



# Brady Corporation

## Investor Presentation



March – May 2024

# Forward-Looking Statements

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

The use of words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “project,” “plan” or similar terminology are generally intended to identify forward-looking statements. These forward-looking statements by their nature address matters that are, to different degrees, uncertain and are subject to risks, assumptions, and other factors, some of which are beyond Brady's control, that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. For Brady, uncertainties arise from: increased cost of raw materials and labor as well as raw material shortages and supply chain disruptions; decreased demand for our products; our ability to compete effectively or to successfully execute our strategy; our ability to develop technologically advanced products that meet customer demands; difficulties in protecting our websites, networks and systems against security breaches; Brady's ability to identify, integrate, and grow acquired companies, and to manage contingent liabilities from divested businesses; 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; adverse impacts of regional epidemics or global pandemics; 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 and changes in the regulatory and business environment around dual-class voting structures; 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, 2023.

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.

## Long-Term Sustainable Results

- ▶ Focused on innovation, automation, digital, and geographic expansion.
- ▶ Expanding in faster-growing end markets with secular tailwinds.
- ▶ History of sustainable efficiency gains.

## Strong Sales Growth & Record EPS

- ▶ *Organic Sales in F'23* – 5.5% organic sales growth.
- ▶ *Record EPS in F'23* – GAAP EPS of \$3.51 was up 21.0% over the prior year.

## Strong Cash Generation

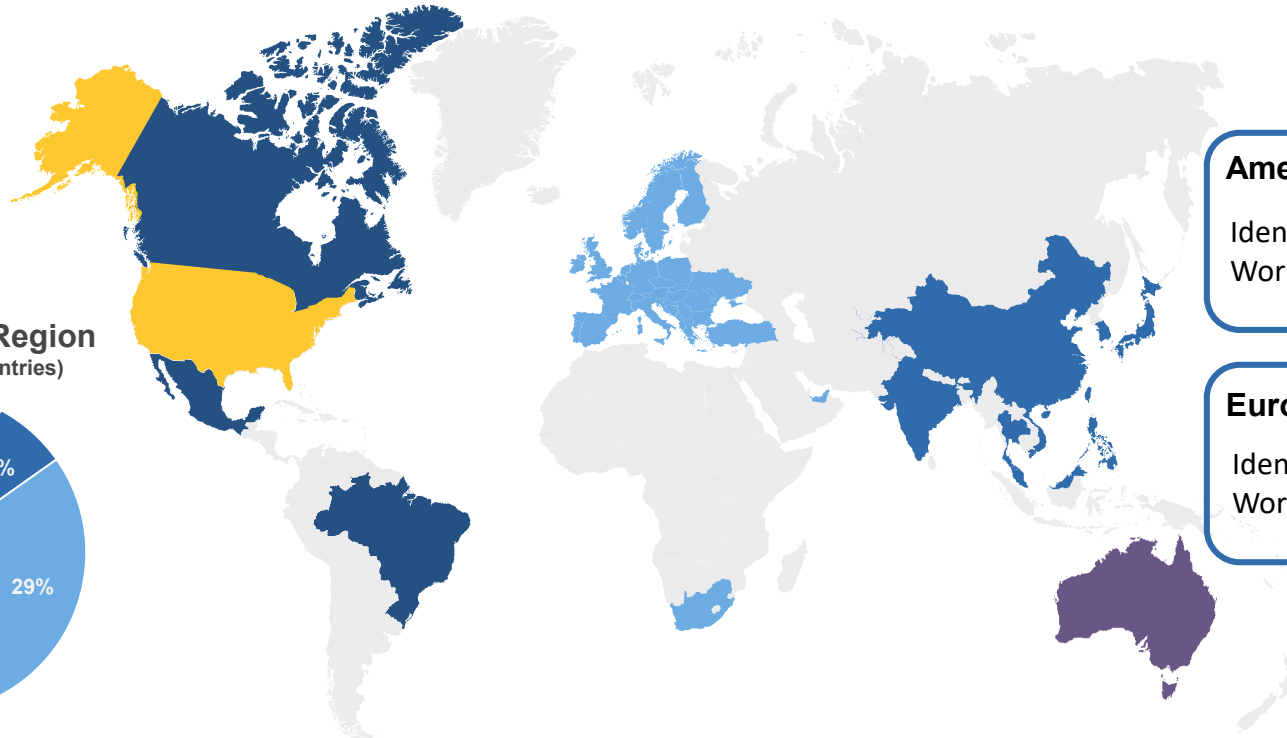
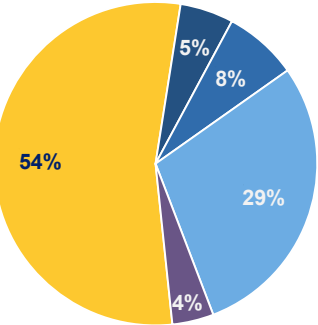
- ▶ History of strong and improving cash generation.
- ▶ Net cash position as of January 31, 2024.

## Disciplined Capital Allocation

- ▶ Organic investments throughout the economic cycle.
- ▶ 38 consecutive years of annual dividend increases.
- ▶ Technology-based acquisitions that fit our strategies.
- ▶ Returned \$120.4M to our shareholders in the form of dividends and share buybacks in F'23.

# Geographic Presence

**F'23 Sales by Region**  
(72 facilities in 32 countries)



**Americas & Asia (F'23):**  
Identification Solutions = 91%  
Workplace Safety = 9%

**Europe & Australia (F'23):**  
Identification Solutions = 53%  
Workplace Safety = 47%

**U.S.A.** → **Rest of Americas** → **Asia** → **Europe, Middle East & Africa** → **Australia**

Brazil, Canada, Mexico.

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

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

# Brady's Regional Divisions

## Americas & Asia:

- ▶ Overview:
  - 67% of total revenue.
  - 60% sold through distribution / 40% sold direct through field sales, internet, telesales and catalog.
- ▶ Primary Brands:
  - Brady, PDC, Code, Magicard, Seton, and Emed.

## Europe & Australia:

- ▶ Overview:
  - 33% of total revenue.
  - 40% sold through distribution / 60% sold direct through field sales, internet, telesales and catalog.
- ▶ Primary Brands:
  - Brady, Seton, Signals, Securimed and Magicard.

### Safety & Facility ID



### Wire Identification



### Product ID



### Healthcare ID



### People Identification



# Brady's Track & Trace Solutions



**Nordic ID and Code**

**Core Brady Portfolio**

# Social Value is Embedded in our Strategy

Delivering on our ESG Commitments Drives Long-term Shareholder Value



## Environmental

Committed to making a material positive impact on the environment.

- 
- ▶ Energy Efficiency
  - ▶ Carbon Emissions
  - ▶ Waste-to-Landfill
  - ▶ Sustainable Products
  - ▶ Products to Improve Customer Efficiency.



## Social

Supporting our communities, employee engagement, development and growth.

- 
- ▶ Enhance Our Communities
  - ▶ Racial Equity
  - ▶ Inclusive Environment
  - ▶ Diverse Workplace
  - ▶ Health and Safety.



## Governance

Committed to performance, accountability, and the highest level of ethics.

- 
- ▶ Transparency
  - ▶ Executive Compensation
  - ▶ Board Diversity
  - ▶ Values are Embedded in Brady's Systems and Processes.



# Social Value and ESG Highlights

We are Making Significant Progress across all Areas



## Green Products

Water Dissolvable labels designed for use in the laboratory setting, which allow customers to reuse supplies and reduce waste.



## Enhance Our Communities

**84**

Community organizations supported and > \$500K invested in racial equity funding.



## Board Committees

**60%**

Percent of board committees that are chaired by women.



## Green Facilities

Milwaukee facilities were Green Tier certified in March 2022 (1 of only 50 WI-based companies at that time).



## Diverse Workforce

**32%**

People of color as a percent of our total U.S. workforce.



## Health & Safety

**0.53**

Total recordable incident rate is well below industry averages.

▶ **Focused on Organic Sales Growth:**

- Innovation, automation, digital and geographic expansion.
- Organic sales growth of 5.5% for the year ended July 31, 2023.

▶ **Shifting our Portfolio into Faster-Growing End Markets:**

- Code and Nordic ID fill gaps in our industrial track-and-trace product offering.
- Well-positioned in end markets with secular tailwinds.

▶ **Driving Strong Profit Improvements and Returning Funds to our Shareholders:**

- Record EPS in F'23 with 21.0% growth over F'22.
- Executing sustainable process improvements.
- Returned \$120.4M to our shareholders in F'23 through dividends and share buybacks.

▶ **Investments and Financial Strength Expected to Bode Well for the Future:**

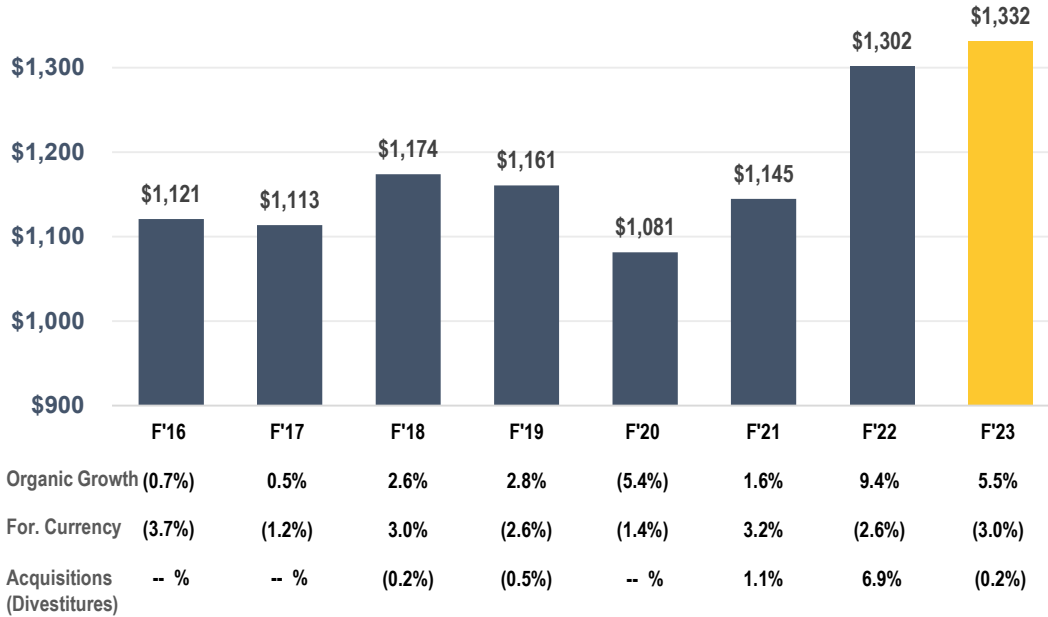
- Our on-going growth investments, strong balance sheet, and our focus on execution position us well for the future.



