# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 8-K/A

## CURRENT REPORT

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

**Date of Report (Date of earliest event reported): August 3, 2026**

# BRADY CORPORATION

(Exact name of registrant as specified in its charter)

**Commission File Number 1-14959**

| **Wisconsin** | **39-0178960** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (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. ☐

**Introductory Note**

This Current Report on Form 8-K/A amends the Original Form 8-K to include the financial statements and pro forma information required by Item 9.01(a) and 9.01(b), respectively, of Form 8-K and that were excluded from the Original Form 8-K. Except for the filing of such financial statements and pro forma information, this Form 8-K/A does not modify or update other disclosures in, or exhibits to, the Original Form 8-K. This Amendment should be read together with the Original Form 8-K.

The pro forma financial information included as Exhibit 99.3 to this Current Report on Form 8-K/A has been presented for illustrative purposes only as required by Form 8-K, and is not intended to, and does not purport to, represent what the Company's actual results or financial condition would have been if the acquisition had occurred on the relevant date, and is not intended to project the future results or the financial condition that the Company may achieve following the acquisition.

Item 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

Effective August 3, 2026, Brady Corporation (the "Company") completed its previously announced acquisition of Honeywell International Inc.'s Productivity Solutions and Services business pursuant to the terms of the Equity Purchase Agreement dated as of April 20, 2026, as previously disclosed in the Company's Current Report on Form 8-K (the "Original Form 8-K") filed on August 6, 2026.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of Business Acquired.

The audited combined financial statements of the Productivity Solutions and Services business (the "Business") as of and for the years ended December 31, 2025 and 2024 and the unaudited condensed combined financial statements of the Productivity Solutions and Services business as of and for the six months ended June 27, 2026 and June 28, 2025 are attached as Exhibit 99.1 and Exhibit 99.2, respectively, to this Form 8-K/A and incorporated herein by reference. Such financial statements of the Business were prepared in accordance with U.S. generally accepted accounting principles as issued by the Financial Accounting Standards Board.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined financial information of the Company for the year ended July 31, 2026 and the Productivity Solutions and Services business for the year ended June 27, 2026 are attached as Exhibit 99.3 to this Form 8-K/A and incorporated herein by reference.

(c) Not applicable.

(d) Exhibits.

| EXHIBIT NUMBER | DESCRIPTION |
|---|---|
| 23.1 | Consent of Deloitte & Touche LLP, independent registered public accounting firm |
| 99.1 | Audited Combined Financial Statements of the Productivity Solutions and Services business as of and for the years ended December 31, 2025 and 2024 |
| 99.2 | Unaudited Condensed Combined Financial Statements of the Productivity Solutions and Services business as of and for the six months ended June 27, 2026 and June 28, 2025 |
| 99.3 | Unaudited Pro Forma Condensed Combined Financial Information of Brady Corporation for the year ended July 31, 2026 and the Productivity Solutions and Services business for the year ended June 27, 2026 |
| 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: October 16, 2026

/s/ ANN E. THORNTON

Ann E. Thornton

Chief Financial Officer, Chief Accounting Officer and Treasurer

**CONSENT OF INDEPENDENT AUDITORS**

We consent to the incorporation by reference in Registration Statement Nos. 333-38857, 333-92417, 333-137686, 333-212625, and 333-274342 on Form S-8 of Brady Corporation of our report dated March 13, 2026 (October 14, 2026 as to Note 6, *Income Taxes*), relating to the financial statements of Productivity Solutions and Services for the years ended December 31, 2025 and 2024, appearing in this Current Report on Form 8-K/A dated October 16, 2026.

/s/ Deloitte & Touche LLP

Charlotte, North Carolina
October 16, 2026

# PRODUCTIVITY SOLUTIONS AND SERVICES BUSINESS OF HONEYWELL INTERNATIONAL INC.

**Combined Financial Statements**

As of and for the years ended December 31, 2025, and 2024
Independent Auditor's Report

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**INDEPENDENT AUDITOR'S REPORT**

To Those Charged with Governance of the Productivity Solutions and Services Business
Milwaukee, Wisconsin

**Opinion**

We have audited the combined financial statements of the Productivity Solutions and Services business of Honeywell International Inc. (the "Business"), which comprise the combined balance sheets as of December 31, 2025 and 2024, and the related combined statements of operations, comprehensive income, equity, and cash flows for the years then ended, and the related notes to the combined financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Business as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Business and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the accompanying financial statements have been derived from the separate records maintained by Honeywell International Inc. ("Honeywell") and reflect the historical results of operations, financial position and cash flows of the Business that was historically managed by Honeywell. The financial statements also include expense allocations for certain corporate functions historically provided by Honeywell. These allocations may not be reflective of the actual expense that would have been incurred had the Business operated as a separate entity apart from Honeywell. Our opinion is not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Business' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The

risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

• Exercise professional judgment and maintain professional skepticism throughout the audit.

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Business' internal control. Accordingly, no such opinion is expressed.

• Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

• Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Business' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Deloitte & Touche LLP

Charlotte, North Carolina
March 13, 2026, except for Note 6, Income Taxes, as to which the date is October 14, 2026

**PRODUCTIVITY SOLUTIONS AND SERVICES BUSINESS OF HONEYWELL INTERNATIONAL INC.**
**COMBINED STATEMENTS OF OPERATIONS**
**(Dollars in millions)**

| | Years Ended December 31, | |
|---|---|---|
| | **2025** | **2024** |
| **Net sales** | **$ 1,147** | **$ 1,202** |
| Cost of sales | 627 | 610 |
| Research and development expenses | 101 | 85 |
| Selling, general and administrative expenses | 283 | 283 |
| Other (income) expense | (6) | 6 |
| **Total costs, expenses and other** | **1,005** | **984** |
| **Income before taxes** | **142** | **218** |
| Income tax expense | 37 | 51 |
| **Net income** | **$ 105** | **$ 167** |

The Notes to the Combined Financial Statements are an integral part of this statement.

**PRODUCTIVITY SOLUTIONS AND SERVICES BUSINESS OF HONEYWELL INTERNATIONAL INC.**
**COMBINED STATEMENTS OF COMPREHENSIVE INCOME**
**(Dollars in millions)**

| | Years Ended December 31, | |
|---|---|---|
| | **2025** | **2024** |
| Net income | $ 105 | $ 167 |
| Other comprehensive income (loss), net of tax | | |
| **Foreign exchange translation adjustment** | **25** | **(18)** |
| Cash flow hedges recognized in other comprehensive income | (2) | (1) |
| Less: Reclassification adjustment for losses (gains) included in net income | 2 | (1) |
| **Changes in fair value of cash flow hedges** | **—** | **(2)** |
| Total other comprehensive income (loss), net of tax | 25 | (20) |
| **Comprehensive income** | **$ 130** | **$ 147** |

The Notes to the Combined Financial Statements are an integral part of this statement.

**PRODUCTIVITY SOLUTIONS AND SERVICES BUSINESS OF HONEYWELL INTERNATIONAL INC.**
**COMBINED BALANCE SHEETS**
**(Dollars in millions)**

| | December 31, | |
|---|---|---|
| | **2025** | **2024** |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 242 | $ 267 |
| Accounts receivable, net | 216 | 166 |
| Inventories | 191 | 161 |
| Contract assets | 8 | 12 |
| Other current assets | 28 | 36 |
| **Total current assets** | **685** | **642** |
| Property, plant and equipment – net | 27 | 24 |
| Goodwill | 1,138 | 1,112 |
| Intangible assets - net | 43 | 59 |
| Deferred income taxes | 38 | 30 |
| Right-of-use assets | 14 | 17 |
| Other assets | 20 | 21 |
| **Total assets** | **$ 1,965** | **$ 1,905** |
| **LIABILITIES** | | |
| Current liabilities: | | |
| Accounts payable | $ 251 | $ 265 |
| Accrued liabilities | 134 | 124 |
| Contract liabilities | 124 | 121 |
| **Total current liabilities** | **509** | **510** |
| Deferred income taxes | 10 | 9 |
| Operating lease liabilities | 9 | 13 |
| Contract liabilities | 95 | 96 |
| Other liabilities | 81 | 77 |
| **Total liabilities** | **704** | **705** |
| **EQUITY** | | |
| Net Parent investment | 1,258 | 1,222 |
| Accumulated other comprehensive income (loss) | 3 | (22) |
| **Total equity** | **1,261** | **1,200** |
| **Total liabilities and equity** | **$ 1,965** | **$ 1,905** |

The Notes to the Combined Financial Statements are an integral part of this statement.

**PRODUCTIVITY SOLUTIONS AND SERVICES BUSINESS OF HONEYWELL INTERNATIONAL INC.**
**COMBINED STATEMENTS OF CASH FLOWS**
**(Dollars in millions)**

| | Years Ended December 31, | |
|---|---|---|
| | **2025** | **2024** |
| **Cash flows from operating activities:** | | |
| **Net income** | **$ 105** | **$ 167** |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation | 5 | 7 |
| Amortization | 16 | 18 |
| Repositioning | 8 | 2 |
| Net payments for repositioning | (3) | (2) |
| Stock compensation expense | 6 | 6 |
| Deferred income taxes | (7) | (10) |
| Changes in assets and liabilities | | |
| Accounts receivable | (38) | (14) |
| Inventories | (26) | 16 |
| Contract assets | 2 | 1 |
| Other current assets | 9 | (14) |
| Accounts payable | (21) | 18 |
| Accrued liabilities | 1 | (10) |
| Contract liabilities | (3) | 9 |
| Other | (3) | — |
| **Net cash provided by operating activities** | **51** | **194** |
| **Cash flows from investing activities:** | | |
| Expenditures for property, plant, and equipment | (8) | (5) |
| **Net cash used for investing activities** | **(8)** | **(5)** |
| **Cash flows from financing activities:** | | |
| Net transfers to Parent | (75) | (107) |
| **Net cash used for financing activities** | **(75)** | **(107)** |
| Effect of foreign exchange rate changes on cash and cash equivalents | 7 | (7) |
| **Net (decrease) increase in cash and cash equivalents** | **(25)** | **75** |
| Cash and cash equivalents at beginning of period | 267 | 192 |
| **Cash and cash equivalents at end of period** | **$ 242** | **$ 267** |
| | | |
| **Supplemental cash flow information:** | | |
| Income taxes paid, net of refunds | 18 | 22 |
| Transfer of property, plant and equipment - net, to the Parent | — | (5) |

The Notes to the Combined Financial Statements are an integral part of this statement.

**PRODUCTIVITY SOLUTIONS AND SERVICES BUSINESS OF HONEYWELL INTERNATIONAL INC.**
**COMBINED STATEMENTS OF EQUITY**
**(Dollars in millions)**

| | Net Parent Investment | Accumulated Other Comprehensive (Loss) Income | Total Equity |
|---|---|---|---|
| **Balance January 1, 2024** | **$ 1,152** | **$ (2)** | **$ 1,150** |
| Net income | 167 | — | 167 |
| Foreign exchange translation adjustment | — | (18) | (18) |
| Changes in fair value of effective cash flow hedges | — | (2) | (2) |
| Net transfers to Parent | (97) | — | (97) |
| **Balance December 31, 2024** | **$ 1,222** | **$ (22)** | **$ 1,200** |
| Net income | 105 | — | 105 |
| Foreign exchange translation adjustment | — | 25 | 25 |
| Changes in fair value of effective cash flow hedges | — | — | — |
| Net transfers to Parent | (69) | — | (69) |
| **Balance December 31, 2025** | **$ 1,258** | **$ 3** | **$ 1,261** |

The Notes to the Combined Financial Statements are an integral part of this statement.

## Note 1. Business Overview and Basis of Presentation

The accompanying Combined Financial Statements and notes present the combined results of operations, financial position and cash flows of the Productivity Solutions and Services business ("Productivity", the "Business" or the "Company") of Honeywell International Inc. ("Honeywell" or "Parent"). The Company provides hardware, software and automation solutions, including mobile devices, data capture devices, and cloud-based software to customers across industries such as retail, logistics, distribution and healthcare.

For the years presented in these Combined Financial Statements, the Business historically operated as part of Honeywell's Industrial Automation segment; consequently, separate financial statements have not historically been prepared for the Business. The Combined Financial Statements have been derived from Honeywell's historical accounting records as if the operations of the Business had been conducted independently from Honeywell and were prepared on a stand-alone basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The historical results of operations, financial position and cash flows of the Business presented in these Combined Financial Statements may not be indicative of what they would have been had the Business been an independent stand-alone entity, nor are they necessarily indicative of the Business' future combined results of operations, financial position, and cash flows.

The Combined Financial Statements include all revenues and costs directly attributable to the Business and an allocation of expenses related to certain Honeywell corporate functions (Note 3). The costs of such corporate functions were allocated to the Business based on direct usage when identifiable, with the remainder of these expenses allocated to the Business based on a proportion of net sales. The Business and Honeywell consider these allocations to be a reasonable reflection of the utilization of services or the benefits received. However, the allocations may not be indicative of the actual expense that would have been incurred had the Business operated as an independent, stand-alone entity, nor are they indicative of future expenses of the Business.

The Combined Financial Statements include assets and liabilities specifically attributable to the Business and certain assets and liabilities that are held by Honeywell that are specifically identifiable or otherwise attributable to the Business. Honeywell uses a centralized approach to cash management and financing of its operations. Accordingly, a substantial portion of the Business' cash accounts are regularly cleared to the Parent at Honeywell's discretion. Transfers of cash between Honeywell and the Business are included within Net transfers to Parent on the Combined Statements of Cash Flows and the Combined Statements of Equity. *Cash and cash equivalents* in the Combined Financial Statements represents cash and cash equivalents held by or amounts otherwise attributable to the Business. Honeywell's long-term debt and related interest expense have not been attributed to the Business for any of the periods presented because Honeywell's borrowings are neither directly attributable to the Business nor is the Business the legal obligor of such borrowings.

All intercompany transactions and balances within the Business have been eliminated. Transactions between the Business and Honeywell are deemed to have been settled immediately through *Net Parent investment*. The net effect of the deemed settled transactions is reflected in the Combined Statements of Cash Flows as *Net transfers to Parent* within financing activities and in the Combined Balance Sheets as *Net Parent investment*.

## Note 2. Summary of Significant Accounting Policies

### *Recent Accounting Pronouncements*

The Company considers the applicability and impact of all Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board (FASB). ASUs not listed below were assessed and determined to be either not applicable or are expected to have a minimal impact on the Company's Combined Statements of Operations, Combined Balance Sheets and Combined Statements of Cash Flows.

In September 2025, the FASB issued ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software, which modernizes the accounting for internal-use software costs by removing all references to prescriptive and sequential software development stages. The new standard requires entities to consider

whether significant development uncertainty has been resolved before starting to capitalize software costs and aligns disclosure requirements with Accounting Standard Codification (ASC) 360, Property, Plant, and Equipment. The ASU is effective for annual and interim reporting periods beginning after December 15, 2027, and can be applied prospectively, retrospectively, or using a modified transition method, with early adoption permitted. The Company is currently evaluating the impacts of this guidance on the Company's Combined Financial Statements.

