

DRAFT TERMS OF CONVERSION
**IN RELATION TO THE CONVERSION OF GLOBAL GRAPHICS SE INTO A PUBLIC
LIMITED COMPANY**

GLOBAL GRAPHICS SE:

- Issued share capital of EUR€4,734,282.80
- Registered in England and Wales with company number SE000077
- Registered office at 2030 Cambourne Business Park, Cambourne, Cambridge, Cambridgeshire CB23 6DW

PUBLIC LIMITED COMPANY: DRAFT TERMS OF CONVERSION

Global Graphics SE (“**Company**”) is currently a Societas Europaea registered in England and Wales. It is proposed that the Company be converted to a Public Limited Company registered in England and Wales (“**PLC**”) in accordance with the provisions of Article 66 of Council Regulation (EC) No. 2157/2001 of October 8, 2001 (hereafter the “**SE Regulation**”), (“**Conversion**”).

These draft terms have been produced by the Company’s Administrative Organ in connection with the Conversion to explain and justify the economic and legal aspects of the Conversion, and to define the implications of the Conversion for the Company’s shareholders (the “**Shareholders**”) and employees.

The Conversion will be subject to, amongst other things, the Shareholders approving the Conversion in accordance with the terms set out in this document by special resolution.

The Company’s Administrative Organ believe that the Conversion is in the best interests of the Company and the Shareholders, and recommends that the Shareholders vote to approve the Terms of Conversion and the Conversion.

I. BACKGROUND TO THE CONVERSION

There are no significant economic aspects arising from the Conversion itself. However, the Administrative Organ believes 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 Administrative Organ considers 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 Administrative Organ’s 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.

With the above in mind, the Company's Administrative Organ believes the proposed conversion should best position Global Graphics to carry on its current undertaking and future business plans, while promoting technological excellence in its field.

II. CURRENT STRUCTURE OF THE COMPANY AND CHANGES TO BE EFFECTED BY THE CONVERSION

1 Activity

The business and objectives of the Company's corporate group, in the UK and elsewhere, are the development of software and printhead drivers to drive high-speed digital printing presses.

There will be no change to the business and objectives of the Company's corporate group following the Conversion.

2 Legal status

Pursuant to article 66(2) of the SE Regulation, the Conversion will result in neither the winding up of Global Graphics SE, nor the creation of a new legal person.

Following the Conversion and as from its registration in the UK Companies Register as a PLC, the Company will simply continue its activity in the form of a PLC.

3 Other changes

An overview of other core changes to be effected on the Conversion taking place is as follows:

	Current position	With effect from Conversion
Legal form	The Company is a Societas Europaea with an Administrative Organ, registered in England & Wales.	On the Conversion, the Company will be a public limited company registered in England and Wales.
Company's name	The company's corporate name is currently " Global Graphics SE ".	On the Conversion, the Company's corporate name will change to " Global Graphics PLC ".

Registered office and head office	The Company's registered and head office is located at 2030 Cambourne Business Park, Cambourne, Cambridge, Cambridgeshire CB23 6DW in the UK.	The Company's registered office and head office of the Company will continue to be located in the UK, at the address of the current registered office.
Share Capital	<p>The share capital of Global Graphics SE is divided into 11,835,707 shares with a unit par value of €0.40, fully paid up.</p> <p>The Company's shares are listed on the Euronext stock exchange.</p>	<p>The number of shares issued by Global Graphics SE and their par value will not be affected by the sole fact of the Conversion.</p> <p>The Company's shares will continue to be listed on the Euronext stock exchange.</p>
Applicable Law	<p>The Company is operated in accordance with its statutes and is principally governed by:</p> <ul style="list-style-type: none"> (i) Council Regulation (EC) No 2157/2001 of 8 October 2001 on the statute for an European Company (SE); (ii) Council Directive 2001/86/EC of 8 October 2001 supplementing the statute for an European Company with regard to the involvement of employees; (iii) the European Public Limited-Liability Company Regulations 2004 2004/2326; and 	<p>The Company will operated in accordance with its statutes and will principally be governed by the legislative and regulatory provisions in force in England & Wales (including the Companies Act 2006).</p>

