

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): February 22, 2024

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 February 22, 2024, Brady Corporation (the “Company”) issued a press release announcing its fiscal 2024 second 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 7.01 REGULATION FD DISCLOSURE

On February 22, 2024, the Company hosted a conference call related to its fiscal 2024 second quarter financial results. A copy of the slides referenced in the conference call, which is also posted on the Company’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	Press Release of Brady Corporation, dated February 22, 2024, relating to fiscal 2024 second quarter financial results.
99.2	Informational slides provided by Brady Corporation, dated February 22, 2024, relating to fiscal 2024 second quarter financial results.
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: February 22, 2024

/s/ ANN 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 Second Quarter Results and Raises the low end of its Fiscal 2024 Guidance

- Sales for the quarter decreased 1.1 percent. Organic sales increased 1.6 percent, foreign currency translation increased sales 0.8 percent and divestitures decreased sales 3.5 percent.
- Gross profit margin increased to 50.2 percent in the second quarter of fiscal 2024 compared to 48.0 percent in the second quarter of fiscal 2023.
- Diluted EPS increased 18.4 percent to \$0.90 in the second quarter of fiscal 2024 compared to \$0.76 in the same quarter of the prior year. Diluted EPS Excluding Certain Items* increased 14.8 percent to \$0.93 in the second quarter of fiscal 2024 compared to \$0.81 in the same quarter of the prior year.
- Net cash provided by operating activities increased to \$36.1 million in the second quarter of fiscal 2024 compared to \$29.4 million in the second quarter of last year.
- The low end of the Earnings per diluted Class A Common Share guidance was raised for the full year ending July 31, 2024 from the previous range of \$3.70 to \$3.95 to the new range of \$3.80 to \$3.95 on a GAAP basis, and was raised from the previous range of \$3.85 to \$4.10 to the new range of \$3.95 to \$4.10, excluding after-tax amortization expense.

MILWAUKEE (February 22, 2024) -- Brady Corporation (NYSE: BRC) ("Brady" or "Company"), a world leader in identification solutions, today reported its financial results for its fiscal 2024 second quarter ended January 31, 2024.

Quarter Ended January 31, 2024 Financial Results:

Sales for the quarter ended January 31, 2024 decreased 1.1 percent, which consisted of organic sales growth of 1.6 percent, an increase of 0.8 percent from foreign currency translation, and a decrease of 3.5 percent from divestitures. Sales for the quarter ended January 31, 2024 were \$322.6 million compared to \$326.2 million in the same quarter last year. By region, sales decreased 3.8 percent in the Americas & Asia and sales increased 4.5 percent in Europe & Australia, which consisted of organic sales growth of 1.2 percent in the Americas & Asia and organic sales growth of 2.5 percent in Europe & Australia.

Income before income taxes increased 15.1 percent to \$55.8 million for the quarter ended January 31, 2024, compared to \$48.5 million in the same quarter last year. Income Before Income Taxes Excluding Certain Items* for the quarter ended January 31, 2024, which was adjusted for amortization expense of \$2.4 million, was \$58.2 million, an increase of 12.4 percent compared to the second quarter of last year.

Net income for the quarter ended January 31, 2024 was \$43.6 million compared to \$38.0 million in the same quarter last year. Earnings per diluted Class A Nonvoting Common Share were \$0.90 in the second quarter of fiscal 2024, compared to \$0.76 in the same quarter last year. Net Income Excluding Certain Items* for the quarter

ended January 31, 2024 was \$45.4 million and Diluted EPS Excluding Certain Items* for the quarter ended January 31, 2024 was \$0.93. Net Income Excluding Certain Items* for the quarter ended January 31, 2023 was \$40.5 million, and Diluted EPS Excluding Certain Items* for the quarter ended January 31, 2023 was \$0.81.

Six-Month Period Ended January 31, 2024 Financial Results:

Sales for the six-month period ended January 31, 2024 increased 0.9 percent, which consisted of organic sales growth of 2.2 percent, an increase of 1.1 percent from foreign currency translation and a decrease of 2.4 percent from divestitures. Sales for the six months ended January 31, 2024 were \$654.6 million compared to \$648.8 million in the same period last year. By region, sales decreased 1.2 percent in the Americas & Asia and increased 5.3 percent in Europe & Australia, which consisted of organic sales growth of 2.3 percent in the Americas & Asia and organic sales growth of 2.0 percent in Europe & Australia.

Income before income taxes increased 16.6 percent to \$115.2 million for the six-month period ended January 31, 2024, compared to \$98.8 million in the same period last year. Income Before Income Taxes Excluding Certain Items* for the six months ended January 31, 2024, which was adjusted for amortization expense of \$4.7 million, was \$119.9 million, an increase of 13.4 percent compared to the same period of the prior year.

Net income for the six-month period ended January 31, 2024 was \$90.9 million compared to \$77.4 million in the same period last year. Earnings per diluted Class A Nonvoting Common Share were \$1.86 for the six months ended January 31, 2024, compared to \$1.55 in the same period last year. Net Income Excluding Certain Items* for the six months ended January 31, 2024 was \$94.5 million and Diluted EPS Excluding Certain Items* for the six months ended January 31, 2024 was \$1.94. Net Income Excluding Certain Items* for the six months ended January 31, 2023 was \$82.7 million, and Diluted EPS Excluding Certain Items* for the six months ended January 31, 2023 was \$1.65.

