

Part I

Not for release, publication or distribution, in whole or in part, directly or indirectly, in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction.

FOR IMMEDIATE RELEASE

This announcement contains inside information

14 October 2019

Recommended Final Cash Offer

for

Brady plc ("Brady")

by

Hanover Acquisition Limited ("Hanover Bidco")

(an investment vehicle owned by Hanover Active Equity Fund II, S.C.A. SICAV-RAIF)

- The Boards of Hanover Bidco and Brady are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by Hanover Bidco for the entire issued and to be issued share capital of Brady. Hanover Bidco is an investment vehicle ultimately wholly owned by Hanover Active Equity Fund II, S.C.A. SICAV-RAIF.
- Under the terms of the Offer, each Brady Shareholder will be entitled to receive 10 pence in cash per Brady Share.
- Hanover Bidco's Offer is final and the Consideration will not be increased except that Hanover Bidco reserves the right to increase the amount of the Offer if there is an announcement on or after the date hereof of an offer or a possible offer for Brady by a third party offeror or potential offeror.
- The Offer values the issued share capital of Brady at approximately £8.3 million.
- The Offer represents a premium of 50.8 per cent. over the closing middle market price of 6.63 pence per Brady Share on 11 October 2019, being the Business Day immediately prior to the date of this announcement, and 31.1 per cent. over the closing middle market price of 7.63 pence per Brady Share on 3 October 2019, being the Business Day on which Hanover Bidco made the approach to the Brady Directors regarding the Offer.
- The Offer is conditional upon, amongst other things, Hanover Bidco receiving valid acceptances (which have not been withdrawn) in respect of and / or having otherwise acquired or agreed to acquire Brady Shares which constitute more than 50 per cent. of the voting rights attached to the Brady Shares.
- The Offer is subject to the other Conditions and certain further terms set out in Appendix I to this announcement, including that no member of the wider Brady Group becomes insolvent or undergoes any analogous procedure in any jurisdiction and to the further terms and conditions contained in the Offer Document, when issued. Immediately upon the Offer becoming unconditional as to acceptances, subject to Hanover Bidco not having invoked or sought to invoke any Condition prior to that time, Hanover Bidco shall declare the Offer wholly unconditional.
- In Brady's announcement of 26 September 2019, Brady confirmed that it was advancing funding initiatives to provide Brady with access to approximately GBP1.5 million to meet the working capital requirements of the Brady Group, prior to 30 November 2019 to support existing operations. The Company continues to review the position and, whilst

the requirement for GBP 1.5 million prior to 30 November 2019 remains the case, Brady has a specific cash payment due on 15 November 2019. The Company is in discussions and would expect to be able to manage this situation until 30 November 2019. However, there can be no guarantee that this will be the case. The Company confirms that, whilst negotiations in respect of funding options have been advanced and are on-going, the Company has not, at this time, secured unconditional funding.

- Subject to the Offer becoming or being declared wholly unconditional in all respects, Hanover Bidco will work with the Company's management to agree a plan for modernising Brady's products and to seek to ensure that the products and services provided Brady's customers are best in class. Hanover Bidco is prepared to commit significant funding for the purposes of this plan.
- The Brady Directors, who have been so advised by Cenkos as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable and in the best interests of Brady and Brady Shareholders as a whole. In providing advice to the Brady Directors, Cenkos has taken into account the commercial assessments of the Brady Directors. Cenkos is providing independent financial advice to the Brady Directors for the purposes of Rule 3 of the Code. Accordingly, the Directors intend unanimously to recommend that Brady Shareholders accept the Offer.
- **Should either the Offer not become Effective or additional third party funding not become available, in each case, before Brady requires additional working capital, there is a risk of the offer lapsing and Brady Shareholders receiving no or little value.**

Commenting on the Offer, Matthew Peacock, founding partner of Hanover Investors and a director of Hanover Bidco, said: *"We are pleased to be announcing this recommended cash offer for Brady plc. While Brady enjoys an enviable market position, we believe that the public market is unable to deliver the operational support and funding Brady requires to fulfil its potential.*

Hanover has successfully turned around several software businesses in a similar state of development, and stands ready with the expertise and capital to drive growth and deliver best in class products and services to Brady's customers."

Commenting on the Offer, Ian Jenks, Non-Executive Chairman of Brady said: *"The recent period has been a challenging time for the Company, and the board's priority has been to secure an outcome for shareholders, customers and employees that preserves value and provides a platform from which the business can flourish. I believe the Offer from Hanover provides certainty for all stakeholders along with the expertise and resources to best enable Brady to unlock its potential."*

This summary should be read in conjunction with the full text of the following announcement including the Appendices. The Conditions and certain further terms of the Offer are set out in Appendix I to this announcement. Appendix II contains bases and sources of certain information contained within this announcement. Appendix III contains the definitions of certain terms used in this announcement.

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Further information

This announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise, nor shall there be any sale, issuance or transfer of securities of Brady in any jurisdiction in contravention of applicable law. This announcement does not constitute a prospectus or a prospectus equivalent document.

Any acceptance or other response to the Offer should only be made on the basis of information contained in the Offer Document (which will contain the full terms and conditions of the Offer) and the Form of Acceptance. Brady Shareholders are advised to read the formal documentation in relation to the Offer carefully once it has been dispatched.

Please be aware that addresses, electronic addresses and certain other information provided by Brady Shareholders, persons with information rights and other relevant persons in connection with the receipt of communications from Brady may be provided to Hanover Bidco during the offer period as required under Section 4 of Appendix 4 of the Code.

Panmure Gordon, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Hanover Bidco and no-one else in connection with the Offer and will not be responsible to anyone other than Hanover Bidco for providing the protections afforded to clients of Panmure Gordon nor for providing advice in relation to the Offer.

Cenkos Securities plc, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively as financial adviser and nominated adviser to Brady and no-one else in connection with the Offer and will not be responsible to anyone other than Brady for providing the protections afforded to clients of Cenkos nor for providing advice in connection with the Offer or any other matter referred to in this announcement.

Overseas jurisdictions

The availability of the Offer in, and the release, publication or distribution of this announcement in or into, jurisdictions other than the United Kingdom may be restricted by law. In particular, as described in Appendix I, the Offer will not be made directly or indirectly into Canada, Australia or Japan. Therefore persons into whose possession this announcement comes who are not resident in the United Kingdom should inform themselves about, and observe, any applicable restrictions. Brady Shareholders who are in any doubt regarding such matters should consult an appropriate independent adviser in the relevant jurisdiction without delay. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person.

The Offer will not be made, directly or indirectly, in or into, or by the use of the mails or any means of instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of Canada, Australia or Japan. Accordingly, except as required by applicable law, copies of this announcement are not being, and may not be, mailed or otherwise forwarded, distributed or sent in, into or from Canada, Australia or Japan. Persons receiving this announcement (including without limitation nominees, trustees or custodians) must not forward, distribute or send it into Canada, Australia or Japan.

