

# HYBRID SOFTWARE GROUP

## LISTING AND ADMISSION TO TRADING ON EURONEXT BRUSSELS OF 21,074,030 SHARES

This prospectus (the Prospectus) relates to the admission to listing and trading (the Listing) of 21,074,030 ordinary shares not yet admitted to listing and trading on the regulated market of Euronext Brussels (the Listing Shares) of HYBRID SOFTWARE GROUP PLC (formerly GLOBAL GRAPHICS PLC), a public company limited by shares incorporated under the laws of England and Wales, with registered office at 2030 Cambourne Business Park, Cambourne, Cambridge, CB23 6DW, United Kingdom, with registration number 10872426 and with LEI number 213800ZFW446QIHAB654 (the Company and, together with its consolidated subsidiaries, Hybrid Software or the Group). On 10 December 2020, the Company entered into a binding conditional agreement with Congra Software S.à.r.l. (Congra) for the proposed acquisition of the entire issued share capital of HYBRID Software Group S.à.r.l (the Acquired Company) and its subsidiaries (together with the Acquired Company, the Acquired Group) from Congra (the Transaction) in exchange for the Listing Shares at an issue price of EUR 3.80 per Share. The Transaction was completed on 12 January 2021, following the approval at the Company's shareholders' meeting on 8 January 2021. The Listing Shares have been issued to Congra on 12 January 2021.

The Shares (as defined below) have not been and will not be registered under the US Securities Act of 1933, as amended (the Securities Act), or with any securities regulatory authority of any state or other jurisdiction of the United States. Unless the Shares are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available, the Shares may not be offered, sold or delivered within the United States (as that term is defined in Regulation S). The Company has not authorised any offer of the Shares to the public in any Member State of the European Economic Area (EEA), in the United Kingdom or elsewhere.

**An investment in the Shares involves substantial risks and uncertainties. Prospective investors should read the entire Prospectus, and, in particular, should refer to PART 1: Risk Factors beginning on page 8 for a discussion of certain factors that should be considered in connection with an investment in the Shares, including the risk that Mr Guido Van der Schueren owns a substantial percentage of the Shares and can exercise significant influence over all matters requiring shareholder approval, which may adversely affect the trading volume and market price of the Shares, that there is no guarantee that there will be sufficient liquidity in the Shares to sell or buy any number of Shares at a certain price level, which may result in lower trading prices and increased volatility, and the fact that goodwill of the Group was substantially increased as a result of the Transaction, which could adversely affect the value of an investment in the Shares. All of these factors should be considered before investing in the Shares. Prospective investors must be able to bear the economic risk of an investment in the Shares and should be able to sustain a partial or total loss of their investment.**

An application has been or will be made to admit the Listing Shares to listing and trading on the regulated market of Euronext Brussels (Euronext Brussels) under the symbol "HYSG" (previously "GLOG"). Listing and trading of the Listing Shares on Euronext Brussels is expected to commence on or about 23 December 2022 (the Listing Date).

The Listing Shares are all ordinary shares, are fully paid, and rank *pari passu* in all respects with all other existing and outstanding shares of the Company (all such other existing and outstanding shares of the Company together with the Listing Shares, the Shares). The shares of the Company other than the Listing Shares are already admitted to listing and trading on Euronext Brussels under the symbol "HYSG". The closing price of the Company's shares on Euronext Brussels on 20 December 2022 was EUR 4.20 per Share.

This Prospectus does not constitute, and the Company is not making an offer to sell any of the Shares or soliciting an offer to purchase any of the Shares to any person in any jurisdiction where such an offer or solicitation is not permitted. The Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other Listing related documents may be distributed or sent to any person or into any jurisdiction, except in circumstances that will result in the compliance with all applicable laws and regulations. Persons into whose possession this Prospectus may come are required to inform themselves about, and to observe all, such restrictions. The Company does not accept any responsibility for any violation by any person, whether or not it is a prospective purchaser of Shares, of any such restriction.

This document constitutes a listing prospectus for purposes of Article 3 of Regulation 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the Prospectus Regulation) and has been prepared in accordance with the provisions of the Prospectus Regulation and the Belgian Act of 11 July 2018 on the offering of investment instruments to the public and the admission of investment instruments to the trading on a regulated market, as amended (the Belgian Prospectus Act). This Prospectus has been drawn up as a simplified prospectus under the simplified disclosure regime in accordance with Article 14 of the Prospectus Regulation.

The English language version of this Prospectus was approved by the Belgian Financial Services and Markets Authority (the FSMA) on 20 December 2022, as competent authority under the Prospectus Regulation. Pursuant to articles 12(1) of the Prospectus Regulation, this Prospectus shall be valid for 12 months after its approval for admission of the Listing Shares to trading on Euronext Brussels, provided that it is completed by any supplement required pursuant to article 23 of the Prospectus Regulation. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Prospectus is no longer valid.

PROSPECTUS DATED 20 DECEMBER 2022

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## SUMMARY OF THE PROSPECTUS

### Introduction and warnings

#### *Name and international securities identification number (ISIN) of the Shares*

The 21,074,030 new ordinary shares were issued following the Issuer's shareholders' meeting on 8 January 2021 and have been allotted to Congra on 12 January 2021 as consideration for the sale by Congra of shares representing the entire share capital of HYBRID Software Group S.à.r.l. The Shares are all ordinary shares, fully paid up, and rank *pari passu* in all respects with the other existing and outstanding Shares of the Company. The international securities identification number (ISIN) of the Shares is GB00BYN5BY03.

#### *Identity and contact details of the issuer, including its legal entity identifier (LEI)*

The issuer is HYBRID SOFTWARE GROUP PLC, a public company limited by shares incorporated under the laws of England and Wales, with registered office at 2030 Cambourne Business Park, Cambourne, Cambridge, CB23 6DW, United Kingdom, with registration number 10872426 and with legal entity identifier (LEI) number 213800ZFW446QIHAB654 (the Issuer or the Company). The Company can be contacted by phone (+44(0)1954283100) or by email ([investor-relations@hybridsoftware.group](mailto:investor-relations@hybridsoftware.group)).

#### *Identity and contact details of the competent authority that approved this Prospectus*

The FSMA is the competent authority under the Prospectus Regulation. The FSMA can be contacted by phone (+32(0)22205211), email ([info@fsma.be](mailto:info@fsma.be)) or via the contact form available on the FSMA's website ([www.fsma.be](http://www.fsma.be)).

#### *Date of approval of this Prospectus*

As competent authority under the Prospectus Regulation, the FSMA approved the English language version of the Prospectus on 20 December 2022 in accordance with article 20 of the Prospectus Regulation.

#### *Warnings*

This summary must be read as an introduction to this Prospectus and is provided to aid investors when considering whether to invest in the Shares, but is not a substitute for this Prospectus. Any decision to invest in Shares should be based on consideration of this Prospectus as a whole. In case of bankruptcy or default of payment of the Company, the risk exists that investors in the Shares do not recover amounts due to them and that they suffer a total or partial loss of their investment. No civil liability will attach to the persons responsible for this summary in any Member State of the EEA or in the United Kingdom solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Shares. Where a claim relating to this Prospectus is brought before a court in a Member State of the EEA or in the United Kingdom, the plaintiff may, under the national legislation of the Member State of the EEA or in the United Kingdom where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.

### Key information of the Issuer

#### *Who is the Issuer?*

The Issuer is HYBRID SOFTWARE GROUP PLC (formerly Global Graphics PLC), a public company limited by shares incorporated under the laws of England and Wales, with registered office at 2030 Cambourne Business Park, Cambourne, Cambridge, CB23 6DW, United Kingdom and with registration number 10872426 and with LEI number 213800ZFW446QIHAB654.

Through its operating subsidiaries, the Company is a developer of integrated software and hardware solutions for digital printing and industrial inkjet. Its traditional customers are Original Equipment Manufacturers (OEMs) and through those customers, the Group delivers technology used for printing and displaying an increasingly diverse range of goods, from food labelling and packaging to textiles and wall coverings and even additive manufacturing and 3-D printing applications.

The Group's key products and technologies that serve those customers and markets are:

- **Harlequin Host Renderer:** A raster image processor (RIP). A RIP is software that converts text and image data from many file formats including PDF, TIFF™ or JPEG, into a format that a printing device such as an inkjet printhead, toner marking engine or laser plate-setter can understand. It produces unbeatable quality at very high speed, which means that with the Harlequin Host Renderer at the heart of driving printing devices,

they can be kept running at rated speed, even on the most complex jobs, without incurring high costs for computing hardware.

- ScreenPro™: Software that converts continuous tone image data into ready-to-print halftone (dots of varying size and spacing) in real-time with no compromise on quality.
- Mako™ SDK: Software that creates RIPs, converts, analyses and optimises many different page description languages, allowing print software developers full control over colour, fonts, text, images, vector content and metadata with precision and performance.
- Direct: Software that drives print data directly to the printer electronics instead of buffering them on mass storage devices, allowing the development of faster, wider and higher resolution printing devices.
- Fundamentals™: A bundle of PDF creation and workflow software for labels and packaging.
- Printhead electronics: Powerful, flexible and scalable electronics to drive industrial inkjet heads, accompanied by software to provide a toolset for building industrial printing devices.
- DropWatcher: Turnkey tools for analysing and tuning ink drops in flight, with associated waveform services for ink characterisation and waveform optimisation.
- Navigator Harlequin RIP and Workflow: Software that provides prepress environments with fast, predictable, and reliable interpretation of PostScript, PDF, and EPS format files.
- Navigator DFE: Software that helps prepare jobs, manage colour and the workflow to drive electronics.
- CLOUDFLOW: A modular production workflow suite for file processing, asset management, soft proofing and workflow automation. It is a web-based application platform specifically tailored for the packaging graphics with support for, among other things, PDF, colour separation, trapping, screening, proofing.
- PACKZ: A professional PDF editor for packaging and label workflows. It is native PDF software that provides 64-bit multi-processing and multi-threading facilities and eliminates the need for file conversions or proprietary file formats.

To protect its proprietary rights, the Group relies on a combination of patent, copyright, trade secret and trademark laws, as well as the early implementation and enforcement of non-disclosure and other contractual restrictions. As part of its confidentiality procedures, the Group enters into written non-disclosure agreements with its employees, customers, prospective customers and strategic partners and takes affirmative steps to limit access to and distribution of its software, intellectual property and other proprietary information.

The Group's strategic focus is to acquire the technology and skills to offer OEMs a more integrated solution for their production digital presses, to provide efficient and innovative enterprise software tools for packaging production, to increase market share in the digital inkjet market, and to expand its geographical reach for its solutions. Pursuant to that strategy, on 12 January 2021, the Company (at that time still called Global Graphics PLC) acquired HYBRID Software Group S.à.r.l. and its subsidiaries (the Acquired Group) from Congra Software S.à.r.l. (Congra) (the Transaction). The Acquired Group was a group consisting of software development and marketing companies focused on Enterprise Software for the graphic arts industry, with a strong focus on labels and packaging.

For the year ended 31 December 2021, the Group's 10 largest customers represented 42.3% of the Group's revenue, with the single largest customer representing 13.9% of the Group's revenue.

The Acquired Group's customers are predominantly end-users as opposed to the Group's customer base of OEMs prior to the Transaction. With the Acquired Group having approximately 30% of revenue from its top 10 customers, it is expected that this will reduce the dependency on a relatively small number of significant customers for the Group's revenue and it is expected that gross margins will improve due to a higher mix of high-margin software revenue in the Group as a result of the Transaction.

The Acquired Group's customers are worldwide, with approximately 40% to 50% of revenue from within the European Union. This will further reduce the reliance of the Group's revenue on specific geographies that might be subject to more prevalent political influence, such as China.

On 11 January 2022, the Company had been notified by the following entities of their interests in the total voting rights of the Company (being directly or indirectly interested in 3% or more of the Company's voting rights), which includes, for the avoidance of any doubt, the Shares issued to Congra:

	<b>Notified number of voting rights</b>	<b>Treasury shares</b>	<b>Total ownership of controlling shareholder</b>	<b>% of voting rights<sup>(3)</sup></b>
Congra Software S.à.r.l. (1)(2)	32,909,737	73,996	27,117,020	82.40

(1) Guido Van der Schueren, together with his wife and children, owns approximately 70% of the shares of Congra Software S.à.r.l.

(2) Michael Rottenborn is also a shareholder of Congra Software S.à.r.l. ; he owns approximately 0.94% of the shares of Congra Software S.à.r.l.

(3) In accordance with Belgian law, in particular with respect to shareholding notifications, the denominator used includes the number of treasury shares, even though the voting rights attached to these treasury shares are suspended.

The Company is indirectly owned and controlled by its Chairman, Guido Van der Schueren. Guido Van der Schueren currently controls 82.40% of the Company's voting rights, through his interests in Congra.

Michael Rottenborn (Chief Executive Officer) and Joachim Van Hemelen (Chief Financial Officer) are the key executive directors of the Company. The statutory auditor of the Company is KPMG LLP, Botanic House, 100 Hills Road, Cambridge CB2 1AR (United Kingdom), and it has further appointed KPMG Bedrijfsrevisoren BV, National Airport Brussels 1K, 1930 Zaventem (Belgium) (a member of the Belgian “*Instituut van de Bedrijfsrevisoren*” / “*Institut des Réviseurs d'Entreprises*”) as EU Independent Auditor for purposes of EU Directive 2014/56/EU and Regulation (EU) No 537/2014. KPMG LLP and KPMG Bedrijfsrevisoren BV have audited the annual accounts of the Company relating to the financial year ended 31 December 2021.

### ***What is the key financial information regarding the Issuer?***

#### *Selected historical information of the Group*

Selected historical financial information relating to the Group is set out in the following table:

	<i><b>FY2021 audited</b></i>	<i><b>FY2020 audited</b></i>	<i><b>1H-2022 unaudited</b></i>	<i><b>1H-2021 unaudited</b></i>	<i><b>3<sup>rd</sup> quarter 2022 unaudited</b></i>
<i>in millions of EUR</i>					
<b><i>Income statement</i></b>					
Total revenue	48.56	22.49	23.44	23.78	11.29
Operating profit	4.77	1.39	0.25	2.28	3.18
Net profit (attributable to equity holders of the parent)	4.91	5.92	0.37	2.46	2.78
Basic earnings per share (Euro per share)	0.15	0.50	0.01	0.08	0.8
<b><i>Balance sheet</i></b>					
Total assets	146.51	36.33	148.34	141.05	150.60
Total equity	109.95	27.56	110.48	106.69	113.26
Net financial debt / (cash)	5.76	-3.29	10.97	0.56	7.42
<b><i>Cash flow statement</i></b>					
Cash flows from operating activities	9.46	1.48	0.93	7.18	1.86
Cash flows (used in)/from investing activities	(3.51)	3.11	(5.86)	2.28	1.92
Cash flows used in financing activities	(4.04)	(2.48)	(1.30)	(2.48)	(0.96)
<b><i>Alternative performance measures (APMs)</i></b>					
EBITDA	12.21	4.71	4.62	5.81	4.58
Adjusted operating profit	7.31	2.36	1.44	3.83	0.73*
Adjusted net profit	6.39	2.52	0.96	3.52	0.06*

\*The third quarter result was influenced by the sale of 69,000 IPv4 addresses for approximately net 3.1 million EUR. Given the nature of the sale this income is reported as ‘other income’ and is not included in the revenue figures, but it is accretive to EBITDA and net operating profit.

### ***What are the key risks that are specific to the Issuer?***

The Issuer has identified a number of factors which could materially adversely affect its business, results and financial position. The key risk factors that are specific to the Issuer are the following:

- A significant portion of the Issuer's revenue comes from a small number of large customers and should such a large customer cease to do business with the Issuer, this could have a material adverse effect on the Group's profitability;
- Source dependency of the Group might lead to higher prices to be paid to suppliers or disruption in the production of certain of the Groups' products and therefore impacts the Issuer's business activities and profitability;
- The goodwill of the Group has increased substantially following the Transaction;
- There is no assurance that the Group will identify and complete suitable acquisition opportunities, on which its growth strategy heavily relies, in a timely manner or at all;
- Security breaches and other disruptions could compromise the Group's confidential and sensitive information and expose the Company to liability, which would cause the Company's business and reputation to suffer;
- Adequately protecting the Group's intellectual property is very costly but failure to do so could substantially harm its business and operating results; and
- An important part of the Group's future success depends on the continued service and availability of the Group's senior management and the Group's ability to attract, retain, and motivate talented, highly skilled personnel, notably in software development, electronic engineering and technical support areas. The loss of any of these individuals and/or the inability to recruit, retain and motivate personnel in the aforementioned sectors could harm the Group's business.

## **Key information of the Shares**

### ***What are the main features of the securities?***

21,074,030 Shares have been issued in the context of the Transaction. When admitted to trading, the Listing Shares will be registered with the following ISIN: GB00BYN5BY03. The Shares are in registered form and capable of being held in uncertificated (dematerialised) form.

The Shares of the Company outstanding prior to the completion of the Transaction are denominated in Euro and quoted in Euro on Euronext Brussels and the Listing Shares will be traded and quoted in the same way.

The Shares are fully paid and rank *pari passu* in all respects with each other and with the Existing Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid in respect of the shares of the Company (the Listing Shares and the Existing Shares together, the Shares). There are no special rights, restrictions or prohibitions as regards voting for the time being attached to any Shares.

On a winding-up of the Company, the balance of the assets available for distribution shall be applied in repaying to the shareholders of the Company the amounts paid up on the Shares held by them.

There are no restrictions on the free transferability of the Shares.

The Company does not have an active dividend policy in place. The Company has not distributed any dividends since its inception in November 1996.

### ***Where will the securities be traded?***

Application has been or will be made for the Listing Shares to be admitted to listing and trading on Euronext Brussels. It is expected that Listing (as defined below) will become effective and that dealings in the Listing Shares will commence on Euronext Brussels at 9:00 a.m. (CET) on 23 December 2022.

### ***Is there a guarantee attached to the Shares?***

There is no guarantee attached to the Shares.

### ***What are the key risks that are specific to the securities?***

There are also risks associated with the Shares, including:

- Mr Guido Van der Schueren owns a substantial percentage of the Shares and can exercise significant influence over all matters requiring shareholder approval, which may adversely affect the trading volume and market price of the Shares; and
- There is no guarantee that there will be sufficient liquidity in the Shares to sell or buy any number of Shares at a certain price level, which may result in lower trading prices and increased volatility, which could adversely affect the value of an investment in the Shares.

## **Key information on the admission to trading on Euronext Brussels**

### ***Under which conditions and timetable can I invest in this security?***

The 21,074,030 Shares were authorised by the Company's shareholders' meeting on 8 January 2021 and have been issued to Congra on 12 January 2021 as consideration for the acquisition by the Company of the Acquired Group from Congra. An application has been or will be made for the listing and admission to trading on the regulated market of Euronext Brussels of all Listing Shares (the Listing). The Listing Shares are expected to be listed under the symbol "HYSG" with ISIN GB00BYN5BY03. Trading is expected to commence on or about 23 December 2022.

The aggregate of the administrative, legal, tax and audit expenses as well as the other costs in connection with the Listing (including but not limited to legal publications, printing and translation of the Prospectus and listing related documents) and the remuneration of the FSMA (which is estimated at EUR 14,500.00) and Euronext Brussels, is expected to amount to approximately EUR 42,331.63.

### ***Who is the person asking for admission to trade?***

The person asking for admission to trade is the Company.

### ***Why is this Prospectus being produced?***

This Prospectus constitutes a listing prospectus for purposes of article 3 of the Prospectus Regulation and has been prepared in accordance with the provisions of the Prospectus Regulation and the Belgian Prospectus Act. This Prospectus has been drawn up as a simplified prospectus under the simplified disclosure regime in accordance with Article 14 of the Prospectus Regulation. It relates to the admission to listing and trading of 21,074,030 Listing Shares not yet admitted to listing and trading on the regulated market of Euronext Brussels. On 10 December 2020, the Company entered into a binding conditional agreement with Congra Software S.à.r.l. (Congra), for the proposed acquisition of the entire issued share capital of the Acquired Group from Congra in exchange for 21,074,030 Listing Shares of the Company at an issue price of EUR 3.80 per share. The Transaction was completed on 12 January 2021, following the approval by the Company's shareholders meeting on 8 January 2021. The Listing Shares have been allotted to Congra on 12 January 2021.

## **PART 1**

### **RISK FACTORS**

The risks and uncertainties that the Company believes to be material and specific are described below. The occurrence of one or more of these risks may have a material adverse effect on the Company's share price, cash flows, results of operations, financial condition and/or prospects and may even endanger the Company's ability to continue as a going concern. However, these risks and uncertainties may not be the only ones faced by the Company. Additional risks, including those currently unknown or deemed immaterial, may also impair the Company's business operations. The risk factors which in the assessment of the Company are the most material in each category, taking into account the negative impact on the Company and the probability of its occurrence, are mentioned first. The remaining risk factors are not ranked in order to their materiality. Prospective investors should also carefully read the detailed information set out in this Prospectus (including any documents incorporated in it by reference) and reach their own view prior to making any investment decision.

