



Second Quarter 2024 Earnings Presentation

July 25, 2024



Cautionary Statements Regarding Forward-looking Statements

This presentation may contain (and verbal statements made by MSA® Safety Incorporated (“MSA Safety”) may contain) “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance and involve various assumptions, known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks and other factors include, but are not limited to, statements in this presentation regarding our expectations of future results, performance or financial condition we express or imply in any forward-looking statements. In some cases, you can identify forward-looking statements by words such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “objectives,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or other comparable words. Actual results, performance or outcomes may differ materially from those expressed or implied by these forward-looking statements and may not align with historical performance and events due to a number of factors, including those discussed in the sections of our annual report on Form 10-K entitled “Cautionary Statement Regarding Forward-Looking Statements” and “Risk Factors,” and those discussed in our Form 10-Q quarterly reports filed after such annual report. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements, and caution should be exercised against placing undue reliance upon such statements, which are based only on information currently available to us and speak only as of the date hereof. We are under no duty to update publicly any of the forward-looking statements after the date of this presentation, whether as a result of new information, future events or otherwise, except as required by law.

Non-GAAP Financials

To supplement our Consolidated Financial Statements presented in accordance with generally accepted accounting principles (“GAAP”), we use, and this presentation includes, certain non-GAAP financial measures. These financial measures include constant currency revenue growth, adjusted operating income, adjusted operating margin, adjusted EBITDA, adjusted EBITDA margin, adjusted earnings, adjusted earnings per diluted share, R&D investment, net debt, debt to adjusted EBITDA, net debt to adjusted EBITDA, free cash flow and free cash flow conversion. These metrics are consistent with how the Company’s chief operating decision maker (“CODM”) evaluates segment results and makes strategic decisions about the business. Additionally, these non-GAAP financial measures provide information useful to investors in understanding our operating performance and trends, and to facilitate comparisons with the performance of our peers. Management also uses these measures internally to assess and better understand our underlying business performance and trends related to core business activities. The non-GAAP financial measures and key performance indicators we use, and computational methods with respect thereto, may differ from the non-GAAP financial measures and key performance indicators, and computational methods, that our peers use to assess their performance and trends.

The presentation of these non-GAAP financial measures does not comply with U.S. GAAP. These non-GAAP financial measures should be viewed as supplemental in nature, and not as a substitute for, or superior to, our reported results prepared in accordance with GAAP. When non-GAAP financial measures are disclosed, the Securities and Exchange Commission’s Regulation G requires: (i) the presentation of the most directly comparable financial measure calculated and presented in accordance with GAAP and (ii) a reconciliation of the differences between the non-GAAP financial measure presented and the most directly comparable financial measure calculated and presented in accordance with GAAP. For an explanation of these measures, together with a reconciliation to the most directly comparable GAAP financial measure, see the appendix of this presentation.

Second Quarter 2024 Highlights

Solid Execution Underpinned by MSA Business System

DRIVEN BY OUR PURPOSE

OUR MISSION

That men and women may work in safety and that they, their families, and their communities may live in health throughout the world

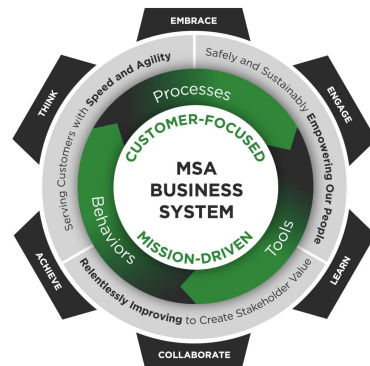
OUR VISION

To be the world's leading provider of safety solutions that protect workers when life is on the line

We pursue this vision with an unsurpassed commitment to integrity, customer service, and product innovation that creates exceptional value for all MSA stakeholders

OUR VALUES

Embracing change and encouraging innovation in a culture of safety



BUSINESS HIGHLIGHTS

- Introduced next phase of long-term strategy and 2028 financial targets at Investor Day
- Executed solid operational and commercial performance in dynamic operating environment
 - Positive customer reception to new product launches
 - Reduced backlog to normalized levels with improved supply chain
- Delivered healthy financial results and capital returns to shareholders
 - Achieved net sales of \$462MM, +3% reported, +4% organic constant currency
 - Generated adjusted diluted EPS of \$2.01, +10%
 - Delivered margin expansion at both the gross and operating levels
 - Increased dividend and began share repurchases under new program

