

# Brady plc Acquisition of Commodities Software (UK) Ltd (Comsoft) Q & A Document

**Key Message: New Global Player in metals and commodities**

## Who, What, Why and When

1. What are we announcing today? **A: The announcement is that we have acquired a company, which has now become a part of Brady.**
2. What was the rationale for the merger? Why did Brady acquire Comsoft? **A: Brady is a leading supplier of metal trading solutions. Comsoft is a leading supplier of raw material solutions. Uniquely, the acquisition will mean Brady can offer solutions for the risk management and trading of refined and unrefined metals. This provides an opportunity to accelerate further growth, broadens Brady's concentrates product offering with greater depth of functionality and provides a larger customer base and recurring revenue stream. In addition, the transaction is anticipated to enhance earnings per share.**
3. Are you planning further acquisitions? **A: Brady has been open that it has an appetite for the right acquisitions at the right price.**

## What is included in the acquisition?

1. Who cares? **A: Companies involved in the trading of raw materials and refined metals. The clients of both companies will have a wider solution offering from Brady, including risk management, trading, operations, settlement of both refined and raw materials**
2. Why should they care? **A: Metal trading companies are looking for integrated solutions across their enterprise.**
3. What does it mean to the clients? **A: Brady provides a stronger balance sheet, stronger distribution and the ability to expand and further invest in the Comsoft business. Brady will also provide stronger Executive and Account management given the stronger global reach of Brady. Brady is also investing in strengthening the team.**
4. What does it mean to Brady Plc? **A: The acquisition gives Brady an opportunity to accelerate further growth, broadens its concentrates product offering with greater depth of functionality and provides a larger customer base and recurring revenue stream. In addition, the transaction is anticipated to enhance earnings per share.**
5. Are Brady's latest published financials available? **A: Brady will announce its preliminary 2008 results in the second week of March. Our interim results are available on our website.**
6. How is the deal being financed? **A: The deal is being financed entirely by cash. We will still maintain significant cash resources after the deal.**

7. Will there be job losses? **A: No, we do not anticipate headcount losses or cost savings, in fact expect to invest further to drive growth.**
8. Is this still a good deal given the economic climate? **A: The transaction is anticipated to enhance earnings per share. We believe we have paid a fair price for the business and that we have potential to unlock significant future value by aggressively marketing its offering.**

## **Solutions Q&A**

1. What is Comsoft's background? **A: System Support Associated Ltd (SSA) commenced Aquarius development in 1984 for Boliden, London. The second client, Billiton in The Hague took Aquarius in the late 1980's where development work on the product continued. SSA went into liquidation in 1993. Commodities Software (Comsoft) was formed in 1994 by Ian Kingdon and Paula Flint having acquired the required assets, the product was then developed further and a client base established.**
2. What is Brady's strategy? **A: To be the definitive global provider and partner of choice for trading, risk management & settlement solutions to the Metals and Commodities industries, through the delivery of customer focused software and services.**
3. What will the relationship be between Comsoft and Brady? **A: Comsoft will be an independent product management, delivery, support and development unit within Brady. It will distribute through the existing Brady sales team**
4. How much of Comsoft will Brady own? **A: Brady is buying 100% of Comsoft.**
5. In how many countries does Comsoft operate? **A: The Company is based in the UK with clients in UK, Eire, USA, Switzerland & Turkey.**
6. What strategic partnerships does Comsoft have? **A: None**

## **What are Brady's plans for Comsoft products?**

1. How will the acquisition affect the Brady Concentrates Module? **A: Brady will provide a single Concentrates solution covering trading, risk management, operations and settlement**
2. How (if at all) do Brady's products complement Comsoft products? **A: Comsoft has strengths in the contract capture, revaluation, P&L of concentrates product. This is allied with Brady's strength in risk management.**
3. How will existing Comsoft customers be affected by the acquisition? **A: The Comsoft Customers will receive stronger Executive and Account Management given Brady's stronger organisation and geographic reach. The Comsoft clients will be invited to join the Brady Customer Advisory Board.**
4. How will this affect customer service? **A: Brady plan to extend Comsoft customer service by providing: Help Desk, Website Issue Reporting and Tracking, Customer Training Courses**
5. What integration already exists between the 2 product lines? How will it be enhanced in the future? **A: At least one of our clients has already integrated the products. We will further invest in the integration.**

6. Who will provide customer Technical Support for the Comsoft products? **A: The Comsoft team.**
7. What does Comsoft's technology bring to Brady? **A: Comsoft uses the Microsoft framework for development which is consistent with Brady's existing development approach.**
8. How does today's acquisition fit into Brady's broader software and enterprise strategies? **A: This is absolutely consistent with our vision and mission.**

#### **Finance Q&A**

1. How much cash did Brady have before and will have after the deal? How much cash is it generating? **A: We have announced that Brady had £7.8m of cash at 31 December 2008, compared to £6.7m at June 2008 and £5.9m at December 2007. Brady continues to be cash positive and, due to its licensing module, operating cash flows tend to run ahead of operating profits.**
2. What are Comsoft's latest financials? **A: Comsoft has historically been profitable. The financials in the year to March 2008 showed revenue of more than £500k and a normalised profit before tax of £170kk.**
3. What is Comsoft's turnover? **A: The financials in the year to March 2008 showed revenue of more than £500k.**
4. Does this acquisition require stockholder approval? **A: No, although this is classed as a substantial transaction under the AIM rules, it does not require shareholder approval and we are not issuing any new Brady shares.**
5. Will the deal be accretive? **A: Yes, we anticipate the deal to be accretive in the first year.**

#### **Customer Q&A**

1. What is the value of the deal to customers? **A: Brady provides a stronger balance sheet, stronger distribution and the ability to expand and further invest in the Comsoft business. Brady will also provide stronger Executive and Account management given the stronger global reach of Brady. Brady is also investing in strengthening the team.**
2. Will Comsoft employees continue at the local office and provide local account management and support customers? **A: Comsoft employees will stay in their local offices. We will be expanding the team, with some development capability in Cambridge.**
3. How do I get support for my current Comsoft products? **A: Through the Comsoft team.**
4. Where can I find out more information on the acquisition? **A: The Brady plc website – [www.bradypkc.com](http://www.bradypkc.com).**
5. My support contract is about to expire. Who should I contact about it? **A: The usual Comsoft contacts or Brady Corporate Headquarters.**
6. Who do I call to escalate a support issue? **A: Unchanged.**
7. Where do I go to get patches and fixes? **A: Unchanged.**

8. Will you discontinue either the Comsoft or Brady product? **A: No we will continue to invest in both products, as we believe this will give us a leading position in the market place.**

#### **Business Partner Q&A**

1. What value does this acquisition provide to Brady Business Partners? **A: Brady are offering a stronger proposition to the metals and mining trading organisations. This should benefit both our clients and our partners.**
2. What value does this acquisition provide to Comsoft Business Partners? **A: The opportunity to provide further services to our clients.**
3. Does Brady plan to continue relationships with Comsoft Business Partners? **Yes, where applicable.**
4. What benefits will be available to Comsoft Partners as a result of this acquisition? **A: Brady is offering a stronger proposition to the metals and mining trading organisations. This should benefit both our clients and our partners.**