



# Brady Corporation

## Investor Presentation

September – November, 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; Brady's ability to properly identify, integrate, and grow acquired companies, and to manage contingent liabilities from divested businesses; raw material and other cost increases including raw material shortages; 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.

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.


- Be the **expert** in safety, identification, and compliance.
- Possess deep knowledge in **niche** applications.
- Solve problems and provide solutions for our customers.
- **Innovate** to provide market-leading, high-performance products.
- Deliver via our own **manufacturing** capabilities and exceptional customer service.



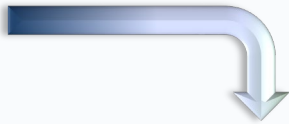
# Summary

4


## 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.
- 

## Strong Balance Sheet:

- Cash generation in excess of net income.
  - Net cash of \$109M as of July 31, 2021.
- 

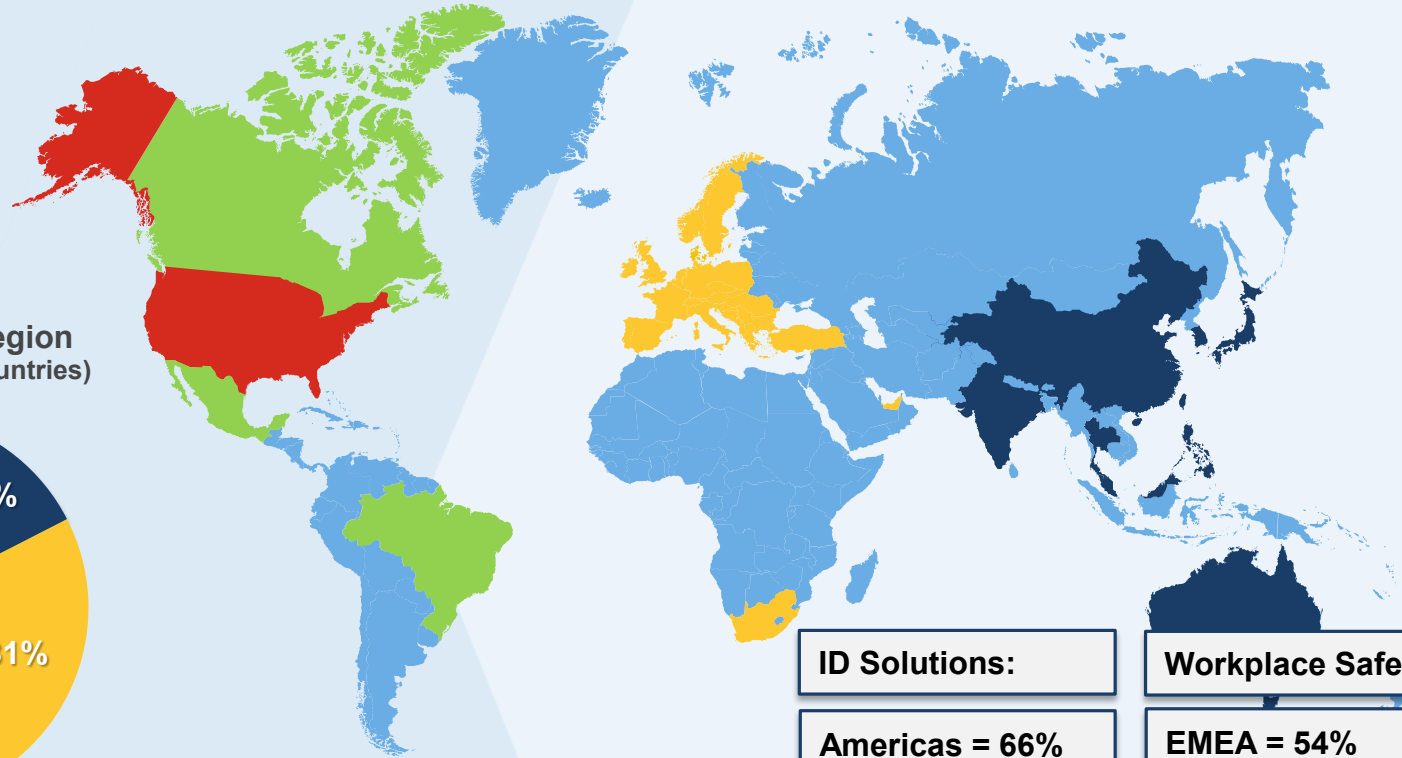
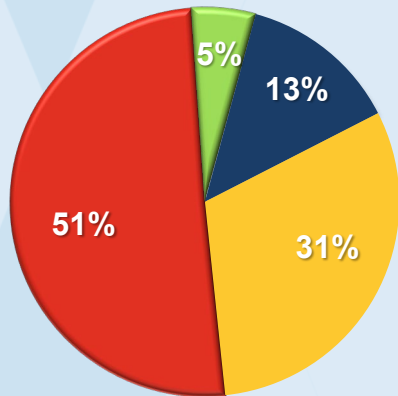
## Disciplined Capital Allocation:

- Organic investment opportunities.
- Dividends (increased 36 consecutive years).
- Technology-based acquisitions that fit our strategies.

# Geographical Presence

5

**F'21 Sales by Region**  
(72 facilities in 33 countries)



## ID Solutions:

Americas = 66%  
EMEA = 23%  
Asia = 11%

## Workplace Safety:

EMEA = 54%  
Americas = 28%  
Australia = 18%

## U.S.A.

## Rest of Americas

Canada, Mexico, Brazil.

## Europe, Middle East & Africa

Belgium, Denmark, Finland, 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, Vietnam.



# Global Divisions

6

## Identification Solutions (approx. 74% of sales)

### Products:

- Safety & Facility ID
- Product ID
- Wire ID
- Healthcare ID
- People 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. 26% of sales)

### Products:

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

### Primary Brands:

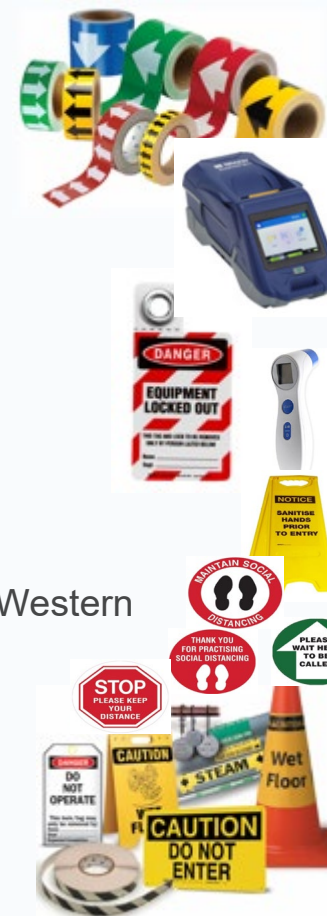
- Seton, Emed, Signals, Securimed.

### Primary Channels:

- Direct through Catalog, Internet, Telesales.

### Geographic Presence:

- Over half of sales are in Western Europe.



STOP STAY 6 FEET APART STOP

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

- Workplace Safety - Growing its customer base. Gross margins were impacted by mix and inflation. Built a strong foundation for future growth.
- ID Solutions – Returned to organic sales growth and strong profitability, even with cost pressures. Investing throughout the pandemic has set the stage for profitable future growth.
- Acquisitions – Completed 3 technology-based acquisitions in Q4 of F'21.
- 21.6% sales growth last quarter (Q4 of F'21) with 12.6% organic sales growth.
- Record GAAP EPS of \$2.47 in F'21.
- Strong cash generation and strong balance sheet.



