligation	(134)	(108)
	(175)	**(161)**

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

	2024 €000	2023 €000
Actuarial (loss)/gain on defined benefit obligation	(68)	104
	(68)	**104**

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

	2024 €000	2023 €000
Opening defined benefit obligation	3,845	3,925
Service cost	41	53
Interest cost	134	108
Actuarial losses/(gains)	68	(104)
Transfer payment	(22)	-
Acquisitions/Divestitures	-	(58)
Benefits paid	(88)	(79)
Closing defined benefit obligation	**3,978**	**3,845**

The following table presents a sensitivity analysis for significant actuarial assumption showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at the balance sheet date.

This sensitivity analysis applies to the defined benefit obligation only and not to the net defined benefit pension liability in its entirety.

	2024 €000	2023 €000
Sensitivity analysis		
Discount rate increase by 50 basis point	(99)	(107)
Discount rate decrease by 50 basis point	105	113

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

30. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The group's corporate treasury function provides services to the businesses, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the group through internal risk reports which analyse exposures by degree and magnitude of risk. These risks include credit risk, liquidity risk, market and currency risk and interest rate risk.

Risk is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. Each individual within the group is accountable for the risk exposure relating to his or her responsibilities.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity risk management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The group's exposure to liquidity risk arises mainly from the management of working capital and management of loans and borrowings with maturity of less than 12 months. The majority of the group's financial liabilities mature in less than one year, as disclosed in note 25, whilst the profile of the group's loans and borrowings is disclosed in note 25. At the reporting period end the group had net liabilities of €165.9m (2023: €101.1m) and net current liabilities of €172.6m (2023: €50.1m), mainly due to recognition of unrecognised fair value merger reserve on acquisitions of businesses under common control. See note 33 for further details.

The following are the contractual undiscounted cash flow maturities of financial liabilities, including contractual interest payments and excluding the impact of discounting and netting agreements.

		Due within 1 year €000	Due between 2 and 5 years €000	Due in more than 5 years €000	Total undiscounted cash €000	Impact of discounting and netting €000	Carrying amount €000
30 June 2024 Non derivative financial liabilities							
Lease liabilities	Level 2	27,260	69,207	27,529	123,996	(31,286)	92,710
Borrowings	Level 2	136,823	381,396	14,309	532,528	(83,529)	448,999
Trade and other payables	Level 2	336,104	-	-	336,104	-	336,104
Deferred consideration	Level 2	783	-	-	783	-	783
Contingent consideration	Level 3	100	-	-	100	-	100
		501,070	**450,603**	**41,838**	**993,511**	**(114,815)**	**878,696**

		Due within 1 year €000	Due between 2 and 5 years €000	Due in more than 5 years €000	Total undiscounted cash €000	Impact of discounting and netting €000	Carrying amount €000
30 June 2023 Non derivative financial liabilities							
Lease liabilities	Level 2	30,255	78,145	33,734	142,134	(47,571)	94,563
Borrowings	Level 2	77,726	153,762	197,599	429,087	(63,228)	365,859
Trade and other payables	Level 2	235,227	-	-	235,227	-	235,227
Deferred consideration	Level 2	12,555	500	-	13,055	-	13,055
Contingent consideration	Level 3	200	-	-	200	-	200
		355,963	**232,407**	**231,333**	**819,703**	**(110,799)**	**708,904**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

30. FINANCIAL RISK MANAGEMENT (continued)

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.

Commodity price risk management

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.

Market risk management

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 management

The group has significant operations within the Euro area and also the rest of the world 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.

1. EBITDA is defined in note 2 on page 173

12. FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

30. FINANCIAL RISK MANAGEMENT (continued)

Currency risk management (continued)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2024	2023	2024	2023
Currency				
Sterling	1.16	1.15	1.18	1.16
Swedish Krona	0.09	0.09	0.09	0.08
Norwegian Kroner	0.09	0.09	0.09	0.09
Romanian Leu	0.20	0.20	0.20	0.20
Polish Zloty	0.23	0.21	0.23	0.22
Czech Koruna	0.04	0.04	0.04	0.04
Australian Dollar	0.62	0.64	0.62	0.61
US Dollar	0.93	0.96	0.93	0.92
Hong Kong Dollar	0.12	0.12	0.12	0.12
Indian Rupee	0.01	0.01	0.01	0.01
Bulgarian Lev	0.51	0.51	0.51	0.51
Canadian Dollar	0.68	0.71	0.68	0.69
China Renminbi	0.13	0.14	0.13	0.13
Emirati Dirham	0.25	-	0.25	-
Poland Zloty	0.23	-	0.23	-
Bulgarian Lev	0.51	-	0.51	-
Hungarian Forint	0.003	-	0.003	-
Serbian dinar	0.01	-	0.01	-
Turkish Lira	0.03	-	0.03	-
Ukrainian Hryvnia	0.02	-	0.02	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

30. FINANCIAL RISK MANAGEMENT (continued)

Sensitivity analysis

A 10% weakening of these currencies at 30 June 2024 and 30 June 2023 would have had the following effect on profit on ordinary activities before tax:

	2024 €000	2023 €000
Sterling	(1,286)	(1,439)
Swedish Krona	41	(17)
Polish Zloty	(44)	138
Czech Koruna	(154)	(102)
Romanian Leu	170	(68)
US Dollar	56	13
Bulgarian Lev	27	-
Emirati Dirhams	(17)	-
Hong Kong Dollar	(20)	-
Serbian Dinar	9	-
Turkish Lire	1	-

12. FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

30. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk management

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.

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

	2024 €000	2023 €000
Euro	92,766	127,282
Sterling	58,334	24,710
US Dollar	1,975	1,942
Romanian Leu	592	47
Swedish Krona	484	237
Polish Zloty	667	591
Czech Koruna	299	5
Indian Rupee	3	3
Bulgarian Lev	-	1
Emirati Dirham	26	-
Turkish Lira	520	-
Serbian dinar	172	-
Chinese Yuan	14	-
Ukrainian Hryvnia	109	-
Hungarian Forint	167	-
Hong Kong Dollar	3	-
	156,131	**154,818**

The group's financial assets comprise cash and cash equivalents, all of which attract interest at floating rates on EURIBOR, LIBOR or equivalent measures.

Financial liabilities subject to interest rate risk

	2024 €000	2023 €000
Euro bank and bond borrowings	443,711	364,988
Czech Koruna bank borrowings	420	1,501
	444,131	**366,489**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

30. FINANCIAL RISK MANAGEMENT (continued)

Interest rate sensitivity analysis

The analysis shows the extra charge to the 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.

