

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 15, 2023

BRADY CORPORATION  
(Exact name of registrant as specified in its charter)

Commission File Number 1-14959

Wisconsin  
(State or other jurisdiction of incorporation or organization)

39-0178960  
(IRS Employer Identification No.)

6555 West Good Hope Road  
Milwaukee, Wisconsin 53223  
(Address of principal executive offices and Zip Code)  
(414) 358-6600  
(Registrant's Telephone Number)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Nonvoting Common Stock, par value \$0.01 per share	BRC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On November 16, 2023, Brady Corporation (the “Company”) issued a press release announcing its fiscal 2024 first quarter financial results. A copy of the press release is being furnished to the Securities and Exchange Commission as Exhibit 99.1 attached hereto and is incorporated herein by reference.

Item 5.07 SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS

On November 15, 2023, at the Company’s Annual Shareholders’ Meeting, the holders of all of the 3,538,628 shares of the Company’s Class B Common Stock voted unanimously in favor of electing the following persons to serve as the Company’s directors until the next annual meeting of shareholders and until their successors have been elected:

Patrick W. Allender  
David S. Bem  
Elizabeth P. Bruno  
Joanne Collins Smee  
Nancy L. Gioia  
Vineet Nargolwala  
Bradley C. Richardson  
Russell R. Shaller  
Michelle E. Williams

Item 7.01 REGULATION FD DISCLOSURE

On November 16, 2023, the Company hosted a conference call related to its fiscal 2024 first quarter financial results. A copy of the slides referenced in the conference call, which is also posted on the Corporation’s website, is being furnished to the Securities and Exchange Commission as Exhibit 99.2 attached hereto and is incorporated herein by reference.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

EXHIBIT NUMBER	DESCRIPTION
99.1	<a href="#">Press Release of Brady Corporation, dated November 16, 2023, relating to first quarter fiscal 2024 financial results.</a>
99.2	<a href="#">Informational slides provided by Brady Corporation, dated November 16, 2023, relating to first quarter fiscal 2024 financial results.</a>
104	Cover Page Interactive Data File (embedded within Inline XBRL document).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BRADY CORPORATION

Date: November 16, 2023

/s/ ANNE E. THORNTON

Ann E. Thornton

Chief Financial Officer, Chief Accounting Officer and Treasurer

**For More Information:**

Investor contact: Ann Thornton 414-438-6887

Media contact: Kate Venne 414-358-5176

**Brady Corporation Reports Fiscal 2024 First Quarter Results**

- Sales for the quarter increased 2.9 percent. Organic sales increased 2.7 percent.
- Gross profit margin increased to 51.7 percent in the first quarter of fiscal 2024 compared to 48.1 percent in the first quarter of fiscal 2023.
- Diluted EPS increased 22.8 percent to \$0.97 in the first quarter of fiscal 2024 compared to \$0.79 in the same quarter of the prior year. Diluted EPS Excluding Certain Items\* increased 19.0 percent to \$1.00 in the first quarter of fiscal 2024 compared to \$0.84 in the same quarter of the prior year.
- During the quarter ended October 31, 2023, we returned \$25.5 million to our shareholders in the form of dividends and share repurchases.

MILWAUKEE (November 16, 2023) -- Brady Corporation (NYSE: BRC) ("Brady" or "Company"), a world leader in identification solutions, today reported its financial results for its fiscal 2024 first quarter ended October 31, 2023.

**Quarter Ended October 31, 2023 Financial Results:**

Sales for the quarter ended October 31, 2023 increased 2.9 percent, which consisted of an organic sales increase of 2.7 percent, an increase of 1.5 percent from foreign currency translation and a decrease of 1.3 percent from the divestiture of one business in the prior fiscal year as well as the divestiture of another non-core business in the current quarter. Sales for the quarter ended October 31, 2023 were \$332.0 million compared to \$322.6 million in the same quarter last year. By region, sales increased 1.4 percent in the Americas & Asia and increased 6.0 percent in Europe & Australia, which consisted of an organic sales increase of 3.3 percent in the Americas & Asia and an organic sales increase of 1.4 percent in Europe & Australia.

Income before income taxes increased 18.0 percent to \$59.4 million for the quarter ended October 31, 2023 compared to \$50.3 million in the same quarter last year. Income Before Income Taxes Excluding Certain Items\* for the quarter ended October 31, 2023, which was adjusted for amortization expense of \$2.4 million, was \$61.8 million, an increase of 14.4 percent compared to the first quarter of last year. Income Before Income Taxes Excluding Certain Items\* for the quarter ended October 31, 2022, which was adjusted for amortization expense of \$3.6 million, was \$54.0 million.

Net income for the quarter ended October 31, 2023 was \$47.2 million compared to \$39.4 million in the same quarter last year. Earnings per diluted Class A Nonvoting Common Share were \$0.97 for the first quarter of fiscal 2024 compared to \$0.79 in the same quarter last year. Net Income Excluding Certain Items\* for the quarter ended October 31, 2023 was \$49.1 million and Diluted EPS Excluding Certain Items\* for the quarter ended October 31, 2023 was \$1.00. Net Income Excluding Certain Items\* for the quarter ended October 31, 2022 was \$42.2 million, and Diluted EPS Excluding Certain Items\* for the quarter ended October 31, 2022 was \$0.84.

**Commentary:**

“Our investments in our salesforce and in research and development are paying off as we launched an exciting new printer this quarter and have set the stage for continued future growth,” said Brady’s President and Chief Executive Officer, Russell R. Shaller. “Our Americas and Asia region performed particularly well with another quarter of organic sales growth and significant improvement in segment profit. We continue to identify opportunities to further integrate our businesses, to support continued growth through the application of our best go-to-market strategies in key geographies and to further simplify our global businesses, which we believe positions us for future success.”

