

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 24, 2022

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

Commission File Number 1-14959

Wisconsin  
(State or other jurisdiction of incorporation or organization)

39-0178960  
(IRS Employer Identification No.)

6555 West Good Hope Road  
Milwaukee, Wisconsin 53223  
(Address of principal executive offices and Zip Code)

(414) 358-6600  
(Registrant's Telephone Number)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Nonvoting Common Stock, par value \$0.01 per share	BRC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (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. ☐

Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On May 26, 2022, Brady Corporation (the “Company”) issued a press release announcing its fiscal 2022 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.

Item 7.01 REGULATION FD DISCLOSURE

On May 26, 2022, the Company hosted a conference call related to its fiscal 2022 third quarter financial results. A copy of the slides referenced in the conference call, which is also posted on the Company’s website, is being furnished to the Securities and Exchange Commission as Exhibit 99.2 attached hereto and is incorporated herein by reference.

Item 8.01 OTHER EVENTS

On May 24, 2022, the Company’s Board of Directors authorized an increase in the Company’s share repurchase program, authorizing the repurchase of up to \$100 million of the Company’s Class A Nonvoting Common Stock. The share repurchase program may be implemented from time to time on the open market or in privately negotiated transactions and has no expiration date. The repurchased shares will be available for use in connection with the Company’s stock-based plans and for other corporate purposes. The share repurchase program was described in a press release issued by the Company in connection with its fiscal 2022 third quarter financial results, which is attached hereto as Exhibit 99.1 and is incorporated by reference.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

EXHIBIT NUMBER	DESCRIPTION
99.1	<a href="#">Press Release of Brady Corporation, dated May 26, 2022, relating to fiscal 2022 third quarter financial results.</a>
99.2	<a href="#">Informational slides provided by Brady Corporation, dated May 26, 2022, relating to fiscal 2022 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 26, 2022

/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 Record EPS in its Fiscal 2022 Third Quarter, Raises its non-GAAP EPS Guidance and Expands its Share Buyback Program**

- Sales for the quarter increased 14.6 percent. Organic sales increased 9.0 percent.
- Gross profit margin improved from 47.0 percent in the second quarter of F'22 to 48.4 percent in the third quarter of F'22.
- Diluted EPS increased 9.9 percent to an all-time record high of \$0.78 in the third quarter of fiscal 2022 compared to \$0.71 in the same quarter of the prior year. Diluted EPS Excluding Certain Items\* increased 17.8 percent to an all-time record high of \$0.86 in the third quarter of fiscal 2022 compared to \$0.73 in the same quarter of the prior year.
- During the third quarter of fiscal 2022, we returned \$63.2 million to our shareholders in the form of share repurchases. On May 24, 2022, Brady's Board of Directors authorized an additional \$100 million of shares for repurchase, which based on current share prices equates to approximately 2.2 million shares and just under 4.5 percent of total outstanding shares.
- Earnings per diluted Class A Common Share guidance for the full year ending July 31, 2022 adjusted to a range of \$2.83 to \$2.92 on a GAAP basis and raised to \$3.08 to \$3.17 on a non-GAAP basis.

MILWAUKEE (May 26, 2022) -- Brady Corporation (NYSE: BRC) ("Brady" or "Company"), a world leader in identification solutions, today reported its financial results for its fiscal 2022 third quarter ended April 30, 2022.

**Quarter Ended April 30, 2022 Financial Results:**

Sales for the quarter ended April 30, 2022 increased 14.6 percent, which consisted of an organic sales increase of 9.0 percent, an increase of 8.6 percent from acquisitions and a decrease of 3.0 percent from foreign currency translation. Sales for the quarter ended April 30, 2022 were \$338.6 million compared to \$295.5 million in the same quarter last year. By segment, sales increased 21.1 percent in Identification Solutions and decreased 3.9 percent in Workplace Safety, which consisted of an organic sales increase of 11.8 percent in Identification Solutions and an organic sales increase of 0.9 percent in Workplace Safety.

Income before income taxes and losses of unconsolidated affiliate increased 7.3 percent to \$51.3 million for the quarter ended April 30, 2022, compared to \$47.8 million in the same quarter last year. Income Before Income Taxes Excluding Certain Items\* for the quarter ended April 30, 2022, which was adjusted for non-recurring charges primarily to streamline the cost structure of our Workplace Safety business of \$1.8 million and amortization expense of \$3.7 million, was \$56.8 million, an increase of 15.7 percent compared to the third quarter of last year. Income Before Income Taxes Excluding Certain Items\* for the quarter ended April 30, 2021 was adjusted for amortization expense of \$1.4 million.

Net income for the quarter ended April 30, 2022 was \$40.1 million compared to \$37.3 million in the same quarter last year. Earnings per diluted Class A Nonvoting Common Share were \$0.78 for the third quarter of fiscal 2022, compared to \$0.71 in the same quarter last year. Net Income Excluding Certain Items\* for the quarter ended April 30, 2022 was \$44.2 million and Diluted EPS Excluding Certain Items\* for the quarter ended April 30, 2022 was \$0.86. Net Income Excluding Certain Items\* for the quarter ended April 30, 2021 was \$38.3 million and was adjusted for amortization expense of \$1.0 million, and Diluted EPS Excluding Certain Items\* for the quarter ended April 30, 2021 was \$0.73 and was adjusted for amortization expense of \$0.02.

**Nine-Month Period Ended April 30, 2022 Financial Results:**

Sales for the nine-month period ended April 30, 2022 increased 16.6 percent, which consisted of an organic sales increase of 9.6 percent, an increase of 8.5 percent from acquisitions and a decrease of 1.5 percent from foreign currency translation. Sales for the nine months ended April 30, 2022 were \$978.1 million compared to \$838.6 million in the same period last year. By segment, sales increased 24.1 percent in Identification Solutions and decreased 3.4 percent in Workplace Safety, which consisted of an organic sales increase of 13.6 percent in Identification Solutions and an organic sales decline of 1.1 percent in Workplace Safety.