Commentary:

“We are delighted with the progress of our reorganization to a regional structure, which we announced in December of 2022. We are realizing operational savings while reinforcing our organization through our investments in R&D and sales and marketing initiatives. Even in this challenging manufacturing environment, we continue to grow with our Europe & Australia region performing particularly well,” said Brady’s President and Chief Executive Officer, Russell R. Shaller. “We believe our pipeline of new products will allow us to grow sales and profit as we integrate our businesses and execute our best go-to-market strategies in each geography. Our financial strength enables us to fund organic and inorganic growth initiatives to position ourselves for future success and increased shareholder value.”

“Brady is financially strong and we once again reported both organic sales growth and profit improvement. This quarter, we grew organic sales by 1.6 percent, we grew GAAP earnings per share by 18.4 percent, and cash flow from operating activities increased to \$36.1 million from \$29.4 million last year,” said Brady’s Chief Financial Officer, Ann Thornton. “Our capital expenditures increased to \$60.8 million through January 31, 2024, which was primarily due to the purchase of a previously leased manufacturing facility. We are still in a net cash position of \$95.8 million at January 31, 2024, which provides us with the flexibility to fully fund our organic growth investments, return funds to our shareholders in the form of dividends, and continue to be opportunistic with share buybacks and strategic acquisitions. We believe that our disciplined approach to capital allocation will continue to drive increased shareholder value over the long term.”

Fiscal 2024 Guidance:

The Company raised the low end of its GAAP earnings per diluted Class A Nonvoting Common Share guidance for the year ending July 31, 2024 from the previous guidance range of \$3.70 to \$3.95 per share to the new full year guidance range of \$3.80 to \$3.95 per share. The Company also raised the low end of its Diluted EPS Excluding Certain Items* guidance for the year ending July 31, 2024 from the previous range of \$3.85 to \$4.10 per share to the new full year guidance range of \$3.95 to \$4.10 per share.

The assumptions included in fiscal 2024 guidance include a full-year income tax rate of approximately 22 percent, depreciation and amortization expense ranging from \$30 million to \$32 million, and capital expenditures of approximately \$75 million, which are inclusive of approximately \$55 million related to the purchase of previously leased manufacturing facilities. Fiscal 2024 guidance is based on foreign currency exchange rates as of January 31, 2024 and assumes continued economic growth.

A webcast regarding Brady's fiscal 2024 second quarter financial results will be available at 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.bradycorp.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 and labor 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 regional epidemics or global 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 and changes in the regulatory and business environment around dual-class voting structures; 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 January 31,		Six months ended January 31,	
	2024	2023	2024	2023
Net sales	\$ 322,624	\$ 326,249	\$ 654,607	\$ 648,818
Cost of goods sold	160,541	169,809	320,805	337,114
Gross margin	162,083	156,440	333,802	311,704
Operating expenses:				
Research and development	16,832	15,377	32,534	29,310
Selling, general and administrative	91,325	92,282	187,612	182,227
Total operating expenses	108,157	107,659	220,146	211,537
Operating income	53,926	48,781	113,656	100,167
Other income (expense):				
Investment and other income	2,684	968	3,122	811
Interest expense	(790)	(1,239)	(1,556)	(2,133)
Income before income taxes	55,820	48,510	115,222	98,845
Income tax expense	12,192	10,524	24,353	21,418
Net income	\$ 43,628	\$ 37,986	\$ 90,869	\$ 77,427
Net income per Class A Nonvoting Common Share:				
Basic	\$ 0.90	\$ 0.76	\$ 1.88	\$ 1.55
Diluted	\$ 0.90	\$ 0.76	\$ 1.86	\$ 1.55
Net income per Class B Voting Common Share:				
Basic	\$ 0.90	\$ 0.76	\$ 1.86	\$ 1.54
Diluted	\$ 0.90	\$ 0.76	\$ 1.85	\$ 1.53
Weighted average common shares outstanding:				
Basic	48,374	49,745	48,440	49,806
Diluted	48,725	50,009	48,768	50,049

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

	January 31, 2024 (Unaudited)	July 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 143,860	\$ 151,532
Accounts receivable, net of allowance for credit losses of \$6,531 and \$8,467, respectively	185,569	184,420
Inventories	164,944	177,078
Prepaid expenses and other current assets	12,147	11,790
Total current assets	506,520	524,820
Property, plant and equipment—net	190,777	142,149
Goodwill	590,535	592,646
Other intangible assets	57,108	62,096
Deferred income taxes	14,899	15,716
Operating lease assets	24,686	29,688
Other assets	23,079	22,142
Total	\$ 1,407,604	\$ 1,389,257
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 80,114	\$ 79,855
Accrued compensation and benefits	56,408	71,470
Taxes, other than income taxes	13,345	13,575
Accrued income taxes	8,228	12,582
Current operating lease liabilities	12,758	14,726
Other current liabilities	66,449	65,828
Total current liabilities	237,302	258,036
Long-term debt	48,090	49,716
Long-term operating lease liabilities	12,510	16,217
Other liabilities	70,970	74,369
Total liabilities	368,872	398,338
Stockholders' equity:		
Common stock:		
Class A nonvoting common stock—Issued 51,261,487 shares, and outstanding 44,792,328 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	353,794	351,771
Retained earnings	1,090,045	1,021,870
Treasury stock—6,469,159 and 6,252,763 shares, respectively of Class A nonvoting common stock, at cost	(305,714)	(290,209)
Accumulated other comprehensive loss	(99,941)	(93,061)
Total stockholders' equity	1,038,732	990,919
Total	\$ 1,407,604	\$ 1,389,257