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires companies to disclose additional information about the types of expenses in commonly presented expense captions. The new standard requires tabular disclosure of specified natural expenses in certain expense captions, a qualitative description of amounts that are not separately disaggregated, and disclosure of the Company's definition and total amount of selling expenses. The ASU should be applied prospectively for annual reporting periods beginning after December 15, 2026, with retrospective application and early adoption permitted. The Company is currently evaluating the impacts of this guidance on the Company's Combined Financial Statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Taxes Disclosures*, which requires greater disaggregation of income tax disclosures. The new standard requires additional information to be disclosed annually with respect to the income tax rate reconciliation and income taxes paid disaggregated by jurisdiction. This ASU may be applied prospectively for fiscal years beginning after December 15, 2024, with retrospective application permitted. The Company adopted this guidance on a retrospective basis for annual disclosures for the years ended December 31, 2025 and December 31, 2024. See Note 6, *Income Taxes*. The adoption of this standard did not have a material impact on the Company’s Combined Financial Statements.

***Use of Estimates***

The Company prepares its Combined Financial Statements in conformity with GAAP. In doing so, the Company is required to make estimates and assumptions that affect the amounts reported in the Combined Financial Statements and accompanying notes. The Company bases these estimates on historical experience and on various other assumptions that the Company believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The Company’s actual results may differ materially from these estimates. Significant estimates inherent in the preparation of these Combined Financial Statements include, but are not limited to, accounting for allocation of expenses related to certain Honeywell corporate functions, evaluation of goodwill and other intangible assets for impairment, and recoverability of deferred taxes.

***Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand and highly liquid investments having an original maturity of three months or less. The Company participates in Honeywell’s cash management and financing programs. The cash reflected on the Combined Financial Statements represents cash on hand at certain foreign and domestic locations which do not participate in Honeywell’s centralized cash management program.

***Accounts Receivable and Allowances***

The Company records accounts receivable when the right to consideration becomes unconditional. An allowance for accounts receivable is recorded based on two components: an allowance for future customer claims and an allowance for credit losses. The Company regularly evaluates the collectability of accounts receivable and maintains reserves for expected credit losses based on an assessment of the aging of the receivables, customer creditworthiness, historical collection experience, existing economic conditions and other available information. As of December 31, 2025, total allowances amounted to $146 million, of which $3 million related to an allowance for credit losses. As of December 31, 2024, total allowances amounted to $148 million, of which $2 million related to an allowance for credit losses.

***Inventories***

Inventories are stated at the lower of cost or net realizable value, with cost determined on a first-in, first-out (FIFO) basis. Carrying value adjustments for inventory obsolescence are equal to the difference between cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Items capable of being sold, including as spare parts, are classified as finished goods.

***Property, Plant and Equipment***

Property, plant and equipment are recorded at cost, less accumulated depreciation. For financial reporting, the straight-line method of depreciation is used over the estimated useful lives of 10 to 50 years for buildings and improvements and 3 to 16 years for machinery and equipment.

***Goodwill***

Goodwill is subject to impairment testing annually as of the first day of the fourth quarter, or if a triggering event occurs or changes in circumstances indicate that the carrying amount may not be fully recoverable. This testing compares carrying values to fair values and, when appropriate, the carrying value of these assets is reduced to fair value. The Company completed its annual goodwill impairment test as of the first day of the fourth quarter of both 2025 and 2024 and determined that there was no impairment as of each of those dates.

***Definite-Lived Intangible Assets***

Intangible assets with definite lives consist of customer lists, technology, patents and trademarks, and other intangibles are amortized over their estimated useful lives, ranging from 2 to 15 years.

***Impairment of Long-Lived Assets***

Long-lived assets, which include intangible assets, held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. The Company evaluates recoverability of assets to be held and used by comparing the carrying amount of an asset (group) to future net undiscounted cash flows to be generated by the asset (group). If an asset (group) is considered to be impaired, the impairment to be recognized is equal to the amount by which the carrying amount of the asset (group) exceeds the asset's (group's) fair value calculated using a discounted future cash flows analysis or market comparable analysis.

***Foreign Currency Translation***

Assets and liabilities of operations outside of the United States with a functional currency other than U.S. dollars are translated into U.S. dollars using year-end exchange rates. Sales, costs, and expenses are translated at the average exchange rates in effect during the year. Foreign currency translation gains and losses are included as a component of *Accumulated other comprehensive loss*. For operations in highly inflationary environments, inventories and property, plant and equipment, including related expenses, are remeasured at the exchange rate in effect on the date the assets were acquired, while monetary assets and liabilities are remeasured at year-end exchange rates. Remeasurement adjustments for these operations are included in earnings.

***Investments***

The Combined Financial Statements have been prepared on a stand-alone basis and include the accounts of the Business and its subsidiaries as well as certain cost method investments in which the Business holds a non-controlling interest in another entity. The Company measures cost method investments without readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

Cost method investments were $13 million and $12 million as of December 31, 2025 and 2024, and are included in *Other assets* on the Combined Balance Sheets. During the years ended December 31, 2025 and 2024, the Company recognized fair value adjustments resulting in an increase of $1 million and decrease of $1 million related to its cost method investments, respectively, which is included in *Other expense* on the Combined Statements of Operations.

***Leases***

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. The assessment is based on (1) whether the contract involves the use of a distinct identified asset, (2) whether the Company obtains the right to substantially all the economic benefit from the use of the asset throughout the period, and (3) whether the Company has the right to direct the use of the asset.

All significant lease arrangements are generally recognized at lease commencement. Operating lease right-of-use (“ROU”) assets and lease liabilities are recognized at commencement. A ROU asset and corresponding lease liability are not recorded for leases with an

initial term of 12 months or less (short-term leases), and the Company recognizes lease expense for these leases as incurred over the lease term. There was no lease expense for short-term leases in the years ended December 31, 2025 and 2024.

ROU assets represent the Company's right to use an underlying asset during the reasonably certain lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

Operating lease ROU assets and lease liabilities are recognized at lease commencement date, based on the present value of lease payments over the lease term. Lease payments may be fixed or variable, however, only fixed payments or in-substance fixed payments are included in determining the lease liability. Variable lease payments are recognized in operating expenses in the period in which the obligation for those payments is incurred. The operating lease ROU asset also includes any lease payments related to initial direct cost and prepayments and excludes lease incentives. Lease expense is recognized on a straight-line basis over the lease term. The Company has lease agreements with lease and non-lease components, which are generally accounted for separately.

The Company uses Honeywell's incremental borrowing rate, which is based on the information available at the lease commencement date, in determining the present value of the lease payments. In determining the borrowing rate, the Company considers the lease term, secured incremental borrowing rate, and for leases denominated in a currency different than the U.S. dollar, the collateralized borrowing rate in the foreign currency using the U.S. dollar and foreign currency swap spread, when available.

***Defined Benefit Plans***

*Honeywell-sponsored defined benefit plans*

Many of the Company's employees participate in defined benefit pension plans administered and sponsored by Honeywell. The Company does not record assets or liabilities to recognize the funded status of these plans because the Combined Financial Statements reflect the cost for these plans as if they were multi-employer plans. Costs are allocated to the Company on a pro rata basis of net sales, utilizing the Business' proportion of total Honeywell revenue in each respective year. These costs reflect the Company's employees' proportionate share of total costs in Honeywell plans in which they participate as well as an allocation of Honeywell's corporate costs for these plans. The Company recorded service cost for U.S. employees of $1 million and $1 million for the years ended December 31, 2025 and 2024, respectively, recorded within *Selling, general and administrative expenses* in the Combined Statements of Operations.

*Productivity Solutions and Services-sponsored defined benefit plans*

Certain employees of the Company participate in unfunded defined benefit plans administered and sponsored by Productivity Solutions and Services. These plans cover non-U.S. employees and retirees in certain jurisdictions, principally in France and Italy. The related liabilities of these plans are included in *Accrued liabilities* and *Other liabilities* on the Combined Balance Sheets. The Company records the service cost component in *Cost of sales* and *Selling, general and administrative expenses* in the Combined Statements of Operations. The remaining components of costs, primarily interest costs, are recorded in *Other expense*. Allocated service cost for these plans was immaterial for the years ended December 31, 2025 and 2024.

***Supply Chain Financing***

Honeywell maintains agreements with third-party financial institutions that offer voluntary supply chain financing ("SCF") programs to suppliers of the Company. The SCF programs enable suppliers, at their sole discretion, to sell their receivables to third-party financial institutions in order to receive payment on receivables earlier than the negotiated commercial terms between suppliers and the Company. Supplier's sale of receivables to third-party financial institutions is on terms negotiated between the suppliers and the respective third-party financial institution. The Company agrees on commercial terms for the goods and services procured from suppliers, including prices, quantities, and payment terms, which normally range between 60 to 120 days, regardless of whether the supplier elects to participate in the SCF programs. A supplier's voluntary participation in the SCF programs has no bearing on the Company's payment terms and the Company has no economic interest in a supplier's decision to participate in the SCF programs. The Company agrees to pay participating third-party financial institutions the stated amounts of confirmed invoices from suppliers on the original maturity dates of the invoices. Amounts outstanding related to SCF programs are included in Accounts payable in the

Combined Balance Sheets. The following table summarizes the Company's outstanding obligations confirmed as valid related to the SCF programs:

| | December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Confirmed obligations outstanding at the beginning of the year | $ 35 | $ 26 |
| Invoices confirmed during the year | 90 | 59 |
| Less: Confirmed invoices paid during the year | 85 | 50 |
| **Confirmed obligations outstanding at the end of the year** | **$ 40** | **$ 35** |

***Sales Recognition***

Revenue is recognized in accordance with the five-step model set forth by ASU 2014-09, *Revenue from Contracts with Customers* ("Topic 606"), which involves identification of the contract, identification of performance obligations in the contract, determination of the transaction price, allocation of the transaction price to the previously identified performance obligations, and revenue recognition when or as the performance obligations are satisfied.

Revenues are primarily comprised of sales of hardware, supplies, services, and software offerings. Substantially all revenues for tangible products, supplies, and perpetual software licenses are recognized at a point in time, when control and the risks and rewards of ownership has transferred to the customer. Revenues for service offerings and Company-hosted software and solution offerings are typically recognized over time using a time-based method. Service offerings include repair and maintenance service contracts, as well as professional services such as installation, provisioning and asset retirement. The Company enters into contracts that includes a bundle of products, services and/or software delivered to the customer, which are generally distinct and accounted for as separate performance obligations with judgment required to select the method of progress which best reflects the transfer of control for each performance obligation. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. Taxes collected from customers, which are subsequently remitted to governmental authorities, are excluded from revenue. The Company presents amounts collected from customers for sales and other taxes net of the related amounts remitted.

Provisions for anticipated losses on long-term contracts are recorded in full when such losses become evident, to the extent required. There were no amounts recorded for contract losses recorded in the Combined Statement of Operations for the years ended December 31, 2025 and 2024 and no anticipated contract losses recorded in accrued expenses on the Combined Balance Sheets as of December 31, 2025 and 2024.

The terms of a contract or the historical business practice can give rise to variable consideration due to, but not limited to, cash-based incentives, rebates, performance awards, or credits. The Company estimates variable consideration at the most likely amount the Company will receive from customers. The Company includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized for such transaction will not occur, or when the uncertainty associated with the variable consideration is resolved. The Company's estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the Company's anticipated performance and all information (historical, current and forecasted) that is reasonably available to the Company.

***Warranties***

The Company issues product warranties with an accrual recorded for the estimated cost of product warranties based on contract terms and historical experience at the time of sale. Adjustments to initial obligations for warranties are made as changes to the obligations become reasonably estimable. Refer to Note 13, *Commitments and Contingencies* for additional information.

***Contingencies***

The Company establishes a liability for loss contingencies when the loss is both probable and estimable. Refer to Note 13, *Commitments and Contingencies* for additional information.

***Research and Development***

Research and development costs for projects are expensed as incurred, unless these costs relate to contracts with customers where the Company receives reimbursements. Costs related to contracts with customers for customer-sponsored research and development projects are included as a contract cost and included in Cost of sales when revenue from such contracts is recognized, consistent with

the Company's sales recognition policies. Amounts expensed as incurred for research and development ("R&D") projects are included in *Research and development expenses* in the Combined Statements of Operations.

***Income Taxes***

Income taxes as presented in the Combined Financial Statements attribute current and deferred income taxes of Honeywell to the Business' stand-alone financial statements in a manner that is systematic, rational and consistent with the asset and liability method prescribed by ASC 740, *Income Taxes* ("ASC 740"). Accordingly, the Business' income tax provision was prepared following the separate return method. The separate return method applies ASC 740 to the stand-alone financial statements of each member of the consolidated group as if the group members were separate taxpayers. As a result, actual transactions included in the consolidated financial statements of Honeywell may not be included in the separate Combined Financial Statements of the Business. Similarly, the tax treatment of certain items reflected in the Combined Financial Statements of the Business may not be reflected in the consolidated financial statements and tax returns of Honeywell. Therefore, items such as net operating losses, credit carryforwards and valuation allowances may exist in the stand-alone financial statements that may or may not exist in Honeywell's consolidated financial statements. As such, the income taxes of the Business as presented in the Combined Financial Statements may not be indicative of the income taxes that the Business will generate in the future.

Deferred tax assets and liabilities are determined based on differences between the tax bases of assets and liabilities and their reported amounts in the Combined Financial Statements, applying enacted tax rates expected to be in effect for the year in which the differences are expected to reverse. The Business reduces deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion or all the deferred tax assets will not be realized.

Since the Company's results are included in the Parent's consolidated tax returns, payments to certain tax authorities are made by the Parent and not by the Company. For tax jurisdictions where the Company is included with Parent in a consolidated tax filing, the Company does not maintain taxes payable to or from the Parent. The payments are deemed to be settled immediately with the legal entities paying the tax in the respective tax jurisdictions and is reflected in the Combined Statements of Cash Flows as *Net transfers to Parent* within financing activity and in the Combined Financial Statements as *Net Parent investment*.

Significant judgment is required in evaluating tax positions. The Business establishes reserves for income taxes when, despite the belief that tax positions are fully supportable, certain positions remain that do not meet the minimum recognition threshold. The approach for evaluating certain and uncertain tax positions is defined by the authoritative guidance which determines when a tax position is more likely than not to be sustained upon examination by the applicable taxing authority. In the normal course of business, the Business and its subsidiaries are examined by various federal, state, and foreign tax authorities. The Business assesses the potential outcomes of these examinations and any future examinations for the current or prior years in determining the adequacy of the Business's provision for income taxes. The Business continually assesses the likelihood and amount of potential adjustments and adjusts the income tax provision, the current tax liability, and deferred taxes in the period in which the facts that give rise to a change in estimate become known.

**Note 3. Corporate Allocations and Net Parent Investment**

***Corporate Allocations***

The Combined Financial Statements reflect allocations of certain expenses from Honeywell including, but not limited to, legal, accounting, information technology, human resources and other infrastructure support. The costs of such services have been allocated on a pro rata basis of net sales, utilizing the Business' proportion of total Honeywell revenue in each respective year, relative to the Honeywell expense cost pool.

This allocation method is believed to be a reasonable reflection of the utilization of services by the Business or the benefits provided by the Parent. Allocations for management costs and corporate support services provided to the Business totaled $62 million and $66 million for the years ended December 31, 2025 and 2024, respectively, and such amounts are included within *Selling, general and administrative expenses* in the Combined Statements of Operations. These corporate allocations include stock-based compensation expense allocated to the Company for corporate and shared employees of $4 million and $4 million and U.S. pension service costs of $1 million and $1 million for the years ended December 31, 2025 and 2024, respectively.