Income before income taxes and losses of unconsolidated affiliate increased 6.6 percent to \$138.0 million for the nine months ended April 30, 2022, compared to \$129.4 million in the same period last year. Income Before Income Taxes Excluding Certain Items\* for the nine months ended April 30, 2022 was \$151.1 million, an increase of 13.2 percent compared to the same period of last year. Income Before Income Taxes Excluding Certain Items\* was adjusted for non-recurring charges primarily to streamline the cost structure of our Workplace Safety business of \$1.8 million and amortization expense of \$11.3 million. Income Before Income Taxes Excluding Certain Items\* for the prior year nine-month period ended April 30, 2021 was \$133.5 million and was adjusted for amortization expense of \$4.1 million.

Net income for the nine-month period ended April 30, 2022 was \$108.9 million compared to \$101.6 million in the same period last year. Earnings per diluted Class A Nonvoting Common Share were \$2.09 for the nine months ended April 30, 2022, compared to \$1.94 in the same period last year. Net Income Excluding Certain Items\* for the nine months ended April 30, 2022 was \$118.9 million and Diluted EPS Excluding Certain Items\* for the nine-month period ended April 30, 2022 was \$2.28. Net Income Excluding Certain Items\* for the nine months ended April 30, 2021 was \$104.7 million and was adjusted for amortization expense of \$3.0 million, and Diluted EPS Excluding Certain Items\* for the nine-month period ended April 30, 2021 was \$2.00 and was adjusted for amortization expense of \$0.06.

**Commentary:**

“We generated strong revenue growth of 14.6 percent and record non-GAAP EPS of \$0.86 this quarter. Our strong sales growth was primarily driven by our Identification Solutions division which had total sales growth of 21.1 percent this quarter. We’ve been working to enhance our product offering and the three acquisitions we completed last year are contributing to this, while also helping shift Brady into faster-growing end markets,” said Brady’s President and Chief Executive Officer, Russell R. Shaller. “In our Workplace Safety division, we took actions to reposition our product offering, to deemphasize certain under-performing businesses, and to streamline our cost structure. These actions have been very positive resulting in the increase in Workplace Safety segment profit this quarter. As a result of our ongoing efficiency activities and pricing actions, we experienced a sequential

improvement in our gross profit margin of 140 basis points from 47.0 percent for the quarter ended January 31, 2022, to 48.4 percent for the quarter ended April 30, 2022. Overall, Brady is performing at a high level with strong sales growth, record EPS and a strong foundation, which we believe sets the stage for positive future results.”

“Not only did we have strong revenue growth and record EPS this quarter, we also used our strong cash generation to return funds to our shareholders in the form of share repurchases and continuing dividends. This quarter, we repurchased 1.4 million shares for \$63.2 million and subsequent to quarter end, we repurchased another 0.2 million shares for \$9.3 million,” said Brady’s Chief Financial Officer, Aaron Pearce. “Even after returning nearly \$75 million to our shareholders in the form of dividends and buybacks, we still reduced our external borrowing this quarter and are in a net cash position. The macro environment continues to be highly uncertain, but we believe that we are well-positioned as we have built up inventory levels to ensure a steady supply of products to our customers and we are in a net cash position of \$26.1 million at April 30, 2022, which provides many strategic alternatives to drive future shareholder value.”

#### **Share Buyback Program:**

Prior to May 24, 2022, the Company completed its previously authorized share repurchase program. On May 24, 2022, Brady’s Board of Directors authorized an additional \$100 million of Class A Common Stock for repurchase under the Company’s share buyback program. The share buyback plan may be implemented from time to time in the open market or in privately negotiated transactions and has no expiration date.

#### **Fiscal 2022 Guidance:**

The Company’s earnings per diluted Class A Nonvoting Common Share on a GAAP basis was adjusted to a range of \$2.83 to \$2.92 per share, and earnings per diluted Class A Nonvoting Common Share, Excluding Certain Items\* guidance was increased to a range of \$3.08 to \$3.17 per share, for the year ending July 31, 2022. This implies that we expect Diluted EPS Excluding Certain Items\* to improve by 12% to 15% for the full year ending July 31, 2022 when compared to the adjusted fiscal 2021 diluted earnings per share of \$2.75. Also included in our full-year fiscal 2022 guidance are a full-year income tax rate of approximately 21 percent and depreciation and amortization expense ranging from \$34 million to \$36 million. Capital expenditures, excluding facility purchases are expected to range from \$20 million to \$25 million during the year ending July 31, 2022. The Company’s fiscal 2022 guidance is based on foreign currency exchange rates as of April 30, 2022 and assumes continued economic growth.

A webcast regarding Brady’s fiscal 2022 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, 2021, employed approximately 5,700 people in its worldwide businesses. Brady’s fiscal 2021

sales were approximately \$1.14 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).

\* Income Before Income Taxes Excluding Certain Items, Net Income Excluding Certain Items, and Diluted EPS Excluding Certain Items are non-GAAP measures. See appendix for more information on these measures, including reconciliations to the most directly comparable GAAP measures.

###

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

The use of words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “project,” “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: 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; increased cost of raw materials, labor and freight as well as raw material shortages and supply chain disruptions; increased cost of raw materials, labor and freight as well as raw material shortages; Brady’s ability to properly 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; litigation, including product liability claims; foreign currency fluctuations; potential write-offs of goodwill and other intangible assets; changes in tax legislation and tax rates; differing interests of voting and non-voting shareholders; 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, 2021 and in any subsequent filings on Form 10-Q.

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

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

	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
Net sales	\$ 338,551	\$ 295,503	\$ 978,081	\$ 838,568
Cost of goods sold	174,525	146,656	509,705	424,771
Gross margin	164,026	148,847	468,376	413,797
Operating expenses:				
Research and development	14,923	11,305	42,795	31,384
Selling, general and administrative	96,214	90,817	285,485	256,088
Total operating expenses	111,137	102,122	328,280	287,472
Operating income	52,889	46,725	140,096	126,325
Other (expense) income:				
Investment and other (expense) income	(1,308)	1,181	(1,343)	3,372
Interest expense	(329)	(131)	(763)	(288)
Income before income taxes and losses of unconsolidated affiliate	51,252	47,775	137,990	129,409
Income tax expense	11,198	10,229	29,075	27,017
Income before losses of unconsolidated affiliate	40,054	37,546	108,915	102,392
Equity in losses of unconsolidated affiliate	—	(255)	—	(760)
Net income	\$ 40,054	\$ 37,291	\$ 108,915	\$ 101,632
Net income per Class A Nonvoting Common Share:				
Basic	\$ 0.78	\$ 0.72	\$ 2.11	\$ 1.95
Diluted	\$ 0.78	\$ 0.71	\$ 2.09	\$ 1.94
Net income per Class B Voting Common Share:				
Basic	\$ 0.78	\$ 0.72	\$ 2.09	\$ 1.94
Diluted	\$ 0.78	\$ 0.71	\$ 2.08	\$ 1.93
Weighted average common shares outstanding:				
Basic	51,326	52,050	51,700	52,030
Diluted	51,568	52,449	52,055	52,341

