



Brady Corporation

Investor Presentation

May – August, 2021



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; 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 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 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.

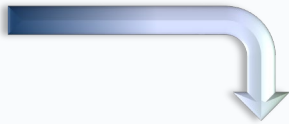
These uncertainties may cause Brady's actual future results to be materially different than those expressed in its forward-looking statements. Brady does not undertake to update its forward-looking statements except as required by law.

Summary


Global Leader with Innovative Solutions:

- Leader in niche safety, identification, and compliance markets.
 - Diversified customer base, products, and geographic footprint.
 - 100+ year history of innovation & strong customer service.
- 

Focused on Long-term Sustainable Results:

- Strong focus on organic sales growth and long-term profitability improvements.
 - Investing in innovation, marketing automation, digital, customer service, and geographic expansion.
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Strong Balance Sheet:

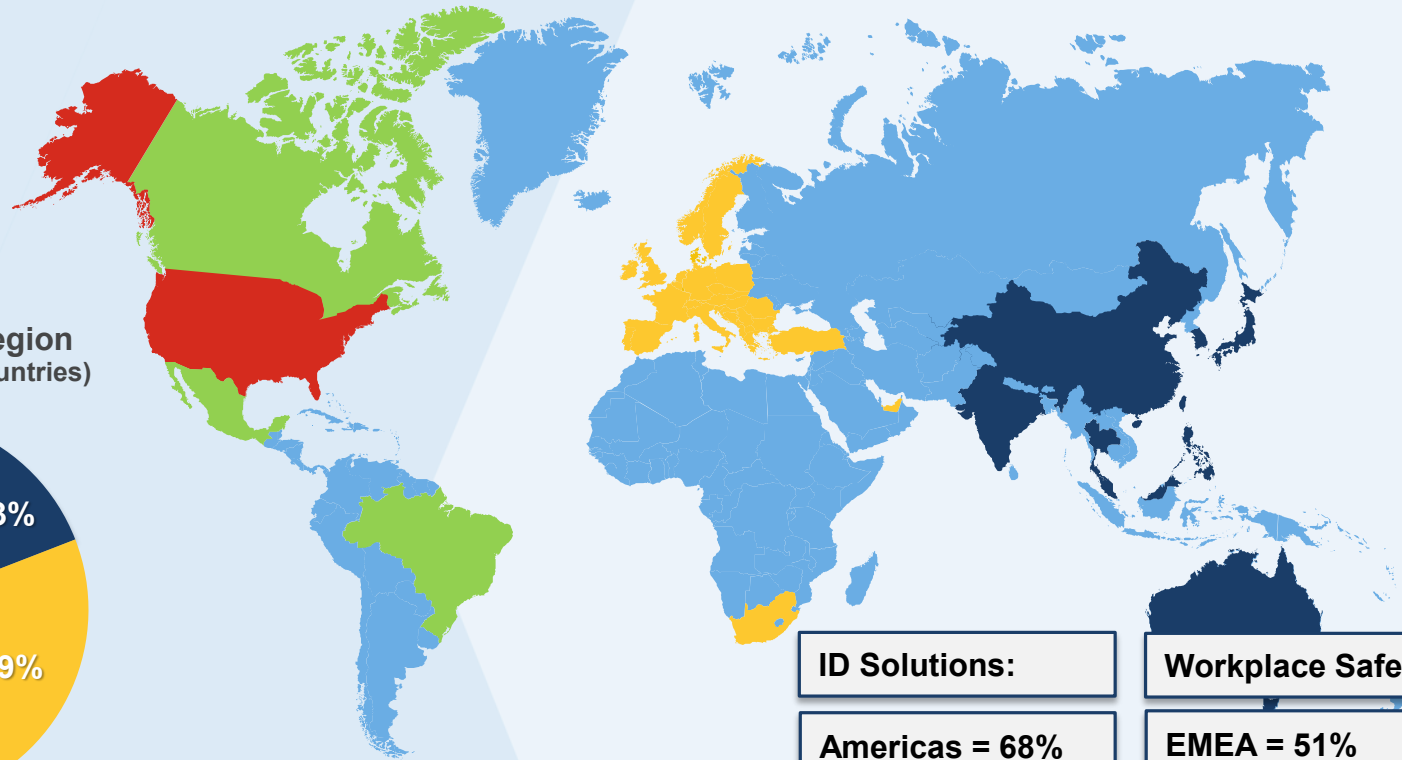
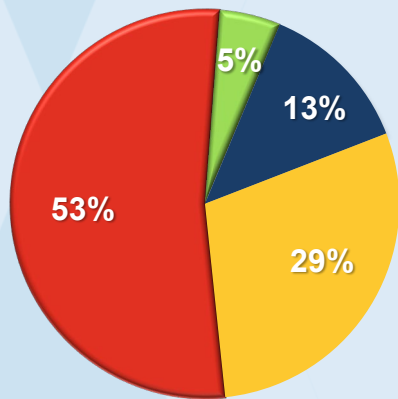
- Cash generation in excess of net income.
 - Net cash of \$322M as of April 30, 2021.
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Disciplined Capital Allocation:

- Organic investment opportunities.
- Dividends (increased 35 consecutive years).
- Technology-based acquisitions that fit our strategies.

Geographical Presence

F'20 Sales by Region
(67 facilities in 32 countries)



ID Solutions:

Americas = 68%
EMEA = 21%
Asia = 11%

Workplace Safety:

EMEA = 51%
Americas = 31%
Australia = 18%

U.S.A.

Rest of Americas

Canada, Mexico, Brazil.

Europe, Middle East & Africa

Belgium, Denmark, France, Germany, Hungary, Italy, Netherlands, Norway, Qatar, Romania, Russia, Saudi Arabia, Slovakia, South Africa, Spain, Sweden, Turkey, UAE, U.K.

Asia-Pacific

Australia, China, India, Japan, South Korea, Malaysia, Singapore, Thailand.

Identification Solutions (approx. 73% of sales)

Products:

- Safety & Facility ID
- Product ID
- Wire ID
- Healthcare ID.



Primary Brands:

- Brady and PDC.

Primary Channels:

- Distrib. & GPOs. = 70%, remainder = Direct.

Geographic Presence:

- Approx. 2/3 of sales are in the Americas.



Workplace Safety (approx. 27% of sales)

Products:

- Vast offering of workplace safety products (signs, tags, labels, safety equipment, etc.).

Primary Brands:

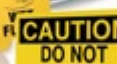
- Seton, Emed, Signals, Securimed.

Primary Channels:

- Direct through Catalog, Internet, Telesales.

Geographic Presence:

- Approx. 1/3 of sales are in the Americas.



Managing Beyond the Pandemic

Our Priorities:

- Produced products to help in the fight of COVID-19.
- Prioritized keeping our employees safe and ensuring steady supply to serve our customers.

Performance:

- 11.1% sales growth in Q3 of F'21.
- Strong sales growth and expense management resulted in record EPS in Q3 of F'21.
- Workplace Safety - Growing its customer base, but gross margins were impacted by mix. Built a strong foundation for future growth.
- ID Solutions – Returned to organic sales growth and strong profitability. Investing throughout the pandemic has set the stage for profitable future growth.
- Strong cash generation and balance sheet.