This announcement has been prepared for the purposes of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

US shareholders

The Offer will be made for securities of an English company and is being made in the United States in compliance with, and in reliance on, Section 14(e) of the United States Securities Exchange Act of 1934 (the "Exchange Act"), Regulation 14E thereunder and the exemption

therefrom provided by Rule 14d-1(d) under the Exchange Act. The Offer is being made in the United States by Hanover Bidco and no one else. The Offer is subject to disclosure and procedural requirements of the United Kingdom which are different from those in the United States. In addition, US investors should be aware that this document has been prepared in accordance with English law and the Code and applicable disclosure requirements, format and style thereunder, all of which differ from those in the United States. Furthermore, the payment and settlement procedures with respect to the Offer will comply with the relevant UK rules, which differ from US payment and settlement procedures. Neither the United States Securities Exchange Commission, nor any securities commission of any state or other jurisdiction of the United States, has approved the Offer or passed upon the adequacy or completeness of this announcement.

It may be difficult for US holders of Brady securities to enforce their rights under and any claim arising out of the US federal securities laws, since Hanover Bidco and Brady are located outside the United States, and some or all of their officers and directors may be resident outside the United States. US Brady Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement and a US court may lack jurisdiction over such persons.

The receipt of cash pursuant to the Offer may have tax consequences in the United States and under other applicable tax laws and such consequences, if any, are not described herein. US Brady Shareholders are urged to consult with their own legal, tax and financial advisors in connection with making a decision regarding the Offer.

To the extent permitted by applicable law, in accordance with, and to the extent permitted by, the Code and normal UK market practice, Hanover Bidco or nominees or brokers of Hanover Bidco (acting as agents) or their respective affiliates may from time to time make certain purchases of, or arrangements to purchase, Brady Shares or other Brady securities other than pursuant to the Offer at any time prior to completion of the Offer. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any such purchases, or arrangements to purchase, will comply with all applicable requirements of the Code, the Listing Rules and Regulation 14E under the US Exchange Act including Rule 14e-5, to the extent applicable. To the extent required to be disclosed in accordance with applicable regulatory requirements, information about any such purchases will be disclosed on a next day basis to the Panel and will be available from any Regulatory Information Service, including the Regulatory News Service on the London Stock Exchange website, www.londonstockexchange.com. To the extent that such information is required to be publicly disclosed in the United Kingdom in accordance with applicable regulatory requirements, this information will as applicable also be publicly disclosed in the United States.

Disclosure requirements

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing

Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Forward-looking statements

This announcement contains certain forward-looking statements, including statements regarding Hanover Bidco and Brady's plans, objectives and expected performance. Such statements relate to events and depend on circumstances that will occur in the future and are subject to risks, uncertainties and assumptions. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward looking statements, including, among others the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts or licences; fluctuations in demand and pricing in the software supply industry; fluctuations in exchange controls; changes in government policy and taxation; industrial disputes; war and terrorism. These forward-looking statements speak only as at the date of this document.

Publication of this announcement

A copy of this announcement will be available subject to certain restrictions relating to persons resident in the Restricted Jurisdictions on www.hanoverinvestors.com/possible-offer and www.bradyplc.com.

The contents of Hanover Investors' website and Brady's website are not incorporated into and do not form part of this announcement.

If you have received this letter in electronic form or by it being published on Brady's website, you can obtain a hard copy of the document by contacting Carmen Carey at Centennium House, 100 Lower Thames Street, London, EC3R 6DL or by telephoning 020 3301 1200 or by emailing [Brady marketing@bradyplc.com](mailto:marketing@bradyplc.com). You will not receive a hard copy of this letter unless you so request. You may also inform Carmen Carey that you wish all future documents, announcements and information in relation to the Offer be sent to you in hard copy.

Legal Entity Identifier ("LEI")

Brady's LEI is 213800W1KBGFLDIWNO70

Rule 2.9 Disclosure

In accordance with Rule 2.9 of the Code, Brady confirms that as at the date of this announcement, it has in issue and admitted to trading on AIM 83,363,581 ordinary shares of £0.01 each (excluding any ordinary shares held in treasury). The International Securities Identification Number (ISIN) of the ordinary shares is GB00B0188P35.

Part II

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This announcement contains inside information.

14 October 2019

Recommended Final* Cash Offer

for

Brady plc

by

Hanover Acquisition Limited ("Hanover Bidco")

(an investment vehicle ultimately owned by the Hanover Active Equity Fund II, S.C.A. SICAV-RAIF)

1. Introduction

The Boards of Hanover Bidco and Brady are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by Hanover Bidco for the entire issued and to be issued share capital of Brady. Hanover Bidco is an investment vehicle ultimately wholly owned by Hanover Active Equity Fund II, S.C.A. SICAV-RAIF.

2. Summary of Terms

The Offer will be subject to the conditions and further terms set out in Appendix I to this announcement and to be set out in the Offer Document and will be made on the following basis:

for each Brady Share

10p in cash

The Offer values the issued share capital of Brady at approximately £8.3 million.

* Hanover Bidco's Offer is final and the Consideration will not be increased except that Hanover Bidco reserves the right to increase the amount of the Offer if there is an announcement on or after the date hereof of an offer or a possible offer for Brady by a third party offeror or potential offeror.

The Offer represents a premium of 50.8 per cent. over the closing middle market price of 6.63 pence per Brady Share on 11 October 2019, being the Business Day immediately prior to the date of this announcement, and 31.1 per cent. over the closing middle market price of 7.63 pence per Brady Share on 3 October 2019, being the Business Day on which Hanover Bidco made the approach to the Brady Directors regarding the Offer.

The Offer is conditional upon, amongst other things, Hanover Bidco receiving valid acceptances (which have not been withdrawn) in respect of and/or having otherwise acquired or agreed to acquire Brady Shares which constitute more than 50 per cent. of the voting rights attached to the Brady Shares. Immediately upon the Offer becoming unconditional as to acceptances, subject to Hanover Bidco not having invoked or sought to invoke any Condition prior to that time, Hanover Bidco shall declare the Offer wholly unconditional.

3. Background to and reasons for the Offer

Hanover Investors recognises Brady as a leading provider of software for risk, logistics and trading management for commodities businesses. While Brady enjoys a market leading position in certain markets within the Metal and Energy sectors, growth in recent years has stalled due primarily to a lack of investment in product development.

Hanover Investors believes that Brady will be better positioned for success in a private equity environment with improved access to capital and a longer term investment horizon. Indeed, near- and longer-term funding concerns have driven significant recent share price volatility, with associated risks to the perceived stability and, therefore, commercial performance of the business.

The Offer represents an opportunity for a certain cash exit for Brady shareholders at a significant premium, where the alternative would be a highly uncertain fundraising process, with recent share price performance suggesting that the public market is unlikely to support the company with the funds it requires. The Offer also represents the fastest process to secure the future of Brady, which will be the primary concern of customers and employees alike.

Subject to the Offer becoming or being declared wholly unconditional in all respects, Hanover Bidco will work with the Company's management to agree a plan for modernising Brady's products and to seek to ensure that the products and services provided Brady's customers are best in class. Hanover Bidco is prepared to commit significant funding for the purposes of this plan.