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

	April 30, 2022 (Unaudited)	July 31, 2021
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 103,068	\$ 147,335
Accounts receivable, net of allowance for credit losses of \$7,891 and \$7,306, respectively	186,843	170,579
Inventories	177,156	136,107
Prepaid expenses and other current assets	12,550	11,083
Total current assets	479,617	465,104
Property, plant and equipment—net	125,014	121,741
Goodwill	591,780	614,137
Other intangible assets	78,238	92,334
Deferred income taxes	14,804	16,343
Operating lease assets	30,466	41,880
Other assets	24,325	26,217
Total	<u>\$ 1,344,244</u>	<u>\$ 1,377,756</u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current liabilities:		
Accounts payable	\$ 79,567	\$ 82,152
Accrued compensation and benefits	70,195	81,173
Taxes, other than income taxes	12,910	13,054
Accrued income taxes	4,264	3,915
Current operating lease liabilities	15,619	17,667
Other current liabilities	61,215	59,623
Total current liabilities	243,770	257,584
Long-term debt	77,000	38,000
Long-term operating lease liabilities	17,591	28,347
Other liabilities	91,645	90,797
Total liabilities	430,006	414,728
Stockholders' equity:		
Common stock:		
Class A nonvoting common stock—Issued 51,261,487 shares, and outstanding 46,890,714 and 48,528,245 shares, respectively	513	513
Class B voting common stock—Issued and outstanding, 3,538,628 shares	35	35
Additional paid-in capital	343,854	339,125
Retained earnings	862,583	788,369
Treasury stock—4,370,773 and 2,733,242 shares, respectively of Class A nonvoting common stock, at cost	(193,859)	(109,061)
Accumulated other comprehensive loss	(98,888)	(55,953)
Total stockholders' equity	914,238	963,028
Total	<u>\$ 1,344,244</u>	<u>\$ 1,377,756</u>



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

	Nine months ended April 30,	
	2022	2021
Operating activities:		
Net income	\$ 108,915	\$ 101,632
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	25,448	17,240
Stock-based compensation expense	9,153	8,003
Deferred income taxes	2,858	(3,957)
Equity in losses of unconsolidated affiliate	—	760
Other	(1,080)	(1,186)
Changes in operating assets and liabilities:		
Accounts receivable	(26,438)	(13,247)
Inventories	(47,784)	15,210
Prepaid expenses and other assets	(932)	(2,584)
Accounts payable and accrued liabilities	(5,584)	39,244
Income taxes	680	(6,207)
Net cash provided by operating activities	65,236	154,908
Investing activities:		
Purchases of property, plant and equipment	(22,130)	(21,411)
Other	59	2,567
Net cash used in investing activities	(22,071)	(18,844)
Financing activities:		
Payment of dividends	(34,701)	(34,290)
Proceeds from exercise of stock options	663	1,612
Payments for employee taxes withheld from stock-based awards	(5,070)	(2,772)
Purchase of treasury stock	(84,930)	(3,593)
Proceeds from borrowing on credit facilities	155,216	19,957
Repayment of borrowing on credit facilities	(116,216)	(20,220)
Other	3,276	32
Net cash used in financing activities	(81,762)	(39,274)
Effect of exchange rate changes on cash	(5,670)	7,368
Net (decrease) increase in cash and cash equivalents	(44,267)	104,158
Cash and cash equivalents, beginning of period	147,335	217,643
Cash and cash equivalents, end of period	\$ 103,068	\$ 321,801

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

	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
<b>NET SALES</b>				
ID Solutions	\$ 264,124	\$ 218,065	\$ 757,727	\$ 610,484
Workplace Safety	74,427	77,438	220,354	228,084
Total	<u>\$ 338,551</u>	<u>\$ 295,503</u>	<u>\$ 978,081</u>	<u>\$ 838,568</u>
<b>SALES INFORMATION</b>				
<b>ID Solutions</b>				
Organic	11.8 %	9.8 %	13.6 %	(2.1)%
Acquisition	11.7 %	— %	11.8 %	— %
Currency	(2.4)%	3.1 %	(1.3)%	1.6 %
Total	<u>21.1 %</u>	<u>12.9 %</u>	<u>24.1 %</u>	<u>(0.5)%</u>
<b>Workplace Safety</b>				
Organic	0.9 %	(2.2)%	(1.1)%	(0.5)%
Currency	(4.8)%	8.6 %	(2.3)%	6.1 %
Total	<u>(3.9)%</u>	<u>6.4 %</u>	<u>(3.4)%</u>	<u>5.6 %</u>
<b>Total Company</b>				
Organic	9.0 %	6.5 %	9.6 %	(1.7)%
Acquisition	8.6 %	— %	8.5 %	— %
Currency	(3.0)%	4.6 %	(1.5)%	2.8 %
Total	<u>14.6 %</u>	<u>11.1 %</u>	<u>16.6 %</u>	<u>1.1 %</u>
<b>SEGMENT PROFIT</b>				
ID Solutions	\$ 53,962	\$ 47,539	\$ 146,907	\$ 126,818
Workplace Safety	7,109	5,656	13,917	17,107
Total	<u>\$ 61,071</u>	<u>\$ 53,195</u>	<u>\$ 160,824</u>	<u>\$ 143,925</u>
<b>SEGMENT PROFIT AS A PERCENT OF NET SALES</b>				
ID Solutions	20.4 %	21.8 %	19.4 %	20.8 %
Workplace Safety	9.6 %	7.3 %	6.3 %	7.5 %
Total	<u>18.0 %</u>	<u>18.0 %</u>	<u>16.4 %</u>	<u>17.2 %</u>

