Commercial in confidence

Registered No: 03591693

# Grenadier Holdings plc

## Report and Financial Statements

30 June 2020

**Directors**
P J Crean
L T Salmon
L P Estival

**Secretary**
R J Cahill

**Auditors**
Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
30 Finsbury Square
London EC2A 1AG

**Bankers**
Credit Agricole
Centre-Loire
Centre D'affaires 45
26 Rue de la Godde
45 800 St Jean de Braye
France

Credit Lyonnais
Orleans SDC Centre
7 Place du Martroi
45000 Orleans
France

Barclays Bank plc
Leicester
LE87 2BB

**Solicitors**
Gunnercooke LLP
1 Cornhill
London EC3V 3ND

Cabinet Lipworth
18 Avenue Franklin Roosevelt
75008 Paris
France

**Registered Office**
Lower Ground Floor
Park House
16 – 18 Finsbury Circus
London, EC2M 7EB

# Strategic report

The directors present their strategic report and the financial statements for the year ended 30 June 2020.

## Principal activity and review of the business

The Company acts as an intermediate parent undertaking. It holds shares in and provides management services to various Group undertakings.

The profit for the year after taxation amounted to €101,436,000 (2019 – €1,385,000). This includes a profit on disposal of investments in Group undertakings of €102,973,000 by way of disposal of Paragon MeillerGHP GmbH to PCC Global Limited, another wholly-owned subsidiary.

No dividend was paid during the year (2019 – €4,935,000).

### Future developments

The directors do not foresee any changes in the Company's activities.

## Principal risks and uncertainties

The main risks associated with the Company's financial assets and liabilities are set out below.

### Interest rate risk

The Company has negotiated low fixed interest rates in order to minimise the Groups exposure to interest rate risk.

The Company has raised loan notes which bear a fixed rate of interest of between 4 to 5%, subject to a grid margin.

On 16 December 2016, the Company raised €52,000,000 on loan notes that were admitted to trading on the Luxembourg MTF market. The repayment date is 15 December 2023.

On 7 April 2018, the Company raised €89,000,000 on loan notes that were admitted to trading on the Luxembourg MTF market. The repayment date is 6 April 2025.

### Credit risk

All transactions are with Group companies. This risk is mitigated through regularly reviewing and monitoring of Group companies. The Company has no risk of exposure to external credit risk.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company is well funded and has minimised its liquidity risk as it holds €141,000,000 of listed debt, with repayment due between 2023 and 2025.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages this risk by ensuring that it maintains sufficient levels of committed borrowing facilities and cash and cash equivalents. The level of headroom needed is reviewed annually as part of the companies planning process.

### Foreign currency risk

The Company does not transact in foreign currencies outside of the Paragon Group.

### Brexit

The UK's decision to leave the EU is likely to result in a short to medium term period of economic and political uncertainty and complexity. There is a risk that this uncertainty could reduce demand in the Company's UK market and could adversely impact the financial performance of the Company. 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 those entities within the Paragon Group that the Company transacts with.

# Strategic report

### Covid 19

The Covid 19 impact has differed in each of the divisions in which the Paragon Group operates: There is a risk that the uncertainty around the pandemic could reduce demand in the Company's various markets and could adversely impact the financial performance of the Company. Ultimately however, the overall group showed net organic EBIDTA growth in the financial year and has only been marginally impacted. The Board continue to monitor this risk as it unfolds.

### Section 172 statement

The Companies Act 2006 (CA2006) sets out a number of general duties which directors owe to the company. New legislation has been introduced to help shareholders better understand how directors have discharged their duty to promote the success of the company, while having regard to the matters set out in section 172(1)(a) to (f) of the CA2006 (s172 factors). In 2020 the directors continued to exercise all their duties, while having regard to these and other factors as they reviewed and considered proposals from senior management and governed the company.

The Board considers that the statement focuses on those risks and opportunities that were of strategic importance to Paragon consistent with the size and complexity of the Group. In the performance of its duty to promote the success of the company, the Board has regard to a number of matters, including listening to and considering the views key stakeholders to build trust and ensure it fully understands the potential impacts of the decisions it makes for our stakeholders, the environment and the communities in which we operate. Engagement with the company's main stakeholder groups, including our people, customers, suppliers, society and governments and regulators, at all levels of the organisation and across the enterprise are summarised below.

**<u>How our Board considers stakeholders in decision making</u>**

**People**

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

**Customers**

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

**Suppliers**

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

**Society**

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

# Strategic report

**Government & regulators**

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

On behalf of the Board

LAURENT T. SALMON

L T Salmon
Director
22 December 2020

Registered No. 03591693

# Directors' report

The directors present their report and financial statements for the year ended 30 June 2020.

The financial statements are stated in Euros as this is the functional currency of the Company.

## Results and dividends

The profit for the year after taxation amounted to €101,436,000 (2019 – €1,385,000). This includes a profit on disposal of investments in Group undertakings of €102,973,000 by way of disposal of Paragon MeillerGHP GmbH to PCC Global Limited, another wholly-owned subsidiary.

No dividend was paid during the year in the amount of €Nil (2019 – €4,935,000).

## Going concern

The Company has adequate financial resources and many of the Group entities that the Company transacts with have long term contracts with a number of customers and suppliers across different geographic areas and industries. The Company 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 Company's needs. The Directors believe that the Company is well placed to manage its business risks successfully.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. That expectation factors in the current and expected impact of Covid 19 on Group entities that the Company enters into transactions with.

The Directors have performed an assessment of going concern at a Group level, including a review of the Group's current cash position, available banking facilities and financial forecasts for 2020 and 2021, including the ability to adhere to banking covenants. In doing so the Directors have considered the uncertain nature of the current Covid 19 pandemic, current trading trends in our three markets and extensive actions already undertaken to protect profitability and conserve cash. The assessment is applicable to the Company as it transacts with a number of entities within the Paragon Group and would be negatively impacted by a significant decline in their ability to continue as a going concern.

The directors have considered the Company's current and future prospects and its availability of financing, and are satisfied that the Company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For these reasons, the directors continue to adopt the going concern basis of preparation for these financial statements.

## Directors

The directors who served the Company during the year and up to the date of signing these financial statements were as follows:

P J Crean
L T Salmon
L P Estival

## Financial instrument risk

The Company has established a risk and financial management framework whose primary objective is to protect the Company from events that hinder the achievement of the Company's performance objectives.

The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business level.

## Directors' liabilities

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

## Events since the Statement of Financial Position date

In the directors' opinion there were no post balance sheet events.

## Political and charitable contributions

During the year, the Company did not make any political or charitable contributions (2019 - €nil).

## Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and Directors' 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 have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. 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 and the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

A resolution to reappoint Grant Thornton UK LLP as auditors will be put to the members at the Annual General Meeting.