The financial information in these Combined Financial Statements does not necessarily include all the expenses that would have been incurred by the Business had it been a separate, stand-alone entity. Actual costs that may have been incurred if the Business had been a

stand-alone company would depend on a number of factors, including the chosen organization structure and functions outsourced or performed by employees.

***Parent Company Credit Support***

Honeywell provides the Company with parent credit support in certain jurisdictions. To support the Company in selling products and services globally, Honeywell enters into contracts on behalf of the Company or issues Parent guarantees. Honeywell also provides similar credit support for some non-customer related activities of the Company. There are no instances under the Company's existing customer contracts requiring payments or performance under parent company guarantees. As such, the Company recorded no amounts related to parent company guarantees in the Combined Financial Statements as of or for the years ended December 31, 2025 and 2024.

***Net Parent Investment***

Honeywell uses a centralized approach for the purpose of cash management and financing of its operations. Excess cash generated by the Company is transferred to Honeywell daily and Honeywell funds the Company's operating and investing activities as needed. The Company operates a centralized non-interest-bearing cash pool in the U.S. and regional interest-bearing cash pools outside of the U.S. The total net effect of the settlement of these intercompany transactions is reflected in the Combined Statements of Cash Flows as a financing activity and in the Combined Financial Statements as *Net Parent investment*.

**Note 4. Revenue Recognition and Contracts with Customers**

***Contract Balances***

The Company tracks progress on satisfying performance obligations under contracts with customers and the related billings and cash collections are recorded on the Combined Balance Sheets in *Accounts receivable—net* (billed receivables) and *Contract assets* or *Other Assets* (short-term unbilled receivables and long-term unbilled receivables, respectively) and *Contract liabilities* (customer advances and deferred revenue). Unbilled receivables (contract assets) arise when the timing of cash collected from customers differs from the timing of revenue recognition. Contract assets are recognized when the revenue associated with the contract is recognized prior to billing and derecognized when billed in accordance with the terms of the contract. Contract liabilities consist of deferred revenue and are recorded when customers remit contractual cash payments in advance of the Company satisfying performance obligations under contractual arrangements. Contract liabilities are derecognized when revenue is recorded when the performance obligation is satisfied. Deferred revenue that will be recognized during the succeeding 12-month period is recorded as current deferred revenue, and the remaining portion is recorded as long-term deferred revenue.

Contract balances are classified as assets or liabilities on a contract-by-contract basis at the end of each reporting period.

The following table summarizes the Company's contract assets and liabilities balances:

| | December 31, | |
|---|---|---|
| | **2025** | **2024** |
| Contract assets - January 1 | $ 14 | $ 12 |
| Contract assets - December 31 | 8 | 14 |
| **Change in contract assets - (decrease) increase** | **(6)** | **2** |
| Contract liabilities - January 1 | (217) | (210) |
| Contract liabilities - December 31 | (219) | (217) |
| **Change in contract liabilities - (increase) decrease** | **(2)** | **(7)** |
| **Net change** | **$ (8)** | **$ (5)** |

Contract assets were $8 million and $14 million as of December 31, 2025 and 2024, respectively, substantially all of which related to unbilled receivables under long-term contracts. Contract liabilities were $219 million and $217 million as of December 31, 2025 and 2024, respectively, substantially all of which related to deferred revenue. For the years ended December 31, 2025 and 2024, the Company recognized revenue of $118 million and $109 million, respectively, that was previously included in the beginning balance of contract liabilities.

When contracts are modified to account for changes in contract specifications and requirements, the Company considers whether the modification either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the

transaction price and the Company's measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis. When the modifications include additional performance obligations that are distinct and at relative stand-alone selling price, they are accounted for as a new contract and performance obligation, which are recognized prospectively.

***Performance Obligations***

A performance obligation is a promise in a contract to transfer a distinct good or to provide a service to the customer and is defined as the unit of account. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For any contracts with multiple performance obligations, the Company allocates the contract's transaction price to each performance obligation based on the estimated relative stand-alone selling price of each distinct good or service in the contract. In such cases, the observable stand-alone sales are used to determine the stand-alone selling price. For product sales, each product sold to a customer typically represents a distinct performance obligation.

Performance obligations are satisfied as of a point in time or over time. Performance obligations are supported by contracts with customers, providing a framework for the nature of the distinct goods, services or bundle of goods and services. The timing of satisfying the performance obligation is typically indicated by the terms of the contract.

The disaggregation of the Company's revenue based off timing of recognition is as follows:

| | Years Ended December 31, | |
|---|---|---|
| | **2025** | **2024** |
| Products, transferred point in time | $ 887 | $ 966 |
| Products, transferred over time | 6 | 4 |
| **Net product sales** | **893** | **970** |
| Services, transferred point in time | 28 | 16 |
| Services, transferred over time | 226 | 216 |
| **Net service sales** | **254** | **232** |
| **Net sales** | **$ 1,147** | **$ 1,202** |

The Company recognized performance obligations of $318 million as of December 31, 2025, which will be satisfied over the course of future periods. The Company's disclosure of the timing for satisfying the performance obligation is based on the requirements of contracts with customers. However, from time to time, these contracts may be subject to modifications, impacting the timing of satisfying the performance obligations.

The timing of satisfaction of the Company's performance obligations does not significantly vary from the typical timing of payment. Typical payment terms of the Company's fixed price over time contracts include progress payments based on specified events or milestones or based on project progress. For some contracts, the Company may be entitled to receive an advance payment.

The Company grants credit terms to its customers in the normal course of business. The terms and conditions of the Company's credit sales are designed to mitigate or eliminate concentrations of credit risk with any single customer. The Company's sales are not materially dependent on a single customer or a small group of customers.

In 2024, the Company recognized revenue of $52 million relating to Settlement and Licensing Agreements entered into with third-party counterparties (the "Agreements"). The Company determined the Agreements met the definition of a contract with a customer accounted for under Revenue from Contracts with Customers ("Topic 606"), with the related payments recognized as revenue.

**Note 5. Repositioning Charges**

A summary of repositioning charges is as follows:

| | Years Ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Severance | $ 6 | $ 3 |
| Asset impairments | 3 | — |
| Reserve adjustments | (1) | (1) |
| **Total net repositioning charge** | **$ 8** | **$ 2** |

The following table summarizes the pre-tax distribution of total net repositioning charges by classification in the Combined Statement of Operations classification:

| | Years Ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Cost of sales | $ 2 | $ 1 |
| Selling, general and administrative | 6 | 1 |
| **Total net repositioning charge** | **$ 8** | **$ 2** |

For the year ended December 31, 2025, the Company recognized repositioning charges totaling $9 million, including severance costs of $6 million resulting from workforce reductions related to manufacturing and administrative positions. The repositioning charges also included asset impairment charges of $3 million related to the write-down of certain assets. Additionally, $1 million previously established reserves, primarily for severance, were returned to income primarily driven by certain adjustments to the earlier announced repositioning actions.

For the year ended December 31, 2024, the Company recognized repositioning charges totaling $3 million for severance costs resulting from workforce reductions related to manufacturing and administrative positions. Additionally, $1 million previously established reserves for severance were returned to income primarily driven by higher-than-expected voluntary exits and adjustments to the scope of previously announced repositioning actions.

The following table summarizes the status of the Company's total repositioning reserves:

| | Severance Costs | Asset Impairments | Total |
|---|---|---|---|
| **Balance at January 1, 2024** | **$ 3** | **$ —** | **$ 3** |
| Charges | 3 | — | 3 |
| Usage—cash | (2) | — | (2) |
| Usage—noncash | — | — | — |
| Adjustments | (1) | — | (1) |
| **Balance at December 31, 2024** | **$ 3** | **$ —** | **$ 3** |
| Charges | 6 | 3 | 9 |
| Usage—cash | (3) | — | (3) |
| Usage—noncash | — | (3) | (3) |
| Adjustments | (1) | — | (1) |
| **Balance at December 31, 2025** | **$ 5** | **$ —** | **$ 5** |

Certain repositioning projects will recognize exit costs in future periods when the actual liability is incurred. Such exit costs incurred for the years ended December 31, 2025 and 2024, were $3 million and $3 million, respectively.

## Note 6. Income Taxes

### Income Before Taxes

The sources of income before income taxes are as follows:

| | Years Ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| US | $ 24 | $ 74 |
| Non-US | 118 | 144 |
| **Total** | **$ 142** | **$ 218** |

### Tax Expense

Tax expense consists of the following:

| | Years Ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| **Current:** | | |
| US Federal | $ 11 | $ 20 |
| US State | 5 | 7 |
| Non-US | 28 | 34 |
| **Total current tax expense** | **44** | **61** |
| **Deferred:** | | |
| US Federal | (7) | (6) |
| US State | (1) | (1) |
| Non-US | 1 | (3) |
| **Total deferred tax (benefit) expense** | **(7)** | **(10)** |
| **Total tax expense** | **$ 37** | **$ 51** |

The U.S. federal statutory income tax rate is reconciled to the effective income tax rate as follows:

| | Years ended December 31, | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| **Reconciliation of Effective Income Tax Rate:** | | | | |
| US Federal Statutory Tax Rate | 30 | 21.0% | 46 | 21.0% |
| State and local income taxes, net of Federal income tax effects[1] | 3 | 2.1% | 4 | 2.0% |
| Foreign tax effects | | | | |
| Ireland | | | | |
| Statutory tax rate difference between Ireland and United States | (6) | -4.2% | (7) | -3.4% |
| Pillar 2 | 2 | 1.4% | 2 | 1.0% |
| China | 2 | 1.4% | 3 | 1.2% |
| Other foreign jurisdictions | 4 | 2.8% | 3 | 1.5% |
| Effect of cross-border tax laws[2] | 1 | 0.7% | 1 | 0.6% |
| Tax credits | (1) | -0.6% | (1) | -0.7% |
| Nontaxable or nondeductible items | (1) | -0.6% | (1) | -0.3% |
| Changes in unrecognized tax benefits | 3 | 2.1% | 1 | 0.5% |
| **Effective Income Tax Rate** | 37 | 26.1% | 51 | 23.4% |

(1) The states that contribute to the majority (greater than 50%) of the tax effect in this category include South Carolina, Kentucky, and Tennessee for 2025 and South Carolina, Kentucky, Tennessee, Georgia, and New York for 2024.

(2) Effect of cross border tax laws is presented net of related foreign tax credits.

The effective tax rate increased by 2.7 percent in 2025 compared to 2024. The increase was primarily due to changes in the mix of earnings taxed at differing tax rates in various jurisdictions and changes in unrecognized tax benefits.

***Deferred Tax Assets (Liabilities)***

The tax effects of temporary differences and tax carryforwards which give rise to future income tax benefits and payables are as follows:

| | December 31, | |
|---|---|---|
| | **2025** | **2024** |
| **Deferred tax assets** | | |
| Pension | $ 1 | $ 1 |
| Other accruals and reserves | 22 | 21 |
| Lease liability | 4 | 4 |
| Capitalized research & development | 24 | 20 |
| Other | 3 | 4 |
| **Gross deferred tax assets** | **54** | **50** |
| Valuation allowance | (1) | (1) |
| **Total deferred tax assets** | **53** | **49** |
| **Deferred tax liabilities** | | |
| Right-of-use assets | (3) | (4) |
| Intangibles | (14) | (17) |
| Unremitted earnings of foreign subsidiaries | (7) | (6) |
| Property, plant and equipment | (1) | (1) |
| **Total deferred tax liabilities** | **(25)** | **(28)** |
| **Net deferred tax asset** | **$ 28** | **$ 21** |

As of December 31, 2025 and 2024, the Company recorded a deferred tax liability of $7 million, and $6 million, respectively, on unremitted foreign earnings of conveying entities.

As of December 31, 2025 and 2024, Company had a valuation allowance of $1 million and $1 million against a portion of the non-U.S. gross deferred tax assets.

***Cash Paid for Income Taxes***

Cash paid for income taxes, net of refunds, was the following:

| | Years Ended December 31, | |
|---|---|---|
| | **2025** | **2024** |
| **Cash paid for income taxes:** | | |
| Domestic | | |
| State | $ — | $ — |
| Federal | — | — |
| Foreign: | — | — |
| Australia | — | 2 |
| Brazil | 1 | — |
| China | 6 | 2 |
| Netherlands | 1 | 10 |
| Singapore | 8 | 8 |
| Other Foreign | 2 | — |
| **Total cash paid for income taxes, net of refunds** | **$ 18** | **$ 22** |

***Unrecognized Tax Benefits***

| | December 31, | |
|---|---|---|
| | **2025** | **2024** |
| **Change in unrecognized tax benefits** | | |
| Balance at beginning of year | $ 65 | $ 65 |
| Gross increases related to current period tax position | 1 | 1 |
| Expiration of the statute of limitations for the assessment of taxes | — | (1) |
| Foreign currency translation | 1 | 1 |
| Settled with Parent through Net Parent Investment | — | (1) |
| **Balance at end of year** | **$ 67** | **$ 65** |

As of December 31, 2025 and 2024, there were $67 million and $65 million, respectively, of unrecognized tax benefits that, if recognized, would affect the effective tax rate. Accrued interest and penalties associated with unrecognized tax benefits were $12 million and $9 million as of December 31, 2025 and 2024, respectively.

With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2013. Based on the outcome of these ongoing examinations, or as a result of the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that certain unrecognized tax benefits for tax positions taken on previously filed tax returns will materially change from those recorded as liabilities in the Company's Combined Financial Statements. In addition, the outcome of these examinations may impact the valuation of certain deferred tax assets (such as net operating losses) in future periods.

Unrecognized tax benefits for examinations in progress were $39 million and $39 million as of December 31, 2025 and 2024, respectively. Estimated interest and penalties related to the underpayment of income taxes are classified as a component of *Income tax expense* in the Combined Statement of Operations and totaled $2 million and $1 million for the years ended December 31, 2025 and 2024, respectively.

The Company's unrecognized tax positions are recorded within income tax payables totaling $78 million and $75 million at December 31, 2025 and 2024, respectively, presented within *Other Liabilities* in the Combined Balance Sheets.

## Note 7. Inventories

| | December 31, | |
|---|---|---|
| | **2025** | **2024** |
| Raw materials | $ 87 | $ 89 |
| Work in process | 8 | 7 |
| Finished products | 96 | 65 |
| **Total Inventories** | **$ 191** | **$ 161** |

## Note 8. Property, Plant and Equipment–Net

| | December 31, | |
|---|---|---|
| | **2025** | **2024** |
| Machinery and equipment | $ 63 | $ 57 |
| Buildings and improvements | 16 | 14 |
| Construction in progress | 11 | 8 |
| **Total Property, plant and equipment** | **90** | **79** |
| Less – Accumulated depreciation | (63) | (55) |
| **Total Property, plant and equipment – net** | **$ 27** | **$ 24** |

Depreciation expense was $5 million and $7 million for the years ended December 31, 2025 and 2024, respectively.