# F'21 Acquisitions

8

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

- Magicard Limited - \$57M purchase price.
- Nordic ID - \$14M purchase price.
- Code Corp. - \$173M purchase price.



## Strategic Rationale:

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

## Financial Forecasts for the Year Ending July 31, 2022:

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

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

- 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)

9

## 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 \$57M (GBP 41M).
- 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

10



# Acquisition of Nordic ID (May 21, 2021)

11

## 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 \$14M.
- 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

12

## 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*

## 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**



## **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.
- Increasing our presence in faster-growing end markets.

## **We are Investing in Future Growth:**

- Increased our investments in innovation.
- Investing in sales-generating activities and geographic expansion.
- Investing in technology-based acquisitions.

## **We are Focused on Long-Term Sustainable Profit Improvements:**

- Automation throughout the organization.
- Sustainable process improvements.

## **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 a faster long-term organic sales growth rate.

# Financial Overview

# F'21 Financial Summary

	Year Ended July 31,		
	2021	2020	Change
<b>Sales</b>	\$ 1,144.7	\$ 1,081.3	5.9%
<i>Organic Sales Growth (Decline)</i>	1.6%	(5.4%)	
<b>Gross Margin</b>	561.4	528.6	6.2%
<i>% of Sales</i>	49.0%	48.9%	
Research and Development	(44.6)	(40.7)	9.6%
Selling, General and Administrative	(349.8)	(336.1)	4.1%
<i>% of Sales</i>	(30.6%)	(31.1%)	
Impairment Charges	-	(13.8)	
<b>Operating Income</b>	167.1	138.0	21.1%
Other Income (Expense)	3.9	2.9	
<b>Income Before Income Taxes and Losses of Unconsolidated Affiliate</b>	\$ 171.0	\$ 140.9	21.3%
<b>Net Income</b>	\$ 129.7	\$ 112.4	15.4%
<b>Diluted EPS</b>	\$ 2.47	\$ 2.11	17.1%

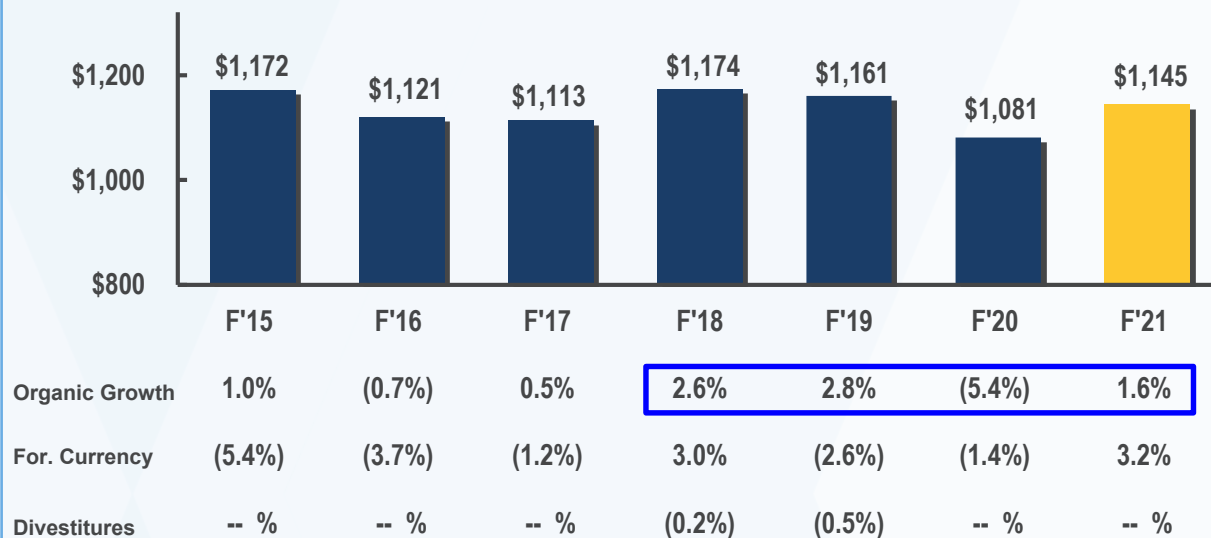
## Non-GAAP Measures:

Net Income Excluding Certain Items*	\$ 138.6	\$ 123.4	12.3%
Diluted EPS Excluding Certain Items*	\$ 2.65	\$ 2.32	14.2%

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

## SALES – ANNUAL TRENDS

(millions of USD)

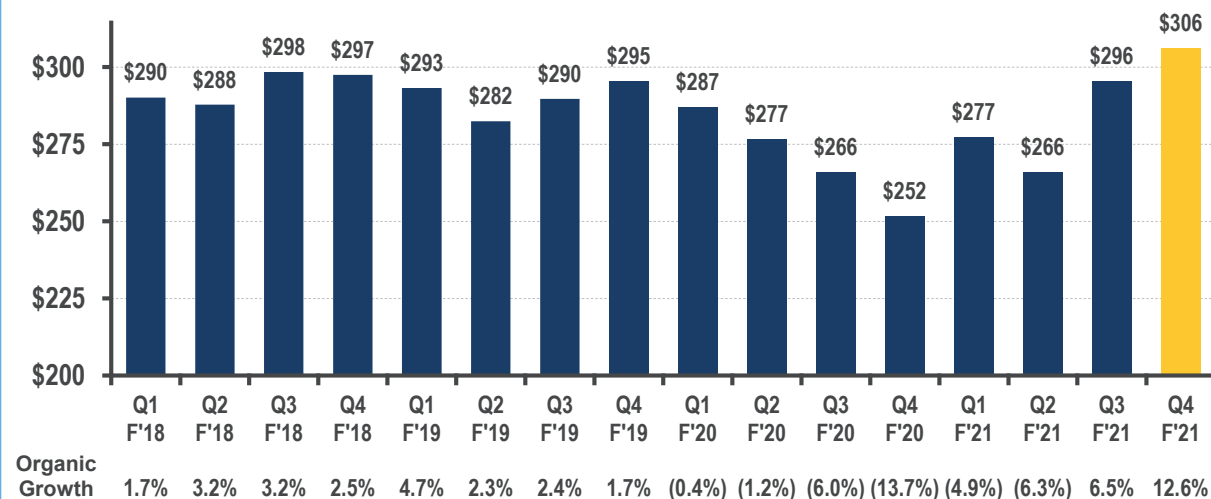


## SALES:

- Sales were growing prior to the pandemic.
- Returned to organic sales growth in Q3 of F'21.
- Completed 3 acquisitions in Q4 of F'21 that complement our organic growth strategies.