## Disclosure of information to the auditors

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board

P J Crean
Director
22 December 2020

# Independent auditor's report to the members of Grenadier Holdings PLC

***Opinion***

***Our opinion on the financial statements is unmodified***

We have audited the financial statements of Grenadier Holdings PLC (the 'Company') for the year ended 30 June 2020, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard 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.

***The impact of macro-economic uncertainties on our audit***

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid 19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Covid 19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

***Conclusions relating to going concern***

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

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

In our evaluation of the directors' conclusions, we considered the risks associated with the Company's business, including effects arising from macro-economic uncertainties such as Covid 19 and Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

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

GrantThornton

***Overview of our audit approach***

- Overall materiality: €1,870,000 which represents 0.80% of the Company's net assets.
- The Key audit matters identified were the valuation of amounts owed by Group undertakings and investments in Group undertakings and going concern.

***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 period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. 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.

| Key Audit Matters | How the matter was addressed in the audit |
|---|---|
| Valuation of amounts owed by Group undertakings and investments in Group undertakings<br>The Company has investments in Group undertakings of €167m and amounts owed by Group undertakings of €250m.<br><br>With such a number and range of acquisitions there is a risk that certain investments may be impaired and a risk that amounts owed by Group undertakings may not be recoverable.<br><br>During the year management have concluded that under IAS 38 no impairment charges should be recognised in respect of investments in Group undertakings and that an impairment charge of €0.3m in respect of amounts owed by Group undertakings should be recorded.<br><br>The assessment has been performed under IFRS 9 and includes several management judgements and is therefore subject to a high degree of uncertainty and therefore heightened risk of misstatement.<br><br>We therefore identified the valuation of amounts owed by Group undertakings and investments in Group undertakings.as a significant risk, which was one of the most significant assessed risks of material misstatement. | Our audit work included, but was not restricted to:<br>**Investment in Group undertakings**<br>• challenging management assessment of impairment indicators relating to investment in Group undertakings by obtaining evidence for judgements used and support for any of the calculations provided;<br>• considering the Group reporting from component auditors (in relation to the Paragon Group Limited audit) to see if any significant investments have shown signs of impairments; and,<br>• considered the implications of Paragon Group's goodwill impairment review for evidence of underperforming subsidiaries.<br><br>**Amounts owed by Group undertakings**<br>• evaluated the ability of the respective subsidiaries to make payment of the full amount by ensuring the net asset position at year end is sufficient; and,<br>• evaluated management's assessment to record an expected credit loss of €0.3m in respect of amounts owed by one Group undertaking.<br><br>The Company's accounting policy on investments in Group undertakings and financial assets is shown in note 1 to the financial statements and related disclosures are included in notes 7, 13 and 14.<br><br>Key observations<br>Our audit testing did not identify any material misstatements in the valuation of investments in Group undertakings or in amounts owed by Group undertakings. We tested management's assessment of the recoverable amount of these balances, and from the audit procedures performed we found that in both cases the carrying value was not materially misstated. |

| Key Audit Matters | How the matter was addressed in the audit |
|---|---|
| **Going Concern**<br>As stated in the 'The impact of macro-economic uncertainties on our audit' section of our report, Covid 19 is amongst the most significant economic events currently faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty. This event could adversely impact the future trading performance of the group and the parent company and as such increases the extent of judgement and estimation uncertainty associated with management's decision to adopt the going concern basis of accounting in the preparation of the financial statements. We therefore identified going concern as a significant risk, which was one of the most significant assessed risks of material misstatement. | Our audit work included, but was not restricted to:<br>• Obtaining management's base case cash flow forecasts covering the period from 01 July 2020 to 31 December 2021, assessing how these cash flow forecasts were compiled and assessing their appropriateness by applying relevant sensitivities to the underlying assumptions, and challenging those assumptions;<br>• Assessing the accuracy of management's past forecasting by comparing management's forecasts for last year to the actual results for last year and considering the impact on the base case cash flow forecast;<br>• Obtaining management's reverse stress test prepared to assess the potential impact of Covid 19 on the business. We evaluated management's assumptions regarding the impact of a reduction in recurring revenue. We considered whether the assumptions are consistent with our understanding of the business derived from other detailed audit work undertaken;<br>• Assessing the impact of the mitigating factors available to management in respect of the ability to restrict cash impact, including the level of available facilities; and<br>• Assessing the adequacy of related disclosures within the annual report. The group's accounting policy on going concern is shown in note 1 to the financial statements<br>Key observations<br>We have nothing to report in addition to that stated in the 'Conclusions relating to going concern' section of our report. |

### *Our application of 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 in determining the nature, timing and extent of our work and in evaluating the results of that work.

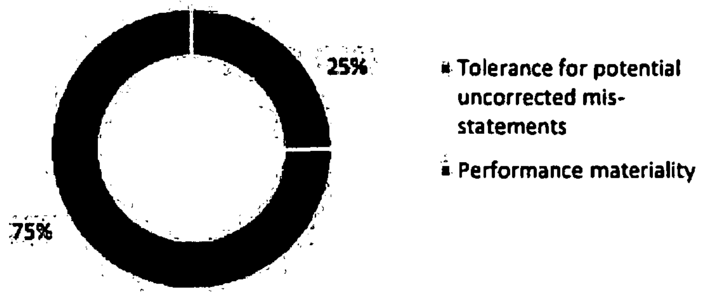
We determined materiality for the audit of the financial statements as a whole to be €1,870,000 which is 0.8% of net assets. This benchmark is considered the most appropriate because the entity is largely a holding company with intercompany activity to distribute funding received from listed debt.

Materiality for the current year is higher than the level that we determined for the year ended 30 June 2019 to reflect a higher percentage of net assets used as the basis for our materiality determination. The percentage was increased based on our increased knowledge of the business compared to the prior year.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality




We also determined a lower level of specific materiality being €93,500 for certain areas such as directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the audit committee to be €93,500 In addition, we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

***An overview of the scope of our audit***

Our audit approach was a risk-based approach founded on a thorough understanding of the Company's business, its environment and risk profile and in particular included:

- planning meetings with management to gain an update on the business during the year; and
- after planning, discussions with management, we undertook specific procedures to enable us to evaluate the Company's revenue recognition and also evaluate management's position of the recoverability of shares in Group undertakings and amounts owed by Group undertakings.

