

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): May 19, 2021

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

Commission File Number 1-14959

Wisconsin  
(State or other jurisdiction of incorporation or organization)

39-0971239  
(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 (17 CFR 230.405) or Rule 12b-2 or the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

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. ☐

On May 20, 2021, Brady Corporation (the “Company”) issued a press release announcing its fiscal 2021 third quarter financial results. A copy of the press release is being furnished to the Securities and Exchange Commission as Exhibit 99.1 attached hereto and is incorporated herein by reference.

On May 20, 2021, the Company hosted a conference call related to its fiscal 2021 third quarter financial results. A copy of the slides referenced in the conference call, which is also posted on the Corporation’s website, is being furnished to the Securities and Exchange Commission as Exhibit 99.2 attached hereto and is incorporated herein by reference.

On April 15, 2021, the Company agreed to launch an all-cash tender offer (the “Tender Offer”) in Finland to acquire all of the outstanding, publicly-held shares of Nordic ID Oyj (“Nordic ID”), a Finnish corporation. The obligation of the Company to consummate the Tender Offer was subject to customary closing conditions, including the tender of more than 90% of the outstanding, publicly-held shares of Nordic ID within the offer period (“Offer Period”), the receipt of all required regulatory approvals and consents, and the absence of a material adverse change with respect to Nordic ID.

On May 19, 2021, the results of the Company’s Tender Offer were finalized, and the shares that were validly tendered represent 92.9% of all outstanding shares and votes in Nordic ID. Because more than 90% of the outstanding, publicly-held shares of Nordic ID were validly tendered and not validly withdrawn within the Offer Period and the other closing conditions were satisfied, the Company expects to consummate the Tender Offer on or about May 21, 2021. The total cash consideration offered for each Nordic ID Share validly tendered in the Tender Offer is EUR 3.30 per share, which equates to a total equity purchase of EUR 8.1 million (USD 9.9 million), plus the assumption of debt of approximately USD 3 million.

As the Company’s holding in Nordic ID will exceed 90% of the total number of shares and votes in Nordic ID after the settlement of the shares validly tendered in the Tender Offer, the Company intends to initiate statutory redemption proceedings for the remaining shares in Nordic ID under the Finnish Companies Act. Following such statutory redemption proceedings, the Company will own all of the outstanding shares in Nordic ID, and it intends to cause Nordic ID to apply for delisting of its shares from the Nasdaq First North Growth Market Finland.

FORWARD-LOOKING STATEMENTS

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

The use of words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “project,” “continue” or “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: Brady’s ability to consummate the tender offer and the other transactions contemplated by the agreement with Nordic ID, including the statutory redemption, on the timeframe disclosed or at all; adverse impacts of the novel coronavirus (“COVID-19”) pandemic or other pandemics; decreased demand for our products; our ability to compete effectively or to successfully execute our strategy; Brady’s ability to develop technologically advanced products that meet customer demands; raw material and other cost increases; difficulties in protecting our websites, networks, and systems against security breaches; extensive regulations by U.S. and non-U.S. governmental and self-regulatory entities; risks associated with the loss of key employees; divestitures and contingent liabilities from divestitures; Brady’s ability to properly identify, integrate, and grow acquired companies; litigation, including product liability claims; foreign currency fluctuations; potential write-offs of Brady’s goodwill and other intangible assets; changes in tax legislation and tax rates; differing interests of voting and non-voting shareholders; numerous other matters of national, regional and global scale, including major public health issues 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

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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, 2020 and subsequent Form 10-Q filings.

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.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

EXHIBIT NUMBER	DESCRIPTION
99.1	<a href="#">Press Release of Brady Corporation, dated May 20, 2021, relating to fiscal 2021 third quarter financial results.</a>
99.2	<a href="#">Informational slides provided by Brady Corporation, dated May 20, 2021, relating to fiscal 2021 third quarter financial results.</a>
104	Cover Page Interactive Data File (embedded within Inline XBRL document).