#### **1 RISKS RELATED TO THE ISSUER**

##### ***The COVID-19 pandemic impacts some of the below identified risks and the likelihood of their materialization***

Since December 2019 the COVID-19 pandemic has spread globally and governments have taken various measures to mitigate the further spread and rate of infections such as mandatory social distancing, travel restrictions, closures of stores and workplaces, imposition of quarantines and even lockdowns.

While many of these negative effects have largely receded as at the date of this Prospectus, most of the below risks related to the Issuer's business activities and industry and the likelihood of their materialization remain impacted by the COVID-19 pandemic, as is further explained in the relevant risk factors below. Its impact on the longer term depends on a broad range of factors including the duration and scope of the pandemic, the geographies impacted, its impact on economic activity and the nature and severity of measures adopted by governments to restrict the further spread of the virus, including restrictions on business operations and travelling, restrictions on large gatherings and orders to self-isolate.

The COVID-19 pandemic may still have a significant negative impact in the medium and long term on the business of the Issuer. The Issuer is a supplier of hardware and software to other manufacturers and software companies and relies on the demand from those manufacturers for its products and services to generate revenue. Any resulting reduction in demand from those customers will adversely affect the Issuer's revenue and profitability. This may strengthen the below described risks referred to in section 1.1 and 1.2 of this PART 1.

In addition, disruptions as a result of COVID-19 in manufacturing, supply and distribution arrangements, including those of third parties as a result of forced shutdowns, or reduced supply capacity, may adversely impact the Issuer's operations. Such disruptions, shutdowns and any delay in the fulfilment of orders could delay or reduce revenue to the Company. This may strengthen all of the risks related to the Issuer's business activities and industry identified below.

To date the outbreak has not yet had a material adverse impact on operations. Reductions in revenue in parts of the Group have been offset by increases in revenue in other parts of the Group. In addition, due to investments in infrastructure during previous years, all employees are able to work from home unless specialist equipment is required to perform their duties. The Group has adapted its offices and working practices to ensure that employees can work in a safe environment if they are unable to work from home. Some of the initiatives implemented include one-way systems, screening between workstations, hand sanitiser stations, provision of face masks and installation of virus-killing air purifiers.

Despite the fact that the Issuer has proactively taken measures to mitigate the impact of COVID-19, the extent of the further impact of COVID-19 on the Group's operations will continue to depend on various uncertain factors and a new wave of infections and corresponding regulatory actions cannot be excluded. The future impact of the outbreak remains uncertain and cannot be predicted, and there is no assurance that such future outbreak will not have a material adverse impact on the future results of the Issuer,



however, given the neutral impact on the Group's business to date and how the world and businesses have adapted, the likelihood of a significant negative impact is considered to be unlikely.

The extent of the impact, if any, will depend on future developments, including actions taken to contain COVID-19.

For more information on the impact of COVID-19 on the Issuer and its business as well as the risks related thereto as set out above, reference is made to the Chairman's Statement (page 17), the Chief Executive Officer's review (page 18), the section "*The COVID-19 pandemic*" in the principal risks and uncertainties (page 26) and note 2 "*Basis of preparation*" of the notes to the consolidated financial statements (page 71) of the 2021 Annual Report, which is incorporated by reference into this Prospectus.

## **1.1 Risks related to the Issuer's financial situation**

### ***(a) A significant portion of the Issuer's revenue comes from a small number of large customers***

The Group is dependent on a relatively small number of large customers for a significant portion of its revenue. For the year ended 31 December 2021, the Group's ten largest customers represented 42.3% (2020: 52.5%) of the Group's revenue, with the single largest customer, in the Printhead solutions segment, representing 13.9% (2020: 22.4%) of the Group's revenue. There was one customer (2020: two) during the year that represented 10% or more of total revenue. Revenue from that customer, in the Printhead Solutions segment, totalled EUR 6.74 million (2020: two customers totalling EUR 7.39 million, one in the Printing Software segment and one in the Printhead Solutions segment).

If one or more of these large customers would choose to source the products or services supplied by the Group from an alternative vendor the effect on revenue, and therefore profitability, could be material. However, the investment required by a customer to switch to an alternative vendor is generally quite high due to the integrated nature of the Group's products in the customers own products and the engineering resource required to make the change. Considering that fact and that the Group has had long-term relationships with its significant customers, stretching back for more than 25 years in some cases and over 8 years with the largest customer in 2021, it is considered to be a low risk, but one with a potentially high impact.

The Acquired Group's customers were predominantly end-users as opposed to the Group's customer base of OEMs prior to the Transaction. With approximately 30% of revenue from its top 10 customers, it has been noted that the dependency of the Group on a relatively small number of significant customers for the Group's revenue has been reduced as a result of the Transaction.

For more information on this risk, reference is made to the principal risks and uncertainties (page 27) of the 2021 Annual Report, which is incorporated by reference into this Prospectus.

### ***(b) Source dependency might lead to higher prices to be paid to suppliers or disruption in the production of certain of the Groups' products and therefore impacts the Issuer's business activities and profitability***

On 5 December 2016, the Company has announced that it had acquired the entire issued share capital of TTP Meteor Limited (Meteor), specialists in printhead driver systems, from TTP Group PLC (TTP) based near Cambridge, UK. Following the acquisition of Meteor in 2016, the Group supplies electronic controls to device manufacturers.

These products include some key electronic components which are subject to shortage of supply from time to time. Past experience indicates at least one issue with supply every few months and that it is not possible to identify which component or components will be affected. Disruption to supply is usually due to significant increases in global demand or problems with production due to shortages of raw materials or production capacity. Generally, there are multiple suppliers for these components, but there is a risk that some of the Group's products could not (or not timely) be manufactured if there is a disruption to that supply, therefore customer orders could be delayed or cancelled, which could result in a reduction in revenue and profits in the Group. Revenue for these products is reported in the Group's

Printhead Solutions segment and for the year ended 31 December 2021, revenue from external customers for that segment was EUR 13.98 million (2020: EUR 9.82 million), which is equal to 28.8% (2020: 43.7%) of the Group's total revenue.

To date, the Group has not had any order cancelled due to shortages of components, so the likelihood that the risk would have a significant impact is considered to be low. Furthermore, as the Acquired Group's sales are generated by selling software rather than electronic components, the potential impact of this risk has decreased as a result of the Transaction.

For more information on this risk, reference is made to the principal risks and uncertainties (page 27) of the 2021 Annual Report, which is incorporated by reference into this Prospectus.

**(c) *The goodwill of the Group has increased substantially following the Transaction***

On 12 January 2021, the Company acquired the Acquired Group from Congra. As a result of this Transaction, the goodwill of the Group increased by EUR 52.4 million, making up approximately 81% of the goodwill of the Group for the financial year 2021.

The Group is required to test annually whether goodwill and other intangible assets with indefinite useful lives have suffered any impairment during the financial year. If the Company would determine that the goodwill or other intangible assets are impaired, it will be required to write down these assets. Any write-down would have a negative effect on the results of the company.

During the audit of the 2021 accounts an impairment test of the Acquired Group has been conducted. A discounted cash flow valuation has been performed based on a seven-year forecast in which the following assumptions have been applied:

- The revenue growth rate used was 10% (significantly less than the historic compound annual growth rate in excess of 30% during the period 2014-2021);
- Gross margin was aligned with recent actual gross margins of 96.9%;
- The staff costs growth rate used was 7.5%;
- The terminal growth rate used was 0% to take a conservative approach; and
- Weighted average cost of capital: 11.43%.

Given the time elapsed since the implementation of the acquisition the forecasts remain in line with the forecasts used for the initial purchase price allocation, thus the headroom is minimal as to be expected. Given the timing of the acquisition in January 2021 and the forecasts being consistent with those used during the acquisition accounting exercise, small changes in assumptions could lead to an impairment, however the Acquired Group is performing in line with forecasts made at the date of acquisition and therefore no impairment has been identified. With performance in line with initial expectation, the weighted average cost of capital can increase from 11.43% to 14.10% for the value in use to equal the carrying amount.

While the forecasts of the Acquired Group remain in line with the forecasts used for the initial purchase price allocation and at this stage no impairment had to be recognised, investors should be aware that even a relatively small change in the assumptions underlying the recoverable amount of the combined assets of the Group, including changes as a result of adverse market conditions, could result in the impairment of such assets with a significant impact on (operating) profit and equity.

In case the Group would have suffered, for example, a 10% impairment charge of the intangible assets and goodwill in the financial year 2021, this would have had an impact of up to EUR 8.97 million on the results of the Company.

In accordance with IAS 36.35 (Impairment of Assets), when management has projected cash flows based on financial forecasts of a period greater than five years, an explanation of why that longer period is justified should be included in the accounts. For that reason, current management will, going forward, conduct future impairment testing on the basis of a five-year forecast.

## 1.2 Risks related to the Issuer's business activities and industry

**(a) *There is no assurance that the Group will identify and complete suitable acquisition opportunities, on which its growth strategy heavily relies, in a timely manner or at all***

The Group operates in an industry where customer acquisition costs, as well as costs for such customers to switch between suppliers, are significant. Therefore, the Group significantly focusses on strategic acquisitions to achieve a significant portion of growth. As evidenced by the historical acquisitions made since 2015, the Group's revenue has grown from around EUR 11 million to around EUR 48 million, primarily due to acquisitions. The success of the Group's business strategy is highly dependent on its ability to identify sufficient suitable acquisition opportunities and, once identified, to complete such acquisitions.

The number of potential target companies operating in the industry the Group is active in, is limited. Moreover, the Group's main competitors have in general more financial resources available to pursue acquisition projects. The Company is currently not engaged in any binding acquisition process, but continuously evaluates suitable acquisition opportunities as these present themselves. However, given the limited opportunities, the Company cannot assure that such acquisition opportunities, if any, are identified and completed within the next 12 months.

If the Company fails to complete a proposed acquisition (for example, because it has been outbid by a competitor) it may be left with substantial unrecovered transaction costs, potentially including substantial break fees, legal costs or other expenses. Furthermore, even if an agreement is reached relating to a proposed acquisition, the Company may fail to complete such acquisition for reasons beyond its control. Any such event will result in a loss to the Company of the related costs incurred, which could materially adversely affect subsequent attempts to identify and acquire another target business. As of the date of this Prospectus, the Company cannot predict the actual amounts of such losses given the specific nature of each individual acquisition opportunity.

The Group has been acquisitive throughout its corporate existence and since 1999 has made 10 acquisitions of companies and technology. During that period, there was only one attempted acquisition the Group was unable to successfully complete, due to reasons outside its control.

As the Acquired Group targets different industry segments and customer profiles than the Issuer's other operating subsidiaries, the scope of potential strategic acquisition targets broadened as a result of the Transaction and this risk decreased.

**(b) *Security breaches and other disruptions could compromise the Group's confidential and sensitive information and expose the Company to liability, which would cause the Company's business and reputation to suffer***

The Group and certain third parties that it relies on for its operations collect and store confidential and sensitive information, and their operations are highly dependent on information technology systems, including internet-based systems, which may be vulnerable to breakdown, wrongful intrusions, data breaches and malicious attack. This information includes, among other things, intellectual property and proprietary information, trade secrets, source codes and commercially sensitive data (IP), both of the Group, the third parties it works with and of the Group's customers.

In the event the Group's information technology systems are specifically attacked, as a result of which it would be unable to access its source code, its ability to develop new products would be adversely affected. This might result in the Group losing customers, which will have a direct impact on its operational results. In addition, if IP were to be stolen from the Group, such stolen IP could be used by competitors to improve their products or produce products which could reduce the Group's competitive advantage and therefore impact the Group's operational results in the long term.

Although the Group has appropriate measures in place (including appropriate insurance coverage) to protect its business from any potential interruptions, any attack or breach could compromise the

Company's networks or those of related third parties and stored information could be accessed, publicly disclosed, lost, or stolen.

A security breach of the Group's network and systems is considered to be a high risk if the Group is specifically targeted, otherwise the Group believes the risk to be moderate due to the systems and processes in place to avoid general hacking attempts. Although various kinds of minor security breaches have occurred in the past, the Group has not yet been confronted with a specifically targeted attack in that respect.

Because the Acquired Group uses other information technology systems for its business, this risk has increased as a result of the Transaction.

For more information on this risk, reference is made to the section "*Inadequate protection of its proprietary technology and intellectual property rights*" in the principal risks and uncertainties (page 28) of the 2021 Annual Report, which is incorporated by reference into this Prospectus.

**(c) *The Group is dependent on the graphic arts and digital printing industries***

The Group derives all of its revenues from products and services provided to the graphic arts and digital printing industries. Accordingly, the Group's future success significantly depends upon the continued demand for its products within such industries.

The Company believes that an important factor to consider is the substantial change in the graphic arts and digital printing industries, as evidenced by sustained growth in digital printing and low growth in conventional analogue printing.<sup>1</sup>

Conventional, analogue printing is associated with very high-quality, low cost, and/or very long print runs (due to a higher initial capital investment than digital printing). Analogue printing processes are therefore poorly suited for short runs and personalization. Digital printing processes are generally less expensive to install but have a higher cost per copy. Digital printing allows for much smaller print runs with variable printing (individually customised printed products) as part of those smaller print runs and, with the help of software, including the Group's own software, enables quality to be near or at that of conventional, analogue printing. Personalisation is a used widely in promotional printing, for example personalised credit card statements or loyalty cards. The shift to personalisation requires the use of digital printing to enable this.

The shift in inkjet printing technology as part of the manufacturing process (for example ceramic tiles, wall coverings, textiles) opens up opportunities to the Group when manufacturers develop new products. If this environment of change were to switch to alternatives manufacturing processes or to slow down, the Group could experience reduced demand for its products which could have a material adverse effect on its operational results. However, the COVID-19 pandemic has actually accelerated the transition to inkjet printing technology, so the likelihood of this is very low.

Up to this point, technological innovations in the printing industry have been generally characterised by a gradual process and do not make existing technologies obsolete quickly. In that sense, the shift to digital printing and inkjet technology has been ongoing during the last two decades, which the Issuer expects to continue for the foreseeable future. The Group's products have evolved during that time to meet the market requirements and it is the Issuer's intention to continue to do so. Unless printing becomes obsolete as a whole, the likelihood of the risk crystallising is low.

As the Acquired Group is also primarily focused on the graphic arts business, this risk has increased as a result of the Transaction.

For more information on this risk, reference is made to the principal risks and uncertainties (page 26) of the 2021 Annual Report, which is incorporated by reference into this Prospectus.

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<sup>1</sup> For more information in this respect, please refer to "Inkjet printing builds towards \$100 billion market" by Smithers: [https://www.smithers.com/en-gb/resources/2018/oct/inkjet-printing-builds-towards-\\$100-billion-market#:~:text=Value%20in%20the%20world%20inkjet,of%20%24109%20billion%20in%202023.](https://www.smithers.com/en-gb/resources/2018/oct/inkjet-printing-builds-towards-$100-billion-market#:~:text=Value%20in%20the%20world%20inkjet,of%20%24109%20billion%20in%202023.)

### 1.3 Legal and regulatory risk

**(a) *Adequately protecting the Group's intellectual property is very costly but failure to do so could substantially harm its business and operating results***

The Group's success is heavily dependent upon its proprietary technology and almost all of its revenue is earned from that technology. To protect its IP rights, the Group relies on a combination of patent, copyright, trade secret and trademark laws, as well as the early implementation and enforcement of non-disclosure and other contractual restrictions. As part of its confidentiality procedures, the Group enters into written non-disclosure agreements with its employees, prospective customers, OEMs and strategic partners and takes steps to limit access to, and distribution of, its software, intellectual property and other proprietary information.

Despite these efforts, if such agreements are not made on a timely basis, complied with or enforced, the Group may be unable to effectively protect its proprietary rights and the enforcement of its proprietary rights may be cost-prohibitive. Unauthorised parties may attempt to copy or otherwise obtain, distribute, or use the Group's products or technology. Monitoring unauthorised use of the Group's software products is difficult and the Group's management cannot be certain that steps taken to prevent unauthorised use of the Group's proprietary technology, particularly in countries where the laws may not protect proprietary rights as fully as in the EU or the United States, will be effective.

The Group's source code is also protected as a trade secret. However, from time to time, the Group licenses its source code to partners, which subjects it to the risk of unauthorised use or misappropriation despite the contractual terms restricting disclosure, distribution, copying and use. In addition, it may be possible for unauthorised parties to obtain, distribute, copy or use the Group's proprietary information or to reverse engineer its trade secrets.

The Group holds patents to protect its proprietary technology and for defensive use in the event that a claim is made against the Group. It also has patent applications pending, in the United States and in the EU. There may be no assurance that patents held by the Group will not be challenged, that patents will be issued from the pending applications or that any claims allowed from existing or pending patents will be of sufficient scope or strength to provide adequate protection for the Group's intellectual property rights.

In the past 10 years, the Group has not suffered any significant losses, either by way of lost revenue or costs of enforcement, however, the failure to adequately protect the Group's proprietary technology and IP may adversely affect the Group's business, financial position, result of operations and prospects. With respect to its source code, the aforementioned risk is deemed to be significant by the Issuer.

In connection with the enforcement of its own IP rights, the acquisition of third-party IP rights or disputes relating to the validity or alleged infringement of third-party rights, including patent rights, the Group may be in the future subject to claims, negotiations or protracted litigation. IP disputes and litigation are typically very costly and can be disruptive to the Group's business operations by diverting the attention and energies of management and key technical personnel. In 2020, the Group incurred costs for an amount of approximately EUR 11,000 (mostly related to advisor fees) related to such disputes. In 2021, the Group incurred no such costs. Although the Group has successfully defended or resolved past litigation and disputes, it may not prevail in any future litigation and disputes.

As the Acquired Group also creates intellectual property and derives revenues from it, this risk has increased as a result of the Transaction.

For more information on this risk, reference is made to the principal risks and uncertainties (page 30) of the 2021 Annual Report, which is incorporated by reference into this Prospectus.

**(b) *Recruitment and retention of key personnel***

An important part of the Group's future success depends on the continued service and availability of the Group's senior management, including its Chief Executive Officer and other members of the executive

team. These individuals have acquired specialised knowledge and skills with respect to the Group. The loss of any of these individuals could harm the Group's business.

The Group's business is also dependent on its ability to attract, retain, and motivate talented, highly skilled personnel, notably in software development, electronic engineering and technical support areas. Such personnel are in high demand and competition for their talents is intense. Should the Group be unable to continue to successfully attract and retain key personnel, its business may be harmed. The Group offers a competitive package of salary and benefits to directors and employees and regularly benchmarks them against similar businesses to ensure that they remain attractive to current and prospective employees.

***(c) As a result of Brexit, both Belgian and UK takeover regulations apply in their entirety to the Company, which may render a potential takeover complex and costlier***

As the Company is a public company limited by shares with its registered office in the United Kingdom, the provisions of the UK City Code on Takeovers and Mergers (the UK City Code) apply to the Company. Similarly, as the Company's shares are listed on the regulated market of Euronext Brussels, a voluntary takeover bid for the Shares of the Company would also be subject to the Belgian takeover legislation.

Accordingly, any voluntary takeover bid for the Company would be governed by both the UK and Belgian takeover legislation. This may have an impact on the information the potential bidder must disclose, the envisaged timelines and the contents of the prospectus. Moreover, both the FSMA and the Panel on Takeovers and Mergers (the Takeover Panel) would be competent authorities with respect to such takeover bid.

The process to make a successful bid could therefore be more complex and costlier. This could potentially discourage potential bidders from launching a takeover attempt and thus deprive shareholders of the opportunity to sell their Shares at a premium (which is typically offered in the framework of a takeover bid). Please see PART 5, section 2.7 which gives an overview of the Belgian and UK takeover legislation.

## **2 RISK FACTORS RELATING TO THE SHARES**

***(a) The Issuer's chairman, Mr Guido Van der Schueren, owns a substantial percentage of the Shares through the Issuer's majority shareholder and can exercise significant influence over all matters requiring shareholder approval, which may (i) adversely affect the trading volume and market price of the Shares (ii) not necessarily be aligned with the interests of minority shareholders***

Guido Van der Schueren, the Company's Chairman, currently controls following the completion of the Transaction 82.40% of the Company's voting rights, through his controlling interest in Congra Software S.à.r.l.

As a result of his indirect shareholding, Guido Van der Schueren is able to exercise significant influence over all matters requiring shareholder approval, including the election of directors, the approval of the accounts and significant corporate actions (such as the issuance of new Shares). Moreover, and this is further increased by the fact that Mr Van der Schueren is the Company's Chairman, he will be able to exert significant influence over the Company's management and corporate policies, including the Company's development strategies, capital expenditure, dividend distribution plans and corporate opportunities.