Recommendation

In Brady's announcement of 26 September 2019, Brady confirmed that it was advancing funding initiatives to provide Brady with access to approximately GBP 1.5 million to meet the working capital requirements of the Brady Group, prior to 30 November 2019 to support existing operations. The Company continues to review the position and, whilst the requirement for GBP 1.5 million prior to 30 November 2019 remains the case, Brady has a specific cash payment due on 15 November 2019. The Company is in discussions and would expect to be able to manage this situation until 30 November 2019. However, there can be no guarantee that this will be the case.

The Company confirms that, whilst negotiations in respect of funding options have been advanced and are on-going, the Company has not, at this time, secured unconditional funding.

The Brady Directors, who have been so advised by Cenkos as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable and in the best interests of Brady and Brady Shareholders as a whole. In providing advice to the Brady Directors, Cenkos has taken into account the commercial assessments of the Brady Directors. Cenkos is providing independent financial advice to the Brady Directors for the purposes of Rule 3 of the Code.

Accordingly, the directors of Brady intend unanimously to recommend Brady Shareholders accept the Offer.

Should either the Offer not become Effective or additional third party funding not become available, in each case, before Brady requires additional working capital, there is a risk of the offer lapsing and shareholders receiving no or little value.

4. Information relating to Hanover Bidco

The Hanover Fund

HAEF II GP S.a.r.l. (the "General Partner") is the general partner of Hanover Active Equity Fund II, S.C.A. SICAV-RAIF (the "Hanover Fund"). The Hanover Fund is a Luxembourg investment company formed to invest in small-cap public companies and private equity situations, primarily in the UK and Nordics, and currently has a total of approximately £190 million in committed capital.

Hanover Investors Management (Malta) Limited (the "Hanover Manager") has been appointed by the General Partner as the manager of the Hanover Fund and in turn Hanover Investors Management LLP ("Hanover Investors") provides certain investment advisory services to the Hanover Manager in respect of the Hanover Fund.

Hanover Investors was registered on 7 January 2005 and is authorised and regulated by the FCA. Matthew Peacock is the founding partner of Hanover Investors.

Hanover Bidco

Hanover Bidco is a newly incorporated company formed at the direction of Hanover Investors (on behalf of the Hanover Fund) for the purpose of implementing the Offer. Hanover Bidco is currently owned as to 100 per cent. by the Hanover Fund.

Hanover Bidco is a private limited company incorporated in England and Wales on 7 October 2019 under the Companies Act with registered number 12248237. It has its registered office at 25 Savile Row, London, England, W1S 2ER.

The Directors of Hanover Bidco are Matthew Peacock and Fredrik Lundqvist.

Save for activities in connection with the implementation and financing of the Offer, Hanover Bidco has not carried on any business prior to the date of this announcement.

5. Information relating to Brady

Founded in 1985 and admitted to trading on the AIM in 2004, Brady is the largest European-headquartered provider of trading, risk and supply chain management software to the global commodity and energy markets. Brady combines fully integrated and complete solutions supporting the entire commodity trading operation, from capture of financial and physical trading, through risk management, handling of physical operations, back office financials and treasury settlement, for energy, refined and unrefined metals, soft commodities and agriculturals.

Brady has 30 years' expertise in the commodity markets and its clients include many of the world's largest financial institutions, trading companies, miners, refiners and producers, tier one

banks and a large number of London Metal Exchange (LME) Category 1 and 2 clearing members and many leading European energy generators, traders and consumers.

On 23 September 2019, Brady published its unaudited consolidated interim results for the six months ended 30 June 2019 stating that Brady recorded revenues of £9.5 million and a loss before tax of £3.5m during the first six months of 2019 and that, as at 30 June 2019, Brady had cash resources of £1.2 million, total assets of £36.7 million and total liabilities of £19.5 million.

6. Financing arrangements

The Consideration due under the Offer will be funded by cash from the equity subscription of Hanover Bidco ordinary shares by the Hanover Fund.

Pursuant to the Subscription Agreement, the General Partner has agreed, on behalf of the Hanover Fund, that it will subscribe for a sufficient number of Hanover Bidco Ordinary Shares at a price of £1 per Hanover Bidco ordinary share so as to provide Hanover Bidco with the amount required to satisfy the aggregate Consideration payable in accordance with the Offer. The obligation to subscribe for Hanover Bidco Ordinary Shares is conditional upon the Offer becoming Effective.

Panmure Gordon is satisfied that Hanover Bidco has the necessary financial resources available to satisfy full acceptance of the Offer. Full acceptances of the Offer would involve a maximum cash payment of approximately £8.5 million.

7. Offer-related arrangements

Hanover Investors and Brady entered into a mutual non-disclosure agreement on 7 October 2019, pursuant to which Hanover Investors and Brady have undertaken to keep confidential information relating to the other party and not to disclose it to third parties (other than permitted recipients) unless required by applicable law or regulation (the "**Confidentiality Agreement**"). These confidentiality obligations will remain in force until the earlier of (a) the completion of a business transaction between Hanover Investors and Brady; and (b) a period of 2 years from the date of the Confidentiality Agreement.

8. Management and employees

Hanover Bidco confirms that, following implementation of the Offer, the existing contractual and statutory employment rights, including in relation to pensions, of all Brady Group employees will be honoured.

The Hanover Bidco Board anticipates that in order to achieve some of the expected benefits of the Offer, it will be necessary to generate cost-savings, including via some headcount reductions and managerial changes, including certain functions related to Brady's status as a publicly listed company. Hanover Bidco does not expect or intend that these changes will have a material impact on the employee base, balance of skills and functions at Brady.

Following implementation of the Offer, Hanover Bidco intends to undertake a detailed review of the fixed assets and locations of Brady and its subsidiaries and businesses within 3 months of the date the Offer becomes or is declared wholly unconditional. Pending the completion of that review, Hanover Bidco has no intentions to make any change to Brady's principal places of business, including the location of Brady's headquarters and headquarters' functions, or fixed assets.

Hanover Bidco will also undertake a review of the research and development function of Brady. It is not Hanover Bidco's intention to reduce the size of the unit. It acknowledges that research and development is core to the business, and that significant investment in the software products will be required to ensure that the business remains competitive, and to provide a platform for sustainable growth in the future.

Hanover Bidco has not entered into, nor is it in discussions on any proposals to enter into, any form of incentivisation arrangements with Brady's management. Following the Offer becoming or being declared wholly unconditional, Hanover Bidco may put in place incentive arrangements for certain members of the Brady management team.

On or shortly after the date the Offer becomes or is declared wholly unconditional it is proposed that the non-executive Directors will resign from the board of Brady and will be replaced by directors appointed by Hanover Bidco.

Certain employees of Brady are provided with retirement benefits under defined contributions schemes and Hanover Bidco does not intend to make any change to employer contributions into

those defined contributions schemes (subject to the possible headcount reduction and managerial changes referred to above) nor change employees' right to participate in those schemes.

The Offer is not expected to have any impact on the business or employees of Hanover Bidco.

9. Brady Share Schemes

The Offer will extend to any Brady Shares issued or unconditionally allotted, and any Treasury Shares unconditionally sold or transferred by Brady, in each case, prior to the date on which the Offer closes (or such earlier date as Hanover Bidco may, subject to the Code, decide) as a result of the exercise of options granted under the Brady Share Schemes. In the event that the Offer becomes or is declared unconditional in all respects, it is intended that appropriate proposals will be made to option holders under the Brady Share Schemes.