	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
Total segment profit	\$ 61,071	\$ 53,195	\$ 160,824	\$ 143,925
Unallocated amounts:				
Administrative costs	(8,182)	(6,470)	(20,728)	(17,600)
Investment and other (expense) income	(1,308)	1,181	(1,343)	3,372
Interest expense	(329)	(131)	(763)	(288)
Income before income taxes and losses of unconsolidated affiliate	<u>\$ 51,252</u>	<u>\$ 47,775</u>	<u>\$ 137,990</u>	<u>\$ 129,409</u>

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

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

Income Before Income Taxes Excluding Certain Items:

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

	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
Income before income taxes and losses of unconsolidated affiliate (GAAP measure)	\$ 51,252	\$ 47,775	\$ 137,990	\$ 129,409
Amortization expense	3,735	1,352	11,291	4,056
Other non-routine charges	1,841	—	1,841	—
Income Before Income Taxes Excluding Certain Items (non-GAAP measure)	\$ 56,828	\$ 49,127	\$ 151,122	\$ 133,465

Income Tax Expense Excluding Certain Items:

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

	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
Income tax expense (GAAP measure)	\$ 11,198	\$ 10,229	\$ 29,075	\$ 27,017
Amortization expense	885	338	2,672	1,014
Other non-routine charges	496	—	496	—
Income Tax Expense Excluding Certain Items (non-GAAP measure)	\$ 12,579	\$ 10,567	\$ 32,243	\$ 28,031

Net Income Excluding Certain Items:

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

	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
Net income (GAAP measure)	\$ 40,054	\$ 37,291	\$ 108,915	\$ 101,632
Amortization expense	2,850	1,014	8,619	3,042
Other non-routine charges	1,345	—	1,345	—
Net Income Excluding Certain Items (non-GAAP measure)	\$ 44,249	\$ 38,305	\$ 118,879	\$ 104,674

Diluted EPS Excluding Certain Items:

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

	Three months ended April 30,				Nine months ended April 30,			
	2022		2021		2022		2021	
Net income per Class A Nonvoting Common Share (GAAP measure)	\$	0.78	\$	0.71	\$	2.09	\$	1.94
Amortization expense		0.06		0.02		0.17		0.06
Other non-routine charges		0.03		—		0.03		—
Diluted EPS Excluding Certain Items (non-GAAP measure)	\$	0.86	\$	0.73	\$	2.28	\$	2.00

Diluted EPS Excluding Certain Items Guidance:

	Fiscal 2022 Expectations			
	Low		High	
Earnings per Class A Nonvoting Common Share (GAAP measure)	\$	2.83	\$	2.92
Amortization expense		0.22		0.22
Other non-routine charges		0.03		0.03
Diluted EPS Excluding Certain Items (non-GAAP measure)	\$	3.08	\$	3.17



# Brady Corporation

## F'22 Q3 Financial Results

May 26, 2022



# Forward-Looking Statements

In this presentation, 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: 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; increased cost of raw materials, labor and freight as well as raw material shortages; Brady's ability to develop technologically advanced products that meet customer demands; Brady's ability to properly 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; litigation, including product liability claims; foreign currency fluctuations; potential write-offs of goodwill and other intangible assets; changes in tax legislation and tax rates; differing interests of voting and non-voting shareholders; 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, 2021 and in any subsequent filings on Form 10-Q.

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.



# Q3 F'22 Highlights

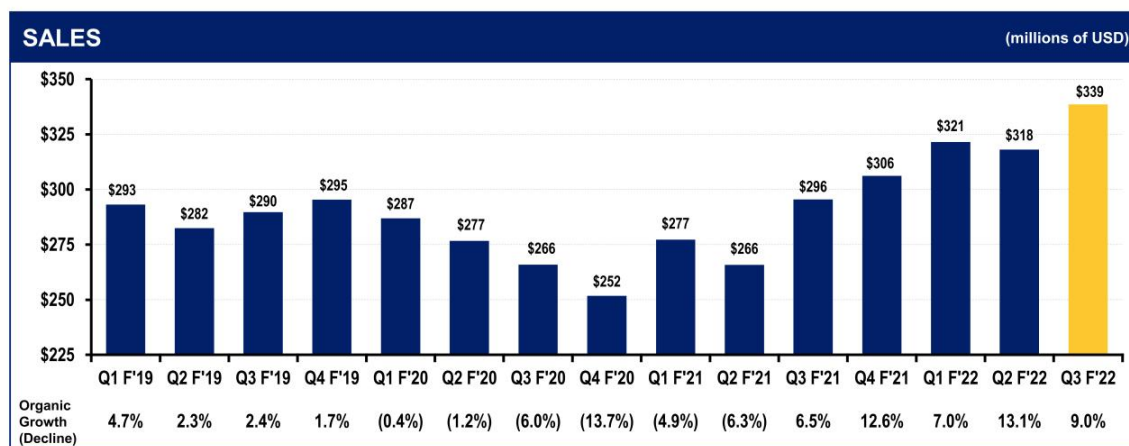
<b>CEO Appointment</b>	<ul style="list-style-type: none"> <li>▶ Appointment of Russell R. Shaller to President and CEO.</li> </ul>
<b>Strong Sales Growth</b>	<ul style="list-style-type: none"> <li>▶ 14.6% sales growth.</li> <li>▶ Organic sales grew 9.0%, with organic growth in both segments.</li> </ul>
<b>Sequential GPM Improvement</b>	<ul style="list-style-type: none"> <li>▶ GPM of 48.4% increased sequentially from 47.0% last quarter.</li> <li>▶ Margins remain challenged due to inflation and transportation.</li> </ul>
<b>Record GAAP &amp; Non-GAAP EPS</b>	<ul style="list-style-type: none"> <li>▶ GAAP EPS of \$0.78 was up 9.9% over Q3 of last year.</li> <li>▶ Diluted EPS Excluding Certain Items* increased 17.8% to \$0.86 in Q3 of F'22 compared to \$0.73 in Q3 of F'21.</li> </ul>
<b>Strong Divisional Results</b>	<ul style="list-style-type: none"> <li>▶ Workplace Safety segment profit was up 25.7% on a GAAP basis and 58.2%, excluding non-routine charges.</li> <li>▶ Identification Solutions segment profit was up 13.5%.</li> </ul>
<b>Expanded Share Repurchase Program</b>	<ul style="list-style-type: none"> <li>▶ Repurchased nearly 1.4 million shares in Q3 of F'22.</li> <li>▶ Year to date in F'22, we repurchased 2.0M shares.</li> <li>▶ Board authorized up to an additional \$100M of repurchases.</li> </ul>
<b>EPS Guidance</b>	<ul style="list-style-type: none"> <li>▶ Increased non-GAAP diluted EPS guidance to \$3.08 - \$3.17/share.</li> </ul>