2023 Impact Report

Driving Business Growth and Societal Impact Through Our Singular Mission of Safety

OUR PRODUCTS AND SOLUTIONS

- Support worker safety and sustainability with what we make and how we make it
- Serve end markets supported by sustainability trends
- Integrate sustainability and inclusivity principles into new product development process

Strong customer value proposition

OUR PEOPLE

- Energize our diverse workforce around mission of safety
- Leverage continuous improvement mindset supported by MSA Business System (MBS)
- Attract and retain top talent, enabling industry-leading product innovation

Mission-driven culture dedicated to keeping workers safe

OUR PLANET

- Committed to being a good steward of our environment
- Progressed Scope 1 and 2 emissions targets, on track to meet 2030 goal
- Identifying sustainability and cost synergies through waste and carbon reduction efforts

Efficient organization aligned to global sustainability trends



GENERATING VALUE FOR STAKEHOLDERS THROUGH OUR IMPACT PILLARS

Long-Term Strategy and Targets

Delivering Innovative Safety Solutions to Protect Workers and Generate Shareholder Value

EXECUTING OUR STRATEGY...



Continue To Be the Leader In Premium Safety Solutions



Implement Targeted Growth Accelerators



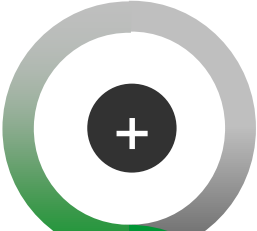
Apply MSA Business System To Enable Excellence



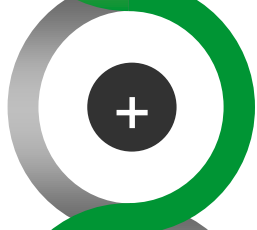
Allocate Capital Effectively



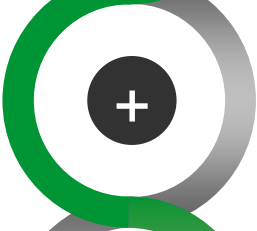
...TO ACHIEVE OUR 2028 FINANCIAL TARGETS



Resilient Organic Revenue Growth
\$2.1B - \$2.3B



Operating Margin¹ Expansion
23.5% - 25.0%



Continued EPS¹ Compounding
\$10.00 - \$11.00



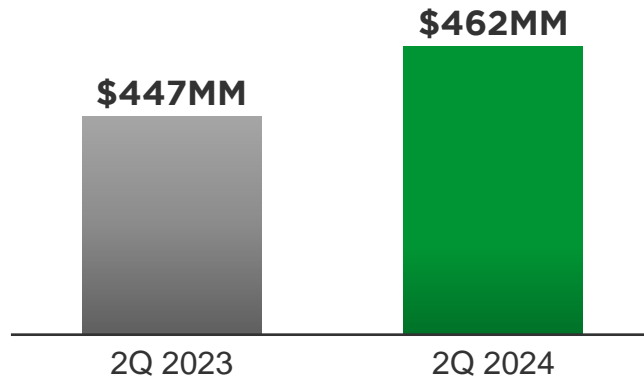
Capital Deployment Optionality
\$1.5B⁺²

(1) Targets refer to adjusted metric, see appendix for definitions of non-GAAP measures. (2) Reflects expected cumulative free cash flow after dividends and share repurchase and available debt capacity.