10. Disclosure of interests in Brady Shares

As at close of business on 11 October 2019, being the last practicable Business Day prior to publication of this announcement, neither Hanover Bidco, Hanover Investors, the Hanover Fund, the Hanover Manager nor any of the directors or members (as applicable) of Hanover Bidco, Hanover Investors, the Hanover Fund or the Hanover Manager nor, so far as Hanover Bidco, Hanover Investors, the Hanover Fund, the Hanover Manager and the directors of Hanover Bidco, Hanover Investors, the Hanover Fund and the Hanover Manager are aware, any person acting, or deemed to be acting, in concert with Hanover Bidco for the purpose of the Offer has:

- (i) any interest, or right to subscribe for, any relevant securities of Brady;
- (ii) any short positions in respect of any securities of Brady (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of, relevant securities of Brady;
- (iii) borrowed or lent any relevant Brady securities (save for any borrowed relevant securities which have either been on-lent or sold);
- (iv) procured an irrevocable commitment or letter of intent to accept the Offer or vote in favour of a scheme of arrangement in respect of any relevant Brady securities; or
- (v) any arrangement in relation to any relevant Brady securities.

11. Further details of the Offer

Hanover Bidco reserves the right to implement the Offer by way of a scheme of arrangement under Part 26 of the Companies Act. Appendix 1 sets out further information about the terms and conditions that would apply in such circumstances.

The Brady Shares will be acquired under the Offer fully paid and free from all liens, equitable interests, charges, encumbrances, options, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights attaching thereto, including the right to receive and retain all dividends and other distributions and returns of value declared, paid or made after the Offer becomes or is declared unconditional in all respects.

If any dividend or other distribution or return of value is proposed, declared, made, paid or becomes payable by Brady in respect of a Brady Share on or after the date of this announcement and prior to the Offer becoming or being declared unconditional in all respects Hanover Bidco will have the right to reduce the value of the consideration payable for each Brady Share by up to the amount per Brady Share of such dividend, distribution or return of value except where the Brady Share is or will be acquired pursuant to the Offer on a basis which entitles Hanover Bidco to receive the dividend, distribution or return of value and to retain it.

If any such dividend, distribution or return of value is paid or made after the date of this announcement and Hanover Bidco exercises its rights described above, any reference in this announcement to the consideration payable under the Offer shall be deemed to be a reference to the consideration as so reduced. Any exercise by Hanover Bidco of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Offer.

12. Compulsory acquisition, cancellation of admission to trading on AIM and re-registration as a private limited company

If Hanover Bidco acquires, whether through acceptances under the Offer or otherwise, 90 per cent. or more of the Brady Shares to which the Offer relates and the Offer becomes or is declared unconditional in all respects, Hanover Bidco will exercise its rights pursuant to the provisions of sections 974-991 of the Companies Act to acquire compulsorily the remaining Brady Shares.

If the Offer becomes or is declared unconditional in all respects and Hanover Bidco has acquired or agreed to acquire Brady Shares which, together with any Brady Shares already owned by the Hanover Bidco Group, represent 75 per cent. or more of the voting rights attaching to the Brady Shares then Hanover Bidco intends to procure the making of an application by Brady to the London Stock Exchange for the cancellation of the admission to trading of Brady Shares on AIM and to re-register Brady as a private company as soon as it is appropriate to do so under the provisions of the Companies Act.

It is anticipated that any cancellation of admission to trading on AIM would take effect no earlier than twenty Business Days after Hanover Bidco has acquired or agreed to acquire 75 per cent. of the voting rights attaching to the Brady Shares. Cancellation of admission to trading on AIM would significantly reduce the liquidity and marketability of all Brady Shares not assented to the Offer at that time.

13. Documentation

Hanover will post the Offer Document to Brady Shareholders and other persons with information rights within three days following the date of this announcement. The Brady Board has consented to the Offer Document being published within three days following the date of this announcement.

Copies of the following documents will shortly be available at www.hanoverinvestors.com/possible-offer and www.bradyplc.com until the end of the Offer:

- the Subscription Agreement referred to in section 6 above;
- the Confidentiality Agreement referred to in section 7 above; and
- this announcement.

14. General

This announcement does not constitute an offer or an invitation to purchase any securities.

Panmure Gordon (UK) Limited and Cenkos Securities plc have each given and not withdrawn their written consent to the publication of this announcement with the inclusion herein of the references to their names in the form and context in which they appear.

The Conditions and certain further terms of the Offer are set out in Appendix I to this announcement. Appendix II contains bases and sources of certain information contained within this announcement. Appendix III contains the definitions of certain terms used in this announcement.

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Further information

This announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise, nor shall there be any sale, issuance or transfer of securities of Brady in any jurisdiction in contravention of applicable law. This announcement does not constitute a prospectus or a prospectus equivalent document.

Any acceptance or other response to the Offer should only be made on the basis of information contained in the Offer Document (which will contain the full terms and conditions of the Offer) and the Form of Acceptance. Brady Shareholders are advised to read the formal documentation in relation to the Offer carefully once it has been dispatched.

Please be aware that addresses, electronic addresses and certain other information provided by Brady Shareholders, persons with information rights and other relevant persons in connection with the receipt of communications from Brady may be provided to Hanover Bidco during the offer period as required under Section 4 of Appendix 4 of the Code.

Panmure Gordon, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Hanover Bidco and no-one else in connection with the Offer and will not be responsible to anyone other than Hanover Bidco for providing the protections afforded to clients of Panmure Gordon nor for providing advice in relation to the Offer.

Cenkos Securities plc, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively as financial adviser and nominated adviser to Brady and no-one else in connection with the Offer and will not be responsible to anyone other than Brady for providing the protections afforded to clients of Cenkos nor for providing advice in connection with the Offer or any other matter referred to in this announcement.

Overseas jurisdictions

The availability of the Offer in, and the release, publication or distribution of this announcement in or into, jurisdictions other than the United Kingdom may be restricted by law. In particular, as described in Appendix I, the Offer will not be made directly or indirectly into Canada, Australia or Japan. Therefore persons into whose possession this announcement comes who are not resident in the United Kingdom should inform themselves about, and observe, any applicable restrictions. Brady Shareholders who are in any doubt regarding such matters should consult an appropriate independent adviser in the relevant jurisdiction without delay. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Offer will not be made, directly or indirectly, in or into, or by the use of the mails or any means of instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of the Canada, Australia or Japan. Accordingly, except as required by applicable law, copies of this announcement are not being, and may not be, mailed or otherwise forwarded, distributed or sent in, into or from the Canada, Australia or Japan. Persons receiving this announcement (including without limitation nominees, trustees or custodians) must not forward, distribute or send it into Canada, Australia or Japan.