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



# Sales Overview

4



## Q3 F'22 SALES:

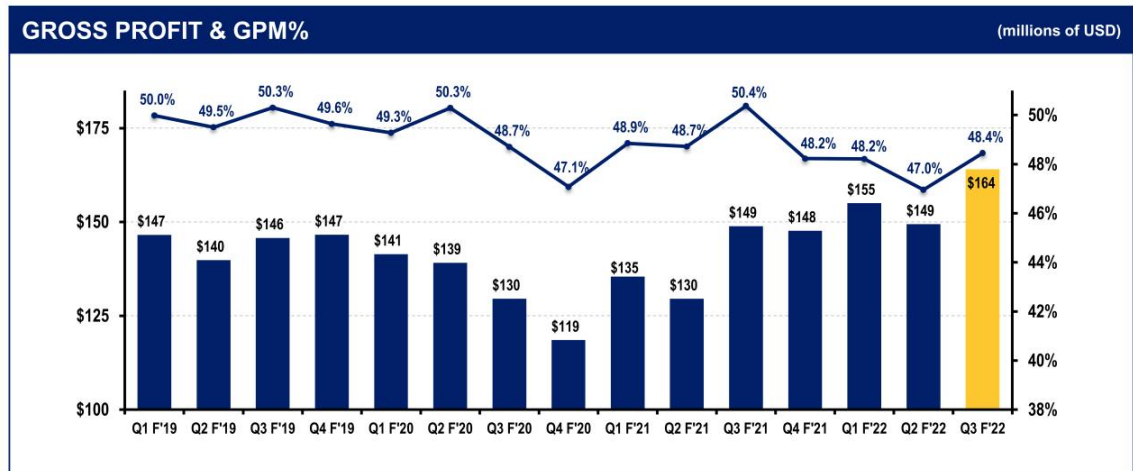
- ▶ Total sales increased 14.6%.
- ▶ Organic sales increased 9.0%.
  - ID Solutions – Organic sales increased 11.8%.
  - Workplace Safety – Organic sales increased 0.9%.
- ▶ 8.6% increase due to acquisitions.
- ▶ 3.0% decrease due to foreign currency translation.

## Q3 F'22 SALES COMMENTARY:

- ▶ ID Solutions experienced strong organic sales growth in all regions.
- ▶ Workplace Safety realized organic sales growth for the second consecutive quarter.



# Gross Profit Margin



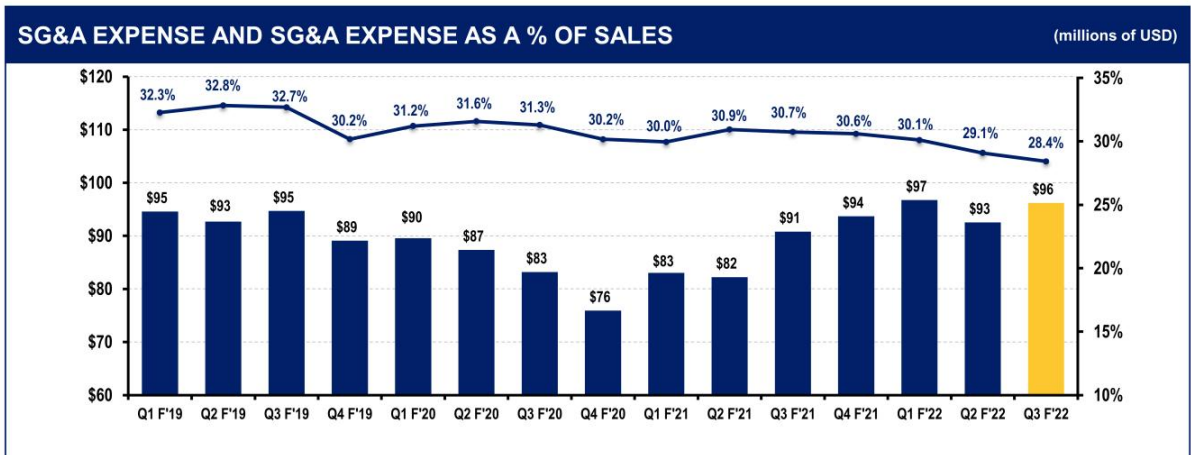
## Q3 F'22 – GROSS PROFIT MARGIN:

- ▶ Gross profit margin of 48.4% compared to 50.4% in Q3 of F'21.
- ▶ Sequentially, gross profit margin improved from 47.0% last quarter to 48.4% this quarter.
- ▶ Gross margin was negatively impacted by inflationary pressures including wage increases, freight increases, and raw material cost increases.
- ▶ Price increases, efficiency gains, and automation have partially offset the negative impacts of input-cost inflation.