2Q 2024 Financial Summary

Healthy Sales Growth and Margin Improvement

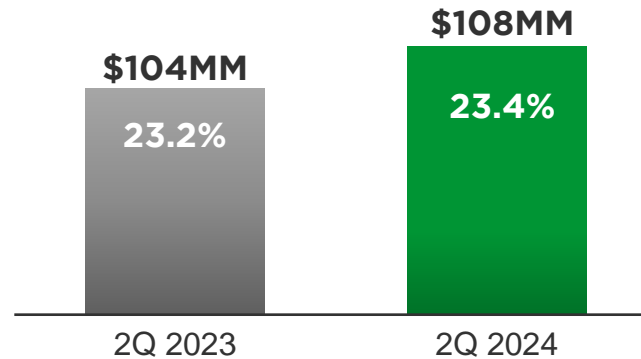
Net Sales



3% NET SALES GROWTH

- +4% organic, -1% currency
- Balanced contributions from pricing and volume
- Growth in Detection and Fire Service partially offset by Industrial PPE contraction
- Backlog normalization

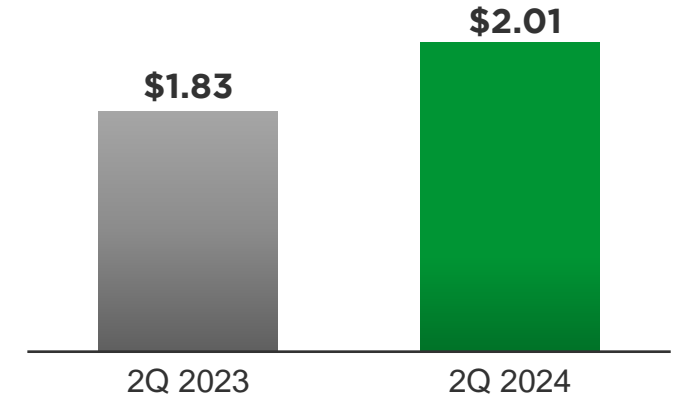
Adjusted Operating Income and Margin



23.4% ADJUSTED OPERATING MARGIN

- MSA Business System evolution continues to support/enhance margin rates
- Incremental operating margin of 29%
- Adjusted EBITDA margin of 26.4%, up 40 bps year-over-year

Adjusted EPS



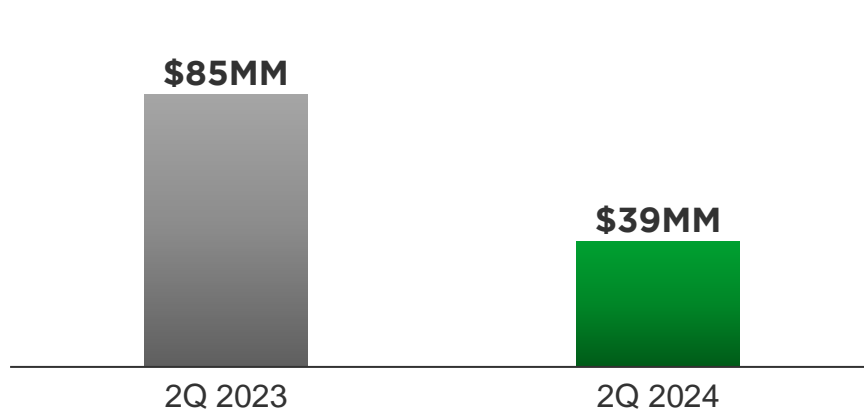
10% ADJUSTED EPS GROWTH

- Driven by sales growth, higher operating profit and lower non-operating expenses

2Q 2024 Free Cash Flow and Financial Leverage

Strong Financial Position Enables Increased Capital Returns to Shareholders and Debt Reduction