SIGNATURE

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

BRADY CORPORATION

Date: May 20, 2021

/s/ AARON J. PEARCE  
Aaron J. Pearce  
Chief Financial Officer and Treasurer

**For More Information:**

Investor contact: Ann Thornton 414-438-6887

Media contact: Kate Venne 414-358-5176

**Brady Corporation Reports Fiscal 2021 Third Quarter Results and Increases its Fiscal 2021 EPS Guidance**

- Pre-tax income more than doubled to \$47.8 million in the third quarter of fiscal 2021 compared to \$22.2 million in the same quarter of the prior year.
- Diluted EPS was \$0.71 in the third quarter of fiscal 2021 compared to \$0.26 in the same quarter of the prior year.
- Sales for the quarter increased 11.1 percent. Organic sales increased 6.5 percent and the impact of foreign currency translation increased sales by 4.6 percent.
- Net cash provided by operating activities was \$56.0 million in the third quarter of fiscal 2021 compared to \$42.8 million in the third quarter of the prior year.
- Diluted EPS guidance for the full year ending July 31, 2021 was increased to a range of \$2.58 to \$2.68 from the previous range of \$2.48 to \$2.58.

MILWAUKEE (May 20, 2021) -- Brady Corporation (NYSE: BRC) ("Brady" or "Company"), a world leader in identification solutions, today reported its financial results for its fiscal 2021 third quarter ended April 30, 2021.

**Quarter Ended April 30, 2021 Financial Results:**

Income before income taxes and losses of unconsolidated affiliate increased 115.7 percent to \$47.8 million for the quarter ended April 30, 2021, compared to \$22.2 million in the same quarter last year. Income before income taxes for the prior year quarter ended April 30, 2020 was reduced by non-cash impairment charges of \$13.8 million primarily related to the write down of certain of the tangible and intangible assets in the Company's Workplace Safety segment.

Net income for the quarter ended April 30, 2021 increased 173.5 percent to \$37.3 million compared to \$13.6 million in the same quarter last year. Earnings per diluted Class A Nonvoting Common Share were \$0.71 for the third quarter of fiscal 2021, compared to \$0.26 in the same quarter last year. Diluted EPS for the prior year quarter ended April 30, 2020 was reduced by non-cash impairment charges of approximately \$0.21 per share.

Sales for the quarter ended April 30, 2021 increased 11.1 percent, which consisted of an organic sales increase of 6.5 percent and an increase of 4.6 percent from foreign currency translation. Sales for the quarter ended April 30, 2021 were \$295.5 million compared to \$265.9 million in the same quarter last year. By segment, sales increased 12.9 percent in Identification Solutions and increased 6.4 percent in Workplace Safety, which consisted of an organic sales increase of 9.8 percent in Identification Solutions and an organic sales decline of 2.2 percent in Workplace Safety.

**Nine-Month Period Ended April 30, 2021 Financial Results:**

Income before income taxes and losses of unconsolidated affiliate increased 22.0 percent to \$129.4 million for the nine-month period ended April 30, 2021, compared to \$106.1 million for the nine-month period ended April 30, 2020. Income before income taxes for the prior year nine-month period ended April 30, 2020 was reduced by non-cash impairment charges of \$13.8 million.

Net income for the nine-month period ended April 30, 2021 increased 20.0 percent to \$101.6 million compared to \$84.7 million for the same period last year. Earnings per diluted Class A Nonvoting Common Share were \$1.94 for the nine-month period ended April 30, 2021, compared to \$1.58 for the same period last year. Net income and earnings per diluted Class A Nonvoting Common Share for the prior year nine-month period ended April 30, 2020 were reduced by non-cash impairment charges of \$13.8 million.

Sales for the nine-month period ended April 30, 2021 increased 1.1 percent, which consisted of an organic sales decline of 1.7 percent and an increase of 2.8 percent from foreign currency translation. Sales for the nine months ended April 30, 2021 were \$838.6 million compared to \$829.6 million in the same period last year. By segment, sales declined 0.5 percent in Identification Solutions and grew 5.6 percent in Workplace Safety, which consisted of an organic sales decline of 2.1 percent in Identification Solutions and an organic sales decline of 0.5 percent in Workplace Safety.

**Commentary:**

“Throughout the pandemic, we continued to invest in sales and marketing as well as research and development. These investments, coupled with improved market conditions, helped us to return to organic sales growth this quarter,” said Brady’s President and Chief Executive Officer, J. Michael Nauman. “Our outlook is positive. We expect accelerated organic sales growth in our fourth quarter and into the future. Last month, we launched an all-cash tender offer in Finland to acquire all of the outstanding shares of Nordic ID Oyj. The acquisition of Nordic ID allows Brady to diversify and expand our presence in RFID into attractive new markets with faster long-term organic growth rates as we strengthen our product portfolio and service offerings. Brady is in a strong financial position and we are using this strong financial position to set ourselves up for strong and sustainable growth as we move past this pandemic.”