“Brady is financially strong and continues to generate significant cash flow. This quarter, we grew organic sales by 2.7 percent and we grew GAAP diluted earnings per share by 22.8 percent,” said Brady’s Chief Financial Officer, Ann Thornton. “We also returned \$25.5 million to our shareholders in the form of dividends and share buybacks this quarter. We believe we are well-positioned for the future with a strong balance sheet which provides opportunities to drive continued shareholder value.”

**Fiscal 2024 Guidance:**

The Company’s GAAP earnings per diluted Class A Nonvoting Common Share guidance for the year ending July 31, 2024 remains unchanged at \$3.70 to \$3.95 per share, and the Company’s Diluted EPS Excluding Certain Items\* guidance for the year ending July 31, 2024 also remains unchanged at \$3.85 to \$4.10 per share.

The other assumptions included in our fiscal 2024 guidance are effectively unchanged. We expect a full-year income tax rate of approximately 22 percent, depreciation and amortization expense ranging from \$32 to \$34 million, and capital expenditures of approximately \$75 million, which are inclusive of \$55 million related to the conversion of previously leased manufacturing facilities. Our fiscal 2024 guidance is based on foreign currency exchange rates as of October 31, 2023 and assumes continued economic growth.

A webcast regarding Brady’s fiscal 2024 first quarter financial results will be available at [www.bradycorp.com/investors](http://www.bradycorp.com/investors) beginning at 9:30 a.m. central time today.

Brady Corporation is an international manufacturer and marketer of complete solutions that identify and protect people, products and places. Brady’s products help customers increase safety, security, productivity and performance and include high-performance labels, signs, safety devices, printing systems and software. Founded in 1914, the Company has a diverse customer base in electronics, telecommunications, manufacturing, electrical, construction, medical, aerospace and a variety of other industries. Brady is headquartered in Milwaukee, Wisconsin and as of July 31, 2023, employed approximately 5,600 people in its worldwide businesses. Brady’s fiscal 2023 sales were approximately \$1.33 billion. Brady stock trades on the New York Stock Exchange under the symbol BRC. More information is available on the Internet at [www.bradyyid.com](http://www.bradyyid.com).

\* Income Before Income Taxes Excluding Certain Items, Net Income Excluding Certain Items, and Diluted EPS Excluding Certain Items are non-GAAP measures. See appendix for more information on these measures, including reconciliations to the most directly comparable GAAP measures.

###

In this news release, statements that are not reported financial results or other historic information are “forward-looking statements.” These forward-looking statements relate to, among other things, the Company’s future financial position, business strategy, targets, projected sales, costs, earnings, capital expenditures, debt levels and cash flows, and plans and objectives of management for future operations.

The use of words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “project,” “plan” or similar terminology are generally intended to identify forward-looking statements. These forward-looking statements by their nature address matters that are, to different degrees, uncertain and are subject to risks, assumptions, and other factors, some of which are beyond Brady’s control, that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. For Brady, uncertainties arise from: increased cost of raw materials, labor and freight as well as material shortages and supply chain disruptions; decreased demand for our products; our ability to compete effectively or to successfully execute our strategy; our ability to develop technologically advanced products that meet customer demands; difficulties in protecting our websites, networks, and systems against security breaches; Brady’s ability to identify, integrate, and grow acquired companies, and to manage contingent liabilities from divested businesses; risks associated with the loss of key employees; extensive regulations by U.S. and non-U.S. governmental and self-regulatory entities; litigation, including product liability claims; adverse impacts of the novel coronavirus (“COVID-19”) pandemic or other pandemics; foreign currency fluctuations; potential write-offs of goodwill and other intangible assets; changes in [tax](#) legislation and tax rates; differing interests of voting and non-voting shareholders; numerous other matters of national, regional and global scale, including major public health crises and government responses thereto and those of a political, economic, business, competitive, and regulatory nature contained from time to time in Brady’s U.S. Securities and Exchange Commission filings, including, but not limited to, those factors listed in the “Risk Factors” section within Item 1A of Part I of Brady’s Form 10-K for the year ended July 31, 2023.

These uncertainties may cause Brady’s actual future results to be materially different than those expressed in its forward-looking statements. Brady does not undertake to update its forward-looking statements except as required by law.

BRADY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited; Dollars in thousands, except per share data)

	Three months ended October 31,			
	2023		2022	
Net sales	\$	331,983	\$	322,569
Cost of goods sold		160,264		167,305
Gross margin		171,719		155,264
Operating expenses:				
Research and development		15,702		13,933
Selling, general and administrative		96,287		89,945
Total operating expenses		111,989		103,878
Operating income		59,730		51,386
Other income (expense):				
Investment and other income (expense)		438		(157)
Interest expense		(766)		(894)
Income before income taxes		59,402		50,335
Income tax expense		12,161		10,894
Net income	\$	47,241	\$	39,441
Net income per Class A Nonvoting Common Share:				
Basic	\$	0.97	\$	0.79
Diluted	\$	0.97	\$	0.79
Net income per Class B Voting Common Share:				
Basic	\$	0.96	\$	0.78
Diluted	\$	0.95	\$	0.77
Weighted average common shares outstanding:				
Basic		48,505		49,868
Diluted		48,811		50,090