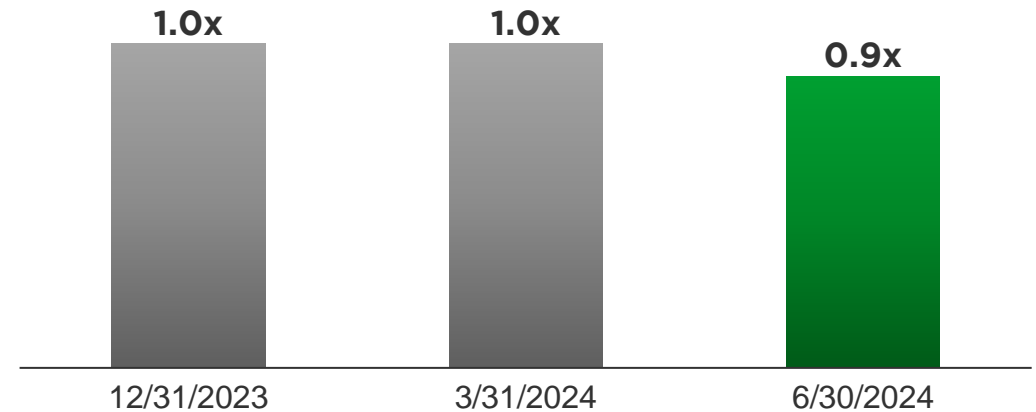
Free Cash Flow



CASH FLOW GENERATION AND CAPITAL DEPLOYMENT

- Free cash flow conversion rate of 49%⁽¹⁾, due to inventory investments and increased capital expenditures
- Capital expenditures totaled \$14MM
- Dividends to shareholders totaled \$20MM
- Share repurchases totaled \$10MM

Net Leverage

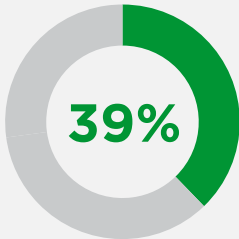
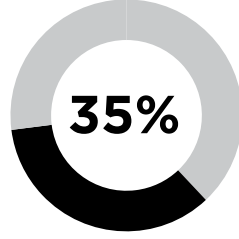
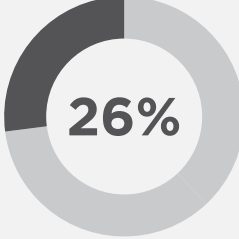


ROBUST BALANCE SHEET WITH 0.9X NET LEVERAGE AND AMPLE LIQUIDITY

- \$441MM of net debt at June 30th
- Debt repayment totaled \$8MM
- Profitable growth and improved working capital management continue to support debt reduction and balanced capital allocation

2024 Outlook

Maintaining Mid-Single Digit Growth Outlook;
Reflecting Solid 1H and Product End Market and Geographic Diversity

	% NET SALES ⁽¹⁾	DIVERSE END MARKETS
FIRE SERVICE <ul style="list-style-type: none"> • SCBA • Helmets • Protective apparel and boots 	 <p>39%</p>	<ul style="list-style-type: none"> • Government fire service • Municipal fire service • First responder
DETECTION <ul style="list-style-type: none"> • Fixed gas and flame detection • Refrigerant detection and identification • Portable gas detection 	 <p>35%</p>	<ul style="list-style-type: none"> • Energy and utilities • HVAC-R • Water and wastewater • Food retail • Industrial
INDUSTRIAL PPE and OTHER <ul style="list-style-type: none"> • Industrial head protection • Fall protection • APR and other PPE 	 <p>26%</p>	<ul style="list-style-type: none"> • Energy and utilities • Construction • Manufacturing • Industrial • Healthcare and pharma

OPERATING ENVIRONMENT UPDATE

POSITIVES

- + Growing global demand for safety products and solutions
- + Stable funding environment for firefighter safety
- + Supportive market dynamics in detection
- + Infrastructure stimulus in key regions
- + Leveraging MBS to enhance commercial excellence and drive productivity

CHALLENGES

- Timing of AFG funding release and large orders
- Industrial end market demand mixed
- Macroeconomic and geopolitical uncertainty impacts near-term visibility
- Supply chain has improved, but remains dynamic

Key Takeaways

1

Strong execution in 2Q resulting in mid single-digit growth, margin expansion, and increased capital returns to shareholders

2

Mission-driven culture and unwavering commitment to the safety of our customers and our employees

3

Reliable, diversified base business drives organic growth and margin expansion opportunities across economic cycles

4

Reinvestment in innovation and technology, including strategic M&A, enables **leading positions in attractive end markets**

5

Strong balance sheet supports growth investments and increased return of capital to shareholders while deleveraging

FOCUSED ON DELIVERING PROFITABLE GROWTH AND VALUE CREATION OVER THE LONG-TERM



Q&A



Appendix

MSA Safety (NYSE: MSA) Snapshot

Driven by Our Purpose

OUR MISSION

That men and women may work in safety and that they, their families, and their communities may live in health throughout the world