***Other information***

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

***Our opinions on other matters prescribed by the Companies Act 2006 are unmodified***

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

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

***Matter on which we are required to report under the Companies Act 2006***

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

***Matters on which we are required to report by exception***

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

***Responsibilities of directors for the financial statements***

As explained more fully in the statement of directors' responsibilities set out on page 6, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

***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.

GT DL UK LLP

Paul Naylor
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
**22 December 2020**

# Income statement

**for the year ended 30 June 2020**

| | Notes | 2020<br>€000 | 2019<br>€000 |
|---|---|---|---|
| Revenue | 2 | 12,262 | 11,427 |
| Administrative expenses | | (10,395) | (10,750) |
| ***Operating profit*** | 3 | 1,867 | 677 |
| Dividend income from shares in Group undertakings | 6 | - | 5,000 |
| Intercompany loan impairment and write-off | 7 | (282) | (183) |
| Finance income | 8 | 4,402 | 2,852 |
| Finance expense | 9 | (7,558) | (7,225) |
| Gain on sale of shares in Group undertakings | 10 | 102,973 | - |
| ***Profit before tax*** | | 101,402 | 1,121 |
| Income tax credit | 11 | 34 | 264 |
| ***Profit for the year*** | | 101,436 | 1,385 |

All of the above operations are continuing.

# Statement of comprehensive income

**for the year ended 30 June 2020**

There is no other comprehensive income other than the profit attributable to the shareholders of the Company for the year of €101,436,000 (2019 - €1,385,000).

The notes on pages 16 to 38 form part of these financial statements.

# Statement of financial position

**at 30 June 2020**

| | Notes | 2020 €000 | 2019 €000 |
|---|---|---|---|
| ***Fixed assets*** | | | |
| Intangible assets | 12 | 1,408 | 893 |
| Shares in Group undertakings | 13 | 167,049 | 157,076 |
| Deferred tax asset | 17 | 512 | 478 |
| | | 168,969 | 158,447 |
| ***Current assets*** | | | |
| Amounts owed by Group undertakings | 14 | 250,249 | 132,276 |
| Other debtors | 14 | 2,665 | 398 |
| Cash and cash equivalents | 14 | 8,539 | 2,482 |
| | | 261,453 | 135,156 |
| ***Creditors:*** amounts falling due within one year | | | |
| Amounts due to subsidiary undertaking | 15 | 47,406 | 13,594 |
| Trade and other payables | 15 | 3,789 | 3,542 |
| Deferred income | 16 | 2,526 | 700 |
| Income tax payable | | 189 | 189 |
| | | 53,910 | 18,025 |
| ***Net current assets*** | | 207,543 | 117,131 |
| ***Total assets less current liabilities*** | | 376,512 | 275,578 |
| ***Creditors: amounts falling due after more than one year*** | | | |
| Loans | 18 | 140,165 | 139,967 |
| Deferred income | 16 | 2,100 | 2,800 |
| **Net assets** | | 234,247 | 132,811 |
| ***Capital and reserves*** | | | |
| Share capital | 19 | 122 | 122 |
| Share premium | 24 | 2,518 | 2,518 |
| Capital reduction reserve | 24 | 30 | 30 |
| Retained earnings | 24 | 231,577 | 130,141 |
| | | 234,247 | 132,811 |

The notes on pages 16 to 38 form part of these financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 22 December 2020, and were signed on the Board's behalf by:

L T Salmon LAURENT T. SALMON
Director

P J Crean
Director

# Statement of changes in equity

**for the year ended 30 June 2019**

| | *Share capital* €000 | *Capital reduction reserve* €'000 | *Share premium* €000 | *Retained earnings* €000 | *Total equity* €000 |
|---|---|---|---|---|---|
| Balance as at 30 June 2018 | 122 | 30 | 2,518 | 133,691 | 136,361 |
| Profit for the year | - | - | - | 1,385 | 1,385 |
| Dividend | - | - | - | (4,935) | (4,935) |
| *Balance at 30 June 2019* | 122 | 30 | 2,518 | 130,141 | 132,811 |

**for the year ended 30 June 2020**

| | *Share capital* €000 | *Capital reduction reserve* €000 | *Share premium* €'000 | *Retained earnings* €000 | *Total equity* €000 |
|---|---|---|---|---|---|
| Balance as at 1 July 2019 | 122 | 30 | 2,518 | 130,141 | 132,811 |
| Profit for the year | - | - | - | 101,436 | 101,436 |
| *Balance at 30 June 2020* | 122 | 30 | 2,518 | 231,577 | 234,247 |

The notes on pages 16 to 38 form part of these financial statements.

# Notes to the financial statements

**at 30 June 2020**

## 1. Accounting policies

***Basis of preparation***

The Company is a private company limited by shares and is incorporated and domiciled in the UK. The financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The Company's financial statements are presented in Euros and all values are rounded to the nearest thousand (€000) except where otherwise indicated. These financial statements present the performance and position of the individual entity. The results of the Company are included in the consolidated financial statements of Paragon Group Limited, which are available from its registered office, Lower Ground Floor, Park House, 16 – 18 Finsbury Circus, London, EC2M 7EB. The principal accounting policies adopted by the Company have been consistently applied and are set out below.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of financial statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- 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 (reconciliations between the carrying amount at the beginning and end of the period);
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The Euro/Sterling exchange rate at 30 June 2020 was 1.11 (2019 – 1.12).

The Company does not prepare Group financial statements as it is exempt from the requirement to do so under section 400 of the Companies Act 2006.

The IASB have issued the following standards, policies, interpretations and amendments which were effective for the Company for the first time in the year ended 30 June 2020:

- IAS 1: Presentation of Financial Statements
- IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3: Business Combinations (Amendment – Definition of Business)
- IFRS 16: Leases
- IFRIC 23: Uncertainty over Income Tax Treatments

# Notes to the financial statements

**at 30 June 2020**

## 1. Accounting policies (continued)

- Amendments to IAS 19: Employee Benefits
- Amendments to IAS 28: Investments in Associates and Joint Ventures
- Annual Improvements 2015 – 2017 Cycle

The adoption of the above standards, policies, interpretations and amendments did not have a significant impact on the Company's financial statements

**New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June 2020 and have not been applied in preparing these financial statements.

These new standards, amendments and interpretations are either not expected to have a material impact on the consolidated financial statements once applied or are still under assessment.

**Going concern**

The Company has adequate financial resources and many of the Group entities that the Company transacts with have long term contracts with a number of customers and suppliers across different geographic areas and industries. The Company 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 Company's needs. The Directors believe that the Company is well placed to manage its business risks successfully.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. That expectation factors in the current and expected impact of Covid 19 on Group entities that the Company enters into transactions with.

The Directors have performed an assessment of going concern at a Group level, including a review of the Group's current cash position, available banking facilities and financial forecasts for 2020 and 2021, including the ability to adhere to banking covenants. In doing so the Directors have considered the uncertain nature of the current Covid 19 pandemic, current trading trends in our three markets and extensive actions already undertaken to protect profitability and conserve cash. The assessment is applicable to the Company as it transacts with a number of entities within the Paragon Group and would be negatively impacted by a significant decline in their ability to continue as a going concern.