# SG&A Expense

6



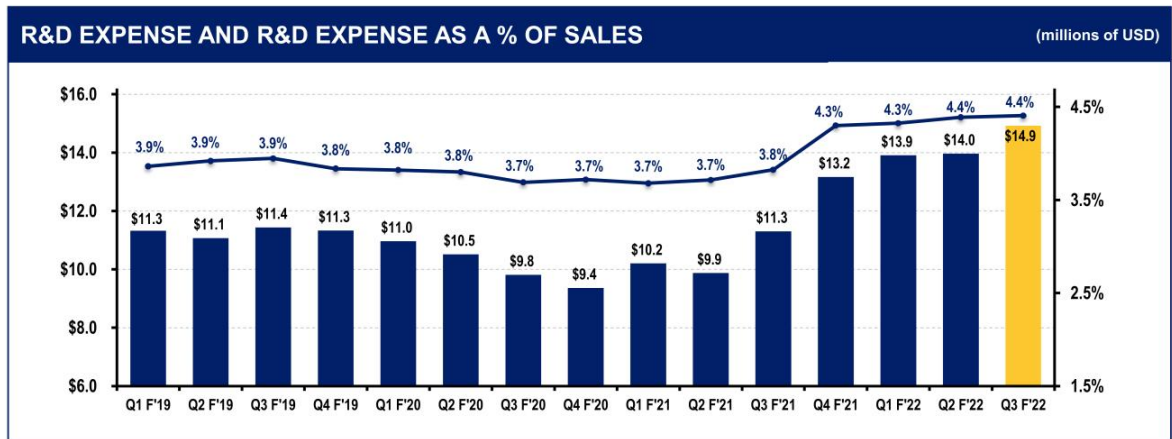
## Q3 F'22 – SG&A EXPENSE:

- ▶ GAAP SG&A expense was 28.4% of sales compared to 30.7% of sales in the same quarter last year.
- ▶ SG&A expense was negatively impacted by:
  - \$2.4M increase in amortization expense from the acquisitions completed in the fourth quarter of last year.
  - \$1.8M of non-routine charges primarily to streamline the cost structure of the WPS business.



# R&D Expense

7



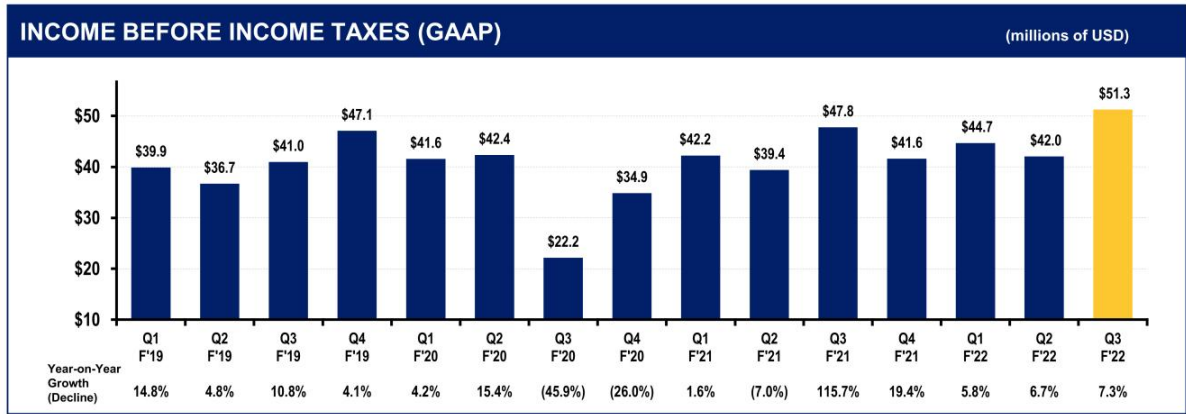
## Q3 F'22 – R&D EXPENSE:

- ▶ R&D expense is up as a result of investments made to drive future sales growth combined with additional R&D expense from the acquisitions completed in the fourth quarter of F'21.
- ▶ We have a solid new product pipeline.
- ▶ We are focused on ensuring that our R&D spend is both efficient and effective.



# Income Before Income Taxes

8



## Q3 F'22 – INCOME BEFORE INCOME TAXES:

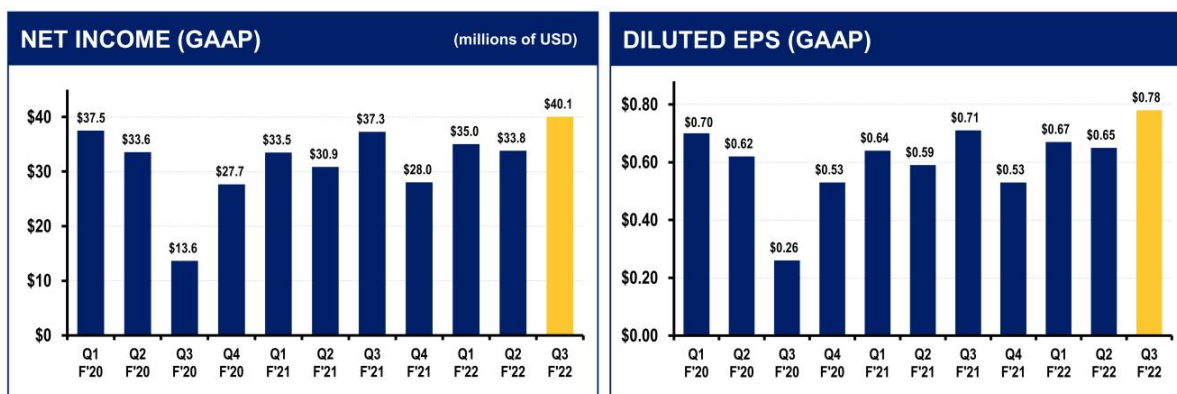
- ▶ GAAP Income before income taxes was \$51.3M in Q3 of F'22 compared to \$47.8M in Q3 of F'21.
- ▶ Q3 of F'22 income before income taxes was negatively impacted by an increase in amortization expense resulting from the acquisitions completed in the fourth quarter of last year as well as non-routine charges in the WPS business.
- ▶ Income Before Income Taxes Excluding Certain Items\* increased 15.7% to \$56.8M in Q3 of F'22 compared to \$49.1M in Q3 of F'21.

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



# Net Income & Diluted EPS

9



## Q3 F'22 – NET INCOME & DILUTED EPS:

- ▶ GAAP Net Income was \$40.1M in Q3 of F'22 compared to \$37.3M in Q3 of F'21.
  - Net Income Excluding Certain Items\* was \$44.2M in Q3 of F'22 compared to \$38.3M in Q3 of F'21.
- ▶ GAAP Diluted EPS was \$0.78 in Q3 of F'22 compared to \$0.71 in Q3 of F'21.
  - Diluted EPS Excluding Certain Items\* was \$0.86 in Q3 of F'22 compared to \$0.73 in Q3 of F'21.