OUR VISION

To be the world's leading provider of safety solutions that protect workers when life is on the line

We pursue this vision with an unsurpassed commitment to integrity, customer service, and product innovation that creates exceptional value for all MSA stakeholders

OUR VALUES

Embracing change and encouraging innovation in a culture of safety



Key Statistics⁽¹⁾

\$1.8B Net Sales	48.2% Gross Profit Margin
22.7% Adj. Operating Margin	4.5% R&D Investment ⁽²⁾
40+ Million Workers Protected ⁽³⁾	50+ Consecutive Years of Dividend Increases
1914 Year Founded	~5,000 Employees

Forefront of Safety Innovation

- 1 Steady end market demand, with resilient organic growth and extensive installed base
- +**
- 2 Innovation and new customer solutions augmented by disciplined and highly strategic inorganic growth
- ↓**
- 3 Solidifying status as the leading safety technology company for Firefighter Safety, Detection, and Industrial PPE

MSA Safety | Diverse End Markets



Fire Service



Energy



Utilities



Construction



Food & Beverage



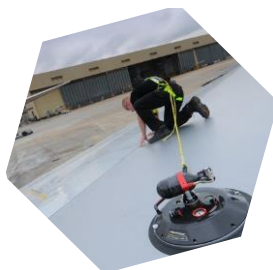
Industrial



Government



Water



Transportation



Mining





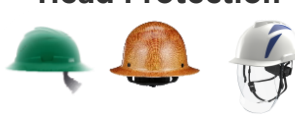



40+
Million Workers Protected¹

PROTECTING WORKERS AROUND THE WORLD ACROSS WIDE VARIETY OF END MARKETS

(1) As of December 31, 2023. "Workers Protected" is an estimate based on internal data, third-party and internal market research, product expert opinions, and certain assumptions, and is subject to change.

MSA Safety | Product Categories and Markets

	DETECTION		FIRE SERVICE		INDUSTRIAL PPE AND OTHER	
PRODUCT CATEGORY	Fixed Gas & Flame Detection 	Portable Gas Detection 	SCBA & Connected Firefighter 	Protective Apparel & Helmets 	Industrial Head Protection 	Fall Protection 
GLOBAL TAM ¹	~\$4.0B		~\$2.5B		~\$3.5B ⁴	
MARKET CAGR ^{1,2}	4% - 5%		2% - 3%		3% - 4% ⁴	
MSA % OF NET SALES ³	35%		39%		26%	
EXPECTED MSA CAGR ^{2,3}	5% - 7%		3% - 5%		2% - 4%	
SECULAR TRENDS	Focus on Regulatory & Compliance	Energy Transition & Decarbonization	Evolving Safety Standards	Resilient Funding for Firefighter Safety	Increased Focus on Proactive Prevention	Sustainability & ESG
	Global Infrastructure Spend	Digital Transformation	Adoption of Connected Solutions	Increasing Turnout Gear Demand	Nearshoring & Infrastructure Spend	Higher Standards in Emerging Economies

TARGETING 3% - 5% ORGANIC REVENUE GROWTH + CAPITAL DEPLOYMENT OPTIONALITY

MSA Safety | Our Strategy

CONTINUE TO BE THE LEADER IN PREMIUM SAFETY SOLUTIONS



- Leverage scale, market leadership, and customer-centric innovation to drive above-market profitable growth
- Deliver excellence in customer experience and commercial execution
- Enhance diversification across end markets, geographies, and product portfolio to fortify resilient organic growth

IMPLEMENT TARGETED GROWTH ACCELERATORS



- Continue to evolve from hardware supplier to system solutions provider, improving customer safety outcomes and generating recurring revenue
- Lean into high-growth end markets and distinct safety megatrends around connectivity and productivity solutions
- Enhance portfolio through strategic acquisitions

APPLY MSA BUSINESS SYSTEM TO ENABLE EXCELLENCE



- Drive excellence in pricing, operations, resource allocation, and balance sheet efficiency
- Set foundation for digital automation
- Empower high-performance teams and leaders
- Win as a team with consistent tools, processes, and behaviors