	2024 €000	2023 €000
100% movement in 3 month EURIBOR and LIBOR	3,198	764

Credit risk management

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, have less of an influence on credit risk. Geographically, there is no concentration of credit risk.

In order to minimize the 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's bad debt risk.

Reporting of financial instruments fair values

The carrying value approximates fair value for all financial assets and liabilities, other than those associated with the group's borrowings 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.

Contingent consideration

Future anticipated payments to vendors in respect of contingent consideration (earnout agreements) are initially recorded at fair value which is the present value of the expected cash outflows of the obligations. The obligations are dependent on the future financial performance of the interests acquired (typically over a four- to five-year period following the year of acquisition) and assume the operating companies improve profits in line with directors' estimates. The directors derive their estimates from internal business plans together with financial due diligence performed in connection with the acquisition.

The fair value of contingent consideration is based on the present value of the expected payment, discounted using an appropriate market discount rate at the reporting date.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

30. FINANCIAL RISK MANAGEMENT (continued)

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.

Foreign exchange risk management

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 were considered necessary.

Credit risk management

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 PCC Global plc payment. Individual exposure is 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.

Capital 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 holder 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.

31. SHARE CAPITAL

	No.	2024 €000	No.	2023 €000
Allotted, called up and fully paid				
Ordinary shares of €1 each	**240,407,210**	**240,407**	**240,407,210**	**240,407**

The company has unlimited authorised share capital.

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

32. RESERVES

Revaluation reserve

The revaluation reserve arose on the revaluation of all the group property portfolio during the year ended 30 June 2024. Movement of €142k during the year is the building revaluation surplus transferred to retained earnings (2023: €199k).

	2024 €000	2023 €000
Revaluation reserve	5,520	5,662

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.

	2024 €000	2023 €000
Cumulative translation reserve	(1,456)	(1,779)

Retained earnings

This reserve records the cumulative amount of profits and losses less any dividend distributions made.

	2024 €000	2023 €000
Retained earnings	(70,456)	(15,184)

Capital reserve

Capital reserve relates to PCC Global plc redenomination of shares completed on 31 May 2019.

Dividends paid

There is no dividend paid in the current financial year (2023: €nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

33. UNRECOGNISED FAIR VALUE MERGER RESERVE (predecessor accounting)

Unrecognised fair value merger reserve

	2024 €000	2023 €000
Unrecognised fair value merger reserve	(340,057)	(330,420)

Management uses predecessor accounting for acquisition of entities under common control where the ultimate shareholders remain the same both before and after the transaction.

In applying predecessor accounting, the following is recognised in the separate financial statements:

- The assets and liabilities of the acquiree are recognised at the acquisition date fair values;
- The consideration is recognised either as a decrease in cash or an increase in liabilities, at the actual value of consideration given;
- The difference between the consideration and the carrying value of the net assets acquired is recognised directly in equity, in a unrecognised fair value merger reserve;
- Comparatives are not restated to include the acquired business; and
- Profit and loss is recognised for post-acquisition earnings only.

€8.71m increase in unrecognised fair value merger reserve in the current year relates to the acquisition of 100% of the share capital of Stat Company Limited and Zen Office Limited on 21 February 2024. See note 14 for further details.

€927k increase in unrecognised fair value merger reserve in the current year relates to the acquisition of the Image Factory completed in 2023. See note 14 for further details.

34. CONTINGENT LIABILITY

During the prior year, one of our clients unilaterally moved to dissolve and end our contract with them based on their view that deliveries were delayed. We fundamentally disagree with this decision and with the dissolution and the group has therefore refuted the client's authority to dissolve the contract. We are currently in a litigation process with the client, and we have not yet reached a mutually acceptable solution. The outcome of this litigation is uncertain at the time of filing our annual accounts. Therefore, there is no clear present obligation at will result in an outflow of economic benefits as a result from past events.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

35. RELATED PARTY TRANSACTIONS

Corporate group undertakings

Transactions and year-end balances with corporate companies Grenadier Holdings Limited and Grenadier Holding Service Co Ltd, controlled by the ultimate parent company CFH Sarl Luxembourg, were:

	2024 €000	2023 €000
Corporate fees	11,593	8,202
Net interest income (note 9)	2,433	367
Amount due from corporate group undertakings (note 21)	253	523
Loan receivable from corporate group undertakings	19,083	1,905
Amount owed to corporate group undertakings (note 26)	(7,516)	(7,345)
Loan owed to corporate group undertakings (note 25)	(129)	(1,668)

Other parent group undertakings

Transactions and year-end balances with the companies which are commonly controlled by the ultimate parent company CFH Sarl Luxembourg ("other parent group undertakings") were:

	2024 €000	2023 €000
Sales	8,735	10,099
Purchases	(1,682)	(1,263)
Net interest income (note 9)	731	549
Loss allowance on financial assets	(5,701)	-
Amount due from other parent group undertakings (note 21)	4,332	5,289
Loan receivable from other parent group undertakings	14,195	19,975
Amount owed to other parent group undertakings (note 26)	(7,894)	(4,329)
Loan owed to other parent group undertakings (note 25)	(4,739)	(8)

Joint ventures

Transactions and year-end balances with joint ventures were:

	2024 €000	2023 €000
Sales	7,511	5,817
Amounts due from joint ventures	734	710

Interests in joint ventures includes the group's investment in DSI Billing Services Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

35. RELATED PARTY TRANSACTIONS (continued)

Key management personnel

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 were determined as key management personnel were the Board, CEOs of each region and the group CEO, COO and CFO.

The aggregate cost of employing all key management personnel was:

	2024 €000	2023 €000
Short-term employee benefits	2,786	3,137
Post-employments benefits	162	97
Termination benefits (redundancy cost)	264	-
Directors fees	43	-
	3,255	**3,234**

Related party loss allowance

A loss allowance of €5.7m (2023: €nil) related to impairment of related party loan has been included in the profit and loss in the other non-operating expenses line item.

36. PRIOR YEAR RESTATEMENT

During the year, the group discontinued certain operations. The prior year Income statement has been restated to exclude the discontinued operations from continuing operations for comparative purposes.

The impact of the restatement is as follows:

	As originally reported €000	Adjustments (note 12) €000	As restated €000
Revenue from sale of goods and services	1,198,155	(132,915)	1,065,240
Material costs	612,058	(76,943)	535,115
Payroll costs	384,084	(34,582)	349,502
Other operating costs	145,511	(21,702)	123,809
Deprecaition and amortisation	64,121	(4,156)	59,965
Loss on asset disposals	(4,519)	1,023	(3,496)
Finance cost	(28,235)	402	(27,833)

The Consolidated Statement of Financial Position for the year ended 30 June 2023 has not been restated as permitted by IFRS 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

37. EVENTS AFTER THE REPORTING DATE

On 8 August 2024, Paragon Customer Communications (London) Limited acquired the trade and assets of OT Group Limited, a company incorporated in England and Wales for consideration of £6m. No further information can be given as the initial accounting for this business combination is incomplete at the date these financial statements are authorised.