**BRADY CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in thousands)

	October 31, 2023 (Unaudited)	July 31, 2023
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 175,352	\$ 151,532
Accounts receivable, net of allowance for credit losses of \$6,923 and \$8,467, respectively	179,970	184,420
Inventories	166,916	177,078
Prepaid expenses and other current assets	12,827	11,790
Total current assets	535,065	524,820
Property, plant and equipment—net	143,792	142,149
Goodwill	583,702	592,646
Other intangible assets	58,774	62,096
Deferred income taxes	14,931	15,716
Operating lease assets	26,860	29,688
Other assets	20,289	22,142
Total	<u>\$ 1,383,413</u>	<u>\$ 1,389,257</u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current liabilities:		
Accounts payable	\$ 79,512	\$ 79,855
Accrued compensation and benefits	57,566	71,470
Taxes, other than income taxes	14,249	13,575
Accrued income taxes	17,970	12,582
Current operating lease liabilities	13,225	14,726
Other current liabilities	69,172	65,828
Total current liabilities	251,694	258,036
Long-term debt	52,267	49,716
Long-term operating lease liabilities	14,483	16,217
Other liabilities	69,977	74,369
Total liabilities	388,421	398,338
Stockholders' equity:		
Common stock:		
Class A nonvoting common stock—Issued 51,261,487 shares, and outstanding 44,868,082 and 45,008,724 shares, respectively	513	513
Class B voting common stock—Issued and outstanding, 3,538,628 shares	35	35
Additional paid-in capital	352,421	351,771
Retained earnings	1,057,773	1,021,870
Treasury stock—6,393,405 and 6,252,763 shares, respectively of Class A nonvoting common stock, at cost	(300,467)	(290,209)
Accumulated other comprehensive loss	(115,283)	(93,061)
Total stockholders' equity	994,992	990,919
Total	<u>\$ 1,383,413</u>	<u>\$ 1,389,257</u>



BRADY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited; Dollars in thousands)

	Three months ended October 31,	
	2023	2022
Operating activities:		
Net income	\$ 47,241	\$ 39,441
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,466	8,665
Stock-based compensation expense	4,163	2,958
Deferred income taxes	(2,225)	(1,705)
Other	1,137	(383)
Changes in operating assets and liabilities:		
Accounts receivable	(2,205)	(627)
Inventories	6,152	(9,582)
Prepaid expenses and other assets	(1,488)	(2,563)
Accounts payable and accrued liabilities	(3,725)	(14,150)
Income taxes	5,757	5,945
Net cash provided by operating activities	62,273	27,999
Investing activities:		
Purchases of property, plant and equipment	(11,279)	(3,861)
Net cash used in investing activities	(11,279)	(3,861)
Financing activities:		
Payment of dividends	(11,338)	(11,376)
Proceeds from exercise of stock options	2,598	349
Payments for employee taxes withheld from stock-based awards	(2,333)	(1,504)
Purchase of treasury stock	(14,121)	(12,070)
Proceeds from borrowing on credit facilities	38,551	36,000
Repayment of borrowing on credit facilities	(36,000)	(32,000)
Other	1,149	66
Net cash used in financing activities	(21,494)	(20,535)
Effect of exchange rate changes on cash	(5,680)	(3,201)
Net increase in cash and cash equivalents	23,820	402
Cash and cash equivalents, beginning of period	151,532	114,069
Cash and cash equivalents, end of period	\$ 175,352	\$ 114,471

BRADY CORPORATION AND SUBSIDIARIES  
SEGMENT INFORMATION  
(Unaudited; Dollars in thousands)

	Three months ended October 31,	
	2023	2022
<b>NET SALES</b>		
Americas & Asia	\$ 221,626	\$ 218,495
Europe & Australia	110,357	104,074
Total	<u>\$ 331,983</u>	<u>\$ 322,569</u>
<b>SALES INFORMATION</b>		
<i>Americas &amp; Asia</i>		
Organic	3.3 %	4.0 %
Currency	— %	(1.4)%
Divestiture	(1.9) %	— %
Total	<u>1.4 %</u>	<u>2.6 %</u>
<i>Europe &amp; Australia</i>		
Organic	1.4 %	12.8 %
Currency	4.6 %	(17.0)%
Total	<u>6 %</u>	<u>(4.2) %</u>
<i>Total Company</i>		
Organic	2.7 %	6.9 %
Currency	1.5 %	(6.6)%
Divestiture	(1.3) %	— %
Total	<u>2.9 %</u>	<u>0.3 %</u>
<b>SEGMENT PROFIT</b>		
Americas & Asia	\$ 49,897	\$ 41,145
Europe & Australia	16,744	16,758
Total	<u>\$ 66,641</u>	<u>\$ 57,903</u>
<b>SEGMENT PROFIT AS A PERCENT OF NET SALES</b>		
Americas & Asia	22.5 %	18.8 %
Europe & Australia	15.2 %	16.1 %
Total	<u>20.1 %</u>	<u>18.0 %</u>

	Three months ended October 31,	
	2023	2022
Total segment profit	\$ 66,641	\$ 57,903
Unallocated amounts:		
Administrative costs	(6,911)	(6,517)
Investment and other income (expense)	438	(157)
Interest expense	(766)	(894)
Income before income taxes	<u>\$ 59,402</u>	<u>\$ 50,335</u>

**GAAP to NON-GAAP MEASURES**  
(Unaudited; Dollars in Thousands, Except Per Share Amounts)

In accordance with the U.S. Securities and Exchange Commission’s Regulation G, the following provides definitions of the non-GAAP measures used in the earnings release and the reconciliation to the most closely related GAAP measure.

**Income Before Income Taxes Excluding Certain Items:**

Brady is presenting the non-GAAP measure, "Income Before Income Taxes Excluding Certain Items." This is not a calculation based upon GAAP. The amounts included in this non-GAAP measure are derived from amounts included in the Consolidated Financial Statements and supporting footnote disclosures. We do not view these items to be part of our ongoing results. We believe this profit measure provides an important perspective of underlying business trends and results and provides a more comparable measure from year to year. The table below provides a reconciliation of the GAAP measure of Income before income taxes to the non-GAAP measure of Income Before Income Taxes Excluding Certain Items:

	Three months ended October 31,	
	2023	2022
Income before income taxes (GAAP measure)	\$ 59,402	\$ 50,335
Amortization expense	2,355	3,631
Income Before Income Taxes Excluding Certain Items (non-GAAP measure)	\$ 61,757	\$ 53,966

**Income Tax Expense Excluding Certain Items:**

Brady is presenting the non-GAAP measure, "Income Tax Expense Excluding Certain Items." This is not a calculation based upon GAAP. The amounts included in this non-GAAP measure are derived from amounts included in the Consolidated Financial Statements and supporting footnote disclosures. We do not view these items to be part of our ongoing results. We believe this measure provides an important perspective of underlying business trends and results and provides a more comparable measure from year to year. The table below provides a reconciliation of the GAAP measure of Income tax expense to the non-GAAP measure of Income Tax Expense Excluding Certain Items:

	Three months ended October 31,	
	2023	2022
Income tax expense (GAAP measure)	\$ 12,161	\$ 10,894
Amortization expense	546	865
Income Tax Expense Excluding Certain Items (non-GAAP measure)	\$ 12,707	\$ 11,759

**Net Income Excluding Certain Items:**

Brady is presenting the non-GAAP measure, "Net Income Excluding Certain Items." This is not a calculation based upon GAAP. The amounts included in this non-GAAP measure are derived from amounts included in the Consolidated Financial Statements and supporting footnote disclosures. We do not view these items to be part of our ongoing results. We believe this measure provides an important perspective of underlying business trends and results and provides a more comparable measure from year to year. The table below provides a reconciliation of the GAAP measure of Net income to the non-GAAP measure of Net Income Excluding Certain Items:

	Three months ended October 31,	
	2023	2022
Net income (GAAP measure)	\$ 47,241	\$ 39,441
Amortization expense	1,809	2,766
Net Income Excluding Certain Items (non-GAAP measure)	\$ 49,050	\$ 42,207

Diluted EPS Excluding Certain Items:

Brady is presenting the non-GAAP measure, "Diluted EPS Excluding Certain Items." This is not a calculation based upon GAAP. The amounts included in this non-GAAP measure are derived from amounts included in the Consolidated Financial Statements. We do not view these items to be part of our ongoing results. We believe this measure provides an important perspective of underlying business trends and results and provides a more comparable measure from year to year. The table below provides a reconciliation of the GAAP measure of Net income per Class A Nonvoting Common Share to the non-GAAP measure of Diluted EPS Excluding Certain Items (Note that certain amounts will not foot due to rounding):

	Three months ended October 31,			
	2023		2022	
Net income per Class A Nonvoting Common Share (GAAP measure)	\$	0.97	\$	0.79
Amortization expense		0.04		0.06
Diluted EPS Excluding Certain Items (non-GAAP measure)	\$	1.00	\$	0.84

Diluted EPS Excluding Certain Items Guidance:

	Fiscal 2024 Expectations			
	Low		High	
Earnings per Class A Nonvoting Common Share (GAAP measure)	\$	3.70	\$	3.95
Amortization expense		0.15		0.15
Diluted EPS Excluding Certain Items (non-GAAP measure)	\$	3.85	\$	4.10



# Brady Corporation

## F'24 Q1 Financial Results

November 16, 2023



# Forward-Looking Statements

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In this news release, statements that are not reported financial results or other historic information are “forward-looking statements.” These forward-looking statements relate to, among other things, the Company’s future financial position, business strategy, targets, projected sales, costs, income, capital expenditures, debt levels and cash flows, and plans and objectives of management for future operations.

The use of words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “project,” “plan” or similar terminology are generally intended to identify forward-looking statements. These forward-looking statements by their nature address matters that are, to different degrees, uncertain and are subject to risks, assumptions, and other factors, some of which are beyond Brady’s control, that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. For Brady, uncertainties arise from: increased cost of raw materials, labor and freight as well as raw material shortages and supply chain disruptions; decreased demand for our products; our ability to compete effectively or to successfully execute our strategy; our ability to develop technologically advanced products that meet customer demands; difficulties in protecting our websites, networks and systems against security breaches; Brady’s ability to identify, integrate, and grow acquired companies, and to manage contingent liabilities from divested businesses; risks associated with the loss of key employees; extensive regulations by U.S. and non-U.S. governmental and self-regulatory entities; litigation, including product liability claims; adverse impacts of the novel coronavirus (“COVID-19”) pandemic or other pandemics; foreign currency fluctuations; potential write-offs of goodwill and other intangible assets; changes in tax legislation and tax rates; differing interests of voting and non-voting shareholders; numerous other matters of national, regional and global scale, including major public health crises and government responses thereto and those of a political, economic, business, competitive, and regulatory nature contained from time to time in Brady’s U.S. Securities and Exchange Commission filings, including, but not limited to, those factors listed in the “Risk Factors” section within Item 1A of Part I of Brady’s Form 10-K for the year ended July 31, 2023.

These uncertainties may cause Brady’s actual future results to be materially different than those expressed in its forward-looking statements. Brady does not undertake to update its forward-looking statements except as required by law.



# Q1 F'24 Highlights

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## Organic Sales Growth

- ▶ Organic sales grew 2.7%, with organic growth in both regions.

## Improved GPM

- ▶ GPM of 51.7% compared to 48.1% in Q1 of F'23.
- ▶ Healthy gross profit margins demonstrate our high value-add.

## Expanding Earnings per Share

- ▶ GAAP EPS of \$0.97 was up 22.8% over Q1 of last year.
- ▶ Diluted EPS Excluding Certain Items\* increased 19.0% to \$1.00 in Q1 of F'24 compared to \$0.84 in Q1 of F'23.

## Regional Results

- ▶ Americas & Asia organic sales growth of 3.3%; segment profit increased 21.3%.
- ▶ Europe & Australia organic sales growth of 1.4%; segment profit was effectively flat.