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

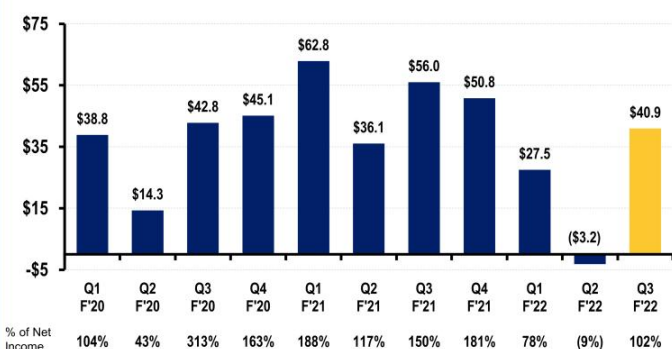


# Cash Generation and Uses

10

## CASH FLOW FROM OPERATING ACTIVITIES

(millions of USD)



(millions of USD)

	3 Mos. Ended Apr. 30, 2022	3 Mos. Ended Apr. 30, 2021	9 Mos. Ended Apr. 30, 2022	9 Mos. Ended Apr. 30, 2021
<b>Cash Balance - Beginning of Period</b>	<b>\$ 147.4</b>	<b>\$ 277.6</b>	<b>\$ 147.3</b>	<b>\$ 217.6</b>
Cash Flow from Operating Activities	40.9	56.0	65.2	154.9
Capital Expenditures	(5.7)	(6.9)	(22.1)	(21.4)
Dividends	(11.5)	(11.5)	(34.7)	(34.3)
Share Repurchases	(63.2)	-	(84.9)	(3.6)
Debt Borrowings (Repayments)	(6.0)	-	39.0	(0.3)
Effect of Exchange Rates on Cash	(2.3)	1.1	(5.7)	7.4
Other	3.5	5.6	(1.0)	1.5
<b>Cash Balance - End of Period</b>	<b>\$ 103.1</b>	<b>\$ 321.9</b>	<b>\$ 103.1</b>	<b>\$ 321.8</b>

## CASH FLOWS IN Q3 OF F'22:

### Overview:

- ▶ Cash flow from operating activities was \$40.9M in Q3 of F'22 compared to \$56.0M in Q3 of F'21.
- ▶ Free cash flow\* was \$35.2M compared to \$49.1M in Q3 of F'21.
- ▶ Cash generation was impacted by an intentional increase in inventories to ensure that we can serve the needs of our customers.

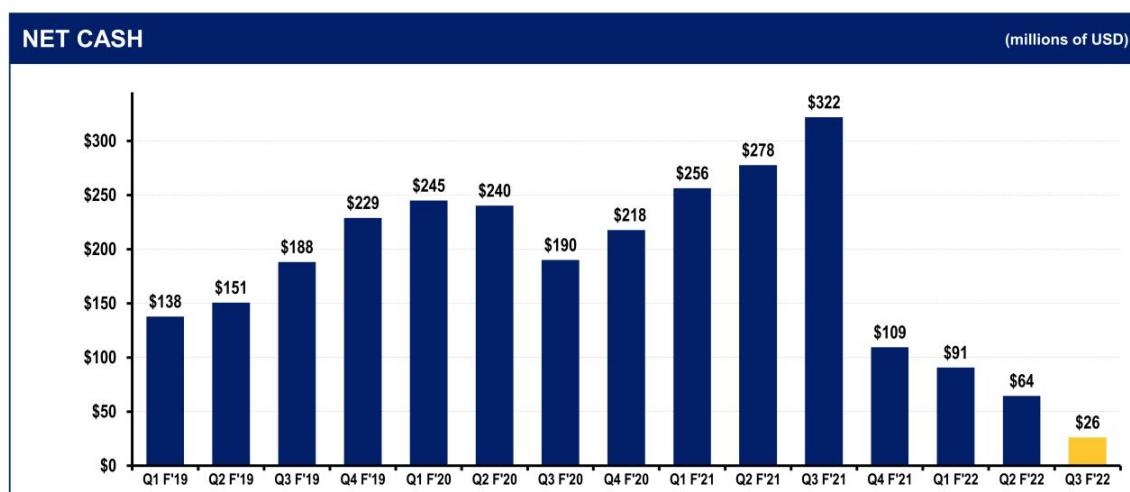
### Returning Funds to our Shareholders:

We are committed to returning funds to our shareholders in the form of dividends and share buybacks.

- ▶ **Dividends** – Increased our annual dividends for 36 consecutive years.
- ▶ **Buybacks** – Approach buybacks opportunistically. Repurchased 1,365,580 shares in Q3 for \$63.2M.
- ▶ Year-to-date, we returned \$119.6M to our shareholders in the form of dividends and buybacks.



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



## STRONG BALANCE SHEET:

- ▶ April 30, 2022 cash = \$103.1M.
- ▶ April 30, 2022 debt = \$77.0M.
- ▶ Brady is in a net cash position of \$26.1M.
- ▶ Balance sheet provides flexibility for future organic and inorganic investments.

# F'22 Diluted EPS Guidance

12

**F'22 Diluted EPS,  
Excluding Certain Items**  
(previous range = \$3.00 - \$3.15)

**\$3.08 to \$3.17** (+12% to +15% vs. F'21)

**GAAP Diluted EPS**  
(previous range = \$2.78 - \$2.93)

**\$2.83 to \$2.92** (+15% to +18% vs. F'21)

## Guidance Assumptions:

- ▶ Continued economic expansion.
- ▶ Increase in after-tax amortization expense of \$0.12/share (from \$0.10/share in F'21 to \$0.22/share in F'22).
- ▶ Full-year income tax rate of approximately 21%.
- ▶ Foreign currency exchange rates as of April 30, 2022.
- ▶ Depreciation and amortization expense of \$34M to \$36M.
- ▶ Capital expenditures, excluding any future facility purchases, of approximately \$28M to \$33M (guidance is inclusive of \$8M of facility purchases in the first half of F'22).