Circumstances may arise in which Guido Van der Schueren's interest may conflict with the interests of other shareholders and investors should be aware UK company law might not provide the same protection as they would have under Belgian company law. Potential conflicts of interest specific to the Company may include matters relating to:

1. the provisions of the Company's articles of association which could be amended to include provisions that are not in the best interests of minority shareholders;
2. determining the outcome of certain corporate actions without the approval of the minority shareholders; and
3. the approval of potential mergers or acquisitions, asset sales, and other significant corporate transactions including transactions which may lead to a change of control of the Company.

Guido Van der Schueren may procure that the Shares over which he exercises control are voted in a way with which other investors do not agree and the concentration of ownership represented by Guido Van der Schueren's control could adversely affect the trading volume and market price of the Shares.

Furthermore, this concentration of ownership may also have the effect of delaying, deferring or preventing a change in control, merger, consolidation, takeover or other business combination or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control. Guido Van der Schueren's ownership may therefore prevent minority shareholders from receiving a premium for their Shares or more generally could have an adverse effect on the trading price of the Shares.

This risk has increased pursuant to the Transaction, as all shareholders (save for Congra) suffered a dilution to their interests in the Company. Prior to the issuance of the Listing Shares, the Company's existing shareholders had 49.91% of the voting rights in the Company (excluding Congra and shares held in treasury). As a result of the issuance of the Listing Shares, the voting rights of the existing shareholders (excluding Congra and shares held in treasury) in the Company reduced from 49.91% to 17.84%.

The Company currently has two independent directors (being Clare Findlay and, since 15 February 2021, Luc De Vos). In addition, investors should be aware of the fact that the Company's Chief Executive Officer, Mr Michael Rottenborn was an early founder of the Acquired Group and therefore holds a number of shares in Congra representing approximately 1% ownership.

For more information regarding mitigation measures with respect to the risk of conflicts of interest of members of the Company's board of directors, please refer to PART 5: Description of the Issuer, section 4.5.

***(b) There is no guarantee that there will be sufficient liquidity in the Shares to sell or buy any number of Shares at a certain price level, which may result in lower trading prices and increased volatility, which could adversely affect the value of an investment in the Shares***

Congra controls 82.40% of the Company's voting rights and holds 82.40% of the Company's share capital. 0.22% of the Shares are held in treasury by the Company. Consequently, the Company has a low free float of 16.22%. As a result of low liquidity and subsequent low average daily trading volumes, the price of the Shares can be significantly affected, either positively or negatively, by a low number of transactions in the Shares. This increased volatility may mean that investors may be unable to sell Shares at or above the price they paid for them.

The average daily trading volume of the Shares was equal to 2,176 shares in December 2021, 2,963 shares in January 2022, 3,826 shares in February 2022, 3,833 shares in March 2022, 3,694 in April 2022 and 2,247 in May 2022.

The Shares are traded and the Listing Shares will be traded on Euronext Brussels. There is no guarantee that there will be sufficient liquidity in the Shares to sell or buy any number of Shares at a certain price level. The Company cannot predict the extent to which an active market for the Shares will develop or be sustained, or how the development of such a market might affect the market price for the Shares. An illiquid market for the Shares may result in lower trading prices and increased volatility, which could adversely affect the value of any investment.

Future sales of Shares by shareholders could cause a decline in the market price of the Shares. The Company cannot predict whether substantial numbers of Shares will be sold in the open market. A sale of a substantial number of Shares, or the perception that such sales could occur, could materially and

adversely affect the market price of the Shares and could also impede the ability of the Company to raise capital through the issue of equity securities.

**(c)      *The Company will likely not be in a position to pay dividends in the near future and intends to retain all earnings***

The Company has not distributed any dividends since its inception in November 1996 and it does not have an active dividend policy in place. The Companies Act 2006 of England and Wales and the Company's articles of association do not require the Company to distribute dividends.

Currently, the Company's board of directors expects to retain all earnings, if any, generated by the Company's operations for the development and growth of its business and does not anticipate changing its historical approach to dividends or paying any dividends to the shareholders in the near future.

For more information on the Company's dividend policy, reference is made to the Directors' report (page 41) set forth in the 2021 Annual Report, which is incorporated by reference into this Prospectus.

**(d)      *The market value of the Shares can fluctuate substantially***

Prospective investors should be aware that the value of an investment in the Company may go down as well as up. The market value of the Shares can fluctuate. A number of factors outside of the control of the Company may materially adversely affect its performance and the price of the Shares including, inter alia, the operations and share price performance of other companies in the industries and markets in which the Company operates; speculation about the Company's business in the press, media or investment community; changes to the Company's sales or profit expectations or general market conditions.

In addition, stock markets have in the recent past experienced extreme declines and price and volume fluctuations, particularly as a result of the impact of the ongoing outbreak of COVID-19 and the Russian invasion in Ukraine on the macroeconomic outlook. These fluctuations have not always been related to the performance of the specific companies whose shares are traded. These fluctuations, as well as general economic and political conditions, could have an adverse effect on the market price of the Shares (including the Listing Shares).

The market price of the Shares could fluctuate substantially due to a number of factors, including, but not limited to:

1. disruption or termination of the Group's relationships with key customers;
2. fluctuations in the Group's semi-annual or annual operating results;
3. changes in the composition of the management;
4. the issue of additional shares by the Company or a significant increase in the Group's debt obligations;
5. publication of research reports about the Group by securities or industry analysts;
6. speculation in the press or investment community generally;
7. war, acts of terrorism and other man-made or natural disasters.

Past trends have indicated that where a company experiences a period of volatility in the market price of its shares, or where investors incur a loss on the value of their investment in a company's shares, such a company may be vulnerable to litigation activity by shareholders endeavouring to recoup their losses. If instituted against the Company or one of its subsidiaries, such litigation activity could result in substantial costs and a diversion of the Group's management's attention and resources.



## **PART 2**

### **IMPORTANT INFORMATION**

#### **1 RESPONSIBILITY STATEMENT**

In accordance with article 26 of the Belgian Prospectus Act, the Company, represented by its board of directors, assumes responsibility for the information contained in this Prospectus. The Company, represented by its board of directors, declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

#### **2 PROSPECTUS APPROVAL**

This Prospectus has been approved by the FSMA, as competent authority under the Prospectus Regulation. The FSMA only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval shall not be considered as an endorsement of the Issuer or the quality of the securities that are the subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the Shares.

Pursuant to articles 12(1) of the Prospectus Regulation, this Prospectus shall be valid for 12 months after its approval for admission of the Listing Shares to trading on Euronext Brussels, provided that it is completed by any supplement required pursuant to article 23 of the Prospectus Regulation. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Prospectus is no longer valid.

#### **3 SIMPLIFIED DISCLOSURE REGIME**

This Prospectus has been drawn up as a simplified prospectus in accordance with Article 14(1)(a) of the Prospectus Regulation.

#### **4 SUPPLEMENTS TO THE PROSPECTUS**

This Prospectus has been prepared for the purposes of the Listing. The information in this Prospectus is as of the date printed on the front cover, unless expressly stated otherwise. The delivery of this Prospectus at any time does not imply that there has been no change in the Group's business or affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

In accordance with article 23 of the Prospectus Regulation, in the event of a significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Shares during the period from the date of approval of the Prospectus to the Listing Date, a supplement to this Prospectus shall be published. Any supplement is subject to approval by the FSMA, in the same manner as this Prospectus, and must be made public in the same manner as this Prospectus.

#### **5 LANGUAGE VERSIONS**

This Prospectus (including the summary) has been prepared in English. The summary of the Prospectus will also be available in Dutch and French. The Company is responsible for the consistency between the English, Dutch and French language versions of the summary of Prospectus. In any event, in the case of discrepancies between the different language versions of this Prospectus, the English language version will prevail.

#### **6 AVAILABILITY OF THIS PROSPECTUS AND OTHER DOCUMENTS**

Copies of this Prospectus and the documents listed below are available for inspection at the offices of the Company's solicitors, Mills & Reeve LLP, Botanic House, 100 Hills Road, Cambridge CB2 1PH during normal business hours on any weekday (excluding Saturdays and public holidays) up to and including 20 December 2023:

1. the articles of association of the Company; and
2. the Group's audited statutory accounts for the year ended 31 December 2021.

The Prospectus (and its summary) together with the documents listed above and the documents incorporated by reference in PART 4: Documents incorporated by reference, are available in the "Investors" section of the Company's website via the direct link (<https://www.hybridsoftware.group/investors/hybrid-software-acquisition>).

Any potential investor in the Shares, can request a copy of the Prospectus on a durable medium (including an electronic copy by e-mail or a copy printed on paper) to be delivered free of charge to that potential investor. Delivery shall be limited to Belgium as the Listing will take place on the regulated market of Euronext Brussels (Belgium). Such requests can be made by email to [investor-relations@hybridsoftware.group](mailto:investor-relations@hybridsoftware.group).

The posting of the Prospectus or any summary thereof on the internet does not constitute an offer to sell or a solicitation of an offer to buy any of the Shares to or from any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. The electronic version may not be copied, made available or printed for distribution. Although certain references are made to the Company's website, information on the Company's website (<https://www.hybridsoftware.group/>) (other than the Prospectus or any documents incorporated by reference therein) or any other website does not form part of the Prospectus and has not been scrutinised or approved by the FSMA. This Prospectus is valid only if circulated in accordance with applicable law.

The distribution of this Prospectus may, in certain jurisdictions, be restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

## **7 FURTHER INFORMATION REGARDING THE COMPANY**

The Company must file its restated articles of association and all other deeds and resolutions that are to be published with Companies House, where they are available to the public.

In accordance with English law, the Company must prepare annual audited statutory and consolidated financial statements. The annual statutory and consolidated financial statements and the reports of the Company's board of directors and statutory auditor relating thereto must be filed with Companies House, where they are available to the public.

As a company with shares listed on the regulated market of Euronext Brussels, the Company is also required to publish an annual financial report (which includes its audited consolidated financial statements, the report of its board of directors and the report of the statutory auditor), as well as a half-yearly financial report on the first six months of its financial year (which includes an interim management report). Copies of these documents will be made available on the Company's website via the dedicated "Financial Reports" section (<https://www.hybridsoftware.group/investors/financial-reports>) (which can be accessed via its general website (<https://www.hybridsoftware.group/>) by clicking on the tab "Investors" and then selecting "Financial Reports" from the "Investors" menu).

The Company must also disclose inside information, information about its shareholder structure and certain other information to the public. In accordance with the Belgian Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments that are admitted to trading on a regulated market, and Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the Market Abuse Regulation) and related rules, as amended from time to time, such information and documentation is made available through the Company's website, press releases, the communication channels of Euronext Brussels, or a combination of these means. All press releases published by the Company are made available on its website.

The Company can be contacted by phone (+44(0)1954283100) or email ([investor-relations@hybridsoftware.group](mailto:investor-relations@hybridsoftware.group)).

### **PART 3**

#### **NOTICE TO INVESTORS**

This Prospectus is intended to provide information to potential investors in the context of and for the sole purpose of evaluating a possible investment in the Shares. It contains selected and summarised information (including information incorporated by reference). It does not express any commitment or acknowledgement or waiver, and does not create any right, express or implied, towards anyone other than a potential investor. Investors must assess, with their own advisers if necessary, whether the Company's Shares are a suitable investment for them, considering their personal income and financial situation. In case of any doubt about the risks involved in investing in the Shares, investors should abstain from investing in the Shares.

In making an investment decision, investors must rely on their own assessment, examination, analysis and enquiry of the Company, the terms of the Listing and the contents of this Prospectus, including the merits and risks involved. Any purchase of Shares should be based on the assessments that an investor may deem necessary and including possible tax consequences that may apply, before deciding whether or not to invest in the Shares. In addition to their own assessment of the Acquired Group and the terms of the Listing, investors should rely only on the information contained in this Prospectus, including the risk factors described herein. The summaries and descriptions of legal provisions, accounting principles or comparisons of such principles, legal company forms or contractual relationships reported in the Prospectus may under no circumstances be interpreted as a basis for credit or other evaluation, or as investment, legal or tax advice for prospective investors. Prospective investors are urged to consult their own financial adviser, accountant or other advisers concerning the legal, tax, economic, financial and other aspects associated with the trading or investment in the Shares.

The Company, or any of its respective representatives, is not making any representation to any purchaser of Shares regarding the legality of an investment in the Shares by such purchaser under the laws applicable to such purchaser. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

No person has been authorised to give any information or to make any representation in connection with the Listing other than those contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorised. Without prejudice to the Company's obligation to publish supplements to the Prospectus when legally required (as described above), neither the delivery of this Prospectus nor any sale of Shares made at any time after the date hereof shall, under any circumstances, create any implication that there has been no change in the Issuer's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since such date.

#### **NOTICE TO PROSPECTIVE INVESTORS**

The issuance of the Listing Shares in the framework of the Transaction was not an offer to retail or other investors, but the result of the acquisition by the Company of the Acquired Group from Congra.

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM**

In the United Kingdom this document is being distributed only to, and is directed only at, qualified investors (i) who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the Order) and qualified investors falling within article 49(2)(a) to (d) of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as Relevant Persons).

In the United Kingdom, this document must not be acted on or relied on, by persons who are not Relevant Persons. Any investment or investment activity to which this document relates is available only to Relevant Persons in the United Kingdom and will be engaged in only with Relevant Persons in the United Kingdom.

## **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES**

This Prospectus is not for distribution, directly or indirectly, in or into the United States. It does not constitute or form a part of any offer or solicitation to purchase or subscribe for Shares in the United States. The Shares have not been and will not be registered under the Securities Act and may not be offered or sold in the United States unless registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. The Company and its affiliates have not registered, and do not intend to register, the Shares under the Securities Act, and do not intend to conduct a public offering of the Shares in the United States.

## **PRESENTATION OF FINANCIAL AND OTHER INFORMATION**

### ***Financial statements***

This Prospectus contains references to the audited consolidated financial statements of the Company as of and for the year ended 31 December 2021 (the 2021 Annual Financial Statements). The 2021 Annual Financial Statements were prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (IASB), as adopted by the European Union (IFRS).

The 2021 Annual Financial Statements have been audited by KPMG LLP, Botanic House, 100 Hills Road, Cambridge CB2 1AR, and KPMG Bedrijfsrevisoren BV, National Airport Brussels 1K, 1930 Zaventem, as EU Independent Auditor.

There are no qualifications to the audit reports on the 2021 Annual Financial Statements.

The 2021 Annual Financial Statements have been included in this Prospectus (by reference) with the consent of KPMG LLP and KPMG Bedrijfsrevisoren BV.

### ***Rounding***

Certain monetary amounts and other figures included in this Prospectus have been subject to rounding adjustments. Accordingly, any discrepancies in any tables between the totals and the sums of amounts listed are due to rounding.

### ***Other Information***

In this Prospectus, references to the "Company" are to Hybrid Software Group PLC (formerly Global Graphics PLC), and references to "Hybrid Software", "we", "us" or "our" are to the Company and its consolidated subsidiaries. Any references to "the Acquired Company" are to HYBRID Software Group S.à.r.l. , which was acquired by the Company in 2021.

In this Prospectus, unless otherwise indicated: all references to "EUR", "euro" or "€" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union (the EMU) pursuant to the Treaty on the functioning of the European Community (the EC), as amended from time to time; all references to the "United States" or the "US" are to the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia; and all references to "US dollars", "USD", "US\$" or "\$" are to the lawful currency of the United States and all references to the British Pound or Pound Sterling are to the lawful currency of the United Kingdom.

## **PRESENTATION OF INDUSTRY, MARKET AND OTHER INFORMATION**

Where information has been sourced from third parties, this information has been accurately reproduced. As far as the Group is aware and is able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The third-party sources the Acquired Group has used generally state that the information they contain has been obtained from sources believed to be reliable. Some of these third-party sources also state, however, that the accuracy and completeness of such information is not guaranteed and that the

projections they contain are based on significant assumptions. As the Acquired Group does not have access to the facts and assumptions underlying such market data, or statistical information and economic indicators contained in these third-party sources, the Acquired Group is unable to verify such information. Thus, as mentioned, while the information has been accurately reproduced, and that as far as the Acquired Group is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading, and the Acquired Group believes it to be reliable, the Acquired Group cannot guarantee its accuracy or completeness. The inclusion of this third-party industry, market and other information should not be considered as the opinion of such third parties as to the value of the Shares or the advisability of investing in the Shares.

In addition, certain information in this Prospectus is not based on published data obtained from independent third parties or extrapolations therefrom, but rather is based upon the Acquired Group best estimates, which are in turn based upon information obtained from trade and business organisations and associations, consultants and other contacts within the industries in which the Acquired Group operates, information published by the Acquired Group's competitors and the Acquired Group's own experience and knowledge of conditions and trends in the markets in which it operates.

The Acquired Group cannot assure that any of the assumptions it has made while compiling this data from third party sources are accurate or correctly reflect the Acquired Group's position in the industry and none of the Acquired Group's internal estimates have been verified by any independent sources. The Acquired Group does not make any representation or warranty as to the accuracy or completeness of this information. The Acquired Group has not independently verified this information and, while the Acquired Group believes it to be reliable, the Acquired Group cannot guarantee its accuracy.

### **FORWARD-LOOKING STATEMENTS**

All statements in this Prospectus and in the documents that are incorporated by reference in this Prospectus that do not relate to historical facts and events are "forward-looking statements". Forward-looking statements can be found in the summary of this Prospectus, the chapter "Risk Factors", the chapter "Business Overview" and in other sections of this Prospectus and in the documents that are incorporated by reference in this Prospectus. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "plans", "continue", "ongoing", "potential", "predict", "project", "target", "seek" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements appear in a number of places throughout this Prospectus and in documents which are incorporated by reference in this Prospectus. Forward-looking statements include statements regarding the Acquired Group's intentions, beliefs or current expectations concerning, among other things, its results of operations, prospects, growth, strategies and dividend policy and the industry in which the Acquired Group operates. In particular, certain statements are made in this Prospectus and in the documents that are incorporated by reference in this Prospectus regarding management's estimates of future growth.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements. Any forward-looking statements are made only as of the date of this Prospectus and, without prejudice to the Company's obligations under applicable law in relation to disclosure and ongoing information, the Company does not intend, and does not assume any obligation, to update forward-looking statements set forth in this Prospectus.

## PART 4 DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus shall be read and construed in conjunction with the below sections of the following documents:

- the annual report for the financial year ended 31 December 2021, the 2021 Annual Financial Statements and the related auditor's report thereon as set out in the annual report of the Company (the 2021 Annual Report); and
- Unaudited Interim consolidated financial statements, and explanatory notes of the Issuer for the first six months of 2022 (the 2022 Interim Report).

Such documents or, as applicable, such sections of documents shall, in accordance with Article 19 of the Prospectus Regulation, be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (free of charge) from the statutory seat of the Company and the website of the Company (<https://www.hybridsoftware.group/>). The Company confirms that it has obtained the approval from its auditors to incorporate the consolidated financial statements and the related audit reports thereon in this Prospectus.

The tables below include references to the sections of the above documents that are incorporated by reference. Information contained in the documents incorporated by reference other than the sections listed in the tables below is for information purposes only and does not form part of this Prospectus. This information is either not relevant for the investors or covered elsewhere in the Prospectus.

Section	Page(s)
<b>Audited consolidated financial statements, auditor's report and explanatory notes for the financial year ended 31 December 2021 (references to the pages of the 2021 Annual Report)</b>	
Independent Auditors' Report	58-65
Consolidated statement of comprehensive income	66
Consolidated statement of financial position	67
Consolidated statement of changes in equity	68
Consolidated statement of cash flows	69
Notes to the consolidated financial statements	70-105

Section	Page(s)
<b>Unaudited Interim consolidated financial statements, and explanatory notes for the first six months of 2022 (references to the pages of the 2022 Interim Report)</b>	
Unaudited condensed consolidated statement of comprehensive income	6
Unaudited condensed consolidated statement of financial position	7
Unaudited condensed consolidated statement of changes in equity	8
Unaudited condensed consolidated statement of cash flows	9
Notes to the Unaudited condensed consolidated interim financial statements	10-21

## PART 5 DESCRIPTION OF THE ISSUER

### 1 IDENTIFICATION OF THE ISSUER

The table below summarises the main corporate information regarding the Company:

<b>Name of the Company</b>	<b>Hybrid Software Group PLC (formerly Global Graphics PLC)</b>
<b>Registered office</b>	2030 Cambourne Business Park Cambourne Cambridge CB23 6DW United Kingdom
<b>Legal form</b>	A public company limited by shares
<b>Legal entity identifier (LEI)</b>	213800ZFW446QIHAB654
<b>Date of Incorporation</b>	23 December 2013
<b>Country of Incorporation</b>	England & Wales
<b>Original country of Incorporation</b>	France
<b>Company Number</b>	10872426
<b>ISIN of Shares</b>	GB00BYN5BY03
<b>Financial year</b>	1 January to 31 December
<b>Date of annual general shareholders' meeting</b>	To be held within 6 months of the end of the financial year
<b>Website</b>	<a href="https://www.hybridsoftware.group">https://www.hybridsoftware.group</a>
<b>Telephone Number and Email</b>	+44(0)1954283100 <a href="mailto:investor-relations@hybridsoftware.group">investor-relations@hybridsoftware.group</a>
<b>Statutory auditor (since financial year ending 31 December 2013)</b>	KPMG LLP Botanic House 100 Hills Road Cambridge CB2 1 AR United Kingdom
<b>EU independent auditor for the year ended 31 December 2021</b>	KPMG Bedrijfsrevisoren BV National Airport Brussels 1K 1930 Zaventem Belgium

The Company was originally incorporated as a Société Anonyme in France in November 1996. 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 was converted from a Societas Europaea to a public company limited by shares under the laws of England and Wales on 18 July 2017. In October 2021, the Company changed its name from Global Graphics PLC to Hybrid Software Group PLC.