*Financial Forecasts*

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

- we anticipate that volume would be somewhat subdued for the remainder of 2020 and into 2021;
- Reduction in variable costs to align the costs with the lower volumes including furloughing staff as part of government support scheme and reducing repairs and maintenance costs;
- Reductions in support costs to reflect the impact of the extensive cost reduction initiatives implemented by the Group including the implementation of a recruitment freeze, deferral of executive bonuses and graduated salary reductions for support staff across the business

# Notes to the financial statements

**at 30 June 2020**

## 1. Accounting policies (continued)

- The downside case included further reductions in the range of 10% in turnover across the three division for the remainder of 2020 and on into 2021 to reflect a scenario of a deeper economic impact, region specific lockdowns in the UK and a slower recovery over the course of next year. Those projections showed that the Group will continue to operate viably over that period.

*Outcome of assessment*

Overall the Group traded ahead of the management case for the first quarter of 2021 and has remained profitable at an underlying EBITDA level which further underlines the resilience and adaptability of our business during this difficult time.

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

***Investments***

Investments are categorised as either subsidiaries or trade investments.

Subsidiaries are stated at cost less provision for diminution in value. Trade investments are carried at fair value.

The carrying values of investments in subsidiaries 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 investment in subsidiaries with its recoverable amount (being the higher of value in use and fair value less costs to sell).

An investment is derecognised upon 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 impairment of financial assets is performed in line with the expected credit loss model under IFRS 9. Recognition of credit losses is no longer dependent on the company first identifying a credit loss event. Instead the company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

# Notes to the financial statements

**at 30 June 2020**

## 1. Accounting policies (continued)

***Intangible assets***

***Computer 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. These assets are amortised on a straight-line basis over their estimated useful lives, which is generally over three years.

***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.

***Financial assets held at amortised cost***

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Allowances are recognised in the Income Statement when there is objective evidence that the asset is impaired.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash in hand and demand 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 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 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 Statement of Financial Position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise on goodwill or from the initial recognition (other than business combinations) of other assets or liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

# Notes to the financial statements

**at 30 June 2020**

## 1. Accounting policies (continued)

The carrying amount of deferred tax assets is reviewed at each 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 at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Income Statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is calculated on an undiscounted basis.

***Foreign currencies***

Transactions in foreign currencies other than Euro are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the 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 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.

Grenadier Holdings plc's financial statements are prepared in Euro as the majority of the Company's transactions are denominated in Euro.

***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.

***Dividends***
Dividends are recognised when the Company's right to receive payment is established.

***Revenue recognition***
***IFRS 15 Revenue from Contracts with Customers***

IFRS 15 provides a single, principles based five step model to be applied to all sales contracts. It is based on the transfer of control of goods and services to customers.

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

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

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

# Notes to the financial statements

**at 30 June 2020**

## 1. Accounting policies (continued)

In the Company financial statements revenue is measured at the fair value of consideration received or receivable and comprises amounts receivable for services, net of trade discounts, up-front payments, VAT and other sales-related taxes. The Company does not supply any goods.

The Company revenue comprises of three different revenue streams.

***Brand royalties***

The Paragon brand name is licenced for use by certain of the Company subsidiaries, there are no arrangements with any companies that are not part of the Paragon group of companies.

In all cases the performance obligation is generally defined at the level of each invoice and is not bundled. Revenue is recognised in the Company as royalty revenue. It is calculated at a set percentage on all third

party revenues included in the Income Statement of those subsidiaries that have entered into a licence agreement for the use of the Paragon brand.

Revenue is recognised when control of the asset is transferred and this typically occurs when the subsidiary company in turn recognises third party revenues. No other performance obligations have been identified. Modifications are treated as amendments to existing contracts. Customer advance payments are recognised as liabilities until the performance obligations have been completed and revenue recognised. Customers are not offered a contract with any significant funding components. There are no warranties in place.

***Management fees***

Paragon management fees are earned in connection with the services provided by the Group's central support units to Company subsidiaries only.

Such services can include advice and assistance on accounting and control systems, treasury management and control, forecasting, financial techniques and credit control, advertising and marketing, training services for new and existing technical staff, recruitment and human resources, transportation and warehousing, data processing facilities and expertise in particular in connection with payroll, forecasting and special billing arrangements and controls, implementing the introduction of management information systems and any other management or information services which the Company is reasonably capable of providing.

In all cases the performance obligation is generally defined at the level of each invoice and is not bundled. Revenue is recognised when control of the asset is transferred and this typically occurs as costs are incurred by the Company on the provision of these services.

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

***Gains on licence of intangibles***

The Company receives income from an exclusive two-year licence for the use of the Paragon brand name. Income received is from Paragon Transaction UK Limited, Paragon Customer Communications Limited and Bemrose Booth Paragon Limited. The Paragon brand name is an internally generated asset which is not being recognised on the Company's Statement of Financial Position. The gain on the licence of intangibles has been recognised over the life of the licence.

# Notes to the financial statements

**at 30 June 2020**

## 1. Accounting policies (continued)

*Judgements and key sources of estimation uncertainty*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

*Intercompany balances*

The carrying value of these balances is dependent upon the future profits of the subsidiary companies. The directors have reviewed the forecasts for these subsidiary companies and no evidence of any impairment has been identified.

*Carrying value of investments in subsidiaries*

The Company assesses, at each reporting date, whether there is objective evidence that investment in subsidiaries is impaired. The carrying value of these investments is dependent upon future profits. The directors have reviewed the forecasts for these investments and no evidence of any impairment has been identified.

*Deferred tax assets*

The realisation of deferred tax assets is dependent on the generation of sufficient future taxable profits. The Company 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.

## 2. Revenue

| | *2020* | *2019* |
|---|---|---|
| | *€000* | *€000* |
| Revenue from brand royalties and management fees | 8,898 | 9,027 |
| Gain on licence of intangibles | 3,364 | 2,400 |
| | 12,262 | 11,427 |

This gain on licence of intangibles includes an exclusive two-year licence granted to Paragon Customer Communications Limited for the use of the Paragon brand name. The gain arising on this licence is to be recognised over the period of licence which is two years.

The company also granted a licence to Bemrose Booth Paragon Limited for the use of Paragon brand name. The gain arising on this licence is to be recognised over the period of licence which is 13 months.

In a previous year the Company had granted a five-year licence to Paragon Transaction (UK) Limited for the use of the Paragon brand name. The gain arising on this licence is to be recognised over the period of the licence which is five years.

# Notes to the financial statements

**at 30 June 2020**

## 3. Operating profit

This is stated after charging:

| | | 2020 €000 | 2019 €000 |
|---|---|---|---|
| Foreign exchange (gain)/loss | | (307) | 29 |
| Auditor's remuneration | - audit services | 19 | 187 |
| | - non-audit services | 10 | 10 |
| Staff costs (note 5) | | 1,502 | 1,648 |
| Amortisation of intangibles (note 12) | | 654 | 595 |

Non-audit services relate to covenant reports.