## SALES – QUARTERLY TRENDS

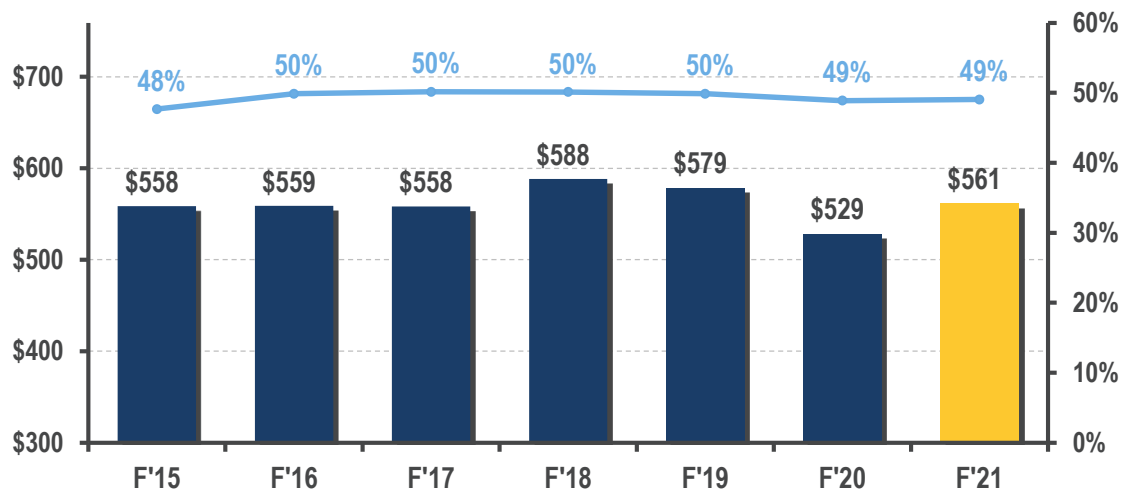
(millions of USD)



# Gross Profit Margins

18

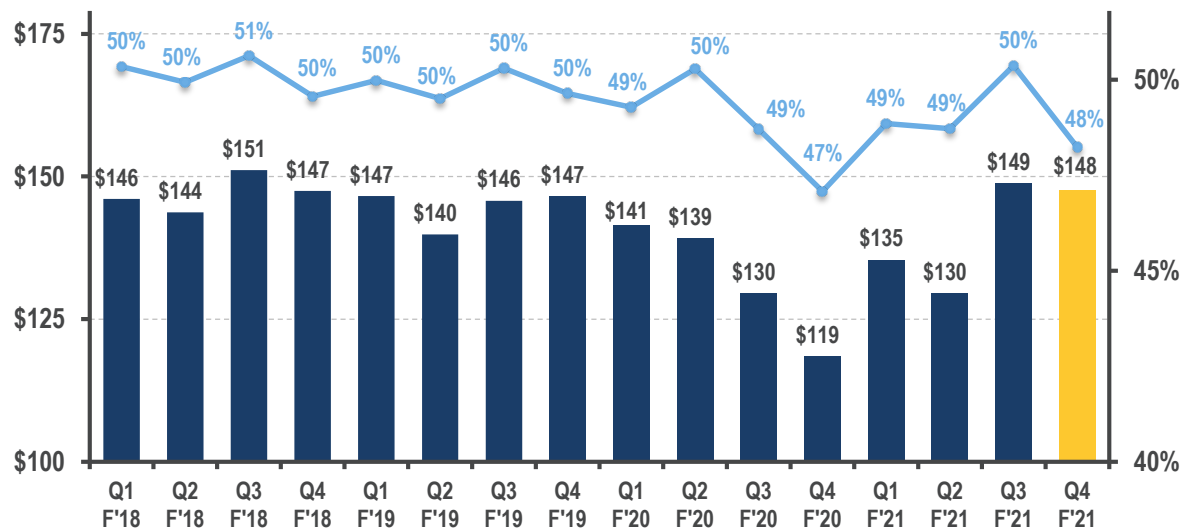
## GPM – ANNUAL TRENDS



## 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, which partially offsets the negative impacts from inflation and product mix.

## GPM – QUARTERLY TRENDS



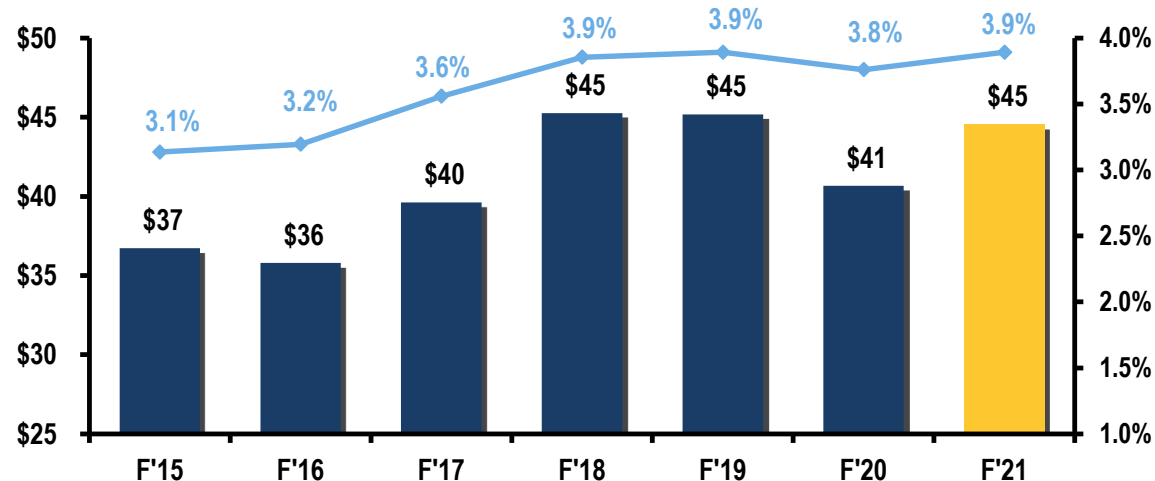


# Research & Development

19

## R&D EXPENSE – ANNUAL TRENDING

(millions of USD)

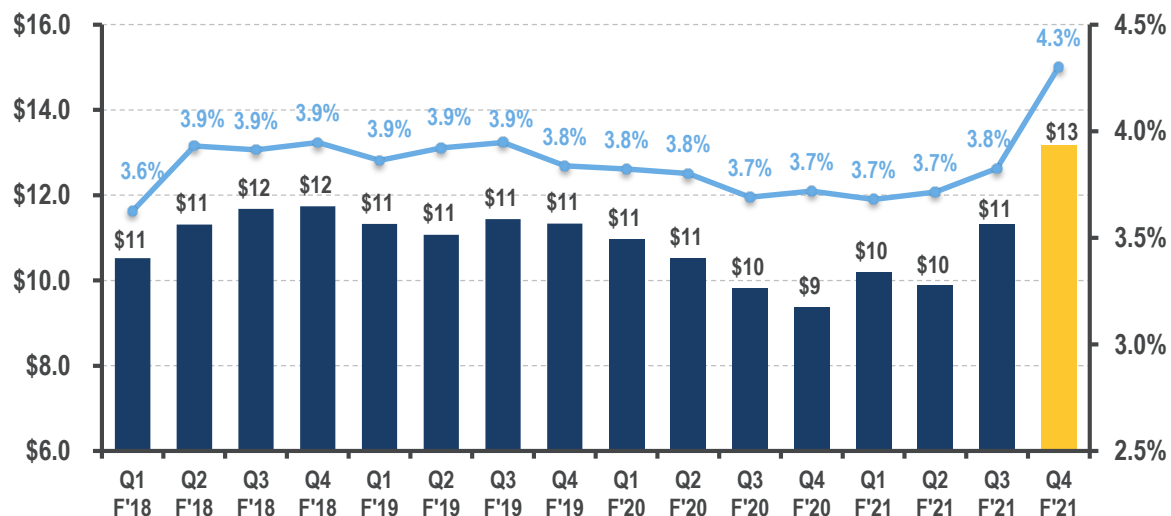


## R&D EXPENSE:

- 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.
- The acquisitions of Magicard, Code, and Nordic ID carry higher R&D expense levels than Brady's core business.