# Financial Overview

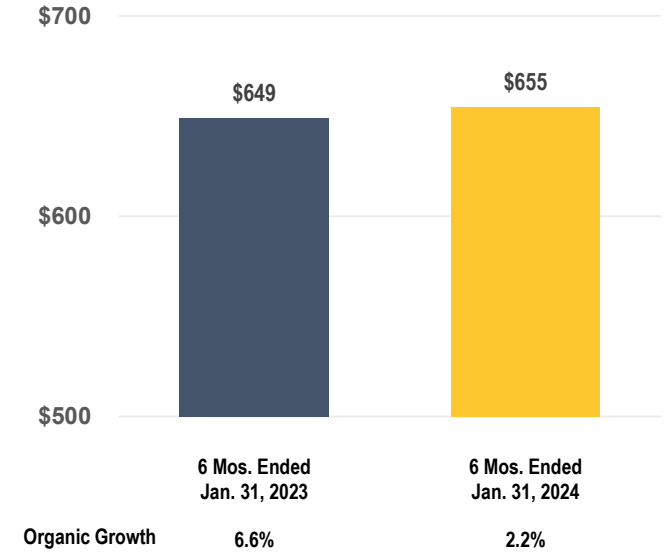
## Annual Trends

(Millions of USD)



## 1st Half of F'24

(Millions of USD)



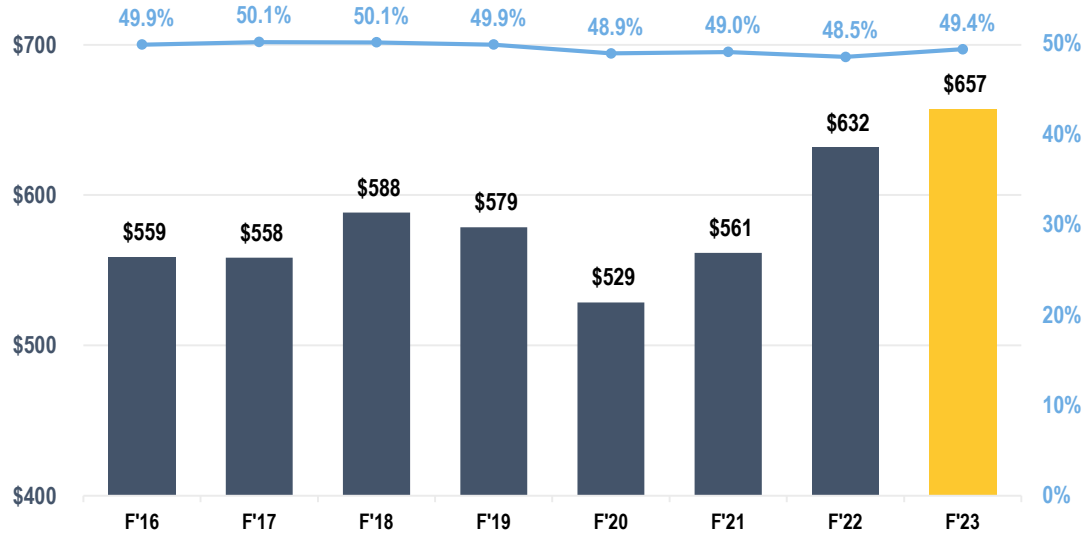
## Revenues:

- ▶ Organic growth of 9.4% in F'22 and 5.5% in F'23.
- ▶ Foreign currency translation was a headwind due to the year-over-year strengthening of the U.S. dollar in both F'22 and F'23.

# Gross Profit Margins

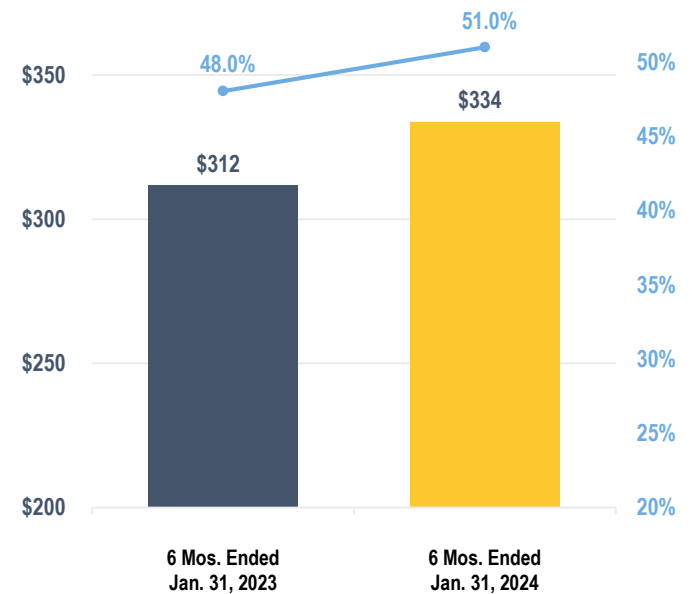
## Annual Trends

(Millions of USD)



## 1st Half of F'24

(Millions of USD)



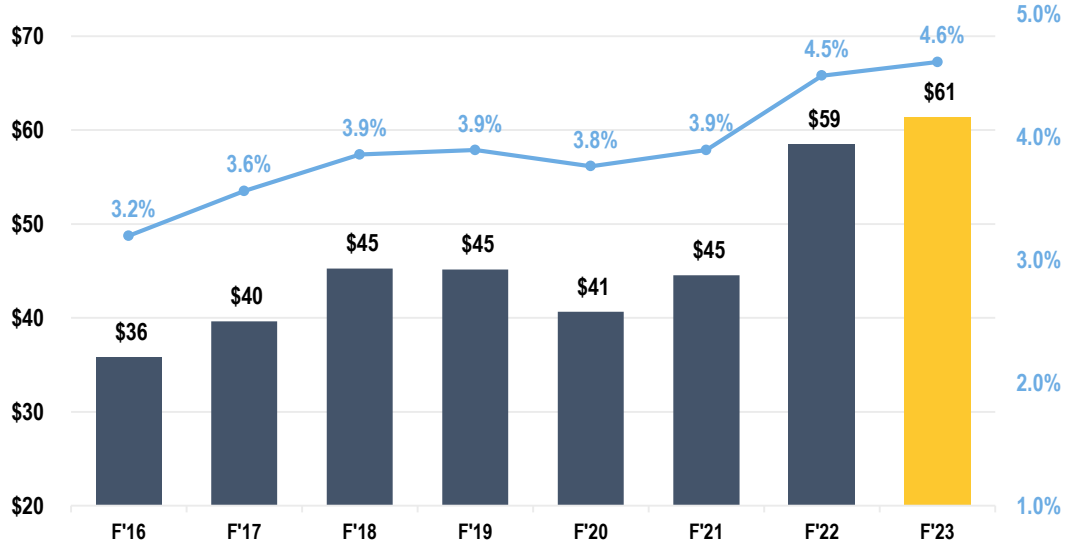
### Gross Profit Margin:

- ▶ Focus on sustainable operational improvements and automation throughout our businesses.
- ▶ History of gross profit margins approximating 50%.
- ▶ Improved gross profit margin in F'23 and F'24.

# Research & Development

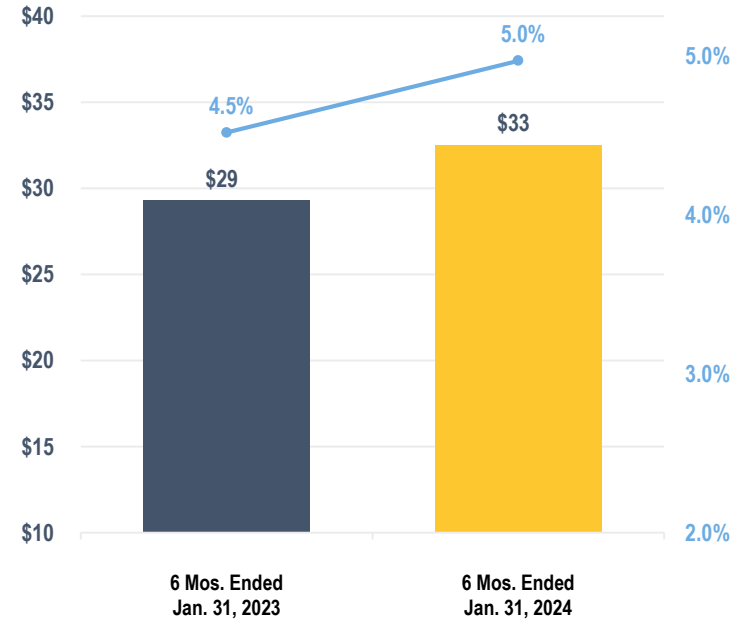
## Annual Trends

(Millions of USD)



## 1st Half of F'24

(Millions of USD)