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

	Six months ended January 31,	
	2024	2023
Operating activities:		
Net income	\$ 90,869	\$ 77,427
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,008	17,117
Stock-based compensation expense	5,263	4,381
Deferred income taxes	(3,640)	(5,234)
Other	947	(908)
Changes in operating assets and liabilities:		
Accounts receivable	(5,030)	280
Inventories	10,078	(1,287)
Prepaid expenses and other assets	(1,187)	(3,502)
Accounts payable and accrued liabilities	(9,754)	(29,156)
Income taxes	(4,203)	(1,734)
Net cash provided by operating activities	98,351	57,384
Investing activities:		
Purchases of property, plant and equipment	(60,832)	(8,167)
Other	—	11
Net cash used in investing activities	(60,832)	(8,156)
Financing activities:		
Payment of dividends	(22,694)	(22,793)
Proceeds from exercise of stock options	5,366	2,688
Payments for employee taxes withheld from stock-based awards	(2,362)	(1,509)
Purchase of treasury stock	(21,797)	(17,861)
Proceeds from borrowing on credit agreement	69,145	71,036
Repayment of borrowing on credit agreement	(70,771)	(88,755)
Other	149	66
Net cash used in financing activities	(42,964)	(57,128)
Effect of exchange rate changes on cash	(2,227)	2,041
Net decrease in cash and cash equivalents	(7,672)	(5,859)
Cash and cash equivalents, beginning of period	151,532	114,069
Cash and cash equivalents, end of period	\$ 143,860	\$ 108,210

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

	Three months ended January 31,		Six months ended January 31,	
	2024	2023	2024	2023
NET SALES				
Americas & Asia	\$ 211,643	\$ 220,067	\$ 433,269	\$ 438,562
Europe & Australia	110,981	106,182	221,338	210,256
Total	\$ 322,624	\$ 326,249	\$ 654,607	\$ 648,818
SALES INFORMATION				
<i>Americas & Asia</i>				
Organic	1.2 %	6.9 %	2.3 %	5.4 %
Currency	0.1 %	(1.0)%	— %	(1.2)%
Divestiture	(5.1)%	— %	(3.5)%	— %
Total	(3.8)%	5.9 %	(1.2)%	4.2 %
<i>Europe & Australia</i>				
Organic	2.5 %	5.2 %	2.0 %	8.9 %
Currency	2.0 %	(8.9)%	3.3 %	(12.8)%
Total	4.5 %	(3.7)%	5.3 %	(3.9)%
<i>Total Company</i>				
Organic	1.6 %	6.3 %	2.2 %	6.6 %
Currency	0.8 %	(3.7)%	1.1 %	(5.1)%
Divestiture	(3.5)%	— %	(2.4)%	— %
Total	(1.1)%	2.6 %	0.9 %	1.5 %
SEGMENT PROFIT				
Americas & Asia	\$ 43,895	\$ 40,174	\$ 93,792	\$ 81,319
Europe & Australia	15,054	13,459	31,798	30,217
Total segment profit	\$ 58,949	\$ 53,633	\$ 125,590	\$ 111,536
SEGMENT PROFIT AS A PERCENT OF NET SALES				
Americas & Asia	20.7 %	18.3 %	21.6 %	18.5 %
Europe & Australia	13.6 %	12.7 %	14.4 %	14.4 %
Total	18.3 %	16.4 %	19.2 %	17.2 %

	Three months ended January 31,		Six months ended January 31,	
	2024	2023	2024	2023
Total segment profit	\$ 58,949	\$ 53,633	\$ 125,590	\$ 111,536
Unallocated amounts:				
Administrative costs	(5,023)	(4,852)	(11,934)	(11,369)
Investment and other income	2,684	968	3,122	811
Interest expense	(790)	(1,239)	(1,556)	(2,133)
Income before income taxes	\$ 55,820	\$ 48,510	\$ 115,222	\$ 98,845

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 January 31,		Six months ended January 31,	
	2024	2023	2024	2023
Income before income taxes (GAAP measure)	\$ 55,820	\$ 48,510	\$ 115,222	\$ 98,845
Amortization expense	2,364	3,258	4,719	6,889
Income Before Income Taxes Excluding Certain Items (non-GAAP measure)	\$ 58,184	\$ 51,768	\$ 119,941	\$ 105,734

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 January 31,		Six months ended January 31,	
	2024	2023	2024	2023
Income tax expense (GAAP measure)	\$ 12,192	\$ 10,524	\$ 24,353	\$ 21,418
Amortization expense	548	769	1,094	1,634
Income Tax Expense Excluding Certain Items (non-GAAP measure)	\$ 12,740	\$ 11,293	\$ 25,447	\$ 23,052

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 January 31,		Six months ended January 31,	
	2024	2023	2024	2023
Net income (GAAP measure)	\$ 43,628	\$ 37,986	\$ 90,869	\$ 77,427
Amortization expense	1,816	2,489	3,625	5,255
Net Income Excluding Certain Items (non-GAAP measure)	\$ 45,444	\$ 40,475	\$ 94,494	\$ 82,682