This announcement has been prepared for the purposes of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

US shareholders

The Offer will be made for securities of an English company and is being made in the United States in compliance with, and in reliance on, Section 14(e) of the United States Securities Exchange Act of 1934 (the "Exchange Act"), Regulation 14E thereunder and the exemption therefrom provided by Rule 14d-1(d) under the Exchange Act. The Offer is being made in the

United States by Hanover Bidco and no one else. The Offer is subject to disclosure and procedural requirements of the United Kingdom which are different from those in the United States. In addition, US investors should be aware that this document has been prepared in accordance with English law and the Code and applicable disclosure requirements, format and style thereunder, all of which differ from those in the United States. Furthermore, the payment and settlement procedures with respect to the Offer will comply with the relevant UK rules, which differ from US payment and settlement procedures. Neither the United States Securities Exchange Commission, nor any securities commission of any state or other jurisdiction of the United States, has approved the Offer or passed upon the adequacy or completeness of this announcement.

It may be difficult for US holders of Brady securities to enforce their rights under and any claim arising out of the US federal securities laws, since Hanover Bidco and Brady are located outside the United States, and some or all of their officers and directors may be resident outside the United States. US Brady Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement and a US court may lack jurisdiction over such persons.

The receipt of cash pursuant to the Offer may have tax consequences in the United States and under other applicable tax laws and such consequences, if any, are not described herein. US Brady Shareholders are urged to consult with their own legal, tax and financial advisors in connection with making a decision regarding the Offer.

To the extent permitted by applicable law, in accordance with, and to the extent permitted by, the Code and normal UK market practice, Hanover Bidco or nominees or brokers of Hanover Bidco (acting as agents) or their respective affiliates may from time to time make certain purchases of, or arrangements to purchase, Brady Shares or other Brady securities other than pursuant to the Offer at any time prior to completion of the Offer. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any such purchases, or arrangements to purchase, will comply with all applicable requirements of the Code, the Listing Rules and Regulation 14E under the US Exchange Act including Rule 14e-5, to the extent applicable. To the extent required to be disclosed in accordance with applicable regulatory requirements, information about any such purchases will be disclosed on a next day basis to the Panel and will be available from any Regulatory Information Service, including the Regulatory News Service on the London Stock Exchange website, www.londonstockexchange.com. To the extent that such information is required to be publicly disclosed in the United Kingdom in accordance with applicable regulatory requirements, this information will as applicable also be publicly disclosed in the United States.

Disclosure requirements

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Forward-looking statements

This announcement contains certain forward-looking statements, including statements regarding Hanover Bidco and Brady's plans, objectives and expected performance. Such statements relate to events and depend on circumstances that will occur in the future and are subject to risks, uncertainties and assumptions. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward looking statements, including, among others the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts or licences; fluctuations in demand and pricing in the software supply industry; fluctuations in exchange controls; changes in government policy and taxation; industrial disputes; war and terrorism. These forward-looking statements speak only as at the date of this document.

Publication of this announcement

A copy of this announcement will be available subject to certain restrictions relating to persons resident in the Restricted Jurisdictions on www.hanoverinvestors.com/possible-offer and bradyplc.com.

The contents of Hanover Investors' website and Brady's website are not incorporated into and do not form part of this announcement.

If you have received this letter in electronic form or by it being published on Brady's website, you can obtain a hard copy of the document by contacting Carmen Carey at Centennium House, 100 Lower Thames Street, London, EC3R 6DL or by telephoning 020 3301 1200 or by emailing marketing@bradyplc.com. You will not receive a hard copy of this letter unless you so request. You may also inform Carmen Carey that you wish all future documents, announcements and information in relation to the Offer be sent to you in hard copy.

Legal Entity Identifier ("LEI")

Brady's LEI is 213800W1KBGFLDIWNO70

Rule 2.9 Disclosure

In accordance with Rule 2.9 of the Code, Brady confirms that as at the date of this announcement, it has in issue and admitted to trading on AIM 83,363,581 ordinary shares of £0.01 each (excluding any ordinary shares held in treasury). The International Securities Identification Number (ISIN) of the ordinary shares is GB00B0188P35.

APPENDIX I

CONDITIONS AND CERTAIN FURTHER TERMS OF THE OFFER

The Offer, which will be made by Hanover Bidco, will comply with the Code. The Offer and any dispute or claim arising out of, or in connection with, it (whether contractual or non-contractual in nature) will be governed by, and construed in accordance with, English law and be subject to the jurisdiction of the courts of England. The Offer will be made on the terms and conditions set out in the Offer Document.

1. CONDITIONS OF THE OFFER

The Offer will be subject to the following conditions:

- (a) valid acceptances being received (and not, where permitted, withdrawn) by 3.00 p.m. on the first closing date of the Offer (or such later time(s) and date(s) as Hanover Bidco may, subject to the rules of the Code, decide) in respect of more than 50 per cent. of the voting rights attaching to the Brady Shares to which the Offer relates, including for these purposes voting rights attaching to any Brady Shares that Hanover Bidco together with any of its wholly-owned subsidiaries hold at the date of the Offer or shall have acquired or agreed to acquire, whether pursuant to the Offer or otherwise, and, including for this purpose to the extent (if any) required by the Panel, any such voting rights attaching to any Brady Shares that may be unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances whether pursuant to the exercise of any outstanding conversion or subscription rights or otherwise, and for this purpose:
 - (i) the expression "Brady Shares to which the Offer relates" shall be construed in accordance with sections 974-991 of the Companies Act;
 - (ii) the expression "shares that may be unconditionally allotted or issued" shall include any Treasury Shares which are unconditionally transferred or sold by Brady;
 - (iii) shares which have been unconditionally allotted but not issued shall be deemed to carry the voting rights which they will carry on being entered into the register of members of Brady;
- (b) insofar as the proposed acquisition of Brady by Hanover Bidco constitutes a relevant merger situation for the purpose of the Enterprise Act 2002, the CMA issuing a decision in terms satisfactory to Hanover Bidco that it is not the CMA's intention to make a Phase 2 CMA Reference, such decision being either unconditional or conditional on the CMA's acceptance of undertakings in lieu under Section 73 Enterprise Act 2002 which are satisfactory to Hanover Bidco (or the applicable time period for the CMA to issue either decision having expired without it having done so and without it having made a Phase 2 CMA Reference));
- (c) no government or governmental, quasi-governmental, supranational, statutory, administrative or regulatory body, authority, court, trade agency, association, institution, environmental body, Merger Control Authority or any other person or body in any jurisdiction (each a "**Relevant Authority**") having decided to take, instituted, implemented or threatened any action, proceedings, suit, investigation, enquiry or reference, or made, proposed or enacted any statute, regulation, order or decision or taken any other steps and there not continuing to be outstanding any statute, regulation, order or decision, which would or might reasonably be expected to:
 - (i) make the Offer or the acquisition of any Brady Shares, or control of Brady by Hanover Bidco void, illegal or unenforceable or otherwise restrict, restrain, prohibit, materially delay or materially interfere with the implementation thereof, or impose additional material conditions or obligations with respect thereto or require any material amendment thereof;
 - (ii) require or prevent the divestiture by any member of the Brady Group or any company of which 20 per cent. or more of the voting capital is held by any member of the Brady Group or any partnership, joint venture, firm or company in which any member of the Brady Group may be interested (the "**wider Brady Group**") or by any member of the Hanover Bidco Group or any company of which 20 per cent. or more of the voting capital is held by the Hanover Bidco Group or any partnership, joint venture, firm or company in which any member of the Hanover Bidco Group may be interested (the "**wider Hanover Bidco Group**") of all or any material portion of their respective

businesses, assets or property or impose any material limitation on the ability of any of them to conduct their respective businesses or own any of their assets or property;