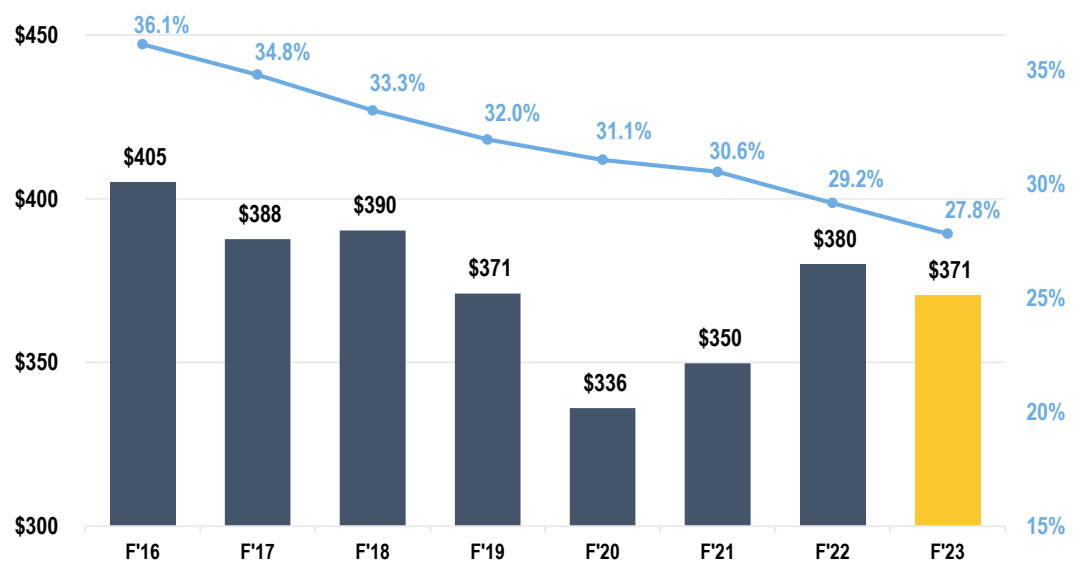


## R&D Expense:

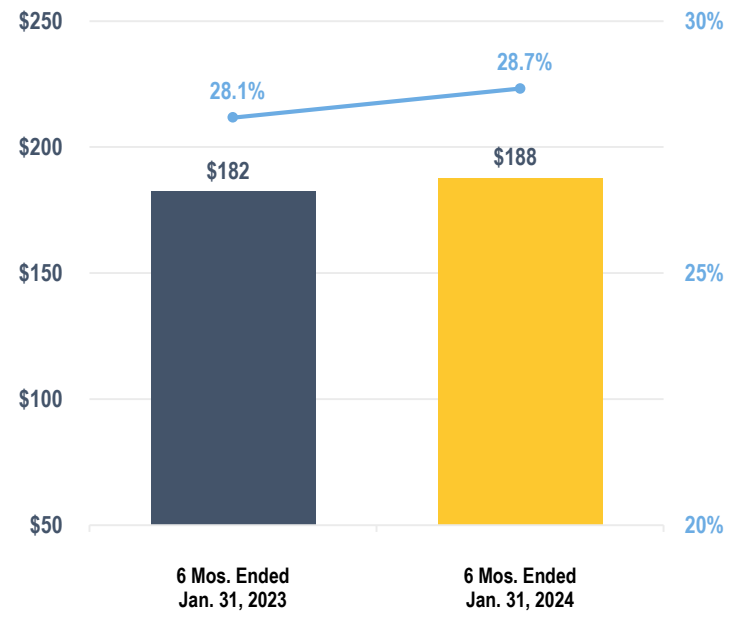
- ▶ Investing in R&D to drive future organic sales growth.
- ▶ Creating an innovative new product pipeline.
- ▶ Focused on efficiency and shortening the time to market.

# SG&A Expenses

**Annual Trends** (Millions of USD)



**1<sup>st</sup> Half of F'24** (Millions of USD)



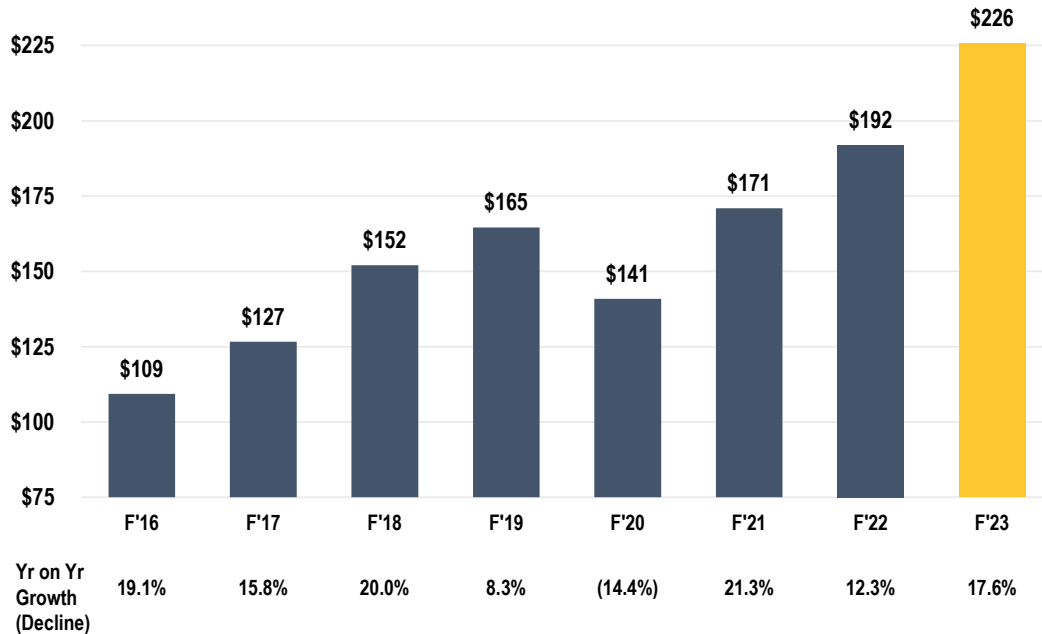
## SG&A Expense:

- ▶ Investing in sales and marketing activities to drive future organic sales growth.
- ▶ SG&A expense increased due to the 3 acquisitions completed in the fourth quarter of fiscal 2021.

# Income Before Income Taxes

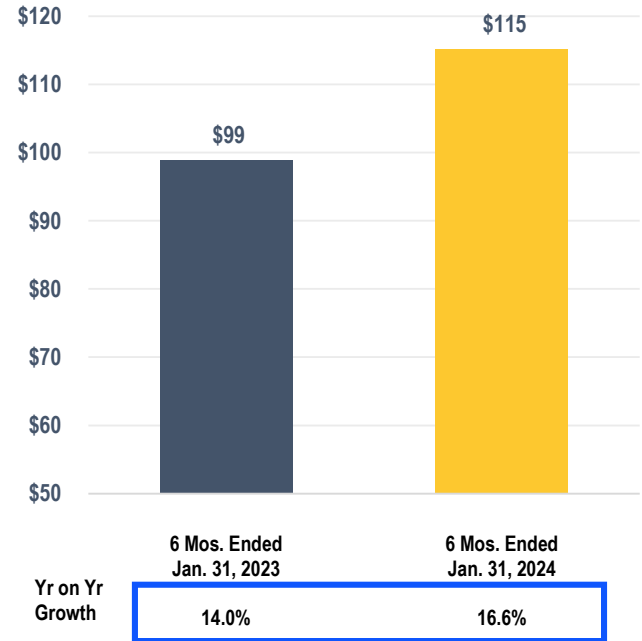
## Annual Trends

(Millions of USD)



## 1st Half of F'24

(Millions of USD)



### Income Before Income Taxes:

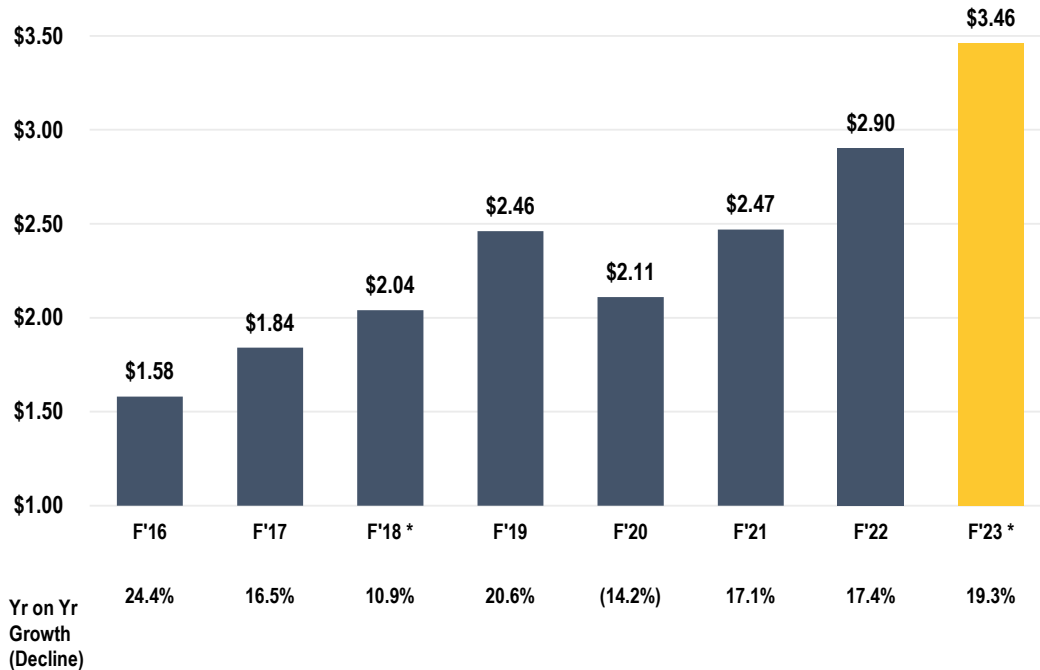
- ▶ History of strong year-over-year pre-tax earnings growth leading into the pandemic.
- ▶ Pre-tax earnings declined in F'20 due to the pandemic.
- ▶ We believe that our streamlined cost structure, investments to drive organic growth, and strong balance sheet set the stage for continued pre-tax income growth.