## Returning Capital to our Shareholders

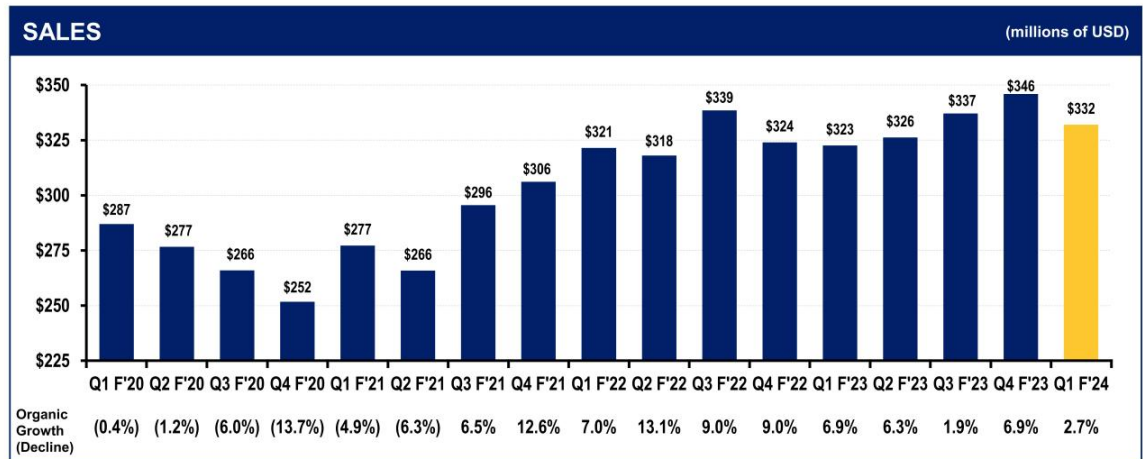
- ▶ Purchased 280k shares for \$14.1M.
- ▶ Paid dividends of \$11.3M.
- ▶ In a net cash position of \$123.1M at October 31, 2023.

\* Diluted EPS Excluding Certain Items is a non-GAAP measure. See appendix.



# Sales Overview

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## Q1 F'24 SALES:

- ▶ Total sales increased 2.9%.
- ▶ Organic sales increased 2.7%.
  - Americas & Asia – Organic sales increased 3.3%.
  - Europe & Australia – Organic sales increased 1.4%.
- ▶ Foreign currency translation increased sales 1.5%.
- ▶ Divestitures decreased sales 1.3%.

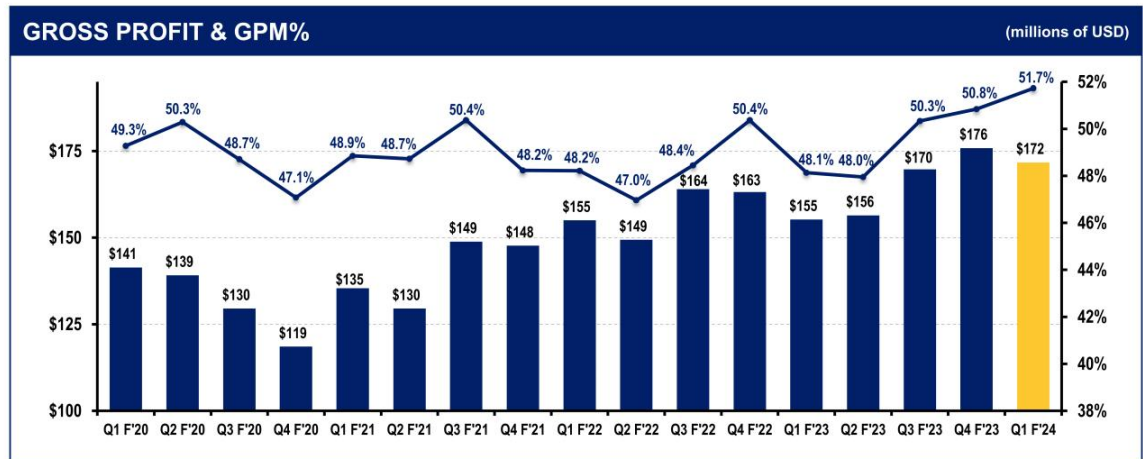
## Q1 F'24 SALES COMMENTARY:

- ▶ Organic sales were up 4.4% in the Americas with growth in wire ID and safety and facility ID.
- ▶ Organic sales declined 4.6% in Asia primarily due to weakness in China.
- ▶ Organic sales were up 0.8% in Europe with growth driven by safety and facility ID.
- ▶ Australia organic sales increased 5.1%.



# Gross Profit Margin

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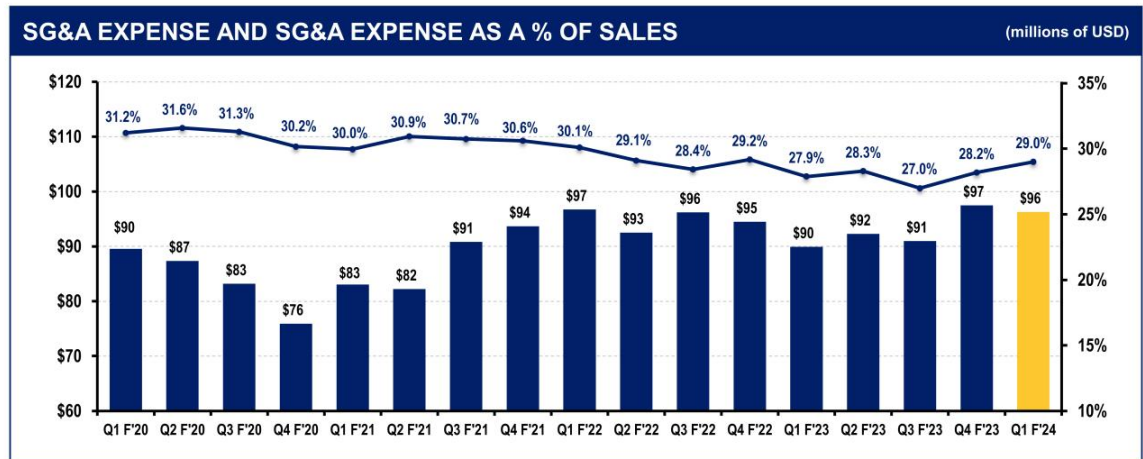


## Q1 F'24 – GROSS PROFIT MARGIN:

- ▶ Gross profit margin of 51.7% compared to 48.1% in Q1 of F'23.
- ▶ Strong gross profit margin in excess of 50% due to product mix, reduced freight and improved inventory management.
- ▶ Inflation continues, but we are experiencing a reduced rate of inflation in certain geographies.