- (iii) impose any material limitation on or result in a material delay in the ability of any member of the wider Brady Group or the wider Hanover Bidco Group to acquire or to hold or to exercise effectively any rights of ownership of shares or loans or securities convertible into shares in any member of the wider Brady Group or of the wider Hanover Bidco Group held or owned by it or to exercise management control over any member of the wider Brady Group or of the wider Hanover Bidco Group;
- (iv) other than pursuant to the implementation of the Offer require any member of the wider Hanover Bidco Group or the wider Brady Group to acquire or offer to acquire any shares or other securities in any member of the wider Brady Group; or
- (v) otherwise materially and adversely affect the assets, business, profits or prospects of any member of the wider Hanover Bidco Group or of any member of the wider Brady Group;

and all applicable waiting and other time periods during which any such Relevant Authority could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference having expired, lapsed or been terminated;

- (d) all necessary notifications and filings having been made, all applicable waiting periods (including any extensions thereof) under any applicable legislation or regulations of any jurisdiction having expired, lapsed or been terminated, in each case in respect of the Offer and the acquisition of any Brady Shares, or of control of Brady, by Hanover Bidco, and all authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals ("**Authorisations**") necessary or appropriate in any jurisdiction for, or in respect of, the Offer and the proposed acquisition of any Brady Shares, or of control of Brady, by Hanover Bidco and to carry on the business of any member of the wider Hanover Bidco Group or of the wider Brady Group having been obtained, in terms and in a form reasonably satisfactory to Hanover Bidco, from all appropriate Relevant Authorities and from any persons or bodies with whom any member of the wider Hanover Bidco Group or the wider Brady Group has entered into contractual arrangements and all such Authorisations remaining in full force and effect at the time at which the Offer becomes unconditional in all respects and Hanover Bidco having no knowledge of an intention or proposal to revoke, suspend or modify or not to renew any of the same and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;
- (e) except as publicly announced by Brady prior to the date hereof (by the delivery of an announcement to a Regulatory Information Service), there being no provision of any arrangement, agreement, licence, permit or other instrument to which any member of the wider Brady Group is a party or by or to which any such member or any of their assets is or may be bound, entitled or be subject to and which, in consequence of the Offer or the acquisition or proposed acquisition of any Brady Shares, or control of Brady, by Hanover Bidco or otherwise, would or might reasonably be expected to result in, to an extent in any such case which is material in the context of the wider Brady Group taken as a whole or which is material in the context of the Offer:
 - (i) any monies borrowed by, or other indebtedness actual or contingent of, any such member of the wider Brady Group being or becoming repayable or being capable of being declared immediately or prior to its or their stated maturity or the ability of any such member to borrow monies or incur any indebtedness being inhibited or becoming capable of being withdrawn;

- (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member or any such security (whenever arising or having arisen) being enforced or becoming enforceable;
- (iii) any such arrangement, agreement, licence or instrument being terminated or adversely modified or any action being taken of an adverse nature or any obligation or liability arising thereunder;
- (iv) any assets of any such member being disposed of or charged, or right arising under which any such asset could be required to be disposed of or charged, other than in the ordinary course of business;
- (v) the interest or business of any such member of the wider Brady Group in or with any firm or body or person, or any agreements or arrangements relating to such interest or business, being terminated or adversely modified or affected;
- (vi) any such member ceasing to be able to carry on business under any name under which it presently does so;
- (vii) the creation of liabilities (actual or contingent) by any such member other than trade creditors or other liabilities incurred in the ordinary course of business consistent with past practice; or
- (viii) the financial or trading position of any such member being prejudiced or adversely affected,

and no event having occurred which, under any provision of any arrangement, agreement, licence or other instrument to which any member of the wider Brady Group is a party, or to which any such member or any of its assets may be bound, entitled or subject, would or might reasonably be expected to result in any of the events or circumstances as are referred to in paragraphs ((i) to (viii)) of this condition (e);

- (f) except as publicly announced by Brady prior to the date hereof (by the delivery of an announcement to a Regulatory Information Service), no member of the wider Brady Group having, since 31 December 2018:
 - (i) issued, agreed to issue or proposed the issue of additional shares or securities of any class, or securities convertible into, or exchangeable for or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities (save as between Brady and wholly-owned subsidiaries of Brady and save for options granted, and for any Brady Shares allotted upon exercise of options granted under the Brady Share Schemes before the date hereof), or redeemed, purchased or reduced any part of its share capital;
 - (ii) sold or transferred or agreed to sell or transfer any Treasury Shares;
 - (iii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution other than to Brady or a wholly-owned subsidiary of Brady;
 - (iv) other than pursuant to the Offer agreed, authorised, proposed or announced its intention to propose any merger or demerger or acquisition or disposal of assets or shares (other than in the ordinary course of trading) or to any material change in its share or loan capital;
 - (v) issued, authorised or proposed the issue of any debentures or incurred any indebtedness or contingent liability;
 - (vi) acquired or disposed of or transferred, mortgaged or encumbered any material asset or any right, title or interest in any material asset (other than in the ordinary course of trading);
 - (vii) entered into or varied or announced its intention to enter into or vary any contract, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is of a long-term or unusual

nature or involves or might reasonably be expected to involve an obligation of a nature or magnitude which is material in the context of the wider Brady Group taken as a whole;

- (viii) entered into or proposed or announced its intention to enter into any reconstruction, amalgamation, transaction or arrangement (otherwise than in the ordinary course of business);
 - (ix) taken any action nor having had any steps taken or legal proceedings started or threatened against it for its winding-up or dissolution or for it to enter into any arrangement or composition for the benefit of its creditors, or for the appointment of a receiver, administrator, trustee or similar officer if it or any of its assets (or any analogous proceedings or appointment in any overseas jurisdiction);
 - (x) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
 - (xi) entered into or varied or made any offer to enter into or vary the terms of any service agreement or arrangement with any of the directors of Brady;
 - (xii) waived, compromised or settled any claim which is material in the context of the wider Brady Group taken as a whole; or
 - (xiii) entered into or made an offer (which remains open for acceptance) to enter into any agreement, arrangement or commitment or passed any resolution with respect to any of the transactions or events referred to in this paragraph (xiii);
- (g) since 31 December 2018, except as publicly announced by Brady prior to the date hereof (by the delivery of an announcement to a Regulatory Information Service);
- (i) there having been no adverse change in the business, assets, financial or trading position or profits or prospects of any member of the wider Brady Group which is material in the context of the wider Brady Group taken as a whole;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been instituted, announced or threatened by or against or remaining outstanding against any member of the wider Brady Group and no enquiry or investigation by or complaint or reference to any Relevant Authority against or in respect of any member of the wider Brady Group having been threatened, announced or instituted or remaining outstanding in each case which is material in the context of the wider Brady Group taken as a whole; and
 - (iii) no contingent or other liability having arisen or been incurred which might reasonably be expected to adversely affect any member of the Brady Group to an extent which is material in the context of the wider Brady Group taken as a whole;
- (h) Hanover Bidco not having discovered that, save as publicly announced by Brady prior to the date hereof (by the delivery of an announcement to a Regulatory Information Service):
- (i) the financial, business or other information concerning the wider Brady Group which has been disclosed at any time by or on behalf of any member of the wider Brady Group whether publicly (by the delivery of an announcement to a Regulatory Information Service) or to Hanover Bidco or its professional advisers, either contains a misrepresentation of any material fact or omits to state a material fact necessary to make the information contained therein not misleading in any material respect; or