## R&D EXPENSE – QUARTERLY TRENDING

(millions of USD)

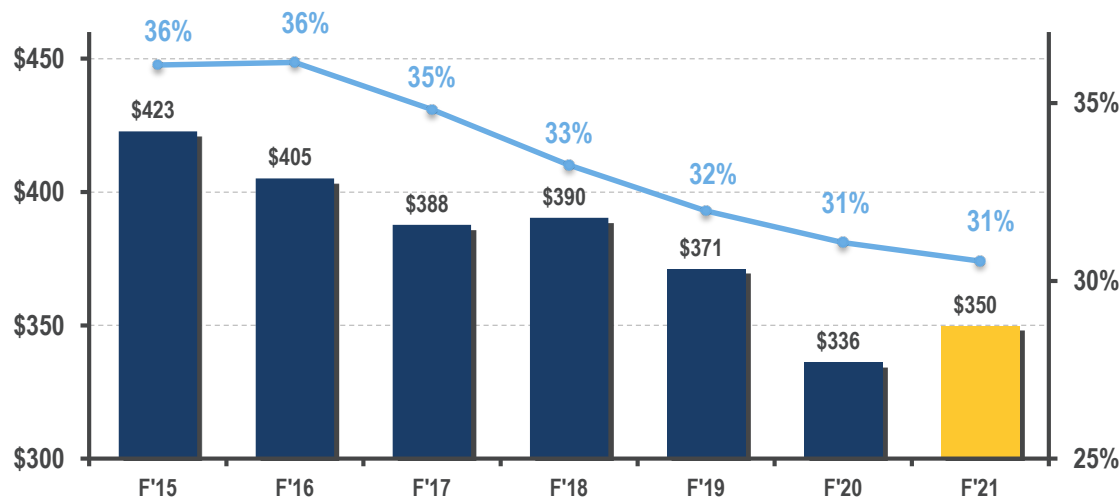


# SG&A Expenses

20

## SG&A EXPENSE – ANNUAL TRENDING

(millions of USD)

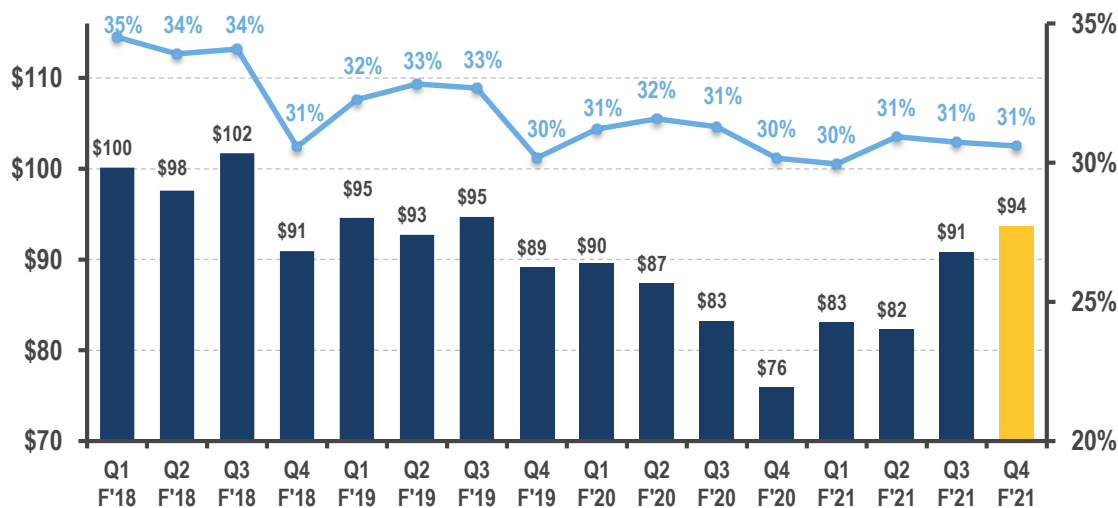


## SG&A EXPENSE:

- 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.
- The acquisitions of Magicard, Code, and Nordic ID all carry higher SG&A expense levels than Brady's core business.

## SG&A EXPENSE – QUARTERLY TRENDING

(millions of USD)

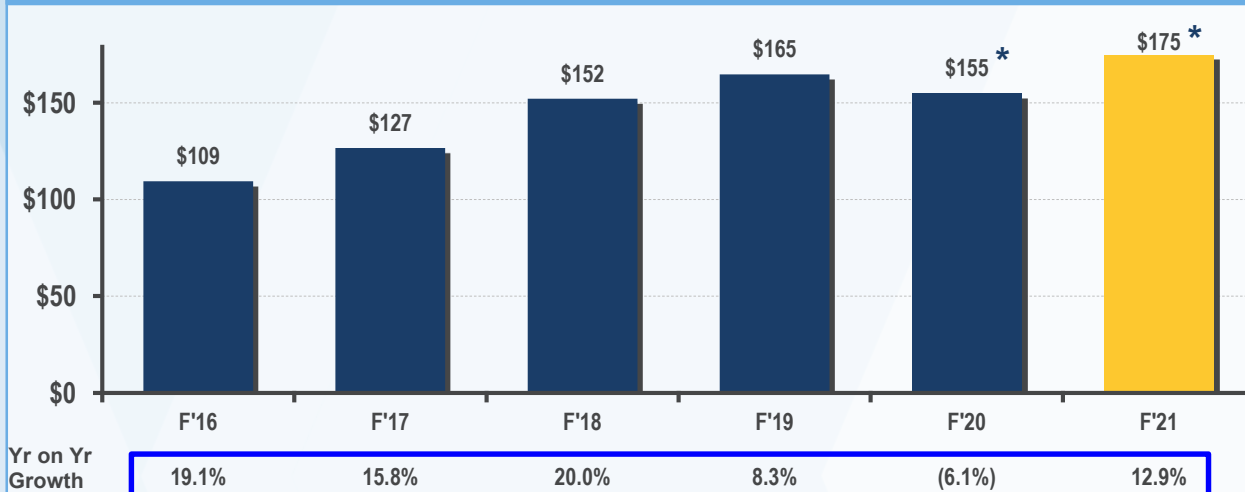


# Income Before Income Taxes

21

## INCOME BEFORE INCOME TAXES EXCLUDING CERTAIN ITEMS\*

(millions of USD)

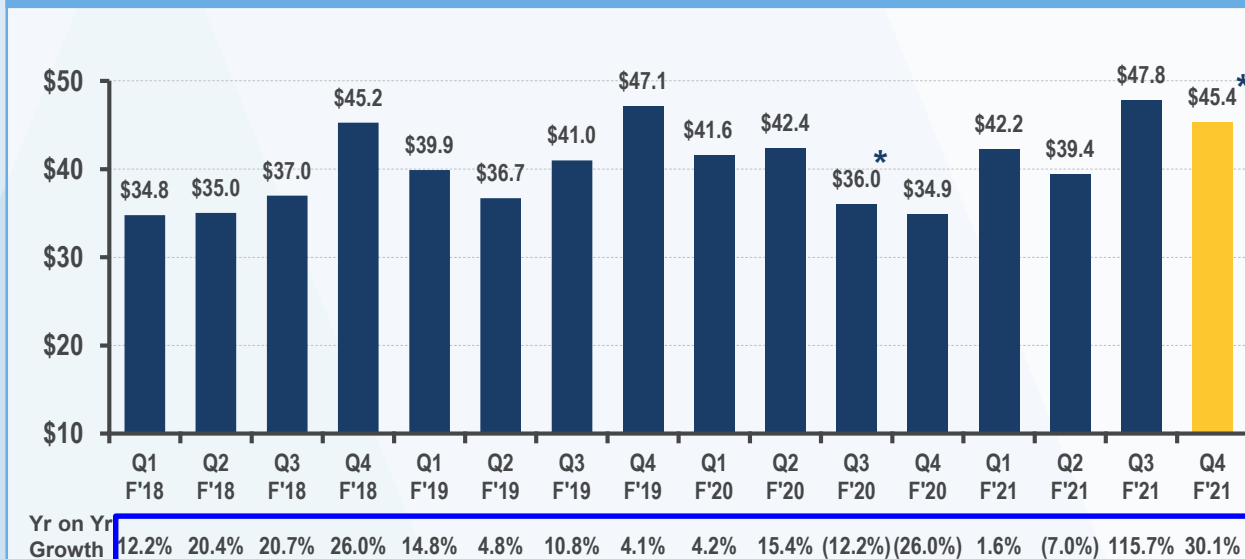


## INCOME BEFORE TAXES:

- 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 F'21.