Recent Acquisition Activity

In Q4 of F'21, we completed three acquisitions:

- Magicard Limited - \$59M purchase price.
- Nordic ID - \$13M purchase price.
- Code Corp. - \$173M purchase price.

Strategic Rationale:

- Technology-based acquisitions.
- To move Brady into faster-growing end markets.

Acquisition Funding:

- Cash on hand and revolving line-of-credit borrowings.
- Remain in a pro-forma net cash position after fully funding these acquisitions.

Investments & Financial Strength Expected to Bode Well for the Future:

- Each acquisition is ROI-positive on a stand-alone basis.
- Acquisitions position Brady for a strong future with increased sales into end markets that we believe will have a faster organic sales growth rate.



Acquisition of MagiCard (May 21, 2021)

MagiCard Overview:

- U.K.-based company with approximately 100 employees.
- A full range of desktop devices to meet local, on-demand, secure ID card printing requirements.
- Specialized full-color, high-resolution identification card printers with built-in security and ability to encode smart cards.

Strategic Rationale:

- The acquisition of MagiCard allows Brady to expand our product offering into rigid-card printing and encoding.
- Intend to expand MagiCard's addressable market through Brady's footprint throughout Europe, Asia, and the Americas.

Financial Information:

- Purchase price of approximately \$59M (GBP 42M).
- Funded entirely with cash held overseas.
- Anticipate revenues of approximately \$35M for the year ending July 31, 2022.
- Anticipate EBITDA of approximately \$4M for the year ending July 31, 2022, inclusive of integration costs.



Small office printers



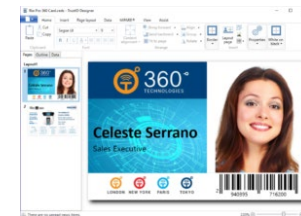
Visual security water marks and smart cards



Dual sided ID card printer



Leading edge security features



ID design software

Brady's Track & Trace Solutions



Acquisition of Nordic ID (May 21, 2021)

Nordic ID Overview:

- Finnish publicly-traded company with less than 50 employees.
- 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 set 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, form an attractive combination to accelerate growth in industrial track-and-trace applications.

Financial Information:

- Purchase price of approximately \$13M.
- Funded entirely with cash held overseas.
- Anticipate revenues of approximately \$11M for the year ending July 31, 2022.
- Anticipate approximately break-even EBITDA for the year ending July 31, 2022, inclusive of integration costs.

nordic id



Handheld Readers



RFID Enhancements



RFID Fixed Readers



RFID Reader Modules



RFID Antennas

Acquisition of Code Corp

Code Corp. Overview:

- U.S.-based company with approximately 100 employees.
- Well-established brand for high-performance barcode scanners.
- Strong image recognition software and a history of strong innovation with 100+ patents.
- Strong presence in U.S. healthcare and expanding in industrial applications.

Strategic Rationale:

- Code combined with Nordic ID helps Brady become a complete solution provider in industrial track-and-trace.
- Code's technology, combined with Brady's niche industrial printers and materials, form an attractive combination.

Financial Information:

- Purchase price of approximately \$173M.
- Funded through a combination of cash and short-term debt.
- Anticipate revenues of approximately \$50M for the year ending July 31, 2022.
- Anticipate EBITDA of approximately \$10M in for the year ending July 31, 2022, inclusive of integration costs.

code[®]



Handheld and hands-free barcode scanners



Barcode technology scanning

The combined financials of the acquisitions completed in Q4 F'21 are as follows:

Overall:

- All acquisitions are in the IDS segment.
- Acquisitions funded with cash on hand as well as borrowings on our revolving line of credit (interest rate below 1%).

Fiscal Year Ending July 31, 2022:

- Anticipated annual revenues (summation of 3 acquisitions) = \$96M.
- Anticipated annual EBITDA, inclusive of integration-related costs = \$14M (14.6% of sales).
- Anticipated gross profit margins slightly above Brady's historical gross profit margins.
- Capital expenditure characteristics consistent with Brady's.

Q4 of F'21 (fiscal year ending July 31, 2021):

- Anticipate Q4 F'21 revenues of approximately \$11M.
- Excluding the non-recurring purchase accounting-related charges, we expect the acquisitions to have a minimal impact on earnings in Q4 of F'21.

We are Shifting our Portfolio to Faster-Growing Applications & End Markets:

- Magicard increases our presence in access control and credentials.
- Code & Nordic ID fill gaps in our track-and-trace product offering.
- Once integrated, we will increase our presence in what we believe to be faster-growing end markets.

We are Investing in Future Growth:

- Organically investing in innovation, sales-generating activities, and geographic expansion.
- Investing in technology-based acquisitions.

Investments & Financial Strength Expected to Bode Well for the Future:

- Investments to drive organic sales growth, recent acquisitions, and a strong balance sheet (net cash position) position Brady for a strong future with what we believe will be a faster long-term organic sales growth rate.

Environmental, Social, Governance

Environmental

- Upgraded Facilities.
- Reduced Footprint.
- Energy Efficiency.
- Waste Reduction.
- Biodegradable Products.

Social

- Employee Engagement.
- Diversity & Affinity Groups.
- Data Privacy.
- Brady Foundation & Corp. Giving.

Governance

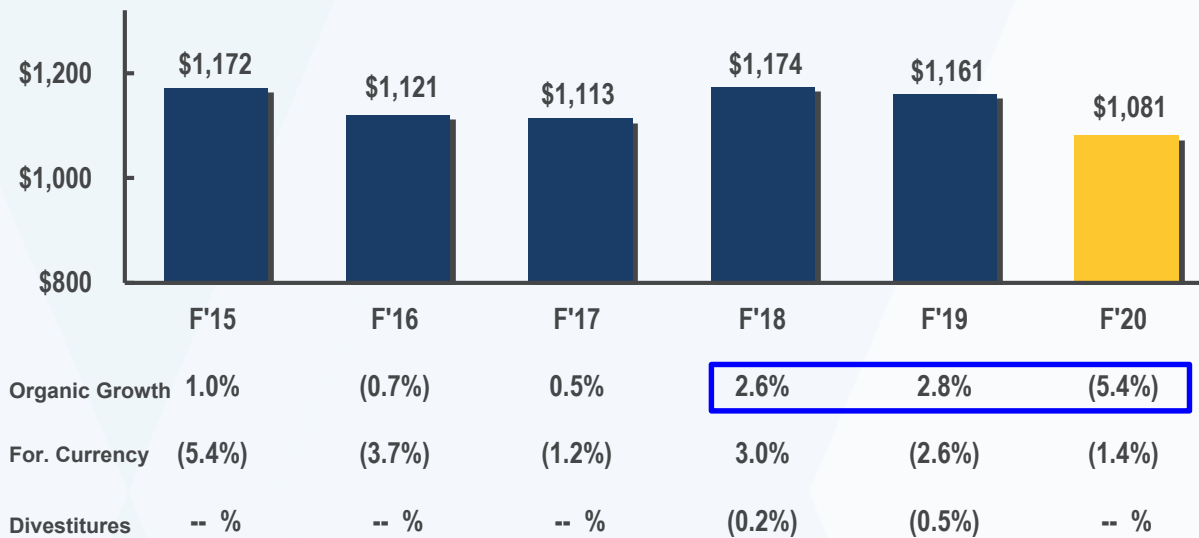
- Strong Culture.
- Executive Compensation.
- Diverse Board Composition.
- Financial Transparency.