Directors and management are currently working with current bond holder to refinance a bond that is due for repayment on the 6th April 2025. While negotiations are not complete, the parties continue to work very closely to ensure it will be completed by the 6th of April 2025. The directors have confidence that if required, the group could repay the bond out of current liquidity availability.

38. PARENT AND ULTIMATE PARENT UNDERTAKING

As at the reporting date, PCC Global plc is the largest parent undertaking of the group to consolidate these financial statements. PCC Global plc is a company incorporated in the United Kingdom and registered in England and Wales, which is controlled by the shareholders of the company, Patrick James Crean controls PCC Global plc, by virtue of his indirect shareholding. PCC Global is the largest and smallest group in which the company is consolidated. The registered address is Park House, 16-18 Finsbury Park, London, EC2M 7EB.

12. FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

39. INVESTMENT IN SUBSIDIARIES

Details of the investments in subsidiaries in which the group or the company holds nominal value of any class of share capital were as follows:

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held	Footnote	Nature of business
Direct shareholdings					
Paragon Holdings Netherlands BV	Netherlands	Ordinary	100%		Holding Company
Paragon Germany GmbH	Germany	Ordinary	100%		Trading
Paragon Poland Sp z.o.o.	Poland	Ordinary	100%		Trading
MeillerGHP AB	Sweden	Ordinary	100%		Trading
Paragon Customer Communications Limited	England	Ordinary	100%		Holding Company
Stat Company Limited	England	Ordinary	100%	(1)	Holding Company
PS Holdings Limited	England	Ordinary	100%	(1)	Holding Company
Indirect shareholdings					
Paragon France SAS	France	Ordinary	100%		Holding Company
Paragon Transaction SA	France	Ordinary	100%		Trading
Paragon Business Process Services SAS	France	Ordinary	100%		Trading
Gresset Rault Solutions SAS	France	Ordinary	100%		Trading
Paragon Editique SAS	France	Ordinary	100%		Trading
Paragon Editique Provence Alpes Cote D'Azur SAS	France	Ordinary	100%		Merged into Paragon Editique SAS
Paragon Direct Marketing SAS	France	Ordinary	100%		Trading
Paragon Supply Services SAS	France	Ordinary	100%		Trading
Bretagne Routage SAS	France	Ordinary	100%		Trading
Taylor Data Mailing Logistique SRL	Belgium	Ordinary	100%	(1)	Trading
Cloud Factory Business Services SAS	France	Ordinary	100%	(1)	Trading
D'Haussy Solutions International SAS	France	Ordinary	100%		Dormant
Paragon Customer Communications Romania SRL	Romania	Ordinary	100%		Trading
PCC International France SAS	France	Ordinary	100%		Trading
PCC International Germany GmbH	Germany	Ordinary	100%		Trading
Paragon Customer Communications Spain S.L.	Spain	Ordinary	100%		Trading
Paragon Customer Communications Italy s.r.l.	Italy	Ordinary	100%		Trading
Paragon Customer Communications Germany GmbH	Germany	Ordinary	100%		Merged into Paragon Germany GmbH
Paragon Customer Communications Czech Republik AS	Czech	Ordinary	100%		Trading
D'Haussy GmbH	Germany	Ordinary	100%	(2)	Dissolved
Paragon Customer Communications Weingarten GmbH	Germany	Ordinary	100%		Merged into Paragon Germany GmbH
Paragon Services Poland SP z.o.o.	Poland	Ordinary	100%		Trading
Paragon Realty Czech s.r.o.	Czech	Ordinary	100%		Holding Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

39. INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held	Footnote	Nature of business
Indirect subsidiaries (continued)					
Paragon Customer Communications Nederland BV	Netherlands	Ordinary	100%		Dormant
Paragon Customer Communications Belgium NV	Belgium	Ordinary	100%		Trading
Paragon Communicatie Services BV	Netherlands	Ordinary	100%		Trading
MINC Groupe BV	Netherlands	Ordinary	100%		Holding Company
MINC Fulfilment BV	Netherlands	Ordinary	100%		Trading
MINC E-Commerce BV	Netherlands	Ordinary	100%		Trading
MINC Direct Marketing BV	Netherlands	Ordinary	100%		Trading
Print Trade Suppliers Limited	England	Ordinary	100%		Trading
PCC Realty (UK) Limited	England	Ordinary	100%		Trading
DSICMM (Bristol) Limited	England	Ordinary	100%	(2)	Dissolved
Lateral Holdings Limited	England	Ordinary	100%		Dormant
Lateral Group Limited	England	Ordinary	100%		Dormant
DSICMM (Nottingham) Limited	England	Ordinary	100%		Dissolved 03/09/2024
Paragon Customer Communications (London) Limited	England	Ordinary	100%		Trading
WL CCM Limited	England	Ordinary	100%	(2)	Dissolved
DG3 Group (Holdings) Limited	England	Ordinary	100%		Dormant
With Reason Limited	England	Ordinary	100%		Dormant
The Lettershop Limited	England	Ordinary	100%		Trading
Hamsard 3302 Limited	England	Ordinary	100%	(2)	Dissolved
Innovative Output Solutions (Manchester) Limited	England	Ordinary	100%		Dormant
Paragon Workplace Solutions Hong Kong Limited	Hong Kong	Ordinary	100%		Trading
Paragon Workplace Solutions LLC	USA	Ordinary	100%		Dormant
Paragon Customer Communications (Luxembourg) SA	Luxembourg	Ordinary	100%		Trading
Psona Ltd	England	Ordinary	100%	(1)	Dormant
Psona 12 Ltd	England	Ordinary	100%	(1)	Dormant
Editions Publishing Ltd	Scotland	Ordinary	100%	(1)	Dormant
Communisis Inc	USA	Ordinary	100%	(1)	Holding Company
Editions Financial Inc	USA	Ordinary	100%	(1)	Trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

39. INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held	Footnote	Nature of business
Indirect subsidiaries (continued)					
ZenOffice Limited	England	Ordinary	100%	(1)	Trading (Dormant from 01/07/24)
Despark Bulgaria EAD	Bulgaria	Ordinary	100%		Trading
Paperhat India Pvt Limited	India	Ordinary	99%		In liquidation
TDM Log France SAS	France	Ordinary	100%	(1)	Dormant
Celerity IS Inc.	USA	Ordinary	100%		Trading
Paragon Customer Communications International Limited	England	Ordinary	100%		Trading
Critical Mail Continuity Services Limited	England	Ordinary	100%		Trading
PCC GDS Limited	England	Ordinary	100%		Trading
Paragon Customer Communications Ireland Limited	Ireland	Ordinary	100%		Trading
Devonshire Appointments Ltd	England	Ordinary	100%		Trading
Devonshire Luxembourg S.á.r.l.	Luxembourg	Ordinary	100%		Trading
Global Document Systems Limited	England	Ordinary	100%	(2)	Dissolved
Paragon Transaction (UK) Limited	England	Ordinary	100%	(1)	Holding Company
Paragon Brand Germany	England	Ordinary	100%		Dissolved
Communisis Belgie NV	Belgium	Ordinary	100%	(1)	Trading
Communisis Ceska Republika SRO	Czech Republic	Ordinary	100%	(1)	Trading
Communisis France SARL	France	Ordinary	100%	(1)	Trading
Communisis Deutschland GmbH	Germany	Ordinary	100%	(1)	Trading
Communisis Hellas Marketing Services EPE	Greece	Ordinary	100%	(1)	Trading
Communisis Marketing Services Hong Kong Ltd	Hong Kong	Ordinary	100%	(1)	Trading
Communisis Magyarorszag Kft	Hungary	Ordinary	100%	(1)	Trading
Communisis Italia SRL	Italy	Ordinary	100%	(1)	Trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

39. INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held	Footnote	Nature of business
Indirect subsidiaries (continued)					
Communisis Nederland BV	Netherlands	Ordinary	100%	(1)	Trading
Communisis Poland Sp z.o.o.	Poland	Ordinary	100%	(1)	Trading
Communisis Portugal LDA	Portugal	Ordinary	100%	(1)	Trading
Communisis Romania SRL	Romania	Ordinary	100%	(1)	Trading
Communisis Marketing Services DOO Belgrad	Serbia	Ordinary	100%	(1)	Trading
Communisis Slovakia SRO	Slovakia	Ordinary	100%	(1)	Trading
Communisis Spain SL	Spain	Ordinary	100%	(1)	Trading
Communisis Sverige AB	Sweden	Ordinary	100%	(1)	Traiding
Communisis Suisse Sarl	Switzerland	Ordinary	100%	(1)	In liquidation
Communisis Turkey OHTP Limited	Turkey	Ordinary	100%	(1)	Trading
Communisis Marketing Services LLC	United Arab Emirates	Ordinary	100%	(1)	Trading
Communisis PS Ltd	England	Ordinary	100%	(1)	Trading
Communisis Ukraine LLC	Ukraine	Ordinary	100%	(1)	Trading
Communisis Adria LLC	Croatia	Ordinary	100%	(1)	Trading
PS Newco 1 Limited	England	Ordinary	100%	(1)	Holding Company
Communisis Europe Limited	England	Ordinary	100%	(1)	Holding Company
Communisis International Limited	England	Ordinary	100%	(1)	Holding Company
Vox Group Limited	England	Ordinary	100%	(1)	Holding Company
Vox Supply Partners Limited	England	Ordinary	100%	(1)	Trading
Vox SP Inc.	USA	Ordinary	100%	(1)	Trading
Vox Europe B.V.	Netherlands	Ordinary	100%	(1)	Trading
Vox DT Marketing Co. Ltd	Turkey	Ordinary	100%	(1)	Trading
Vox Supply Group Trading (Suzhou) Co., Ltd	China	Ordinary	100%	(1)	Trading
VOX Digital Partners Limited	England	Ordinary	100%	(1)	Dormant
Raudo Digital Limited	England	Ordinary	100%	(1)	Dormant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

39. INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Registered address
Paragon Holdings Netherlands BV	Maria Montessorilaan 25, 2719DB Zoetemeer, The Netherlands
Paragon Germany GmbH	Gutenbergstraße 3-5, 92421 Schwandorf, Germany
Paragon Poland Sp z.o.o.	"ul. Christo Botewa 4B, 30-798 Kraków, Poland"
MeillerGHP AB	Förradsvägen 10, 14146 Huddinge, Sweden
Stat Company Limited	Unit 1, Alexandria Court, Alexandria Drive, Ashton-under-Lyne OL7 0QN, United Kingdom
Paragon France SAS	1 Rue de 1er Mai, 92000 Nanterre, France
Paragon Transaction SA	32 Rue de Rivières Saint-Agnan, 58200 Cosne-Cosne-sur-Loire, France
Paragon Business Process Services SAS	274 Boulevard de Clémenceau, 59700 Marcq-en-Baroeul, France
Gresset Rault Solutions SAS	32 Rue de Rivières Saint-Agnan, 58200 Cosne-Cosne-sur-Loire, France
Paragon Editique SAS	2 Rue de l'Erigny, 41000 Blois, France
Paragon Editique Provence Alpes Cote D'Azur SAS	2 Rue de l'Erigny, 41000 Blois, France
Paragon Direct Marketing SAS	Zone Industrielle de la Vignette, rue d l'Avenir, 59126 Linselles, France
Paragon Supply Services SAS	Parc d'Activités de la Galance, Rue des Enterprises, 62221 Noyelles-sous-Lens, France
Bretagne Routage SAS	Avenue de l'Hippodrome Maure-de-Bretagne, 35330 Val d'Anast, France
Taylor Data Mailing Logistique SRL	Chausee de Lille 422B, 7501 Tournai, Belgium
Cloud Factory Business Services SAS	2 Rue D'Amsterdam, 91250 Tigery, France
D'Haussy Solutions International SAS	2 Rue de la Gravière, 67720 Weyersheim, France
Paragon Customer Communications Romania SRL	49-51A Drumul Garii Otopeni, 075100 Otopeni, Ilfov, Romania
PCC International France SAS	40 rue du Coliseé, 75008 Paris, France
PCC International Germany GmbH	Mühlenstraße 57, 41352 Korschenbroich, Germany
Paragon Customer Communications Spain S.L.	"Paseo de la Castellana 18, Madrid 28046, Spain
Paragon Customer Communications Italy s.r.l.	Via Privata delle Stelline 1, Milan, Italy
Paragon Customer Communications Germany GmbH	Company has been merged into Paragon Germany GmbH
Paragon Customer Communications Czech Republik AS	Dr. Pavla Klementa 1082, 330 23 Nyrany, Česká Republika
Paragon Customer Communications Weingarten GmbH	Company has been merged into Paragon Germany GmbH
Paragon Services Poland SP z.o.o.	ul. Bitwy Warszawskiej 1920 nr 7B, 02-366 Warsaw, Poland
Paragon Realty Czech s.r.o.	Dr. Pavla Klementa 1082, 330 23 Nyrany, Česká Republika
Paragon Customer Communications Nederland BV	Maria Montessorilaan 25, 2719DB Zoetemeer, The Netherlands
Paragon Customer Communications Belgium NV	Dellestraat 35 bus 2, 3552 Heusden-Zolder, Belgium
Paragon Communicatie Services BV	Braillestraat 6, 2652XV Berkel en Rodrijs, The Netherlnds
MINC Groupe BV	Rendementsweg 6, 3641SK Mijdrecht, The Netherlands
MINC Fulfilment BV	Oude Berghuizerweg 30, 7336AW Apeldoorn, The Netherlands
MINC E-Commerce BV	Rendementsweg 6, 3641SK Mijdrecht, The Netherlands
MINC Direct Marketing BV	Rendementsweg 6, 3641SK Mijdrecht, The Netherlands
Print Trade Suppliers Limited	Brookside Lane, Oswaldtwistle, Accrington, Lancashire BB5 3NY, United Kingdom
DSICMM (Nottingham) Limited	Lower Ground Floor, Park House etc
Paragon Workplace Solutions Hong Kong Limited	16th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong
Paragon Workplace Solutions LLC	251 Little Falls Drive, Wilmington, New Castle County, Delaware 19801, USA
Paragon Customer Communications (Luxembourg) SA	7 rue de Chaux, 5324 Contern, Luxembourg
Editions Publishing Ltd	12 South Charlotte Street, Edinburgh EH2 4AX, United Kingdom
Communisis Inc	Corporation Trust Center, 1209 Orange Street, Wilmington, 19801 Delaware, USA
Editions Financial Inc	79 Madison Avenue, New York, NY 10016, USA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