“This quarter, we generated diluted EPS of \$0.71, which is an all-time quarterly record for Brady,” said Brady’s Chief Financial Officer, Aaron Pearce. “Brady continues to generate strong cash flow and has a very strong balance sheet. As of April 30, 2021, we had \$321.8 million of cash on hand and no outstanding debt. We generated \$56.0 million of cash flow from operating activities this quarter, which was an increase of 30.9 percent compared to last year’s third quarter. Although the economy is still challenged in certain geographies, we do expect the general trend of improving economic conditions to continue over the next several quarters and we believe that Brady is well positioned to prosper in this environment through both organic sales growth and growth through acquisitions. Brady’s strong balance sheet and cash generation position us well for future financial success.”

**Fiscal 2021 Guidance:**

The Company is increasing its full year fiscal 2021 earnings per diluted Class A Nonvoting Common Share guidance from its previous range of \$2.48 to \$2.58 to a range of \$2.58 to \$2.68. This equates to diluted earnings per share in the range of \$0.64 to \$0.74 in the fourth quarter of the fiscal year ending July 31, 2021, which would represent an approximate increase of 20 percent to 40 percent over the fourth quarter of fiscal 2020. The Company

also expects organic sales growth to be in the low-teen percentages in the fourth quarter of fiscal 2021 when compared to the fourth quarter of the prior year. This guidance is based on foreign currency exchange rates as of April 30, 2021 and assumes a continued economic recovery.

A webcast regarding Brady’s fiscal 2021 third quarter financial results will be available at [www.bradycorp.com/investors](http://www.bradycorp.com/investors) beginning at 9:30 a.m. central time today.

Brady Corporation is an international manufacturer and marketer of complete solutions that identify and protect people, products and places. Brady’s products help customers increase safety, security, productivity and performance and include high-performance labels, signs, safety devices, printing systems and software. Founded in 1914, the Company has a diverse customer base in electronics, telecommunications, manufacturing, electrical, construction, medical, aerospace and a variety of other industries. Brady is headquartered in Milwaukee, Wisconsin and as of July 31, 2020, employed approximately 5,400 people in its worldwide businesses. Brady’s fiscal 2020 sales were approximately \$1.08 billion. Brady stock trades on the New York Stock Exchange under the symbol BRC. More information is available on the Internet at [www.bradyid.com](http://www.bradyid.com).

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

	Three months ended April 30,		Nine months ended April 30,	
	2021	2020	2021	2020
Net sales	\$ 295,503	\$ 265,943	\$ 838,568	\$ 829,555
Cost of goods sold	146,656	136,416	424,771	419,496
Gross margin	148,847	129,527	413,797	410,059
Operating expenses:				
Research and development	11,305	9,814	31,384	31,298
Selling, general and administrative	90,817	83,223	256,088	260,136
Impairment charges	—	13,821	—	13,821
Total operating expenses	102,122	106,858	287,472	305,255
Operating income	46,725	22,669	126,325	104,804
Other income (expense):				
Investment and other income	1,181	112	3,372	3,252
Interest expense	(131)	(628)	(288)	(1,976)
Income before income taxes and losses of unconsolidated affiliate	47,775	22,153	129,409	106,080
Income tax expense	10,229	8,520	27,017	21,396
Income before losses of unconsolidated affiliate	37,546	13,633	102,392	84,684
Equity in losses of unconsolidated affiliate	(255)	—	(760)	—
Net income	\$ 37,291	\$ 13,633	\$ 101,632	\$ 84,684
Net income per Class A Nonvoting Common Share:				
Basic	\$ 0.72	\$ 0.26	\$ 1.95	\$ 1.60
Diluted	\$ 0.71	\$ 0.26	\$ 1.94	\$ 1.58
Dividends	\$ 0.22	\$ 0.22	\$ 0.66	\$ 0.65
Net income per Class B Voting Common Share:				
Basic	\$ 0.72	\$ 0.26	\$ 1.94	\$ 1.58
Diluted	\$ 0.71	\$ 0.26	\$ 1.93	\$ 1.57
Dividends	\$ 0.22	\$ 0.22	\$ 0.64	\$ 0.64
Weighted average common shares outstanding:				
Basic	52,050	52,607	52,030	53,023
Diluted	52,449	52,972	52,341	53,512