**Note 9. Goodwill and Intangible Assets–Net**

The following table summarizes the change in the carrying amount of goodwill:

| | Carrying amount | |
|---|---|---|
| | 2025 | 2024 |
| Balance as of January 1 | $ 1,112 | $ 1,125 |
| Currency translation adjustment | 26 | (13) |
| **Balance as of December 31** | **$ 1,138** | **$ 1,112** |

Intangible assets are comprised of the following:

| | December 31, 2025 | | | December 31, 2024 | | |
|---|---|---|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| **Definite-life intangibles** | | | | | | |
| Customer relationships | $ 422 | $ (390) | $ 32 | $ 434 | $ (390) | $ 44 |
| Patents and technology | 230 | (219) | 11 | 233 | (218) | 15 |
| Other intangible assets | 5 | (5) | — | 7 | (7) | — |
| Trademarks | 33 | (33) | — | 33 | (33) | — |
| **Total Intangibles Assets – net** | **$ 690** | **$ (647)** | **$ 43** | **$ 707** | **$ (648)** | **$ 59** |

Amortization expense related to intangible assets was $15 million and $17 million for the years ended December 31, 2025 and 2024, respectively. Estimated intangible asset amortization expense for each of the next five years approximates $15 million in 2026, $14 million in 2027, $10 million in 2028, $4 million in 2029 and $0 million in 2030.

**Note 10. Leases**

A significant portion of the Company's operating lease portfolio includes R&D facilities, corporate offices, manufacturing sites, repair and service centers, information technology equipment, and automobiles. The majority of the Company's leases have remaining lease terms of 1 year to 4 years, some of which include options to extend the leases for 5 years or more. The current portion of operating lease liabilities are included in *Accrued liabilities* on the Combined Balance Sheets.

A portion of the Company's real estate leases is generally subject to annual changes in the Consumer Price Index ("CPI"). The changes to the CPI are treated as variable lease payments and recognized in the period in which the obligation for those payments was incurred.

| | Years Ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Operating lease cost | $ 5 | $ 5 |
| **Total lease cost** | **$ 5** | **$ 5** |

Supplemental cash flow information related to leases was as follows:

| | Years Ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| **Cash paid for amounts included in the measurement of lease liabilities** | | |
| Operating cash flows for operating leases | $ 5 | $ 5 |
| **Right-of-use assets obtained in exchange for lease obligations** | | |
| Operating leases | 2 | 1 |

Supplemental combined balance sheet information related to leases was as follows:

| | December 31, | |
|---|---|---|
| | **2025** | **2024** |
| **Operating leases:** | | |
| **Operating lease right-of-use assets** | **$ 14** | **$ 17** |
| | | |
| Accrued liabilities | 5 | 5 |
| Other liabilities | 9 | 13 |
| **Total operating lease liabilities** | **$ 14** | **$ 18** |
| Weighted-average remaining lease term (in years): | 3 | 4 |
| Weighted-average discount rate: | 4.1% | 3.4% |

As of December 31, 2025, maturities of lease liabilities were as follows:

| | **Operating Leases** |
|---|---|
| 2026 | $ 6 |
| 2027 | 5 |
| 2028 | 2 |
| 2029 | 2 |
| 2030 | — |
| Thereafter | — |
| **Total lease payments** | **$ 15** |
| Less: interest | (1) |
| **Total maturities of lease liabilities** | **$ 14** |

## Note 11. Accrued Liabilities

| | December 31, | |
|---|---|---|
| | **2025** | **2024** |
| Compensation, benefit and other employee related | $ 31 | $ 31 |
| Accrued customer rebates | 33 | 28 |
| ODM inventory accrual | 22 | 20 |
| Other taxes payable | 9 | 9 |
| Income taxes | 7 | 6 |
| Product warranties and performance guarantees | 6 | 8 |
| Other | 26 | 22 |
| **Total Accrued liabilities** | **$ 134** | **$ 124** |

## Note 12. Accumulated Other Comprehensive Income (Loss)

The changes in *Accumulated other comprehensive income (loss)* are provided in the table below:

| | Pre tax | Tax | After Tax |
|---|---|---|---|
| **Year Ended December 31, 2024** | | | |
| Foreign exchange translation adjustment | $ (18) | $ — | $ (18) |
| Changes in fair value of effective cash flow hedges | (2) | — | (2) |
| **Total net current period other comprehensive loss** | **$ (20)** | **$ —** | **$ (20)** |
| **Year Ended December 31, 2025** | | | |
| Foreign exchange translation adjustment | $ 25 | $ — | $ 25 |
| Changes in fair value of effective cash flow hedges | — | — | — |
| **Total net current period other comprehensive income** | **$ 25** | **$ —** | **$ 25** |

***Components of Accumulated Other Comprehensive Income (Loss)***

| | December 31, | |
|---|---|---|
| | 2025 | 2024 |
| Foreign exchange translation adjustment | $ 5 | $ (20) |
| Changes in fair value of effective cash flow hedges | (2) | (2) |
| **Total Accumulated other comprehensive income (loss)** | **$ 3** | **$ (22)** |

***Changes in Accumulated Other Comprehensive Income (Loss) by Component***

| | Foreign Exchange Translation Adjustment | Changes in Fair Value of Effective Cash Flow Hedges | Total Accumulated Other Comprehensive (Loss) Income |
|---|---|---|---|
| **Balance as of January 1, 2024** | **$ (2)** | **$ —** | **$ (2)** |
| Other comprehensive loss before reclassifications | (18) | (1) | (19) |
| Amounts reclassified from accumulated other comprehensive loss | — | (1) | (1) |
| Net current period other comprehensive (loss) income | (18) | (2) | (20) |
| **Balance as of December 31, 2024** | **$ (20)** | **$ (2)** | **$ (22)** |
| Other comprehensive income (loss) before reclassifications | 25 | (2) | 23 |
| Amounts reclassified from accumulated other comprehensive income | — | 2 | 2 |
| Net current period other comprehensive income | 25 | — | 25 |
| **Balance as of December 31, 2025** | **$ 5** | **$ (2)** | **$ 3** |

Amounts reclassified out of *Accumulated other comprehensive income (loss)* related to cash flow hedges are included within *Net sales* or *Cost of sales* in the Combined Statements of Operations, depending on the nature of the underlying transaction being hedged.

## Note 13. Commitments and Contingencies

***Other Matters***

The Company is subject to a variety of lawsuits, investigations and disputes arising out of the ordinary course of the business, including but not limited to, matters relating to commercial transactions, product liability, employment, and intellectual property. The Company recognizes a liability for any contingency that is probable of occurrence and reasonably estimable. The Company continually assesses the likelihood of adverse judgments of outcomes in these matters, as well as potential ranges of possible losses (taking into consideration any insurance recoveries), based on a careful analysis of each matter with the assistance of outside legal counsel and, if applicable, other experts. Considering the Company's past experience and existing accruals, the Company does not expect the outcome of such matters, either individually or in the aggregate, to have a material adverse effect on the Company's financial position.

***Purchase Obligations***

Purchase obligations are entered into with various vendors in the normal course of business and are consistent with the Company's expected requirements. At December 31, 2025, the Company has commitments totaling $50 million through 2026 primarily related to agreements for electronic components and devices.

***Warranties***

The following table is a summary of the Company's accrued warranty obligations:

| | Years Ended December 31, | |
|---|---|---|
| | **2025** | **2024** |
| Balance at the beginning of the year | $ 8 | $ 10 |
| Warranty expense | 1 | 1 |
| Warranties fulfilled | (2) | (3) |
| **Balance at the end of the year** | **$ 7** | **$ 8** |

**Note 14. Subsequent Events (Unaudited)**

The Company evaluated subsequent events for recognition or disclosure through October 14, 2026, the date the Combined Financial Statements were available to be issued.

On August 3, 2026, Honeywell completed the sale of the Company (the "Sale") for total consideration of $1,370 million, net of cash transferred. As these Combined Financial Statements have been prepared on a historical basis and present the results of operations, assets and liabilities of the Company prior to completion of the Sale, the effects of the Sale are not reflected in the Combined Financial Statements.

# PRODUCTIVITY SOLUTIONS AND SERVICES BUSINESS OF HONEYWELL INTERNATIONAL INC.

**Condensed Combined Financial Statements (Unaudited)**

As of and for the six months ended June 27, 2026 and June 28, 2025

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**PRODUCTIVITY SOLUTIONS AND SERVICES BUSINESS OF HONEYWELL INTERNATIONAL INC.**
**CONDENSED COMBINED STATEMENTS OF OPERATIONS (Unaudited)**
**(Dollars in millions)**

| | Six Months Ended | |
|---|---|---|
| | **June 27, 2026** | **June 28, 2025** |
| Net sales | 566 | 557 |
| Cost of sales | 337 | 291 |
| Research and development expenses | 49 | 47 |
| Selling, general and administrative expenses | 148 | 139 |
| Other expense (income) | 5 | (4) |
| **Total costs, expenses and other** | **539** | **473** |
| **Income before taxes** | **27** | **84** |
| Income tax expense | 1 | 23 |
| **Net income** | **$ 26** | **$ 61** |

The Notes to the unaudited Condensed Combined Financial Statements are an integral part of this statement.

**PRODUCTIVITY SOLUTIONS AND SERVICES BUSINESS OF HONEYWELL INTERNATIONAL INC.**
**CONDENSED COMBINED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)**
**(Dollars in millions)**

| | Six Months Ended | |
|---|---|---|
| | **June 27, 2026** | **June 28, 2025** |
| Net income | $ 26 | $ 61 |
| Other comprehensive (loss) income, net of tax | | |
| **Foreign exchange translation adjustment** | **(6)** | **27** |
| Cash flow hedges recognized in other comprehensive income | 1 | (2) |
| Less: Reclassification adjustment for (losses) gains included in net income | (1) | 1 |
| **Changes in fair value of cash flow hedges** | **—** | **(1)** |
| Total other comprehensive (loss) income, net of tax | (6) | 26 |
| **Comprehensive income** | **$ 20** | **$ 87** |

The Notes to the unaudited Condensed Combined Financial Statements are an integral part of this statement.

**PRODUCTIVITY SOLUTIONS AND SERVICES BUSINESS OF HONEYWELL INTERNATIONAL INC.**
**CONDENSED COMBINED BALANCE SHEETS (Unaudited)**
**(Dollars in millions)**

| | June 27, 2026 | December 31, 2025 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 111 | $ 242 |
| Accounts receivable, net | 198 | 216 |
| Inventories | 252 | 191 |
| Contract assets | 6 | 8 |
| Other current assets | 35 | 28 |
| **Total current assets** | **602** | **685** |
| Property, plant and equipment – net | 25 | 27 |
| Goodwill | 1,132 | 1,138 |
| Intangible assets - net | 35 | 43 |
| Deferred income taxes | 45 | 38 |
| Right-of-use assets | 12 | 14 |
| Other assets | 19 | 20 |
| **Total assets** | **$ 1,870** | **$ 1,965** |
| **LIABILITIES** | | |
| Current liabilities: | | |
| Accounts payable | $ 343 | $ 251 |
| Accrued liabilities | 125 | 134 |
| Contract liabilities | 131 | 124 |
| **Total current liabilities** | **599** | **509** |
| Deferred income taxes | 10 | 10 |
| Operating lease liabilities | 7 | 9 |
| Contract liabilities | 94 | 95 |
| Other liabilities | 75 | 81 |
| **Total liabilities** | **785** | **704** |
| **EQUITY** | | |
| Net Parent investment | 1,088 | 1,258 |
| Accumulated other comprehensive (loss) income | (3) | 3 |
| **Total equity** | **1,085** | **1,261** |
| **Total liabilities and equity** | **$ 1,870** | **$ 1,965** |

**PRODUCTIVITY SOLUTIONS AND SERVICES BUSINESS OF HONEYWELL INTERNATIONAL INC.**
**CONDENSED COMBINED STATEMENTS OF CASH FLOWS (Unaudited)**
**(Dollars in millions)**

| | Six Months Ended | |
|---|---|---|
| | **June 27, 2026** | **June 28, 2025** |
| **Cash flows from operating activities:** | | |
| **Net income** | **$ 26** | **$ 61** |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation | 3 | 3 |
| Amortization | 7 | 9 |
| Repositioning | — | 5 |
| Net payments for repositioning | (1) | (1) |
| Stock compensation expense | 4 | 2 |
| Deferred income taxes | (4) | (3) |
| Changes in assets and liabilities | | |
| Accounts receivable | 18 | (1) |
| Inventories | (58) | (47) |
| Contract assets | 2 | 1 |
| Other current assets | (7) | — |
| Accounts payable | 86 | 3 |
| Accrued liabilities | (8) | (7) |
| Contract liabilities | 8 | 3 |
| Other | (3) | (7) |
| **Net cash provided by operating activities** | **73** | **21** |
| **Cash flows from investing activities:** | | |
| Expenditures for property, plant, and equipment | (2) | (2) |
| **Net cash used for investing activities** | **(2)** | **(2)** |
| **Cash flows from financing activities:** | | |
| Net transfers to Parent | (203) | (63) |
| **Net cash used for financing activities** | **(203)** | **(63)** |
| Effect of foreign exchange rate changes on cash and cash equivalents | 1 | 5 |
| **Net decrease in cash and cash equivalents** | **(131)** | **(39)** |
| Cash and cash equivalents at beginning of period | 242 | 267 |
| **Cash and cash equivalents at end of period** | **$ 111** | **$ 228** |

The Notes to the unaudited Condensed Combined Financial Statements are an integral part of this statement.

**PRODUCTIVITY SOLUTIONS AND SERVICES BUSINESS OF HONEYWELL INTERNATIONAL INC.**
**CONDENSED COMBINED STATEMENTS OF EQUITY (Unaudited)**
**(Dollars in millions)**

| | Net Parent Investment | Accumulated Other Comprehensive (Loss) Income | Total Equity |
|---|---|---|---|
| **Balance January 1, 2025** | **$ 1,222** | **$ (22)** | **$ 1,200** |
| Net income | 61 | — | 61 |
| Foreign exchange translation adjustment | — | 27 | 27 |
| Changes in fair value of effective cash flow hedges | — | (1) | (1) |
| Net transfers to Parent | (61) | — | (61) |
| **Balance June 28, 2025** | **$ 1,222** | **$ 4** | **$ 1,226** |
| | | | |
| **Balance January 1, 2026** | **$ 1,258** | **$ 3** | **$ 1,261** |
| Net income | 26 | — | 26 |
| Foreign exchange translation adjustment | — | (6) | (6) |
| Changes in fair value of effective cash flow hedges | — | — | — |
| Net transfers to Parent | (196) | — | (196) |
| **Balance June 27, 2026** | **$ 1,088** | **$ (3)** | **$ 1,085** |

The Notes to the unaudited Condensed Combined Financial Statements are an integral part of this statement.

**PRODUCTIVITY SOLUTIONS AND SERVICES BUSINESS OF HONEYWELL INTERNATIONAL INC.**
**NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS (Unaudited)**
**(Dollars in millions, unless otherwise noted)**

## Note 1. Business Overview and Basis of Presentation

The accompanying unaudited Condensed Combined Financial Statements and notes present the combined results of operations, financial position and cash flows of the Productivity Solutions and Services business ("Productivity", the "Business" or the "Company") of Honeywell International Inc. ("Honeywell" or "Parent"). The Company provides hardware, software and automation solutions, including mobile devices, data capture devices, and cloud-based software to customers across industries such as retail, logistics, distribution and healthcare.

For the periods presented in these unaudited Combined Financial Statements, the Business historically operated as part of Honeywell's Industrial Automation segment; consequently, separate financial statements have not historically been prepared for the Business. The unaudited Condensed Combined Financial Statements have been derived from Honeywell's historical accounting records as if the operations of the Business had been conducted independently from Honeywell and were prepared on a stand-alone basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The historical results of operations, financial position and cash flows of the Business presented in these unaudited Condensed Combined Financial Statements may not be indicative of what they would have been had the Business been an independent stand-alone entity, nor are they necessarily indicative of the Business' future combined results of operations, financial position, and cash flows.