39. INVESTMENT IN SUBSIDIARIES (continued)

Name of company	Registered address
Zen Office Limited	Unit1, Alexandria Court, Alexandria Drive, Ashton-under-Lyne OL7 0QN, United Kingdom
Despark Bulgaria EAD	9 Knyaz Aleksander Dondukov Korsakov Blvd, Fl. 4, Sofia 1000, Bulgaria
Paperhat India Pvt Limited	Level LG 02&03, Wing B, Art Guild House Phoenix Market City, LBS Marg Kurla (W) BKC Annexe, Mumbai, MH 400070 India
Celerity IS Inc.	84 State Street, Boston, MA 02109 USA
Paragon Customer Communications Ireland Limited	4060 Kingswood Road, Citywest Business Campus, Dublin D24, Ireland
Devonshire Luxembourg S.á.r.l.	44 rue de l'Industrie, 8069 Strassen, Luxembourg
Paragon Transaction (UK) Limited	B1 Vantage Park, Old Gloucester Road, Hambrook, Bristol BS16 1GW, United Kingdom
Communisis Belgie NV	Pegasus Park, De Kleetlaan 12A, 1831 Diagem, Belgium
Communisis Ceska Republika SRO	Pobrezni 394/12, Karlin, 18600 Prague 8, Czech Republik
Communisis France SARL	53 rue Boissiere, 75116 Paris, France
Communisis Deutschland GmbH	Am Kronberger Hang 8, 65824 Schwalbach am Taunus, Germany
Communisis Hellas Marketing Services EPE	1 Patroklou Str., P.C. 15125, Maroussi, Attica, Greece
Communisis Marketing Services Hong Kong Ltd	37/F, One Taikoo Place, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
Communisis Magyarorszag Kft	BalanceHall Ep4. m, Vaci-Ut 99 105, 1139 Budapest, Hungary
Communisis Italia SRL	Via Alesandro Manzoni 38, CAP 20121 Milan, Italy
Communisis Nederland BV	Sir Winston Curchilllaan 299a, Monfor Offices 4th Floor, 2288DC, Rijswijk, The Netherlands
Communisis Poland Sp z.o.o.	U. Inflancka 4, Warsaw 00-189, Poland
Communisis Portugal LDA	Avenida do Brasil, n 15, 1°, Parish of Alvalade, 1749-112, Lisbon, Portugal
Communisis Romania SRL	169A Calea Floreasca, Building A 4th Floor, Office 2081, District 1 Bucharest, Romania
Communisis Marketing Services DOO Belgrad	Bulevar Mihalja Pupina 10B/1 Sprat 2, 11070 Belgrade, Serbia
Communisis Slovakia SRO	Hodžovo nám. 1/A, 811 06 Bratislava, Municipal District of Staré mesto, Slovak Republic
Communisis Spain SL	Calle Alcalá 58, Piso 1 Izquierda, 28014 Madrid, Spain
Communisis Sverige AB	Birger Jarlsgatan 57B, 113 56 Stockholm, Sweden
Communisis Suisse Sarl	11 Chemin du Faubourg-de-Cruseilles, 1227 Carouge, Switzerland
Communisis Turkey OHTP Limited	Küçükbakkalköy Mah.Defne Sk. Flora Residence No:1/365 Ataşehir, Istanbul, Turkey
Communisis Marketing Services LLC	The One Tower, Level 24 Office 4, Sheikh Zayed Road, Dubai, UAE
Communisis Ukraine LLC	M. Solovtsova Street, Building 2/Office 38, Pecherskyi District, Kyiv, Ukraine
Communisis Adria LLC	Ulica Charlesa Darwina 4B, 10000 Zagreb, Croatia
Vox SP Inc.	Suite B121, 6323 North Avondale Avenue, Chicago, Illinois 60613, USA
Vox Europe B.V.	Sir Winston Curchilllaan 299c, 2288DC, Rijswijk, The Netherlands
Vox DT Marketing Co. Ltd	Icerenkov Mah. Umut Sk., Quick Tower Sitesi No: 10-12, Kapi No:70 Atasehir, Istanbul, Turkey
Vox Supply Group Trading (Suzhou) Co., Ltd	Room 1139, 11/F, Tower 2, Jinghope Plaza, 88 Hua Chi Street, SIP Suzhou, China

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

39. INVESTMENT IN SUBSIDIARIES (continued)

For the year ended 30 June 2024 the following subsidiaries of the company were entitled to exemption by parental guarantee from audit under section 479A of the Companies Act relating to subsidiary companies.

