

Explanatory notes to the Notice of a General Meeting dated 23 May 2017

Conversion to a PLC

The Resolution asks shareholders to approve the conversion of the Company from a Societas Europaea to a public limited company registered in England and Wales (the “**Conversion**”). The Draft Terms of Conversion, Explanatory Report and New Articles referred to in the Resolution are available to view on the Company’s website at <http://www.globalgraphics.com/investors/legal-reorganization>.

The Company is currently subject to specific legislation which applies to a Societas Europaea (“**SE Legislation**”), as well as legislative and regulatory provisions in force in England and Wales which apply to an English public limited company generally (to the extent that such laws do not contradict the SE Legislation), including the Companies Act 2006. With effect from Conversion, the Company will be an English public limited company and the SE Legislation will cease to apply to it. As a result, the Directors are of the opinion that the Conversion will allow the Company to operate with increased efficiency in the context of a simplified legal regime.

There are no significant economic aspects arising from the Conversion itself. However, the Directors believe that the Conversion and associated reduced exposure to the SE Legislation should serve to minimise any potential risk that the Company’s SE status would be negatively affected by the exit of the UK from the EU. The Directors consider this to be a particularly important consideration in the current climate of uncertainty surrounding the economic implications of the UK’s exit from the EU. Further, the form of a ‘PLC’ is a more well-established form than that of Societas Europaea. As such, there is greater legal certainty as to the effect of laws and regulations surrounding its operation, and it is consequently the Directors’ belief that a PLC is a form with which third parties will be more familiar, which may result in an indirect positive economic benefit for the Company through the simplification of dealings with third parties.

Simultaneously with the Conversion becoming effective, the Company will adopt new articles of association compliant with the Companies Act 2006 and a company operated and governed by UK corporate law. The Directors confirm that the articles of association proposed to be adopted on the Conversion are substantially in the same form as the existing statutes of the Company, save for amendments made to bring the document in line with current UK corporate law and practice. Consequently, on the Conversion, the shareholders will continue to enjoy materially equivalent rights under the Company’s constitution as they do now.

The Board has prepared:

- (i) Draft Terms of Conversion setting out the terms upon which the Conversion will be effected;
- (ii) an Explanatory Report explaining and justifying the legal and economic aspects of the Conversion and indicating the implications of adopting public limited company status for shareholders and employees; and
- (iii) New Articles which are suitable for an English public limited company.

The Draft Terms of Conversion were filed with Companies House on 4 April 2017, notice of which was published in the Gazette on 11 April 2017.

To effect the Conversion, the Company must also obtain a report from an independent expert, certifying that the company has assets at least equivalent to its capital. KPMG were appointed to provide this report, and provided the same to the Company on 28 March 2017.

The Resolution to be proposed as a Special Resolution, seeks shareholder approval for:

- (i) the Conversion;
- (ii) the Draft Terms of Conversion;
- (iii) the Explanatory Report; and
- (iv) the adoption of the New Articles.

If the Resolution is approved, Companies House will re-register the company as an English public limited company (“**Re-Registration**”). The New Articles will automatically become effective from the date of Re-Registration.

The Board believes that the Conversion is in the best interests of the Company and its shareholders and recommends that shareholders vote in favour of the Resolution.