

# HYBRID Software proposed acquisition

Shareholder questions submitted, with answers from the Global Graphics PLC (the “Company”).

Last updated: 4 January 2021

## Question 1:

What minimum % of votes is required to approve the acquisition of Hybrid?

**Answer:** A simple majority of those voting at the meeting, in person or by proxy, i.e. over 50% of those voting.

## Question 2:

Will the merged company maximise synergies and cost reductions by e.g. merging or moving offices, and consolidating activities like accounting, customer service, HR, training, (public affairs), if yes, what are the expected cost savings per year?

**Answer:** There are currently no plans to make any cost savings by merging any functions of the businesses.

## Question 3:

Will the HQ move from UK to Belgium, any Brexit considerations that could influence this decision?

**Answer:** Global Graphics PLC will remain as a company registered in England and Wales.

## Question 4:

On the acquisition price: are the same valuation multiples applied for the Hybrid take-over price today, then were used 2 years ago for the Global graphics take-over bid? Or reversed question : what would be the valuation of Global Graphics today, when applying the same principles/multiples as used for Hybrid?

**Answer:** Global Graphics and HYBRID Software are two different businesses. Global Graphics is composed of a mature software business supplying component software and a hardware business supplying component hardware, both supplying to original equipment

manufacturers (OEMs). HYBRID Software is a young, growing Enterprise Software business selling solutions to end user customers in the fast-growing labels and packaging marketplace.

As a public company, the valuation of Global Graphics is decided daily by the market.

#### Question 5:

What is the intention of the reference shareholder after the merger – will market liquidity / free float gradually increase or, on the contrary, is the shareholder's intent to take the Company private?

**Answer:** There is no intention to take the Company private or de-list from the stock exchange. The board of directors are aware of the lack of liquidity and are looking at options available to improve that situation for shareholders.

#### Question 6:

When will the 2020 Company data be published for the 2 parts and for the consolidated company?

**Answer:** It is intended that the Global Graphics PLC annual report is published within the usual timescales. Subject to any impact of COVID-19, this should be around mid-March 2021. If the proposed acquisition of HYBRID Software is successful, they will be included in the consolidated financial statements of Global Graphics PLC from the date that control is obtained. It is anticipated that control will be obtained in January 2021.

#### Question 7:

Could you elaborate on your decision making process concerning how the bid is financed? Were other options discussed with Hybrid? Was an all (or partly) cash option on the table and in that option what would be the purchase value be?

**Answer:** A 100% share-based consideration was considered to be the most cost effective and least risk option for the Company and shareholders. For the Company to incur the levels of debt required for this transaction, significant legal and arrangement fees would be encountered in addition to ongoing interest charges and pressure on cashflow to meet capital and interest payments. Lenders would impose covenants on the Company, which could

potentially affect its decision-making ability and prevent future acquisitions or growth. The seller is happy to accept the full consideration in shares of the Company, including a lock-in period, at no premium to the independent valuation of HYBRID Software.