Subsidiary name	Company registration number
Paragon Transaction (U.K.) Limited	05258186
Lateral Holdings (UK) Limited	07656788
Lateral Group Limited	06498963
Devonshire Appointments Limited	02145418
Print Trade Suppliers Limited	08618197
PCC GDS Limited	05424810
The Lettershop Limited	00165672
DG3 Group (Holdings) Limited	04881124
PCC Realty (UK) Ltd	11895779
Critical Mail Continuity Services Ltd	03369486
Editions Publishing Limited	SC198718
Psona Limited	02036968
Psona 12 Limited	04536661
Paragon Customer Communications International Limited	06711794
Zen Office Limited	01189115
Stat Company Limited	03869784
With Reason Limited	08029899
Vox Group Limited	06664025
Vox Supply Partners Limited	02955280
Communisis PS Limited	13606790
Communisis International Limited	09069329
Communisis Europe Limited	00249473

The registered address for the above subsidiaries except for the ones listed below is:
Lower Ground Floor, Park House, 16-18 Finsbury Circus, London, England, EC2M 7EB.

Paragon Transaction (U.K.) Limited: B1 Vantage Park Old Gloucester Road, Hambrook, Bristol, United Kingdom, BS16 1GW.
Print Trade Suppliers Limited: Brookside Lane, Oswaldtwistle, Accrington, Lancashire, United Kingdom, BB5 3NY.
Editions Publishing Limited: 12 South Charlotte Street, Edinburgh, United Kingdom, EH2 4AX.
Zen Office Limited and Stat Company Limited - Unit 1, Alexandria Court, Alexandria Drive, Ashton-Under-Lyne, England, OL7 0QN.
With Reason Limited: Fifth Floor, 85 Great Eastern Street, London, England, EC2A 3HY

The financial statements of the above entities can be obtained from the company's registered office:

Lower Ground Floor, Park House
16/18 Finsbury Circus
London
EC2M 7EB

(1) Acquired in 2024
(2) Dissolved in 2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

40. INVESTMENTS IN JOINT VENTURES

Name of company	Country of incorporation	Holding	Proportion of voting rights and shares held	Footnote	Nature of business
Joint ventures					
dsi Billing Services Limited	England	Ordinary	50%		Trading

13 PARENT COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2024

	Notes	2024 €000	2023 €000
Assets			
Non-current assets			
Intangible assets	4	1,326	1,456
Deferred tax assets	5	4,388	4,442
Investments in Subsidiaries	6	449,364	419,441
Loan receivable from group undertaking	7	62,939	62,939
		518,017	**488,278**
Current assets			
Trade and other receivables	8	11,242	4,308
Loan receivable from group undertakings	7	76,821	39,852
Loan receivable from corporate group undertakings	14	17,246	-
Cash and cash equivalents	9	21,448	44,597
		126,757	**88,757**
Total assets		**644,774**	**577,035**
Liabilities			
Current liabilities			
Trade and other payables	10	10,503	13,907
Borrowing from corporate group undertakings	14	-	2,218
Borrowings from group undertakings	7	6,727	3,172
Loan and borrowings	11	97,716	52,000
		114,946	**71,297**
Non-current liabilities			
Loan and borrowings	11	307,860	265,478
		307,860	**265,478**
Total liabilities		**422,806**	**336,775**
Net assets		**221,968**	**240,260**
Equity			
Share capital	12	240,407	240,407
Capital reserve	13	142	142
Cumulative translation reserve	13	(3)	(3)
Retained earnings	13	(18,578)	(286)
Total equity		**221,968**	**240,260**

In accordance with Section 408 of the Companies Act 2006, the company is exempt from the requirement to present its own income statement and statement of comprehensive income. The company's loss for the year was €18.3m (2023: €12.5m).

The notes on pages 239 to 247 from part of these financial statements.

These financial statements were approved by the Board of Directors of PCC Global plc (registered number 03526640) on 19 December 2024 and signed on its behalf by:

Jeremy Walters
Director

Martin Edstrom
Director

PARENT STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Share capital €000	Capital reserve €000	Cumulation translation reserve €000	Retained earnings €000	Total equity €000
Balance as at 1 July 2023	240,407	142	(3)	(286)	240,260
Loss for the year	-	-	-	(18,292)	(18,292)
Balance at 30 June 2024	**240,407**	**142**	**(3)**	**(18,578)**	**221,968**

For the year ended 30 June 2023

	Share capital €000	Capital reserve €000	Cumulation translation reserve €000	Retained earnings €000	Total equity €000
Balance as at 1 July 2022	240,407	142	(3)	12,225	252,771
Loss for the year	-	-	-	(12,511)	(12,511)
Balance at 30 June 2023	**240,407**	**142**	**(3)**	**(286)**	**240,260**

The notes on pages 239 to 247 form part of these financial statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

For the year ended 30 June 2024

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

PCC Global plc ("the company") public company limited by shares, incorporated and domiciled in England and Wales under the Companies Act 2006. The registered address of the company is shown on page 164.

The Financial Statements are presented in euros (€EUR), rounded to the nearest thousand, unless otherwise stated. These Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The results of the company are included in the consolidated financial statements of PCC Global Plc, which are available from its registered office, Lower Ground Floor, Park House, 16/18 Finsbury Circus, London, EC2M 7EB.

As permitted by section 408(4) of the Companies Act 2006, a separate income statement and statement of comprehensive income for the company has not been included in these Financial Statements.

The audit fee for the parent company is €5k and is payable to Deloitte Ireland LLP the statutory auditor.

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 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 for paragraph 79(a)(iv) of IAS 1;
- 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; and
- The requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of AssetsFinancial instruments and capital disclosures.

The material accounting policies adopted by the company have been consistently applied and are set out below. They have all been applied consistently to all years presented.

GOING CONCERN

These financial statements have been prepared on a going concern basis. As at 30 June 2024, the company was in a net current asset position of €11.8m (2023: €17.5m net current assets position). After due consideration, the directors consider that the company has adequate resources to meet its liabilities as they fall due and remain in operation for the going concern assessment period. Despite the net current liability position, the group and in turn the company has access to €25m additional funds under its revolving credit facility as at 30 November 2024. As such the company has sufficient liquidity to easily cover the net current liability position.

Directors and management are currently working with current bond holder to refinance a bond that is due for repayment on the 6th April 2025. While negotiations are not complete, the parties continue to work very closely to ensure it will be completed by the 6th of April 2025. The directors have confidence that if required, the group could repay the bond out of current liquidity availability.

Accordingly, the Board is satisfied that it is appropriate to adopt the going concern basis of accounting in preparing these parent company Financial Statements.

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

INVESTMENTS

Investments are stated at cost less provision for diminution in value. The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. 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).

An investment is derecognised on disposal or when no future economic benefits are expected to arise. Any gain or loss arising on the derecognition of the investment is included in the income statement in the period of derecognition.

IMPAIRMENT OF FINANCIAL ASSETS

The company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimate.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the company becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value and subsequently stated at amortised cost.

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

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

1. ACCOUNTING POLICIES (continued)

IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 8 for further details.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value, including bank deposits.

