
Explanatory Report

**in relation to the proposed conversion of Global Graphics SE
(a Societas Europaea) to Global Graphics PLC (a public
limited company incorporated in England and Wales)**

Incorporating terms of conversion

MILLS & REEVE

1 **Introduction**

Global Graphics SE (the “**Company**”) is currently a Societas Europaea, registered in the UK.

The Company proposes to convert, in accordance with Article 66 of Council Regulation (EC) No 2157/2001 (the “**Council Regulation**”), to a public limited company (“**PLC**”) registered in England & Wales (the “**Conversion**”).

This Explanatory Report sets out the background to and an overview of the Conversion and should be read in conjunction with:

- the draft Terms of Conversion annexed to this Explanatory Report (“**Terms of Conversion**”); and
- the draft articles of association proposed to be adopted by the Company in place of its existing statutes with effect from Conversion, a copy of which is available at <http://www.globalgraphics.com/investors/legal-reorganization>.

Shareholders should note that the Conversion is conditional on, amongst other things, the approval of the Company’s shareholders. The conditions to be fulfilled in relation to the Conversion (as well as the implications for the Company’s shareholders and employees) are more particularly set out in the Terms of Conversion.

The Company’s Administrative Organ believe that the Conversion is in the best interests of the Company and its shareholders for the reasons set out in this Explanatory Report and the Terms of Conversion, and recommends that the Shareholders vote to approve the Terms of Conversion and the Conversion.

2 **The Company’s current legal status**

The Company was originally incorporated as a Société anonyme in France. The Company converted to a Societas Europaea on 7 June 2013, and subsequently transferred its registered office into the UK on 23 December 2013. The Company is registered with company number SE000077.

3 Legal and economic aspects of the Conversion

3.1 Legal aspects of the conversion

The most important legal aspect of the Conversion is that the Company, as a PLC registered in England and Wales, will be subject to a simplified regime of law.

As an SE registered in the UK, the Company is currently subject to, in particular, the provisions of the Council Regulation, Council Directive 2001/86/EC of 8 October 2001 and the European Public Limited-Liability Company Regulations 2004/2326 (the “**SE Legislation**”), as well as all legislative and regulatory provisions in force in England and 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.

However, the SE Legislation does not apply to a PLC registered in England and Wales meaning that with effect from the Conversion, company law obligations imposed on the Company will only be those which apply to a UK PLC generally (and principally as set out in the Companies Act 2006).

As a result of all of the above, the members of the Company’s Administrative Organ are of the opinion that the Conversion will allow the Company to operate with increased efficiency in the context of a simplified legal regime.

3.2 Economic aspects of 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.

4 Implications of the Conversion for Shareholders

4.1 Legal form

From the effective date of the Conversion, the Company will adopt the legal form of a PLC registered in England and Wales.

The Shareholders will continue to enjoy materially the same rights as shareholders of Global Graphics PLC as are currently enjoyed by them as shareholders of Global Graphics SE.

4.2 Constitution

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. A copy of the articles of association is available at <http://www.globalgraphics.com/investors/legal-reorganization>.

The Administrative Organ confirms 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.

4.3 Shares

Upon the Conversion becoming effective, the Company's shareholders will continue to hold the same number of shares in Global Graphics PLC as they currently do in Global Graphics SE.

No cash payment shall be made or other form of additional consideration given in connection with the Conversion.

5 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 completion of the Conversion.

6 Approval of the Conversion

The Terms of Conversion, the Conversion and the approval of the articles of association are subject to the approval by the Company's shareholders, acting by special resolution.

The special resolution will be passed if at least 75% of the Shareholders entitled to attend and vote, and present in person or by proxy, vote in favour of the resolution.

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

The conditions to be fulfilled in relation to the Conversion are more particularly set out in the Terms of Conversion.

Annex

Draft Terms of Conversion