## 4. Directors' remuneration

| | 2020 €000 | 2019 €000 |
|---|---|---|
| Remuneration | 543 | 565 |
| Company contributions paid to money purchase scheme | 6 | 26 |
| | *No.* | *No.* |
| Members of money purchase pension schemes | 2 | 2 |

The remuneration from the Company of the highest paid director was €244,000 (2019 – €265,000). The contributions paid into money purchase pension schemes for the highest paid director were €7,000 (2019 – €25,000).

## 5. Staff costs

| | 2020 €000 | 2019 €000 |
|---|---|---|
| Wages and salaries | 1,277 | 1,374 |
| Social security costs | 184 | 210 |
| Other pension costs | 41 | 64 |
| | 1,502 | 1,648 |

The average monthly number of full-time, part-time and temporary employees during the year was:

| | 2020 No. | 2019 No. |
|---|---|---|
| Administration | 7 | 10 |

# Notes to the financial statements

**at 30 June 2020**

## 6. Dividend income from shares in Group undertakings

| | *2020* | *2019* |
|---|---|---|
| | *€000* | *€000* |
| Dividend income | - | 5,000 |

In the prior year, this includes the dividend income from Paragon Transaction SA.

## 7. Intercompany loan impairment and write-off

| | *2020* | *2019* |
|---|---|---|
| | *€000* | *€000* |
| Intercompany loan impairment and write-off | (282) | (183) |

In the year, the Company has written off a loan advanced to D'Haussy Solutions SAS. In the prior year the Company provided in full for an intercompany loan with Allkopi AS.

## 8. Finance income

| | *2020* | *2019* |
|---|---|---|
| | *€000* | *€000* |
| Interest receivable from Group undertakings | 4,402 | 2,848 |
| Interest receivable on cash equivalents | - | 4 |
| | 4,402 | 2,852 |

## 9. Finance expense

| | *2020* | *2019* |
|---|---|---|
| | *€000* | *€000* |
| Interest payable to Group undertakings | 734 | 361 |
| Loan note interest | 5,640 | 6,256 |
| Foreign exchange losses on retranslation of intercompany loan balances | 979 | 402 |
| Amortised loan note issuance costs | 205 | 206 |
| | 7,558 | 7,225 |

## 10. Gain on sale of shares in Group undertakings

| | *2020* | *2019* |
|---|---|---|
| | *€000* | *€000* |
| Gain on sale of shares in Group undertakings | 102,973 | [illegible] |

This arose on the sale of the Company shareholding in Paragon MeillerGHP GmbH to PCC Global Limited a wholly owned direct subsidiary of the Company.

# Notes to the financial statements

**at 30 June 2020**

## 11. Income tax

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

| | *2020* | *2019* |
|---|---|---|
| | *€000* | *€000* |
| ***Current tax*** | | |
| Current period | - | 371 |
| In respect of prior periods | - | - |
| ***Total current tax credit*** | - | 371 |
| Deferred tax credit/(charge) current period | 34 | (118) |
| In respect of prior periods | - | 11 |
| ***Total deferred tax credit/(charge) (note 17)*** | 34 | (107) |
| ***Total income tax credit*** | 34 | 264 |

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

| | *2020* | *2019* |
|---|---|---|
| | *€000* | *€000* |
| ***Profit before tax*** | 101,402 | 1,121 |
| Tax calculated at a rate of 19% (2019 – 19%) | 19,266 | 213 |
| Non-taxable income | (20,204) | (456) |
| Non-taxable dividend income | - | (950) |
| Non-deductible expenses | 152 | 61 |
| Adjustments in respect of prior periods | - | (11) |
| Group relief not at the standard rate | 752 | 879 |
| ***Total income tax credit*** | (34) | (264) |

# Notes to the financial statements

**at 30 June 2020**

## 12. Intangible assets

| | *Computer Software €000* |
|---|---|
| *Cost:* | |
| At 1 July 2019 | 4,177 |
| Additions | 1,169 |
| At 30 June 2020 | 5,346 |
| *Accumulated amortisation:* | |
| At 1 July 2019 | 3,284 |
| Charge for the year | 654 |
| At 30 June 2020 | 3,938 |
| *Net book value:* | |
| At 30 June 2020 | 1,408 |
| At 1 July 2019 | 893 |

## 13. Shares in Group undertakings

Details of the investments in which the Company holds at least 5% of the nominal value of any class of share capital are as follows:

***Subsidiary undertakings***

PCC: Paragon Customer Communications

PID: Paragon ID

PGS: Paragon Graphic Services

| Name of Company | Country of incorporation | Holding | Proportion of voting rights and shares held | Nature of business |
|---|---|---|---|---|
| PCC Global Limited | England | Ordinary | 100% | Parent undertaking |
| Paragon Group UK Limited | England | Ordinary | 100% | (1) PGS |
| Paragon Identification SAS | France | Ordinary | 100% | (4) PID |
| Paragon Transaction SA | France | Ordinary | 100% | (32) PCC |
| Gresset Services SAS | France | Ordinary | 80% | (32) PCC |
| Wordcraft Digital Print Limited | England | Ordinary | 100% | (31) Dormant |
| Grenadier Corporate Limited | England | Ordinary | 100% | Parent undertaking |
| Paragon Romania SRL | Romania | Ordinary | 100% | (3) PCC |
| Paragon Transaction (U.K) Limited | England | Ordinary | 100% | (3) Parent undertaking |
| Immobilière Paragon France SAS | France | Ordinary | 100% | Property holding |

# Notes to the financial statements

**at 30 June 2020**

## 13. Shares in Group undertakings (continued)

| Name of Company | Country of incorporation | Holding | Proportion of voting rights and shares held | Nature of business |
|---|---|---|---|---|
| Paragon Grenadier US Inc | USA | Ordinary | 100% | Parent undertaking |
| Paragon Solutions Group Inc | USA | Ordinary | 100% | (6) PID |
| Print Trade Suppliers Limited | England | Ordinary | 100% | (1) PGS |
| Holmbergs i Malmo AB | Sweden | Ordinary | 100% | (1) PGS |
| Allkopi Holdings AS | Norway | Ordinary | 100% | (1) Parent undertaking |
| Allkopi AS | Norway | Ordinary | 100% | (7) PGS |
| KSB Groep BV | Netherlands | Ordinary | 100% | (8) PGS |
| Paragon Nederland BV | Netherlands | Ordinary | 100% | Dormant |
| C&D Investments BV | Netherlands | Ordinary | 100% | Dormant |
| FleQs BV | Netherlands | Ordinary | 100% | (1) PGS |
| Paragon ID SA | France | Ordinary | 85.5% | PID |
| ASK IntTag | USA | Ordinary | 85.5% | (4) PID |
| ASK Asia HK Limited | Hong Kong | Ordinary | 85.5% | (4) Parent undertaking |
| ASK Smart | China | Ordinary | 85.5% | (18) PID |
| Paragon Customer Communications Limited | England | Ordinary | 100% | (5) Parent undertaking |
| Grenadier Realty Limited | England | Ordinary | 100% | (14) Property holding |
| Paragon Customer Communications (Bristol) Limited | England | Ordinary | 100% | (19) PCC |
| Lateral Holdings Limited | England | Ordinary | 100% | (19) Parent undertaking |
| Dsicmm Group Limited | England | Ordinary | 100% | (19) Parent undertaking |
| Lateral Group Limited | England | Ordinary | 100% | (20) Parent undertaking |
| Paragon Customer Communications (London) Limited | England | Ordinary | 100% | (22) Parent undertaking |
| Paragon Customer Communications (Nottingham) Limited | England | Ordinary | 100% | (21) PCC |
| OT Group Limited | England | Ordinary | 100% | (1) PGS |