## INCOME BEFORE INCOME TAXES EXCLUDING CERTAIN ITEMS\*

(millions of USD)

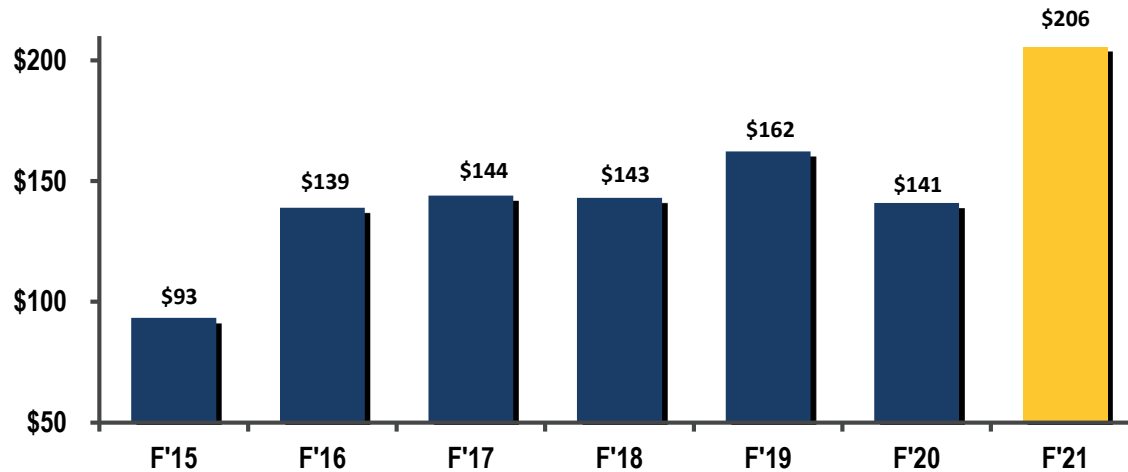


\* Income Before Income Taxes Excluding Certain Items is a non-GAAP measure. See appendix.

# Cash Generation

22

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



## CASH GENERATION:

- Cash flow from operating activities was \$205.7M in F'21 (159% of net income).
- Free cash flow\* was \$178.5M in F'21.
- We returned \$49.3M to our shareholders in F'20 in the form of dividends and share buybacks.
- F'21 cash generation was aided by significant benefits from working capital.

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



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

## NET CASH

(millions of USD)



## STRONG BALANCE SHEET:

- July 31, 2021 cash = \$147.3M.
- July 31, 2021 debt = \$38.0M.
- Brady is in a net cash position, even after investing \$244.0M in acquisitions in Q4 of F'21.
- Balance sheet provides flexibility for future organic and inorganic investments.

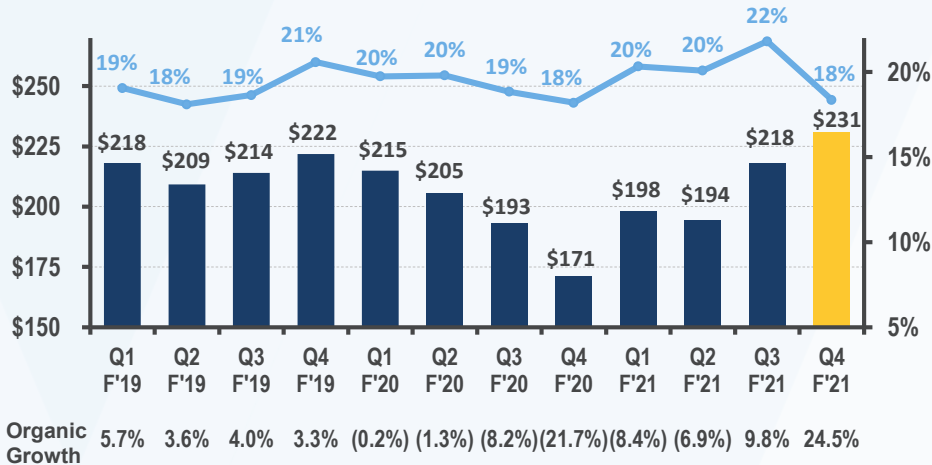


# Global Divisional Results (Sales & Segment Profit %)

24

## IDENTIFICATION SOLUTIONS

(millions of USD)

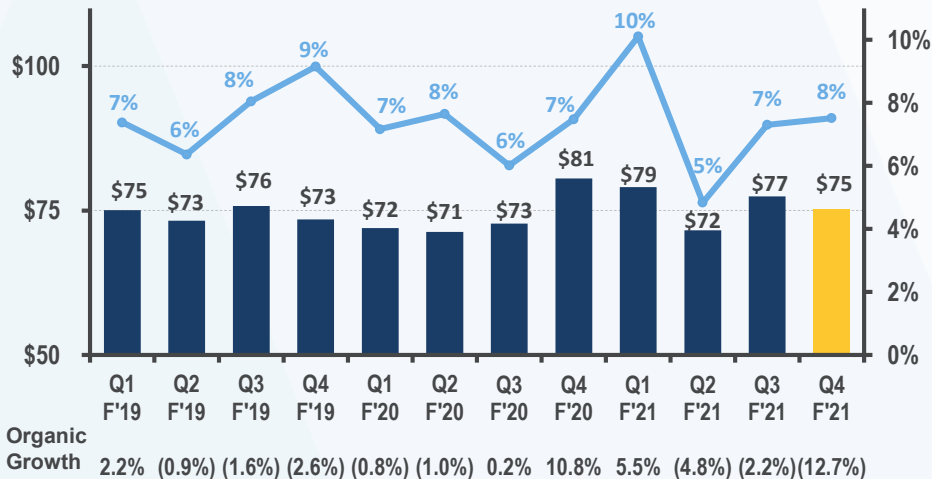


## Q4 F'21 IDENTIFICATION SOLUTIONS:

- Revenues increased 35.0%:
  - Organic growth = + 24.5%.
  - Acquisition growth = + 6.9%
  - Fx = + 3.6%.
- Organic sales growth in all regions.
- Expenses are well controlled due to sustainable efficiency activities, automation and cost containment activities.
- Segment profit as a percent of sales increased while increasing our innovation investments and sales-generating resources.

## WORKPLACE SAFETY

(millions of USD)



## Q4 F'21 WORKPLACE SAFETY:

- Revenues decreased 6.8%:
  - Organic sales declined 12.7%.
  - Fx = + 5.9%.
- Organic sales declined in all regions due to reduced sales of Covid-related products.
- Q4 of F'21 sales were above the pre-pandemic levels experienced in Q4 of F'19.
- Segment profit decreased due to the reduced sales levels in the current year along with gross margin pressures.

## **We are Financially Strong:**

- Consistent cash generation in excess of net income.
- Cash of \$147M and debt of \$38M as of July 31, 2021.
- Completed 3 acquisitions in the fourth quarter for \$244M.