	(v) the legislative and regulatory provisions in force in England & Wales which apply to a UK PLC generally (to the extent that such laws do not contradict the SE Legislation), including the Companies Act 2006.	
Constitution	A copy of the current statutes of the Company are available on the Company's website.	<p>The Company will adopt articles of association compliant with the Companies Act 2006 ("Articles of Association") with effect from the Conversion in place of the current statutes of the Company.</p> <p>A draft of the Articles of Association is at http://www.globalgraphics.com/investors/legal-reorganization</p> <p>The Administrative Organ confirms that the Articles of Association 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.</p> <p>Consequently, on the Conversion, the shareholders will continue to enjoy materially equivalent rights under the Company's constitution as they do now.</p>

<p>Operation</p>	<p>The Company is currently operated as a single tier Societas Europaea; its governing board is the Administrative Organ.</p> <p>Meetings of the Company's shareholders are held to pass certain resolutions and to approve certain matters at the Company's annual general meeting.</p>	<p>On its conversion to a PLC, the Company's operation will be primarily governed by the provisions of the law of England and Wales applicable to the management and governance of PLCs, and in particular the provisions of the Companies Act 2006.</p> <p>Following the Conversion, the Company's operation will remain substantially unchanged:</p> <p>(i) Board of Directors</p> <p>Following the final completion of the conversion, the Administrative Organ will be known as the board of directors.</p> <p>Ongoing appointments will continue under the same conditions and for the same period as prior to the completion of the conversion.</p> <p>(ii) General Shareholder meetings</p> <p>The Company will continue to hold an annual general meeting each year.</p> <p>Where appropriate and as required by the Companies Act 2006, the Company will continue to seek the approval of shareholders in general meetings.</p>
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II. CONVERSION CONDITIONS

A Societas Europaea, constituted under the laws of a Member State and having its registered office and head office in the European Union, may transform itself into a PLC registered in England and Wales provided that the requirements set out under article 66 of the SE Regulation are satisfied.

These requirements are as follows, and have been met as indicated:

Condition	Fulfilled by / to be fulfilled by
Either (i) two years have elapsed since the Company's registration as a Societas Europaea; or (ii) the first two sets of annual accounts of the Company (as a Societas Europaea) must have been approved	<i>Fulfilled:</i> (i) The Company was registered as a Societas Europaea on 23 December 2013; (ii) since its registration as a Societas Europaea, accounts have been approved on each of: (i) 22 April 2014; (ii) 2 March 2015; and (iii) 1 March 2016.
The assets of the Company must be at least equivalent to its capital	<i>Fulfilled:</i> The Company's accountants have confirmed that the Company's assets are at least equivalent to its capital, as set out in paragraph IV(1) below.
The Conversion and these Terms of Conversion are to be approved by the Company's shareholders	<i>To be fulfilled:</i> A resolution approving the Conversion and these Terms of Conversion will be proposed to the Shareholders for approval.

III. IMPLICATIONS OF THE CONVERSION

1 Implications for Shareholders

The Conversion will not affect the rights of the Shareholders who will become shareholders of Global Graphics PLC without any action or formality required from them.

Accordingly, the financial commitment of each shareholder will remain limited to the amount of their subscription prior to the Company's conversion. The Conversion will also not affect the percentage of the Company's voting rights held by each shareholder.

The conversion in itself should have no impact on the value of Global Graphics PLC securities. The number of shares issued by the Company will not be changed due to this operation.

2 Implications for employees

Global Graphics SE has no employees, meaning the Conversion shall not have any implications for employees of the Company.

No change will be made to the employment contracts of employees of the direct or indirect subsidiaries of Global Graphics SE due to the conversion of the Company into a PLC. Accordingly, their employment contracts will continue pursuant to the same terms and under the same conditions as prior to the final completion of the Conversion.

IV. CONVERSION TERMS AND PROCESS

1 Conversion auditors and confirmation statement

In accordance with the provisions of article 66(5) of the SE Regulation, it is a condition of the Conversion that the Company must have assets at least equivalent to its capital ("**Condition**").

KPMG has confirmed that, as at 31 December 2016, the Company does have assets at least equivalent to its capital.

2 Approval of these draft Terms of Conversion and the Articles of Association

The Conversion, these draft Terms of Conversion, and the adoption by the Company of the Articles of Association are subject to the approval of the Shareholders acting by special resolution ("**Resolutions**").

3 Effective date of the Conversion

Subject to the Resolutions being passed, the Conversion will take effect on the date notice of the approval of the Conversion is filed and registered at Companies House in England and Wales (the jurisdiction in which Global Graphics SE is registered).

These terms of conversion were approved by the Administrative Organ of the Company on 15 March 2017.

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GARY FRY

CHIEF EXECUTIVE OFFICER