The unaudited Condensed Combined Financial Statements include all revenues and costs directly attributable to the Business and an allocation of expenses related to certain Honeywell corporate functions (Note 3). The costs of such corporate functions were allocated to the Business based on direct usage when identifiable, with the remainder of these expenses allocated to the Business based on a proportion of net sales. The Business and Honeywell consider these allocations to be a reasonable reflection of the utilization of services or the benefits received. However, the allocations may not be indicative of the actual expense that would have been incurred had the Business operated as an independent, stand-alone entity, nor are they indicative of future expenses of the Business.

The unaudited Condensed Combined Financial Statements include assets and liabilities specifically attributable to the Business and certain assets and liabilities that are held by Honeywell that are specifically identifiable or otherwise attributable to the Business. Honeywell uses a centralized approach to cash management and financing of its operations. Accordingly, a substantial portion of the Business' cash accounts are regularly cleared to the Parent at Honeywell's discretion. Transfers of cash between Honeywell and the Business are included within Net transfers to Parent on the Combined Statements of Cash Flows and the Combined Statements of Equity. *Cash and cash equivalents* in the unaudited Condensed Combined Financial Statements represent cash and cash equivalents held by or amounts otherwise attributable to the Business. Honeywell's long-term debt and related interest expense have not been attributed to the Business for the period presented because Honeywell's borrowings are neither directly attributable to the Business nor is the Business the legal obligor of such borrowings.

All intercompany transactions and balances within the Business have been eliminated. Transactions between the Business and Honeywell are deemed to have been settled immediately through *Net Parent investment*. The net effect of the deemed settled transactions is reflected in the Combined Statements of Cash Flows as *Net transfers to Parent* within financing activities and in the Combined Balance Sheet as *Net Parent investment*.

The Condensed Combined Balance Sheet as of December 31, 2025, presented herein, has been derived from the Company's audited consolidated financial statements for the fiscal year then ended. In the opinion of management, the unaudited Condensed Combined Financial Statements reflect all adjustments necessary to present fairly the combined results of operations, financial position and cash flows of the Company for the periods presented. The interim results of operations and cash flows should not necessarily be taken as indicative of the entire year. The interim Condensed Combined Financial Statements should be read in conjunction with the audited consolidated financial statements, including notes thereto, for the year ended December 31, 2025.

The Company reports its quarterly financial information using a calendar convention which follows Honeywell's practice of establishing actual quarterly closing dates using a predetermined fiscal calendar, which requires the Company to close its books on a Saturday in order to minimize the potentially disruptive effects of quarterly closing on the Company's business processes.

**Note 2. Summary of Significant Accounting Policies**

The accounting policies of the Company are set forth in Note 2, *Summary of Significant Accounting Policies* of Notes to the Condensed Combined Financial Statements in the Company's audited Condensed Combined Financial Statements for the years ended December 31, 2025 and 2024. There have been no material changes to the Company's significant accounting policies since December 31, 2025. The related disclosures have been omitted as their inclusion would duplicate information previously presented in the annual financial statements, consistent with Rule 10-01(a)(5) of Regulation S-X.

***Recent Accounting Pronouncements***

In September 2025, the FASB issued ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software, which modernizes the accounting for internal-use software costs by removing all references to prescriptive and sequential software development stages. The new standard requires entities to consider whether significant development uncertainty has been resolved before starting to capitalize software costs and aligns disclosure requirements with Accounting Standard Codification (ASC) 360, Property, Plant, and Equipment. The ASU is effective for annual and interim reporting periods beginning after December 15, 2027, and can be applied prospectively, retrospectively, or using a modified transition method, with early adoption permitted. The Company is currently evaluating the impact of this guidance on the Company's Condensed Combined Financial Statements.

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires companies to disclose additional information about the types of expenses in commonly presented expense captions. The new standard requires tabular disclosure of specified natural expenses in certain expense captions, a qualitative description of amounts that are not separately disaggregated, and disclosure of the Company's definition and total amount of selling expenses. The ASU should be applied prospectively for annual reporting periods beginning after December 15, 2026, with retrospective application and early adoption permitted. The Company is currently evaluating the impact of this guidance on the Company's Condensed Combined Financial Statements.

**Note 3. Corporate Allocations and Net Parent Investment**

***Corporate Allocations***

The unaudited Condensed Combined Financial Statements reflect allocations of certain expenses from Honeywell including, but not limited to, legal, accounting, information technology, human resources and other infrastructure support. The costs of such services have been allocated on a pro rata basis of net sales, utilizing the Business' proportion of total Honeywell revenue in the period, relative to the Honeywell expense cost pool.

This allocation method is believed to be a reasonable reflection of the utilization of services by the Business or the benefits provided by the Parent. Allocations for management costs and corporate support services provided to the Business totaled $36 million and $27 million for the six months ended June 27, 2026 and June 28, 2025, respectively, and such amounts are included within *Selling, general and administrative expenses* in the Combined Statements of Operations. These corporate allocations include stock-based compensation expense allocated to the Company for corporate and shared employees of $3 million and $1 million for the six months ended June 27, 2026 and June 28, 2025, respectively.

The financial information in these unaudited Condensed Combined Financial Statements does not necessarily include all the expenses that would have been incurred by the Business had it been a separate, stand-alone entity. Actual costs that may have been incurred if the Business had been a stand-alone company would depend on a number of factors, including the chosen organization structure and functions outsourced or performed by employees.

***Parent Company Credit Support***

Honeywell provides the Company with parent credit support in certain jurisdictions. To support the Company in selling products and services globally, Honeywell enters into contracts on behalf of the Company or issues Parent guarantees. Honeywell also provides similar credit support for some non-customer related activities of the Company. There are no instances under the Company's existing customer contracts requiring payments or performance under parent company guarantees. As such, the Company recorded no amounts related to parent company guarantees in the unaudited Condensed Combined Financial Statements as of or for the six months June 27, 2026 and June 28, 2025.

***Net Parent Investment***

Honeywell uses a centralized approach for the purpose of cash management and financing of its operations. Excess cash generated by the Company is transferred to Honeywell daily and Honeywell funds the Company's operating and investing activities as needed. The Company operates a centralized non-interest-bearing cash pool in the U.S. and regional interest-bearing cash pools outside of the U.S. The total net effect of the settlement of these intercompany transactions is reflected in the Combined Statements of Cash Flows as a financing activity and in the unaudited Condensed Combined Financial Statements as *Net Parent investment*.

**Note 4. Revenue Recognition and Contracts with Customers**

***Contract Balances***

The Company tracks progress on satisfying performance obligations under contracts with customers and the related billings and cash collections are recorded on the Combined Balance Sheet in *Accounts receivable—net* (billed receivables) and *Contract assets* or *Other Assets* (short-term unbilled receivables and long-term unbilled receivables, respectively) and *Contract liabilities* (customer advances and deferred revenue). Unbilled receivables (contract assets) arise when the timing of cash collected from customers differs from the timing of revenue recognition. Contract assets are recognized when the revenue associated with the contract is recognized prior to billing and derecognized when billed in accordance with the terms of the contract. Contract liabilities consist of deferred revenue and are recorded when customers remit contractual cash payments in advance of the Company satisfying performance obligations under contractual arrangements. Contract liabilities are derecognized when revenue is recorded when the performance obligation is satisfied. Deferred revenue that will be recognized during the succeeding 12-month period is recorded as current deferred revenue, and the remaining portion is recorded as long-term deferred revenue.

Contract balances are classified as assets or liabilities on a contract-by-contract basis at the end of each reporting period.

The following table summarizes the Company's contract assets and liabilities balances:

| | Six Months Ended | |
|---|---|---|
| | **June 27, 2026** | **June 28, 2025** |
| Contract assets - Beginning of period | $ 8 | $ 14 |
| Contract assets - End of period | 6 | 10 |
| **Change in contract assets - decrease** | **(2)** | **(4)** |
| Contract liabilities - Beginning of period | (219) | (217) |
| Contract liabilities - End of period | (225) | (223) |
| **Change in contract liabilities - increase** | **(6)** | **(6)** |
| **Net change** | **$ (8)** | **$ (10)** |

Contract assets were $6 million and $8 million as of June 27, 2026, and December 31, 2025, respectively, substantially all of which related to unbilled receivables under long-term contracts. Contract liabilities were $225 million as of June 27, 2026, substantially all of which related to deferred revenue. For the six months ended June 27, 2026 the Company recognized revenue of $115 million that was previously included in the beginning balance of contract liabilities.

When contracts are modified to account for changes in contract specifications and requirements, the Company considers whether the modification either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the Company's measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis. When the modifications include additional performance obligations that are distinct and at relative stand-alone selling price, they are accounted for as a new contract and performance obligation, which are recognized prospectively.

***Performance Obligations***

A performance obligation is a promise in a contract to transfer a distinct good or to provide a service to the customer and is defined as the unit of account. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For any contracts with multiple performance obligations, the Company allocates the contract's transaction price to each performance obligation based on the estimated relative stand-alone selling price of each distinct

good or service in the contract. In such cases, the observable stand-alone sales are used to determine the stand-alone selling price. For product sales, each product sold to a customer typically represents a distinct performance obligation.

Performance obligations are satisfied as of a point in time or over time. Performance obligations are supported by contracts with customers, providing a framework for the nature of the distinct goods, services or bundle of goods and services. The timing of satisfying the performance obligation is typically indicated by the terms of the contract.

The disaggregation of the Company's revenue based off timing of recognition is as follows:

| | Six Months Ended | |
|---|---|---|
| | June 27, 2026 | June 28, 2025 |
| Products, transferred point in time | $ 448 | $ 430 |
| Products, transferred over time | — | 4 |
| **Net product sales** | **448** | **434** |
| Services, transferred point in time | 10 | 14 |
| Services, transferred over time | 108 | 109 |
| **Net service sales** | **118** | **123** |
| **Net sales** | **$ 566** | **$ 557** |

The Company recognized performance obligations of $325 million as of June 27, 2026, which will be satisfied over the course of future periods. The Company’s disclosure of the timing for satisfying the performance obligation is based on the requirements of contracts with customers. However, from time to time, these contracts may be subject to modifications, impacting the timing of satisfying the performance obligations.

The timing of satisfaction of the Company’s performance obligations does not significantly vary from the typical timing of payment. Typical payment terms of the Company's fixed price overtime contracts include progress payments based on specified events or milestones or based on project progress. For some contracts, the Company may be entitled to receive an advance payment.

The Company grants credit terms to its customers in the normal course of business. The terms and conditions of the Company’s credit sales are designed to mitigate or eliminate concentrations of credit risk with any single customer. The Company’s sales are not materially dependent on a single customer or a small group of customers.

### Note 5. Repositioning Charges

A summary of repositioning charges is as follows:

| | Six Months Ended | |
|---|---|---|
| | June 27, 2026 | June 28, 2025 |
| Severance | $ 1 | $ 5 |
| Asset impairments | — | — |
| Reserve adjustments | (1) | — |
| **Total net repositioning charge** | **$ —** | **$ 5** |

The following table summarizes the pre-tax distribution of total net repositioning charges by classification in the Combined Statement of Operations classification:

| | Six Months Ended | |
|---|---|---|
| | June 27, 2026 | June 28, 2025 |
| Cost of sales | $ — | $ — |
| Selling, general and administrative | — | 5 |
| **Total net repositioning charge** | **$ —** | **$ 5** |

For the six months ended June 27, 2026, the Company recognized repositioning charges totaling $1 million, including severance costs of $1 million resulting from workforce reductions related to manufacturing and administrative positions. Additionally, $1 million

previously established reserves, primarily for severance, were returned to income primarily driven by certain adjustments to the earlier announced repositioning actions.

For the six months ended June 28, 2025, the Company recognized repositioning charges totaling $5 million, including severance costs of $5 million resulting from workforce reductions related to manufacturing and administrative positions.

The following table summarizes the status of the Company's total repositioning reserves:

| | Severance Costs | Asset Impairments | Total |
|---|---|---|---|
| **Balance at January 1, 2026** | **$ 5** | **$ —** | **$ 5** |
| Charges | 1 | — | 1 |
| Usage—cash | (1) | — | (1) |
| Usage—noncash | — | (1) | (1) |
| Adjustments | (1) | — | (1) |
| **Balance at June 27, 2026** | **$ 4** | **$ (1)** | **$ 3** |

Certain repositioning projects will recognize exit costs in future periods when the actual liability is incurred. Such exit costs incurred for the six months ended June 27, 2026 and June 28, 2025 were $6 million and $1 million respectively.

### Note 6. Income Taxes

The effective tax rate was 3.7% and 27.4% for the six months ended June 27, 2026 and June 28, 2025, respectively. For the six months ended June 27, 2026, the effective tax rate was lower than the U.S. federal statutory rate of 21% primarily due to the release of a reserve for uncertain tax positions resulting from a foreign audit settlement. For the six months ended June 28, 2025, the effective tax rate was higher than the U.S. federal statutory rate of 21% primarily due to US tax on foreign earnings and state taxes, offset partially by the mix of earnings taxed at differing tax rates in various jurisdictions.

### Note 7. Inventories

| | June 27, 2026 | December 31, 2025 |
|---|---|---|
| Raw materials | $ 159 | $ 87 |
| Work in process | 8 | 8 |
| Finished products | 85 | 96 |
| **Total Inventories** | **$ 252** | **$ 191** |

### Note 8. Property, Plant and Equipment–Net

| | June 27, 2026 | December 31, 2025 |
|---|---|---|
| Machinery and equipment | $ 67 | $ 63 |
| Buildings and improvements | 17 | 16 |
| Construction in progress | 5 | 11 |
| **Total Property, plant and equipment** | **89** | **90** |
| Less – Accumulated depreciation | (64) | (63) |
| **Total Property, plant and equipment – net** | **$ 25** | **$ 27** |

Depreciation expense was $3 million and $3 million for the six months ended June 27, 2026 and June 28, 2025, respectively.

**Note 9. Goodwill and Intangible Assets–Net**

The following table summarizes the change in the carrying amount of goodwill:

| | June 27, 2026 |
|---|---|
| Balance as of January 1 | $ 1,138 |
| Currency translation adjustment | (6) |
| **Total Goodwill** | **$ 1,132** |

Intangible assets are comprised of the following:

| | June 27, 2026 | | | December 31, 2025 | | |
|---|---|---|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| **Definite-life intangibles** | | | | | | |
| Customer relationships | $ 422 | $ (396) | $ 26 | $ 422 | $ (390) | $ 32 |
| Patents and technology | 230 | (221) | 9 | 230 | (219) | 11 |
| Other intangible assets | 4 | (4) | — | 5 | (5) | — |
| Trademarks | 33 | (33) | — | 33 | (33) | — |
| **Total Intangibles Assets – net** | **$ 689** | **$ (654)** | **$ 35** | **$ 690** | **$ (647)** | **$ 43** |

Amortization expense related to intangible assets was $7 million and $8 million for the six months ended June 27, 2026 and June 28, 2025, respectively.

**Note 10. Leases**

The Company's operating lease portfolio is described in *Note 10. Leases* of Notes to the Condensed Combined Financial Statements in the Company’s audited Condensed Combined Financial Statements for the years ended December 31, 2025 and 2024.