# Diluted EPS

## Annual Trends

(Millions of USD)



## 1<sup>st</sup> Half of F'24

(Millions of USD)

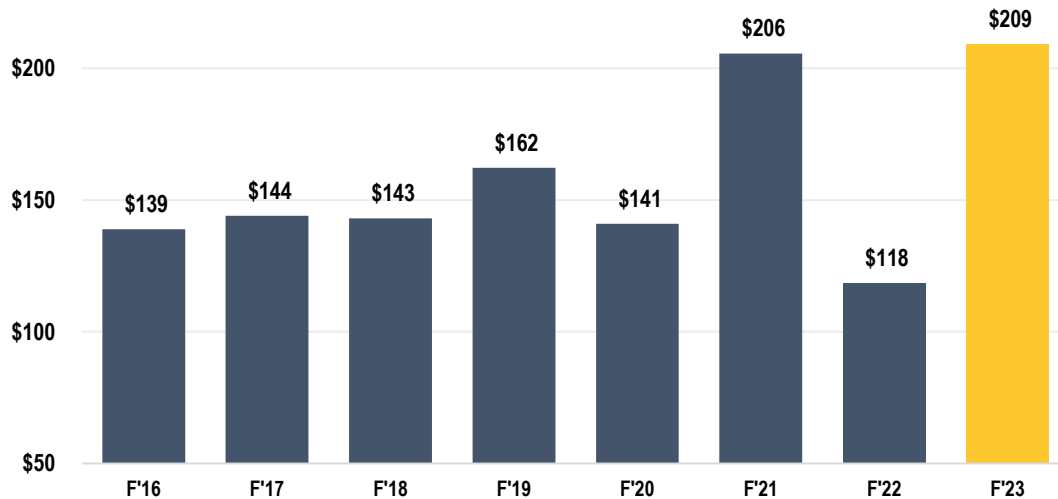


## Diluted EPS:

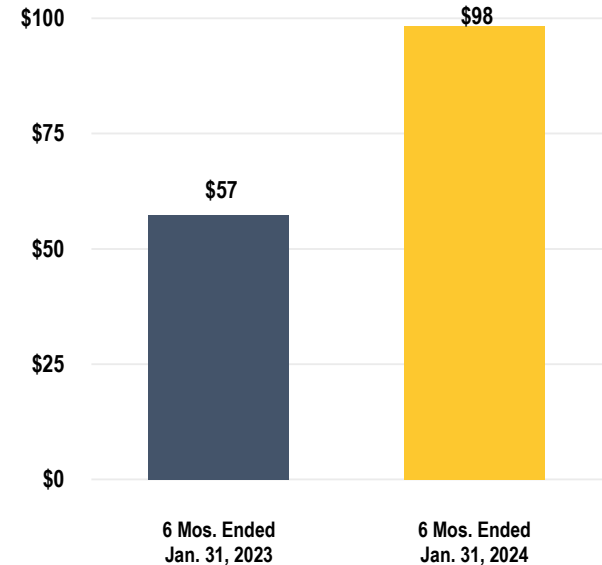
- ▶ History of strong year-over-year EPS growth leading into the pandemic.
- ▶ EPS benefiting from strong earnings growth and a reduced share count.
- ▶ EPS CAGR of 12.1% over the 7-year period ended July 31, 2023 and 19.3% growth in F'23.

\* F'18 diluted EPS excludes an income tax charge of \$0.40 resulting from the U.S. Tax Cuts and Jobs Act and a gain of \$0.09 from the sale of a business. F'23 diluted EPS excludes a gain of \$0.05 from the sale of a business.

## Cash from Op. Activities – Annual Trends (Millions of USD)



## 1<sup>st</sup> Half of F'24 (millions of USD)

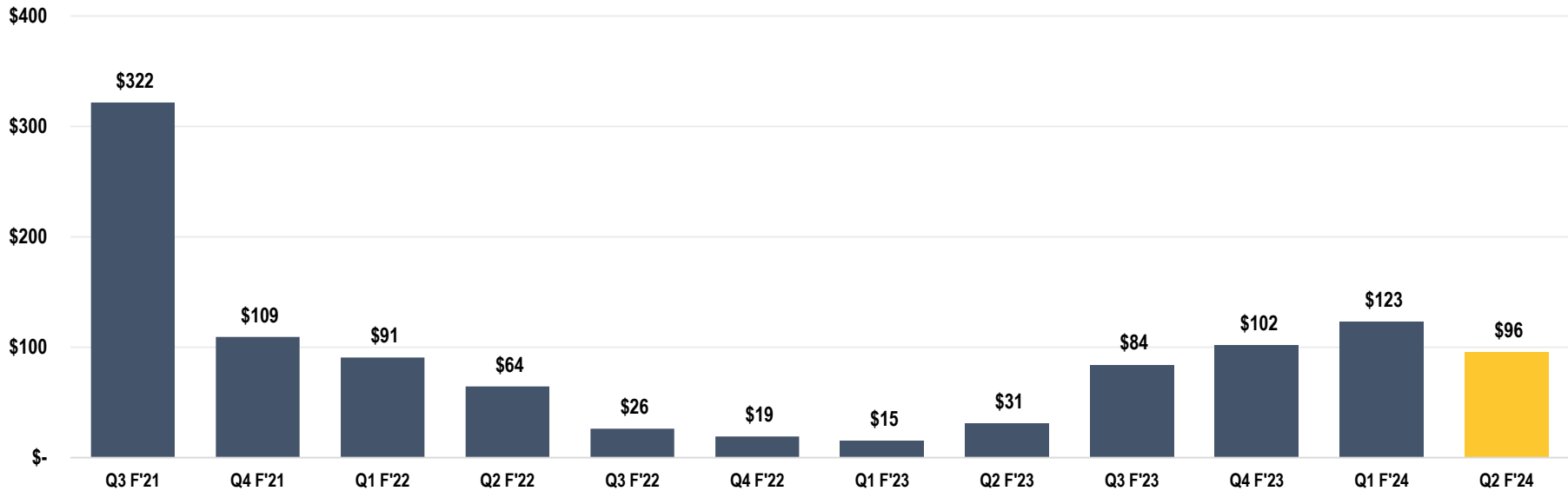


### Cash Generation:

- ▶ History of strong cash generation.
- ▶ F'22 cash generation was negatively impacted by an intentional \$62.9M increase in inventory levels.
- ▶ Improved earnings and reduced inventory purchases led to the significant increase in cash flow from operating activities in F'23 and F'24.

# Net Cash

(millions of USD)



## Strong Balance Sheet:

- ▶ January 31, 2024 cash = \$143.9M and debt = \$48.1M.
- ▶ Brady is in a net cash position, even after investing \$244M in acquisitions in Q4 of F'21, returning more than \$155M to our shareholders through both dividends and share buybacks in F'22, and returning more than \$120M to our shareholders through both dividends and share buybacks in F'23.
- ▶ Balance sheet provides flexibility for future organic and inorganic investments.

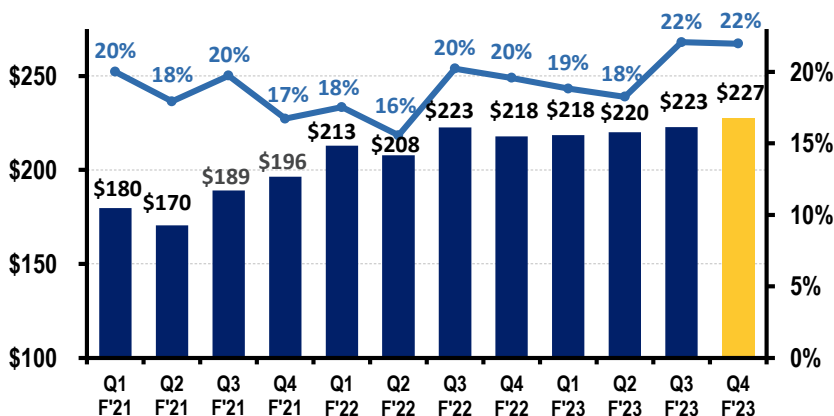
## F'23 vs. F'22

(millions of USD)

	F'23	F'22	Change
Sales	\$ 888.9	\$ 861.1	+ 3.2%
Segment Profit	180.5	157.3	+ 14.7%
Segment Profit %	20.3%	18.3%	+ 200 bps

## SALES & SEGMENT PROFIT %

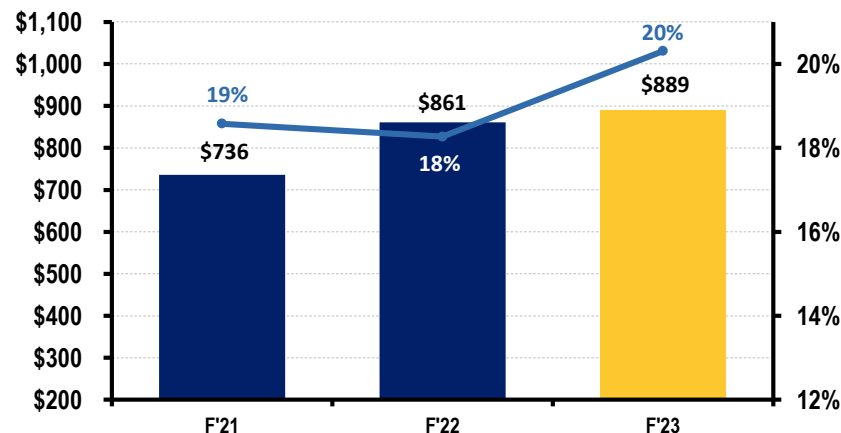
(millions of USD)



Organic	(7.9%)	(7.3%)	7.8%	18.0%	9.3%	13.9%	9.2%	9.1%	4.0%	6.9%	1.2%	5.6%
Cur. Trans.	(0.4%)	0.1%	1.1%	1.9%	0.9%	0%	(0.1%)	(1.0%)	(1.4%)	(1.0%)	(0.8%)	(0.2%)
Acq. / (Divest.)	-	-	-	3.7%	8.3%	8.1%	8.6%	2.8%	-	-	(0.3%)	(1.0%)

## SALES & SEGMENT PROFIT %

(millions of USD)



Organic	1.9%	10.3%	4.4%
Cur. Trans.	0.6%	(0.1%)	(0.9%)
Acq. / (Divest.)	0.8%	(6.9%)	(0.3%)

# Europe & Australia

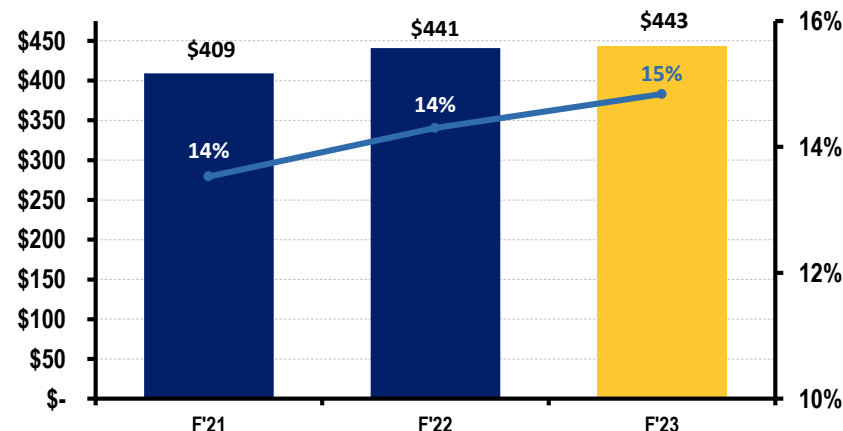
## F'23 vs. F'22

(millions of USD)