The principal legislation under which the Company operates, is the Companies Act 2006 of England and Wales (the UK Companies Act) and regulations thereunder.

The Group's consolidated financial statements for the financial year ended 31 December 2020 have been audited and approved without reserve by KPMG LLP and for the year ended 31 December 2021 have been audited and approved without reserve by KPMG LLP and KPMG Bedrijfsrevisoren BV. KPMG LLP is a member firm of the Institute of Chartered Accountants in England and Wales. KPMG Bedrijfsrevisoren is registered under number B00001 as company auditor in the public register of the Institute of Company Auditors (*Instituut van de Bedrijfsrevisoren / Institut des Réviseurs d'Entreprises*).

KPMG LLP and KPMG Bedrijfsrevisoren BV were appointed as dual auditors for the year ended 31 December 2021 to enable the Company to comply with the requirements of UK company law and Belgian law. As of the date of this Prospectus, the system for registering third-country auditors in Belgium is not yet operational, and under UK company law, a non-UK auditor cannot sign the audit opinion. For this reason a dual audit opinion has been produced to satisfy the needs of both jurisdictions.

## **2 BUSINESS OVERVIEW**

### **2.1 Key principal activities and customers of the Group**

The Group is a developer of integrated hardware and software solutions for graphics and industrial inkjet printing. Its principal customers are Original Equipment Manufacturers (OEMs). Through those customers, the Group delivers technology used for printing and displaying an increasingly diverse range of goods, from food labelling and packaging to textiles and wall coverings and even additive manufacturing and 3-D printing applications.

The Company's business model focuses on directly licensing software technology to OEMs of printing and prepress equipment, digital presses, printers and copiers, and to system integrators and developers of applications that create, manipulate and manage electronic documents. Meteor's printhead driver solutions can drive all leading inkjet heads and are sold direct to the manufacturers of the printing device. Finally, Xitron LLC's Raster Image Processors (RIPs) and Digital Front End (DFE) solutions are sold both to OEMs and directly to end users through their worldwide partner network.

Consequently, the Company's printing technology is used by industry leading brands of digital pre-press systems, professional colour proofing devices, wide-format colour printers and digital production presses.

Its strategic focus includes acquiring the technology and skills to offer OEMs a more integrated solution for their production digital presses, in particular, to increase market share in the digital inkjet market<sup>2</sup> and to expand the geographical reach of its solutions. Pursuant to that strategy, on 12 January 2021, the Company completed the Transaction. As a result thereof, it acquired the Acquired Group, a group consisting of software development and marketing companies focused on Enterprise Software for the graphic arts industry, with a strong focus on labels and packaging. For further information regarding the Transaction, see also PART 5: Description of the Issuer, section 2.10.

For the year ended 31 December 2021, the Group's 10 largest customers represented 42.3% of the Group's revenue, with the single largest customer representing 13.9% of the Group's revenue.

The Group is well diversified in terms of geographical location of its customers, so the risk is considered as low. For 2021, the Group's revenue was distributed across:

- UK: 4.1%
- Europe: 35.3%
- North & South America: 37.0%
- Asia (including Japan): 23.6%

Within the North & South America geographical market, EUR 16.98 million of revenue was generated in the United States of America.

The Acquired Group's customers are predominantly end-users as opposed to the Group's customer base of OEMs prior to the Transaction. 33% of the Acquired Group's 2021 revenue came from its top 10 customers, therefore, it is expected that this will reduce the dependency on a relatively small number of significant customers for the Group's revenue. Moreover, it is expected that gross margins will improve due to a higher mix of high-margin software revenue in the Group as a result of the Transaction.

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<sup>2</sup> For more information in this respect, please refer to "The Future of Inkjet Printing to 2025" by Smithers <https://www.smithers.com/services/market-reports/printing/future-of-inkjet-printing-to-2025>.



The Acquired Group's customers are worldwide, with 43% of its 2021 revenue stemming from within the European Union. This will further reduce the reliance of the Group's revenue on specific geographies that might be subject to more prevalent political influence, such as China.

**(a) Key products**

Prior to the Transaction, the Group's key products and technologies that served those customers and markets were:

- Harlequin Host Renderer: A raster image processor (RIP). A RIP is software that converts text and image data from many file formats including PDF, TIFF™ or JPEG, into a format that a printing device such as an inkjet printhead, toner marking engine or laser plate-setter can understand. It produces unbeatable quality at very high speed, which means that with the Harlequin Host Renderer at the heart of driving printing devices, they can be kept running at rated speed, even on the most complex jobs, without incurring high costs for computing hardware.
- ScreenPro™: Software that converts continuous tone image data into ready-to-print halftone (dots of varying size and spacing) in real-time with no compromise on quality.
- Mako™ SDK: Software that creates, RIPs, converts, analyses and optimises many different page description languages, allowing print software developers full control over colour, fonts, text, images, vector content and metadata with precision and performance.
- Direct: Software that drives print data directly to the printer electronics instead of buffering them on mass storage devices, allowing the development of faster, wider and higher resolution printing devices.
- Fundamentals™: A bundle of PDF creation and workflow software for labels and packaging.
- Printhead electronics: Powerful, flexible and scalable electronics to drive industrial inkjet heads, accompanied by software to provide a toolset for building industrial printing devices.
- DropWatcher: Turnkey tools for analysing and tuning ink drops in flight, with associated waveform services for ink characterisation and waveform optimisation.
- Navigator Harlequin RIP and Workflow: Software that provides prepress environments with fast, predictable, and reliable interpretation of PostScript, PDF, and EPS format files.
- Navigator DFE: Software that helps prepare jobs, manage colour and the workflow to drive electronics.

For an overview of key products of the Acquired Group, which were added to the Group's product portfolio following the Transaction, please see PART 5: Description of the Issuer, section 2.10.

For more information on the Company's operating subsidiaries as well as their product portfolio, reference is made to sections (i) "Our markets", subsection "Business segments" and (ii) note 33 "Group entities" of the notes to the consolidated financial statements (page 99) in the 2021 Annual Report, which is incorporated by reference into this Prospectus.

**(b) Awards and testimonials**

Testament to its innovation and position in the marketplace are industry and national awards that have recognised the Group's products and companies. Examples are:

- In 2021: the Acquired Group was honoured with 2021 Pinnacle Intertech Award (<https://www.globalgraphics.com/news/2021/09/27/global-graphics-software-honored-with-2021-pinnacle-intertech-award>)
- In 2020: Xitron's InterTech™ Technology Award for the Navigator DFE (<https://meprinter.com/intertech-technology-award-winners-announced/>)

- In 2020: the Acquired Group's Queen's Award for Enterprise (Innovation) – "Innovative software for controlling ink placement from inkjet heads in order to improve print quality" (<https://www.thegazette.co.uk/London/issue/62978/supplement/S1>)
- In 2019 and 2018: the Acquired Group's PrintFlat™ and ScreenPro™ technology

The Acquired Group also won several awards, including:

- In 2020: the Acquired Group's Partner of the Year Award from the Flexo Label Advantage Group (<https://www.printingnews.com/software-workflow/press-release/21146009/hybrid-software-hybrid-software-presented-flexo-label-advantage-groups-flag-2020-vendor-partner-of-the-year-award>)
- In 2020: the Acquired Group's Technical Innovation Award from the Flexographic Technical Assoc. (<https://www.flexography.org/honors-awards/technical-innovation>)
- In 2019: the Acquired Group's InterTech™ Award for Variable Data Printing (<https://www.piworld.com/article/2019-intertech-technology-award-recipients>)

Customer testimonials about the Group's products and expertise include leading manufacturers in the industry:

- Epson: "Epson and Meteor are collaborating closely to ensure Epson's unique PrecisionCore printhead technology can be integrated easily into industrial printing engines for multiple applications. The role of Meteor in providing high quality, reliable electronics to drive Epson's industrial inkjet printheads is paramount to this effort, and we welcome this broadening of the available drivers from Meteor."  
(<https://www.meteorinkjet.com/news-events/news/meteor-inkjet-builds-upon-epson-success-with-support-for-two-new-precisioncore-printheads/>)

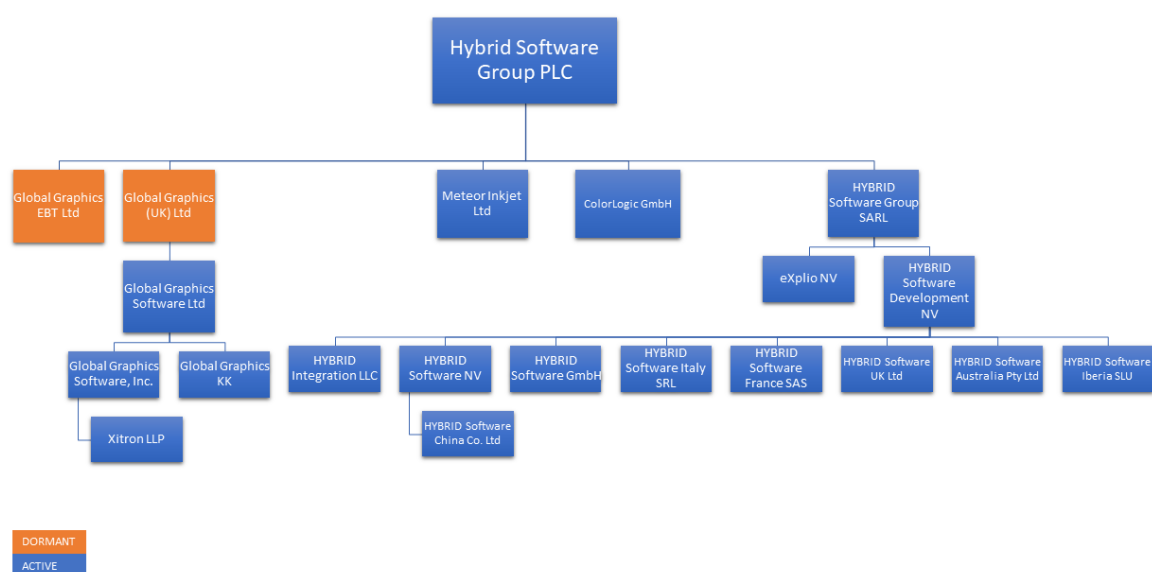
### ***(c) Intellectual property rights***

The Company continues to play an active role on industry standards committees, and through its sustained program of research and development has a patent portfolio touching many areas of printing technology.

To protect its proprietary rights, the Group relies on a combination of patent, copyright, trade secret and trademark laws, as well as the early implementation and enforcement of non-disclosure and other contractual restrictions. As part of its confidentiality procedures, the Group enters into written non-disclosure agreements with its employees, customers, prospective customers and strategic partners and takes affirmative steps to limit access to and distribution of its software, intellectual property and other proprietary information.

## **2.2 Group structure**

The Company currently holds interests in twenty entities on a consolidated level: Global Graphics (UK) Limited, Global Graphics Software Limited, Global Graphics Software Incorporated, Global Graphics Kabushiki Kaisha, Global Graphics EBT Limited, Meteor Inkjet Limited, Xitron LLC, HYBRID Software Group S.à.r.l. , eXplio NV, HYBRID Software Development NV, HYBRID Integration LLC, HYBRID Software NV, HYBRID Software China Co. Limited, HYBRID Software GmbH, HYBRID Software Italy SRL and HYBRID Software France SAS, HYBRID Software UK Limited, HYBRID Software Australia Pty Limited, HYBRID Software Iberia S.L.U. and ColorLogic GmbH.



## 2.3 Dividend policy

The Company's does not have an active dividend policy in place. The Company has not distributed any dividends since its inception in November 1996.

## 2.4 Capitalisation and indebtedness

The following statement of capitalisation set forth the Issuer's consolidated capitalisation and total debt as at 30 September 2022 on an actual basis.

<i>in millions of EUR</i>	<i>30 June 2022</i>	<i>30 September 2022</i>
<b>Total current debt</b> (including current portion of non-current debt)	<b>7.48</b>	<b>7.46</b>
– Guaranteed <sup>(1)</sup>	0.29	0.29
– Secured	-	-
– Unguaranteed <sup>(2)</sup>	3.71	3.69
– Unsecured <sup>(3)</sup>	3.48	3.48
<b>Total non-current debt</b> (excluding current portion of non-current debt)	<b>9.56</b>	<b>9.44</b>
– Guaranteed <sup>(1)</sup>	0.90	0.90
– Secured	-	-
– Unguaranteed <sup>(2)</sup>	0.25	0.25
– Unsecured <sup>(3)</sup>	8.41	8.29
<b>Shareholder equity</b>	<b>110.48</b>	<b>113.26</b>
– Share capital	13.16	13.16
– Legal reserve(s)	-	-
– Other reserves	97.32	100.10
<b>Total</b>	<b>127.52</b>	<b>130.16</b>

(1) Guaranteed debt comprises deferred consideration for the acquisitions of ColorLogic and HYBRID Iberia.

(2) Unguaranteed debt comprises trade payables, contingent consideration for the acquisition of Meteor Inkjet and other amounts payable.

(3) Unsecured debt comprises of finance leases as defined by IFRS 16 Leases and an unsecured loan from Congra.

The following statement of indebtedness sets out the Group's net financial indebtedness at 30 September 2022:

	<i>in millions of EUR</i>	<b>30 June 2022</b>	<b>30 September 2022</b>
A	Cash	3.01	6.44
B	Cash equivalents	-	-
C	Other current financial assets	-	-
D	<b>Liquidity (A + B + C)</b>	<b>3.01</b>	<b>6.44</b>
E	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	-	-
F	Current portion of non-current financial debt	4.42	4.42
G	<b>Current financial indebtedness (E + F)</b>	<b>4.42</b>	<b>4.42</b>
H	<b>Net current financial indebtedness (G - D)</b>	<b>1.41</b>	<b>(2.02)</b>
I	Non-current financial debt (excluding current portion and debt instruments)	7.67	7.57
J	Debt instruments	-	-
K	Non-current trade and other payables	1.89	1.87
L	<b>Non-current financial indebtedness (I + J + K)</b>	<b>9.56</b>	<b>9.44</b>
M	<b>Total financial indebtedness (H + L)</b>	<b>10.98</b>	<b>7.42</b>

Financial debt includes liabilities related to leases as defined by IFRS 16 Leases. In millions of EUR, lease liabilities as per 30 September 2022 were: 2.794 long-term (greater than 12 months) and 0.776 short-term (due less than 12 months).

## 2.5 Alternative performance measures (APMs)

### (a) Key figures

The below metrics, which are consistently used to analyse the financial performance of the Group, are considered as Alternative Performance Measures (APMs) as defined in the European Securities and Markets Authority's Guidelines on Alternative Performance Measures.

The Issuer uses these key APMs in addition to the figures that are prepared in accordance with the International Financial Reporting Standards (IFRS). It believes the presentation of these key APMs enhances the understanding of its financial performance. The APMs should be viewed as complementary to, rather than substitute for, the figures determined according to IFRS.

<i>in millions of EUR</i>	<b>FY2021</b>	<b>6 months to 30 June 2022</b>
<b>Alternative performance measures</b>		

<i>in millions of EUR</i>	<i>FY2021</i>	<i>6 months to 30 June 2022</i>
EBITDA	12.21	4.62
Adjusted operating profit	7.31	1.44
Adjusted net profit	6.39	0.96

In accordance with the guidelines of the European Securities and Markets Authority ([ESMA](#)), the following further information is given with regards to each of the APMs:

- Definition and reason for use; and
- Reconciliation to the most directly reconcilable line item, subtotals or total presented in the financial statements.

The Company's directors believe that evaluating the Group's ongoing results may not be as useful if it is limited to reviewing only IFRS financial measures, particularly because management uses adjusted financial information to evaluate its ongoing operations, for internal planning and forecasting purposes and for the measurement of performance related bonuses.

**(b) Definition and reason for use**

<i>Metric</i>	<i>Definition</i>	<i>Reason for use</i>
<u>EBITDA</u>	Net profit <u>plus</u> interest <u>plus</u> tax <u>plus</u> depreciation <u>plus</u> amortisation.	EBITDA is a common measure used by investors and analysts to evaluate the operating financial performance of companies. It can provide a consistent method of comparing the operating performance of different companies across different industries.
<u>Adjusted operating profit</u>	IFRS reported operating profit <u>plus</u> share-based remuneration expense <u>minus</u> capitalised development expense <u>plus</u> amortisation of capitalised development <u>plus</u> amortisation of acquired intangible assets <u>plus</u> other operating expenses <u>minus</u> other income	Adjusted profit, in the Company's management's view, reflects the underlying operating performance of the business and provides a more meaningful comparison of how the business is managed and measured on a day-to-day basis by adjusting for extraordinary non-recurring income and expenditure and uncontrollable factors which affect the IFRS reported amounts.
<u>Adjusted net profit</u>	IFRS reported operating profit <u>plus</u> share-based remuneration expense <u>minus</u> capitalised development expense <u>plus</u> amortisation of capitalised development <u>plus</u> amortisation of acquired intangible assets <u>plus</u> other operating expenses <u>minus</u> other income <u>minus</u> tax effect of aforementioned adjustments	

**(c) Reconciliation**

<i>in millions of EUR</i>	<i>FY2021</i>	<i>6 months ended 30 June 2022</i>
<b>EBITDA</b>		
Net profit	4.91	0.37
Interest expense	0.46	0.20
Tax benefit	(0.34)	(0.12)

<i>in millions of EUR</i>	<i>FY2021</i>	<i>6 months ended 30 June 2022</i>
Depreciation	1.39	0.77
Amortisation	5.79	3.40
<b>EBITDA</b>	<b>12.21</b>	<b>4.62</b>
<b>Adjusted operating profit</b>		
Operating profit	4.77	0.25
<i>Adjustments to reported operating profit:</i>		
Add share-based remuneration expense	0.02	-
Deduct capitalised development expense	(3.40)	(2.15)
Add amortisation of capitalised development	1.00	0.87
Add amortisation of acquired intangibles	4.77	2.49
Add other operating expenses	0.18	-
Deduct other income	(0.03)	(0.02)
Total adjustments to reported operating profit	2.54	1.19
<b>Adjusted operating profit</b>	<b>7.31</b>	<b>1.44</b>
<b>Adjusted net profit</b>		
Net profit	4.91	0.37
Adjustments to operating result above	2.54	1.19
Tax effect of above-mentioned adjustments	(1.06)	(0.60)
<b>Adjusted net profit</b>	<b>6.39</b>	<b>0.96</b>

## 2.6 Existing Euronext quotations

As from 17 April 2001, the Shares were listed on Euronext Brussels.

Application will be made for the Listing Shares to be admitted to listing and trading on Euronext Brussels. It is expected that Listing will become effective and that dealings in the Listing Shares will commence on Euronext Brussels at 9:00 a.m. (CET) on 23 December 2022. No application is currently intended to be made for the Listing Shares to be admitted to trading or traded on any other exchange.

## 2.7 Takeovers and mergers

As the Company is a public company limited by shares with its registered office in England and Wales, the provisions of the UK City Code apply to the Company. Simultaneously, as the Company's shares are listed on the regulated market of Euronext Brussels, a voluntary takeover bid for the Shares of the Company would also be subject to the Belgian takeover legislation. Accordingly, any (voluntary) takeover bid for the Company would be governed by both the UK and Belgian takeover legislation.

Prior to the renegotiation of the UK's relationship with the EU, the shared jurisdiction rules that appeared in the introduction to the UK City Code applied to the Company. From 31 December 2020, these rules are no longer applicable and so have been removed from the UK City Code. Therefore, UK and Belgian takeover legislations apply in their entirety to any potential voluntary takeover bid with respect to the Shares.

