Brady Corporation

F’25 Q1 Financial Results

November 18, 2024

Forward-Looking Statements

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

The use of words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “project,” “plan” or similar terminology are generally intended to identify forward-looking statements. These forward-looking statements by their nature address matters that are, to different degrees, uncertain and are subject to risks, assumptions, and other factors, some of which are beyond Brady’s control, that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. For Brady, uncertainties arise from: increased cost of raw materials and labor as well as raw material shortages and supply chain disruptions; decreased demand for our products; our ability to compete effectively or to successfully execute our strategy; our ability to develop technologically advanced products that meet customer demands; Brady’s ability to identify, integrate, and grow acquired companies, and to manage contingent liabilities from divested businesses; difficulties in protecting our websites, networks and systems against security breaches; risks associated with the loss of key employees; extensive regulations by U.S. and non-U.S. governmental and self-regulatory entities; global climate change and environmental regulations; litigation, including product liability claims; foreign currency fluctuations; potential write-offs of goodwill and other intangible assets; differing interests of voting and non-voting shareholders and changes in the regulatory and business environment around dual-class voting structures; changes in tax legislation and tax rates; numerous other matters of national, regional and global scale, including major public health crises and government responses thereto and those of a political, economic, business, competitive, and regulatory nature contained from time to time in Brady’s U.S. Securities and Exchange Commission filings, including, but not limited to, those factors listed in the “Risk Factors” section within Item 1A of Part I of Brady’s Form 10-K for the year ended July 31, 2024.

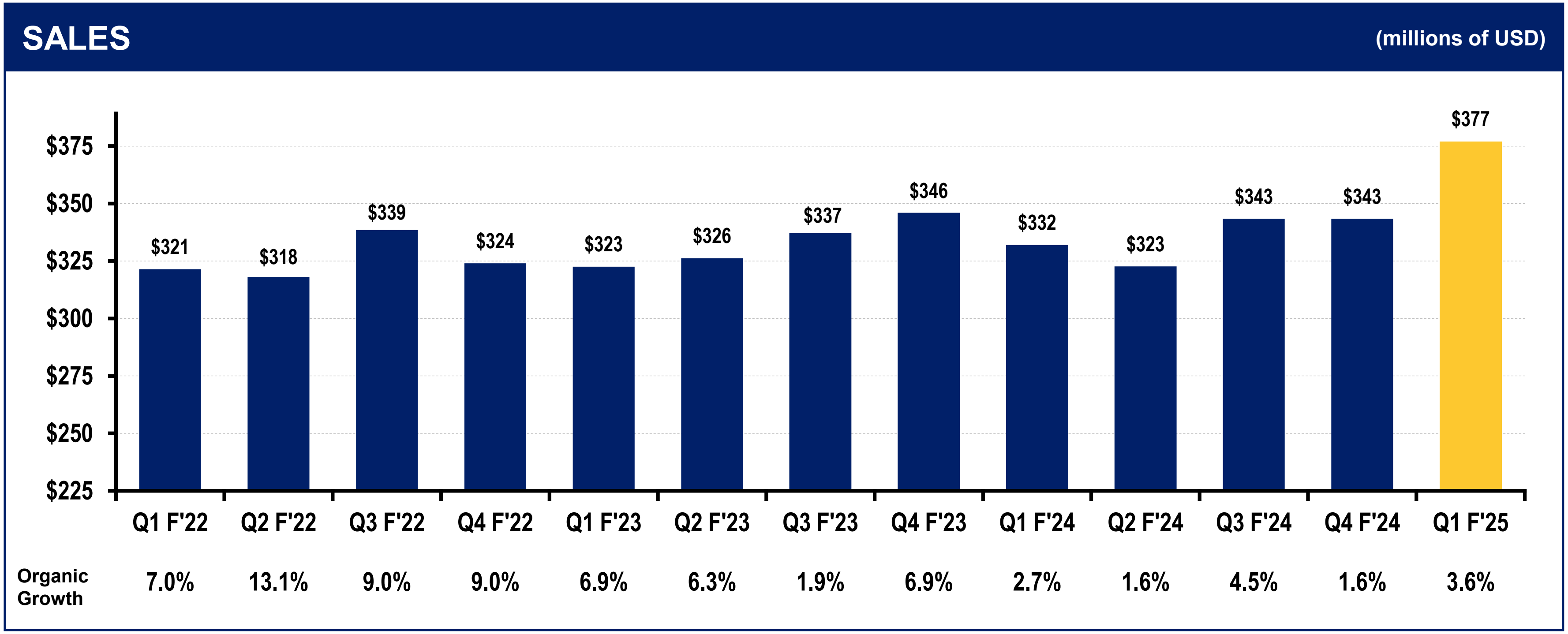
These uncertainties may cause Brady's actual future results to be materially different than those expressed in its forward-looking statements. Brady does not undertake to update its forward-looking statements except as required by law.

