Congra Offer:
Meeting for Shareholders

18 October 2018

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AGENDA

1) Regulatory Bodies & Scheme of Arrangement

2) Congra: reason and valuation

3) Global Graphics: appraisal of the offer

4) Q&A

REGULATORY BODIES

- Regulatory Bodies
  - Directive on Takeover Bids (2004/25/EC) (the "Takeover Directive")
  - UK: The Panel on Takeovers and Mergers (the "Panel")
    - The City Code on Takeovers and Mergers (the "Code") is the UK's implementation of Takeover Directive
  - Belgium: The Financial Services and Markets Authority (the "FSMA")

- The rules of neither Regulator apply to this Scheme

THE CODE

- The Code has underlying principles
  - All shareholders of the same class must be treated equally and have adequate information to reach a properly informed decision;
  - A false market must not be created; and
  - Management of the target company must not act in a manner which would frustrate an offer without the consent of its shareholders.

- The intention is to follow these principles

SCHEME OF ARRANGEMENT

- Scheme of Arrangement (the "Scheme")
  - A formal arrangement between a company and its shareholders
  - Governed by Part 26 (sections 895 to 899) Companies Act 2006 (1)
  - Sanctioned by the High Court
- Scheme Document
- Two formal meetings to sanction and approve the Scheme
  - The Court Meeting & the General Meeting, to be held back to back
- Subject to shareholder approval (excluding shares held by Guido) required from
  - (i) Majority in number of shareholders participating in the voting; and
  - (ii) those votes cast must represent 75% in value of those voting
  - Binding on all shareholders subject to the Scheme
- Anticipated Timeline

(1) http://www.legislation.gov.uk/ukpga/2006/46/part/26

OTHER ITEMS

- Independent Directors
  - Any director not conflicted
- Management Incentives
  - There are none
- Fairness opinion not required
  - Not subject to the Code or Shared Jurisdiction rules
- DTR 5 Disclosure of major shareholdings
  - https://www.handbook.fca.org.uk/handbook/DTR/5/?view=chapter

Congra: Reasons and valuation

Guido Van der Schueren

18 October 2018

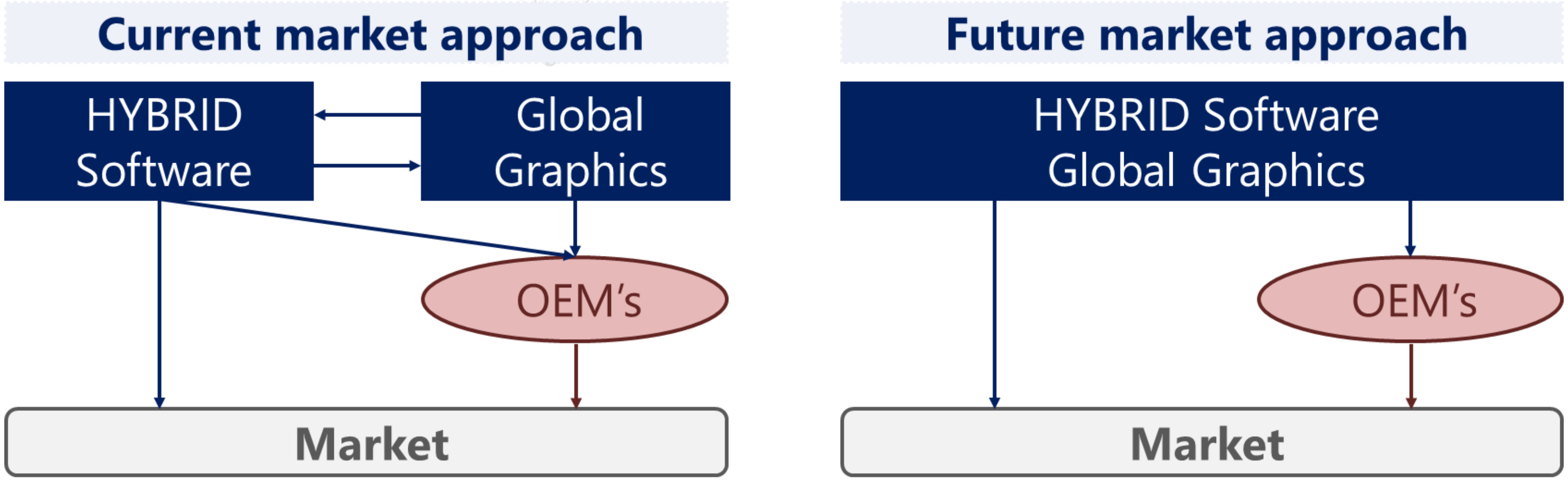
Disclaimer

Congra Software SARL ('Congra') is the holding company of the HYBRID Software group, which develops and sells enterprise software for the graphics arts industry