### (a) Belgium

Belgium has implemented the European Directive 2004/25/EC of 21 April 2004 (the EU Takeover Directive) by the Belgian Act of 1 April 2007 on public takeover bids, as amended (the Belgian Takeover Act) and the Belgian Royal Decree of 27 April 2007 on public takeover bids, as amended (the Belgian Takeover Decree). Voluntary public takeover bids for the Shares and other securities giving access to voting rights (such as subscription rights or convertible bonds, if any) are subject to supervision by the FSMA. Any public takeover bid must be extended to all of the Issuer's voting securities, as well as all

other securities giving access to voting rights. Prior to making a bid, a bidder must publish a prospectus which has been approved by the FSMA prior to publication.

According to the Belgian Takeover Act, a bid is considered “public” in case of:

- (i) an announcement (in any form and by any means whatsoever addressed to persons), which is disseminated on Belgian territory and contains sufficient information on the terms of the bid to enable a security holder to decide to dispose of his/her/its securities, and which is made by the offeror or a person acting in concert with the offeror, or by a person acting on behalf of such persons;
- (ii) the use of advertising means of any kind by the offeror or a person acting in concert with the offeror, or by a person acting on behalf of such persons, on Belgian territory with the aim of announcing or recommending the takeover bid.

However, a bid is not considered “public” if the bid (i) relates to securities distributed on Belgian territory exclusively to persons who are 'qualified investors' within the meaning of article 2(e) of the Prospectus Regulation (Qualified Investors), (ii) is addressed, on equal terms, on the Belgian territory to fewer than 150 natural or legal persons other than Qualified Investors and (iii) relates to securities with a denomination per unit of at least EUR 100,000.

Furthermore, the provisions regarding advertisements will apply to a voluntary bid on the Shares. This includes, among other things, that any advertisement should first be approved by the FSMA prior to its publication. In accordance with the Belgian Takeover Act, an “advertisement” includes any announcement relating to the voluntary bid and which is specifically intended to influence the possible acceptance of the bid, irrespective of the medium used for the announcement, as well as other documents and messages relating to such public bid that are disseminated in Belgium.

The provisions regarding a mandatory bid pursuant to the Belgian law do not apply, as the Issuer’s registered office is not located in Belgium.

## **(b) UK**

The UK City Code applies if the company is a public company and is considered by the Takeover Panel, to have its place of central management and control in the United Kingdom. This is known as the “residency test”. Under the UK City Code, the Takeover Panel determines whether a company has its place of central management and control in the United Kingdom by looking at various factors, including the structure of the Issuer’s board of directors, the functions of the directors and where they are resident.

If at the time of any takeover offer, the Takeover Panel determines that the residency test is satisfied and the Issuer has its place of central management and control in the United Kingdom, the Issuer will be subject to the rules of the UK City Code.

If it is decided that the Issuer falls within the UK City Code then the following rules will apply in full and, in the event of a voluntary public takeover bid, provisions under Belgian Law and English Law will simultaneously apply.

### *UK City Code on Takeovers and Mergers*

The UK City Code is issued and administered by the Takeover Panel. The Takeover Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers and merger transactions pursuant to the Takeover Directive. The rules in the UK City Code have a statutory basis in English law.

The UK City Code applies to all takeovers and merger transactions, howsoever effected, where the offeree company is a public company (except an open-ended investment company) which has its registered office in the United Kingdom, the Channel Islands or the Isle of Man and which is considered by the Panel to have its place of central management and control in the UK, the Channel Islands or the Isle of Man.

If it is decided that the Issuer falls within the UK City Code, the rules of the UK City Code will apply in full to the Issuer. This includes matters relating to the information to be provided to the Issuer's employees and matters relating to company law (in particular the percentage of voting rights which confers control and any derogation from the obligation to launch an offer, as well as the conditions under which the Issuer's board of directors may undertake any action which might result in the frustration of an offer). This includes Rule 9 of the UK City Code, under which any person who acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with such person are interested) carry 30% or more of the voting rights of a company subject to the UK City Code, must make a general offer in cash to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights to acquire the balance of the shares not held by such person and any person acting in concert with that person. An offer under Rule 9 of the UK City Code must be in cash or be accompanied by a cash alternative at not less than the highest price paid within the 12 months prior to the announcement of the offer for any shares by the person required to make the offer or any person acting in concert with that person.

For the purposes of the UK City Code:

- “persons acting in concert” comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control (as defined below) of a company or to frustrate the successful outcome of an offer for a company; and
- “control” means an interest, or interests, in shares carrying in aggregate 30% or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control.

#### *Mandatory bids*

When any person, together with persons acting in concert with him, is interested in shares carrying not less than 30 per cent of the voting rights of such a company but does not hold shares carrying more than 50 per cent of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person. Such an offer would have to be made in cash and at the highest price paid for any interest in shares by that person or by any person acting in concert with it within the 12 months prior to the announcement of the offer.

## **2.8 Methods of implementing a takeover offer and compulsory acquisition rules relating to the Shares**

### ***(a) Methods of implementing a takeover offer***

There are currently two principal methods of implementing a takeover offer for a public limited company incorporated in the UK: a takeover (i) by means of a contractual ‘offer’ or (ii) through a court approved “scheme of arrangement”. Both methods are summarised below.

#### *Takeovers by means of a contractual offer*

The offeror makes a bid for the shares in the target company. The terms of the offer and timetable will be made clear. The UK Companies Act (and the UK City Code) contain a number of protections designed to safeguard, at varying levels of acceptance, both the target's shareholders and the offeror. The squeeze-out and sell-out provisions outlined below will apply to enable the offeror to sweep up any minority shareholders or enable minority shareholders to join in the takeover offer and sell their shares to the offeror.

#### *Takeovers by means of a scheme of arrangement*

This is an arrangement between the target company and its shareholders. A meeting of shareholders is held to consider the scheme of arrangement and requires the approval of a majority in number representing not less than 75% in value of those who vote in person or by proxy. Any shares held by the offeror or persons having a common interest with the offeror will be excluded from the vote. Once



approved by shareholders, the scheme will have to be approved by the Court. There is no need for any sweeping up process as the effect of the Court order is to bind all shareholders to the terms of the scheme whether or not they voted in favour of the scheme.

#### **(b) Compulsory acquisition rules relating to the Shares**

Following any takeover offer in the manner described in section 2.7 above, the UK Companies Act contains provisions which, in certain circumstances, either allow an offeror to compulsorily acquire any remaining shares (i.e., “squeeze out” any remaining shareholders) or enables minority shareholders to require an offeror to acquire any shares they hold. These provisions are summarised below. It is noted that the following provisions do not relate to a scheme of arrangement.

##### *Squeeze-out*

Under the UK Companies Act, if an offeror were to make an offer to acquire all of the shares in the Company not already owned by it and were to acquire not less than 90% in value and voting rights of the shares to which such offer related, it could then compulsorily acquire the remaining offer shares. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their shares and then, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members. The offeror would pay the consideration to the Company which would hold the consideration on trust for outstanding members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless members can show that the offer value is unfair.

##### *Sell-out*

The UK Companies Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% of the shares, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his/her right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the shareholders notifying them of their sell-out rights. If a member exercises his/her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## **2.9 Financial performance of the Group**

There has been no significant change in the financial performance or financial position of the Group since 31 December 2021, the date to which the 2021 Annual Financial Statements incorporated into this document by reference, as explained in PART 4: Documents incorporated by reference, were prepared.

## **2.10 HYBRID Software Acquisition**

### *Introduction*

On 10 December 2020, the Company announced it entered into a binding conditional agreement (the Share Purchase Agreement) with Congra Software S.à.r.l. (Congra), for the acquisition of the entire issued share capital of HYBRID Software Group S.à.r.l. (the Acquired Company) and its subsidiaries (the Acquired Group) from Congra (the Transaction) in exchanges for 21,074,030 new shares of the Company at an issue price of EUR 3.80 per share. The Transaction was completed on 12 January 2021, following the approval of the Company’s shareholders which was received on 8 January 2021. The Listing Shares have been allotted to Congra on 12 January 2021.

Following the issue, the Listing Shares represent approximately 64.26% of the Company's share capital (excluding shares held in treasury).

### *HYBRID Software*

The Acquired Company is the holding company for a group consisting of software development and marketing companies focused on Enterprise Software for the graphic arts industry, with a strong focus on labels and packaging. The Acquired Company has subsidiaries in Belgium, Germany, Italy, France and the USA.

The table below summarises the main corporate information regarding the Acquired Company:

<b>Name of the Company</b>	<b>HYBRID Software Group S.à.r.l.</b>
<b>Registered office</b>	19-21 route d'Arlon, L-8009 Strassen, Luxembourg
<b>Legal form</b>	A private limited liability company
<b>Legal entity identifier (LEI)</b>	N/A
<b>Date of Incorporation</b>	17 December 2012
<b>Country of Incorporation</b>	Luxembourg
<b>Company Number</b>	B173719
<b>Financial year</b>	1 January to 31 December
<b>Date of annual general shareholders' meeting</b>	Third Thursday of the month June
<b>Website</b>	<a href="https://www.hybridsoftware.com">https://www.hybridsoftware.com</a>
<b>Telephone Number and</b>	+352 62 89 43
<b>Email</b>	<a href="mailto:info-eur@hybridsoftware.com">info-eur@hybridsoftware.com</a>
<b>Statutory auditor</b>	N/A

The principal legislation under which the Acquired Company operates is the Luxembourg law dated 10 August 1915 on commercial companies, as amended and regulations thereunder.

The Acquired Group's two main product lines, CLOUDFLOW and PACKZ, offer a compelling set of advantages that include native PDF workflow and editing, variable data linking and imposition, vendor-independent solutions based on industry standards, scalable technology and low total cost of ownership. These advantages stem from the Acquired Group's extensive experience in the labels and packaging industry as well as their commitment to industry standards: no proprietary legacy file formats are used by the Acquired Group's products, just industry standard formats like PDF and TIFF. Their products are used by more than 1,000 customers worldwide in all areas of pre-press and printing, including labels and packaging, folding cartons, corrugated, and wide format. The Acquired Group's products are used both for conventional and digital printing processes.

Although the Acquired Group does have OEM customers who manufacture products for package printing, most of their customers are end users, companies create packaging files and packaging converting companies.

Up until October 2020 Congra carried the equity participations of the subsidiaries of the Acquired Company on its balance sheet. In September and October 2020, as a result of a restructuring of the Acquired Group, Congra's interests in the various Acquired Group's companies were transferred to either the Acquired Company or one of its other group companies.

The participations in the subsidiaries HYBRID Software Development NV and eXplio NV, have been transferred to HYBRID Software, for consideration of EUR 800,000 and EUR 1 respectively. The participations in HYBRID Integration LLC, HYBRID Software NV, HYBRID Software France SAS, HYBRID Software Italy SRL and HYBRID Software GmbH have been transferred to HYBRID Software Development NV, for the consideration of USD 1, EUR 3,100,000, EUR 1,100,000, EUR 900,000 and EUR 3,400,000 respectively.

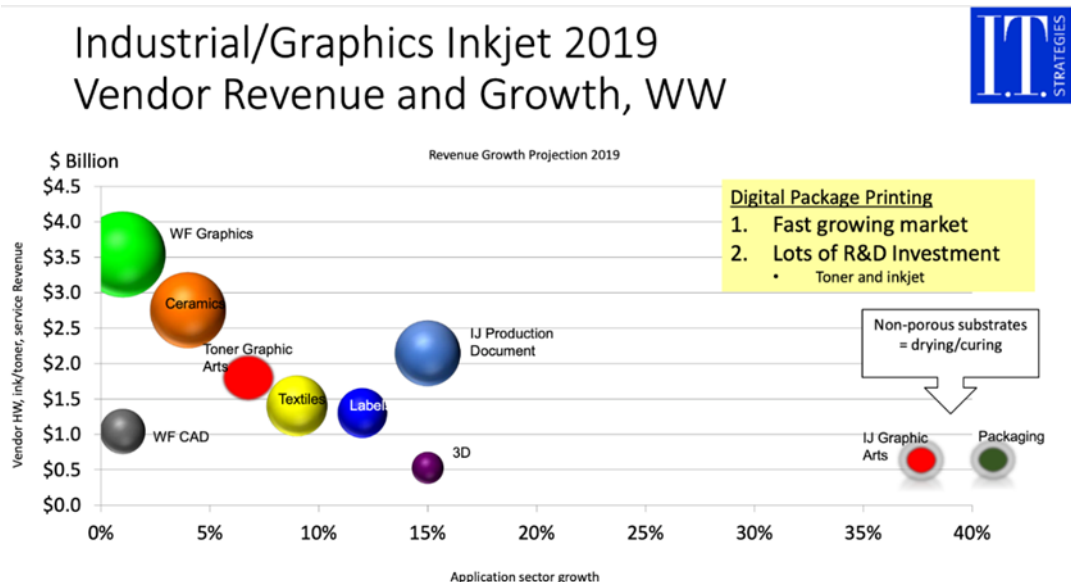
The applied valuations of the various subsidiaries are based on valuation reports of an independent services provider. The valuations techniques used for the valuation of the entities is identical across the board, consisting of a fixed blend of DCF valuation, EBITDA comparative multiple valuation and revenue comparative multiple valuation.

The debt incurred by HYBRID Software and its group in return for the transfer of Congra's interest in the Acquired Group's companies remain in the HYBRID Software Group and remain outstanding following the Transaction. The existence of this debt to Congra has been taken into account in determining the terms of the Transaction and the consideration due to Congra with respect to the Transaction. The main terms of the unsecured loan are: (i) the loan amount is EUR 12.1 million, (ii) the interest rate is 3% per annum, and (iii) the term is 4 years from December 2020.

### *Reasons for the Transaction*

As a result of the Transaction, the Company became a more dominant supplier of software solutions for digital packaging production. In addition, it also addressed some of the challenges that the Company was facing, including:

- Despite many technological advantages, Harlequin faced stiff competition and price pressure from other RIP suppliers. The acquisition of the Acquired Group helped address this by providing access to products and segments which relied on Harlequin but added significant additional value, delivering higher prices and margins. Without the acquisition, these benefits would have accrued only to the Acquired Group and its owners, not to the shareholders of the Company;
- Since the Company is a technology supplier rather than a product manufacturer, it missed out on the higher margins that could be achieved by supplying turnkey solutions to end-user customers. The same rationale and explanation as above also apply to this point;
- Labels and packaging is one of the fastest-growing major market segments for digital printing, but it requires very specialised knowledge and advanced software solutions, especially in the area of variable data and serialization. The Acquired Group had already developed this expertise and created products to deliver the same to end users; by purchasing the Acquired Group, the Company was able to bring this into its own technology portfolio.



- OEMs and end users are asking for new business models including SaaS and subscriptions in addition to perpetual licensing agreements. The Company has already heard this from its OEM base, but it is challenging to accommodate this new business model in a segment that

is already under price and margin pressure. By acquiring the Acquired Group, the Company both grows the breadth and value of its own products, and benefits from the sales models and SaaS-based licensing practices that the Acquired Group already offers to their customers; and

- Selling directly to end users requires specially trained employees in all major markets worldwide to provide support, training, and integration services. There is a tremendous difference between OEM sales as practiced by the Company and end-user sales as practiced by the Acquired Group. In the former case, a small number of highly technical sales personnel work directly with a relatively small number of OEM suppliers and typically communicate in English. In the latter, local sales and support teams with application-specific knowledge (in this case, in labels and packaging) are required to sell to end-users and are normally expected to communicate in local languages. This already existed as a key asset of the Acquired Group and represented a key value driver for the acquisition.

Potential synergies may come from having a more comprehensive product offering for customers as a result of the Transaction. No consolidation of operations or elimination of personnel is foreseen.

For more information on the Transaction as well as its rationale, reference is made to note 37 "*Subsequent events*" (page 105) of the notes to the consolidated financial statements in the 2021 Annual Report, which is incorporated by reference into this Prospectus.

#### *Summary of the terms of the Transaction*

Under the terms of the Share Purchase Agreement, the Company acquired (subject to certain conditions being met) all of the issued share capital of the Acquired Company for a total consideration of EUR 80,000,000, which was payable by the Company in kind in the form of the Shares to be Listed.

An independent valuation study was commissioned by the Company's board of directors to establish a range of values for the Acquired Company to enable them to negotiate a fair price for the Transaction.

The Listing Shares have been issued on completion of the Transaction and rank *pari passu* in all respects with the previously existing ordinary shares in the Company's capital, including the right to receive all dividends declared, made or paid after completion (save that they do not rank for any dividend or other distribution declared made, or paid by reference to a record date before Listing).

#### *Management of the Acquired Company*

The Acquired Company's management is composed as follows:

- Guido Van der Schueren: Chairman;
- Patrick Coussement: Chief Executive Officer;
- Nick De Roeck: Chief Technology Officer;
- Christopher Graf: Chief Marketing Officer;
- Jan Ruysschaert: Chief Commercial Officer; and
- Joachim Van Hemelen: Chief Financial Officer.

All strategic decisions related to the Acquired Group are, following the completion of the Transaction, made at the level of the board of the Company.

#### *Conflicts of interest of Guido Van der Schueren and Michael Rottenborn*

The Issuer's shareholders were duly informed that (i) prior to the Transaction, the Acquired Company was wholly owned by Congra which is controlled by Guido Van der Schueren and his family, both directly and indirectly through their private foundation, with approximately 67.62% ownership of Congra and (ii) Guido Van der Schueren is also a director and the Chairman of Congra.

Moreover, prior to the Transaction, Congra was already the Issuer's largest shareholder (owning 50.09% of the Issuer's voting rights immediately prior to the Transaction's completion). Guido Van der Schueren

is also a director and the Chairman of the Issuer. Michael Rottenborn, the Issuer's Chief Executive Officer, is the original founder of the Acquired Group and is also a shareholder of the Issuer.

As a result of Guido Van der Schueren's interest in and directorship of Congra and as a result of Michael Rottenborn's interest in Congra, neither were considered independent under the UK Companies Act in relation to the Transaction.

The Issuer's independent director Clare Findlay has been intimately involved in the discussions and deliberations relating to the Transaction. Furthermore, the Issuer's independent director Clare Findlay examined and agreed to the terms of the Transaction and ensured that the valuation studies and due diligence undertaken in that respect had been performed at arm's-length and that the Transaction was transparent and in the interests of the Issuer's shareholders as a whole, not just Congra.

## **2.11 Significant new products and services**

Since 31 December 2021, the Company has introduced the following products and services.

- **PACKZ 7.5 PDF Editor** (<https://www.hybridsoftware.com/press-media/release-of-packz-7-5-pdf-editor/>);
- **OPC UA-enabled ink delivery system** (<https://www.globalgraphics.com/news/2022/04/27/global-graphics-software-and-aps-engineering-create-an-opc-ua-enabled-ink-delivery-system-for-networked-inkjet-printers>)
- **Release of ZePrA 10 Smart Color Server** (<https://colorlogic.de/en/2022/05/05/colorlogic-announces-the-release-of-zepira-10/>)
- **Meteoryte™ Software for industrial inkjet 3D printers** (<https://www.meteorinkjet.com/news-events/news/meteor-and-dyndrite-announce-meteoryte-software-for-industrial-inkjet-3d-printers/>)

For more information on the Company's products, reference is made to the section "*Our markets*" subsection "*Business segments*" (pages 12 to 15) of the 2021 Annual Report, which is incorporated by reference into this Prospectus.

## **2.12 Material agreements**

### ***(a) Share Purchase Agreement with Congra***

On 11 December 2020, the Company entered into the Share Purchase Agreement with Congra, for the acquisition of the entire issued share capital of the Acquired Company from Congra in exchange for 21,074,030 Listing Shares of the Company at an issue price of EUR 3.80 per share. The Transaction was completed on 12 January 2021, following the approval of the Company's shareholders on 8 January 2021. The Listing Shares have been allotted to Congra on 12 January 2021. Following the issue, the Listing Shares represent approximately 64.26% of the Company's share capital (excluding shares held in treasury).

For further information regarding the Transaction and the Share Purchase Agreement, see also PART 5: Description of the Issuer, section 2.10.

### ***(b) Other material agreements***

Other than the aforementioned agreements in this section 2.12 (*Material agreements*), no material contracts have been entered into by any member of the Group outside the ordinary course of the Company's business for the 2 years preceding the date of this Prospectus. No contracts have been entered into by any member of the Group that could result in any member of the Group being under an obligation or entitlement that is material to the Group at the time of this Prospectus.

## 2.13 Material investments

On 12 March 2022, the Group acquired the trade and assets of Creative Edge Software LLC ("iC3D") from Creative Edge Software LLC ("Creative").

3D and additive manufacturing applications are one of the Group's fastest-growing market segments for printhead drive electronics and software, but visualisation of packaging designs in 3D was a gap in our technology portfolio. The acquisition of iC3D strengthens our 3D offering and closes the loop between the design of high-end labels and packaging and industrial print manufacturing. We already have an integration of iC3D in our PACKZ and CLOUDFLOW software with a substantial installed base of users that have licensed the iC3D option and we look forward to broader integration of iC3D in our Digital Front Ends (DFEs) and other software products.

