

Evaluation for percentage of paid invoices – Remediation Plan

Percentage of paid invoice results

Below is the percentage of invoices paid by Paragon to those in the immediate supply chain on all contracts for the last two periods. The supply chain includes all those required to service our current public and private sector client base:

Confirm the percentage of invoices paid in 61 days or more. If you wish to cross refer, please provide details and insert any relevant URLs / links.	41% Jul-Dec 2022 30% Jan-Jun 2022
Confirm the percentage of invoices due but not paid by the last date for payment under agreed contractual terms. If you wish to cross refer, please provide details and insert any relevant URLs / links.	48% Jul-Dec 2022 34% Jan-Jun 2022

Paragon has specific agreed payment terms within our supply chain, some of which extend beyond 60 days. The below is the current results for invoices paid within the agreed payment terms for each supplier, up to 90 days:

The percentage of invoices paid within the agreed 30 day payment terms	42% Jul-Dec 2022
The percentage of invoices paid within the agreed 60 day payment terms	52% Jul-Dec 2022
The percentage of invoices paid within the agreed 90 day payment terms	86% Jul-Dec 2022

Causes and plan to improve results

We have negotiated payment terms with our suppliers of between 14 & 120 days, we look to adhere to these agreed payment terms with our supply base and where we are challenged in delivering this goal, we are taking the following actions.

- Increased financing – we continue to work with external funders to increase our credit lines to enable faster payments.
- Reduction in transformation costs incurred to remodel the overall business – the business has been through a period of business transformation and improvement; these actions have been predicted by a decline in print volumes leading to a need to reduce overall operational capacity to improve overall operational efficiencies. This transformation programme has consumed considerable amounts of cash and is coming to an end.
- Increased profitability – the outcome of the transformation plan outlined above is an increased efficiency of operation which will improve cash generation allowing the business to meet its agreed payment terms with its suppliers.
- Continued engagement with our customers to ensure they are able to match the aspirations of this programme of ensure all participants in the commercial process are paid in a reasonable and agreed timescale.
- With the above causes being addressed, Paragon aims to ensure that the requirement to pay >95% of our supply chain within 61 days is fulfilled by the end of the calendar year 2023.

We will continue to report every 6 months on the percentage of invoices paid within 61 days or due but not paid by the last date for payment under the agreed contractual terms in the public domain.

Paragon's audit committee requirement is fulfilled by the UK, Ireland and Lux board of directors. In addition to the regulatory reporting every 6 months, Paragon will commit to having an agenda item specifically to review the percentage of paid invoices at their monthly board meetings.

Currently it is not Paragon's intention to publish this Action Plan on our website as we do not consider this to be the right vehicle when considering our corporate guidelines for our external facing website communication channel. Our position on action plan publication will be reviewed periodically by the Paragon UK, Ireland and Lux Board.

The below URL directly links to the PCC (London) Ltd published payment practice reports that is available in the public domain:

<https://check-payment-practices.service.gov.uk/company/02788181/reports>

Signed –



Jeremy Walters – Director Paragon Customer Communications Ltd

Date - 22nd May 2023