Q1 F'25 Highlights

Sales Growth	► Organic sales growth of 3.6%. ► Americas & Asia organic sales growth of 5.1%. ► Europe & Australia organic sales growth of 0.7%. ► Acquisition growth of 9.9%.
Gross Profit Margin	► GPM of 50.3% compared to 51.7% in Q1 of F'24. ► Gross profit includes purchase accounting adjustments related to the acquisition of Gravotech.
Growth in Adjusted Diluted Earnings per Share*	► GAAP EPS of $0.97 was consistent with Q1 of last year. ► Adjusted Diluted Earnings per Share* increased 12.0% to $1.12 in Q1 of F'25 compared to $1.00 in Q1 of F'24.
Returning Capital to our Shareholders	► Acquired businesses for $140.6M. ► Paid dividends of $11.4M. ► In a net cash position of $29.0M at October 31, 2024.

* Adjusted Diluted Earnings per Share is a non-GAAP measure. See appendix.

Sales Overview



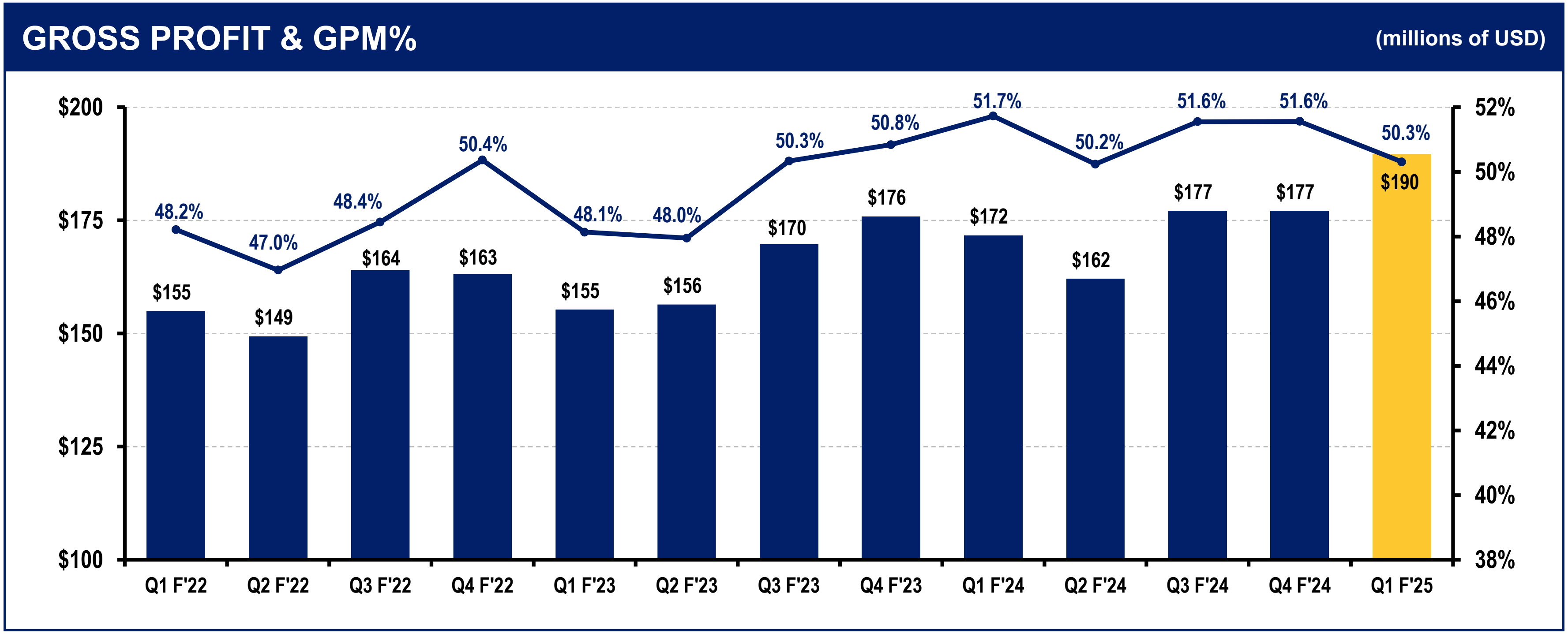
Q1 F'25 SALES:

- Total sales increased 13.6%.
- Organic sales increased 3.6%.
  - Americas & Asia – Organic sales increased 5.1%.
  - Europe & Australia – Organic sales increased 0.7%.
- Foreign currency translation increased sales 1.2%.
- Acquisitions net of divestitures increased sales 8.8%.

Q1 F'25 SALES COMMENTARY:

- Organic sales grew 5.0% in the Americas with growth in all major product lines.
- Asia organic sales grew 6.3% with growth across the region offsetting a decline in organic sales in China.
- Organic sales grew 1.1% in Europe with growth in safety and facility identification and people identification.
- Australia organic sales declined 1.9%.