# Notes to the financial statements

**at 30 June 2020**

## 13. Shares in Group undertakings (continued)

| Name of Company | Country of incorporation | Holding | Proportion of voting rights and shares held | Nature of business |
|---|---|---|---|---|
| Netprint Kristiansand AS | Norway | Ordinary | 100% | (7) PGS |
| D'Haussy Solutions International SAS | France | Ordinary | 100% | (3) PCC |
| D'Haussy GmbH | France | Ordinary | 100% | (32) PCC |
| Rault Eppe Solutions SAS | France | Ordinary | 100% | (5) PCC |
| D'Haussy Solutions SAS | France | Ordinary | 100% | (3) PCC |
| Paragon Identification SRL | Romania | Ordinary | 85.5% | (16) PID |
| Burall Infosmart Limited | England | Ordinary | 85.5% | (11) PID |
| Burall InfoSyS Limited | England | Ordinary | 85.5% | (17) Dormant |
| Njaljus AB | Sweden | Ordinary | 100% | (9) PGS |
| Paragon MeillerGHP Holdings GmbH | Germany | Ordinary | 100% | (5) Parent undertaking |
| Paragon Customer Communications Schwandorf GmbH | Germany | Ordinary | 100% | (10) PCC |
| Paragon Customer Communications Czech a.s | Czech Republic | Ordinary | 100% | (15) PCC |
| Paragon Customer Communications SP z.o.o | Poland | Ordinary | 100% | (5) PCC |
| MeillerGHP AB | Sweden | Ordinary | 100% | (5) PCC |
| Paragon Magnadata USA Inc. | USA | Ordinary | 100% | (16) PID |
| Paragon Identification Pty Limited | Australia | Ordinary | 100% | (11) PID |
| Inter Routage Sologne SAS | France | Ordinary | 100% | (3) PCC |
| SCI de L'erigny | France | Ordinary | 100% | (27) Property holding |
| Paragon Customer Communications (Finsbury Circus) Limited | England | Ordinary | 100% | (19) PCC |
| Paragon Customer Communications (Redruth) Limited | England | Ordinary | 100% | (19) PCC |
| Paragon Customer Communications Korschenbroich GmbH | Germany | Ordinary | 100% | (10) PCC |
| AmaTech Group Limited | Ireland | Ordinary | 85.26% | (4) PID |
| Feinics AmaTech Teoranta | Ireland | Ordinary | 85.26% | (24) PID |
| AmaTech Precision GmbH | Germany | Ordinary | 85.26% | (24) PID |
| AmaTech Inc. | USA | Ordinary | 85.26% | (24) PID |
| Paragon Customer Communications (Pilsen) s.r.o | Czech | Ordinary | 100% | (26) PCC |
| Global Document Systems | England | Ordinary | 100% | (1) PGS |

# Notes to the financial statements

**at 30 June 2020**

### 13. Shares in Group undertakings (continued)

| Name of Company | Country of incorporation | Holding | Proportion of voting rights and shares held | Nature of business |
|---|---|---|---|---|
| Immobilière Grenadier France SAS | France | Ordinary | 100% | Property Holding |
| Grenadier Holdings Investment Limited | England | Ordinary | 100% | Parent undertaking |
| Paragon Customer Communications Schwandorf Realty GmbH | Germany | Ordinary | 100% | (14) Property Holding |
| Paragon Customer Communications Korschenboich Realty GmbH | Germany | Ordinary | 100% | (14) Property Holding |
| Paragon Brand France Limited | England | Ordinary | 100% | (5) Dormant |
| Paragon Brand Germany Limited | England | Ordinary | 100% | (5) Dormant |
| Paragon Graphics Limited | England | Ordinary | 100% | Parent undertaking |
| Bemrose Booth Paragon Ltd | England | Ordinary | 100% | (16) PID |
| Paperhat GmbH | Germany | Ordinary | 100% | PCC |
| Paragon Customer Communications Weingarten GmbH | Germany | Ordinary | 100% | (10) PCC |
| Paragon Customer Communications (Luxembourg) SA | Luxembourg | Ordinary | 100% | (23) PCC |
| Paperhat India Pvt Limited | India | Ordinary | 99% | (23) PCC |
| Celerity Information Services (Inc). | USA | Ordinary | 100% | (23) PCC |
| D&MSP Celerity Services SL | Spain | Ordinary | 48% | (30) PCC |
| Despark UK Limited | England | Ordinary | 100% | (19) Parent undertaking |
| Despark Bulgaria EOOD | Bulgaria | Ordinary | 100% | (12) PCC |
| Merico Delta Print SAS | France | Ordinary | 100% | (3) PCC |
| Arcania SAS | France | Ordinary | 100% | (3) PCC |
| Paragon Customer Communications Netherlands BV | Netherlands | Ordinary | 100% | (32) PCC |
| Interactive Output Solutions (Manchester) Limited | England | Ordinary | 100% | (22) Dormant |
| Pickfield Printing company Limited | England | Ordinary | 100% | (28) Dormant |
| PCC Netherlands Holdings BV | Netherlands | Ordinary | 100% | (5) Parent undertaking |