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 January 31,		Six months ended January 31,	
	2024	2023	2024	2023
Net income per Class A Nonvoting Common Share (GAAP measure)	\$ 0.90	\$ 0.76	\$ 1.86	\$ 1.55
Amortization expense	0.04	0.05	0.07	0.10
Diluted EPS Excluding Certain Items (non-GAAP measure)	\$ 0.93	\$ 0.81	\$ 1.94	\$ 1.65

Diluted EPS Excluding Certain Items Guidance:

	Fiscal 2024 Expectations	
	Low	High
Earnings per Class A Nonvoting Common Share (GAAP measure)	\$ 3.80	\$ 3.95
Amortization expense	0.15	0.15
Diluted EPS Excluding Certain Items (non-GAAP measure)	\$ 3.95	\$ 4.10



Brady Corporation

F'24 Q2 Financial Results

February 22, 2024



Forward-Looking Statements

2

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 and labor 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 regional epidemics or global 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 and changes in the regulatory and business environment around dual-class voting structures; 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.



Q2 F'24 Highlights

3

Organic Sales Growth

- ▶ Organic sales grew 1.6%, with organic growth in both regions.

Improved GPM

- ▶ GPM of 50.2% compared to 48.0% in Q2 of F'23.
- ▶ Healthy gross profit margins demonstrate our high value-add.

Expanding Earnings per Share

- ▶ GAAP EPS of \$0.90 was up 18.4% over Q2 of last year.
- ▶ Diluted EPS Excluding Certain Items* increased 14.8% to \$0.93 in Q2 of F'24 compared to \$0.81 in Q2 of F'23.

Regional Results

- ▶ Americas & Asia organic sales growth of 1.2%; segment profit increased 9.3%.
- ▶ Europe & Australia organic sales growth of 2.5%; segment profit increased 11.9%.

Returning Capital to our Shareholders

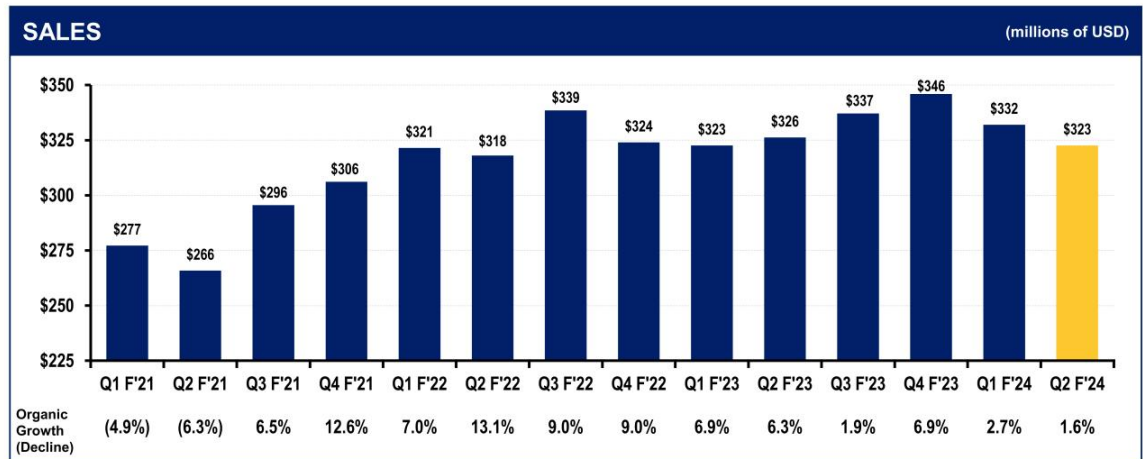
- ▶ Purchased 143k shares for \$7.7M.
- ▶ Paid dividends of \$11.4M.
- ▶ In a net cash position of \$95.8M at January 31, 2024.

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



Sales Overview

4



Q2 F'24 SALES:

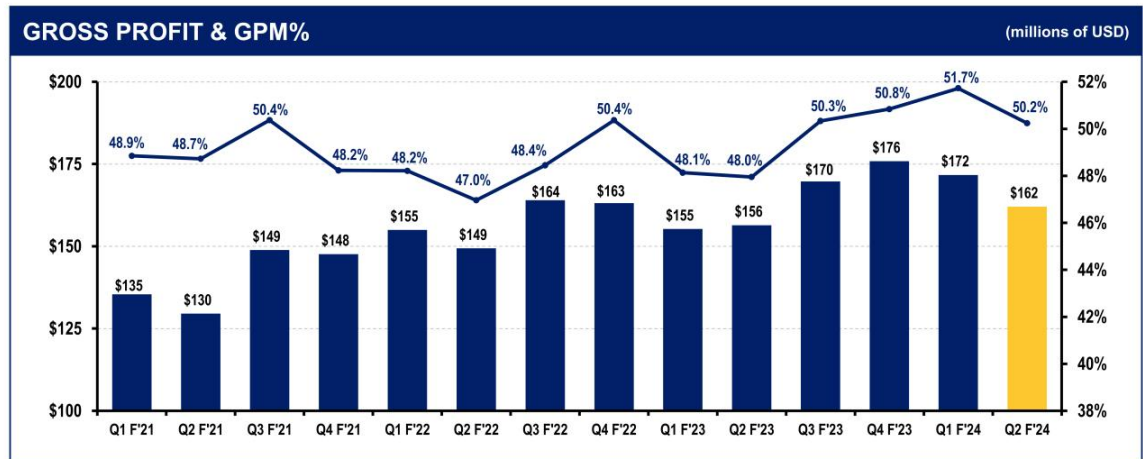
- ▶ Total sales decreased 1.1%.
- ▶ Organic sales increased 1.6%.
 - Americas & Asia – Organic sales increased 1.2%.
 - Europe & Australia – Organic sales increased 2.5%.
- ▶ Foreign currency translation increased sales 0.8%.
- ▶ Divestitures decreased sales 3.5%.