Long-term Shareholder Value

Financial Overview

SALES – ANNUAL TRENDS

(millions of USD)

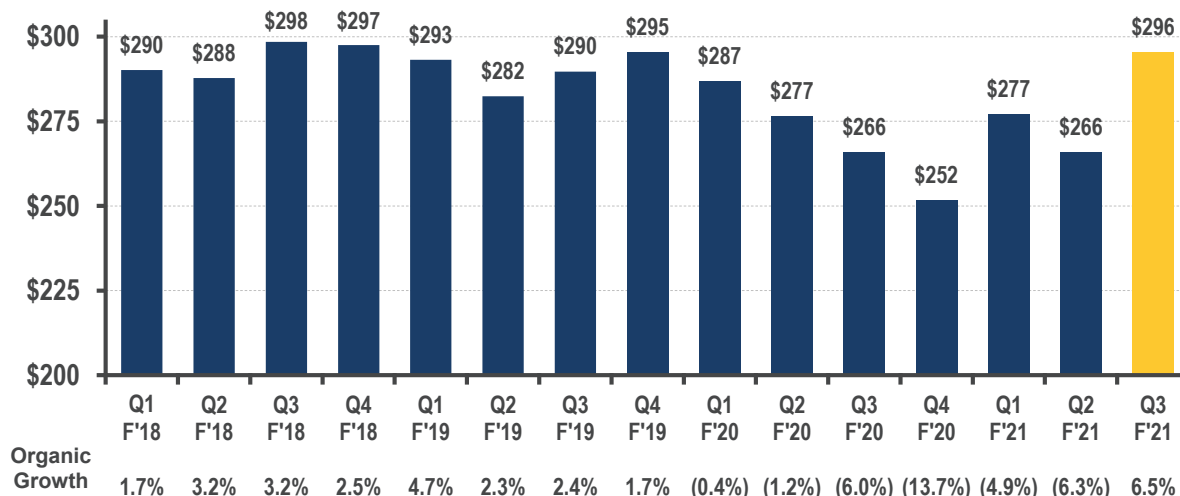


SALES:

- Sales were growing prior to the pandemic.
- Returned to organic sales growth in Q3 of F'21.
- Investing in acquisitions that complement our organic growth strategies.

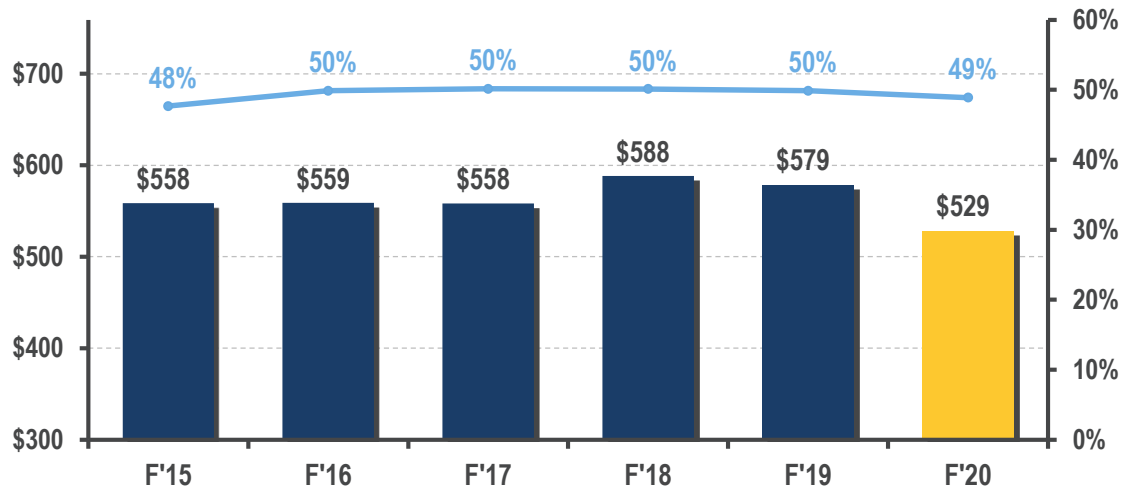
SALES – QUARTERLY TRENDS

(millions of USD)



Gross Profit Margins

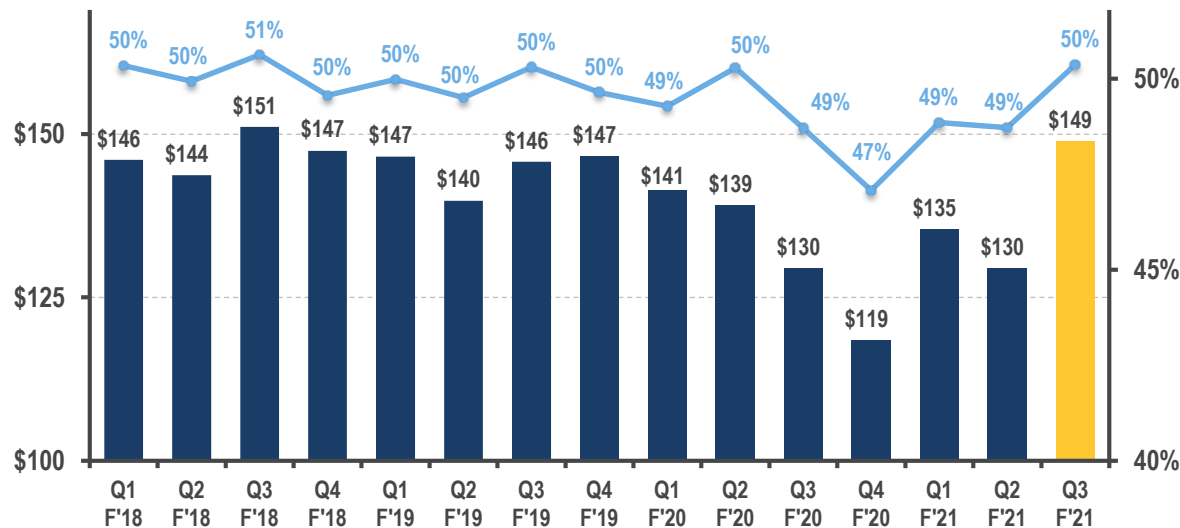
GPM – ANNUAL TRENDS



GROSS PROFIT MARGIN:

- Strong focus on sustainable operational improvements and automation throughout our businesses.
- History of strong gross profit margins approaching 50%.
- Gross profit margins benefiting from a strong efficiency and automation focus; offsetting negative impacts from inflation and product mix.