## **We are Investing in our Future:**

- Investing in automation and have streamlined our cost structure.
- Investing in innovation.
- Investing in sales-generating activities and 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.

## Brady Contact:

Ann Thornton  
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 -**

## **Q4 F'21 Financial Review**

# Q4 F'21 Financial Summary

28

- **Sales grew 21.6% to \$306.1M in Q4 of F'21 compared with \$251.7M in Q4 of F'20.**
  - Organic sales grew 12.6%, acquisitions increased sales by 4.7% and foreign currency translation increased sales 4.3%.
- **Gross profit margin of 48.2% in Q4 of F'21 compared with 47.1% in Q4 of F'20.**
- **SG&A expense of \$93.7M (30.6% of sales) in Q4 of F'21 compared with \$75.9M (30.2% of sales) in Q4 of F'20.**
- **GAAP Income before income taxes and losses of unconsolidated affiliate increased 19.4% to \$41.6M in Q4 of F'21 compared with \$34.9M in Q4 of F'20.**
  - Income Before Income Taxes Excluding Certain Items\* in the fourth quarter of fiscal 2021 increased 30.1% to \$45.4M compared with \$34.9M in Q4 of F'20.
- **GAAP Diluted EPS in the fourth quarter of fiscal 2021 was consistent with the fourth quarter of the prior year at \$0.53.**
  - Diluted EPS Excluding Certain Items\*, increased 32.1% to \$0.70 in the fourth quarter of fiscal 2021 compared to \$0.53 in the same quarter of the prior year.

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

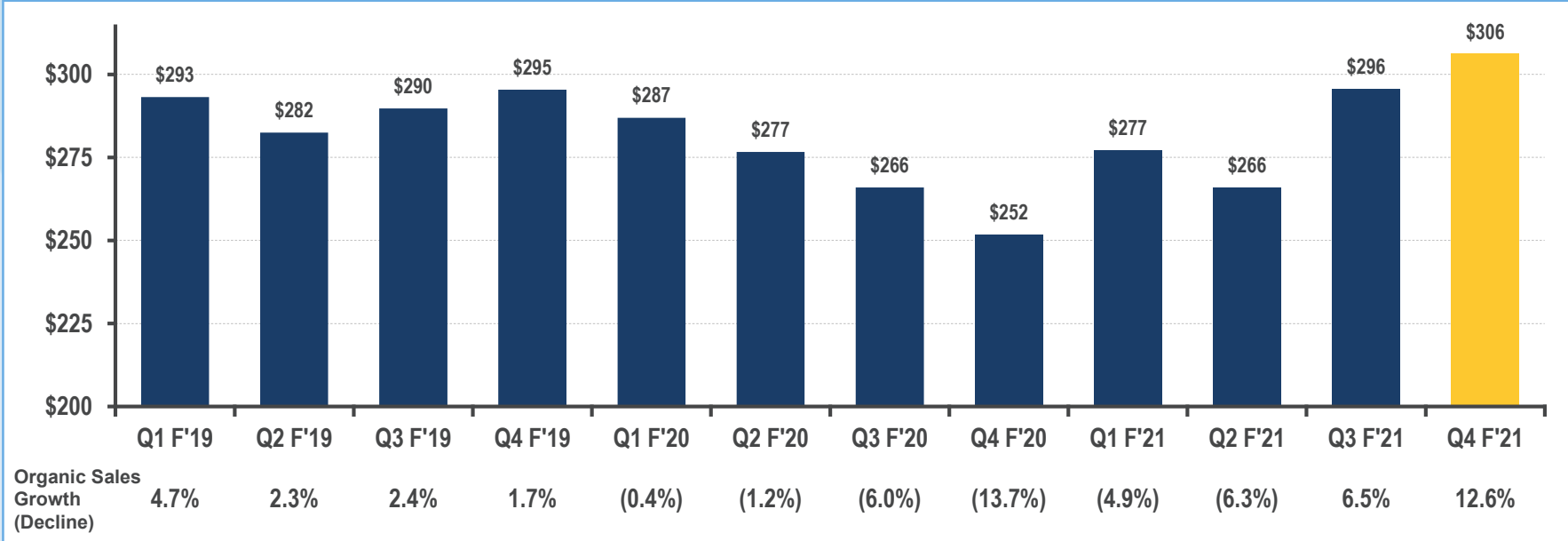


# Sales Overview

29

## SALES

(millions of USD)



### Q4 F'21 SALES:

- Total sales increased 21.6%.
- Organic sales increased 12.6%:
  - ID Solutions – Organic sales increased 24.5%.
  - Workplace Safety – Organic sales declined 12.7%.
- 4.7% increase due to acquisitions.
- 4.3% increase due to foreign currency translation.

### Q4 F'21 SALES COMMENTARY:

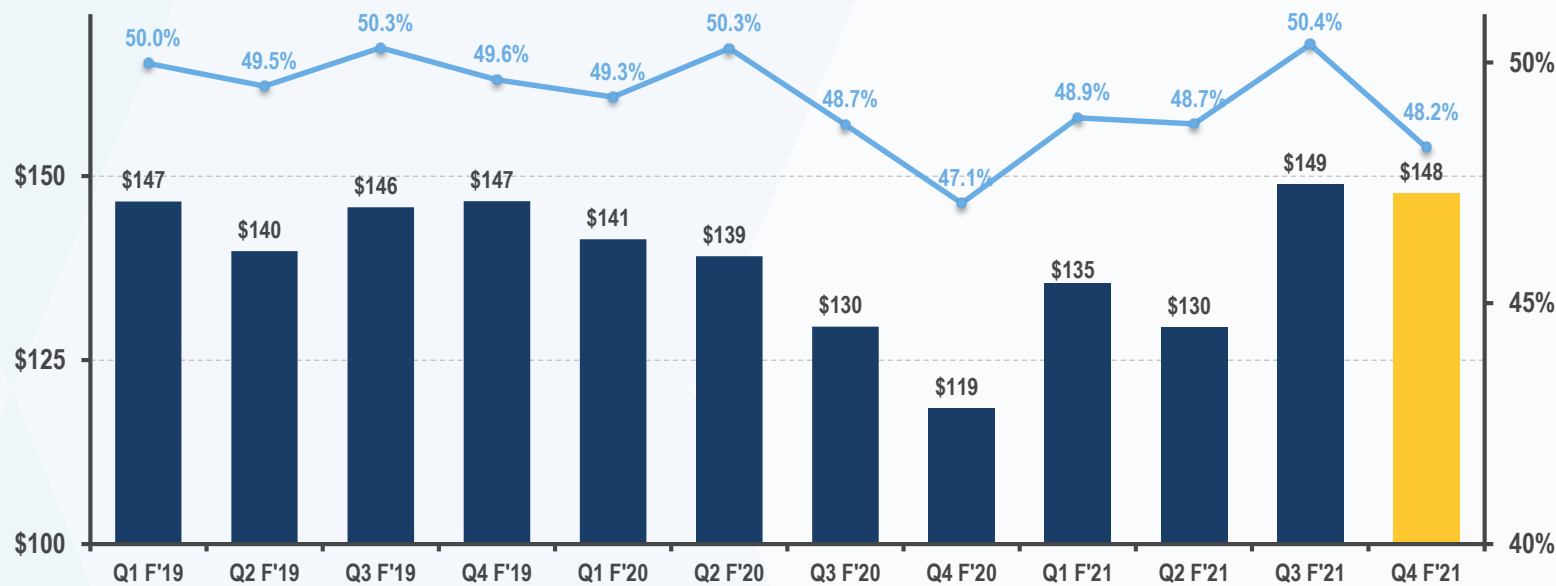
- ID Solutions – Double-digit organic sales growth rates in all regions combined with 6.9% growth from the acquisitions completed in Q4 of F'21.
- Workplace Safety – Organic sales declined primarily due to strong prior year sales of Covid-related products. Q4 F'21 sales were above the pre-pandemic levels experienced in Q4 of F'19.