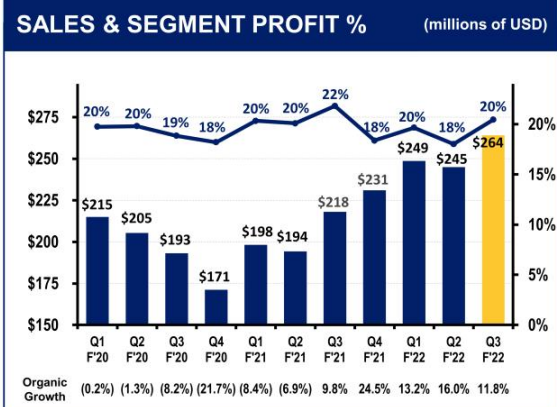




# Identification Solutions

13

Q3 F'22 vs. Q3 F'21		(millions of USD)	
	Q3 F'22	Q3 F'21	Change
Sales	\$ 264.1	\$ 218.1	+ 21.1%
Segment Profit	54.0	47.5	+ 13.5%
Segment Profit %	20.4%	21.8%	(140 bps)



## Q3 F'22 SUMMARY:

- Revenues increased 21.1%:
  - Organic growth = + 11.8%.
  - Acquisition growth = + 11.7%.
  - Fx reduction = (2.4%).
- Strong organic sales growth in all regions.
- Segment profit negatively impacted by a \$2.4M increase in amortization expense.
- Excluding amortization expense, segment profit as a percent of sales was 21.8% in Q3 of F'22.
- We have increased our innovation investments and are actively investing in sales-generating resources.

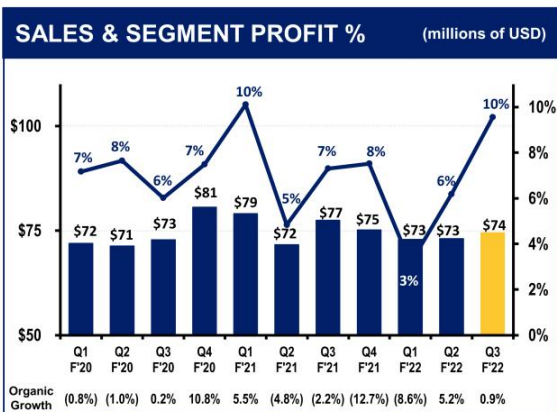
## OUTLOOK:

- Continued strong organic sales growth over the balance of fiscal 2022.
- Continued strong profitability.

# Workplace Safety

14

Q3 F'22 vs. Q3 F'21 (millions of USD)			
	Q3 F'22	Q3 F'21	Change
Sales	\$ 74.4	\$ 77.4	- 3.9%
Segment Profit	7.1	5.7	+ 25.7%
Segment Profit %	9.6%	7.3%	+230 bps



## Q3 F'22 SUMMARY:

- Revenues declined 3.9%:
  - Organic growth = + 0.9%.
  - Fx reduction = (4.8%).
- Charges of \$1.8M were recognized in Q3 of F'22 to further streamline the Workplace Safety division cost structure.
- Excluding these charges, segment profit would have been \$9.0M or 12.0% of sales in Q3 of F'22.
- Excluding these charges, segment profit would have been up \$3.3M or 58.2% over Q3 of F'21.

## OUTLOOK:

- Anticipate continued progress with actions to improve performance.
- Anticipate profitability to continue to be strong on a year-over-year basis as we progress throughout the remainder of this fiscal year.

# Investor Relations

## Brady Contact:

Ann Thornton  
Investor Relations  
414-438-6887

[Ann\\_Thornton@bradycorp.com](mailto:Ann_Thornton@bradycorp.com)

See our website at  
[www.bradycorp.com/investors](http://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.

### Income Before Income Taxes Excluding Certain Items:

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

	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
<b>Income before income taxes and losses of unconsolidated affiliate (GAAP measure)</b>	\$ 51,252	\$ 47,775	\$ 137,990	\$ 129,409
Amortization expense	3,735	1,352	11,291	4,056
Other non-routine charges	1,841	-	1,841	-
<b>Income Before Income Taxes Excluding Certain Items (non-GAAP measure)</b>	<b>\$ 56,828</b>	<b>\$ 49,127</b>	<b>\$ 151,122</b>	<b>\$ 133,465</b>

### Income Tax Expense Excluding Certain Items:

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

	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
<b>Income tax expense (GAAP measure)</b>	\$ 11,198	\$ 8,206	\$ 29,075	\$ 27,017
Amortization expense	885	338	2,672	1,014
Other non-routine charges	496	-	496	-
<b>Income Tax Expense Excluding Certain Items (non-GAAP measure)</b>	<b>\$ 12,579</b>	<b>\$ 8,544</b>	<b>\$ 32,243</b>	<b>\$ 28,031</b>

# Non-GAAP Reconciliations

18

## GAAP to NON-GAAP MEASURES

(Unaudited; Dollars in Thousands, Except Per Share Amounts)

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

### Net Income Excluding Certain Items:

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

	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
<b>Net income (GAAP measure)</b>	\$ 40,054	\$ 37,291	\$ 108,915	\$ 101,632
Amortization expense	2,850	1,014	8,619	3,042
Other non-routine charges	1,345	-	1,345	-
<b>Net Income Excluding Certain Items (non-GAAP measure)</b>	<b>\$ 44,249</b>	<b>\$ 38,305</b>	<b>\$ 118,879</b>	<b>\$ 104,674</b>

### Diluted EPS Excluding Certain Items:

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

	Three months ended April 30,		Nine months ended April 30,	
	2022	2021	2022	2021
<b>Net income per Class A Nonvoting Common Share (GAAP measure)</b>	\$ 0.78	\$ 0.71	\$ 2.09	\$ 1.94
Amortization expense	0.06	0.02	0.17	0.06
Other non-routine charges	0.03	-	0.03	-
<b>Diluted EPS Excluding Certain Items (non-GAAP measure)</b>	<b>\$ 0.86</b>	<b>\$ 0.73</b>	<b>\$ 2.28</b>	<b>\$ 2.00</b>

### Diluted EPS Excluding Certain Items Guidance:

	Fiscal 2022 Expectations	
	Low	High
<b>Earnings per diluted Class A Common Share (GAAP measure)</b>	\$ 2.83	\$ 2.92
Amortization expense	0.22	0.22
Other non-routine charges	0.03	0.03
<b>Diluted EPS Excluding Certain Items (non-GAAP measure)</b>	<b>\$ 3.08</b>	<b>\$ 3.17</b>