# SG&A Expense

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## Q1 F'24 – SG&A EXPENSE:

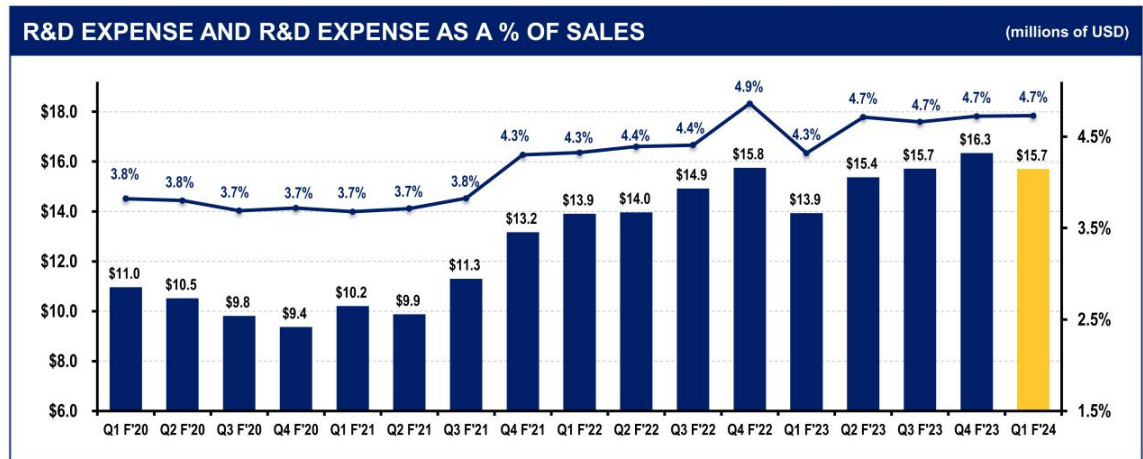
- ▶ SG&A expense was 29.0% of sales compared to 27.9% of sales in the same quarter last year. Excluding amortization\* from both periods, SG&A expense was 28.3% of sales compared to 26.8% of sales in the same quarter last year.
- ▶ Inflation continues in certain geographies, we continue to focus on driving sustainable efficiency gains while making the investments necessary to increase sales into the future in order to offset cost increases.

\* See appendix for non-GAAP measures.



# R&D Expense

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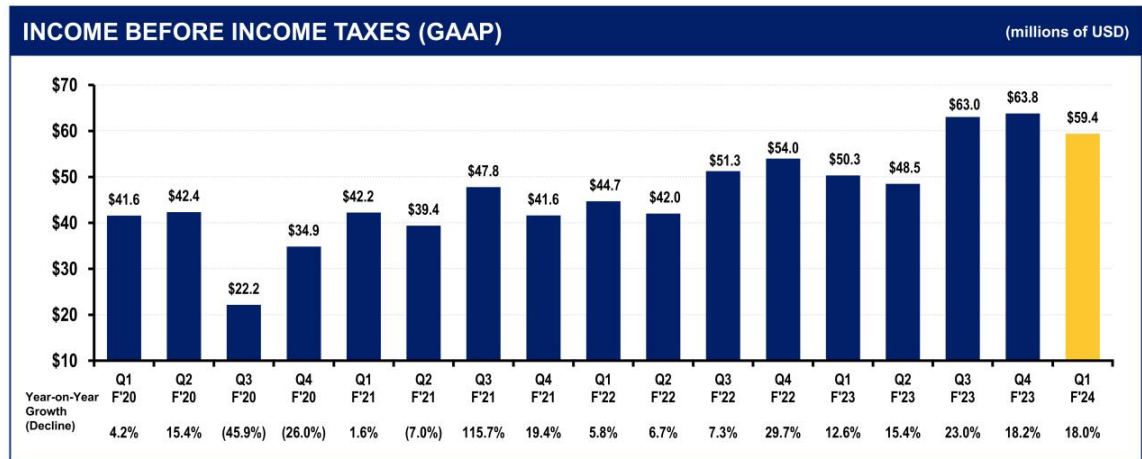


## Q1 F'24 – R&D EXPENSE:

- ▶ Our new product pipeline includes high-quality materials and products to help our customers become more efficient.
- ▶ We are focused on ensuring that our R&D spend is both efficient and effective.

# Income Before Income Taxes

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## Q1 F'24 – INCOME BEFORE INCOME TAXES:

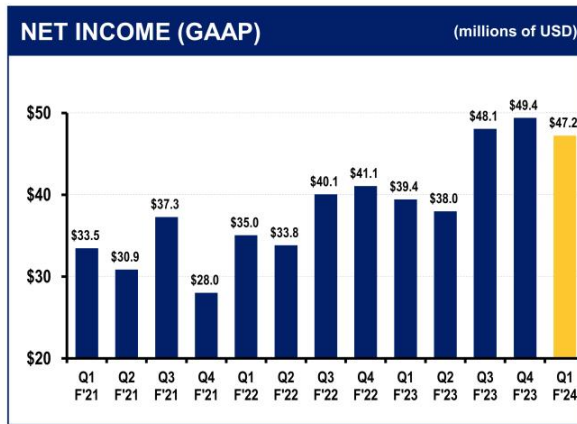
- ▶ GAAP Income before income taxes was up 18.0% to \$59.4M in Q1 of F'24 compared to \$50.3M in Q1 of F'23.
- ▶ Income Before Income Taxes Excluding Certain Items\*, which only removes amortization expense from each period presented, increased 14.4% to \$61.8M in Q1 of F'24 compared to \$54.0M in Q1 of F'23.

\* Income Before Income Taxes Excluding Certain Items is a non-GAAP measure. See appendix.