	F'23	F'22	Change
Sales	\$ 443.0	\$ 441.0	0.5%
Segment Profit	65.7	63.1	+ 4.3%
Segment Profit %	14.8%	14.3%	+ 50 bps

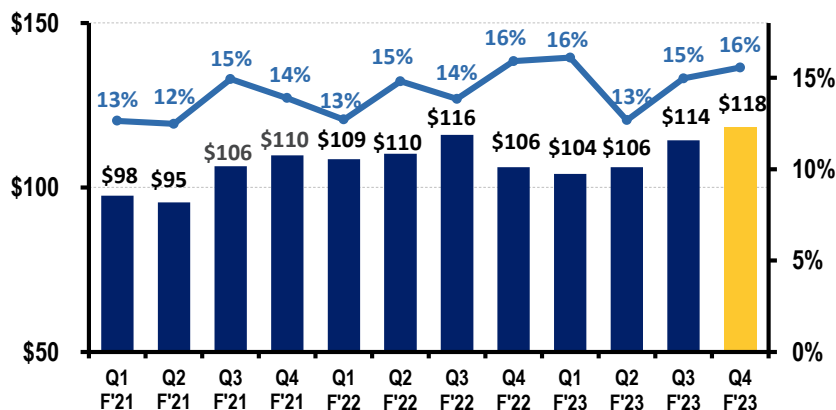
## SALES & SEGMENT PROFIT %

(millions of USD)



## SALES & SEGMENT PROFIT %

(millions of USD)



Organic	1.5%	(4.4%)	4.2%	3.2%	2.6%	11.7%	8.5%	8.8%	12.8%	5.2%	3.4%	9.5%
Cur. Trans.	5.6%	7.0%	11.0%	8.6%	0.6%	(5.8%)	(8.2%)	(13.9%)	(17.0%)	(8.9%)	(4.8%)	2.0%
Acquisitions	-	-	-	6.3%	8.2%	9.6%	8.7%	1.8%	-	-	-	-

Organic	1.1%	7.9%	7.6%
Cur. Trans.	8.1%	(7.0%)	(7.1%)
Acquisitions	1.6%	6.9%	-

# Summary

- ▶ **We are financially strong.**
- ▶ **Accelerated organic sales growth.**
- ▶ **Improved profitability.**
- ▶ **Returning funds to our shareholders.**
- ▶ **Strong new product line-up, positive sales momentum, organic growth investments, a strong balance sheet, and a focus on execution puts Brady in an excellent position for the future.**



# Appendix

## Q2 F'24 Financial Review



# Q2 F'24 Highlights

## Organic Sales Growth

- ▶ Organic sales grew 1.6%, with organic growth in both regions.

## Improved GPM

- ▶ GPM of 50.2% compared to 48.0% in Q2 of F'23.
- ▶ Healthy gross profit margins demonstrate our high value-add.

## Expanding Earnings per Share

- ▶ GAAP EPS of \$0.90 was up 18.4% over Q2 of last year.
- ▶ Diluted EPS Excluding Certain Items\* increased 14.8% to \$0.93 in Q2 of F'24 compared to \$0.81 in Q2 of F'23.

## Regional Results

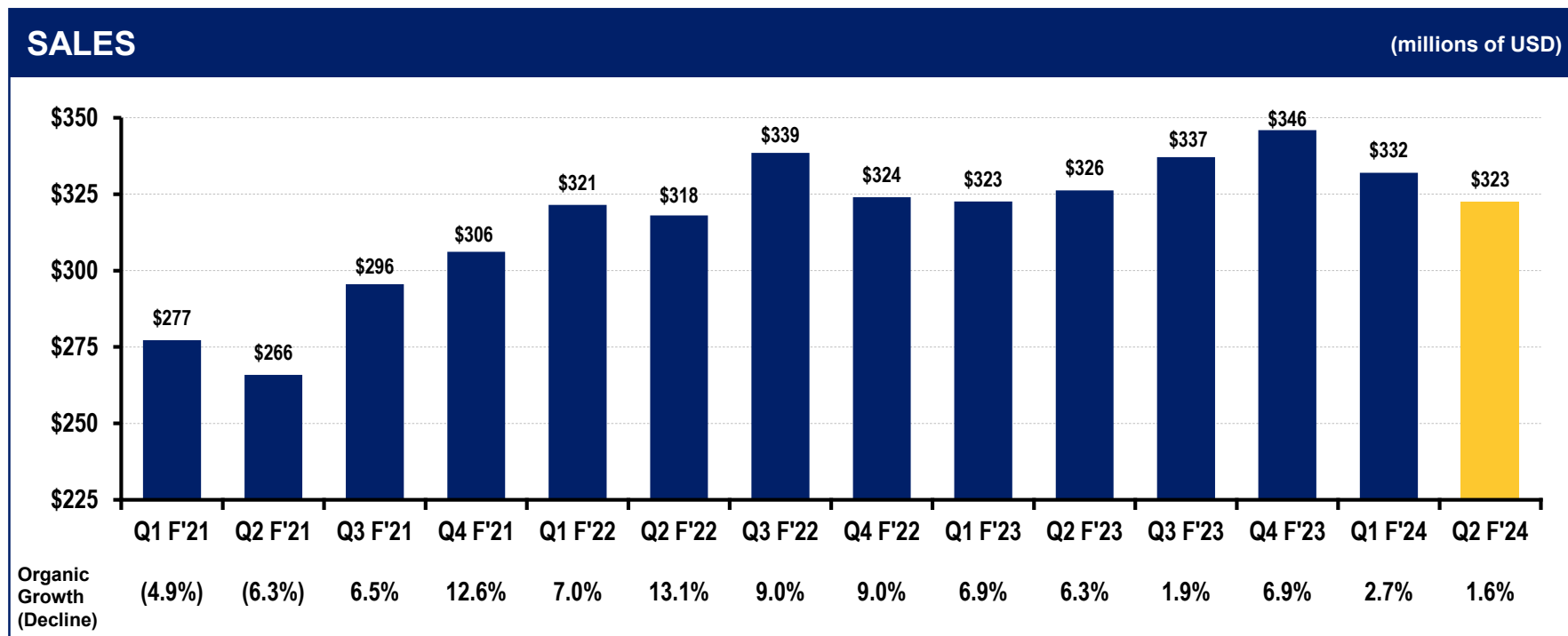
- ▶ Americas & Asia organic sales growth of 1.2%; segment profit increased 9.3%.
- ▶ Europe & Australia organic sales growth of 2.5%; segment profit increased 11.9%.

## Returning Capital to our Shareholders

- ▶ Purchased 143k shares for \$7.7M.
- ▶ Paid dividends of \$11.4M.
- ▶ In a net cash position of \$95.8M at January 31, 2024.

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





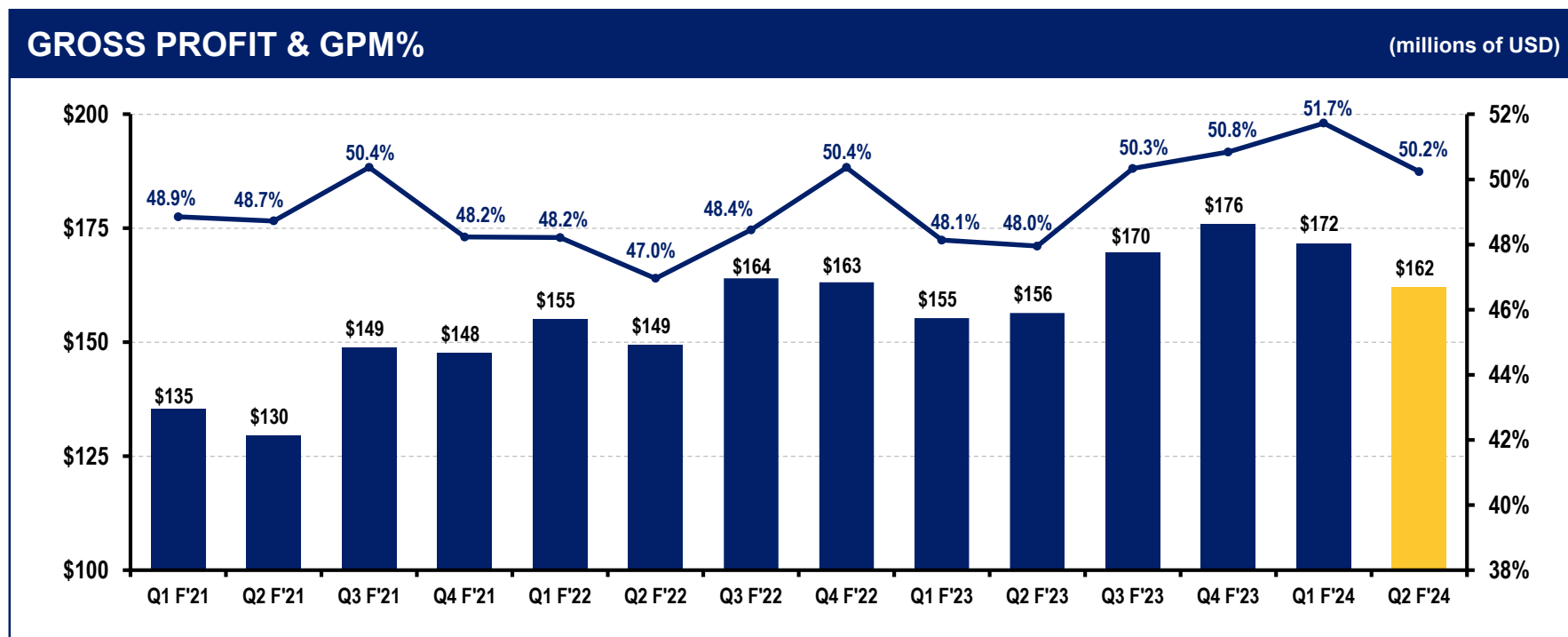
## Q2 F'24 SALES:

- ▶ Total sales decreased 1.1%.
- ▶ Organic sales increased 1.6%.
  - Americas & Asia – Organic sales increased 1.2%.
  - Europe & Australia – Organic sales increased 2.5%.
- ▶ Foreign currency translation increased sales 0.8%.
- ▶ Divestitures decreased sales 3.5%.