# Gross Profit Margin

30

## GROSS PROFIT & GPM%

(millions of USD)



## Q4 F'21 – GROSS PROFIT MARGIN:

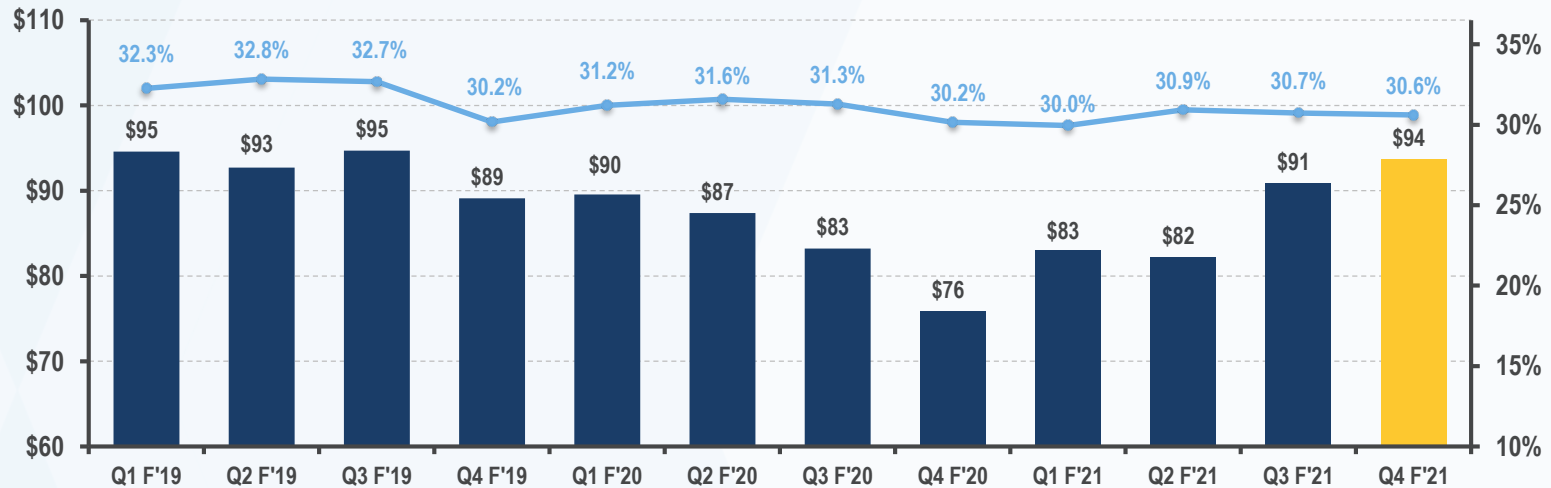
- Gross profit margin of 48.2% compared to 47.1% in Q4 of F'20.
- The non-recurring impact of purchase accounting charges related to our recent acquisitions reduced our gross profit margin by approximately 20 basis points.
- Efficiency gains, automation and selected price increases partially offset the negative impacts caused by input-cost inflation, product mix, and reduced sales volumes in our Workplace Safety business.

# SG&A Expense

31

## SG&A EXPENSE AND SG&A EXPENSE AS A % OF SALES

(millions of USD)



### Q4 F'21 – SG&A EXPENSE:

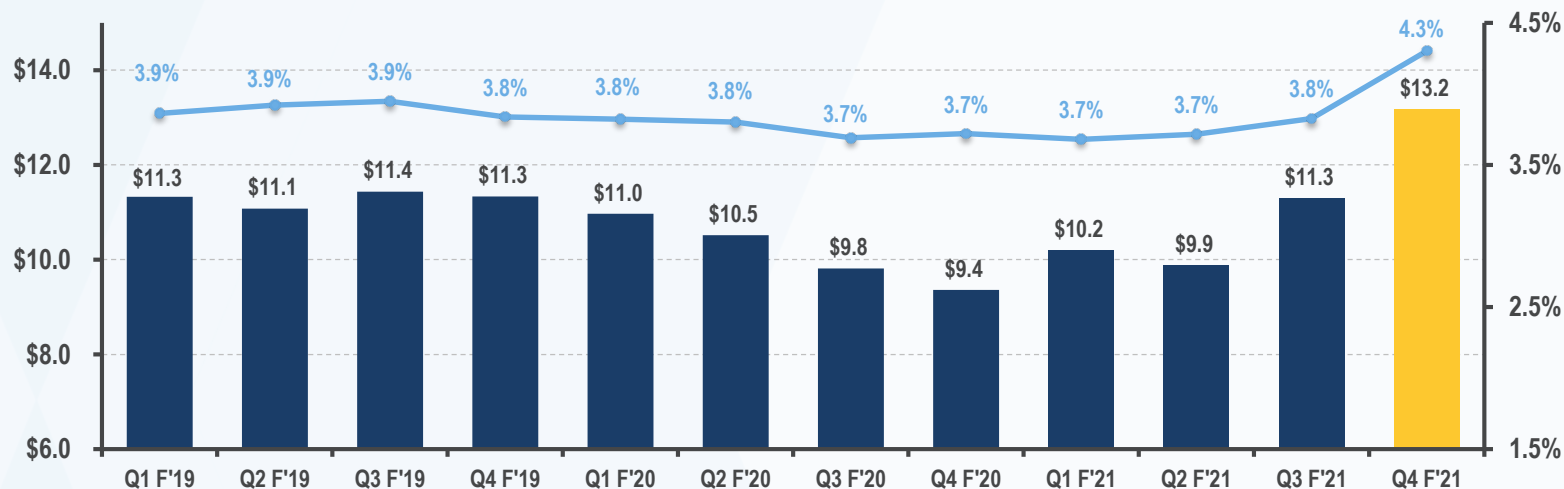
- SG&A expense increased as a percent of sales when compared to Q4 of last year primarily due to increased incentive-based compensation and acquisition-related expenses.
- We continue to drive efficiencies in SG&A expenses while also investing in sales and marketing activities to accelerate sales growth.

# R&D Expense

32

## R&D EXPENSE AND R&D EXPENSE AS A % OF SALES

(millions of USD)