Q2 F'24 SALES COMMENTARY:

- ▶ Organic sales were up 0.7% in the Americas with growth in all product lines except healthcare identification.
- ▶ Asia organic sales were up 5.1% with growth throughout the region.
- ▶ Organic sales were up 2.3% in Europe with growth in all major product lines.
- ▶ Australia organic sales were up 3.7%.

Gross Profit Margin

5

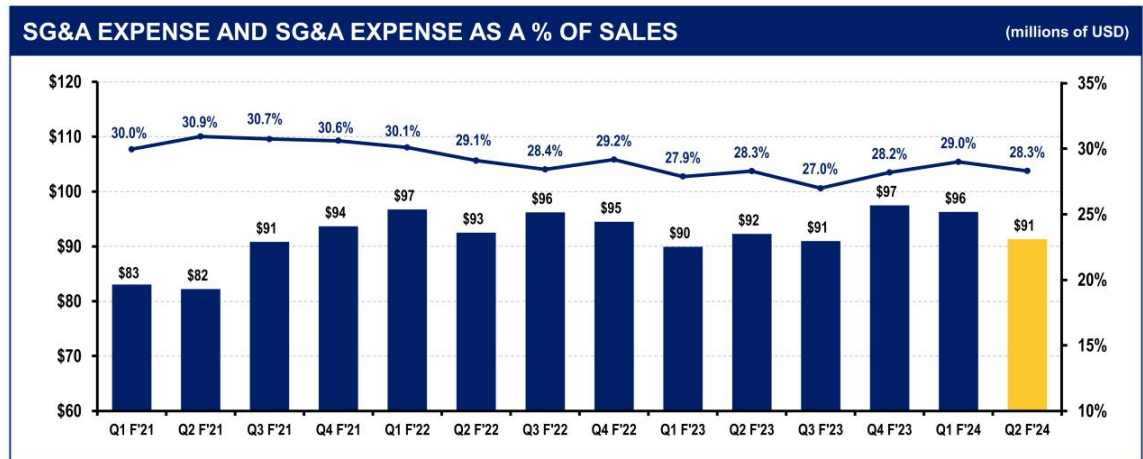


Q2 F'24 – GROSS PROFIT MARGIN:

- ▶ Gross profit margin of 50.2% compared to 48.0% in Q2 of F'23.
- ▶ Improved product mix was the primary driver of the increase in gross profit margin in Q2 of F'24.
- ▶ Inflation continues, but we are experiencing a reduced rate of inflation in certain geographies.

SG&A Expense

6



Q2 F'24 – SG&A EXPENSE:

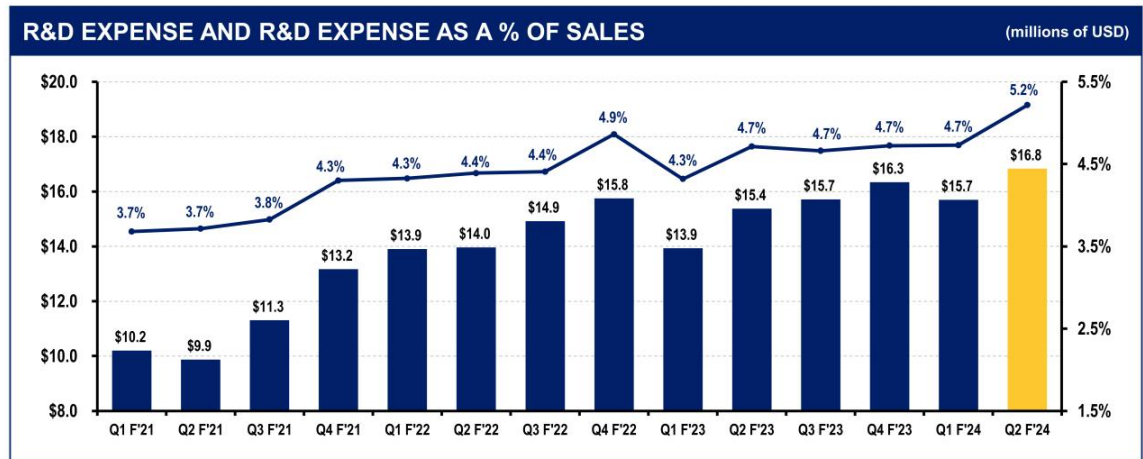
- ▶ SG&A expense was 28.3% of sales in both Q2 of F'24 and Q2 of F'23. Excluding amortization* from both periods, SG&A expense was 27.6% of sales compared to 27.3% of sales in the same quarter last year.
- ▶ Inflation continues in certain geographies. We continue to focus on executing sustainable efficiency gains in order to offset cost increases, while making the necessary investments to drive future sales growth.