The information presented below is provisional and may be subject to change when the Group completes its full year audit and financial statements.

The acquisition date fair value of the consideration was made up of:

In thousands of euros	
Cash, paid on closing	3,664
Working capital adjustment, cash receivable	(234)
<b>Total consideration</b>	<b>3,430</b>

The identifiable assets acquired and liabilities assumed were:

In thousands of euros	Book value	Fair value adjustment	Total
Property, plant and equipment	16	-	16
Other intangible assets	-	3,113	3,113
Deferred tax liabilities	-	(778)	(778)
<b>Total identifiable net assets acquired</b>	<b>16</b>	<b>2,335</b>	<b>2,351</b>

The intangible assets recognised have been valued as follows:

Intangible asset	Valuation method
<b>Technology</b>	The average of the present value of cashflows from operating activities in relation to owned technology over a 10 year period (using a post-tax discount rate of 15.40%, a forecasted profit level, an assumption that revenue will grow during the valuation period and there will be a churn of recurring revenue over the forecast period).
<b>Customer relationships</b>	The present value of cashflows from operating activities in relation to customer relationships existing at acquisition date for the remaining terms of the agreements, using a post-tax discount rate of 15.40% and a forecasted profit level.

Goodwill was recognised as a result of the acquisition as follows:

In thousands of euros	
Total consideration payable	3,430
Fair value of identifiable net assets	(2,351)
<b>Total Goodwill</b>	<b>1,079</b>

The goodwill represents the ability to develop new technology, opportunities expected from access to potential new customers, any value of intangible assets into perpetuity over their limited useful lives and the assembled workforce that does not meet separate recognition criteria. None of the goodwill recognised is expected to be deductible for tax purposes.

## 3 TREND INFORMATION

For an overview of the most significant trends, reference is made to section "*the Group strategic report*" of the 2021 Annual Report, which is incorporated by reference into this Prospectus.

## 4 GOVERNANCE OF THE COMPANY

### 4.1 Board of directors of the Company

The Company's board of directors guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. In carrying out its responsibilities, the board undertakes to serve the interests of shareholders, employees, and the broader community honestly, fairly, diligently and in accordance with applicable laws and regulations.

Responsibility for implementing the strategic direction and management of the Company's day-to-day operations is delegated to the Chief Executive Officer (CEO), who is accountable to the Company's board.

Subject to the provisions of the articles of association, any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director by ordinary resolution, or by a decision of the directors, either to fill a vacancy or as an addition to the existing board provided that the appointment does not result in the total numbers of directors exceeding any maximum number fixed in accordance with the articles of association.

At every annual general meeting all the directors shall retire from office. If the Company, at the meeting at which a director retires, does not fill the vacancy, the retiring director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy, or unless a resolution for the reappointment of the director is put to the meeting and lost.

The board currently comprises two executive directors, a chairman and two non-executive directors. The board considers that the non-executive directors are independent.

The roles of chairman and CEO are separate appointments and it is board policy that this will continue. The non-executive directors bring their independent judgement to bear on issues of strategy, performance, appointments, resources and standards of conduct.

The directors hold or have held in the past five years the following directorships in companies in addition to their directorships of the Company and past or current members of the Group and are or have been a partner of the following partnerships in the past five years as set forth in the below table.

More information on the role, composition and responsibilities of the Company's board of directors, chairman and CEO can be found in the Board of Directors Charter on: [https://www.hybridsoftware.group/download\\_file/view/32/200](https://www.hybridsoftware.group/download_file/view/32/200).

Name	First appointed and expiry of current term	Principal activities outside the Company <sup>(1)</sup>	Current directorships / partnerships	Past directorships / partnerships	Office address
<i><b>Executive Chairman</b></i>					
<b>GUIDO VAN DER SCHUEREN</b>	May 2014 until next AGM	None	Powergraph BV Congra Software SARL Hybrid Software Group PLC eXplio NV Keyware Technologies NV Brand Quadergy NV 3D-Side SA Husky Marketing Planner BVBA Mediatrader NV Group Joos NV	Portolani NV Parana Management Corp. BV ADAM Software Readz S.A. Think Media NV	2030 Cambourne Business Park, Cambourne, CB23 6DW, England

Name	First appointed and expiry of current term	Principal activities outside the Company <sup>(1)</sup>	Current directorships / partnerships	Past directorships / partnerships	Office address
			Reynders Etiketten NV		
Chief executive officer					
MICHAEL ROTTENBORN	January 2020 until next AGM	None	Hybrid Software Group PLC	Hybrid Integration LLC Hybrid Software Inc. Hybrid Software Europe (dissolved)	2030 Cambourne Business Park, Cambourne, CB23 6DW, England
Chief financial officer					
JOACHIM VAN HEMELEN	September 2022 until next AGM	None	Hybrid Software Group PLC	N/A	2030 Cambourne Business Park, Cambourne, CB23 6DW, England
Independent Directors					
CLARE FINDLAY (NON-EXECUTIVE DIRECTOR)	March 2019 until next AGM	Entrepreneur	Hybrid Software Group PLC Purple Demand Limited 107 Mortlake High Street Management Company Limited Swivel Global Limited	Annuity EMEA Limited Craggs Investment Partners Limited Yummy People Limited Purple Consultants Limited The Renewals House Limited	2030 Cambourne Business Park, Cambourne, CB23 6DW, England
LUC DE VOS (NON-EXECUTIVE DIRECTOR)	February 2021 until next AGM	Entrepreneur	Hybrid Software Group PLC	PS Testware NV Sofico NV ADAM Software NV Oxynade NV Ecadis NV Finactum NV Starfisk NV Apirium BV DataStories International NV	2030 Cambourne Business Park, Cambourne, CB23 6DW, England
Executive team					
JILL TAYLOR (CORPORATE COMMUNICATIONS DIRECTOR)					
NEIL WYLIE (OPERATIONS DIRECTOR)					
MATT GOSNELL (CHIEF INFORMATION OFFICER)					



<b>Name</b>	<b>First appointed and expiry of current term</b>	<b>Principal activities outside the Company<sup>(1)</sup></b>	<b>Current directorships / partnerships</b>	<b>Past directorships / partnerships</b>	<b>Office address</b>
<b>CHRISTOPHER GRAF</b> <b>(CHIEF MARKETING OFFICE)</b>					
<b>NICK DE ROECK</b> <b>(CHIEF TECHNOLOGY OFFICER)</b>					
<b>PETER GOODWIN</b> <b>(GROUP FINANCE DIRECTOR)</b>					
<b>FLORIS DE RUYCK</b> <b>(INVESTOR RELATIONS &amp; LEGAL COUNSEL)</b>					
<b>CLIVE AYLING</b> <b>(MANAGING DIRECTOR AT METEOR INKJET)</b>					
<b>JUSTIN BAILEY</b> <b>(MANAGING DIRECTOR AT GLOBAL GRAPHICS SOFTWARE)</b>					
<b>KAREN CREWS</b> <b>(PRESIDENT OF XITRON)</b>					
<b>BARBARA BRAUN-METZ</b> <b>(CEO, COLORLOGIC)</b>					

(1) More detailed résumés of the directors are available at <https://www.hybridsoftware.group/company/board-directors>

Except as set forth below, during the five years immediately prior to the date of this document no director of the Company has:

1. any convictions in relation to fraudulent offences;
2. been bankrupt or the subject of an individual voluntary arrangement;
3. been a director of a company which, while he was a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors;
4. been a partner of any partnership which, while he was a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset;
5. received any public criticism and/or sanction by statutory or regulatory authorities (including designed professional bodies); or

6. been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

Guido Van der Schueren was a director of Think Media NV when it was declared bankrupt (*faillietverklaard*) on 1 April 2016 by the business court of Antwerp (Antwerp division). The bankruptcy trustees of Think Media NV have subpoenaed the full board of directors of Think Media NV at the end of 2019 regarding director liability errors (such as the late filing of annual accounts, subsidiary equity sales at too low prices and unreasonable debt lending to subsidiaries). The pleas are planned for this year.

On 10 August 2022, the Company issued a press release stating that the Company appointed Joachim Van Hemelen as its new Chief Financial Officers as from 1 September 2022 following the former CFO Graeme Huttley's decision to take up a new role in private equity. Joachim Van Hemelen played a key role before and after the merger of HYBRID Software with the Company.

## **4.2 Board committees**

The Company's board (the Board) has appointed an audit and a remuneration committee to ensure the governance of the Group.

The audit committee is appointed by the Board and consists wholly of the non-executive directors. The Board has delegated to the audit committee responsibility for overseeing financial reporting, the review and assessment of the effectiveness of the internal control and risk management systems and maintaining an appropriate relationship with the external auditor.

The members of the audit committee are Luc De Vos (Chair of the audit committee) and Clare Findlay.

The audit committee oversees the relationship with the Company's external auditor, monitors its effectiveness and independence and makes recommendations to the Board in respect of the external auditor's remuneration, appointment and removal.

The audit committee also reviews the findings from the external auditor, including discussion of significant accounting and audit judgements, levels of errors identified and overall effectiveness of the audit process.

The audit committee meets as required, typically at least 3 times per year; at the beginning of the financial year to agree on the audit and risk operational plan for that year, at mid-year to evaluate any matters and issues that might have arisen and at the close of the financial year to review the findings of the auditor and to ensure that the group's audit and risk objectives have been met.

The audit committee also considers significant financial reporting issues, accounting policies and key areas of judgement or estimation. This review also includes consideration of the clarity and completeness of disclosures on the information presented in the financial statements.

Additionally, the audit committee will:

- review the effectiveness of the Company's system of internal financial controls and internal control systems,
- advise the Board on the Company's risk strategy, risk policies and current and emerging risk exposures, including the oversight of the overall risk management framework and systems,
- assess the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and to ensure proportionate and independent investigation of such matters, and
- make recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is required.

The audit committee operates with clarity, simplicity, fairness, predictability and is aligned to the culture of the organisation.

The remuneration committee is also appointed by the Board and consists wholly of the independent, non-executive directors.

The members of the remuneration committee are Clare Findlay (Chair of the remuneration committee) and Luc De Vos.

The remuneration committee is tasked with preparing a report setting out the remuneration policy and remuneration details for the executive and non-executive directors of the Group. The report is split into three main areas: the statement by the chair of the remuneration committee, the annual report on remuneration and the policy report. The policy report was approved by a binding shareholder vote at the 2022 Annual General Meeting and took effect immediately after the end of the 2022 Annual General Meeting on 10 May 2022. The annual report on remuneration provides details on remuneration in the period and some other information required by the UK Companies Act.

#### **4.3 Relations with shareholders**

The Company's executive directors communicate regularly with analysts and private investors are encouraged to participate in the Annual General Meeting.

#### **4.4 Internal financial control**

The Group has established policies covering the key areas of internal financial control and the appropriate procedures, controls, authority levels and reporting requirements which must be applied throughout the Group.

The key procedures that have been established in respect of internal financial control are:

- **internal control:** the directors review the effectiveness of the Group's system of internal controls on a regular basis;
- **financial reporting:** there is in place a comprehensive system of financial reporting based on the annual budget approved by the board. The results for the Group are reported monthly along with an analysis of key variances to budget, and year-end forecasts are updated on a regular basis; and
- **investment appraisal:** applications for significant expenditure of either a revenue or capital nature are made in a format which places emphasis on the commercial and strategic justification as well as the financial returns.

All significant projects require specific board approval.

No system can provide absolute assurance against material misstatement or loss but the Group's systems are designed to provide reasonable assurance as to the reliability of financial information and ensuring proper control over income and expenditure, assets and liabilities.

#### **4.5 Conflicts of interests of the administrative, management and supervisory bodies**

Under Article 17.1 of the Company's articles of association, if a directors' meeting, or part of a directors' meeting, is concerned with an actual or proposed transaction or arrangement with the Company in which a director is interested, that director is not to be counted as participating in that meeting, or part of that meeting, for quorum or voting purposes. Guido Van der Schueren does not therefore participate in decisions in which he has an interest which could reasonably be regarded as likely to give rise to a conflict of interest.

To bring further balance and independence to the Company's board of directors, two independent non-executive directors have been appointed in the Company: Clare Findlay (appointed in March 2019) and Luc De Vos (appointed in February 2021). Under the Charter for the Board, independent non-executive directors are required to ensure that where they have concerns about the running of the Company or a proposed action, these are addressed by the board of directors.

Under the Charter for the Board, directors must:

- act honestly, in good faith and in the best interest of the Company as a whole;
- must not make improper use of information acquired as a director;
- must not take improper advantage of the position of director;
- must not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company; and
- be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of directors.

The beneficial interests of the Company's directors in the Shares, including their interests in any Listing as at 20 December 2022 and as they are expected to be on Listing, are set out below:

	<b>Number of Shares</b>	<b>% of voting rights in the Issuer</b>
<b>Guido Van der Schueren<sup>(1)</sup></b>	27,117,020	82.40
<b>Michael Rottenborn</b>	1,000	0.003
<b>Joachim Van Hemelen</b>	100	Nil
<b>Clare Findlay</b>	100	Nil
<b>Luc De Vos</b>	1,000	0.003

(1) Guido Van der Schueren holds his interests through Congra Software S.à.r.l.

For more information regarding the conflict of interest Guido Van der Schueren and Michael Rottenborn had with respect to the Transaction, please refer to PART 5: Description of the Issuer, section 2.10.

## **5 PRINCIPAL SHAREHOLDERS OF THE COMPANY**

### **5.1 Overview of the principal shareholders**

On 11 January 2022, the Company had been notified by the following entities of their interests in the total voting rights of the Company (being directly or indirectly interested in 3% or more of the Company's voting rights), which includes, for the avoidance of any doubt, the Listing Shares to Congra:

<b>Shareholder in the Company</b>	<b>Notified number of voting rights</b>	<b>% of voting rights<sup>(2)</sup></b>
Congra Software S.à.r.l. <sup>(1)</sup>	27,117,020	82.40

(1) Guido Van der Schueren, together with his wife and children, owns approximately 70% of the shares of Congra Software S.à.r.l.

(2) In accordance with Belgian law, in particular with respect to shareholding notifications, the denominator used includes the number of treasury shares, even though the voting rights attached to these treasury shares are suspended.

None of the Company's major shareholders has any different voting rights.

The Company's issued share capital, shares held in treasury and total voting rights are:

<b>Issued and fully paid up shares</b>	<b>Treasury shares</b>	<b>Total voting rights</b>
32,909,737	73,996	32,814,741

### **5.2 Share incentive plans**

On 24 April 2009 the Group established an HMRC approved Share Incentive Plan (SIP) in the UK and also operates an Enterprise Management Incentive Scheme (EMI) to enable its UK employees and directors to participate in a tax efficient manner in the ownership of the Company's shares. Under these schemes, free shares can be granted by the board to eligible employees and directors. For non-UK employees and directors, free shares can be granted directly to the employee. Free shares granted by the board to employees and directors, either directly or through the SIP or EMI, have a 3 or 4 year vesting period and free shares granted outside of the SIP or EMI have vesting periods of either 12 or 24 months.

Employees participating in the SIP are also granted free matching shares in proportion to the partnership shares that they purchased through a deduction from their gross pay before tax, subject to current HMRC limits. The matching shares have a vesting period of 3 years.

Therefore, the Company holds some of its own shares in treasury to meet its obligations arising from the Group's employee share programmes. The total number of shares held in treasury at 31 December 2021 was 73,996 (2020: 112,996).

For more information on the Company's SIPs, reference is made to (i) the section "*Directors' report*", subsection "*Shareholdings*" (page 40) and (ii) notes 25 "*Capital and reserves*" (page 91) and 30 "*Share based payments*" (page 95) of the notes to the consolidated financial statements in the 2021 Annual Report, which is incorporated by reference into this Prospectus. During the year, the Company disposed of 39,000 treasury shares (2020: none).

### 5.3 Control over the Company

The Company is indirectly owned and controlled by its Chairman, Guido Van der Schueren. Guido Van der Schueren currently controls 82.40% of the Company's voting rights, through his interests in Congra.

To ensure that such control is not abused, decisions are made by the board of directors (the Board) that is composed as follows:

The Board comprises two executive directors, a Chairman and two non-executive directors. The Board considers that the non-executive directors are independent.

The roles of Chairman and Chief Executive Officer are separate appointments and it is Board policy that this will continue. The non-executive directors bring their independent judgement to bear on issues of strategy, performance, appointments, resources and standards of conduct.

None of the Company's major shareholders has any different voting rights.

To the best knowledge of the Company, there are no arrangements in place which may, at a subsequent date, result in a change in control of the Company.

## 6 RELATED PARTY TRANSACTIONS

A description of the material provisions of agreements and other documents between the Group and various individuals and entities that are deemed to be related parties is given in note 32 "*Related parties*" of the notes to the consolidated financial statements (page 98) of the 2021 Annual Report, which is incorporated by reference into this document as explained in PART 4: Documents incorporated by reference.

Other than the Transaction, which was completed on 12 January 2021, no related party transactions have been entered into by any member of the Group in the period since 31 December 2021 to the date of this Prospectus.

## 7 REGULATORY DISCLOSURES

Below is a summary of the information disclosed by the Company under the Market Abuse Regulation within the 12 months immediately preceding the date of this Prospectus that is relevant as at the date of this document.

Date (and hyperlink)	Topic	Summary of content
<a href="#"><u>18 August 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 17 August 2021, Congra notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility (PDMR), relating to the acquisition by of a total of 4,373 shares of the Company.
<a href="#"><u>18 August 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 18 August 2021, Congra notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility (PDMR), relating to the acquisition by of a total of 3,000 shares of the Company.
<a href="#"><u>23 August 2021</u></a>	<b>Notification in respect of the Market Abuse</b>	On 23 August 2021, Congra notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging



<b>Date (and hyperlink)</b>	<b>Topic</b>	<b>Summary of content</b>
	<b>Regulation regarding a PMDR transaction</b>	managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 1,000 shares of the Company.
<a href="#"><u>14 September 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 15 September 2021, Congra notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 600 shares of the Company.
<a href="#"><u>15 September 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 15 September 2021, Congra notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 300 shares of the Company.
<a href="#"><u>15 September 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 15 September 2021, Congra notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 30 shares of the Company.
<a href="#"><u>17 September 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 15 September 2021, Congra notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 1,100 shares of the Company.
<a href="#"><u>11 November 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 11 November 2021, Congra notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 5,000 shares of the Company.
<a href="#"><u>11 November 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 11 November 2021, Karen Crews notified a transaction in shares of the Company by Karen Crews, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 3,422 shares of the Company.
<a href="#"><u>11 November 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 11 November 2021, Huttley Graeme notified a transaction in shares of the Company by Huttley Graeme, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 1,200 shares of the Company.
<a href="#"><u>11 November 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 11 November 2021, Karen Crews notified a transaction in shares of the Company by Karen Crews, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 838 shares of the Company.
<a href="#"><u>18 November 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 18 November 2021, Guido Van der Schueren notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 4,793 shares of the Company.
<a href="#"><u>24 November 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 24 November 2021, Guido Van der Schueren notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 3,931 shares of the Company.
<a href="#"><u>24 November 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 24 November 2021, Guido Van der Schueren notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 4,270 shares of the Company.
<a href="#"><u>25 November 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 25 November 2021, Guido Van der Schueren notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 670 shares of the Company.
<a href="#"><u>25 November 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 25 November 2021, Guido Van der Schueren notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 153 shares of the Company.
<a href="#"><u>30 November 2021</u></a>	<b>Notification in respect of the Market Abuse</b>	On 30 November 2021, Guido Van der Schueren notified a transaction in shares of the Company by Guido Van der Schueren, being a person

Date (and hyperlink)	Topic	Summary of content
	<b>Regulation regarding a PMDR transaction</b>	discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 1,321 shares of the Company.
<a href="#"><u>30 November 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 30 November 2021, Guido Van der Schueren notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 4,763 shares of the Company.
<a href="#"><u>1 December 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 1 December 2021, Guido Van der Schueren notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 1,810 shares of the Company.
<a href="#"><u>2 December 2021</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 2 December 2021, Guido Van der Schueren notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 7,610 shares of the Company.
<a href="#"><u>2 February 2022</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 2 February 2022, Guido Van der Schueren notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 2,657 shares of the Company.
<a href="#"><u>14 February 2022</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 14 February 2022, Lembas Holding GmbH notified a transaction in shares of the Company by Barbara Braun-Metz, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 101,176 shares of the Company.
<a href="#"><u>14 February 2022</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 14 February 2022, Guido Van der Schueren notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 101,176 shares of the Company.
<a href="#"><u>28 April 2022</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 28 April 2022, Floris De Ruyck notified a transaction in shares of the Company by Floris De Ruyck, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 4,950 shares of the Company.
<a href="#"><u>12 May 2022</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 12 May 2022, Guido Van der Schueren notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 2,608 shares of the Company.
<a href="#"><u>18 May 2022</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 18 May 2022, Guido Van der Schueren notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 192 shares of the Company.
<a href="#"><u>18 May 2022</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 18 May 2022, Guido Van der Schueren notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 2,200 shares of the Company.
<a href="#"><u>30 June 2022</u></a>	<b>Notification in respect of the Market Abuse Regulation regarding a PMDR transaction</b>	On 30 June 2022, Luc De Vos notified a transaction in shares of the Company by Guido Van der Schueren, being a person discharging managerial responsibility ( <b>PDMR</b> ), relating to the acquisition by of a total of 4,000 shares of the Company.
<a href="#"><u>10 August 2022</u></a>	<b>News Release (Hybrid Software Group appoints new Chief Financial Officer)</b>	On 10 August 2022, the Company issued a press release on the appointment of Joachim Van Hemelen as its new CFO (following Graeme Huttley's decision to take up a new role elsewhere) as from 1 September 2022.
<a href="#"><u>20 October 2022</u></a>	<b>Hybrid Software Group releases Q3 results</b>	On 20 October 2022 the Company issued a press release providing a trading update for the nine months ended 30 September 2022.