## Q2 F'24 SALES COMMENTARY:

- ▶ Organic sales were up 0.7% in the Americas with growth in all product lines except healthcare identification.
- ▶ Asia organic sales were up 5.1% with growth throughout the region.
- ▶ Organic sales were up 2.3% in Europe with growth in all major product lines.
- ▶ Australia organic sales were up 3.7%.

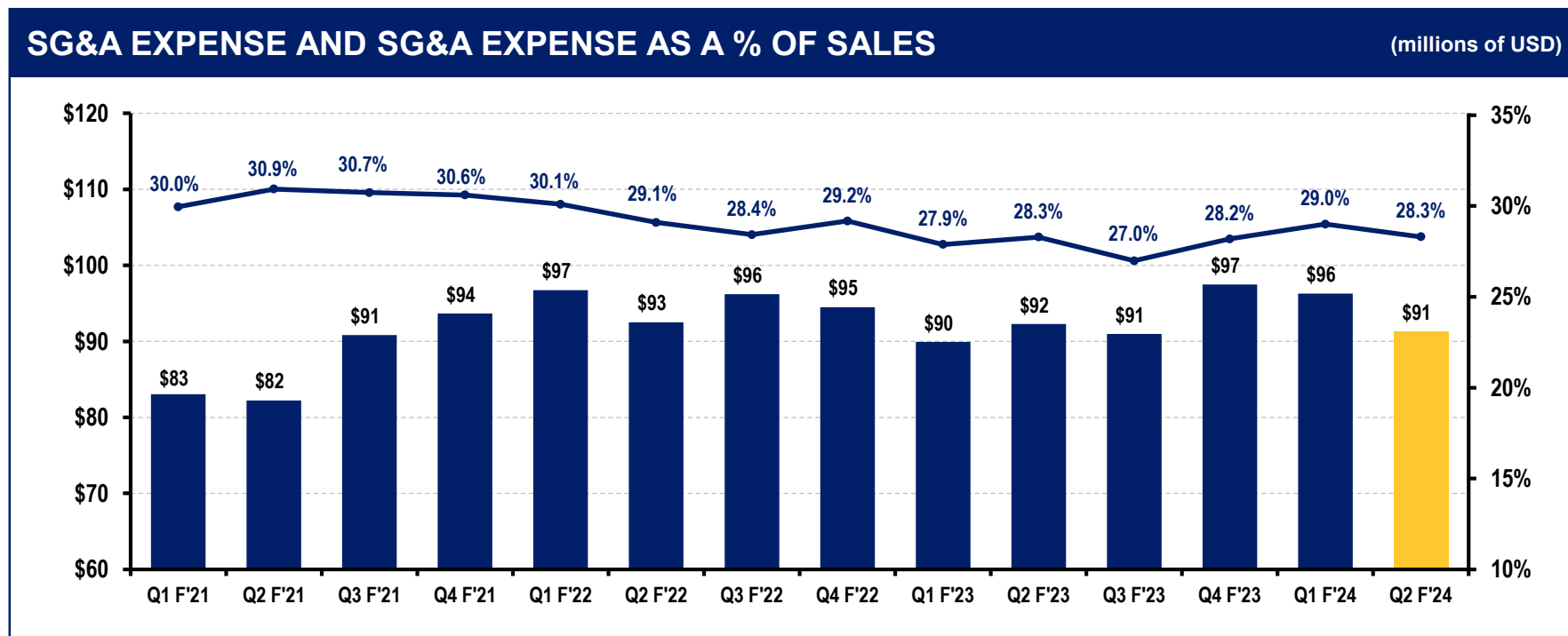
# Gross Profit Margin



## Q2 F'24 – GROSS PROFIT MARGIN:

- ▶ Gross profit margin of 50.2% compared to 48.0% in Q2 of F'23.
- ▶ Improved product mix was the primary driver of the increase in gross profit margin in Q2 of F'24.
- ▶ Inflation continues, but we are experiencing a reduced rate of inflation in certain geographies.

# SG&A Expense

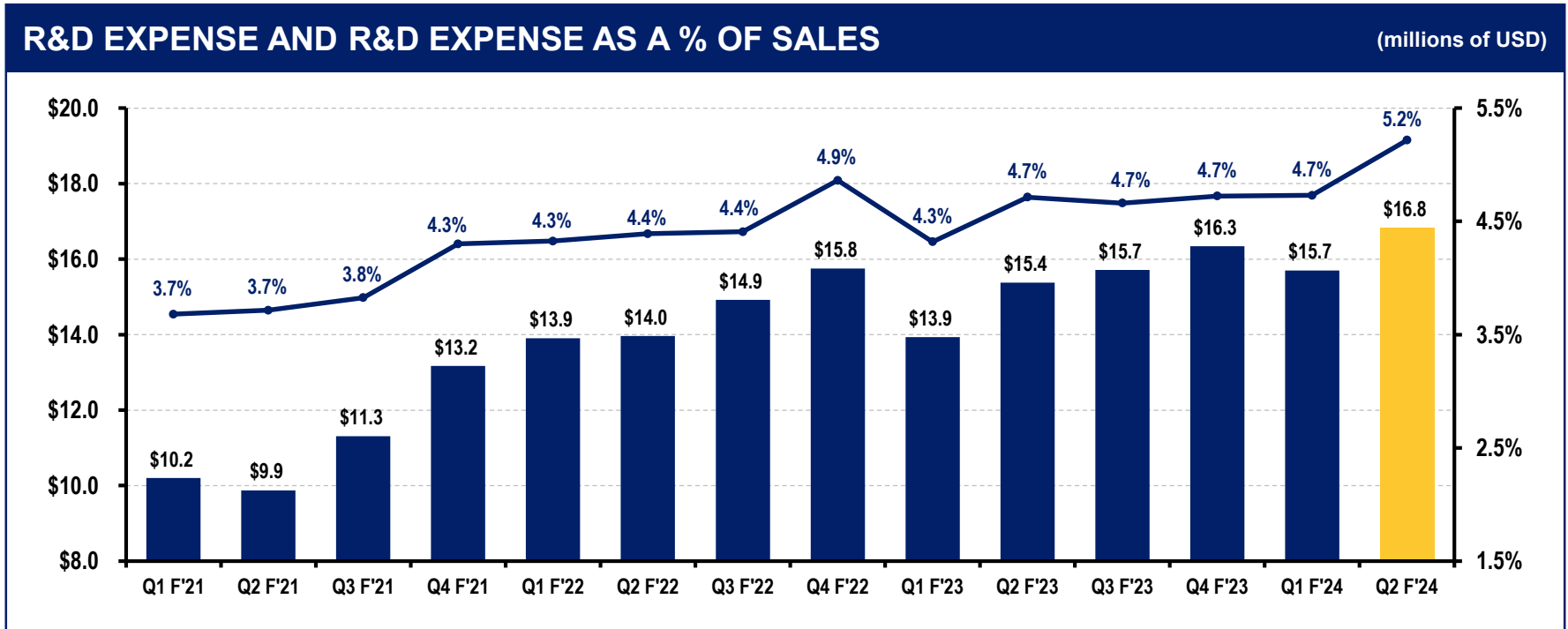


## Q2 F'24 – SG&A EXPENSE:

- ▶ SG&A expense was 28.3% of sales in both Q2 of F'24 and Q2 of F'23. Excluding amortization\* from both periods, SG&A expense was 27.6% of sales compared to 27.3% of sales in the same quarter last year.
- ▶ Inflation continues in certain geographies. We continue to focus on executing sustainable efficiency gains in order to offset cost increases, while making the necessary investments to drive future sales growth.

\* See appendix for non-GAAP measures.

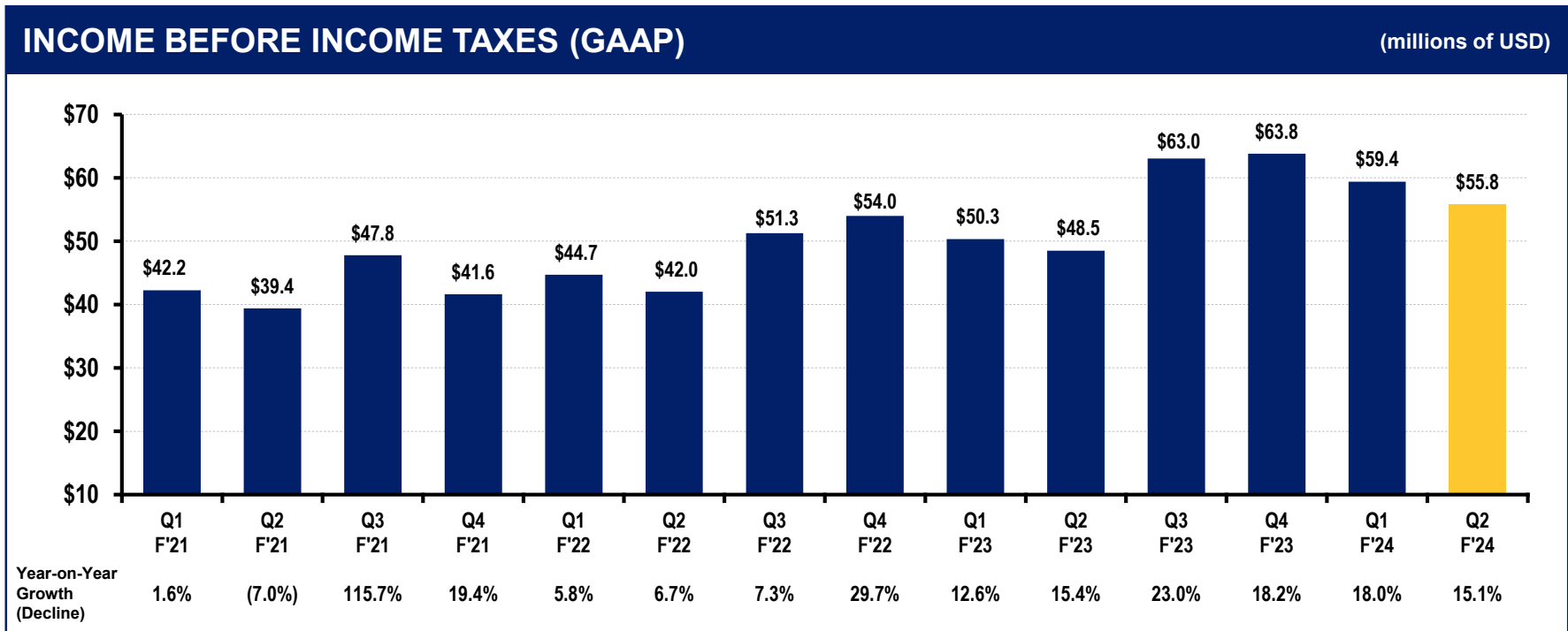
# R&D Expense



## Q2 F'24 – R&D EXPENSE:

- ▶ We remain committed to our investments in R&D, our new product pipeline includes innovative products that solve problems for our customers.
- ▶ We are focused on ensuring that our R&D spend is both efficient and effective.