Guido Van der Schueren is the controlling shareholder by owning 67% of the share capital. Other shareholders mainly are management, staff and some early investors

Reason

- Global Graphics Software has a very complementary activity to Hybrid Software. A team-up would create a strong offering in the market
- Hybrid Software is offering solutions to end-customers whereas Global Graphics is offering tools to OEM's:



- Strong support for this deal
  - GG management supports deal and staff are very enthusiastic
  - Even some GG customers already have praised the contemplated transaction

Deal rationale

Why take over of Global Graphics plc by Congra?

- Acquisition funding is in place (based on the 4,25 EUR/share offer), hence there is no need for public capital
- The newly formed group would still have limited scale to be a stock listed company

Valuation risk factors & other valuation parameters

- GG is a 50 million EUR company (at the offer price), not a 50 billion EUR company

  => *For smaller companies typically an illiquidity discount is demanded*

  => *Typically lower valuations apply*

- GG can be considered a mini conglomerate, a combination of 3 distinct businesses
  - GGS: 70 staff
  - MET: 32 staff (MET was acquired by GG for approx. 3x EBITDA + performance earn-out)
  - URW: 15 staff (URW was acquired by GG for approx. 4x EBITDA)

  => *Transaction multiples on businesses of these sizes are significantly lower*

- Key person risk
  - Each of GG's business' success is tied to a limited number of key staff

  => *This poses an inherent risk which should be factored in*

Valuation risk factors & other valuation parameters

- Effect of cost cutting program
  - At the end of 2017, some 900 kEUR of annual costs have been cut, mainly in staff
  - The 2018 result benefits heavily from this program but is not sustainable if the company should start growing again

Valuation risk factors & other valuation parameters

- Future growth expectations
  - GGS, the only activity of the group in 2015 has experienced a revenue decline from 14,31 mEUR in 2015 to 9,081 mEUR in 2017, or -36,5% in total
  - URW has been acquired in Sep 2015 and Meteor Inkjet in Dec 2016. Both acquisitions contributes to consolidated earnings growth but have been paid for in advance. This is acquired growth, not organic growth
  - Calculation of 1 Jan 2015 – 30 Sep 2018 net cash flow:

Category	Amount (EUR)
31 Dec 2014 net cash	4 161 000
Dividend payments: 1 Jan 2015 - 30 Sep 2018	0
Startig position	**4 161 000**
30 Sep 2018 net cash	5 780 000
30 Sep 2018 meteor contingent payment	-3 217 214
Ending position	**2 562 786**
Net cash flow 01 Jan 2015 - 30 Sep 2018	**-1 598 214**
For comparison purposes:	
2014 operating result (annual accounts)	1 182 000
2017 operating result (annual accounts)	-288 000

Valuation based on comparative multiples

- Market misconceptions concerning the 'acquisition multiple': EV/EBITDA
  - Enterprise Value
    - Equals market capitalization – cash & equivalents + financial debt
    - According to our view, the Meteor Inkjet acquisition contingent payment is to be classified as a financial debt (however not interest bearing)
    - ⇒ As such the Enterprise Value increases with 3,2 mEUR
  - EBITDA
    - Is in the annual accounts reported under IFRS accounting GAAP, and comprises substantial non-cash categories such as capitalized development expenses. This leads to a high number which poorly reflects operating cash flow.
    - Overview of capitalized R&D expenses:
      - 2015: 1.736.000 EUR
      - 2016: 1.269.000 EUR
      - 2017: 1.284.000 EUR

Valuation based on comparative multiples

Deal Offer	October 2018
Offering price	***4,25***
Number of shares	11 844 707
Treasury shares	-276 091
Number of newly created shares cf. 2018 stock option plan	104 776
Share Value	***49 611 916***
Adjustment for balance sheet items	
30/09/2018: Net cash equivalents	5 780 000
30/09/2018: Meteor contingent consideration	-3 217 214
Implied Enterprise Value	***47 049 130***