Gross Profit Margin

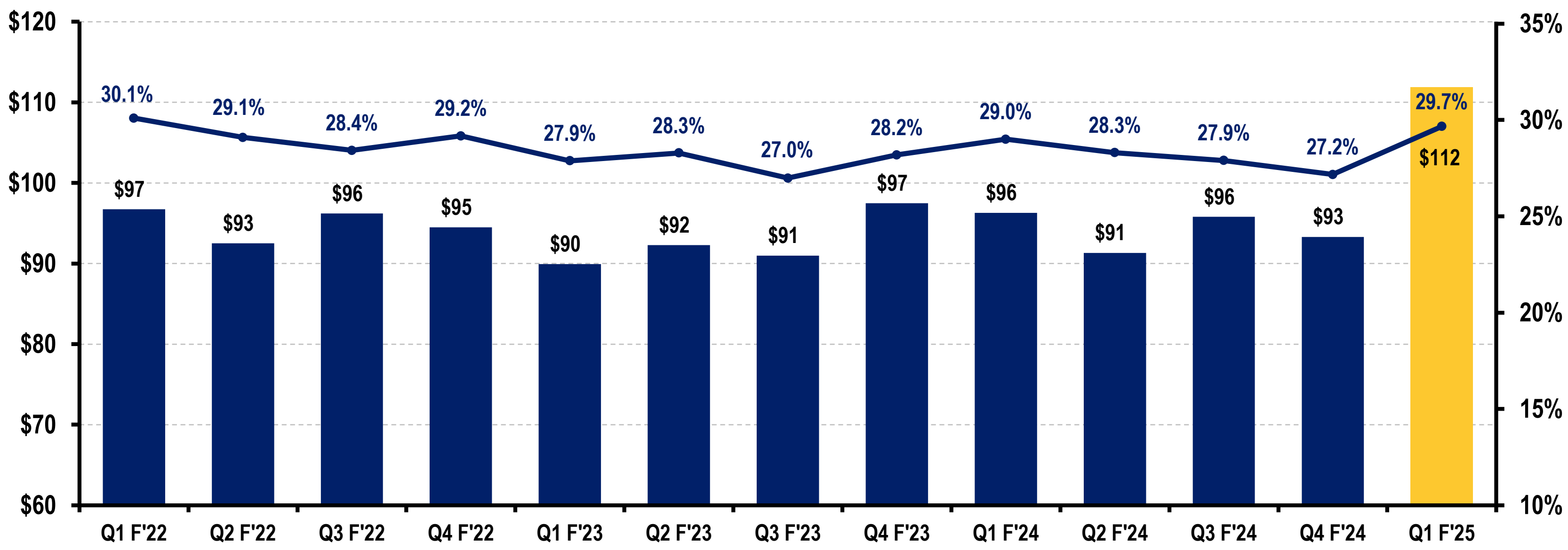


Q1 F'25 – GROSS PROFIT MARGIN:

- Gross profit margin of 50.3% compared to 51.7% in Q1 of F'24.
- The non-recurring impact of purchase accounting charges related to our acquisition of Gravotech reduced our gross profit margin by approximately 110 basis points.
- Inflation continues, but we are experiencing a reduced rate of inflation in most geographies.