TRADE CREDITORS

Trade creditors are not interest bearing and are stated at their nominal value. They are recognised at fair value and then held at amortised cost.

LOANS AND BORROWINGS

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the Effective Interest Method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Income Statement.

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 Statement of Financial Position date.

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.

Deferred tax is calculated on an undiscounted basis.

FOREIGN CURRENCIES

Transactions in foreign currencies other than Euros are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated into Euros 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.

The company financial statements are prepared in Euros as the majority of the company's transactions are denominated in Euros.

REVENUE RECOGNITION

Revenue is comprised of management fee income resulting from the recharge of expenses to entities across the PCC Global plc group.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

In the application of the company's accounting policies, which are described in Note 2 in the consolidated financial statements, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates and the estimates and underlying assumptions are reviewed on an ongoing basis.

INVESTMENTS IMPAIRMENT

Investments tested annually for impairment or more frequently when there is an indication that the related cash-generating units (CGU) may be impaired. Determining whether investment is impaired requires an estimation of the value-in-use of the cash-generating units (CGU) to which the investment has been allocated. The value-in-use requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Note 15 in consolidated financial statement provides further details of the key assumptions used for the value-in-use calculation and sensitivities applied.

INTERCOMPANY BALANCES

The directors have reviewed the recoverability of the intercompany balances and no further impairment is required.

FORECASTS AND DISCOUNT RATES

The carrying values of investments on the Statement of Financial Position 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.

Value in use is determined with reference to projected future cash flows discounted at an appropriate rate. Both the cash flows and the discount rate involve a significant degree of estimation uncertainty.

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.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

3. STAFF COSTS

Staff costs presented in this note reflect the total wage, social security charges and pension relating to employees of the company.

Average number of full-time equivalent employees (including Executive Directors):

	2024 No. of employees	2023 No. of employees
Management and administration	12	8
	12	**8**

Employee benefits expense:

	2024 €000	2023 €000
Wages and salaries	2,956	2,843
Social security costs	306	270
Other pension costs	46	38
	3,308	**3,151**

Information on the emoluments of the directors who served during the year is included in note 5 on page178.

4. INTANGIBLE ASSETS

Software	2024 €000	2023 €000
Opening net book value 1 July	1,456	1,555
Additions	681	2,927
Disposals	-	(2,349)
Amortisation	(811)	(677)
Net carrying value at 30 June	**1,326**	**1,456**
At 30 June		
Cost	3,122	2,440
Accumulated amortisation	(1,796)	(984)
Net book amount	**1,326**	**1,456**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

5. DEFERRED TAX ASSET

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

	2024 €000	2023 €000
Assets at the beginning of year	4,442	1,998
(Charge)/credit to the Income Statement	(54)	2,444
Assets at the end of year	**4,388**	**4,442**

	Property, plant & equipment €000	Losses and other deductions €000	Total €000
Balance at 01 Jul 2022	**(28)**	**2,026**	**1,998**
Credit to the Income Statement	553	1,891	2,444
Balance at 30 June 2023	**525**	**3,917**	**4,442**
Charge to the Income Statement	(54)	-	(54)
Balance at 30 June 2024	**471**	**3,917**	**4,388**

The company has continued to recognise a deferred tax asset on unutilised losses carried forward. This is on the basis that it is probable that future taxable profit will be available against which the unutilised tax losses and credits can be set against by way of group relief. This is supported by the latest group profit and cash flow forecasts approved by the Board, which show improved trading performance. Other temporary differences related to interest expenses.

A potential deferred tax asset of €1.3m in relation to non-trade loan relationship deficit (2023: €nil) has not been provided for in the financial statements.

6. INVESTMENT IN SUBSIDIARIES

Details of the investments in subsidiaries in which the company holds nominal value of any class of share capital are disclosed in note 39 of the consolidated financial statements.

The movement of the investment in subsidiaries are disclosed in the below:

	2024 €000	2023 €000
At 1 July	419,441	394,441
Acquisitions	36,050	25,000
Impairment	(6,206)	-
Exchange movements	79	-
At 30 June	**449,364**	**419,441**

During the year the company carried out am impairment review of the recoverable amount of the investments. The review led to the recognition of impairment loss of €6.2m for the investment in DACH & CEE. The impairment loss has been recognised in the profit and loss account. There were no impairments in the prior year.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

During the current financial year, PCC Global plc acquired the following subsidiaries:

- PS Holdings Limited - the consideration comprised a cash payment of €25,839,000. Consideration also included €5,946,000 debt assignment agreements, accounted for within inter company loans as at 30th of June 2024.
- Stat Company Limited and ZenOffice Limited were acquired from the OT Group Limited, a common control.

The consideration comprised a cash payment of €7,306,000 and intercompany loan of €2,905,000. All acquisition costs were included in other operating costs in the income statement.

During the year the company carried out am impairment review of the recoverable amount of the investments. The review led to the recognition of impairment loss of €6.2m for the investment in DACH & CEE. The impairment loss has been recognised in the profit and loss account. There were no impairments in the prior year.

For the year ended 30 June 2024, the following following subsidiaries of PCC Global plc were entitled to exemption by parental guarantee from audit under section 479A of the Companies Act. Further details can be found in note 39 in the consolidated financial statements.

Subsidiary name	Company registration number
Paragon Transaction (U.K.) Limited	05258186
Lateral Holdings (UK) Limited	07656788
Lateral Group Limited	06498963
Devonshire Appointments Limited	02145418
Print Trade Suppliers Limited	08618197
PCC GDS Limited	05424810
The Lettershop Limited	00165672
DG3 Group (Holdings) Limited	04881124
PCC Realty (UK) Ltd	11895779
Critical Mail Continuity Services Ltd	03369486
Editions Publishing Limited	SC198718
Psona Limited	02036968
Psona 12 Limited	04536661
Paragon Customer Communications International Limited	06711794
Zen Office Limited	01189115
Stat Company Limited	038697874
Vox Group Limited	06664025
Vox Supply Partners Limited	02955280
Communisis PS Limited	136069329
Communisis International Limited	090669329
Communisis Europe Limited	00249473

Information regarding the registered office for the subsidiaries listed above can be found in the Consolidated Financial Statements in note 39 on page 233.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

7. LOAN RECEIVABLE AND BORROWING FROM GROUP UNDERTAKINGS

Amounts falling due to and from group undertakings within one year:

	2024 €000	2023 €000
Loan receivable from group undertakings	76,821	39,852
	76,821	**39,852**

	2024 €000	2023 €000
Borrowings from group undertakings	6,727	3,172
	6,727	**3,172**

Loan receivable from group undertakings are unsecured, interest bearing, have no fixed date of payment and are repayable on demand. Interest rate is charged at 4.50% and 7.18% (2023: 4.14%).

