

PRESS RELEASE – REGULATED INFORMATION

GLOBAL GRAPHICS PUBLISHES 2020 ANNUAL REPORT AND FINANCIAL STATEMENTS

Cambridge (UK), 18 March 2021 (08.00 CET): Global Graphics PLC (Euronext: GLOG) announces that it has published its annual report and financial statements for the financial year ended 31 December 2020.

The full document is available to download from the investors section of the Company's web site at: <https://investor.globalgraphics.com/investors/financial-reports>.

Should you wish to receive printed copies please send an e-mail to investor-relations@globalgraphics.com or make your request in writing, for the attention of the Company's Chief Financial Officer, to 2030 Cambourne Business Park, Cambourne, Cambridge, CB23 6DW, UK.

Mike Rottenborn, Global Graphics CEO comments, "On behalf of the Board of Directors and the management team, I'm pleased to publicly announce our 2020 results. I began the year as the new CEO shortly before the world was engulfed in the global pandemic and this presented significant challenges, but every Global Graphics employee pulled together to deliver uninterrupted innovation on behalf of our customers and very strong results for our shareholders.

"Four events deserve special mention. First, the revenue in our Printhead Solutions segment increased by 43% over the same period in 2019 as Meteor's industrial inkjet customers continued building ever-larger printers. Second, we were able to conclude the sale of our URW Type Foundry business to Monotype in May, a good outcome for all parties. Third, Global Graphics Software received a prestigious Queen's Award for Enterprise for our innovative products in inkjet screening and quality. And finally, we concluded the year by announcing the purchase of HYBRID Software, which will open up many new opportunities for Global Graphics in the fast-growing labels and packaging segments.

"Although the pandemic is far from over, we see the recovery beginning for many of our OEM customers, and Global Graphics is on a very strong footing to support them throughout 2021 and beyond."

Global Graphics Chairman Guido Van der Schueren adds, "The pandemic changed many things, but it did not slow the pace of innovation by either Global Graphics or HYBRID Software, and it's exciting to see the integration taking place following the acquisition of HYBRID Software. This is transformative for Global Graphics, nearly doubling the headcount and revenue of the group and putting it in a much stronger position to lead the digital transformation in labels and packaging as well as other industrial inkjet segments. This is a new and improved Global Graphics now, and I and the rest of the Board are committed to sharing this vision over the coming months with the investor community for the benefit of all shareholders."

Financial highlights

In May 2020, the Group sold its entire Fonts segment following a strategic decision to focus on the industrial printing market and focus on the Group's core competencies of printing software and device electronics. As a result, 2019 comparatives have been re-presented to differentiate financial results between continuing and discontinued operations.

In thousands of euros	For the year ended 31 December	
	2020	2019
Continuing operations		
Revenue	22,494	18,478
Operating profit/(loss)	1,387	(131)
Profit/(loss) before tax	1,693	(515)
Tax	58	144
Profit/(loss) from continuing operations	1,751	(371)
Discontinued operation		
Profit from discontinued operation, net of tax	4,167	823
Profit for the year attributable to equity holders	5,918	452
EBITDA - continuing operations	4,711	2,592
Adjusted operating profit – continuing operations	2,355	1,090
Adjusted net profit – continuing operations	2,522	671
Basic earnings/(loss) per share (euro) – continuing operations	0.15	(0.03)
Adjusted earnings per share (euro) – continuing operations	0.22	0.06
Available cash	6,855	4,995

The consolidated pre-tax result for continuing operations was a profit of €1.69 million compared with a loss of €0.52 million in 2019. The increase in profitability of €2.21 million is due to:

- an increase in revenue of €4.02 million;
- an increase in cost of sales of €1.80 million;
- an increase in selling, general and administrative expenses of €0.88 million;
- a decrease in research and development expenses of €0.22 million;
- an increase in other operating expenses of €0.04 million;
- an increase in net finance expenses of €0.02 million; and
- an increase in foreign exchange gains of €0.71 million.

Revenue for the Software segment included a full year of sales by Xitron and totalled €12.67 million for the year (2019: €11.61 million). The segment benefited from a contract amendment with an existing customer that resulted in €2.30 million of revenue being recognised, which is not expected to be recurring. In 2019 a different customer exercised an option in their contract which resulted in €2.0 million of revenue being recognised in that year.

Revenue for the Printhead Solutions segment was €9.82 million for the year (2019: €6.87 million). The top three customers that declined significantly in 2019 recovered during the year and accounted for €2.75 million of the €2.95 million increase in revenue, with the largest customer accounting for €2.33 million of the increase.

Gross profit for the period declined to 76.7% of revenue (2019: 81.3%), primarily due to the higher proportion of driver electronics revenue which generates a lower profit margin than software sales.

Included in selling, general and administrative expenses is amortisation of €1.48 million (2019: €0.77 million) related to intangible assets recognised as a result of acquisitions for continuing operations. The increase in the year is due to a full year of amortisation of the intangible assets

acquired with the Xitron acquisition. Due to the reduction in share-based awards over the previous years, the share-based payment expense reduced significantly from €152,262 in 2019 to €2,595 in 2020.

Included in research and development expenses (“R&D”) is the capitalisation and amortisation of internally generated intangible assets. During the period there was a net capitalisation of €0.72 million (2019: €0.13 million net amortisation expense) related to these assets helping to reduce the R&D expense for the year. The net capitalisation (2019: expense) was comprised of €0.65 million (2019: €1.44 million) in amortisation charge offset by €1.37 million (2019: €1.31 million) in capitalisation of development expenses.

The exchange rate losses are primarily due to the revaluation of currency balances held at the balance sheet date and the change in exchange rates during the year.

The Group presents EBITDA (earnings before interest, tax, depreciation and amortisation) and adjusted profit when reporting its financial results to provide investors with an additional tool to evaluate the Group’s results in a manner that focuses on what the Group believes to be its underlying business operations. The Group’s management believes that the inclusion of adjusted financial results provides consistency and comparability with past reports.

Additional commentary and analysis of the Group's consolidated results for the year ending 31 December 2020 can be found in the annual report and financial statements.

Annual General Meeting

The Company expects to hold its annual general meeting on Thursday 6 May 2021. The official notice of the meeting will be issued in accordance with applicable legal and regulatory requirements closer to the time.

About Global Graphics PLC

Through its operating subsidiaries, [Global Graphics PLC](#) (Euronext Brussels: GLOG) is a leading developer of integrated hardware and software solutions for graphics and industrial inkjet printing. Customers include press manufacturers such as HP, Canon, Durst, Roland, Hymmen and Mark Andy. Global Graphics PLC is headquartered in Cambridge UK. Its subsidiary companies are printing software developers [Global Graphics Software](#); the industrial printhead driver solutions specialists, [Meteor Inkjet](#); pre-press workflow developers [Xitron](#) and enterprise software developer [HYBRID Software](#).

Contacts

Jill Taylor

Corporate Communications Director

Tel: +44 (0)1223 926489

Email: jill.taylor@globalgraphics.com

Graeme Huttley

Chief Financial Officer

Tel: +44 (0)1223 926472

Email: graeme.huttley@globalgraphics.com