- (ii) any member of the wider Brady Group is subject to any liability, contingent or otherwise, which is not disclosed in the annual report and accounts of Brady for the financial year ended 31 December 2018 or in the interim report for the six months to 30 June 2019 and which is material in the context of the wider Brady Group taken as a whole;
- (iii) any past or present member, director, officer or employee of the wider Brady Group or any person that performs or has performed services for or on behalf of the wider Brady Group is engaging in or has at any time during the course of such person's employment with, or performance of services for or on behalf of, the wider Brady Group engaged in an activity, practice or conduct which would constitute an offence under the UK Bribery Act 2010, the US Foreign Practices Act of 1977 or any other applicable anti-corruption legislation or regulation;
- (iv) any past or present member, director, officer or employee of the wider Brady Group or any person that performs or has performed services for or on behalf of the wider Brady Group is engaging in or has at any time engaged in any act of bribery or has paid or agreed to pay any bribe including any "inducement fee" given or agreed to give any similar gift or benefit or paid or agreed to pay to a concealed bank account or fund to or for the account of, any customer, supplier, governmental official or employee, representative of a political party, or other person for the purpose of obtaining or retaining business or otherwise engaged in any activity, done such things (or omitted to do such things) in contravention of the UK Bribery Act 2010, the US Foreign Corrupt Practices Act 1977, as amended, or any other anti-corruption legislation applicable to the wider Brady Group, in each case which is material in the context of the wider Brady Group;
- (v) any asset of any member of the wider Brady Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition);
- (vi) any past or present member, director, officer or employee of the Brady Group has engaged in any business with, made any investments in, or made any funds or assets available to or received any funds or asset from: (a) any government, entity or individual in respect of which US or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Revenue & Customs or (b) any government, entity or individual named by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states;
- (vii) any member of the Brady Group being engaged in any transaction which would cause Hanover Bidco to be in breach of any law or regulation upon its acquisition of Brady, including the economic sanctions of the United States Office of Foreign Assets Control, or HM Revenue & Customs, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states;
- (viii) any past or present member of the wider Brady Group has not complied with all applicable legislation or regulations of any jurisdiction or any notice or requirement of any Relevant Authority with regard to the storage, disposal, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health which non-compliance would be likely to give rise to any liability (whether actual

or contingent) on the part of any member of the wider Brady Group and which is material in the context of the wider Brady Group taken as a whole;

- (ix) there has been a disposal, spillage, emission, discharge or leak of waste or hazardous substance or any substance likely to impair the environment or harm human health on, or from, any land or other asset now or previously owned, occupied or made use of by any past or present member of the wider Brady Group, or in which any such member may now or previously have had an interest, which would be likely to give rise to any liability (whether actual or contingent) on the part of any member of the wider Brady Group and which is material in the context of the wider Brady Group taken as a whole;
 - (x) there is or is likely to be any obligation or liability (whether actual or contingent) to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the wider Brady Group or in which any such member may now or previously have had an interest under any environmental legislation or regulation or notice, circular or order of any Relevant Authority in any jurisdiction and which is material in the context of the wider Brady Group taken as a whole; or
 - (xi) circumstances exist whereby a person or class of persons would be likely to have any claim or claims in respect of any product or process of manufacture, or materials used therein, now or previously manufactured, sold or carried out by any past or present member of the wider Brady Group which claim or claims would be likely to affect adversely any member of the wider Brady Group and which is material in the context of the wider Brady Group taken as a whole; and
- (i) no corporate action, legal proceedings or other procedure or step being taken, or since 30 June 2019 having been taken, in relation to:
- (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any member of the Brady Group;
 - (ii) a composition, compromise, assignment or arrangement with any creditor of any member of the Brady Group;
 - (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any member of the Brady Group or any of its assets; or
 - (iv) enforcement over any assets of any member of the Brady Group of any a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect,

or any analogous procedure or step being taken or having been taken in any jurisdiction.

Hanover Bidco reserves the right to waive, in whole or in part, all or any of conditions (b) to (i) inclusive. Hanover Bidco also reserves the right, subject to the consent of the Panel, to extend the time allowed under the Code for satisfaction of condition (a) until such time as conditions (b) to (i) have been satisfied, fulfilled or, to the extent permitted, waived. If Hanover Bidco is required by the Panel to make an offer for Brady Shares under the provisions of Rule 9 of the Code, Hanover Bidco may make such alterations to the above conditions, including condition (a) above, as are necessary to comply with the provisions of that Rule.

Hanover Bidco reserves the right, with the consent of Brady to elect to implement the acquisition of the Brady Shares by way of a Scheme of Arrangement under Part 26 of the Companies Act. In such event, the Scheme of Arrangement will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which

would apply to the Offer. In particular, condition (a) will not apply and the Scheme of Arrangement will become effective and binding following:

- (i) approval at the Court Meeting (or any adjournment thereof) by a majority in number of the Brady Shareholders present and voting, either in person or by proxy, representing 75 per cent. or more in value of the Brady Shares held by such holders;
- (ii) the resolutions required to approve and implement the Scheme of Arrangement and to be set out in the notice of General Meeting of the holders of the Brady Shares being passed by the requisite majority at such General Meeting;
- (iii) the sanction of the Scheme of Arrangement and an office copy of the order of the Court sanctioning the Scheme of Arrangement being delivered for registration to the Registrar of Companies in England and Wales.

The Offer will lapse unless the conditions set out above (other than condition (a) to the Offer) are fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by Hanover Bidco in its reasonable opinion to be or to remain satisfied by no later than 21 days after the later of the first closing date of the Offer or the date on which the Offer becomes or is declared unconditional as to acceptances, or such later date as the Hanover Bidco may, with the consent of the Panel, decide. Save as expressly stated in this announcement, Hanover Bidco shall be under no obligation to waive or treat as satisfied any of conditions (b) to (i) inclusive by a date earlier than the latest date specified above for the satisfaction thereof notwithstanding that the other conditions of the Offer may at such earlier date have been waived or fulfilled or satisfied and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment or satisfaction.

The Offer will lapse if the CMA makes a Phase 2 CMA Reference in respect of the Offer before 3.00 p.m. on the first closing date of the Offer or the date on which the Offer becomes or is declared unconditional as to acceptances, whichever is the later. If the Offer so lapses the Offer will cease to be capable of further acceptance and accepting Brady Shareholders and Hanover Bidco will cease to be bound by acceptances received before the time when the Offer lapses.