# Net Income & Diluted EPS

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## Q1 F'24 – NET INCOME & DILUTED EPS:

- ▶ GAAP Net Income was \$47.2M in Q1 of F'24 compared to \$39.4M in Q1 of F'23 (an increase of 19.8%).
  - Net Income Excluding Certain Items\* was \$49.1M in Q1 of F'24 compared to \$42.2M in Q1 of F'23 (an increase of 16.2%).
- ▶ GAAP Diluted EPS was \$0.97 in Q1 of F'24 compared to \$0.79 in Q1 of F'23 (an increase of 22.8%).
  - Diluted EPS Excluding Certain Items\* was \$1.00 in Q1 of F'24 compared to \$0.84 in Q1 of F'23 (an increase of 19.0%).

\* Net Income Excluding Certain Items and Diluted EPS Excluding Certain Items are non-GAAP measures. See appendix.



# Cash Generation

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	3 Mos. Ended		3 Mos. Ended	
	Oct. 31, 2023		Oct. 31, 2022	
<b>Cash Balance - Beginning of Period</b>	<b>\$</b>	<b>151.5</b>	<b>\$</b>	<b>114.1</b>
Cash Flow from Operating Activities		62.3		28.0
Capital Expenditures		(11.3)		(3.9)
Dividends		(11.3)		(11.4)
Share Repurchases		(14.1)		(12.1)
Debt Borrowings		2.6		4.0
Effect of Exchange Rates on Cash		(5.7)		(3.2)
Other		1.4		(1.0)
<b>Cash Balance - End of Period</b>	<b>\$</b>	<b>175.4</b>	<b>\$</b>	<b>114.5</b>

## CASH FLOWS IN Q1 OF F'24:

### Overview:

- ▶ Cash flow from operating activities was up 122.4% in Q1 of F'24; increasing from \$28.0M in Q1 of last year to \$62.3M in the current quarter.
- ▶ Free cash flow\* was \$51.0M in Q1 of F'24 compared to \$24.1M in Q1 of F'23.
- ▶ Cash generation was in excess of net income due to improved working capital management and a constant focus on cash generation.

### Returning Funds to our Shareholders:

In Q1 of F'24, we returned a total of \$25.5M to our shareholders in the form of dividends and buybacks.

- ▶ **Dividends** – Increased our annual dividend for the 38<sup>th</sup> consecutive year.
- ▶ **Buybacks** – Repurchased 279,683 shares in Q1 of F'24 for \$14.1M (average price of \$50.49/share).

\* Free cash flow is calculated as Net Cash Provided by Operating Activities less Capital Expenditures.



# Net Cash

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## STRONG BALANCE SHEET:

- ▶ October 31, 2023 cash = \$175.4M.
- ▶ October 31, 2023 debt = \$52.3M.
- ▶ Balance sheet provides flexibility for future organic and inorganic investments.



# F'24 Diluted EPS Guidance

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**GAAP Diluted EPS** **\$3.70 to \$3.95** (+5.4% to +12.5% vs. F'23)

**F'24 Diluted EPS,  
Excluding Certain Items\*** **\$3.85 to \$4.10** (+5.8% to +12.6% vs. F'23)

## Guidance Assumptions:

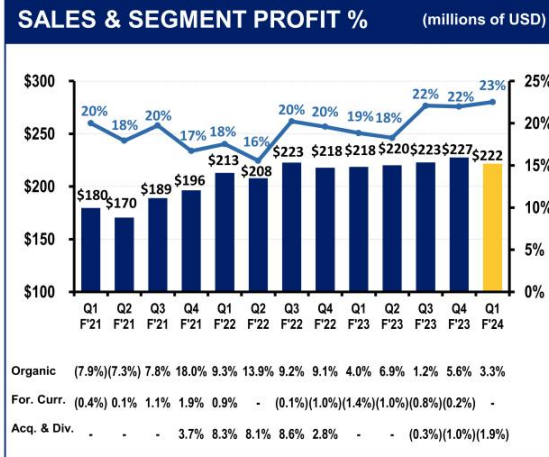
- ▶ F'24 organic sales growth in the mid-single digit percentages.
- ▶ The only difference between GAAP Diluted EPS and Diluted EPS, Excluding Certain Items\* F'24 guidance is the impact of amortization expense of \$0.15 per share.
- ▶ Full-year income tax rate of approximately 22%.
- ▶ Foreign currency exchange rates as of October 31, 2023.
- ▶ Depreciation and amortization expense of \$32M to \$34M.
- ▶ Capital expenditures of approximately \$75M (inclusive of \$55M related to the conversion of previously leased critical manufacturing facilities).

\* Diluted EPS Excluding Certain Items is a non-GAAP measure. See appendix.





Q1 F'24 vs. Q1 F'23		(millions of USD)	
	Q1 F'24	Q1 F'23	Change
Sales	\$ 221.6	\$ 218.5	+ 1.4%
Segment Profit	49.9	41.1	+ 21.3%
Segment Profit %	22.5%	18.8%	+ 370 bps



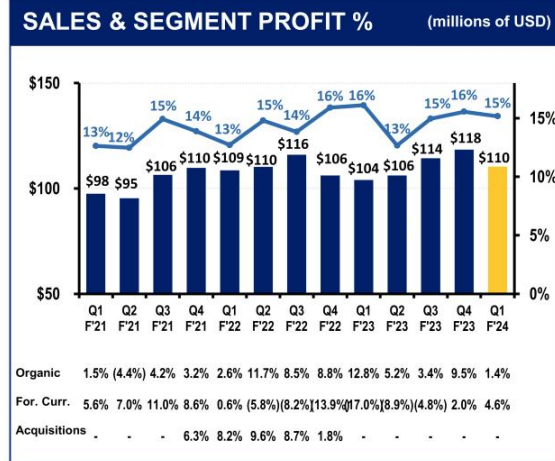
Q1 F'24 SUMMARY:	
• Revenues increased 1.4% in Q1 of F'24:	
• Organic growth = + 3.3%.	
• Divestiture = (1.9%).	
• Organic sales grew 4.4% in the Americas, driven by growth in the wire identification and safety and facility identification product lines.	
• Organic sales declined 4.6% in Asia primarily due to a decline in China.	
• Segment profit increased due to organic sales growth, reduced freight expense and operational efficiencies.	