Supplemental combined balance sheet information related to leases was as follows:

| | June 27, 2026 | December 31, 2025 |
|---|---|---|
| Operating leases: | | |
| Operating lease right-of-use assets | **$ 12** | **$ 14** |
| | | |
| Accrued liabilities | 5 | 5 |
| Other liabilities | 7 | 9 |
| Total operating lease liabilities | **$ 12** | **$ 14** |
| Weighted-average remaining lease term (in years): | 3 | 3 |
| Weighted-average discount rate: | 4.0% | 4.1% |

## Note 11. Other liabilities

***Other Liabilities***

| | June 27, 2026 | December 31, 2025 |
|---|---|---|
| Income taxes payable | $ 73 | $ 78 |
| Other liabilities | 2 | 3 |
| **Total Other Liabilities** | **$ 75** | **$ 81** |

## Note 12. Accumulated Other Comprehensive Income (Loss)

***Changes in Accumulated Other Comprehensive Income (Loss) by Component***

| | Foreign Exchange Translation Adjustment | Changes in Fair Value of Effective Cash Flow Hedges | Total Accumulated Other Comprehensive (Loss) Income |
|---|---|---|---|
| **Balance as of January 1, 2025** | **$ (20)** | **$ (2)** | **$ (22)** |
| Other comprehensive income (loss) before reclassifications | 27 | (2) | 25 |
| Amount reclassified from accumulated other comprehensive income | — | 1 | 1 |
| Net current period other comprehensive income | 27 | (1) | 26 |
| **Balance as of June 28, 2025** | **$ 7** | **$ (3)** | **$ 4** |
| | | | |
| **Balance as of January 1, 2026** | **$ 5** | **$ (2)** | **$ 3** |
| Other comprehensive income (loss) before reclassifications | (6) | 1 | (5) |
| Amount reclassified from accumulated other comprehensive income | — | (1) | (1) |
| Net current period other comprehensive income | (6) | — | (6) |
| **Balance as of June 27, 2026** | **$ (1)** | **$ (2)** | **$ (3)** |

Amounts reclassified out of *Accumulated other comprehensive income (loss)* related to cash flow hedges are included within *Net sales* or *Cost of sales* in the Combined Statements of Operations, depending on the nature of the underlying transaction being hedged.

## Note 13. Supply Chain Financing

The following table summarizes the Company's outstanding obligations confirmed as valid related to the Supply Chain Financing programs:

| | June 27, 2026 |
|---|---|
| Confirmed obligations outstanding at the beginning of the year | $ 40 |
| Invoices confirmed during the year | 105 |
| Less: Confirmed invoices paid during the year | 49 |
| **Confirmed obligations outstanding at the end of the year** | **$ 96** |

## Note 14. Commitments and Contingencies

***Other Matters***

The Company is subject to a variety of lawsuits, investigations and disputes arising out of the ordinary course of the business, including but not limited to, matters relating to commercial transactions, product liability, employment, and intellectual property. The Company recognizes a liability for any contingency that is probable of occurrence and reasonably estimable. The Company continually assesses the likelihood of adverse judgments of outcomes in these matters, as well as potential ranges of possible losses (taking into consideration any insurance recoveries), based on a careful analysis of each matter with the assistance of outside legal counsel and, if

applicable, other experts. Considering the Company's past experience and existing accruals, the Company does not expect the outcome of such matters, either individually or in the aggregate, to have a material adverse effect on the Company's financial position.

**Note 15. Subsequent Events**

The Company evaluated subsequent events for recognition or disclosure through October 15, 2026, the date the Condensed Combined Financial Statements were available to be issued.

On August 3, 2026, Honeywell completed the sale of the Company (the “Sale”) for total consideration of $1,370 million, net of cash transferred. As these Condensed Combined Financial Statements have been prepared on a historical basis and present the results of operations, assets and liabilities of the Company prior to completion of the Sale, the effects of the Sale are not reflected in the Condensed Combined Financial Statements.

**BRADY CORPORATION AND SUBSIDIARIES**

**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

**Introduction**

On April 20, 2026, Brady Corporation (the "Company" or "Brady") and its wholly owned subsidiary, Brady Worldwide, Inc. (the "Purchaser"), entered into an Equity Purchase Agreement (the "Purchase Agreement") with Honeywell International Inc. (the "Seller"). Pursuant to the Purchase Agreement, on the terms and subject to the conditions therein, the Purchaser agreed to acquire the Seller's Productivity Solutions and Services business (the "Business" or "PSS"), a global manufacturer and provider of integrated mobile computing, scanning, printing, and software solutions, for a base purchase price of $1.4 billion in cash, subject to customary post-closing adjustments (the "Transaction").

On August 3, 2026, the Purchaser and the Seller completed the previously announced Transaction (the "Closing") pursuant to the terms of the Purchase Agreement. The consideration paid at Closing was funded with cash on hand and the debt financing described below. The following unaudited pro forma condensed combined financial information and related notes have been prepared in accordance with Article 11 of Regulation S-X. Brady and PSS have different fiscal year-ends. Brady's fiscal year ends on July 31, whereas PSS's fiscal year ends on December 31. The unaudited pro forma condensed combined balance sheet and the unaudited pro forma condensed combined income statement have been prepared utilizing period ends that differ by one fiscal quarter or less, as permitted by Rule 11-02 of Regulation S-X.

The unaudited pro forma condensed combined balance sheet as of July 31, 2026 gives effect to the Transaction and the Debt Financing as if those transactions had been completed on July 31, 2026 and combines the audited consolidated balance sheet of Brady as of July 31, 2026 with PSS's unaudited combined balance sheet as of June 27, 2026.

The unaudited pro forma condensed combined statements of income for the year ended July 31, 2026, give effect to the Transaction and the Debt Financing as if those transactions had occurred on August 1, 2025, the first day of Brady's fiscal year and combines the historical results of Brady and PSS. The unaudited pro forma condensed combined statement of income for the fiscal year ended July 31, 2026, combines the audited consolidated statement of income of Brady for the fiscal year ended July 31, 2026 and PSS's unaudited condensed combined statement of operations for the twelve months ended June 27, 2026.

The historical financial statements of Brady and PSS have been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are transaction accounting adjustments which are necessary to account for the Transaction and the Debt Financing in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The unaudited pro forma adjustments are based upon available information and certain assumptions that our management believes are reasonable.

The unaudited pro forma condensed combined financial information should be read in conjunction with:

- The accompanying notes to the unaudited pro forma condensed combined financial information;
- The separate audited consolidated financial statements of Brady as of and for the fiscal year ended July 31, 2026 and the related notes, included in the Company's Annual Report on Form 10-K;
- The separate audited combined financial statements of PSS as of and for the fiscal years ended December 31, 2025 and December 31, 2024 and the related notes;
- The separate unaudited condensed combined financial statements of PSS as of and for the six months ended June 27, 2026 and June 28, 2025 and the related notes.

**Description of the Debt Financing**

In connection with the Transaction, the Company initially obtained commitments for up to $1.8 billion of bridge financing (the "Bridge Financing"). Prior to Closing, the Company replaced the Bridge Financing with permanent financing, and no borrowings were made under the Bridge Financing.

At Closing, the Company borrowed $500.0 million under the term loan facility (the "Term Loan Facility") and approximately $304.7 million under the new revolving credit facility (the "New Revolving Credit Facility"), each provided under the Company's $1.0 billion Credit Agreement. The Company also issued $800.0 million aggregate principal amount of Senior Notes, consisting of $250.0 million of 5.43% Senior Notes, Series A, due August 3, 2031, $300.0 million of 5.65% Senior Notes, Series B, due August 3, 2033, and $250.0 million of 5.90% Senior Notes, Series C, due August 3, 2036 (collectively, the "Senior Notes"). The Term Loan Facility, New Revolving Credit Facility and Senior Notes are collectively referred to as the "Debt Financing."

The proceeds from the Debt Financing, together with cash on hand, were used to fund the Transaction and related fees and expenses.

**Accounting for the Transaction**

The Transaction is being accounted for as a business combination using the acquisition method of accounting, with the Purchaser identified as the accounting acquirer in accordance with Accounting Standards Codification ("ASC") Topic 805, "Business Combinations." Under this method of accounting, the aggregate purchase price will be allocated to PSS's assets acquired and liabilities assumed based upon their estimated fair values at the date of Closing. Any differences between the estimated fair value of the consideration transferred and the estimated fair value of the net assets acquired will be recorded as goodwill. The valuation of PSS's assets acquired and liabilities assumed, as well as the evaluation of accounting policies for conformity with Brady's accounting policies, is preliminary. Accordingly, the purchase price allocation and related transaction accounting adjustments reflected in the unaudited pro forma condensed combined financial information are based on preliminary estimates and are subject to revision as the valuation and purchase accounting are finalized. Any differences between these preliminary estimates and the final acquisition-date fair values may be material. Refer to Note 1, "Basis of Presentation," for additional information.

The unaudited pro forma condensed combined financial information is presented for informational purposes only and is not necessarily indicative of the financial position or results of operations that would have been realized had the Transaction and the Debt Financing occurred on the dates assumed for purposes of the pro forma presentation. The unaudited pro forma condensed combined financial information also is not necessarily indicative of the future financial position or results of operations of the combined company.

**BRADY CORPORATION AND SUBSIDIARIES**
**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**
**As of July 31, 2026**
**(**Dollars in thousands**)**

| | Brady Reclassified As of July 31, 2026 (Note 2) | PSS Reclassified As of June 27, 2026 (Note 2) | Transaction Financing Adjustments | (Note 4) | Transaction Accounting Adjustments | (Note 5) | Pro Forma Combined |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | $ 187,149 | $ 111,355 | $ 1,600,000 | (a) | $ (1,449,966) | (a)(f) | $ 448,538 |
| Accounts receivable, net of allowance for credit losses | 260,938 | 216,324 | — | | — | | 477,262 |
| Inventories | 225,214 | 252,327 | — | | 48,262 | (b) | 525,803 |
| Prepaid expenses and other current assets | 15,231 | 21,277 | — | | — | | 36,508 |
| Total current assets | 688,532 | 601,283 | 1,600,000 | | (1,401,704) | | 1,488,111 |
| Property, plant and equipment—net | 254,460 | 24,866 | — | | — | | 279,326 |
| Goodwill | 685,968 | 1,131,930 | — | | (218,174) | (d) | 1,599,724 |
| Other intangible assets | 97,833 | 35,562 | — | | 684,438 | (c) | 817,833 |
| Deferred income tax assets—net | 21,126 | 45,053 | — | | (24,709) | (i) | 41,470 |
| Operating lease assets | 67,916 | 11,738 | — | | (2,747) | (e) | 76,907 |
| Other assets | 36,114 | 19,701 | (4,257) | (b) | — | | 51,558 |
| Total | $ 1,851,949 | $ 1,870,133 | $ 1,595,743 | | $ (962,896) | | $ 4,354,929 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable | $ 108,703 | $ 349,618 | $ — | | $ — | | $ 458,321 |
| Accrued compensation and benefits | 105,777 | 28,884 | — | | 4,935 | (g) | 139,596 |
| Taxes, other than income taxes | 22,161 | 4,817 | — | | — | | 26,978 |
| Accrued income taxes | 7,443 | — | — | | (1,769) | (f) | 5,674 |
| Current operating lease liabilities | 17,020 | 5,497 | — | | (1,797) | (e) | 20,720 |
| Current portion of deferred revenue | 10,765 | 131,129 | — | | — | | 141,894 |
| Other current liabilities | 83,634 | 79,505 | 24,049 | (c) | 6,777 | (h) | 193,965 |
| Total current liabilities | 355,503 | 599,450 | 24,049 | | 8,146 | | 987,148 |
| Long-term debt | 14,985 | — | 1,574,894 | (b)(c) | — | | 1,589,879 |
| Long-term operating lease liabilities | 51,588 | 6,820 | — | | (1,529) | (e) | 56,879 |
| Long-term deferred revenue | 3,060 | 93,754 | — | | — | | 96,814 |
| Deferred income tax liabilities—net | 7,313 | 10,148 | — | | 123,131 | (i) | 140,592 |
| Other liabilities | 61,938 | 75,609 | — | | 6,213 | (h) | 143,760 |
| Total liabilities | 494,387 | 785,781 | 1,598,943 | | 135,961 | | 3,015,072 |
| Stockholders' equity: | | | | | | | |
| Class A nonvoting common stock | 513 | — | — | | — | | 513 |
| Class B voting common stock | 35 | — | — | | — | | 35 |
| Additional paid-in capital | 374,456 | 1,087,826 | — | | (1,087,826) | (j) | 374,456 |
| Retained earnings | 1,476,978 | — | (3,200) | (b) | (14,505) | (f)(j) | 1,459,273 |
| Treasury stock | (419,618) | — | — | | — | | (419,618) |
| Accumulated other comprehensive loss | (74,802) | (3,474) | — | | 3,474 | (j) | (74,802) |
| Total stockholders' equity | 1,357,562 | 1,084,352 | (3,200) | | (1,098,857) | | 1,339,857 |
| Total | $ 1,851,949 | $ 1,870,133 | $ 1,595,743 | | $ (962,896) | | $ 4,354,929 |

See the accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information.

**BRADY CORPORATION AND SUBSIDIARIES**
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME**
**For the Year Ended July 31, 2026**
**(**Dollars in thousands, except per share amounts**)**

| | Brady Reclassified Year Ended July 31, 2026 (Note 2) | PSS Reclassified Twelve Months Ended June 27, 2026 (Note 2) | Transaction Financing Adjustments | (Note 4) | Transaction Accounting Adjustments | (Note 6) | Pro Forma Combined |
|---|---|---|---|---|---|---|---|
| Net sales | $ 1,661,565 | $ 1,155,895 | $ - | | $ 6,777 | (a) | $ 2,824,237 |
| Cost of goods sold | 801,736 | 673,147 | - | | 28,543 | (b)(c)(d)(f) | 1,503,426 |
| Gross margin | 859,829 | 482,748 | - | | (21,766) | | 1,320,811 |
| Operating expenses: | | | | | | | |
| Research and development | 94,031 | 101,382 | - | | 630 | (f) | 196,043 |
| Selling, general and administrative | 481,393 | 291,972 | - | | 21,531 | (d)(e)(f) | 794,896 |
| Amortization of intangible assets | 20,919 | - | - | | 110,942 | (c) | 131,861 |
| Total operating expenses | 596,343 | 393,354 | - | | 133,103 | | 1,122,800 |
| Operating income | 263,486 | 89,394 | - | | (154,869) | | 198,011 |
| Other income (expense): | | | | | | | |
| Investment and other income (expense) | 5,628 | (3,357) | - | | - | | 2,271 |
| Interest expense | (9,699) | (33) | (84,189) | (d) | - | | (93,921) |
| Income before income taxes | 259,415 | 86,004 | (84,189) | | (154,869) | | 106,361 |
| Income tax expense | 54,037 | 16,723 | (17,680) | (e) | (30,874) | (g) | 22,206 |
| Net income | $ 205,378 | $ 69,281 | $ (66,509) | | $ (123,995) | | $ 84,155 |
| | | | | | | | **(Note 7)** |
| Net income per Class A Nonvoting Common Share: | | | | | | | |
| Basic | $ 4.34 | | | | | | $ 1.78 |
| Diluted | $ 4.30 | | | | | | $ 1.75 |
| Net income per Class B Voting Common Share: | | | | | | | |
| Basic | $ 4.33 | | | | | | $ 1.76 |
| Diluted | $ 4.29 | | | | | | $ 1.73 |

See the accompanying notes to the Unaudited Pro Forma Condensed Consolidated Financial Information.