* See appendix for non-GAAP measures.



R&D Expense

7



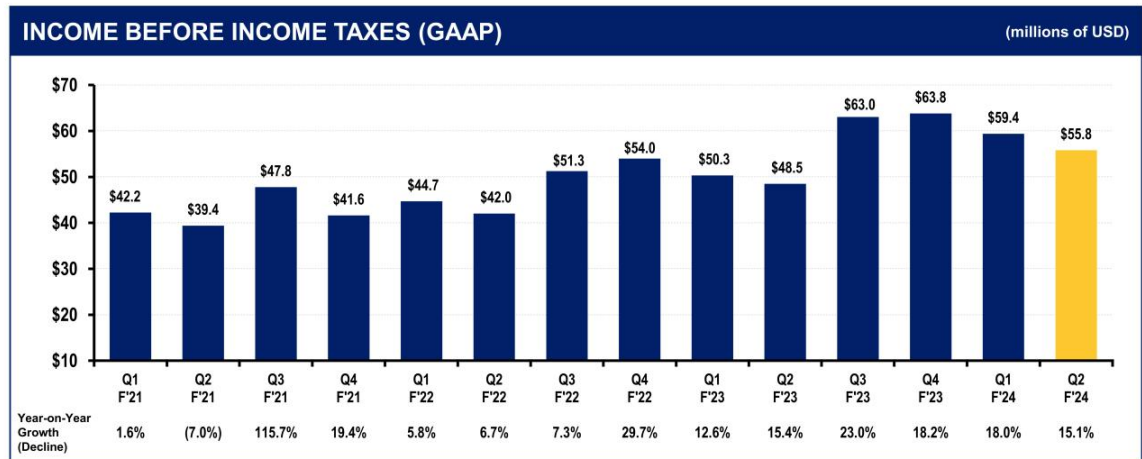
Q2 F'24 – R&D EXPENSE:

- ▶ We remain committed to our investments in R&D, our new product pipeline includes innovative products that solve problems for our customers.
- ▶ We are focused on ensuring that our R&D spend is both efficient and effective.



Income Before Income Taxes

8



Q2 F'24 – INCOME BEFORE INCOME TAXES:

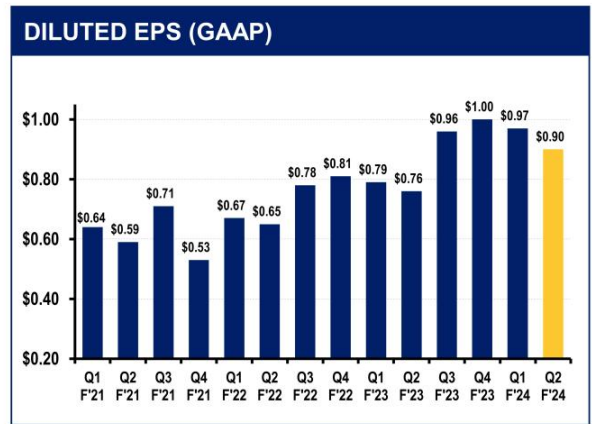
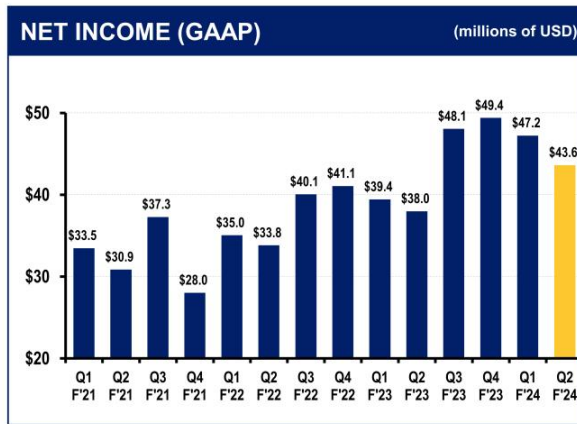
- ▶ GAAP Income before income taxes was up 15.1% to \$55.8M in Q2 of F'24 compared to \$48.5M in Q2 of F'23.
- ▶ Income Before Income Taxes Excluding Certain Items*, which only removes amortization expense from each period presented, increased 12.4% to \$58.2M in Q2 of F'24 compared to \$51.8M in Q2 of F'23.

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



Net Income & Diluted EPS

9



Q2 F'24 – NET INCOME & DILUTED EPS:

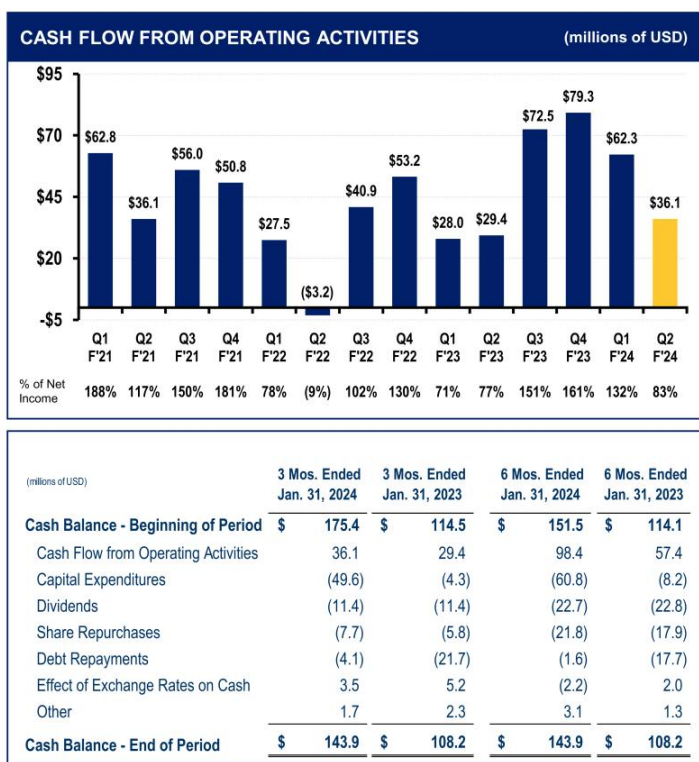
- ▶ GAAP Net Income was \$43.6M in Q2 of F'24 compared to \$38.0M in Q2 of F'23 (an increase of 14.9%).
 - Net Income Excluding Certain Items* was \$45.4M in Q2 of F'24 compared to \$40.5M in Q2 of F'23 (an increase of 12.3%).
- ▶ GAAP Diluted EPS was \$0.90 in Q2 of F'24 compared to \$0.76 in Q2 of F'23 (an increase of 18.4%).
 - Diluted EPS Excluding Certain Items* was \$0.93 in Q2 of F'24 compared to \$0.81 in Q2 of F'23 (an increase of 14.8%).

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



Cash Generation

10



CASH FLOWS IN Q2 OF F'24:

Overview:

- ▶ Cash flow from operating activities was up 22.8% in Q2 of F'24; increasing from \$29.4M in Q2 of last year to \$36.1M in the current quarter.
- ▶ Free cash flow* was (\$13.5M) in Q2 of F'24 compared to \$25.1M in Q2 of F'23.
- ▶ Free cash flow was negative in Q2 of F'24 due to the purchase of a previously leased facility.

Returning Funds to our Shareholders:

In Q2 of F'24, we returned a total of \$19.0M to our shareholders in the form of dividends and share buybacks.

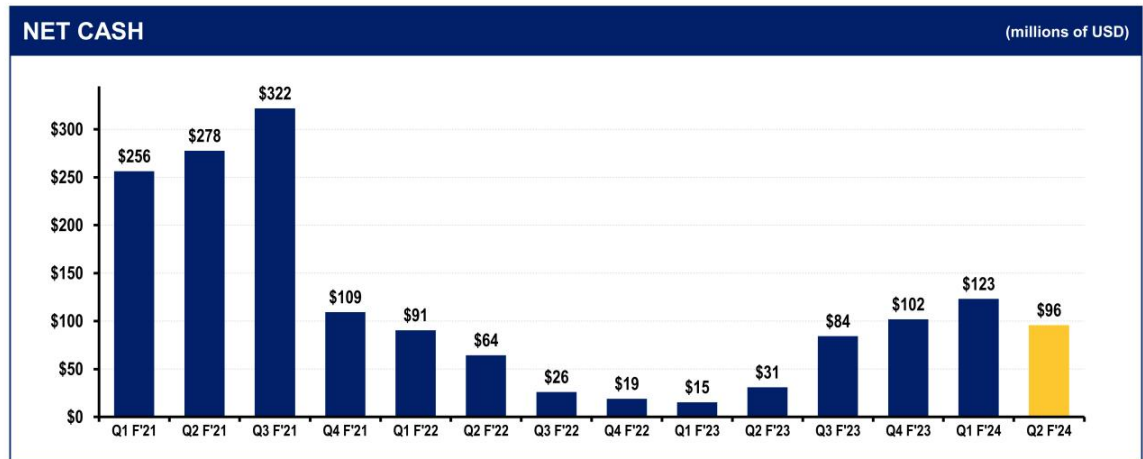
- ▶ **Dividends** – Increased our annual dividend for the 38th consecutive year.
- ▶ **Share Buybacks** – Repurchased 143,115 shares in Q2 of F'24 for \$7.7M (average price of \$53.63/share).

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



Net Cash

11



STRONG BALANCE SHEET:

- ▶ January 31, 2024 cash = \$143.9M.
- ▶ January 31, 2024 debt = \$48.1M.
- ▶ Balance sheet provides flexibility for future organic and inorganic investments.



F'24 Diluted EPS Guidance

12

GAAP Diluted EPS **\$3.80 to \$3.95** (+8.3% to +12.5% vs. F'23)

**F'24 Diluted EPS,
Excluding Certain Items*** **\$3.95 to \$4.10** (+8.5% to +12.6% vs. F'23)

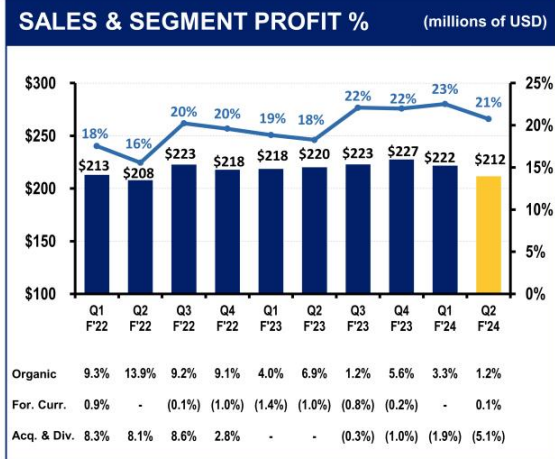
Guidance Assumptions:

- ▶ F'24 organic sales growth in the low-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 January 31, 2023.
- ▶ Depreciation and amortization expense of \$30M to \$32M.
- ▶ 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.