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

	April 30, 2021 (Unaudited)	July 31, 2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 321,801	\$ 217,643
Accounts receivable, net of allowance for credit losses of \$7,551 and \$7,157, respectively	163,381	146,181
Inventories	122,847	135,662
Prepaid expenses and other current assets	13,032	9,962
Total current assets	621,061	509,448
Property, plant and equipment—net	121,126	115,068
Goodwill	422,091	416,034
Other intangible assets	18,528	22,334
Deferred income taxes	8,334	8,845
Operating lease assets	37,622	41,899
Other assets	31,415	28,838
Total	<u>\$ 1,260,177</u>	<u>\$ 1,142,466</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 72,234	\$ 62,547
Accrued compensation and benefits	69,621	41,546
Taxes, other than income taxes	9,207	8,057
Accrued income taxes	2,711	8,652
Current operating lease liabilities	16,197	15,304
Other current liabilities	51,145	49,782
Total current liabilities	221,115	185,888
Long-term operating lease liabilities	25,841	31,982
Other liabilities	61,595	61,524
Total liabilities	308,551	279,394
Stockholders' equity:		
Common stock:		
Class A nonvoting common stock—Issued 51,261,487 shares, and outstanding 48,524,455 and 48,456,954 shares, respectively	513	513
Class B voting common stock—Issued and outstanding, 3,538,628 shares	35	35
Additional paid-in capital	336,957	331,761
Retained earnings	771,797	704,456
Treasury stock—2,774,729 and 2,804,533 shares, respectively of Class A nonvoting common stock, at cost	(109,128)	(107,216)
Accumulated other comprehensive loss	(48,548)	(66,477)
Total stockholders' equity	951,626	863,072
Total	<u>\$ 1,260,177</u>	<u>\$ 1,142,466</u>



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

	Nine months ended April 30,	
	2021	2020
Operating activities:		
Net income	\$ 101,632	\$ 84,684
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	17,240	17,731
Stock-based compensation expense	8,003	7,180
Deferred income taxes	(3,957)	(309)
Impairment charges	—	13,821
Equity in losses of unconsolidated affiliate	760	—
Other	(1,186)	1,698
Changes in operating assets and liabilities:		
Accounts receivable	(13,247)	9,019
Inventories	15,210	(7,439)
Prepaid expenses and other assets	(2,584)	(5,653)
Accounts payable and accrued liabilities	39,244	(26,609)
Income taxes	(6,207)	1,790
Net cash provided by operating activities	154,908	95,913
Investing activities:		
Purchases of property, plant and equipment	(21,411)	(21,616)
Other	2,567	(4,419)
Net cash used in investing activities	(18,844)	(26,035)
Financing activities:		
Payment of dividends	(34,290)	(34,447)
Proceeds from exercise of stock options	1,612	5,212
Payments for employee taxes withheld from stock-based awards	(2,772)	(7,832)
Purchase of treasury stock	(3,593)	(64,113)
Other	(231)	133
Net cash used in financing activities	(39,274)	(101,047)
Effect of exchange rate changes on cash	7,368	(9,023)
Net increase (decrease) in cash and cash equivalents	104,158	(40,192)
Cash and cash equivalents, beginning of period	217,643	279,072
Cash and cash equivalents, end of period	\$ 321,801	\$ 238,880