SG&A Expense

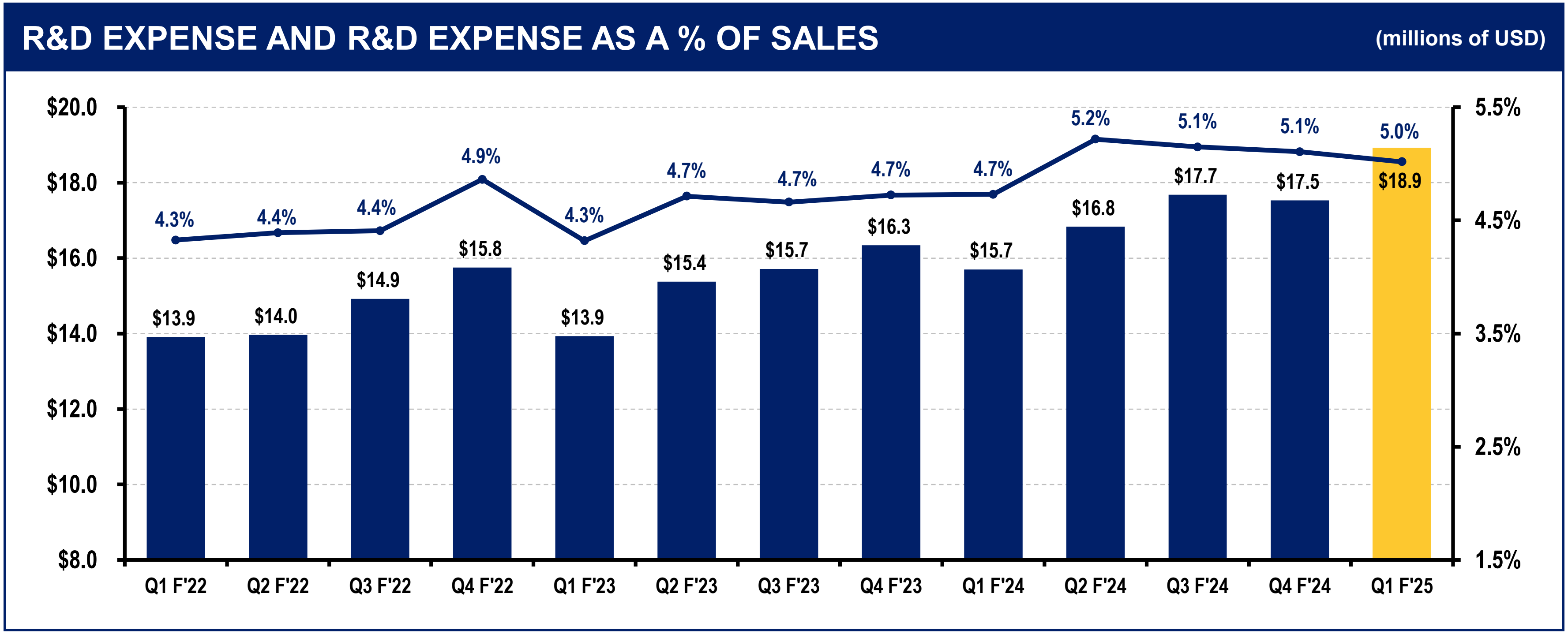
SG&A EXPENSE AND SG&A EXPENSE AS A % OF SALES (millions of USD)



Q1 F’25 – SG&A EXPENSE:

- SG&A expense increased as a percent of sales when compared to Q1 last year primarily due to increased amortization and other acquisition-related expenses.
- Inflation continues in certain geographies. We continue to focus on identifying and executing sustainable efficiency gains in order to offset cost increases, while making the necessary investments to drive future sales growth.

R&D Expense



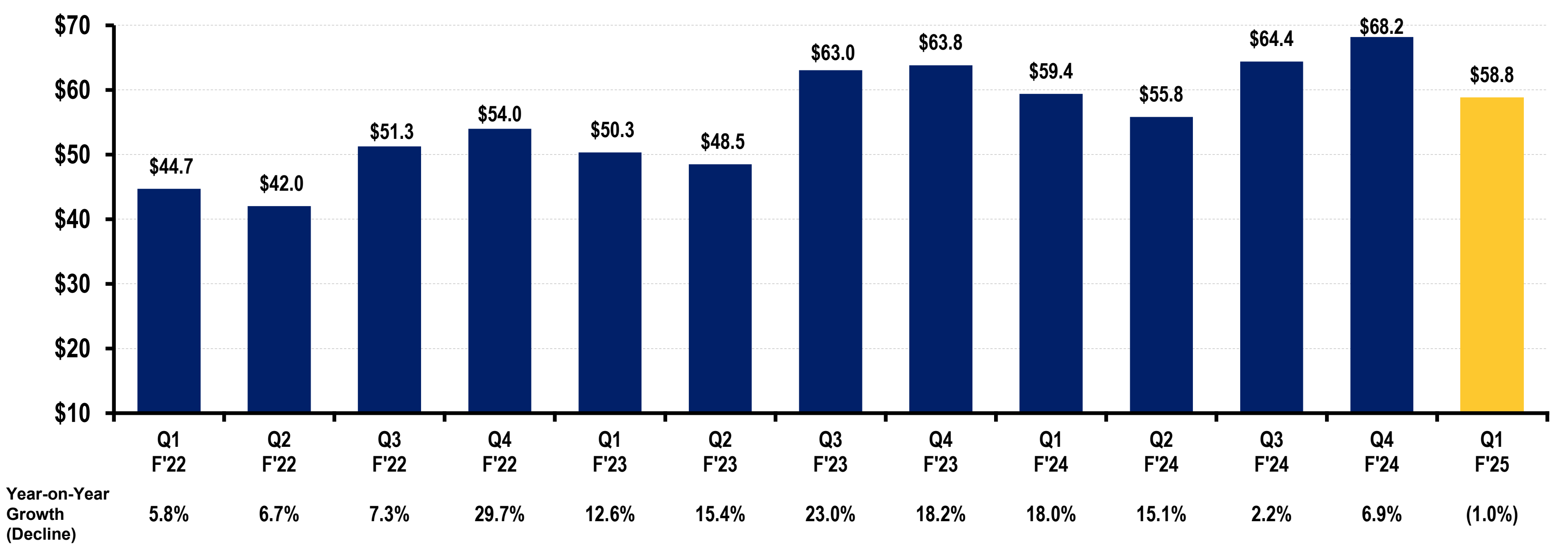
Q1 F’25 – R&D EXPENSE:

- We remain committed to our investments in R&D in order to drive profitable long-term sales growth.
- We are focused on ensuring that our R&D spend is both efficient and effective.

