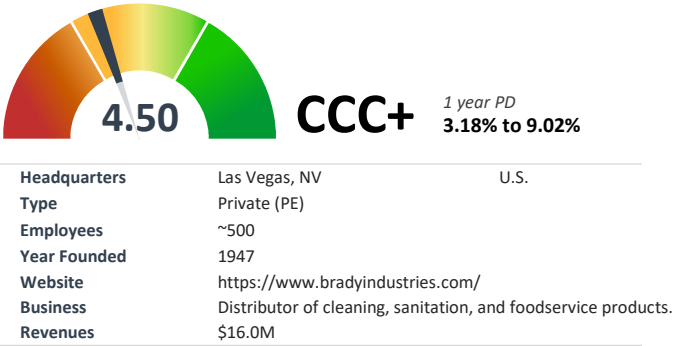


Brady Industries of Illinois, LLC



Company Overview

- Company Overview:** Brady Industries is a privately-held distributor specializing in janitorial, sanitation, and foodservice products, serving the U.S. market. They are a wholly-owned subsidiary of BradyPlus, which is owned by Warburg Pincus, LLC (private equity).
- Product:** Their main products include cleaning chemicals, paper goods, facility equipment, and foodservice supplies, catering to diverse industries.
- Customers:** They serve large-scale organizations such as healthcare facilities, hotels, restaurants, educational institutions, and office bldgs.
- Ownership:** Warburg Pincus, LLC ("WP") has \$83bn in AUM with a diversified portfolio of over 225 companies, >55 years of experience, and provides a robust financial backing. Its growth-oriented strategy and substantial capital base reduce liquidity risk, but reliance on aggressive expansion may heighten operational risks for portfolio companies
- Debt Structure:** N/A - no balance sheets (e.g. debt, assets, liabilities) were provided.
- Other (pros/cons):** Brady Industries' 35.6% revenue growth and 23.2% EBITDA margin highlight solid performance. The relatively low Interest Expense position indicates a fairly insignificant amount of debt. WP's support mitigates liquidity concerns, yet risks from expansion, including a couple material mergers in 2023 (e.g. Envoy Solutions 10/23, and Qualmax Supplies 11/23), may elevate operational and long-term debt challenges on the parent level. Overall, acquisitions may question Brady's position within the overall portfolio of companies under BradyPlus.

Financial Snapshot

	Dec-21	Dec-22	Dec-23	Chg
\$ '000s	T12	T12	T12	%
Total Revenue	-	11,791	15,994	35.6%
Gross Profit	-	4,106	5,835	42.1%
Adjusted EBITDA	-	2,882	3,713	28.8%
Gross Profit Margin	#DIV/0!	34.8%	36.5%	1.7 ppt
EBITDA Margin	#DIV/0!	24.4%	23.2%	-1.2 ppt

				Weight	Rating Range		
				15%	7.5	to	9.0

# of Benchmarks:		20	Industry Median	Company Metric	Percentile Rank	# of Industry Benchmarks		20
			\$17M	\$16M		Company Financials Date		Dec-23
Liquidity	Revenue					Industry Benchmarks - Primary: Distributors		
	Current Ratio	1.79						
Leverage	Quick Ratio	0.81						
	Net Debt / EBITDA	1.35	-		64%			
Profitability	Debt to Assets	31.7%						
	EBITDA Margin	6.3%	23.2%		100%			
		ROCE %	24.3%					

Business Risk

Industry Group Risk Profile			Business And Consumer Services				15%	5.5	to	7.5
Industry Risk Assessment		KPI Rating	Contribution	Industry Group Description						
Cyclicality		Intermediate risk		Primary revenues from offering solutions for noncore activities or providing varied business and consumer services, including: services for direct consumer needs; product distribution services; facilities services for maintaining other businesses' premises or staffing; and general and professional services for complex business support.						
Competitive Risk		Intermediate risk								
Global Industry		Intermediate risk								
Market Segment Outlook		Above Average								
Competitive Position Profile			Distribution				35%	5.5	to	7.0
Competitive Position KPIs		KPI Rating	Contribution	Rating Guideline						
Cycle-Tested		< 2000		Navigated multiple economic down-cycles.						
Geographic Coverage		Above Average		Covers most regions nationally with its distribution network.						
Supplier Relationships		Satisfactory		Relationships with suppliers are average and non-exclusive.						
Product Range		Above Average		Has a broad product range within a specific category.						
Customer Relationships		Above Average		Good relationships with both large and small retailers.						
Delivery Speed		Satisfactory		Average delivery times, comparable to industry peers.						
Inventory Management		Satisfactory		Average inventory management, occasional stockouts or overstock.						
Value-Added Services		Above Average		Provides a few value-added services.						
Technology Use		Satisfactory		Average use of technology, some automation but many processes still manual.						
		Satisfactory								
Management, Governance, Sponsorship							50%	5.5	to	7.5

Anchor Modifiers

Modifiers					
Revenue Segment	Normalization		\$10-25M		
Financial Transparency	Risk Flag		Minimal		
Other Modifier	Risk Flag		No notes to financials, no debt figures available yet - however, low interest expense suggests minimal debt. HOWEVER, concerns about relevanc		

Rating Range (Rounded)

4.0	to	5.0
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