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

	Three months ended April 30,		Nine months ended April 30,	
	2021	2020	2021	2020
<b>NET SALES</b>				
ID Solutions	\$ 218,065	\$ 193,169	\$ 610,484	\$ 613,518
Workplace Safety	77,438	72,774	228,084	216,037
Total	<u>\$ 295,503</u>	<u>\$ 265,943</u>	<u>\$ 838,568</u>	<u>\$ 829,555</u>
<b>SALES INFORMATION</b>				
<i><b>ID Solutions</b></i>				
Organic	9.8 %	(8.2)%	(2.1)%	(3.2)%
Currency	3.1 %	(1.5)%	1.6 %	(1.1)%
Total	<u>12.9 %</u>	<u>(9.7)%</u>	<u>(0.5)%</u>	<u>(4.3)%</u>
<i><b>Workplace Safety</b></i>				
Organic	(2.2)%	0.2 %	(0.5)%	(0.5)%
Currency	8.6 %	(4.1)%	6.1 %	(3.1)%
Total	<u>6.4 %</u>	<u>(3.9)%</u>	<u>5.6 %</u>	<u>(3.6)%</u>
<i><b>Total Company</b></i>				
Organic	6.5 %	(6.0)%	(1.7)%	(2.5)%
Currency	4.6 %	(2.2)%	2.8 %	(1.6)%
Total	<u>11.1 %</u>	<u>(8.2)%</u>	<u>1.1 %</u>	<u>(4.1)%</u>
<b>SEGMENT PROFIT</b>				
ID Solutions	\$ 47,539	\$ 36,401	\$ 126,818	\$ 119,499
Workplace Safety	5,656	4,379	17,107	14,991
Total	<u>\$ 53,195</u>	<u>\$ 40,780</u>	<u>\$ 143,925</u>	<u>\$ 134,490</u>
<b>SEGMENT PROFIT AS A PERCENT OF NET SALES</b>				
ID Solutions	21.8 %	18.8 %	20.8 %	19.5 %
Workplace Safety	7.3 %	6.0 %	7.5 %	6.9 %
Total	<u>18.0 %</u>	<u>15.3 %</u>	<u>17.2 %</u>	<u>16.2 %</u>
	Three months ended April 30,		Nine months ended April 30,	
	2021	2020	2021	2020
Total segment profit	\$ 53,195	\$ 40,780	\$ 143,925	\$ 134,490
Unallocated amounts:				
Administrative costs	(6,470)	(4,290)	(17,600)	(15,865)
Impairment charges	—	(13,821)	—	(13,821)
Investment and other income	1,181	112	3,372	3,252
Interest expense	(131)	(628)	(288)	(1,976)
Income before income taxes and losses of unconsolidated affiliate	<u>\$ 47,775</u>	<u>\$ 22,153</u>	<u>\$ 129,409</u>	<u>\$ 106,080</u>



# Brady Corporation

## F'21 Q3 Financial Results

May 20, 2021



# Forward-Looking Statements

2

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# Tender Offer for Nordic ID Oyj

3

## Nordic ID Overview:

- Finnish publicly-traded company.
- Anticipated purchase price of approximately USD 13M.
- Nordic ID has a complete range of RFID readers, scanners, and the associated software platform.

## Strategic Rationale:

- The acquisition of Nordic ID provides a complementary product offering and helps complete Brady's RFID product offering.
- Nordic ID's technology, combined with Brady's leading market position in niche application industrial printers and materials make this an attractive combination to accelerate growth in industrial track-and-trace applications.



Handheld Readers



RFID Fixed Readers



RFID Reader Modules



RFID Antennas



RFID Enhancements

nordicid

## Q3 F'21 Financial Summary

4

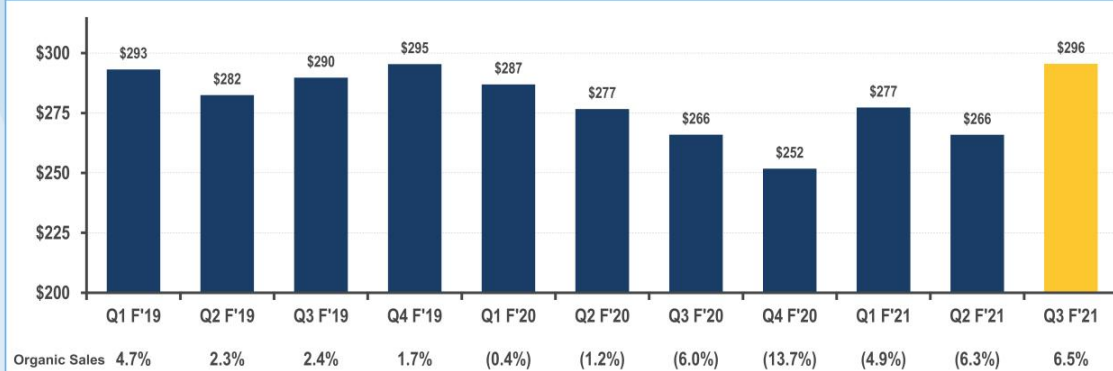
- **Sales were \$295.5M in Q3 of F'21 compared with \$265.9M in Q3 of F'20.**
  - Organic sales grew 6.5% and foreign currency translation increased sales 4.6%.
- **Gross profit margin of 50.4% in Q3 of F'21 compared with 48.7% in Q3 of F'20.**
- **SG&A expense of \$90.8M (30.7% of sales) in Q3 of F'21 compared with \$83.2M (31.3% of sales) in Q3 of F'20.**
- **R&D expense of \$11.3M (3.8% of sales) in Q3 of F'21 compared with \$9.8M (3.7% of sales) in Q3 of F'20.**
- **Income before income taxes and losses of unconsolidated affiliate increased 116% to \$47.8M in Q3 of F'21 compared with \$22.2M in Q3 of F'20.**
  - Q3 of F'20 income before income taxes includes \$13.8M of non-cash impairment charges.
- **Net income per Class A Diluted Nonvoting Common Share was \$0.71 in Q3 of F'21 compared with \$0.26 in Q3 of F'20.**
  - Q3 of F'20 diluted EPS includes \$0.21 of non-cash impairment charges and a higher-than-normal tax rate of 38.5%.
- **Net cash provided by operating activities increased 30.9% to \$56.0M in Q3 of F'21 compared to \$42.8M in Q3 of F'20.**