Date (and hyperlink)	Topic	Summary of content
<u>1 December 2022</u>	<b>News Release (Financial reporting calendar 2023)</b>	<p>On 1 December 2022, Hybrid Software Group PLC issued a press release with plans to publish the following financial information before market opening on the following dates:</p> <ul style="list-style-type: none"> <li>- 30 March 2023: Annual report and accounts for the year ending 31 December 2022</li> <li>- 4 May 2023: Quarterly trading update for the quarter ending 31 March 2023</li> <li>- 27 July 2023: Condensed consolidated financial statements for the six months ending 30 June 2023</li> </ul> <p>26 October 2023: Quarterly trading update for the quarter and nine months ending 30 September 2023</p>

## **PART 6 SHARES**

### **1 INFORMATION CONCERNING THE SHARES**

#### **1.1 Voting**

On a show of hands every shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every shareholder present in person or by proxy or representative shall have one vote for every Share in the capital of the Company held by him. A proxy need not be a shareholder.

Where there are joint holders of a share, any one of them may vote at a meeting either personally or by proxy in respect of the share as if they were solely entitled to it, but if more than one joint holder is present, that one of them whose name appears first in the register of members in respect of the share shall alone be entitled to vote, to the exclusion of the votes of the other joint holders.

#### **1.2 Transfer**

A shareholder may transfer all or any of his Shares (i) in the case of certificated shares, by instrument in writing in any usual or common form and (ii) in the case of uncertificated shares, through the United Kingdom paperless share settlement system (which is also the system of the holding of shares in uncertificated form in respect of which Euroclear UK is the operator) (CREST) in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. The Company's directors may refuse registration of the transfer of a certificated share if (i) the share is not fully paid, (ii) the transfer is not lodged at the Company's registered office or such other place as the Company's directors have appointed, (iii) the transfer is not accompanied by the certificate for the shares to which it relates, or such other evidence as the Company's directors may reasonably require, (iv) the transfer is in respect of more than one class of share, or (v) the transfer is in favour of more than four transferees.

The Company's directors may refuse to register a transfer of an uncertificated share in any circumstances permitted by the CREST Regulations or the CREST Rules. A transfer of an uncertificated share must not be registered if it is in favour of more than four transferees.

#### **1.3 Dividends and right to share in the Issuer's profits**

The Company may by ordinary resolution in general meeting declare dividends to Shareholders provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the Company's directors. The Company's directors may from time to time declare and pay such interim dividends on shares of any class as appear to the Company's directors to be justified by the profits of the Company.

The profits of the Company available for dividend and resolved to be distributed shall be applied in the payment of dividends to the shareholders in accordance with their respective rights and priorities. Unless the members' resolution to declare or Company's directors' decision to pay a dividend specify otherwise, it must be paid by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it.

No unpaid dividend, bonus or interest shall bear interest as against the Company.

All unclaimed dividends may be invested or otherwise made use of by the Company's directors for the benefit of the Company until claimed. Dividends unclaimed for a period of 12 years after they became due for payment shall, unless the Company's directors otherwise resolve, be forfeited and shall revert to the Company.

There is no fixed date on which an entitlement to dividend arises.

#### **1.4 Rights to share in any surplus in the event of liquidation**

On a winding-up, the balance of the assets available for distribution shall be applied in repaying to the shareholders of the Company the amounts paid up on the shares held by them. A liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in specie or kind the whole or any part of the assets of the Company, and may for such purposes set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. A liquidator may also vest the whole or any part of the assets of the Company in trustees on trust for the benefit of the members.

#### **1.5 Pre-emption rights**

There are no rights of pre-emption under the Company's articles of association in respect of transfers of shares. In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the UK Companies Act in respect of the allotment of new shares in the Company (save to the extent not previously disappplied by Shareholders). These statutory pre-emption rights would require the Company to offer new shares for allotment for cash to existing shareholders on a pro rata basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to shareholders of the Company.

#### **1.6 Characteristics of the Shares**

The Listing Shares have been issued in the context of the Transaction. When admitted to trading, the Listing Shares will be registered with the following ISIN: GB00BYN5BY03. The Listing Shares are in registered form and capable of being held in uncertificated (dematerialised) form.

The Existing Shares are denominated in Euro and quoted in Euro on Euronext Brussels and the Listing Shares will be traded and quoted in the same way.

The Listing Shares are fully paid and rank *pari passu* in all respects with each other and with the Existing Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid in respect of the shares of the Company.

There are no special rights, restrictions or prohibitions as regards voting for the time being attached to any Shares.

#### **1.7 Dilution of Existing Shareholders' interests (save for Congra)**

As a result of the Transaction, all shareholders (save for Congra) will suffer a dilution to their interests in the Company. Prior to the issuance of the Listing Shares, the Company's existing shareholders had 49.91% of the voting rights in the Company (excluding shares held in treasury).

As a result of the issuance of the Listing Shares, the voting rights of the existing shareholders (excluding Congra and shares held in treasury) in the Company reduced from 49.91% to 17.84%.

## 2 EXISTING AUTHORITIES

At the Annual General Meeting of the Company held on 10 May 2022, the following resolutions were passed:

- to receive the Company's annual report and financial statements for the financial year ended 31 December 2021.
- to reappoint KPMG LLP as auditor to hold office from the conclusion of the meeting until the conclusion of the next general meeting of the Company at which financial statements are laid.
- to authorise the Directors to determine the remuneration of the auditors. 4.
- to re-elect Guido Van der Schueren as a Director of the Company and as Executive Chairman of the Board.
- to re-elect Michael Rottenborn as a Director of the Company and as Chief Executive Officer.
- to re-elect Graeme Huttley as a Director of the Company and as Chief Financial Officer.
- to re-elect Clare Findlay as a Non-Executive Director.
- to re-elect Luc De Vos as a Non-Executive Director.
- to approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) set out on pages 49 to 53 of the annual report for the year ended 31 December 2021.
- to approve the Directors' Remuneration Policy, the full text of which is contained in the Directors' Remuneration Report, as set out on pages 54 to 57 of the annual report for the year ended 31 December 2021, to take effect immediately after the end of the Annual General Meeting on 10 May 2022.
- that, in substitution for all existing authorities conferred on the Directors, in accordance with section 551 of the UK Companies Act the Directors be and they are generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (within the meaning of section 560 of the Act), or grant rights to subscribe for, or convert any security into, shares in the Company up to an aggregate nominal amount of EUR 4,000,000, provided that this authority shall expire on the conclusion of the Company's Annual General Meeting in 2023, or, if earlier, at the close of business on 10 August 2023, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot such equity securities in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired (Resolution 11).

Special resolutions:

- subject to the passing of Resolution 11, that, in substitution for all existing authorities conferred on the Directors, the Directors be and they are empowered pursuant to section 570 of the UK Companies Act to allot equity securities either pursuant to the authority conferred by Resolution 11 above or by way of a sale or transfer of treasury shares as if section 561 of the UK Companies Act did not apply to any such allotment, sale or transfer provided that this authority shall expire on the conclusion of the Company's Annual General Meeting in 2023, or, if earlier, at the close of business on 10 August 2023, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted, sold or transferred after such expiry and the Directors may allot, sell or transfer equity securities in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired.
- that the Company be generally and unconditionally authorised in accordance with section 693A of the UK Companies Act to make one or more off-market purchases (within the meaning of section 693(2) of the UK Companies Act) of ordinary shares of €0.40 each in the capital of the Company (ordinary shares) for the purposes of or pursuant to an employee share scheme (within the meaning of section 1166 of the UK Companies Act) in such manner and upon such terms as the directors may determine, provided that:
  - the maximum aggregate number of ordinary shares authorised to be purchased is 1,000,000 (representing 3.04% of the issued ordinary share capital);
  - the minimum price (excluding expenses) which may be paid for an ordinary share is the par value of the shares;

- the maximum price (excluding expenses) which may be paid for an ordinary share is an amount equal to the higher of (i) 105% of the average closing price for an ordinary share as derived from Euronext Brussels for the five business days immediately preceding the day on which that ordinary share is purchased, and (ii) the higher of the price of the last independent trade and the highest current independent purchase bid as stipulated by the Commission-adopted Regulatory Technical Standards pursuant to article 5(6) of the Market Abuse Regulation;
- this authority shall expire at the conclusion of the next Annual General Meeting of the Company, or, if earlier, at the close of business on 10 August 2023 unless renewed before that time; and
- the Company may make an offer or agreement to purchase ordinary shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of ordinary shares in pursuance of any such offer or agreement.

## **PART 7**

### **GENERAL INFORMATION**

#### **1 LEGAL AND ARBITRATION PROCEEDINGS**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer and/or its financial position or profitability.

#### **2 WORKING CAPITAL OF THE ISSUER**

The Issuer is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is, for at least the next 12 months following the date of this document.

#### **3 SHARE CAPITAL OF THE ISSUER**

The Issuer does not have any outstanding convertible securities, exchangeable securities or securities with warrants nor any acquisition rights or obligations with respect to authorised but unissued capital or an undertaking to increase the capital.

#### **4 FORM OF SHARES**

The Listing Shares will be in registered form and are capable of being held in uncertificated form.

#### **5 EXPENSES OF THE LISTING**

The aggregate of the administrative, legal, tax and audit expenses as well as the other costs in connection with the Listing (including but not limited to legal publications, printing and translation of the Prospectus and listing related documents) and the remuneration of the FSMA (which is estimated at EUR 14,500.00) and Euronext Brussels, is expected to amount to approximately EUR 42,331.63.

## **PART 8**

### **TAXATION OF SHARES**

#### **1 WARNING**

Any investor must consider that the tax legislation of (i) such an investor's Member State and (ii) the UK (pursuant to the address of the Issuer's registered office), may have an impact on the income received from the Shares

#### **2 BELGIAN TAXATION**

The paragraphs below present a summary of certain material Belgian federal income tax consequences of the ownership and disposal of Shares by an investor that purchases such Shares. The summary is based on laws, treaties and regulatory interpretations in effect in Belgium on the date of this Prospectus, all of which are subject to change, including changes that could have retroactive effect.

Investors should appreciate that, as a result of evolutions in law or practice, the eventual tax consequences may be different from what is stated below.

This summary does not purport to address all tax consequences of the investment in, ownership and disposal of Shares, and does not take into account the specific circumstances of particular investors, some of which may be subject to special rules, or the tax laws of any country other than Belgium. This summary does not describe the tax treatment of investors that are subject to special rules, such as banks, insurance companies, collective investment undertakings, dealers in securities or currencies, persons that hold, or will hold, Shares as a position in a straddle, share-repurchase transaction, conversion transactions, synthetic security or other integrated financial transactions. This summary does not address the local taxes that may be due in connection with an investment in the Shares, other than Belgian local surcharges which generally vary from 0% to 9% of the investor's income tax liability.

For purposes of this summary, a Belgian resident is (i) an individual subject to Belgian personal income tax (i.e., an individual who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident for purposes of Belgian tax law), (ii) a company subject to the Belgian corporate income tax (i.e., a corporate entity that has its main establishment, its administrative seat or seat of management in Belgium and that is not excluded from the scope of the Belgian corporate income tax), (iii) an Organization for Financing Pensions (i.e., a Belgian pension fund incorporated under the form of an Organization for Financing Pensions) (OFP) within the meaning of Article 8 of the Belgian Law of 27 October 2006 subject to Belgian corporate income tax, or (iv) a legal entity subject to Belgian income tax on legal entities (i.e., a legal entity other than a company subject to Belgian corporate income tax, that has its main establishment, its administrative seat or seat of management in Belgium).

A Belgian non-resident investor is any person that is not a Belgian resident investor.

Investors should consult their own advisors regarding the tax consequences of an investment in Shares in the light of their particular circumstances, including the effect of any state, local or other national laws.

##### **(a) Dividends**

For Belgian income tax purposes, the gross amount of all benefits paid on or attributed to the Shares is generally treated as a dividend distribution. By way of exception, the repayment of capital of the Company carried out in accordance with the applicable provisions of UK company law is deemed to be paid out on a pro rata basis of the fiscal paid-up capital and certain reserves (i.e. and in the following order: the taxed reserves incorporated in the statutory capital, the taxed reserves not incorporated in the statutory capital and the tax-exempt reserves incorporated in the statutory capital). Only the part of the capital reduction that is deemed to be paid out of the fiscal paid-up capital may, subject to certain conditions, not be considered as a dividend distribution. This fiscal paid-up capital includes, in principle, the contributions in cash or in kind (other than contributions of labour) to the extent that no reimbursement or reduction has been made and, subject to certain conditions, the paid-up issue premiums and the other amounts representing actual paid-up contributions in cash or in kind (other than

contributions of labour), at the time of the issue of shares or profit-sharing certificates, assimilated to paid-up capital.

In the case of a redemption of the Shares, the redemption distribution (after deduction of the part of the fiscal paid-up capital represented by the redeemed Shares) will in certain situations be treated as a dividend subject to a Belgian withholding tax of 30% (if paid through a Belgian intermediary), subject to such relief as may be available under applicable domestic or tax treaty provisions. No Belgian withholding tax will be triggered if this redemption is carried out on a stock exchange and meets certain conditions.

In case of liquidation of the Company, any amounts distributed in excess of the fiscal paid-up capital will in principle be subject to a 30% withholding tax (if paid through a Belgian intermediary), subject to such relief as may be available under applicable domestic or tax treaty provisions.

Non-Belgian dividend withholding tax, if any, will neither be creditable against any Belgian income tax due nor reimbursable to the extent that it exceeds Belgian income tax due.

#### *Belgian resident individuals*

For Belgian resident individuals who acquire and hold Shares as a private investment, the Belgian dividend withholding tax (at a tax rate of 30%) fully discharges their personal income tax liability. They may nevertheless opt to report the dividends in their personal income tax return or even need to report them if no intermediary established in Belgium was in any way involved in the processing of the payment of the non-Belgian sourced dividends or even if an intermediary established in Belgium was in any way involved in the processing of the payment of the dividends but such intermediary did not withhold the Belgian dividend withholding tax due. Where the Belgian resident individual opts to report the dividends in their personal income tax return, dividends will normally be taxable at the lower of the generally applicable 30% Belgian withholding tax rate on dividends or at the progressive personal income tax rates applicable to their overall declared income. If the beneficiary reports the dividends, any income tax due on such dividends will not be increased by communal surcharges. In addition, if the dividends are reported, the Belgian dividend withholding tax levied at source may, in both cases, be credited against the personal income tax due and is reimbursable to the extent that it exceeds the personal income tax due, provided that the dividend distribution does not result in a reduction in value of or a capital loss on the Shares of the Company. The latter condition is not applicable if the individual can demonstrate that it has held Shares in full legal ownership for an uninterrupted period of 12 months prior to the attribution of the dividends.

Subject to certain conditions and formalities, an exemption from personal income tax could in principle be claimed by Belgian resident individuals in their personal income tax return for a first tranche of dividend income up to the amount of EUR 800, per year and per taxpayer (for income year 2022). All reported dividends are taken into account to assess whether said maximum amount is reached.

For Belgian resident individual investors who acquire and hold Shares for professional purposes, the Belgian withholding tax does not fully discharge their Belgian income tax liability. Dividends received must be reported by the investor and will, in such a case, be taxable at the investor's personal income tax rate increased with local surcharges. Belgian withholding tax levied may be credited against the personal income tax due and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own Shares in full legal ownership at the time the beneficiary of the dividend is identified and (ii) the dividend distribution may not result in a reduction in value of or a capital loss on Shares. The latter condition is not applicable if the investor can demonstrate that it has held the full legal ownership of Shares for an uninterrupted period of 12 months prior to the attribution of the dividends.

#### *Belgian resident companies*

Dividends received by Belgian resident companies are exempt from Belgian withholding tax provided that the identification requirements in Article 117, paragraph 11 of the Royal Decree implementing the Belgian Income Tax Code 1992 are satisfied.

For Belgian resident companies, the dividend income (after deduction of any non-Belgian withholding tax but including any Belgian withholding tax) must be declared in the corporate income tax return and will in principle be subject to a corporate income tax rate of 25%. Subject to certain conditions, a reduced corporate income tax rate of 20% applies for small enterprises (as defined by Article 1:24, §1 to §6 of the 2019 Belgian companies and associations code) on the first tranche of EUR 100,000 of taxable profits.

Any Belgian dividend withholding tax levied at source can be credited against the Belgian corporate income tax due and is reimbursable to the extent it exceeds such corporate income tax, subject to two conditions: (i) the taxpayer must own the Shares of the Company in full legal ownership at the time the beneficiary of the dividend is identified and (ii) the dividend distribution does not result in a reduction in value of or a capital loss on the Shares of the Company. The latter condition is not applicable: (i) if the taxpayer can demonstrate that it has held the Shares in full legal ownership for an uninterrupted period of 12 months immediately prior to the attribution of the dividends or (ii) if, during that period, the Shares never belonged to a taxpayer other than a Belgian resident company or a non-resident company that has, in an uninterrupted manner, invested the Shares in a Belgian establishment.

As a general rule, Belgian resident companies can (subject to certain limitations) deduct 100% of the gross dividend received from their taxable income (the DRD), provided that at the time of a dividend payment or attribution: (i) the Belgian resident company holds Shares representing at least 10% of the share capital of the Company or a participation in the Company with an acquisition value of at least EUR 2,500,000 (it being understood that only one out of the two tests must be satisfied); (ii) the Shares of the Company have been or will be held in full ownership for an uninterrupted period of at least one year immediately prior to the payment or attribution of the dividend; and (iii) the conditions relating to the taxation of the underlying distributed income, as described in Article 203 of the Belgian Income Tax Code (the Article 203 ITC Taxation Condition) are met (together, the Conditions for the application of the DRD). Condition (i) and (ii) are, in principle, not applicable for dividends received by an investment company within the meaning of art. 2, §1, 5°, f) ITC. The Conditions for the application of the DRD depend on a factual analysis and for this reason the availability of this regime should be verified upon each dividend distribution.

#### *Organizations for financing pensions*

For OFPs, the dividend income is generally tax-exempt. Subject to limitations, Belgian dividend withholding tax can be credited against the OFPs' corporate income tax and is reimbursable to the extent it exceeds the corporate income tax due.

#### *Other taxable legal entities*

For taxpayers subject to the Belgium income tax on legal entities, the Belgian dividend withholding tax in principle fully discharges their Belgian income tax liability in this respect.

#### *Belgian non-resident individuals and companies*

Dividend payments on the Shares through a professional intermediary in Belgium will, in principle, be subject to the 30% withholding tax, unless the Shareholder is resident in a country with which Belgium has concluded a taxation agreement and delivers the requested affidavit.

Dividends paid through a Belgian credit institution, stock market company or recognised clearing or settlement institution should, however, be exempt from Belgian dividend withholding tax with respect to dividends of which the debtor is subject to the Belgian non-resident income tax and has not allocated said income to his Belgian establishment provided that the Belgian non-resident investors deliver an affidavit confirming that (i) they are non-residents in the meaning of Article 227 of the Belgian Income Tax Code 1992, (ii) they have not allocated the Shares to business activities in Belgium, and (iii) they are the full owners or usufructors of the Shares.

If Shares of the Company are acquired by a non-resident investor in connection with a business in Belgium, the investor must report any dividends received, which are taxable at the applicable Belgian



non-resident individual or corporate income tax rate, as appropriate. Any Belgian withholding tax levied at source can be credited against the Belgian non-resident individual or corporate income tax and is reimbursable to the extent it exceeds the income tax due, subject to two conditions: (i) the taxpayer must own the Shares of the Company in full legal ownership at the time the beneficiary of the dividends is identified and (ii) the dividend distribution does not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable if (i) the non-resident individual or the non-resident company can demonstrate that the Shares were held in full legal ownership for an uninterrupted period of 12 months immediately prior to the attribution of the dividends or (ii) with regard to non-resident companies only, if, during said period, the Shares have not belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the Shares in a Belgian establishment.