Income Before Income Taxes

INCOME BEFORE INCOME TAXES (GAAP)

(millions of USD)



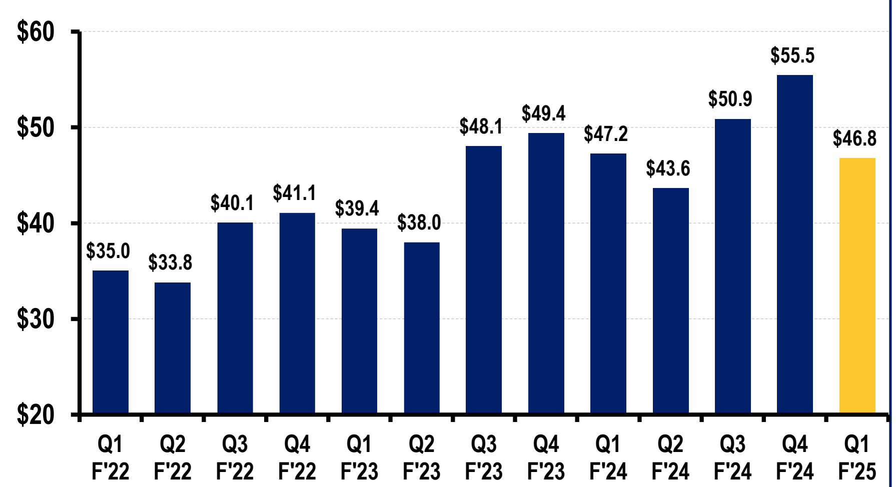
Q1 F'25 – INCOME BEFORE INCOME TAXES:

- GAAP Income before income taxes was down 1.0% to $58.8M in Q1 of F'25 compared to $59.4M in Q1 of F'24.
- Excluding adjusted* items from both periods, income before income taxes was up 11.0% to $68.6M in Q1 of F'25 compared to $61.8M in Q1 of F'24.

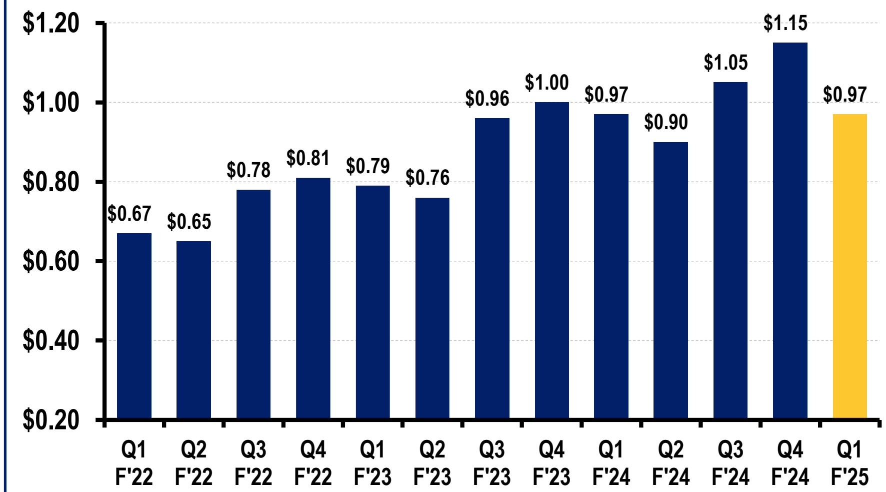
* Adjusted Income Before Income Taxes is a non-GAAP measure. See appendix.

Net Income & Diluted EPS

NET INCOME (GAAP) (millions of USD)



DILUTED EPS (GAAP)