### Q4 F'21 – R&D EXPENSE:

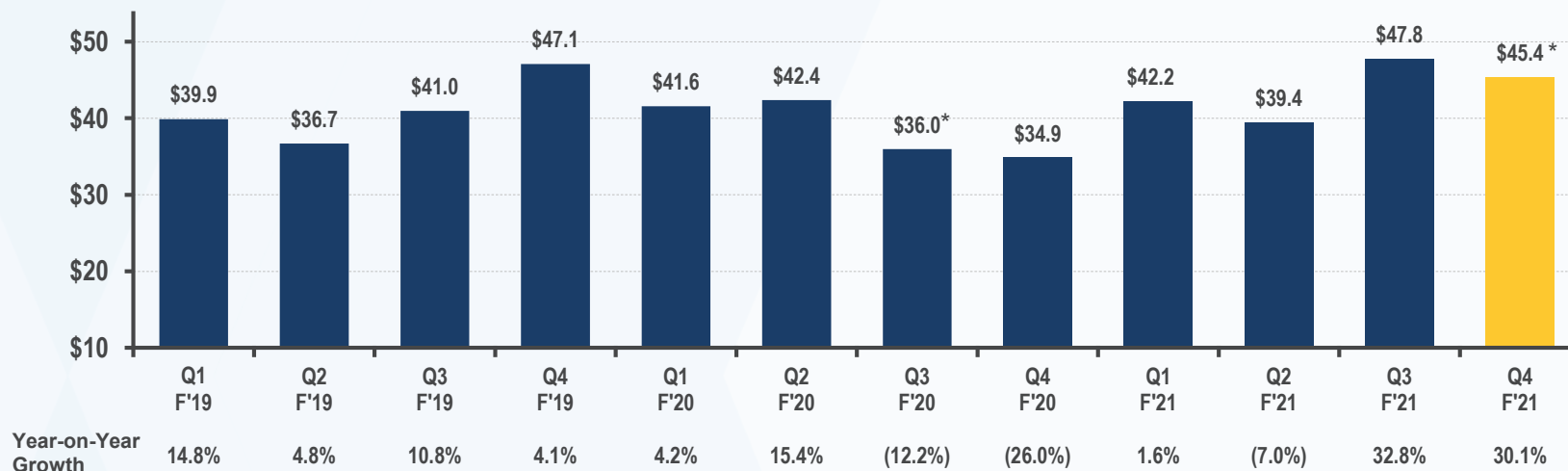
- R&D expense increased due to increased investments to drive future organic sales growth combined with \$1.3M of incremental R&D from the acquisitions completed in the fourth quarter of F'21.
- The acquisitions of Magicard, Code, and Nordic ID all carry higher R&D expense levels than Brady's core business.
- We have a solid new product pipeline and we are focused on ensuring that our R&D spend is both efficient and effective.

# Income Before Income Taxes

33

## INCOME BEFORE INCOME TAXES EXCLUDING CERTAIN ITEMS\*

(millions of USD)



## Q4 F'21 - INCOME BEFORE INCOME TAXES:

- GAAP Income before income taxes was \$41.6M in Q4 of F'21 compared to \$34.9M in Q4 of F'20.
- Q4 of F'21 income before income taxes was negatively impacted by \$3.7M of acquisition-related non-recurring expenses, which have been removed to arrive at the non-GAAP measure of Income Before Income Taxes Excluding Certain Items.
- Income Before Income Taxes Excluding Certain Items\* increased 30.1% to \$45.4M in Q4 of F'21 compared to \$34.9M in Q4 of F'20.

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

# Net Income & Diluted EPS

34

## DILUTED EPS EXCLUDING CERTAIN ITEMS\*



## NET INCOME EXCLUDING CERTAIN ITEMS\* (millions of USD)



## Q4 F'21 – NET INCOME & DILUTED EPS:

- GAAP Net income was \$28.0M in Q4 of F'21 compared to \$27.7M in Q4 of F'20.
  - Net Income Excluding Certain Items\* was \$37.0M in Q4 of F'21 compared to \$27.7M in Q4 of F'20.
- GAAP Diluted EPS was \$0.53 in both Q4 of F'21 and Q4 of F'20.
  - Diluted EPS Excluding Certain Items\* was \$0.70 in Q4 of F'21 compared to \$0.53 in Q4 of F'20.

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

# Cash Generation & Uses

35

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



## CASH FLOWS IN Q4 OF F'21:

- Cash flow from operating activities was \$50.8M in Q4 of F'21 compared to \$45.1M in Q4 of F'20.
- Free cash flow\* was \$45.0M in Q4 of F'21 compared to \$39.4M in Q4 of F'20.
- We invested \$244.0M in acquisitions in Q4 of F'21.
- We returned \$11.4M to our shareholders in the form of dividends in Q4 of F'21.
- Cash generation continues to be robust and in excess of reported net income.

(millions of USD)	3 Mos. Ended July 31, 2021	3 Mos. Ended July 31, 2020	Year Ended July 31, 2021	Year Ended July 31, 2020
<b>Cash Balance - Beginning of Period</b>	<b>\$ 321.8</b>	<b>\$ 238.8</b>	<b>\$ 217.6</b>	<b>\$ 279.1</b>
Cash Flow from Operating Activities	50.8	45.1	205.7	141.0
Capital Expenditures	(5.8)	(5.7)	(27.2)	(27.3)
Dividends	(11.4)	(11.3)	(45.7)	(45.8)
Business Acquisitions	(244.0)	-	(244.0)	-
Share Repurchases	-	(0.4)	(3.6)	(64.5)
Debt Borrowings (Repayments)	38.0	(49.8)	38.0	(49.8)
Effect of Exchange Rates on Cash	(2.5)	6.3	4.9	(2.8)
Other	0.4	(5.4)	1.6	(12.3)
<b>Cash Balance - End of Period</b>	<b>\$ 147.3</b>	<b>\$ 217.6</b>	<b>\$ 147.3</b>	<b>\$ 217.6</b>

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

# Appendix

## GAAP to Non-GAAP Reconciliations



# Non-GAAP Reconciliations

(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 July 31,		Twelve months ended July 31,	
	2021	2020	2021	2020
<b>Income before income taxes and losses of unconsolidated affiliate (GAAP measure)</b>	\$ 41,614	\$ 34,856	\$ 171,023	\$ 140,936
Non-recurring acquisition transaction fees and other expenses	3,742	-	3,742	-
Impairment charges	-	-	-	13,821
<b>Income Before Income Taxes Excluding Certain Items (non-GAAP measure)</b>	<b>\$ 45,356</b>	<b>\$ 34,856</b>	<b>\$ 174,765</b>	<b>\$ 154,757</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 July 31,		Twelve months ended July 31,	
	2021	2020	2021	2020
<b>Income tax expense (GAAP measure)</b>	\$ 8,593	\$ 6,925	\$ 35,610	\$ 28,321
Non-recurring acquisition transaction fees and other expenses	689	-	689	-
Impairment charges	-	-	-	2,757
Acquisition-related tax charges	(942)	-	(942)	-
<b>Income Tax Expense Excluding Certain Items (non-GAAP measure)</b>	<b>\$ 8,340</b>	<b>\$ 6,925</b>	<b>\$ 35,357</b>	<b>\$ 31,078</b>

# Non-GAAP Reconciliations

(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 July 31,		Twelve months ended July 31,	
	2021	2020	2021	2020
<b>Net income (GAAP measure)</b>	\$ 28,027	\$ 27,685	\$ 129,659	\$ 112,369
Non-recurring acquisition transaction fees and other expenses	3,053	-	3,053	-
Impairment charges	-	-	-	11,064
Acquisition-related tax charges	942	-	942	-
Other-than-temporary impairment of unconsolidated affiliate	4,994	-	4,994	-
<b>Net Income Excluding Certain Items (non-GAAP measure)</b>	<b>\$ 37,016</b>	<b>\$ 27,685</b>	<b>\$ 138,648</b>	<b>\$ 123,433</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 July 31,		Twelve months ended July 31,	
	2021	2020	2021	2020
<b>Net income per Class A Nonvoting Common Share (GAAP measure)</b>	\$ 0.53	\$ 0.53	\$ 2.47	\$ 2.11
Non-recurring acquisition transaction fees and other expenses	0.06	-	0.06	-
Impairment charges	-	-	-	0.21
Acquisition-related tax charges	0.02	-	0.02	-
Other-than-temporary impairment of unconsolidated affiliate	0.09	-	0.10	-
<b>Diluted EPS Excluding Certain Items (non-GAAP measure)</b>	<b>\$ 0.70</b>	<b>\$ 0.53</b>	<b>\$ 2.65</b>	<b>\$ 2.32</b>