Valuation Multiples	EV/EBITDA			Price/Earnings	
	EBITDA	Multiple		Earnings	P/E
2017	*2 344 000*	*20,07*		*1 773 000*	*27,98*
2018.06 Trailing Twelve Months	*3 614 000*	*13,02*		*3 084 000*	*16,09*
2018.09 Trailing Twelve Months	*4 174 000*	*11,27*	*(1)*	*2 533 500*	*19,58*
Average	***3 377 333***	***13,93***		***2 463 500***	***20,14***

(1) incl. assumption of 1,2 mEUR annualized capitalized R&D expenses

Valuation Multiples (continued)	Price/sales		Price/Book	
	Sales	P/S	Book	P/B
2017	*20 536 000*	*2,29*		
2018.06 TTM	*21 732 000*	*2,16*		
2018.09 TTM	*22 696 000*	*2,07*	*21 169 000*	*2,34*
Average	***21 654 667***	***2,29***	***21 169 000***	***2,34***

Comments:

- EBITDA and Earnings contained the Adjusted Operating Profit plus depreciation and Adjusted Net Profit
- At 30 June 2018, net cash totalled 4.997.000 EUR, hence the EV/EBITDA multiple totalled 13,24x

Valuation based on comparative multiples

Multiple comparison	BEL20	UK Small Cap Index	Global Graphics	Premia	
				vs. BEL20	vs. UK Small Caps
Enterprise Value/EBITDA	9,71	7,96	11,27	16%	42%
Price/Earnings	15,90	18,09	19,58	23%	8%
Price/Sales	1,67	1,17	2,07	24%	77%
Price/Book	1,38	2,00	2,34	70%	17%
Date	*17 Oct 2018*				

Comments:

- The offer a price which implies premia compared to relevant stock indices, whereas according to our view a discount is more warranted, because of:
  - Limited company size
  - Stock illiquidity
  - Business concentration (less diversification)
  - Key person risk
  - Limited organic growth potential

Conclusion

Opportunity for all stakeholders involved

- Congra: acquire a complementary activity
- Global: team-up with most important technology partner, secure and enhance future market position
- Global Graphics shareholder: real money on the table

What if deal falls through?

- Congra's 4,25 EUR offer for every Global share will be gone
- No chance for upwards revised bid. Better opportunities at hand

Global Graphics: Appraisal of the offer

Gary Fry

18 October 2018

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Valuation assessment

- The Board has a duty to realise best value for shareholders

- Explored likely valuations of the company using external data points
  - Specific to our industry

Caldera example

- Caldera RIP Software company Wide Format – Digital OEM's
- Bought by Dover Group 2017 for 35M Euro (25M Euro + 10M Euro)
- Seen as massively overpriced by the Industry
- 11M Euro turnover similar profit margins (undisclosed)
- Performance 10M Euro not achieved

Other transactions

Transaction Date	Company Purchased	Buyer	Seller Revenues USD $M	Upfront	Earnout	Max Value	Upfront/Rev	Max Value/Rev	Deal Value Source	Revenue Est. Source
2016	Optitex	EFI	10	20	33	53	2.0	5.3	PR	PR
2015	JK Group	Dover	85	390	0	390	4.6	4.6	Seller PR	IT
2017	Caldera	Dover	12	25	12	37	2.1	3.1	PR	PR
2015	Domino	Brother	504	1500	0	1500	3.0	3.0	PR	PR
2017	DipTech	Ferro	35	60	20	80	1.7	2.3	PR	IT
2012	Graph-Tech	Domino	18	23	15	38	1.3	2.1	PR	IT
2017	Trojan Label	AstroNova	9	9	7	16	1.0	1.8	PR	PR
2017	AVT	Danaher	60	100	0	100	1.7	1.7	PR	PR
2014	MS	Dover	70	102	0	102	1.5	1.5	*SEC Est. Split	PR
2015	Reggiani	EFI	90	84	56	140	0.9	1.6	PR	IT
2012	CretaPrint	EFI	34	31	21	52	0.9	1.5	PR	Govt. Disc.
2016	Engineered Print. Sol.	Xaar	14	11	7.5	18.5	0.8	1.3	PR	PR
2015	Matan	EFI	25	29	0	29	1.2	1.2	PR	IT
2014	CSAT	Dover	12	14.5	0	14.5	1.2	1.2	*SEC Est. Split	IT
2015	Xennia	Sensient	11	8.4	0	8.4	0.8	0.8	SEC	SEC

PR:Buyer Press Release, SEC:SEC Disclosure, IT:IT Strategies Estimate, SEC Est. Split:IT Strategies Deal Split Estimate By Rev Ratio from Pair

Questions

Q & A