Dividends paid or attributed to Belgian non-resident individuals who do not use the Shares in the exercise of a professional activity, may be eligible for the exemption from Belgian non-resident individual income tax up to the amount of 800 EUR (for income year 2022). Consequently, if Belgian withholding tax has been levied on dividends paid or attributed to the Shares, such Belgian non-resident may request in his or her Belgian non-resident income tax return that any Belgian withholding tax levied on dividends up to the amount of EUR 800 (for income year 2022) be credited and, as the case may be, reimbursed. However, if no such Belgian income tax return has to be filed by the Belgian non-resident individual, any Belgian withholding tax levied on such an amount could in principle be reclaimed by filing a request thereto addressed to the tax official to be appointed in a Royal Decree, subject to formalities.

Non-resident companies that have attributed their Shares in the Company to a Belgian permanent establishment can deduct 100% of the gross dividends included in their taxable profits if, at the date dividends are paid or attributed, the Conditions for the application of the DRD regime are satisfied. Application of the DRD regime depends, however, on a factual analysis to be made upon each distribution and its availability should be verified upon each distribution.

## ***(b) Capital gains and losses on Shares***

### ***Belgian resident individuals***

In principle, Belgian resident individuals acquiring Shares of the Company as a private investment should not be subject to Belgian income tax on capital gains realised upon the disposal of the Shares; capital losses are not tax deductible.

However, capital gains realised by a private individual are taxable at 33% (plus local surcharges) if the capital gain is deemed to be realised outside the scope of the normal management of the individual's private estate. Capital losses are, however, not tax deductible in such event. Moreover, capital gains realised by a private individual on the disposal of the Shares, outside the exercise of a professional activity, to a non-resident company (or body constituted in a similar legal form), to a foreign state (or one of its political subdivisions or local authorities) or to a non-resident legal entity, each time established outside the EEA, are in principle taxable at a rate of 16.5% (plus local surcharges) if, at any time during the five years preceding the sale, the Belgian resident individual has owned, directly or indirectly, alone or with his/her spouse or with certain relatives, a substantial shareholding in the Company (i.e. a shareholding of more than 25% in the Company). Capital losses are, however, not tax deductible in such event.

Belgian resident individuals who hold Shares of the Company for professional purposes are taxable at the ordinary progressive personal income tax rates (plus local surcharges) on any capital gains realised upon the disposal of the Shares, except for: (i) capital gains on Shares realised in the framework of the cessation of activities, which are taxable at a separate rate of 10% or 16.5% (depending on the circumstances); or (ii) Shares held for more than five years, which are taxable at 16.5% (plus local surcharges). Capital losses on the Shares incurred by Belgian resident individuals who hold the Shares for professional purposes are in principle tax deductible.

Capital gains realised by Belgian resident individuals could be considered as a dividend upon the redemption of Shares of the Company (in certain situations) or upon the liquidation of the Company (see above).

#### *Belgian resident companies*

Belgian resident companies are not subject to Belgian corporate income tax on capital gains realised upon the disposal of Shares of the Company provided that the Conditions for the application of the DRD are fulfilled. If one or more Conditions for the application of the DRD are not met, capital gains realised would be taxable at the ordinary applicable corporate income tax rate.

Capital gains realised by Belgian resident companies could be considered as a dividend upon the redemption of Shares of the Company (in certain situations) or upon the liquidation of the Company (see above).

Capital losses on Shares of the Company incurred by resident companies are as a general rule not tax deductible.

Shares of the Company held in the trading portfolios of qualifying credit institutions, investment enterprises and management companies of collective investment undertakings are subject to a different regime. The capital gains on these Shares will be subject to the ordinary applicable corporate income tax and capital losses on such Shares are tax deductible. Internal transfers to and from the trading portfolio are assimilated to a realization.

#### *Organizations for financing pensions*

OFPs are, in principle, not subject to Belgian corporate income tax on capital gains realised upon the disposal of the Shares, and capital losses are not tax deductible.

#### *Other taxable legal entities*

Belgian resident legal entities subject to the legal entities' income tax are, in principle, not subject to Belgian capital gains taxation on the disposal of Shares.

Capital gains realised by Belgian resident legal entities could be considered as a dividend upon the redemption of Shares of the Company (in certain situations) or upon the liquidation of the Company (see above).

Capital losses on Shares incurred by Belgian resident legal entities are not tax deductible.

#### *Belgian non-resident individuals*

Non-resident individuals, companies or entities are, in principle, not subject to Belgian income tax on capital gains realised upon disposal of the Shares, unless the Shares are held as part of a business conducted in Belgium through a fixed base in Belgium or a Belgian permanent establishment. In such a case, the same principles apply as described with regard to Belgian individuals (holding the Shares for professional purposes), Belgian companies or Belgian resident legal entities subject to Belgian legal entities tax.

Non-resident individuals who do not use the Shares for professional purposes and who have their fiscal resident in a country with which Belgium has not concluded a tax treaty or with which Belgium has concluded a tax treaty that confers the authority to tax capital gains on the on the Shares to Belgium, might be subject to tax in Belgium if the capital gains are obtained or received in Belgium and arise from transactions which are to be considered speculative or beyond normal management of the individual's private estate or in the event of disposal of a substantial participation by Belgian individuals as mentioned in the tax treatment of the disposal of the Shares by Belgian individuals (see above). Please note that Belgium has concluded tax treaties with more than 95 countries which generally provide for a full exemption from Belgian capital gains taxation on such gains realised by residents of those countries. Capital losses are generally not tax deductible.

Capital gains realised by Belgian non-resident individuals could be considered as a dividend upon the redemption of Shares of the Company (in certain situations) or upon the liquidation of the Company (see above).

#### *Belgian non-resident companies or entities*

Capital gains realised by non-resident companies or other non-resident entities that hold the Shares in connection with a business conducted in Belgium through a Belgian permanent establishment are generally subject to the same regime as Belgian resident companies.

#### **(c) Tax on stock exchange transactions**

No tax on stock exchange transactions is due upon subscription to Shares (primary market transactions).

A tax on stock exchange transactions (*taxe sur les opérations de bourse/taks op de beursverrichtingen*) will be levied on the purchase and sale (and any other transaction for consideration) in Belgium of the Shares on a secondary market if such transaction is (i) entered into or executed in Belgium through a professional intermediary, or (ii) deemed to be entered into or executed in Belgium, which is the case if the order is directly or indirectly made to a professional intermediary established outside of Belgium by individuals with habitual residence (*residence habituelle/gewone verblijfplaats*) in Belgium or by a legal entity for the account of their seat or establishment in Belgium (together, the Belgian Investors).

The tax on stock exchange transactions is levied at a rate of 0.35% of the purchase price, capped at EUR 1,600 per transaction and per party.

Such tax is separately due by each party to the transaction, and each of those is collected by the professional intermediary. However, in the scenario where the transaction is deemed to be entered into or executed in Belgium (where the intermediary is established outside of Belgium), the tax will in principle be due by the Belgian Investor unless he can demonstrate that the tax has already been paid for by the professional intermediary established outside of Belgium. In the latter case, the foreign professional intermediary also has to provide each client (which gives such intermediary an order) with a qualifying order statement (*bordereau/borderel*), at the latest on the business day after the day the transaction concerned was realised. The qualifying order statements must be numbered in series and a duplicate must be retained by the professional intermediary. The duplicate can be replaced by a qualifying day-today listing, numbered in series. Alternatively, professional intermediaries established outside of Belgium could appoint a stock exchange tax representative in Belgium, subject to certain conditions and formalities (a Stock Exchange Tax Representative). Such Stock Exchange Tax Representative will then be liable toward the Belgian Treasury for the tax on stock exchange transactions on behalf of clients that fall within one of the aforementioned categories (provided that these clients do not qualify as exempt persons for stock exchange tax purposes – see below) and for complying with the reporting obligations and the obligations relating to the order statement in that respect. If such Stock Exchange Tax Representative has paid the tax on stock exchange transactions due, the Belgian Investor will, as per the above, no longer be the debtor of the tax on stock exchange transactions.

No tax on stock exchange transactions should be due on transactions entered into by the following parties, provided they are acting for their own account: (i) professional intermediaries described in Article 2, 9° and 10° of the Act of 2 August 2002 on the supervision of the financial sector and financial services; (ii) insurance companies described in Article 2, § 1 of the Belgian Law of 9 July 1975 on the supervision of insurance companies; (iii) pension institutions referred to in Article 2 1° of the Belgian Law of 27 October 2006 concerning the supervision of pension institutions; (iv) collective investment institutions; (v) regulated real estate companies; and (vi) Belgian non-resident investors provided they deliver a certificate to their financial intermediary in Belgium confirming their non-resident status.

As stated below, the European Commission has published a proposal for a Directive for a common financial transactions tax (the FTT), which stipulates that once the FTT enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the

common system of value added tax). Accordingly, the tax on stock exchange transactions should be abolished once the FTT enters into force.

**(d) Tax on securities accounts**

Belgium has adopted the Law of 17 February 2021 introducing a tax on securities accounts (*taxe sur les comptes-titres/taks op de effectenrekeningen*) (TSA).

The applicable tax base is the average value of financial instruments (including notes) and cash held on a securities account (Taxable Assets) during a reference period of twelve consecutive months starting on 1 October and ending on 30 September of the subsequent year provided said average value exceeds EUR 1,000,000. However, the first reference period has started as of 26 February 2021 and ended on 30 September 2021. The applicable tax rate of the TSA is 0.15%. The TSA due will in any case be limited to 10% of the difference between the tax base and EUR 1,000,000. The TSA entails an annual subscription tax on the holding of a securities account by Belgian resident and non-resident individuals and legal entities. The TSA will also apply to “settlers”, as defined by Article 2, §1, 14 ITC, of “legal constructions”, as defined by Article 2, §1, 13°, 13°/2, 13°/3 and 13°/4 ITC. As to Belgian non-resident individuals and legal entities, the TSA in principle only applies to securities accounts held with a Belgian intermediary. However, securities accounts held by Belgian establishments of non-residents which form part of the assets of such establishments and are held with an intermediary, will also be subject to the TSA regardless where the intermediary is incorporated or established. Note that pursuant to certain tax treaties encompassing a provision on the taxation of capital (*impôt sur la fortune/belasting op vermogen*), Belgium has no right to tax capital. To the extent the TSA is viewed as a tax on capital within the meaning of the relevant tax treaties, treaty override may, subject to certain conditions, be claimed. The TSA will in any event not be due with respect to securities accounts held by, among others, certain intermediaries provided no third parties have a direct or indirect claim with respect to the value in the securities account. The TSA will also not be due with respect to securities accounts held, directly or indirectly and solely for their own account, by Belgian non-resident investors who do not use these securities accounts within a Belgian establishment, as referred to in Article 229 ITC, with a central securities depository as referred to in Article 198/1, §6, 12° ITC.

An intermediary is defined as (i) the NBB, the European Central Bank and foreign central banks carrying out similar functions, (ii) a central securities depository as referred to in Article 198/1, §6, 12° ITC, (iii) a credit institution or stockbroking company as defined by Article 1, §3 of the Law of 25 April 2014 on the status and supervision of credit institutions and stockbroking companies and (iv) the investment companies as defined by Article 3, §1 of the Law of 25 October 2016 on access to the activity of investment services and on the legal status and supervision of portfolio management and investment advice companies, which are, pursuant to national law, admitted to hold financial instruments for the account of customers.

The TSA will in principle be withheld, declared and paid by the Belgian intermediary. Otherwise, the TSA would have to be declared and paid by the holder of the securities account for purposes of the TSA unless said holder provides evidence that the TSA has already been declared and paid by a Belgian or non-Belgian intermediary. Intermediaries established and incorporated outside of Belgium can appoint a TSA representative in Belgium, subject to conditions (TSA Representative). Such intermediary will then be considered as a Belgian intermediary and the TSA Representative will be jointly liable towards the Belgian Treasury for the TSA due and for complying with reporting obligations.

Prospective investors are urged to consult their own tax advisors as to the tax consequences of the application of the TSA on their investment in Shares.

**(e) The proposed FTT**

On 14 February 2013, the European Commission published a proposal (the Commission's Proposal) for a Directive for the FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. In December 2015, Estonia withdrew from the group of states willing to introduce the FTT (the Participating Member States).

Under the Commission's Proposal the FTT would apply to certain dealings in Shares where at least one party is a financial institution (acting on its own behalf or on behalf of a third party, or in the name of a party participant in the transaction) established in a Member State (or deemed to be so), and at least one party is established in a Participating Member State. The rates of the FTT would be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives they would amount to at least 0.1% of the taxable amount. The taxable amount for such transactions would in general be determined by reference to the consideration paid or owed in return for the transfer or the market price (whichever is higher). The FTT shall be payable by each financial institution established (or deemed established) in a Participating Member State which is a party to the financial transaction, which is acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to the relevant financial transaction, including persons other than financial institutions, would become jointly and severally liable for the payment of the FTT due.

However, the FTT proposal remains subject to negotiation between the Participating Member States. Therefore, it may be altered prior to any implementation, the timing of which also remains unclear. Additional EU Member States may decide to participate and/or other Participating Member States may decide to withdraw.

Prospective Shareholders are advised to seek their own professional advice in relation to the FTT.

**(f) Common report standard**

The exchange of information is governed by the Common Reporting Standard (CRS).

On 29 October 2014, 51 jurisdictions signed the multilateral competent authority agreement (MCAA), which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications. Subsequent signatures of the agreement brought the total number of jurisdictions that signed the MCAA on 10 December 2020 on 110.

Council Directive 2011/16/EU on administrative cooperation in the field of taxation, as amended by the Directive on Administrative Cooperation (2014/107/EU) of 9 December 2014 (DAC2), implemented the exchange of information based on the CRS within the EU. The CRS has been transposed in Belgium by the Law of 16 December 2015.

Under CRS, financial institutions resident in a CRS country are required to report, according to a due diligence standard, financial information with respect to reportable accounts, which includes interest, dividends, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which includes trusts and foundations) with fiscal residence in another CRS country. The standard includes a requirement to look through passive entities to report on the relevant controlling persons.

Under DAC2 (and the Belgian law of 16 December 2015, see below), Belgian financial institutions holding the Shares for tax residents in another CRS contracting state, shall report financial information regarding the Shares (income, gross proceeds, etc.) to the Belgian competent authority, who shall communicate the information to the competent authority of the CRS state of the tax residence of the beneficial owner.

As a result of the Law of 16 December 2015, the mandatory automatic exchange of information applies in Belgium (i) as of financial year 2016 (first information exchange in 2017) towards the EU Member States (including Austria, irrespective of the fact that the automatic exchange of information by Austria towards other EU Member States is only foreseen as of income year 2017), (ii) as of financial year 2014 (first information exchange in 2016) towards the US and (iii) with respect to any other jurisdictions that have signed the MCAA, as of a date to be further determined by Royal Decree. In a Royal Decree of 14 June 2017, it was determined that the automatic provision of information has to be provided as from 2017 (for the 2016 financial year) for a first list of 18 jurisdictions, as from 2018 (for the 2017 financial

year) for a second list of 44 jurisdictions, as from 2019 (for the 2018 financial year) for a third list of 1 jurisdiction, and as from 2020 (for the 2019 financial year) for a fourth list of 6 jurisdictions.

Investors who are in any doubt as to their position should consult their professional advisers.

### **3 UK TAXATION**

The following information is intended only as a general guide to current UK tax legislation and to current published practice of Her Majesty's Revenue & Customs (**HMRC**). The information is not exhaustive and if potential investors are in any doubt about the taxation consequences of acquiring, holding or disposing of Shares, or are subject to tax in any jurisdiction other than the UK, they should seek advice from their own professional advisers without delay. Investors should note that tax law and interpretation can change and that, in particular, the level and basis of, and reliefs from, taxation may change and that may alter the benefits of investment.

The following information is intended to apply only to holders of Shares on the register of members of the Company at the date of this Prospectus who (unless the position of non-UK resident shareholders is expressly referred to) are resident, and in the case of individuals, domiciled, in the UK for UK taxation purposes (and not in any other territory), who hold their Shares directly as investments and who are the beneficial owners of their Shares and who have not acquired (or been deemed to have acquired) their Shares through any form of option arrangements or by reason of their or another person's office or employment. The information may not apply to certain classes of Shareholders, such as dealers in securities or Shareholders who are trustees or who hold their Shares through any form of investment vehicle.

#### **3.1 Dividends**

There is no UK withholding tax on dividends.

##### ***(a) Individual Shareholders***

All dividends received from the company by an individual Shareholder who is resident and domiciled in the UK will, except to the extent that they are earned through an ISA, self-invested pension plan or other regime which exempts the dividend from tax, form part of the Shareholder's total income for income tax purposes.

A nil rate of income tax will apply to the first £2,000 of dividend income received by an individual Shareholder in a tax year (the Nil Rate Amount), regardless of what tax rate would otherwise apply to that dividend income.

Any dividend income received by an individual Shareholder in a tax year in excess of the Nil Rate Amount will be subject to income tax at the following rates:

1. at the rate of 8.75%, to the extent that the relevant dividend income falls below the threshold for the higher rate of income tax;
2. at the rate of 33.75%, to the extent that the relevant dividend income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
3. at the rate of 39.35%, to the extent that the relevant dividend income falls above the threshold for the additional rate of income tax.

In determining whether and, if so, to what extent the relevant dividend income falls above or below the threshold for the higher rate of income tax or, as the case may be, the additional rate of income tax, the Shareholder's total taxable dividend income for the tax year in question (including the part within the Nil Rate Amount) will be treated as the highest part of the Shareholder's total income for tax purposes.

##### ***(b) Corporate Shareholders within the charge to UK corporation tax***

Shareholders within the charge to UK corporation tax that are "small companies" (for the purposes of UK taxation of dividends) will not generally be subject to UK tax on dividends from the Company.

Other Shareholders within the charge to UK corporation tax will not be subject to UK tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on ordinary shares that are non-redeemable shares and do not carry any present or future preferential rights to dividends or to a company's assets on its winding up, and dividends paid to a person holding less than 10% of the issued share capital of the payer (or any class of that share capital in respect of which the distribution is made), are examples of dividends within an exempt class. However, the exemptions are not comprehensive and are subject to anti-avoidance rules. The rate of corporation tax applicable to most UK corporate shareholders where exemption does not apply is 19 per cent, which is to be increased to 25 per cent from 1 April 2023.

**(c) *Non-UK resident Shareholders***

A non-UK resident Shareholder is not generally subject to UK tax on dividend receipts. However, where a non-UK resident Shareholder carries on a trade, profession or vocation in the UK and the dividends are a receipt of that trade or, in the case of corporation tax, the Shares are held by or for a UK permanent establishment through which the trade is carried on, there may be a liability to UK tax.

A Shareholder resident outside the UK may be subject to taxation on dividend income under their local laws. Any such Shareholder should consult his (or its) own tax advisers concerning his (or its) tax liabilities (in the UK and any other country) on dividends received from the Company.

**3.2 Stamp duty and SDRT**

The following statements are intended as a general guide to the current UK stamp duty and Stamp Duty Reserve Tax (SDRT) position for holders of Shares to be Listed. Certain categories of person, including intermediaries, brokers, dealers and persons connected with clearance services and depositary receipt systems, may not be liable to stamp duty or SDRT or may be liable at a higher rate. Furthermore, such persons may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

The comments in this section relating to stamp duty and SDRT apply whether or not a Shareholder is resident in the UK.

**(a) *The issue***

No stamp duty or SDRT is ordinarily payable on the issue of Shares to be Listed by the Company.

**(b) *Subsequent transfers***

Following completion of the Admission and subject to applicable exemptions and reliefs and subject as set out below, for subsequent conveyances or transfers, stamp duty at the rate of 0.5% (rounded up to the next multiple of £5) of the amount or value of the consideration given by the purchaser is generally payable on an instrument transferring Shares. An exemption from stamp duty is available on an instrument transferring Shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

A charge to SDRT will also generally arise on an unconditional agreement to transfer Shares (at the rate of 0.5% of the amount or value of the consideration payable). However, if within six years of the date of the agreement (or, if the agreement is conditional, the date on which it becomes unconditional), an instrument of transfer is executed pursuant to the agreement, and stamp duty is duly paid on that instrument, or that instrument is exempt, any SDRT already paid will generally be refunded, provided that a claim for payment is made, and any outstanding liability to SDRT will be cancelled.

The purchaser or transferee of Shares will generally be liable for paying such stamp duty or SDRT.

**(c)      *Shares held through CREST***

Paperless transfers of Shares with CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5% of the amount or value of the consideration in money or money's worth payable by the purchaser. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Under the CREST system, generally no stamp duty or SDRT will arise on a deposit of Shares into the system unless such a transfer is made for consideration in money or money's worth in which case a liability to SDRT will arise usually at a rate of 0.5% of the amount or value of the consideration paid for Shares.



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