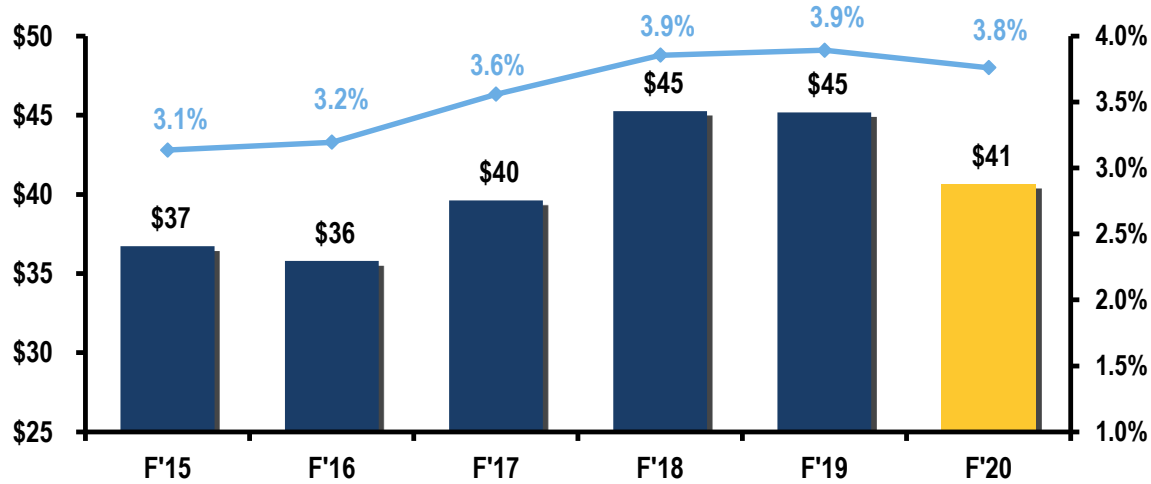
GPM – QUARTERLY TRENDS



Research & Development

R&D EXPENSE – ANNUAL TRENDING

(millions of USD)

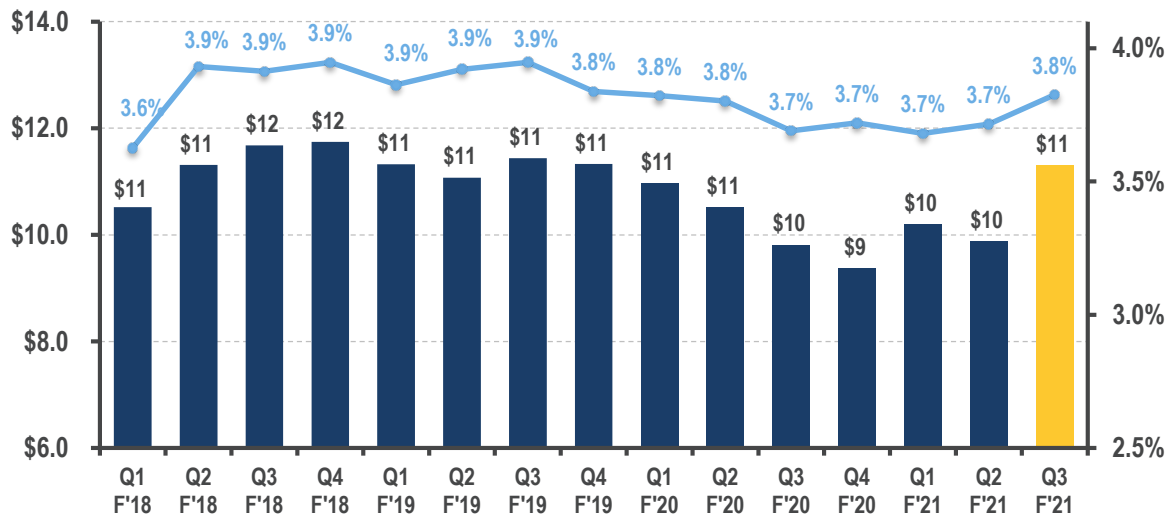


R&D EXPENSE:

- Investing in R&D to drive future organic sales growth.
- Increased the strength and diversity of our new product pipeline.
- Focused on efficiency and shortening time to market.

R&D EXPENSE – QUARTERLY TRENDING

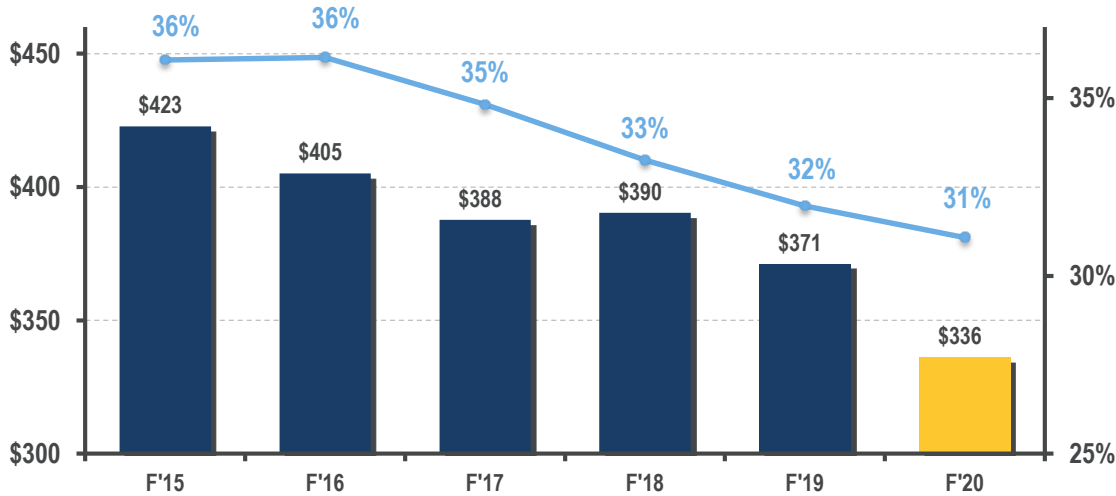
(millions of USD)



SG&A Expense is Trending Downward

SG&A EXPENSE – ANNUAL TRENDING

(millions of USD)

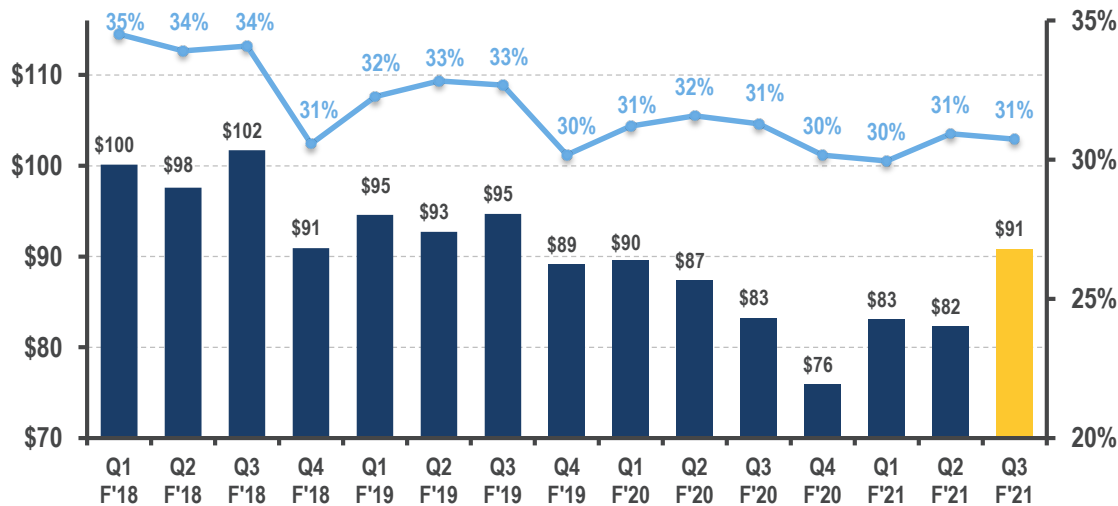


SG&A EXPENSE:

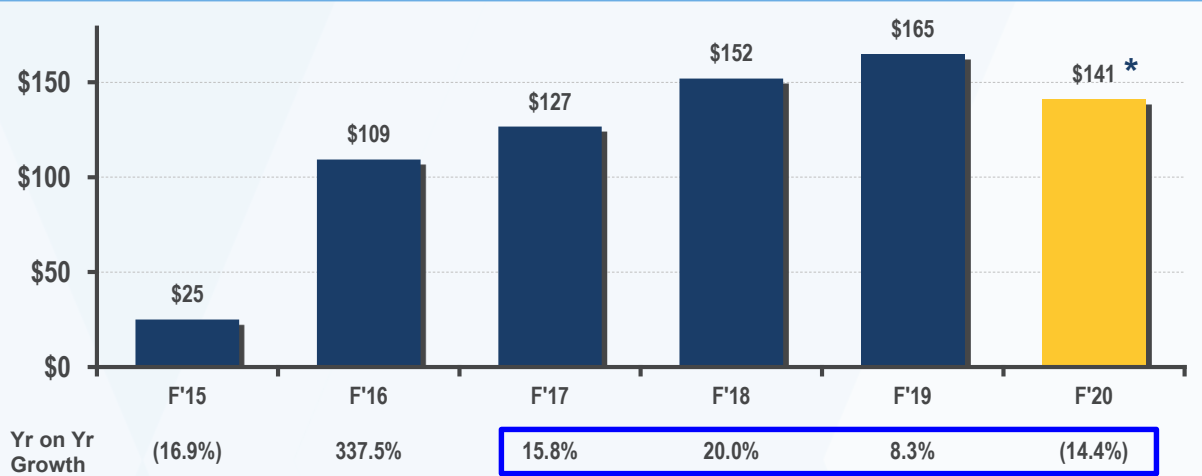
- Simplified and streamlined organization focused on driving sustainable efficiency gains.
- Investing in sales and marketing activities to drive future organic sales growth.
- SG&A expense is trending downward as a percent of sales.

SG&A EXPENSE – QUARTERLY TRENDING

(millions of USD)



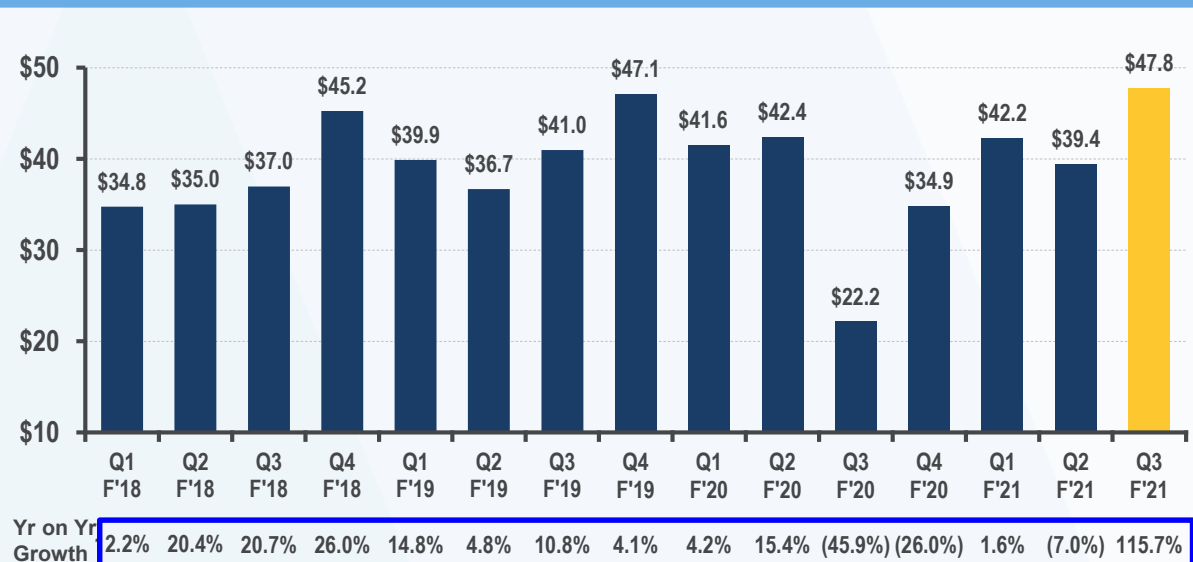
INCOME BEFORE INCOME TAXES - ANNUAL TRENDS (millions of USD)



INCOME BEFORE TAXES:

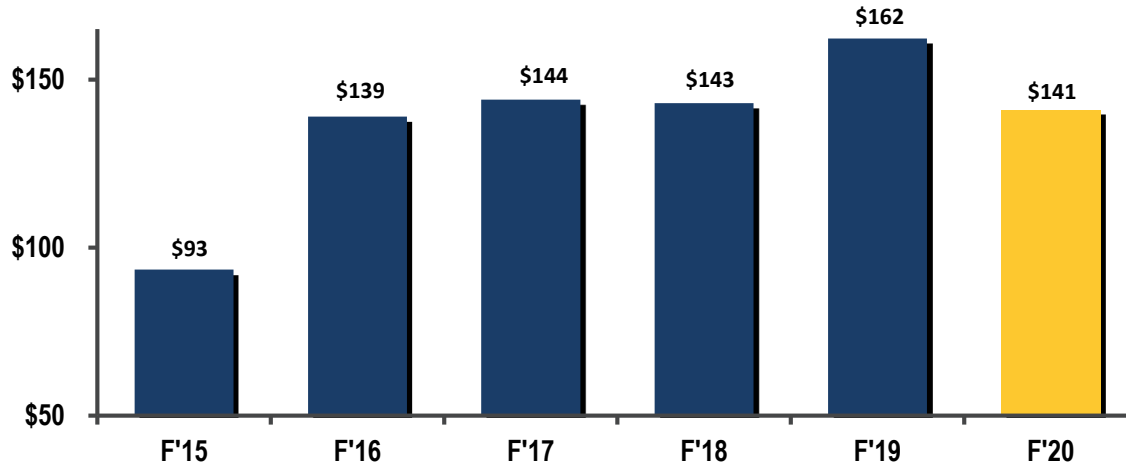
- History of strong year-over-year pre-tax earnings growth leading into the pandemic.
- Reduced cost structure, investments to drive organic growth, and a strong balance sheet set the stage for future pre-tax income growth.
- Returned to strong pre-tax earnings growth in Q3 of F'21.