# Sales Overview

5

## SALES

(millions of USD)



### Q3 F'21 SALES:

- Total sales increased 11.1%.
- Organic sales increased 6.5%:
  - ID Solutions – Organic sales increase of 9.8%.
  - Workplace Safety – Organic sales decline of 2.2%.
- 4.6% increase due to foreign currency translation.

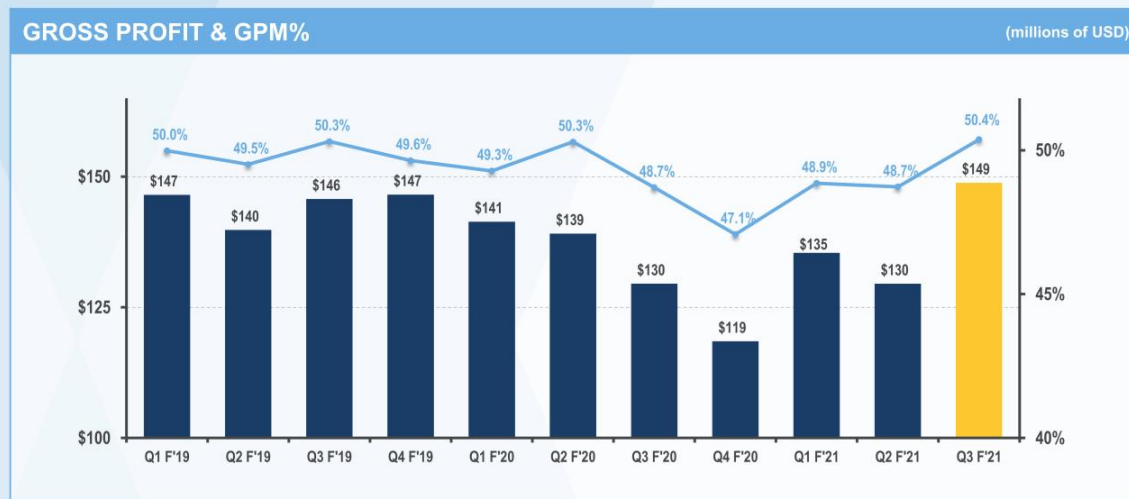
### Q3 F'21 SALES COMMENTARY:

- ID Solutions – Organic sales continued to show sequential improvement in Q3 of F'21 and returned to year-over-year organic growth.
- Workplace Safety – Organic sales decline primarily due to strong comparables due to the sale of Covid-related products in the prior year.



# Gross Profit Margin

6



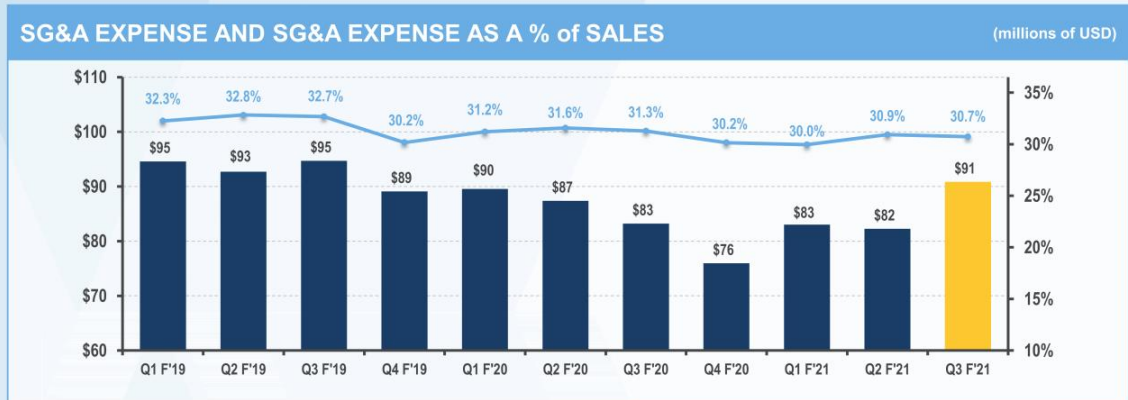
## Q3 F'21 – GROSS PROFIT MARGIN:

- Gross profit margin of 50.4% compared to 48.7% in Q3 of F'20.
- We continue to invest in automation and manufacturing efficiencies.
- Efficiency gains, automation and selected price increases more than offset the negative impacts caused by input-cost inflation, product mix, and reduced sales volumes in our Workplace Safety business.



# SG&A Expense

7

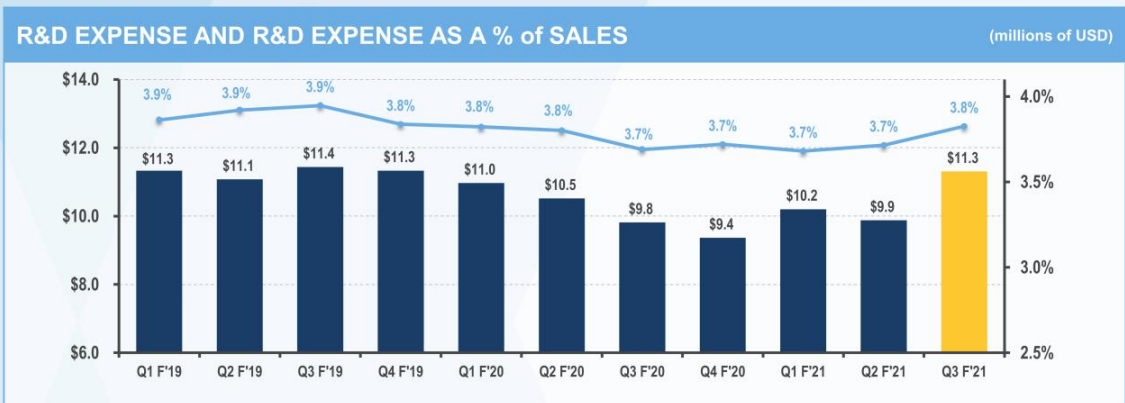


## Q3 F'21 – SG&A EXPENSE:

- SG&A expense decreased as a percent of sales due to ongoing benefits from efficiency actions and increased sales more than offsetting increased compensation and foreign currency translation.
- Sequentially, SG&A expense was up \$8.6M compared to the second quarter of this year. This increase was primarily due to incremental investments in sales-generating resources, incentive-based compensation, and foreign currency.

# R&D Expense

8



## Q3 F'21 – R&D EXPENSE:

- We continue to invest in R&D to drive future organic sales growth.
- Solid new product pipeline.
- Focused on ensuring our R&D spend is both efficient and effective.

# Income Before Income Taxes

9

## INCOME BEFORE INCOME TAXES AND LOSSES OF UNCONSOLIDATED AFFILIATE (millions of USD)



### Q3 F'21 - INCOME BEFORE INCOME TAXES AND LOSSES OF UNCONSOLIDATED AFFILIATE:

- Income before income taxes and losses of unconsolidated affiliate increased 115.7% to \$47.8M in Q3 of F'21 compared to \$22.2M in Q3 of F'20.
- Q3 of F'20 income before income taxes was negatively impacted by \$13.8M of non-cash impairment charges.

# Net Income & Diluted EPS

10



## Q3 F'21 – NET INCOME & DILUTED EPS:

- Net income was \$37.3M in Q3 of F'21 compared to \$13.6M in Q3 of F'20.
- Diluted EPS was \$0.71 in Q3 of F'21 compared to \$0.26 in Q3 of F'20.
- Q3 F'20 net income and diluted EPS were negatively impacted by the following:
  - \$13.8M of impairment charges (\$11.1M after tax).
  - Higher-than-normal income tax rate of 38.5% primarily due to an increase in valuation allowances against foreign tax credit carryforwards.