# Income Before Income Taxes

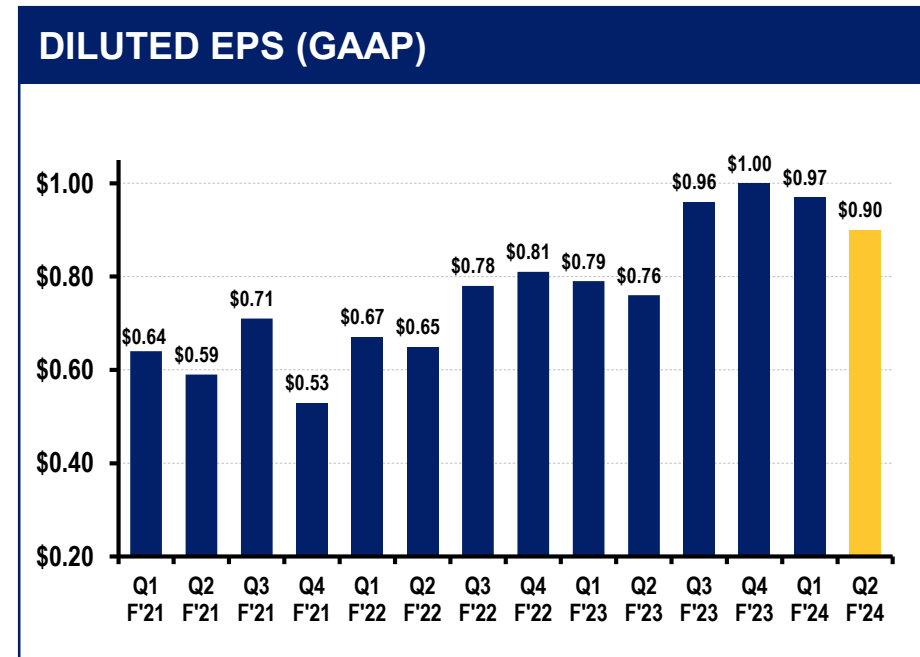
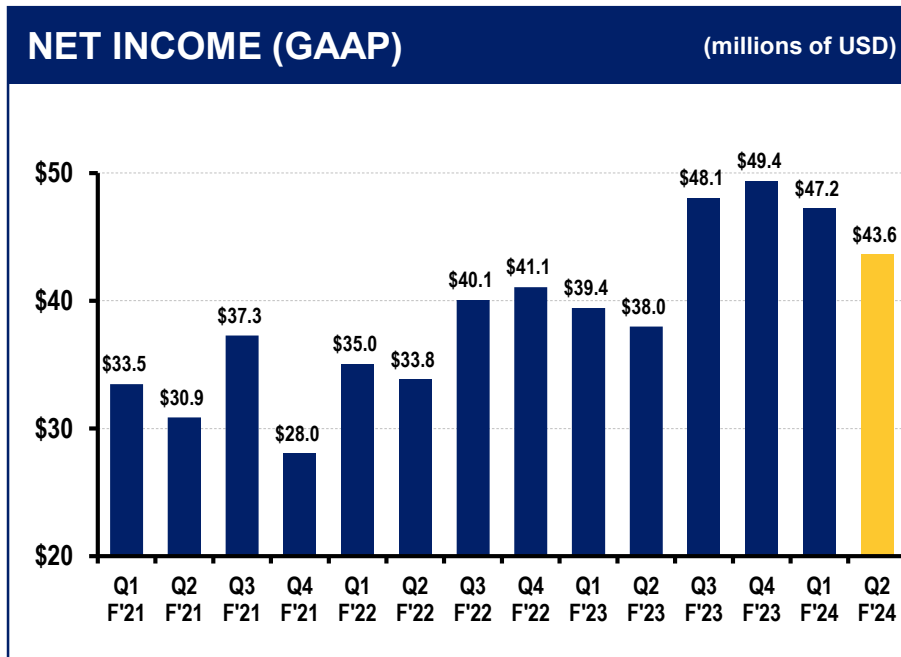


## Q2 F'24 – INCOME BEFORE INCOME TAXES:

- ▶ GAAP Income before income taxes was up 15.1% to \$55.8M in Q2 of F'24 compared to \$48.5M in Q2 of F'23.
- ▶ Income Before Income Taxes Excluding Certain Items\*, which only removes amortization expense from each period presented, increased 12.4% to \$58.2M in Q2 of F'24 compared to \$51.8M in Q2 of F'23.

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

# Net Income & Diluted EPS



## Q2 F'24 – NET INCOME & DILUTED EPS:

- ▶ GAAP Net Income was \$43.6M in Q2 of F'24 compared to \$38.0M in Q2 of F'23 (an increase of 14.9%).
  - Net Income Excluding Certain Items\* was \$45.4M in Q2 of F'24 compared to \$40.5M in Q2 of F'23 (an increase of 12.3%).
- ▶ GAAP Diluted EPS was \$0.90 in Q2 of F'24 compared to \$0.76 in Q2 of F'23 (an increase of 18.4%).
  - Diluted EPS Excluding Certain Items\* was \$0.93 in Q2 of F'24 compared to \$0.81 in Q2 of F'23 (an increase of 14.8%).

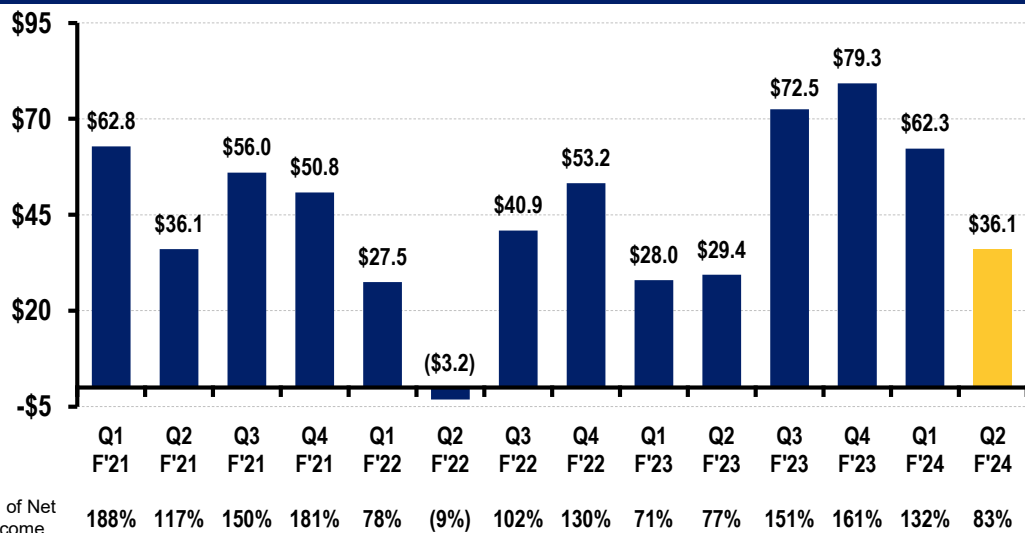


\* Net Income Excluding Certain Items and Diluted EPS Excluding Certain Items are non-GAAP measures. See appendix.

# Cash Generation

## CASH FLOW FROM OPERATING ACTIVITIES

(millions of USD)



## CASH FLOWS IN Q2 OF F'24:

### Overview:

- ▶ Cash flow from operating activities was up 22.8% in Q2 of F'24; increasing from \$29.4M in Q2 of last year to \$36.1M in the current quarter.
- ▶ Free cash flow\* was (\$13.5M) in Q2 of F'24 compared to \$25.1M in Q2 of F'23.
- ▶ Free cash flow was negative in Q2 of F'24 due to the purchase of a previously leased facility.

### Returning Funds to our Shareholders:

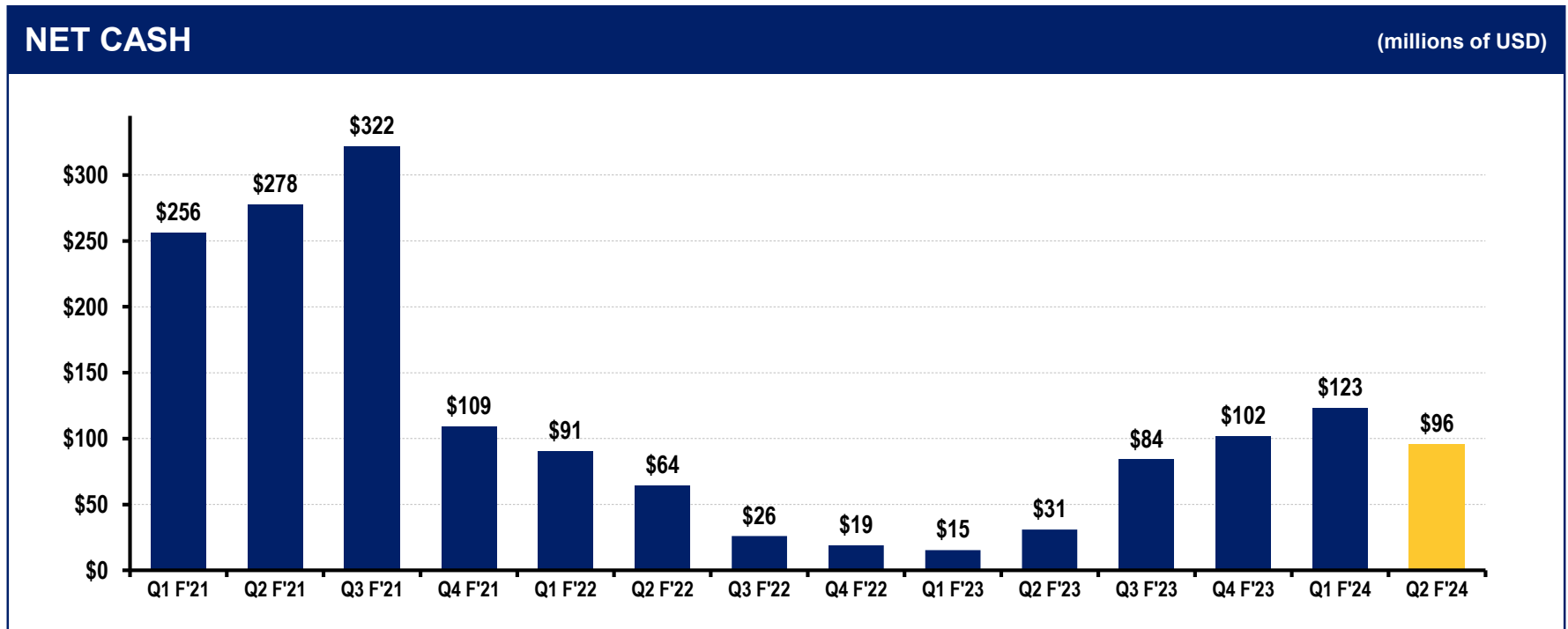
In Q2 of F'24, we returned a total of \$19.0M to our shareholders in the form of dividends and share buybacks.