# Notes to the financial statements

**at 30 June 2020**

### 13. Shares in Group undertakings (continued)

| Name of Company | Country of incorporation | Holding | Proportion of voting rights and shares held | Nature of business |
|---|---|---|---|---|
| Paragon Softtech Limited | Ireland | Ordinary | 100% | Property Holding |
| Stat Company Limited | England | Ordinary | 100% | (35) Parent undertaking |
| ZenOffice Limited | England | Ordinary | Nil | (36) PGS |
| Paragon Communicatie Services BV | Netherlands | Ordinary | 100% | (32) PCC |
| PCC Nederlands BV | Netherlands | Ordinary | 100% | (32) PCC |
| Grenadier Realty Ireland Limited | Ireland | Ordinary | 100% | (14) Property Holding |
| SG Print Dublin Limited | Ireland | Ordinary | 100% | (1) PGS |
| Thames Card Technology Limited | England | Ordinary | 85.5% | (11) PID |
| Spicers Office Supplies (Ireland) Limited | Ireland | Ordinary | 100% | (1) PGS |
| Paragon Office Team Limited | Ireland | Ordinary | 100% | (1) PGS |
| Image Factory Retail Graphics Limited | England | Ordinary | 100% | (1) PGS |
| A.E. Tyler Limited | England | Ordinary | 100% | (1) PGS |
| Optimum Media Marketing Services Limited | England | Ordinary | 100% | (33) PGS |
| Paragon Customer Communications International Limited | England | Ordinary | 100% | (19) PCC |
| PCC GDS Limited | England | Ordinary | 100% | (34) PCC |
| Devonshire Appointments Limited | England | Ordinary | 100% | (19) PCC |
| Devonshire Recruitment Group Limited | England | Ordinary | 100% | (19) PCC |
| Critical Mail Continuity Services Limited | England | Ordinary | 100% | (34) PCC |
| PCC International Germany GmbH | Germany | Ordinary | 100% | (34) PCC |
| Paragon Customer Communications Ireland Limited | Ireland | Ordinary | 100% | (34) PCC |
| Paragon Customer Communications Italy s.r.l. | Italy | Ordinary | 100% | (34) PCC |
| Paragon Customer Communications Spain S.L. | Spain | Ordinary | 100% | (34) PCC |
| PCC Poland SP z.o.o | Poland | Ordinary | 100% | (34) PCC |

# Notes to the financial statements

**at 30 June 2020**

## 13. Shares in Group undertakings (continued)

| Name of Company | Country of incorporation | Holding | Proportion of voting rights and shares held | Nature of business |
|---|---|---|---|---|
| ***Joint ventures*** | | | | |
| Inlays India Private Limited | India | Ordinary | 56.32% | (4) Dormant |
| DSI Billing Services Limited | England | Ordinary | 50% | (23) PCC |
| Airweb SAS | France | Ordinary | 50% | (4) PID |
| ***Associates*** | | | | |
| Response Handling Centre Limited | England | Ordinary | 34% | (23) PCC |
| European Direct Mail Specialists Limited | England | Ordinary | 50% | (23) PCC |
| ***Investments*** | | | | |
| Intercopy AB | Sweden | Ordinary | 7% | (9) PGS |
| Output AG | Germany | Ordinary | 6% | (25) PCC |
| BeeBuzziness SAS | France | Ordinary | 15% | PCC |

The financial statements of the above entities can be obtained from the Company's registered office.

Park House
16 – 18 Finsbury Circus
London, EC2M 7EB
United Kingdom

# Notes to the financial statements

**at 30 June 2020**

## 13. Shares in Group undertakings (continued)

(1) Held via Paragon Graphics Limited
(2) Held via Paragon Transaction (U.K.) Limited
(3) Held via Paragon Transaction SA
(4) Held via Paragon ID SA
(5) Held via PCC Global Limited
(6) Held via Paragon Grenadier US Inc
(7) Held via Allkopi Holdings AS
(8) Held via Allkopi AS
(9) Held via Holmbergs i Malmo AB
(10) Held via Paragon MeillerGHP Holdings GmbH
(11) Held via Bemrose Booth Paragon Limited
(12) Held via Despark UK Limited
(13) Held via D'Haussy Solutions International SAS
(14) Held via Grenadier Holdings Investments Limited
(15) Held via Paragon Customer Communications Schwandorf GmbH
(16) Held via Paragon Identification SAS
(17) Held via Burall Infosmart Limited
(18) Held via ASK Asia HK Limited
(19) Held via Paragon Customer Communications Limited
(20) Held via Lateral Holdings Limited
(21) Held via Lateral Group Limited
(22) Held via dsicmm Group Limited
(23) Held via Paragon Customer Communications (London) Limited
(24) Held via Amatech Group Limited
(25) Held via Paragon Customer Communications Korschenbroich GmbH
(26) Held via Paragon Customer Communications Czech a.s.
(27) Held via Inter Routage Sologne SAS
(28) Held via Interactive Output Solutions (Manchester) Limited
(29) Held via Despark Bulgaria EOOD
(30) Held via Paragon Customer Communications (London) Limited. This company has been consolidated as the Group exerts significant influence and control over the Board of Directors.
(31) Held via Paragon Group UK Limited
(32) Held via PCC Netherlands Holdings BV
(33) Held via A.E. Tyler Limited
(34) Held via Paragon Customer Communications International Limited
(35) Held via OT Group Limited
(36) Held via Stat Company Limited. This entity has been consolidated as the Group exerts significant influence and control over the Board of Directors.

# Notes to the financial statements

**at 30 June 2020**

## 13. Shares in Group undertakings (continued)

**Investments in subsidiaries and trade investments**

| | *Subsidiaries* | *Trade investments* | *Total* |
|---|---|---|---|
| | *€000* | *€000* | *€000* |
| **Cost of valuation** | | | |
| At 1 July | 155,026 | 2,050 | 157,076 |
| Disposals | (27) | - | (27) |
| Capital contribution | 10,000 | - | 10,000 |
| **At 30 June 2020** | 164,999 | 2,050 | 167,049 |

**Subsidiaries**

**Disposals**

On 13 November 2019, the Company sold its shareholding in Paragon MeillerGHP GmbH to PCC Global Limited a wholly owned direct subsidiary of the Company. Consideration was left as a loan between the companies. This was a continuation of the exercise that began in the previous financial year to align the Group's holdings with its three-division commercial structure.

**Capital contribution**

During the year, the Company converted a loan in the sum of €10,000,000 with Paragon ID SA to capital in that company.

## 14. Other financial assets

***Trade and other receivables***

| | *2020* | *2019* |
|---|---|---|
| | *€000* | *€000* |
| Amounts owed by Group undertakings | 250,249 | 132,276 |
| Other debtors | 2,665 | 398 |
| | 252,914 | 132,674 |

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

| *Cash and cash equivalents* | *2020* | *2019* |
|---|---|---|
| | *€000* | *€000* |
| Cash and cash equivalents | 8,539 | 2,482 |

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair value.

# Notes to the financial statements

**at 30 June 2020**

## 15. Trade and other payables

| | 2020 | 2019 |
|---|---|---|
| | €000 | €000 |
| Trade creditors | 676 | 457 |
| Other taxes and social security costs | 204 | 105 |
| Accruals | 963 | 1,015 |
| Accrued interest on loan notes | 1,946 | 1,946 |
| Amount due to related party | - | 19 |
| Amounts due to subsidiary undertaking | 47,406 | 13,594 |
| | 51,195 | 17,136 |

The directors consider that the carrying amount of trade and other payables approximates their fair value.