Q2 F'24 vs. Q2 F'23 (millions of USD)			
	Q2 F'24	Q2 F'23	Change
Sales	\$ 211.6	\$ 220.1	(3.8%)
Segment Profit	43.9	40.2	+ 9.3%
Segment Profit %	20.7%	18.3%	+ 240 bps



Q2 F'24 SUMMARY:

- Revenues decreased 3.8% in Q2 of F'24:
 - Organic growth = + 1.2%.
 - Fx increase = + 0.1%.
 - Divestiture = (5.1%).
- Organic sales grew 0.7% in the Americas. Growth in wire identification, safety and facility identification, and product identification, decline in healthcare identification.
- Organic sales grew 5.1% in Asia; growth throughout the region.
- Segment profit increased due to organic sales growth in higher gross margin product lines.

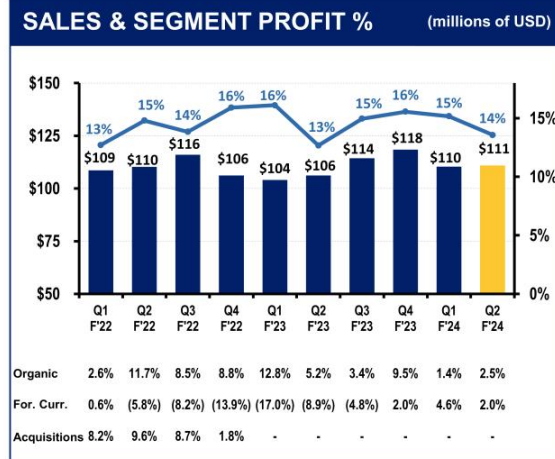
OUTLOOK:

- Organic sales growth in the low-single digit percentages in F'24.
- Continued growth in segment profit.

Europe & Australia

14

Q2 F'24 vs. Q2 F'23		(millions of USD)	
	Q2 F'24	Q2 F'23	Change
Sales	\$ 111.0	\$ 106.2	+ 4.5%
Segment Profit	15.1	13.5	+ 11.9%
Segment Profit %	13.6%	12.7%	+ 90 bps



Q2 F'24 SUMMARY:

- Revenues increased 4.5% in Q2 of F'24:
 - Organic growth = + 2.5%.
 - Fx increase = + 2.0%.
- Organic sales grew 2.3% in Europe driven by growth in all major product lines.
- Organic sales grew 3.7% in Australia due to increased volume and pricing.
- Segment profit increased due to organic growth and operational efficiencies.

OUTLOOK:

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

Brady Contact:

Ann Thornton
Investor Relations
414-438-6887

Ann_Thornton@bradycorp.com

See our website at
www.bradycorp.com/investors



Appendix

GAAP to Non-GAAP Reconciliations



Non-GAAP Reconciliations

17

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 January 31,		Six months ended January 31,	
	2024	2023	2024	2023
Income before income taxes	\$ 55,820	\$ 48,510	\$ 115,222	\$ 98,845
Amortization expense	2,364	3,258	4,719	6,889
Income Before Income Taxes Excluding Certain Items (non-GAAP measure)	\$ 58,184	\$ 51,768	\$ 119,941	\$ 105,734

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 January 31,		Six months ended January 31,	
	2024	2023	2024	2023
Income tax expense (GAAP measure)	\$ 12,192	\$ 10,524	\$ 24,353	\$ 21,418
Amortization expense	548	769	1,094	1,634
Income Tax Expense Excluding Certain Items (non-GAAP measure)	\$ 12,740	\$ 11,293	\$ 25,447	\$ 23,052

Non-GAAP Reconciliations

18

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 January 31,		Six months ended January 31,	
	2024	2023	2024	2023
Net income (GAAP measure)	\$ 43,628	\$ 37,986	\$ 90,869	\$ 77,427
Amortization expense	1,816	2,489	3,625	5,255
Net Income Excluding Certain Items (non-GAAP measure)	\$ 45,444	\$ 40,475	\$ 94,494	\$ 82,682

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 January 31,		Six months ended January 31,	
	2024	2023	2024	2023
Net income per Class A Nonvoting Common Share (GAAP measure)	\$ 0.90	\$ 0.76	\$ 1.86	\$ 1.55
Amortization expense	0.04	0.05	0.07	0.10
Diluted EPS Excluding Certain Items (non-GAAP measure)	\$ 0.93	\$ 0.81	\$ 1.94	\$ 1.65

Diluted EPS Excluding Certain Items Guidance:

	Fiscal 2024 Expectations	
	Low	High
Earnings per diluted Class A Common Share (GAAP measure)	\$ 3.80	\$ 3.95
Amortization expense	0.15	0.15
Diluted EPS Excluding Certain Items (non-GAAP measure)	\$ 3.95	\$ 4.10