INCOME BEFORE INCOME TAXES* - QUARTERLY TRENDS (millions of USD)

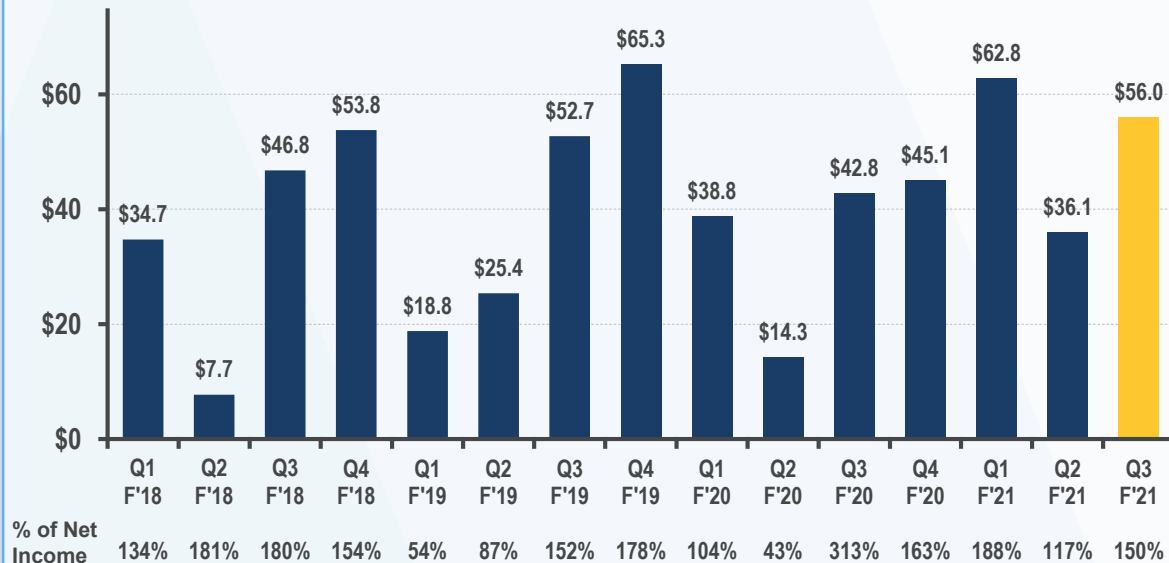


* Income before income taxes was negatively impacted by \$13.8M of non-cash impairment charges in Q3 of F'20.

CASH FROM OP. ACTIVITIES – ANNUAL TREND (millions of USD)



CASH FROM OP. ACTIVITIES – QUARTERLY TREND (millions of USD)



CASH GENERATION:

- Cash flow from operating activities was \$141M in F'20 (125% of net income). Free cash flow* was \$113.7M in F'20.
- F'20 impacted by a temporary build-up of inventory to ensure an uninterrupted supply to our customers.
- We returned \$110.3M to our shareholders in F'20 (\$64.5M of buybacks and \$45.8M of dividends).
- Strong cash generation in F'21.
- F'21 year-to-date cash flow from operating activities is up 62% versus the same period in the prior year. Free cash flow* is up 80%.

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

NET CASH

(millions of USD)



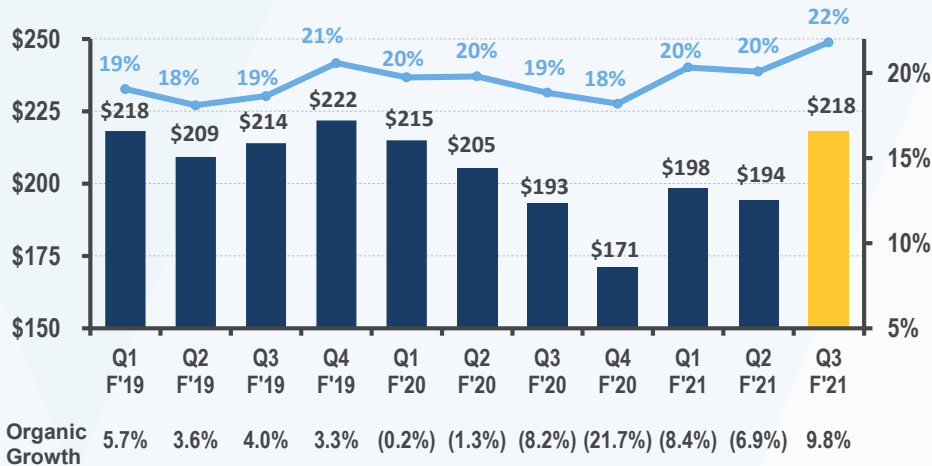
STRONG BALANCE SHEET:

- April 30, 2021 cash = \$321.8M.
- No outstanding debt.
- Balance sheet provides flexibility for future investments.

Global Divisional Results (Sales & Segment Profit %)

IDENTIFICATION SOLUTIONS

(millions of USD)

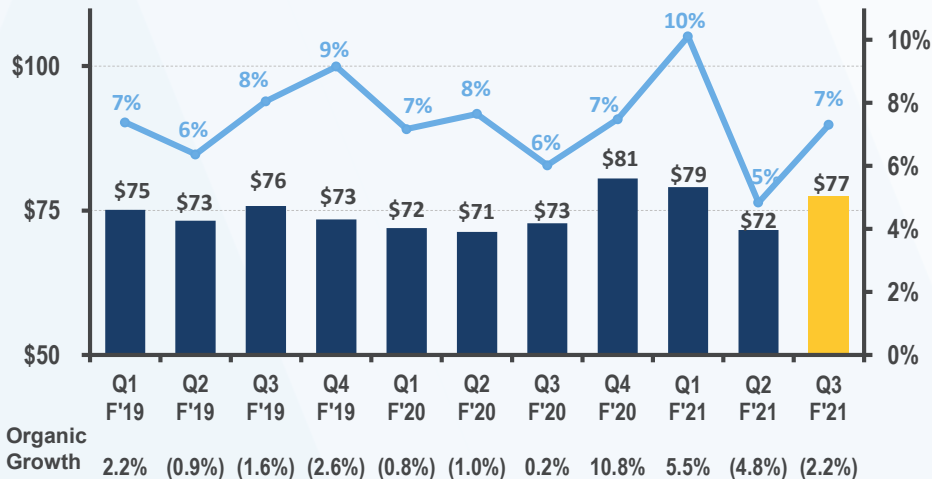


Q3 F'21 IDENTIFICATION SOLUTIONS:

- 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.

WORKPLACE SAFETY

(millions of USD)



Q3 F'21 WORKPLACE SAFETY:

- 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.

We are Financially Strong:

- Q3 F'21 EPS was an all-time high.
- Consistent cash generation in excess of net income.
- Cash of \$322M and no outstanding debt as of April 30, 2021.
- Completed 2 acquisitions on May 21st using all foreign cash.

We are Investing in our Future:

- Investing in and have streamlined our cost structure.
- Investing in innovation.
- Investing in sales-generating activities, geographic expansion.
- Investing in technology-based acquisitions.

Investments & Financial Strength Bode Well for the Future:

- Reduced cost structure, investments to drive organic sales growth, and a strong balance sheet set the stage for future income and cash flow growth.