2. FURTHER TERMS OF THE OFFER

- (a) The Offer will extend to all Brady Shares unconditionally allotted or issued on the date on which the Offer is made, and any further Brady Shares unconditionally allotted or issued, and any Treasury Shares unconditionally sold or transferred by Brady, in each case, while the Offer remains open for acceptance (or such earlier date or dates as Hanover Bidco may decide).
- (b) The Brady Shares will be acquired under the Offer fully paid and free from all liens, equitable interests, charges, encumbrances, options, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights attaching thereto, including the right to receive and retain all dividends and other distributions and returns of value declared, paid or made after the Offer becomes or is declared unconditional in all respects.

If any dividend or other distribution or return of value is proposed, declared, made, paid or becomes payable by Brady in respect of a Brady Share on or after the date of this announcement and prior to the Offer becoming or being declared unconditional in all respects Hanover Bidco will have the right to reduce the value of the consideration payable for each Brady Share by up to the amount per Brady Share of such dividend, distribution or return of value except where the Brady Share is or will be acquired pursuant to the Offer on a basis which entitles Hanover Bidco to receive the dividend, distribution or return of value and to retain it.

If any such dividend, distribution or return of value is paid or made after the date of this announcement and Hanover Bidco exercises its rights described above, any reference in this announcement to the consideration payable under the Offer shall be deemed to be a reference to the consideration as so reduced. Any exercise by Hanover Bidco of its rights referred to in this

paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Offer.

- (c) Under Rule 13.5 of the Code, Hanover Bidco may not invoke a condition to the Offer so as to cause the Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the condition are of material significance to Hanover Bidco in the context of the Offer. The conditions contained in paragraphs 1 (a) and (b) are not subject to this provision of the Code.

APPENDIX II

BASES AND SOURCES OF INFORMATION

Save as otherwise set out in this announcement, the following constitute the bases and sources of information referred to in this announcement:

1. Financial information relating to Brady has been extracted from its annual report for the year ended 31 December 2018 and the interim report for the six month period ended 30 June 2019.
2. All information relating to Hanover Investors, the Hanover Fund, the Hanover Manager and Hanover Bidco has been provided by persons authorised by the Hanover Bidco Board.
3. References to the issued share capital of Brady include 4,306 Brady Shares held in treasury unless otherwise stated.
4. References to the value of the Offer of the whole of the issued and to be issued share capital of Brady assume the issued share capital of Brady is 83,367,887 Brady Shares.
5. References to the availability to Hanover Bidco of the necessary resources to implement the Offer also assume that there are currently "in the money" options outstanding in respect of 1,858,107 unissued Brady Shares, although it is expected that all such options shall lapse without becoming exercisable in connection with the Offer.
6. Share price information has been derived from Thomson Reuters Datastream.

APPENDIX III

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

"AIM"	AIM, a market operated by the London Stock Exchange
"Australia"	the Commonwealth of Australia, its states, territories and possessions

"Brady"	Brady plc
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"Brady Board"	the board of directors of Brady
"Brady Directors"	the directors of Brady
"Brady Group"	Brady and its subsidiary undertakings
"Brady Shareholders"	holders of Brady Shares
"Brady Shares"	the existing unconditionally allotted or issued and fully paid ordinary shares of 1p each in the capital of Brady and any further such shares which are unconditionally allotted or issued and fully paid, and any Treasury Shares unconditionally sold or transferred by Brady, in each case, before the date on which the Offer closes (or such earlier date(s) as Hanover Bidco may, subject to the Code, determine), including any such shares so unconditionally allotted or issued pursuant to the exercise of options granted under the Brady Share Scheme
"Brady Share Schemes"	the Long-Term Incentive Plan, the Brady EMI Share Option Scheme and the Brady Unapproved Share Options Scheme Rules
"Business Day"	a day (other than a Saturday or Sunday) on which banks are open for general business in London
"Canada"	Canada, its provinces and territories and all areas subject to its jurisdiction and any political sub-division thereof
"Cenkos"	Cenkos Securities plc
"CMA"	the UK Competition and Markets Authority
"Code"	the City Code on Takeovers and Mergers
"Companies Act "	the Companies Act 2006
"Conditions"	the conditions to the implementation of the Offer which are set out in Appendix I to this announcement and to be set out in the Offer Document
"Confidentiality Agreement"	the mutual non-disclosure agreement between Hanover Investors and Brady entered into on 7 October 2019 pursuant to which Hanover Investors and Brady have undertaken to keep confidential information relating to the other party and not to disclose it to third parties (other than permitted recipients) unless required by applicable law or regulation
"Consideration"	the cash consideration of 10 pence per Brady Share due to Brady Shareholders under the terms of the Offer
"Dealing Disclosure"	an announcement pursuant to Rule 8 of the Code containing details of dealings in interests in relevant securities of a party to an offer

"Effective"	the Offer having become or having been declared wholly unconditional in accordance with its terms
"FCA"	the Financial Conduct Authority
"General Partner"	HAEF II GP S.a.r.l.
"Hanover Bidco"	Hanover Acquisition Limited
"Hanover Bidco Board"	Matthew Peacock and Fredrik Lundqvist
"Hanover Bidco Group"	Hanover Bidco and its subsidiary undertakings
"Hanover Bidco Ordinary Shares"	the ordinary shares of £1 each in Hanover Bidco held by the Hanover Fund
"Hanover Fund"	Hanover Active Equity Fund II, S.C.A. SICAV-RAIF
"Hanover Investors"	Hanover Investors Management LLP
"Hanover Manager"	Hanover Investors Management (Malta) Limited
"London Stock Exchange"	London Stock Exchange plc
"Merger Control Authority"	any national, supra-national or regional, government or governmental, quasi-governmental, statutory, regulatory or investigative body or court, in any jurisdiction, responsible for the review and/or approval of mergers, acquisitions, concentrations, joint ventures, or any other similar matter
"Offer"	the recommended cash offer to be made by Hanover Bidco to acquire all of the Brady Shares on the terms and subject to the conditions to be set out in a formal offer document and the form of acceptance relating thereto, and including, where the context so requires, any subsequent revision, variation, extension or renewal of such offer
"Offer Document"	the document to be sent to Brady Shareholders by Hanover Bidco containing the terms and conditions of the Offer
"Opening Position Disclosure"	an announcement pursuant to Rule 8 of the Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to an offer
"Panel"	the Panel on Takeovers and Mergers
"Panmure Gordon"	Panmure Gordon (UK) Limited
"Phase 2 CMA Reference"	a reference pursuant to Section 22 or 33 of the Enterprise Act 2002 of an offer or possible offer to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
"Regulatory Information Service"	a primary information provider who has been

	approved by the FCA to disseminate regulated information
"Restricted Jurisdiction"	Australia, Canada and Japan and any other jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to Brady Shareholders in that jurisdiction
"Subscription Agreement"	the agreement dated 14 October 2019 and made between (i) the General Partner on behalf of the Hanover Fund and (ii) Hanover Bidco
"subsidiary" and "subsidiary undertaking"	have the meanings given to them in the Companies Act
"Treasury Shares"	shares held as treasury shares as defined in section 724(5) of the Companies Act
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"United States"	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction
"\$" or "Dollar"	U.S. dollars, the lawful currency for the time being of the United States
"£" or "Sterling"	pounds sterling, the lawful currency for the time being of the UK and references to "pence" and "p" shall be construed accordingly