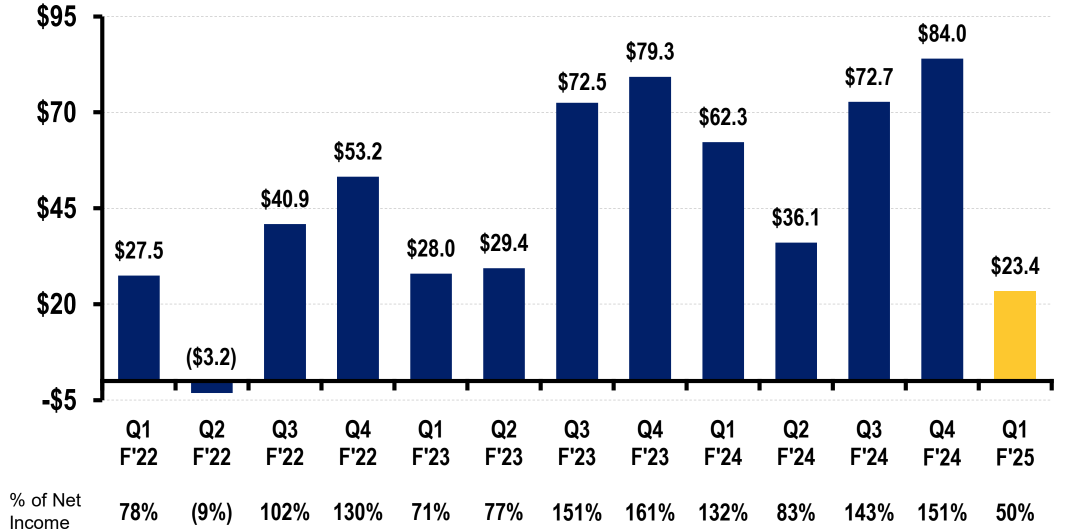
Q1 F’25 – NET INCOME & DILUTED EPS:

- GAAP Net Income was $46.8M in Q1 of F’25 compared to $47.2M in Q1 of F’24 (a decrease of 1.0%).
  - Adjusted Net Income* was $54.2M in Q1 of F’25 compared to $49.1M in Q1 of F’24 (an increase of 10.4%).
- GAAP Diluted EPS was $0.97 in Q1 of F’25 and in Q1 of F’24.
  - Adjusted Diluted EPS* was $1.12 in Q1 of F’25 compared to $1.00 in Q1 of F’24 (an increase of 12.0%).

* Adjusted Net Income and Adjusted Diluted EPS are non-GAAP measures. See appendix.

Cash Generation

CASH FLOW FROM OPERATING ACTIVITIES (millions of USD)



(millions of USD)	3 Mos. Ended Oct. 31, 2024	3 Mos. Ended Oct. 31, 2023
Cash Balance - Beginning of Period	**$ 250.1**	**$ 151.5**
Cash Flow from Operating Activities	23.4	62.3
Capital Expenditures	(7.3)	(11.3)
Dividends	(11.4)	(11.3)
Share Repurchases	-	(14.1)
Business Acquisitions	(140.6)	-
Debt Borrowings / (Repayments)	25.7	2.6
Effect of Exchange Rates on Cash	1.8	(5.7)
Other	4.0	1.5
Cash Balance - End of Period	**$ 145.7**	**$ 175.4**

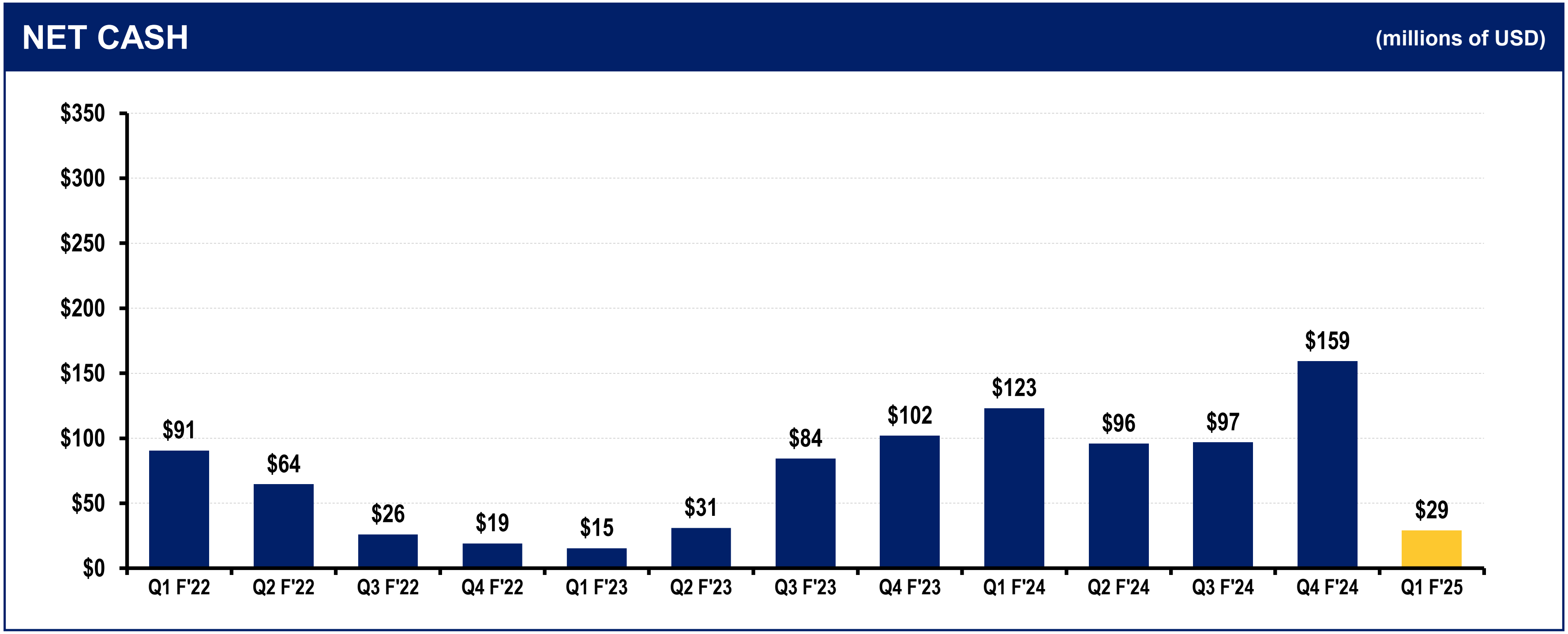
CASH FLOWS IN Q1 OF F'25:

Overview:

- Cash flow from operating activities was $23.4M in Q1 of F'25 vs. $62.3M in Q1 of F'24.
- Free cash flow* was $16.1M in Q1 of F'25 compared to $51.0M in Q1 of F'24.
- We invested $140.6M in acquisitions in Q1 of F'25.
- We returned $11.4M to our shareholders in the form of dividends.

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

Net Cash



STRONG BALANCE SHEET:

- October 31, 2024 cash = $145.7M.
- October 31, 2024 debt = $116.6M.
- Balance sheet provides flexibility for future organic and inorganic investments.

F’25 Diluted EPS Guidance

GAAP Diluted EPS	**$4.02 to $4.32**
F’25 Adjusted Diluted EPS*	**$4.40 to $4.70**

Guidance Assumptions:

- Organic sales growth in the low-single digit percentages.
- Full-year income tax rate of approximately 20%.
- Foreign currency exchange rates as of October 31, 2024.
- Depreciation and amortization expense of approximately $40M.
- Capital expenditures of approximately $35M.
- Adjusted Diluted EPS guidance represents a range of 4.3% growth to 11.4% growth vs. F’24.

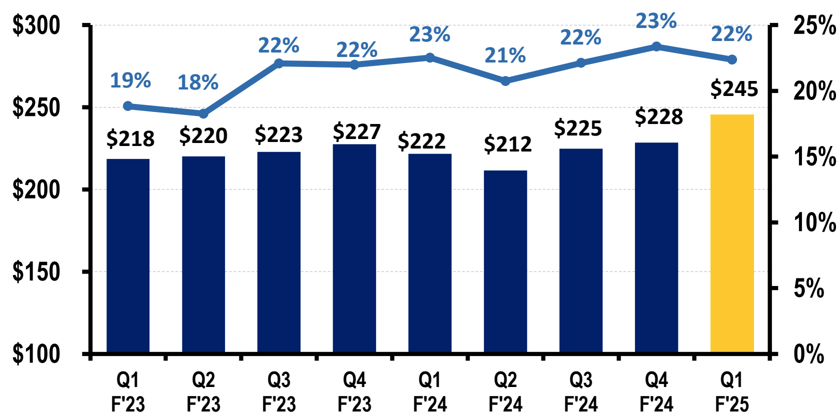
* Adjusted Diluted EPS is a non-GAAP measure. See appendix.

Americas & Asia

Q1 F'25 vs. Q1 F'24 (millions of USD)

	Q1 F'25	Q1 F'24	Change
Sales	$ 245.4	$ 221.6	10.7%
Segment Profit	54.9	49.9	+ 10.0%
Segment Profit %	22.4%	22.5%	- 10 bps

SALES & SEGMENT PROFIT % (millions of USD)



	Q1 F'23	Q2 F'23	Q3 F'23	Q4 F'23	Q1 F'24	Q2 F'24	Q3 F'24	Q4 F'24	Q1 F'25
Organic	4.0%	6.9%	1.2%	5.6%	3.3%	1.2%	4.5%	3.4%	5.1%
For. Curr.	(1.4%)	(1.0%)	(0.8%)	(0.2%)	-	0.1%	(0.1%)	(0.8%)	(0.2%)
Acq. & Div.	-	-	(0.3%)	(1.0%)	(1.9%)	(5.1%)	(3.5%)	(2.2%)	5.8%

Q1 F'25 SUMMARY:

- Revenues increased 10.7% in Q1 of F'25:
  - Organic growth = + 5.1%.
  - Fx decrease = (0.2%).
  - Acquisition = + 7.4%
  - Divestiture = (1.6%).
- Organic sales grew 5.0% in the Americas with growth in all major product lines.
- Organic sales grew 6.3% in Asia; growth throughout the region more than offset an organic sales decline in China.
- Growth in segment profit due to organic sales growth in higher gross margin product lines, which was partially offset by certain acquisition-related costs and purchase accounting adjustments.