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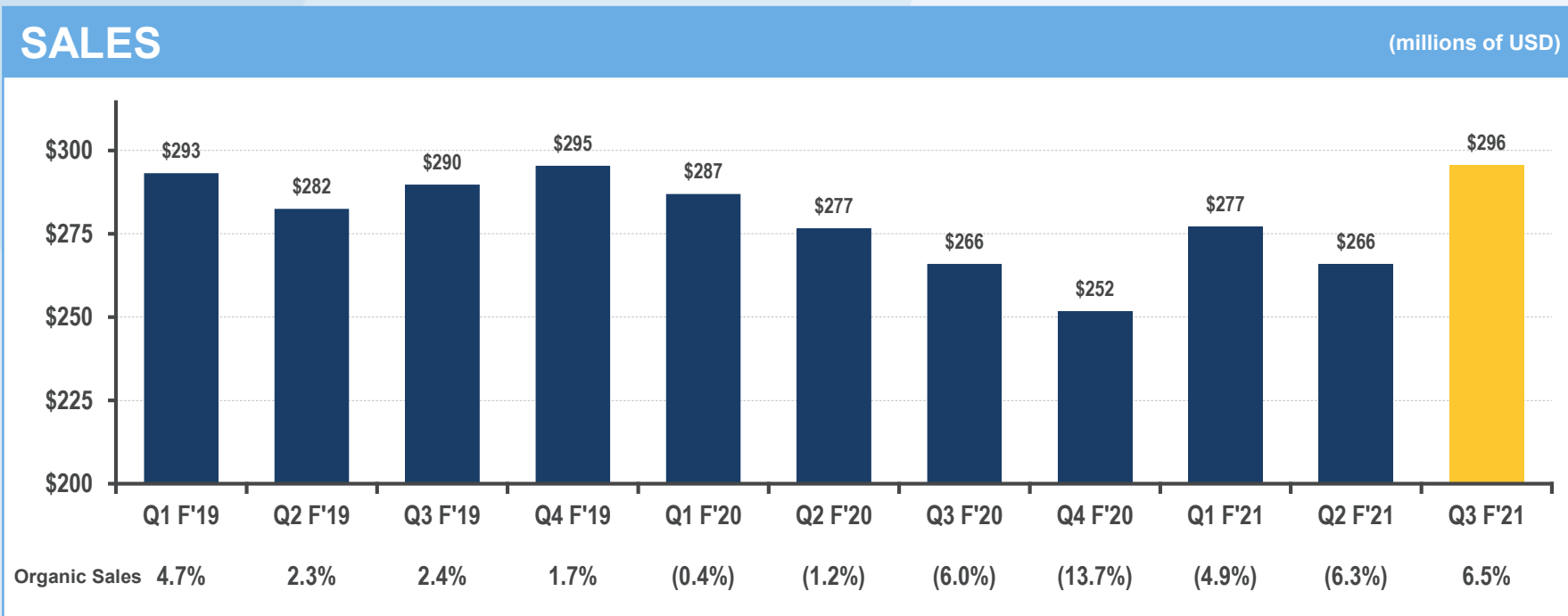
See our website at
www.bradycorp.com/investors



Appendix - Q3 F'21 Financial Review

Q3 F'21 Financial Summary

- **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.**



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.

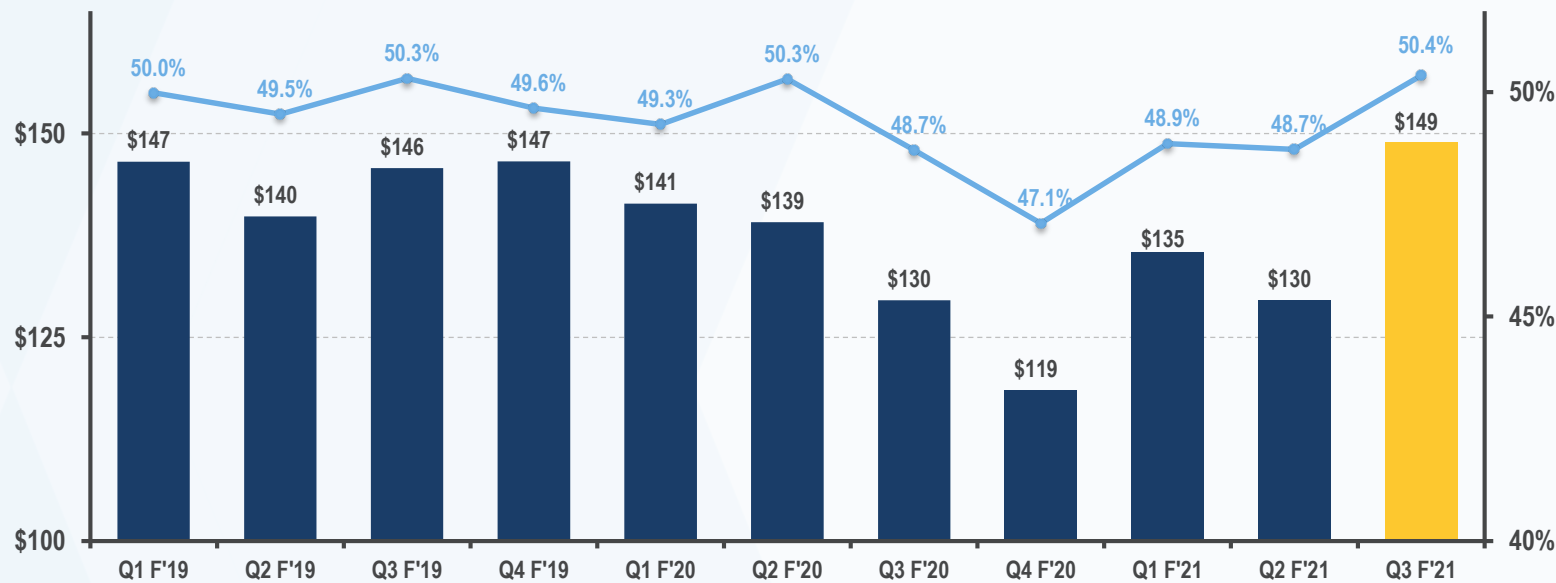
Q3 F'21 SALES COMMENTARY:

- 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

GROSS PROFIT & GPM%

(millions of USD)