**BRADY CORPORATION AND SUBSIDIARIES**
**NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

**Note 1 – Basis of Presentation**

The unaudited pro forma condensed combined financial information and related notes are prepared in accordance with Article 11 of Regulation S-X. The Company and PSS's historical financial statements were prepared in accordance with U.S. GAAP and presented in U.S. dollars. As discussed in Note 2, certain reclassifications were made to align the Company and PSS's financial statement presentation. The Company is currently in the process of evaluating PSS's accounting policies. That evaluation may identify additional differences between the accounting policies of the Company and PSS. With the information currently available, the Company has determined on a preliminary basis that no significant adjustments are necessary to conform PSS's financial statements to the accounting policies used by the Company.

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting in accordance with ASC 805, with the Purchaser as the accounting acquirer, using the fair value concepts defined in ASC Topic 820, "Fair Value Measurement," and based on the historical financial statements of the Company and PSS. Under ASC 805, all assets acquired and liabilities assumed in a business combination are recognized and measured at their assumed acquisition date fair value, while transaction costs associated with the business combination are expensed as incurred. The excess of acquisition consideration over the estimated fair value of assets acquired and liabilities assumed, if any, is allocated to goodwill.

The allocation of the aggregate consideration (i.e., the purchase price) depends upon certain estimates and assumptions, all of which are preliminary. A preliminary purchase price consideration has been made for the purpose of developing the unaudited pro forma condensed combined financial information. The final determination of fair values of assets acquired and liabilities assumed in the Transaction could differ materially from the preliminary purchase price allocation.

In accordance with Rule 11-02(c)(3) of Regulation S-X, pro forma financial information may combine historical financial information for entities with fiscal year ends that differ by one fiscal quarter or less. Accordingly, for purposes of the unaudited pro forma condensed combined statement of income, PSS's historical results have been aligned to a period ending within one fiscal quarter of the Company's fiscal year end. The historical financial information for each company was derived as follows:

- The Company's historical financial information for the fiscal year ended July 31, 2026 was derived from the Company's audited Annual Report on Form 10-K.
- PSS's unaudited condensed combined statement of operations for the twelve months ended June 27, 2026 was derived by combining PSS's historical unaudited financial statements for the six months ended June 27, 2026 and the audited year ended December 31, 2025, less the historical unaudited financial statements for the six months ended June 28, 2025.

The pro forma adjustments represent management's best estimates and are based upon currently available information and certain assumptions that the Company believes are reasonable under the circumstances. The Company is not aware of any material transactions between the Company and PSS during the periods presented. Accordingly, adjustments to eliminate transactions between the Company and PSS have not been reflected in the unaudited pro forma condensed combined financial information.

**Note 2 – Brady and PSS Reclassification Adjustments**

During the preparation of the unaudited pro forma condensed combined financial information, the Company performed a preliminary evaluation of PSS's historical financial statements to identify differences in financial statement presentation as compared with Brady. Management also performed a preliminary evaluation of PSS's U.S. GAAP accounting policies to identify differences in the application of U.S. GAAP as compared with Brady's accounting policies. Based on the information currently available, Management determined that no significant pro forma adjustments are necessary to conform PSS's historical accounting policies to those of Brady. However, certain reclassification adjustments have been made to conform PSS's historical financial statement presentation to Brady's financial statement presentation. Management has not yet completed its evaluation of PSS's historical accounting policies and financial statement presentation. Completion of these analyses may identify additional adjustments necessary to conform PSS's accounting policies to those of Brady. Any such adjustments, if identified, could be material and could result in changes to the unaudited pro forma condensed combined financial information presented herein.

In order to conform to the new presentation as of July 31, 2026, Brady created separate financial statement line items for "Current portion of deferred revenue," "Long-term deferred revenue," "Deferred income tax liabilities—net," and "Amortization of intangible assets." Accordingly, $10,765 was reclassified from "Other current liabilities" to "Current portion of deferred revenue," $3,060 was reclassified from "Other liabilities" to "Long-term deferred revenue," $7,313 was reclassified from "Other liabilities" to "Deferred income tax liabilities—net," and $20,919 was reclassified from "Selling, general and administrative" to "Amortization of intangible assets." For purposes of the unaudited pro forma condensed combined statement of income, PSS's product and services revenue are presented together within "Net sales," and the related product and services costs are presented together within "Cost of goods sold," consistent with the Company's financial statement presentation. Refer to the tables below for a summary of the other reclassification adjustments made to conform PSS's historical balance sheet and statement of operations presentation to Brady's historical financial statement presentation.

A) Refer to the table below for a summary of reclassification adjustments made to present PSS's combined balance sheet as of June 27, 2026 to conform with that of the Company's:

| *(Dollars in thousands)* | **PSS Historical Combined Balance Sheet Line Items** | **Brady Condensed Consolidated Balance Sheet Line Items** | **PSS Historical as of June 27, 2026** | **Reclassification** | | **PSS Reclassified as of June 27, 2026** |
|---|---|---|---|---|---|---|
| | Cash and cash equivalents | Cash and cash equivalents | $ 111,355 | $ - | | $ 111,355 |
| | Accounts receivable, net | Accounts receivable, net of allowance for credit losses | 197,655 | 18,669 | (a) | 216,324 |
| | Inventories | Inventories | 252,327 | - | | 252,327 |
| | Contract assets | | 5,409 | (5,409) | (b) | - |
| | Other current assets | Prepaid expenses and other current assets | 34,537 | (13,260) | (a)(b) | 21,277 |
| | Property, plant and equipment - net | Property, plant and equipment - net | 24,866 | - | | 24,866 |
| | Goodwill | Goodwill | 1,131,930 | - | | 1,131,930 |
| | Intangible assets - net | Other intangible assets | 35,562 | - | | 35,562 |
| | Deferred income taxes | Deferred income tax assets—net | 45,053 | - | | 45,053 |
| | Right-of-use assets | Operating lease assets | 11,738 | - | | 11,738 |
| | Other assets | Other assets | 19,701 | - | | 19,701 |
| | Accounts payable | Accounts payable | 343,066 | 6,552 | (c)(h) | 349,618 |
| | Accrued liabilities | | 125,255 | (125,255) | (c)(d)(e) (f) (g) | - |
| | | Accrued compensation and benefits | | 28,884 | (d) | 28,884 |
| | | Taxes, other than income taxes | | 4,817 | (e)(h) | 4,817 |
| | | Current operating lease liabilities | | 5,497 | (f) | 5,497 |
| | | Other current liabilities | | 79,505 | (g) | 79,505 |
| | Contract liabilities | Current portion of deferred revenue | 131,129 | - | | 131,129 |
| | Deferred income taxes | Deferred income tax liabilities—net | 10,148 | - | | 10,148 |
| | Operating lease liabilities | Long-term operating lease liabilities | 6,820 | - | | 6,820 |
| | Contract liabilities | Long-term deferred revenue | 93,754 | - | | 93,754 |
| | Other liabilities | Other liabilities | 75,609 | - | | 75,609 |
| | Net parent investment | Additional paid-in capital | 1,087,826 | - | | 1,087,826 |
| | Accumulated other comprehensive (loss) income | Accumulated other comprehensive loss | (3,474) | - | | (3,474) |

a) Reclassification of $18,669 from "Other current assets" to "Accounts receivable, net of allowance for credit losses".

b) Reclassification of $5,409 from "Contract assets" to "Prepaid expenses and other current assets".

c) Reclassification of $6,690 from "Accrued liabilities" to "Accounts payable".

d) Reclassification of $28,884 from "Accrued liabilities" to "Accrued compensation and benefits".

e) Reclassification of $4,679 from "Accrued liabilities" to "Taxes, other than income taxes".

f) Reclassification of $5,497 from "Accrued liabilities" to "Current operating lease liabilities".

g) Reclassification of $79,505 from "Accrued liabilities" to "Other current liabilities".

h) Reclassification of $138 from "Accounts payable" to "Taxes, other than income taxes".

B) Refer to the table below for a summary of adjustments made to present PSS's statement of operations for the year ended June 27, 2026 to conform with that of the Company's:

| *(Dollars in thousands)* | **PSS Historical Combined Statement of Operations Line Items** | **Brady Condensed Consolidated Statement of Income Line Items** | **PSS Historical for the Twelve Months ended June 27, 2026** | **Reclassification** | | **PSS Reclassified for the Twelve Months ended June 27, 2026** |
|---|---|---|---|---|---|---|
| | Net Sales | Net sales | $ 1,155,895 | $ - | | $ 1,155,895 |
| | Cost of sales | Cost of goods sold | 673,147 | - | | 673,147 |
| | Research and development expenses | Research and development | 101,382 | - | | 101,382 |
| | Selling, general and administrative expenses | Selling, general and administrative | 291,972 | - | | 291,972 |
| | Other income (expense) | Investment and other income (expense) | (3,390) | 33 | (a) | (3,357) |
| | | Interest expense | | (33) | (a) | (33) |
| | Income tax expense | Income tax expense | 16,723 | - | | 16,723 |

a) Reclassification of $33 from "Other income (expense)" to "Interest expense".

**Note 3 – Preliminary Purchase Price Allocation**

*Total Preliminary Purchase Price*

The following table summarizes the total preliminary estimated purchase consideration exchanged (i.e., the "total preliminary purchase price") for the Transaction:

| *(Dollars in thousands)* | **Amount** |
|---|---|
| Cash consideration paid on the Closing (i) | $ 1,432,677 |
| Reimbursed expenses (ii) | 1,015 |
| **Total estimated consideration transferred** | $ 1,433,692 |

i) Represents the total cash consideration paid at closing, comprising of the purchase price of $1.4 billion plus, cash received at closing of $63,818, less debt-like items of $7,557, less unpaid company transaction expenses of $6,220, and less the working capital of $17,364 as of August 3, 2026 as calculated according to the terms and conditions of the Purchase Agreement. Working capital is subject to post-close adjustment based on actual working capital as of the date of close pursuant to the terms of the Purchase Agreement.

ii) Represents additional cash consideration paid to Honeywell to reimburse Honeywell for accounting fees incurred in connection with the PSS carve-out. Because the contractual relationship with the third-party accounting advisor was with Honeywell, rather than PSS, the related fees do not represent the settlement of a liability assumed by Brady in the Transaction.

*Preliminary Purchase Price Allocation*

The assumed accounting for the Transaction, including the preliminary aggregate purchase consideration and allocation of the purchase price to the assets acquired and liabilities assumed, is based on preliminary estimates of fair value. For the preliminary estimate of fair values, the Company used publicly available benchmarking information as well as a variety of other assumptions, including market participant assumptions. The Company is expected to use widely accepted income-based, market-based, and cost-based valuation approaches upon finalization of purchase accounting for the Transaction. Actual results may differ materially from the assumptions within the accompanying unaudited pro forma condensed combined financial information. The unaudited pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances. The preliminary purchase price allocation is subject to revision as additional information becomes available during the measurement period, which could be up to twelve months from the Closing. Any such revisions or changes may be material.

The following table sets forth the preliminary price allocation to the fair value of the identifiable assets acquired and liabilities assumed of PSS, with the excess recognized as goodwill:

| *(Dollars in thousands)* | | **Amount** |
|---|---|---|
| **Assets:** | | |
| Cash and cash equivalents | $ | 111,355 |
| Accounts receivable | | 216,324 |
| Inventories (i) | | 300,589 |
| Prepaid expenses and other current assets | | 21,277 |
| Property, plant and equipment | | 24,866 |
| Other intangible assets (ii) | | 720,000 |
| Deferred income tax assets—net (iii) | | 20,344 |
| Operating lease assets | | 8,991 |
| Other assets | | 19,701 |
| **Liabilities:** | | |
| Accounts payable | | 349,618 |
| Accrued compensation and benefits | | 33,819 |
| Taxes, other than income taxes | | 4,817 |
| Current operating lease liabilities | | 3,700 |
| Current portion of deferred revenue | | 131,129 |
| Other current liabilities | | 86,282 |
| Long-term operating lease liabilities | | 5,291 |
| Long-term deferred revenue | | 93,754 |
| Deferred income tax liabilities—net (iii) | | 133,279 |
| Other liabilities | | 81,822 |
| **Net identifiable assets acquired (excluding goodwill)** | $ | 519,936 |
| Goodwill | | 913,756 |
| **Total net assets acquired** | $ | 1,433,692 |

i) The unaudited pro forma condensed combined balance sheet has been adjusted to record PSS's inventories at a preliminary fair value of approximately $300,589 an increase of $48,262 from the carrying value. The unaudited pro forma condensed consolidated statement of income for the year ended July 31, 2026 has been adjusted to recognize additional cost of goods sold related to the increased inventories basis. The additional costs are not anticipated to affect the Company's condensed combined statements of income beyond twelve months after the Closing.

ii) Preliminary identifiable other intangible assets in the unaudited pro forma condensed combined financial information consists of the following:

| *(Dollars in thousands)* | | **Preliminary Fair Value** | **Estimated Useful Life** |
|---|---|---|---|
| Preliminary fair value of intangible assets acquired: | | | |
| Customer Relationships | $ | 464,000 | 13 |
| Developed Technology | | 241,000 | 4 |
| Backlog | | 15,000 | 1 |
| **Intangible assets acquired** | $ | 720,000 | |

A 10% change in the valuation of other intangible assets would cause a corresponding increase or decrease in the amortization expense of approximately $11,094, for the year ended July 31, 2026. Pro forma amortization is preliminary and based on the use of straight-line amortization. The amount of amortization following the Transaction may differ significantly between periods based upon the final value assigned and amortization methodology used for each identifiable intangible asset.

- The preliminary fair value of developed technology was estimated using the relief-from-royalty method, which estimates value based on the royalty payments that would otherwise be required to license the assets from a third party.
- The preliminary fair value of backlog was estimated using the multi-period excess earnings method, which estimates the cash flows attributable to the backlog after deducting charges for the use of other supporting assets.
- The preliminary fair value of customer relationships was estimated using the multi-period excess earnings method, which estimates the cash flows attributable to the customer relationships after deducting charges for the use of other supporting assets.

The identification and valuation of the identifiable intangible assets are preliminary and subject to measurement period adjustments.

iii) Deferred income tax assets—net and Deferred income tax liabilities—net were derived based on incremental differences in the book and tax basis created from the preliminary purchase allocation.