- ▶ **Dividends** – Increased our annual dividend for the 38<sup>th</sup> consecutive year.
- ▶ **Share Buybacks** – Repurchased 143,115 shares in Q2 of F'24 for \$7.7M (average price of \$53.63/share).

(millions of USD)	3 Mos. Ended Jan. 31, 2024	3 Mos. Ended Jan. 31, 2023	6 Mos. Ended Jan. 31, 2024	6 Mos. Ended Jan. 31, 2023
<b>Cash Balance - Beginning of Period</b>	\$ 175.4	\$ 114.5	\$ 151.5	\$ 114.1
Cash Flow from Operating Activities	36.1	29.4	98.4	57.4
Capital Expenditures	(49.6)	(4.3)	(60.8)	(8.2)
Dividends	(11.4)	(11.4)	(22.7)	(22.8)
Share Repurchases	(7.7)	(5.8)	(21.8)	(17.9)
Debt Repayments	(4.1)	(21.7)	(1.6)	(17.7)
Effect of Exchange Rates on Cash	3.5	5.2	(2.2)	2.0
Other	1.7	2.3	3.1	1.3
<b>Cash Balance - End of Period</b>	<b>\$ 143.9</b>	<b>\$ 108.2</b>	<b>\$ 143.9</b>	<b>\$ 108.2</b>



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



## STRONG BALANCE SHEET:

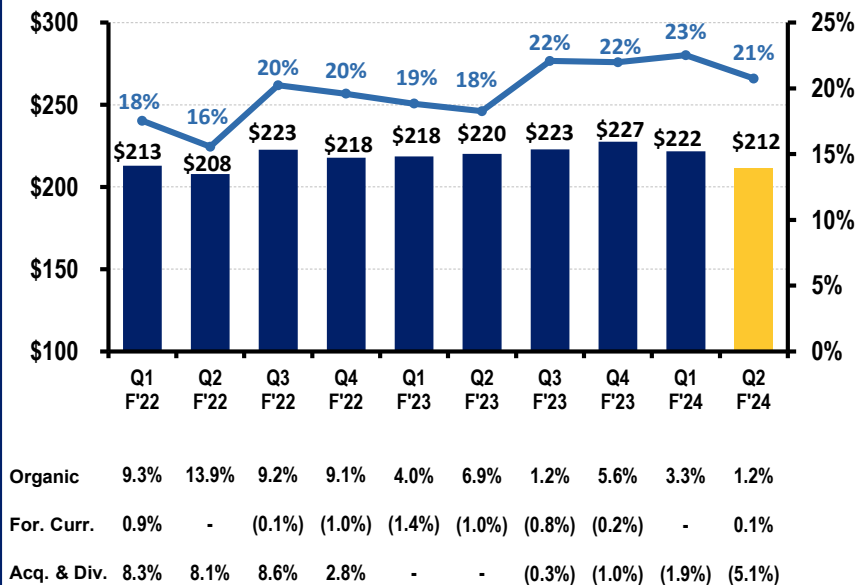
- ▶ January 31, 2024 cash = \$143.9M.
- ▶ January 31, 2024 debt = \$48.1M.
- ▶ Balance sheet provides flexibility for future organic and inorganic investments.



## Q2 F'24 vs. Q2 F'23 (millions of USD)

	Q2 F'24	Q2 F'23	Change
<b>Sales</b>	\$ 211.6	\$ 220.1	(3.8%)
<b>Segment Profit</b>	43.9	40.2	+ 9.3%
<b>Segment Profit %</b>	20.7%	18.3%	+ 240 bps

## SALES & SEGMENT PROFIT % (millions of USD)



## Q2 F'24 SUMMARY:

- Revenues decreased 3.8% in Q2 of F'24:
  - Organic growth = + 1.2%.
  - Fx increase = + 0.1%.
  - Divestiture = (5.1%).
- Organic sales grew 0.7% in the Americas. Growth in wire identification, safety and facility identification, and product identification, decline in healthcare identification.
- Organic sales grew 5.1% in Asia; growth throughout the region.
- Segment profit increased due to organic sales growth in higher gross margin product lines.

## OUTLOOK:

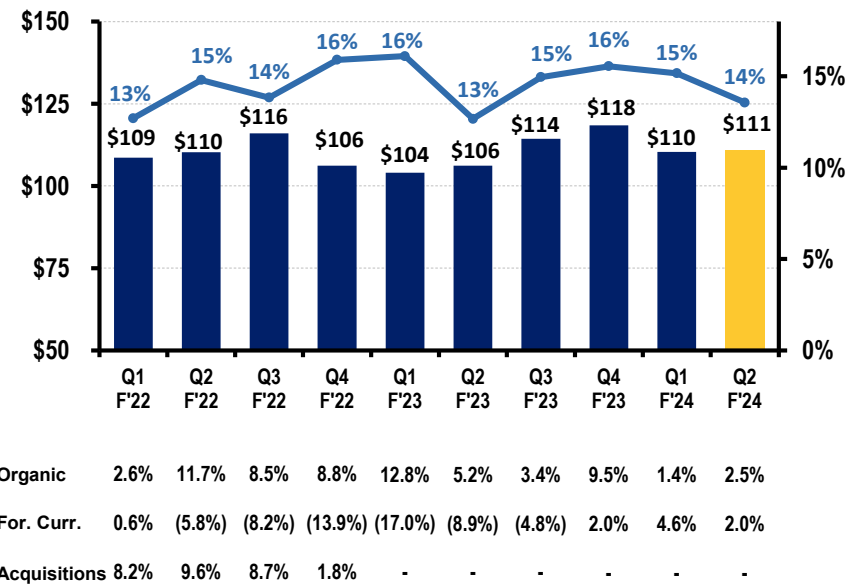
- Organic sales growth in the low-single digit percentages in F'24.
- Continued growth in segment profit.

# Europe & Australia

## Q2 F'24 vs. Q2 F'23 (millions of USD)

	Q2 F'24	Q2 F'23	Change
Sales	\$ 111.0	\$ 106.2	+ 4.5%
Segment Profit	15.1	13.5	+ 11.9%
Segment Profit %	13.6%	12.7%	+ 90 bps

## SALES & SEGMENT PROFIT % (millions of USD)



## Q2 F'24 SUMMARY:

- Revenues increased 4.5% in Q2 of F'24:
  - Organic growth = + 2.5%.
  - Fx increase = + 2.0%.
- Organic sales grew 2.3% in Europe driven by growth in all major product lines.
- Organic sales grew 3.7% in Australia due to increased volume and pricing.
- Segment profit increased due to organic growth and operational efficiencies.

## OUTLOOK:

- Organic sales growth in the low-single digit percentages in F'24.
- Growth in segment profit.



# **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 to the non-GAAP measure of Income Before Income Taxes Excluding Certain Items:

	Three months ended January 31,		Six months ended January 31,	
	2024	2023	2024	2023
<b>Income before income taxes</b>	\$ 55,820	\$ 48,510	\$ 115,222	\$ 98,845
Amortization expense	2,364	3,258	4,719	6,889
<b>Income Before Income Taxes Excluding Certain Items (non-GAAP measure)</b>	<b>\$ 58,184</b>	<b>\$ 51,768</b>	<b>\$ 119,941</b>	<b>\$ 105,734</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 January 31,		Six months ended January 31,	
	2024	2023	2024	2023
<b>Income tax expense (GAAP measure)</b>	\$ 12,192	\$ 10,524	\$ 24,353	\$ 21,418
Amortization expense	548	769	1,094	1,634
<b>Income Tax Expense Excluding Certain Items (non-GAAP measure)</b>	<b>\$ 12,740</b>	<b>\$ 11,293</b>	<b>\$ 25,447</b>	<b>\$ 23,052</b>

# 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.

### 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 January 31,		Six months ended January 31,	
	2024	2023	2024	2023
<b>Net income (GAAP measure)</b>	\$ 43,628	\$ 37,986	\$ 90,869	\$ 77,427
Amortization expense	1,816	2,489	3,625	5,255
<b>Net Income Excluding Certain Items (non-GAAP measure)</b>	<b>\$ 45,444</b>	<b>\$ 40,475</b>	<b>\$ 94,494</b>	<b>\$ 82,682</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 (Note that certain amounts will not foot due to rounding):

	Three months ended January 31,		Six months ended January 31,	
	2024	2023	2024	2023
<b>Net income per Class A Nonvoting Common Share (GAAP measure)</b>	\$ 0.90	\$ 0.76	\$ 1.86	\$ 1.55
Amortization expense	0.04	0.05	0.07	0.10
<b>Diluted EPS Excluding Certain Items (non-GAAP measure)</b>	<b>\$ 0.93</b>	<b>\$ 0.81</b>	<b>\$ 1.94</b>	<b>\$ 1.65</b>