# Cash Generation & Uses

11

## CASH FLOW FROM OPERATING ACTIVITIES (millions of USD)



## CASH FLOWS IN Q3 OF F'21:

- Cash flow from operating activities was \$56.0M in Q3 of F'21 compared to \$42.8M in Q3 of F'20.
- Free cash flow\* was \$49.1M in Q3 of F'21 compared to \$34.3M in Q3 of F'20.
- We returned \$11.5M to our shareholders in the form of dividends in Q3 of F'21.
- Cash generation continues to be robust and in excess of reported net income.

(millions of USD)

	3 Mos. Ended Apr. 30, 2021	3 Mos. Ended Apr. 30, 2020	9 Mos. Ended Apr. 30, 2021	9 Mos. Ended Apr. 30, 2020
<b>Cash Balance - Beginning of Period</b>	<b>\$ 277.6</b>	<b>\$ 289.8</b>	<b>\$ 217.6</b>	<b>\$ 279.1</b>
Cash Flow from Operating Activities	56.0	42.8	154.9	95.9
Capital Expenditures	(6.9)	(8.5)	(21.4)	(21.6)
Dividends	(11.5)	(11.3)	(34.3)	(34.4)
Share Repurchases	-	(64.1)	(3.6)	(64.1)
Effect of Exchange Rates on Cash	1.1	(9.2)	7.4	(9.0)
Other	5.5	(0.6)	1.2	(7.0)
<b>Cash Balance - End of Period</b>	<b>\$ 321.8</b>	<b>\$ 238.9</b>	<b>\$ 321.8</b>	<b>\$ 238.9</b>

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



# Net Cash

12

## NET CASH

(millions of USD)



## STRONG BALANCE SHEET:

- April 30, 2021 cash = \$321.8M.
- Brady has no outstanding debt.
- Balance sheet provides flexibility for future organic and inorganic investments.

## F'21 Diluted EPS Guidance

13

**Diluted EPS Guidance for the  
Year Ending July 31, 2021**

**\$2.58 to \$2.68**

**Implied Diluted EPS Guidance for  
Q4 of F'21 (compares to \$0.53 in Q4 of F'20)**

**\$0.64 to \$0.74**

**Guidance Assumptions:**

- Continued economic improvement and the successful roll-out of vaccines around the globe.
- Low-teens organic sales growth in Q4 of F'21.

# Identification Solutions

14

## Q3 F'21 vs. Q3 F'20

(millions of USD)

	Q3 F'21	Q3 F'20	Change
Sales	\$ 218.1	\$ 193.2	+ 12.9%
Segment Profit	47.5	36.4	+ 30.6%
Segment Profit %	21.8%	18.8%	+ 300 bps

## SALES & SEGMENT PROFIT %

(millions of USD)



## Q3 F'21 SUMMARY:

- Revenues increased 12.9%:
  - Organic growth = + 9.8%.
  - Fx = + 3.1%.
- Organic sales growth in all regions.
- Expenses are well controlled due to sustainable efficiency activities as well as cost containment activities.
- Segment profit as a percent of sales increased even though we have increased our innovation investments and are actively investing in sales-generating resources.

## OUTLOOK:

- Improving market conditions.
- Anticipate strong organic sales growth in Q4 of F'21.
- Continued strong profitability and cash generation.



# Workplace Safety

15

## Q3 F'21 vs. Q3 F'20

(millions of USD)

	Q3 F'21	Q3 F'20	Change
Sales	\$ 77.4	\$ 72.8	+ 6.4%
Segment Profit	5.7	4.4	+ 29.2%
Segment Profit %	7.3%	6.0%	+ 130 bps

## SALES & SEGMENT PROFIT %

(millions of USD)



## Q3 F'21 SUMMARY:

- Revenues increased 6.4%:
  - Organic sales declined 2.2%.
  - Fx = + 8.6%.
- Organic sales declined due to the North American business and Australia.
- Europe experienced low-single digit organic sales growth in the quarter.
- Segment profit increased due to the increased sales levels in the current year along with costs incurred in the prior year to address our cost structure.

## OUTLOOK:

- Challenging comparables in Q4 of F'21 due to strong Covid-related product sales in the prior year.
- Anticipate a continued slowdown in Covid-related product sales to be partially offset by increased core product sales.
- Anticipate organic sales to decline in Q4 of F'21.

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