OUTLOOK:

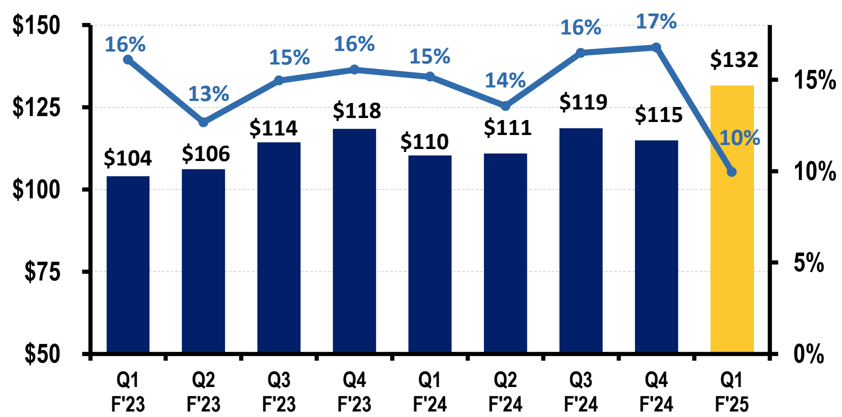
- Organic sales growth in the low-single digit percentages in F'25.
- Continued growth in segment profit.

Europe & Australia

Q1 F'25 vs. Q4 F'24 (millions of USD)

	Q1 F'25	Q1 F'24	Change
Sales	$ 131.6	$ 110.4	19.3%
Segment Profit	13.1	16.7	(21.7%)
Segment Profit %	10.0%	15.2%	- 520 bps

SALES & SEGMENT PROFIT % (millions of USD)



	Q1 F'23	Q2 F'23	Q3 F'23	Q4 F'23	Q1 F'24	Q2 F'24	Q3 F'24	Q4 F'24	Q1 F'25
Organic	12.8%	5.2%	3.4%	9.5%	1.4%	2.5%	4.4%	(1.8%)	0.7%
For. Curr.	(17.0%)	(8.9%)	(4.8%)	2.0%	4.6%	2.0%	(0.6%)	(1.2%)	3.6%
Acquisitions	-	-	-	-	-	-	-	-	15.0%

Q1 F'25 SUMMARY:

- Revenues increased 19.3% in Q1 of F'25:
  - Organic growth = 0.7%.
  - Fx increase = 3.6%.
  - Acquisition = 15.0%
- Organic sales grew 1.1% in Europe primarily due to growth in the safety and facility identification and people identification product lines.
- Organic sales declined 1.9% in Australia primarily due to a decline in the wire identification product line.
- Segment profit decreased primarily due to acquisition-related costs and purchase accounting adjustments.

OUTLOOK:

- Organic sales growth in the low-single digit percentages in F'25.
- Growth in segment profit.

Investor Relations

Brady Contact:

Ann Thornton

Investor Relations

414-438-6887

Ann_Thornton@bradycorp.com

See our website at

www.bradycorp.com/investors

Appendix

GAAP to Non-GAAP Reconciliations

Non-GAAP Reconciliations

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

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

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

	Three months ended October 31,	
	2024	2023
Income before income taxes (GAAP measure)	$ 58,800	$ 59,402
Amortization expense	4,713	2,355
Non-recurring acquisition-related costs and other expenses	5,059	-
Adjusted Income Before Income Taxes (non-GAAP measure)	**$ 68,572**	**$ 61,757**

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

	Three months ended October 31,	
	2024	2023
Income tax expense (GAAP measure)	$ 12,017	$ 12,161
Amortization expense	1,133	546
Non-recurring acquisition-related costs and other expenses	1,265	-
Adjusted Income Tax Expense (non-GAAP measure)	**$ 14,415**	**$ 12,707**

Non-GAAP Reconciliations

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

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

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

	Three months ended October 31,	
	2024	2023
Net income (GAAP measure)	$ 46,783	$ 47,241
Amortization expense	3,580	1,809
Non-recurring acquisition-related costs and other expenses	3,794	-
Adjusted Net Income (non-GAAP measure)	**$ 54,157**	**$ 49,050**

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

	Three months ended October 31,	
	2024	2023
Net income per Class A Nonvoting Common Share (GAAP measure)	$ 0.97	$ 0.97
Amortization expense	0.07	0.04
Non-recurring acquisition-related costs and other expenses	0.08	-
Adjusted Diluted EPS (non-GAAP measure)	**$ 1.12**	**$ 1.00**

Diluted EPS Excluding Certain Items Guidance:	Fiscal 2025 Expectations	
	Low	High
Earnings per diluted Class A Common Share (GAAP measure)	$ 4.02	$ 4.32
Amortization expense	0.30	0.30
Non-recurring acquisition-related costs and other expenses	0.08	0.08
Adjusted Diluted EPS (non-GAAP measure)	**$ 4.40**	**$ 4.70**