Borrowings from group undertakings are unsecured, interest bearing, have no fixed date of payment and are repayable on demand. Interest rate is charged at 5.19% and 6.92% (2023: 4.14%).

IFRS 9 expected credit losses have been assessed as immaterial in relation to these balances.

Amounts falling from group undertakings in more than one year:

	2024 €000	2023 €000
Loan receivable from group undertakings	62,939	62,939
	62,939	**62,939**

Loan receivable from group undertakings comprise intercompany loans with companies within the group. There is an agreement in place that amount owed by group undertakings for the amount of €62,939,000 is due for repayment on 30 September 2025. IFRS 9 expected credit losses have been assessed as immaterial in relation to these balances.

Loan receivable from group undertakings and related parties are measured at fair value.

Loan receivable from group undertakings are repayable on demand, interest rate is charged at 6.92% (2023: 4.14%) and 7.17% (2023: 5.33%).

8. TRADE AND OTHER RECEIVABLES

	2024 €000	2023 €000
Amounts due from group undertakings	10,949	4,056
Amount due from corporate group undertakings (note 14)	-	250
Prepayments and accrued income	293	2
	11,242	**4,308**

Amount due from group undertakings and parent company are unsecured, have no fixed date of repayment and are repayable on demand. IFRS9 credit losses have been assessed as immaterial in relation to these balances.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2024

9. CASH AND CASH EQUIVALENTS

	2024 €000	2023 €000
Cash and cash equivalents	21,448	44,597

Cash and cash equivalents comprise cash at bank and in hand and short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value, including bank deposits.

10. TRADE AND OTHER PAYABLES

Amounts falling due within one year

	2024 €000	2023 €000
Trade creditors	52	1,601
Amounts due to group undertakings	320	1,041
Amount due to corporate group undertakings (note 14)	832	8
Accruals	9,299	11,257
	10,503	**13,907**

11. LOANS AND BORROWINGS

The following table summarises the debt financing of the company, and changes during the year:

	2024 €000	2023 €000
Term loans	47,500	-
Revolving credit facilities	93,000	-
Bonds	269,000	321,000
Unamortised debt issue costs	(3,924)	(3,522)
	405,576	**317,478**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

11. LOANS AND BORROWINGS (continued)

The borrowings are repayable as follows:

	2024 €000	2023 €000
Within one year	97,716	52,000
Between two and five years	307,860	265,478
Beyond five years	-	-
	405,576	**317,478**

Bonds

On 30 July 2021 the bond notes originally held by Grenadier Holdings Plc (a related party outside of the PCCC Global plc group) were transferred to the group. The following is when these were issued:

- On 16 December 2016, the group raised €52m on loan notes that were admitted to trading on the Luxembourg MTF market. There are 520 bond notes with a face value of €100,000 each. The bond notes were repaid on 11 October 2023.
- On 7 April 2018, the group raised €89m on bond notes that were admitted to trading on the Luxembourg MTF market. There are 890 bond notes with a face value of €100,000 each. The repayment date is 6 April 2025.
- On 30 July 2021, the group raised €139m of bond notes that were admitted to trading on the Luxembourg MTF market. There are 1,390 bond notes with a face value of €100,000 each. The repayment date is 30 July 2028.
- On 20 December 2021, the group raised €41m of bond notes that were admitted to trading on the Luxembourg MTF market. There are 410 bond notes with a face value of €100,000 each. The repayment date is 30 July 2028.

The bond notes bear a fixed interest rate between 4% and 5% per annum dependent on total leverage. This instrument meets the definition of floating charge under IFRS9. The bond notes are secured on investments of the company. The issuance costs have been capitalised and are being amortised to net finance costs over the life of the bond notes. The bond notes have a net debt to EBITDA, interest cover and leverage ratio covenants which are tested quarterly.

Revolving credit facility

On 11 September 2023 revolving credit facility of €130m was extended to PCC Global plc by five global banks. The revolving credit facility bears interest at 3 months EURIBOR, plus a margin varying between 2.5% to 3.5% per annum dependent on total leverage. The revolving credit facility has a net debt to EBITDA, interest cover and leverage ratio covenants which are tested quarterly.

PCC Global plc has a fixed charge on the shares of the company as security against the purchased debt.

Term loan

On 11 September 2023 a term loan of €50m was extended to PCC Global plc by five global banks. The term loan bears interest at 3 months EURIBOR, plus a margin varying between 2.5% to 3.5% per annum dependent on total leverage. The term loan has a net debt to EBITDA, interest cover and leverage ratio covenants which are tested quarterly.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2024

12. SHARE CAPITAL

Cash and cash equivalents	No.	2024 €000	No.	2023 €000
Allotted, called up and fully paid				
Ordinary shares of €1 each	240,407,210	240,407	240,407,210	240,407

The company has unlimited authorised share capital.

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

13. RESERVES

Retained earnings

This reserve records the cumulative amount of profits and losses less any dividend distributions made.

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 currency in Euro.

Capital reserve

Capital reserve relates to PCC Global plc redenomination of shares completed on 31 May 2019.

14. RELATED PARTY TRANSACTIONS

Corporate group undertakings

Transactions and year-end balances with corporate companies Grenadier Holdings Limited and Grenadier Holding Service Co Ltd, controlled by the ultimate parent company CFH Sarl Luxembourg, were:

	2024 €000	2023 €000
Corporate fees	175	197
Interest income	2,401	323
Amount due from corporate group undertakings	-	250
Loan receivable from corporate group undertakings	17,246	-
Amount owed to corporate group undertakings	(832)	(8)
Loan payable to corporate group undertakings	-	(2,218)

Amounts due from and due to corporate group undertakings are unsecured, interest bearing, have no fixed date of repayment and are repayable on demand. Interest rate is charged at 6.92% (2023: 4.14%). IFRS 9 expected credit losses have been assessed as immaterial in relation to these balances.

15. EVENTS AFTER THE REPORTING DATE

Directors and management are currently working with current bond holder to refinance a bond that is due for repayment on the 6th April 2025. While negotiations are not complete, the parties continue to work very closely to ensure it will be completed by the 6th of April 2025. The directors have confidence that if required, the group could repay the bond out of current liquidity availability.

PARAGON

Australia | Austria | Belgium | China | Czech Republic
France | Germany | Greece | Hong Kong | Hungary
India | Ireland | Italy | Luxembourg | Netherlands
Poland | Portugal | Romania | Slovakia | Spain
Sweden | Switzerland | Turkey | United Arab Emirates
United Kingdom | United States of America

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ANNUAL Report 2024

PCC Global Plc

Company number: 03526640