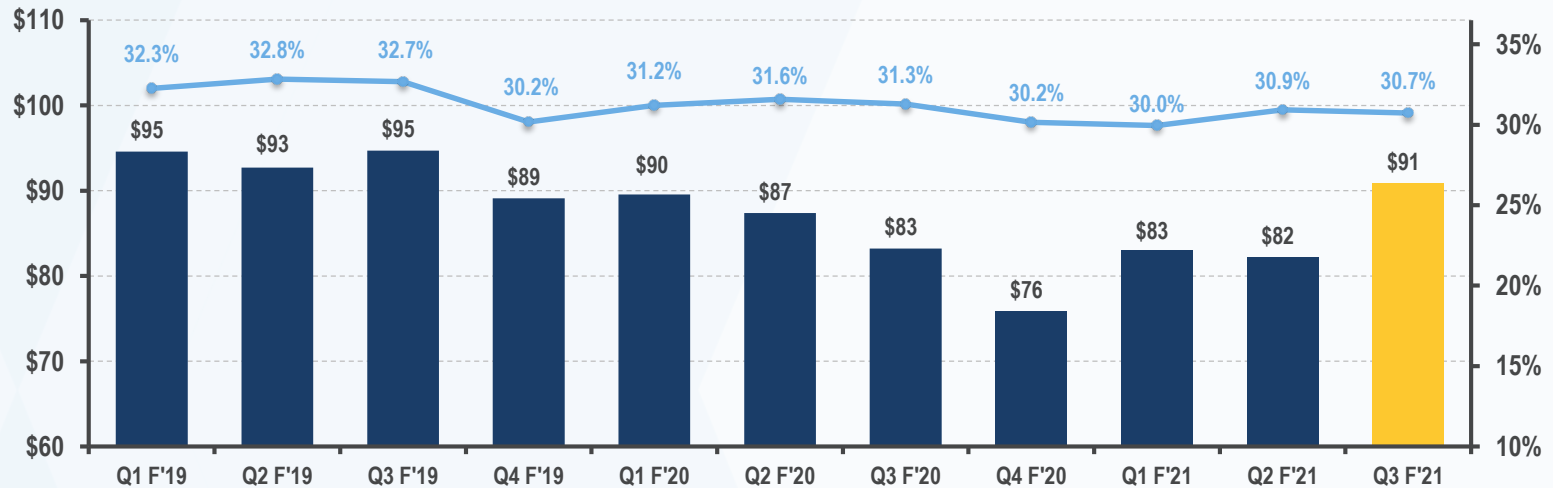
Q3 F'21 – GROSS PROFIT MARGIN:

- 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

SG&A EXPENSE AND SG&A EXPENSE AS A % of SALES

(millions of USD)



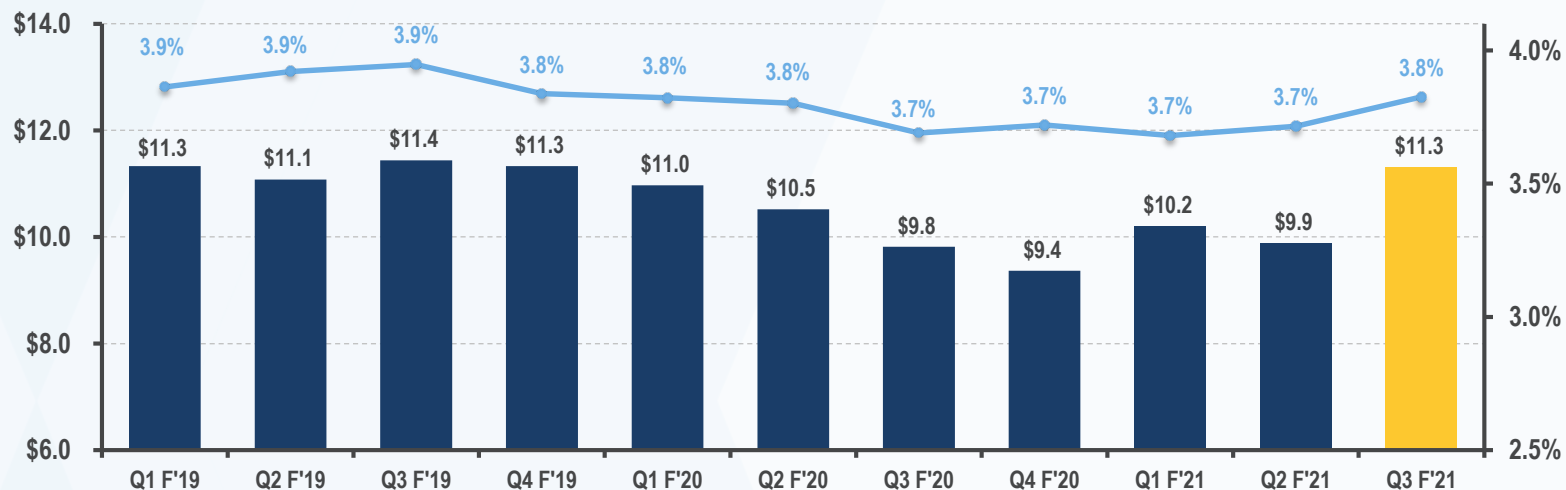
Q3 F'21 – SG&A EXPENSE:

- 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

R&D EXPENSE AND R&D EXPENSE AS A % of SALES

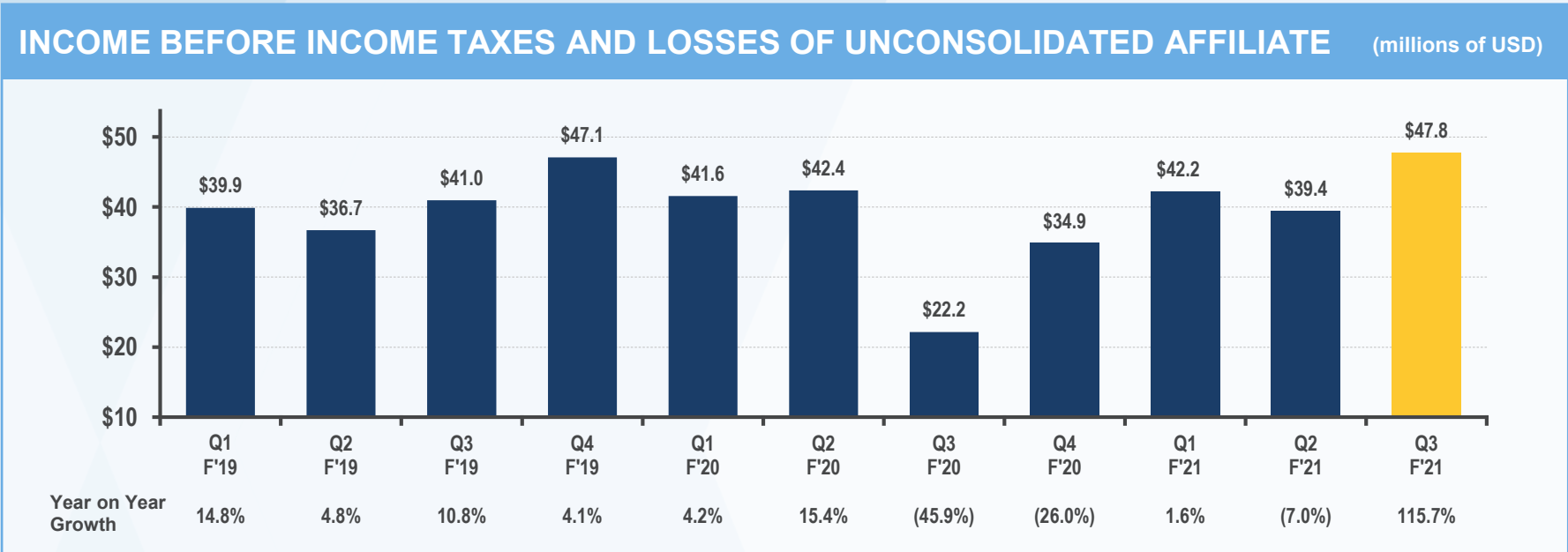
(millions of USD)



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



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

NET INCOME PER CLASS A DILUTED SHARE



NET INCOME

(millions of USD)



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

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
Cash Balance - Beginning of Period	\$ 277.6	\$ 289.8	\$ 217.6	\$ 279.1
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)
Cash Balance - End of Period	\$ 321.8	\$ 238.9	\$ 321.8	\$ 238.9

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