**Note 4 – Financing Adjustments**

a) Reflects the preliminary adjustment to "Cash and cash equivalents" for Debt Financing:

| *(Dollars in thousands)* | | **Amount** |
|---|---|---|
| *Pro forma transaction accounting adjustments - financing:* | | |
| Term Loan Facility proceeds, net of closing funding fee (i) | $ | 499,500 |
| Senior Notes proceeds, net of debt issuance costs (ii) | | 795,840 |
| Incremental New Revolving Credit Facility draw (iii) | | 304,660 |
| Net pro forma transaction accounting adjustment - financing to Cash and cash equivalents | $ | 1,600,000 |

i) The adjustment reflects $500,000 of Term Loan Facility proceeds, net of $500 of closing funding fees paid in cash. Term Loan Facility debt issuance costs are reclassified from "Other assets" as a direct deduction from the related Term Loan Facility debt balances, as described in Note 4(b), and therefore do not reduce closing cash.

ii) The adjustment reflects $800,000 of Senior Notes proceeds, net of $4,160 of debt issuance costs paid at closing.

iii) The adjustment reflects the $304,660 incremental draw on the New Revolving Credit Facility. New Revolving Credit Facility debt issuance costs of $1,693 were incurred prior to closing and remain deferred in "Other assets". Accordingly, such costs do not reduce closing cash.

b) Reflects the preliminary adjustment to "Other assets" of $4,257 to write off the remaining $3,200 of unamortized Bridge Financing costs upon termination of the Bridge Financing commitment at Closing, with a corresponding adjustment to "Retained earnings", and reclass $1,057 of Term Loan Facility debt issuance costs as a direct deduction from the related Term Loan Facility debt balances upon funding.

c) Reflects the preliminary adjustment to "Other Current Liabilities" and "Long-term debt" to record the Term Loan Facility, New Revolving Credit Facility and Senior Notes, with Term Loan Facility and Senior Notes issuance costs presented as direct deductions from the related debt balances:

| *(Dollars in thousands)* | | **Amount** |
|---|---|---|
| *Pro forma transaction accounting adjustments - financing:* | | |
| Record Term Loan Facility principal, net of debt issuance costs | $ | 473,765 |
| Record Senior Notes principal, net of debt issuance costs | | 796,469 |
| Record New Revolving Credit Facility draw | | 304,660 |
| Net pro forma financing adjustment to Long-term debt | $ | 1,574,894 |

The adjustment to "Other current liabilities" reflects $25,000 of scheduled Term Loan Facility principal repayments due within twelve months, calculated as 1.25% of the $500,000 principal balance per quarter for four quarters, net of $951 of Term Loan Facility and Senior Notes related debt issuance costs, resulting in a net adjustment of $24,049.

d) Reflects preliminary interest expense of approximately $84,189 for the twelve months ended July 31, 2026 related to the Debt Financing. Interest on the Senior Notes was calculated using the respective fixed rates of 5.43% for the Series A Senior Notes, 5.65% for the Series B Senior Notes and 5.90% for the Series C Senior Notes. For purposes of the unaudited pro forma condensed combined financial information, interest on the variable-rate Term Loan Facility and New Revolving Credit Facility was calculated using an assumed Term SOFR rate of 3.71% plus an applicable margin of 1.75%. A 1/8 percentage point change in the assumed interest rate on the variable-rate Term Loan Facility and New Revolving Credit Facility borrowings would cause a corresponding increase or decrease in annual pro forma interest expense of approximately $863.

The adjustment reflects "Interest expense" associated with the Debt Financing as if the financing arrangements had been outstanding for the entire fiscal year presented. The adjustment includes coupon and cash interest on the Term Loan Facility, Senior Notes, and New Revolving Credit Facility, and amortization of related debt issuance costs.

| *(Dollars in thousands)* | | **Amount** |
|---|---|---|
| *Pro forma financing adjustments to Interest expense* | | |
| Term Loan Facility interest expense | $ | 27,278 |
| Term Loan Facility debt issuance cost amortization | | 322 |
| Senior A Note coupon interest | | 13,575 |
| Senior B Note coupon interest | | 16,950 |
| Senior C Note coupon interest | | 14,750 |
| Senior Notes debt issuance cost amortization | | 629 |
| New Revolving Credit Facility interest expense | | 10,366 |
| New Revolving Credit Facility debt issuance cost amortization | | 319 |
| Net pro forma financing adjustment to Interest expense | $ | 84,189 |

e) The pro forma adjustments to the income tax provision reflect the application of the Company's U.S. federal statutory income tax rate of 21% for the year ended July 31, 2026. The effective tax rate of the combined company may differ significantly from the statutory rate due to various factors, including the geographic mix of income, state and foreign taxes, changes in tax laws and other post-Transaction activities. Because the tax effects reflected in the unaudited pro forma condensed combined financial information are based on preliminary estimates, the actual effective tax rate in periods subsequent to completion of the Transaction may differ from the rate used herein. The related tax effects are preliminary and remain subject to change as the acquisition accounting, including the final determination of the fair values of the assets acquired and liabilities assumed, is finalized.

**Note 5 – Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet**

Adjustments included in the Transaction Accounting Adjustments column in the accompanying unaudited pro forma condensed combined balance sheet as of July 31, 2026 are as follows:

a) Reflects the preliminary cash consideration of $1,433,692 paid to Honeywell to acquire PSS.

b) Reflects the adjustment of acquired work in process and finished goods inventories to its preliminary estimated fair value. No fair value step-up was recorded for raw materials. The step up in inventories to fair value will increase cost of goods sold as the inventories are sold which, for purposes of the unaudited pro forma condensed combined financial information is assumed to occur within twelve months after the closing of the Transaction.

| *(Dollars in thousands)* | | **Amount** |
|---|---|---|
| *Pro forma transaction accounting adjustments:* | | |
| Eliminate PSS's historical inventories | $ | (252,327) |
| Record the preliminary fair value of acquired inventories | | 300,589 |
| Net pro forma transaction accounting adjustments to Inventories | $ | 48,262 |

c) Reflects the preliminary adjustment for the estimated fair value of intangibles acquired based on the acquisition method of accounting. Refer to Note 3 for additional information on the acquired intangible assets expected to be recognized.

| *(Dollars in thousands)* | | **Amount** |
|---|---|---|
| *Pro forma transaction accounting adjustments:* | | |
| Eliminate PSS's historical net book value of intangibles | $ | (35,562) |
| Record the preliminary fair value of acquired intangibles | | 720,000 |
| Net pro forma transaction accounting adjustments to Other intangible assets | $ | 684,438 |

d) Reflects the preliminary goodwill adjustment which represents the elimination of historical goodwill and the excess of the estimated consideration over the preliminary fair value of the net assets acquired. Refer to Note 3 for additional information regarding goodwill.

| *(Dollars in thousands)* | | **Amount** |
|---|---|---|
| *Pro forma transaction accounting adjustments:* | | |
| Eliminate PSS's historical goodwill | $ | (1,131,930) |
| Fair value of consideration transferred in excess of the preliminary fair value of assets acquired and liabilities assumed | | 913,756 |
| Net pro forma transaction accounting adjustments to Goodwill | $ | (218,174) |

e) Reflects the preliminary purchase accounting adjustments for leases based on the acquisition method of accounting and in accordance with ASC Topic 842, "Leases."

| *(Dollars in thousands)* | | **Amount** |
|---|---|---|
| *Pro forma transaction accounting adjustments:* | | |
| Operating lease assets | | |
| Eliminate PSS's historical operating lease assets | $ | (11,738) |
| Remeasurement of acquired operating lease assets | | 8,991 |
| *Net pro forma transaction accounting adjustments to Operating lease assets* | $ | (2,747) |
| Current operating lease liabilities: | | |
| Eliminate PSS's historical current operating lease liabilities | $ | (5,497) |
| Record remeasurement of acquired current operating lease liabilities | | 3,700 |
| *Net pro forma transaction accounting adjustments to Current operating lease liabilities* | $ | (1,797) |
| Long-term operating lease liabilities: | | |
| Eliminate PSS's historical long-term operating lease liabilities | $ | (6,820) |
| Record remeasurement of acquired long-term operating lease liabilities | | 5,291 |
| *Net pro forma transaction accounting adjustments to Long-term operating lease liabilities* | $ | (1,529) |

f) Reflects the preliminary adjustment to "Cash and cash equivalents" of $16,274 for the Company's transaction costs paid upon Closing. The Company incurred a total of $44,818 of expenses related to the Transaction, of which, $28,544 were accrued for in the Company's historical financial results. These costs primarily consist of legal, financial advisory, accounting, and consulting fees. The related tax benefit of these transaction costs was approximately $1,769.

g) Reflects the preliminary adjustment to "Accrued compensation and benefits" of $4,935 related to retention bonuses and incentive compensation. The compensation adjustment relates to amounts attributable to the pre-acquisition service period that were not accrued in PSS's historical financial statements. Certain awards remain subject to continued employment after Closing; accordingly, only the portion attributable to pre-acquisition service is reflected as an acquisition-date liability, with the remaining amount recognized as post-combination compensation expense.

h) Reflects the preliminary fair value adjustment of $12,990 to recognize the acquired unfavorable off-market contract liability at its estimated acquisition-date fair value, with $6,777 classified within "Other current liabilities" and $6,213 classified within "Other liabilities," with a corresponding increase to goodwill.

i) As a result of the Transaction, Brady expects to recognize an acquisition-related deferred tax liability of $147,840 for book-tax basis differences arising from the preliminary purchase price allocation. In addition, $24,709 of PSS's historical deferred tax assets has been reclassified to reduce "Deferred income tax liabilities—net." The final deferred tax position may change based on the final purchase price allocation and other relevant tax considerations.

j) Reflects the preliminary purchase accounting adjustments for "Stockholders' equity":

| *(Dollars in thousands)* | Additional Paid-in Capital | Retained earnings | Accumulated other comprehensive loss |
|---|---|---|---|
| *Pro forma transaction accounting adjustments to reflect the Transaction:* | | | |
| Eliminate PSS's historical equity | $ (1,087,826) | $ - | $ 3,474 |
| Record transaction costs incurred (i) | - | (14,505) | - |
| Net pro forma transaction accounting adjustments to Stockholders' equity: | $ (1,087,826) | $ (14,505) | $ 3,474 |

i) Record transaction costs that were incurred since July 31, 2026 by the Company in connection with the Transaction. Refer to Note 5(f) for more information.

**Note 6 – Adjustments to the Unaudited Pro Forma Condensed Combined Statement of Income**

Adjustments included in the Transaction Accounting Adjustments column in the accompanying unaudited pro forma condensed combined statement of income for the year ended July 31, 2026 are as follows:

a) Reflects the estimated $6,777 amortization of the unfavorable contract liability, resulting in an increase to "Net sales", based on straight-line amortization of the approximately $12,990 acquisition-date liability over the remaining 23-month contract term. See Note 5(h) for more information.

b) Reflects the amortization of $48,262 estimated fair value step-up in acquired inventory recognized through "Cost of goods sold" during the first year following the Transaction. This adjustment is non-recurring in nature and is not expected to affect the condensed combined statements of income beyond twelve months following the Transaction. Refer to Note 5(b) for more information.

c) Reflects the adjustment to amortization expense associated with the preliminary fair values of the identifiable intangible assets acquired in the Transaction. Amortization expense has been calculated on a straight-line basis over the estimated periods in which the related economic benefits are expected to be realized. The estimated useful lives and fair values of the acquired intangible assets are preliminary and may be revised as additional information becomes available. Refer to Note 3 for additional information regarding the preliminary fair values and estimated useful lives of the identifiable intangible assets. A 10% change in the valuation of other intangible assets would cause a corresponding increase or decrease in the amortization expense of approximately $11,094, for the year ended July 31, 2026. Pro forma amortization expense is preliminary and based on the use of straight-line amortization. The amount of amortization expense recognized following the closing of the Transaction may differ significantly between periods based upon the final fair value assigned and amortization methodology used for each identifiable intangible asset.

| | For the Year Ended July 31, 2026 | |
|---|---|---|
| *(Dollars in thousands)* | Cost of goods sold | Amortization of intangible assets |
| *Pro forma transaction accounting adjustments:* | | |
| Eliminate PSS's historical amortization of intangible assets | $ (16,000) | $ - |
| Record amortization of fair value of intangible assets | - | 110,942 |
| Net pro forma transaction accounting adjustment to intangibles amortization | $ (16,000) | $ 110,942 |

d) Reflects the adjustment to lease expense resulting from the acquisition-date remeasurement of PSS's acquired operating lease right-of-use assets and lease liabilities using the Company's incremental borrowing rates as of the Closing. Lease expense was recalculated based on the updated discount rates and remaining contractual lease terms and is reflected within "Cost of goods sold" and "Selling, general and administrative expense", consistent with the Company's accounting policies.

| | For the Year Ended July 31, 2026 | |
|---|---|---|
| *(Dollars in thousands)* | Cost of goods sold | Selling, general and administrative |
| *Pro forma transaction accounting adjustments:* | | |
| Eliminate PSS's historical lease expense | $ (5,000) | $ - |
| Record lease expense on remeasured leases | 1,188 | 2,905 |
| Net pro forma transaction accounting adjustment to lease expense | $ (3,812) | $ 2,905 |

e) Reflects approximately $16,274 of transaction costs incurred subsequent to July 31, 2026 in connection with the Transaction. These costs are nonrecurring and are not anticipated to affect the unaudited pro forma condensed combined statements of income beyond twelve months after the Closing. See Note 5(f) for more information.

f) Reflects adjustments for compensation expense associated with stock-based compensation awards granted by the Company to transferring PSS employees upon Closing and cash retention bonuses attributable to the post-Transaction service period.

| *(Dollars in thousands)* | For the Year Ended July 31, 2026 | | |
|---|---|---|---|
| | **Cost of goods sold** | **Selling, general and administrative** | **Research and development** |
| *Pro forma transaction accounting adjustments:* | | | |
| Record new Brady stock-based compensation expense (i) | $ - | $ 1,582 | $ 317 |
| Cash retention bonus expense (ii) | 93 | 770 | 313 |
| Net pro forma transaction accounting adjustment to compensation expense | $ 93 | $ 2,352 | $ 630 |

i) Record preliminary stock-based compensation expense related to new Brady awards.

ii) Record preliminary compensation expense for cash retention bonuses paid to transferring PSS employees in the post-acquisition period. Under the cash retention bonus plan, transferring employees must maintain employment with Brady through the post-acquisition vesting date in order to receive the cash retention bonus.

g) Reflects the estimated income tax effects of the pro forma adjustments for the year ended July 31, 2026, based on the Company's U.S. federal statutory income tax rate of 21%, as applicable, and the expected tax deductibility or taxability of the underlying adjustments, including transaction-related expenses. The effective tax rate of the combined company may differ significantly from the statutory rate due to various factors, including the geographic mix of income, state and foreign taxes, changes in tax laws and other post-Transaction activities. Because the tax effects reflected in the unaudited pro forma condensed combined financial information are based on preliminary estimates, the actual effective tax rate in periods subsequent to completion of the Transaction may differ from the rate used herein. The related tax effects are preliminary and remain subject to change as the acquisition accounting, including the final determination of the fair values of the assets acquired and liabilities assumed, is finalized.

**Note 7 – Pro Forma Earnings per Share**

Reconciliations of the numerator and denominator of the pro forma basic and diluted per share computations for the Company's Class A and Class B common stock are summarized as follows:

| *(Dollars in thousands)* | For the Year Ended July 31, 2026 |
|---|---|
| | |
| Numerator: | |
| Net income (for basic and diluted income per Class A Nonvoting Common Share) | $ 84,155 |
| Less: | |
| Preferential dividends | (728) |
| Preferential dividends on dilutive stock options | (8) |
| **Numerator for basic and diluted income per Class B Voting Common Share** | $ 83,419 |
| Denominator | |
| Denominator for basic income per share for both Class A and Class B | 47,285 |
| Plus: Effect of dilutive equity awards | 926 |
| **Denominator for diluted income per share for both Class A and Class B** | 48,211 |
| Net income per Class A Nonvoting Common Share: | |
| Basic | $ 1.78 |
| Diluted | $ 1.75 |
| Net income per Class B Voting Common Share: | |
| Basic | $ 1.76 |
| Diluted | $ 1.73 |