OUTLOOK:	
• Organic sales growth in the mid-single digit percentages in F'24.	
• Continued growth in segment profit.	

# Europe & Australia

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Q1 F'24 vs. Q1 F'23 (millions of USD)			
	Q1 F'24	Q1 F'23	Change
Sales	\$ 110.4	\$ 104.1	+ 6.0%
Segment Profit	16.7	16.8	(0.1%)
Segment Profit %	15.2%	16.1%	(90 bps)



## Q1 F'24 SUMMARY:

- Revenues increased 6.0% in Q1 of F'24:
  - Organic growth = + 1.4%.
  - Fx increase = + 4.6%.
- Organic sales grew 0.8% in Europe driven by growth in the safety and facility identification product line.
- Organic sales grew 5.1% in Australia which was driven by a combination of increased volume and pricing.
- Segment profit was effectively flat and inflationary pressures reduced segment profit as a % of sales.

## OUTLOOK:

- Organic sales growth in the mid-single digit percentages in F'24.
- Growth in segment profit.

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**See our website at**  
**[www.bradycorp.com/investors](http://www.bradycorp.com/investors)**





## **Appendix**

### **GAAP to Non-GAAP Reconciliations**



# Non-GAAP Reconciliations

## GAAP to NON-GAAP MEASURES

(Unaudited; Dollars in Thousands, Except Per Share Amounts)

In accordance with the U.S. Securities and Exchange Commission's Regulation G, the following provides definitions of the non-GAAP measures used in the earnings release and the reconciliation to the most closely related GAAP measure.

### Income Before Income Taxes Excluding Certain Items:

Brady is presenting the non-GAAP measure, "Income Before Income Taxes Excluding Certain Items." This is not a calculation based upon GAAP. The amounts included in this non-GAAP measure are derived from amounts included in the Consolidated Financial Statements and supporting footnote disclosures. We do not view these items to be part of our ongoing results. We believe this profit measure provides an important perspective of underlying business trends and results and provides a more comparable measure from year to year. The table below provides a reconciliation of the GAAP measure of Income before income taxes to the non-GAAP measure of Income Before Income Taxes Excluding Certain Items:

	Three months ended October 31,	
	2023	2022
Income before income taxes (GAAP measure)	\$ 59,402	\$ 50,335
Amortization expense	2,355	3,631
Income Before Income Taxes Excluding Certain Items (non-GAAP measure)	\$ 61,757	\$ 53,966

### Income Tax Expense Excluding Certain Items:

Brady is presenting the non-GAAP measure, "Income Tax Expense Excluding Certain Items." This is not a calculation based upon GAAP. The amounts included in this non-GAAP measure are derived from amounts included in the Consolidated Financial Statements and supporting footnote disclosures. We do not view these items to be part of our ongoing results. We believe this measure provides an important perspective of underlying business trends and results and provides a more comparable measure from year to year. The table below provides a reconciliation of the GAAP measure of Income tax expense to the non-GAAP measure of Income Tax Expense Excluding Certain Items:

	Three months ended October 31,	
	2023	2022
Income tax expense (GAAP measure)	\$ 12,161	\$ 10,894
Amortization expense	546	865
Income Tax Expense Excluding Certain Items (non-GAAP measure)	\$ 12,707	\$ 11,759

# Non-GAAP Reconciliations

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## GAAP to NON-GAAP MEASURES

(Unaudited; Dollars in Thousands, Except Per Share Amounts)

In accordance with the U.S. Securities and Exchange Commission's Regulation G, the following provides definitions of the non-GAAP measures used in the earnings release and the reconciliation to the most closely related GAAP measure.

### Net Income Excluding Certain Items:

Brady is presenting the non-GAAP measure, "Net Income Excluding Certain Items." This is not a calculation based upon GAAP. The amounts included in this non-GAAP measure are derived from amounts included in the Consolidated Financial Statements and supporting footnote disclosures. We do not view these items to be part of our ongoing results. We believe this measure provides an important perspective of underlying business trends and results and provides a more comparable measure from year to year. The table below provides a reconciliation of the GAAP measure of Net income to the non-GAAP measure of Net Income Excluding Certain Items:

	Three months ended October 31,	
	2023	2022
<b>Net income (GAAP measure)</b>	\$ 47,241	\$ 39,441
Amortization expense	1,809	2,766
<b>Net Income Excluding Certain Items (non-GAAP measure)</b>	<b>\$ 49,050</b>	<b>\$ 42,207</b>

### Diluted EPS Excluding Certain Items:

Brady is presenting the non-GAAP measure, "Diluted EPS Excluding Certain Items." This is not a calculation based upon GAAP. The amounts included in this non-GAAP measure are derived from amounts included in the Consolidated Financial Statements. We do not view these items to be part of our ongoing results. We believe this measure provides an important perspective of underlying business trends and results and provides a more comparable measure from year to year. The table below provides a reconciliation of the GAAP measure of Net income per Class A Nonvoting Common Share to the non-GAAP measure of Diluted EPS Excluding Certain Items (Note that certain amounts will not foot due to rounding):

	Three months ended October 31,	
	2023	2022
<b>Net income per Class A Nonvoting Common Share (GAAP measure)</b>	\$ 0.97	\$ 0.79
Amortization expense	0.04	0.06
<b>Diluted EPS Excluding Certain Items (non-GAAP measure)</b>	<b>\$ 1.00</b>	<b>\$ 0.84</b>

### Diluted EPS Excluding Certain Items Guidance:

	Fiscal 2024 Expectations	
	Low	High
<b>Earnings per diluted Class A Common Share (GAAP measure)</b>	\$ 3.70	\$ 3.95
Amortization expense	0.15	0.15
<b>Diluted EPS Excluding Certain Items (non-GAAP measure)</b>	<b>\$ 3.85</b>	<b>\$ 4.10</b>