## 16. Deferred income

| | 2020 | 2019 |
|---|---|---|
| | €000 | €000 |
| Current | 2,526 | 700 |
| Non-current | 2,100 | 2,800 |
| | 4,626 | 3,500 |

In the previous year, the Company granted an exclusive two-year licence to Paragon Customer Communications Limited for the use of the Paragon brand name. The gain arising on this licence is to be recognised over the period of licence which is two years.

In a previous year the Company had granted a five-year licence to Paragon Transaction (UK) Limited for the use of the Paragon brand name. The gain arising on this licence is to be recognised over the period of the licence which is five years.

The company also granted a licence to Bemrose Booth Paragon Limited for the use of Paragon brand name. The gain arising on this licence is to be recognised over the period of licence which is 13 months.

Reconciliation of opening to closing deferred income position:

| | €000 |
|---|---|
| At 1 July 2019 | 3,500 |
| Additions | 4,490 |
| Charge in the year | (3,364) |
| At 30 June 2020 | 4,626 |

# Notes to the financial statements

**at 30 June 2020**

## 17. Deferred tax

An analysis of the deferred tax asset is as follows:

| | *Recognised* | | *Not recognised* | |
|---|---|---|---|---|
| | *2020* | *2019* | *2020* | *2019* |
| | *€000* | *€000* | *€000* | *€000* |
| Temporary differences | 273 | 239 | - | - |
| Trading losses | 239 | 239 | 727 | - |

Reconciliation of opening to closing deferred tax asset position:

| | *€000* |
|---|---|
| At 1 July 2019 | 478 |
| Charge in the year | 34 |
| At 30 June 2020 | 512 |

The deferred tax asset is expected to be recovered in future periods over one year from the Statement of Financial Position date based on the directors' view that sufficient taxable profits will exist. The Company has tax losses arising in the UK of €4,355,000 that are available indefinitely for offset against the Company's future taxable profits.

## 18. Loans

On 7 April 2018, the Company raised €89,000,000 on loan notes that were admitted to trading on the Luxembourg MTF market. There are 890 loan notes with a face value of €100,000 each. The repayment date is 6 April 2025.

On 16 December 2016, the Company raised €52,000,000 on loan notes that were admitted to trading on the Luxembourg MTF market. There are 520 loan notes with a face value of €100,000 each. The repayment date is 15 December 2023.

The proceeds are to be used to fund future acquisitions.

The notes bear a fixed interest rate between 4% to 5% subject to a margin grid.

The loan notes are secured on investments of the Company.

The issuance costs have been capitalised and are being amortised to net finance costs over the 7-year life of these loan notes.

| | *2020* | *2019* |
|---|---|---|
| | *€000* | *€000* |
| Loan notes | 141,000 | 141,000 |
| Capitalised issuance costs | (835) | (1,033) |
| | 140,165 | 139,967 |

# Notes to the financial statements

**at 30 June 2020**

## 19. Issued share capital

| *Allotted, called up and fully paid* | *No.* | *2020 €000* | *No.* | *2019 €000* |
|---|---|---|---|---|
| Ordinary shares of €1.00 each | 122,210 | 122 | 122,210 | 122 |

All authorised and issued share capital is represented by equity shareholdings.

## 20. Events since the Statement of Financial Position date

In the directors' opinion there were no post balance sheet events.

## 21. Contingent liabilities

In the directors' opinion there are no contingent liabilities.

## 22. Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 101 with reference to IAS24 'Related party disclosures' not to disclose transactions with other wholly owned subsidiaries within the Group.

Related parties include Paragon ID SA, Bemrose Booth Paragon Limited, Paragon France SAS, Gresset Services SAS, AmaTech Group Limited, Next Week & Co Limited, Service Point Solutions S.A., Service Point Facilities Management Iberica S.A., Service Point Belgium NV and Paragon Identification SAS.

Material transactions with non-wholly owned subsidiaries:

| | *2020 €000* | *2019 €000* |
|---|---|---|
| Management fees received | 126 | 132 |
| Interest received | 1,536 | 1,432 |
| Interest expense | - | 2 |

Management fees includes management fees received from Gresset Services SAS, a non-wholly owned subsidiary of the Company.

Interest received includes Paragon ID SA, Paragon Identification SAS, AmaTech Group Limited, Service Point Solutions S.A. and Bemrose Booth Paragon Limited, all non-wholly owned subsidiaries of the Company.

Interest expense includes Gresset Services SAS and Paragon France SAS both non-wholly owned subsidiaries of the Company.

# Notes to the financial statements

**at 30 June 2020**

## 22. Related party transactions (continued)

Amounts outstanding at the Statement of Financial Position date with non-wholly owned subsidiaries:

| | *2020* | *2019* |
|---|---|---|
| | *€000* | *€000* |
| Amounts due from non-wholly owned subsidiaries | 31,462 | 41,387 |
| Amounts due to non-wholly owned subsidiaries | (42) | (23) |

Amounts due to and from non-wholly owned subsidiaries are with Paragon ID SA, Bemrose Booth Paragon Limited, Paragon France SAS, AmaTech Group Limited, Gresset Services SAS, Paragon Identification SAS and Service Point Solutions SA.

Material transactions and amounts outstanding at the Statement of Financial Position date with other related parties:

| | *2020* | *2019* |
|---|---|---|
| | *€000* | *€000* |
| Amounts due to other related parties | - | 19 |
| Amounts due from other related parties | 285 | 296 |

Amounts due to other related parties represents the business travel expenses of a director, to be reimbursed by Grenadier Holdings Limited.

Amounts due from other related parties represents an advance payment of management fees to a director by Grenadier Holdings Limited.

Remuneration of key management personnel is not included as it is disclosed in note 4. Key management personnel are assessed as those who have the authority and responsibility for planning, directing and controlling the activities of the Company. The roles which have been determined as key management personnel are Non-executive Directors, the Chairman, the Chief Executive Officer, the Chief Financial Officer and the Executive Director of Corporate Development.

Balances due to/from wholly owned Group entities are included in notes 14 and 15.

## 23. Ultimate parent undertaking and controlling party

The Company's immediate and ultimate parent undertaking is Paragon Group Limited. It has included Grenadier Holdings plc in its Group financial statements, copies of which are available from its registered office which is Park House, 16 – 18 Finsbury Circus, London, EC2M 7EB. The ultimate controlling party is Patrick James Crean, by virtue of his shareholding.

# Notes to the financial statements

**at 30 June 2020**

## 24. Reserves

### Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

### Capital reduction reserve

This reserve arose on consolidation of A Ordinary shares of £0.01 each and B Ordinary shares of €0.01 each into Ordinary shares of €1.00 each.

### Retained earnings

This reserve records the cumulative amount of profits and losses less any dividend distributions made.