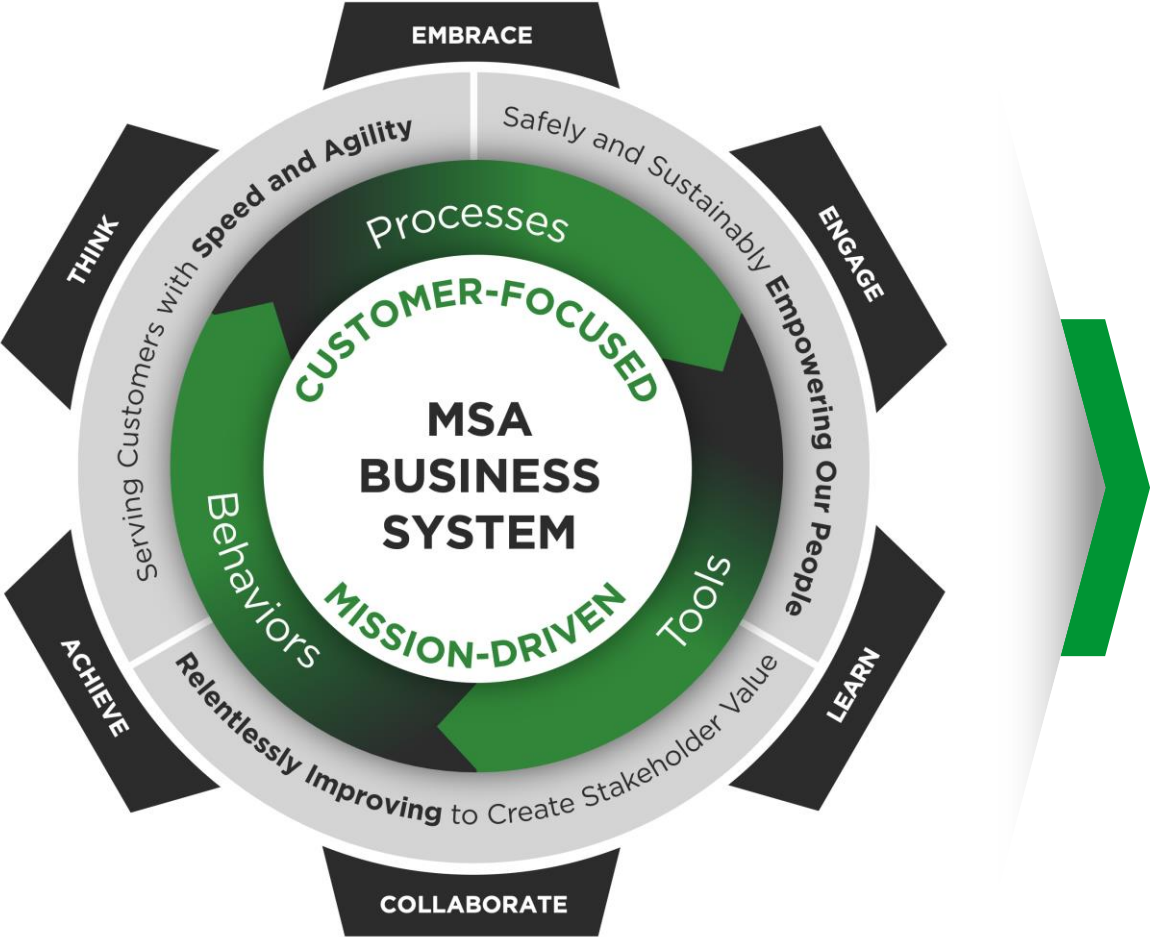
ALLOCATE CAPITAL EFFECTIVELY



- Leverage premier financial profile to deliver sustainable long-term growth
- Maintain disciplined approach with growth bias
- Return value to shareholders through an increasing dividend, share repurchases to offset dilution, and opportunistic reinvestment

DRIVEN BY OUR MISSION AND CULTURE OF SAFETY

MSA Safety | Our Business System (MBS)



BEHAVIORS

The way we act and react to changes and challenges

- Relentless focus on improving our performance on new product development, SG&A, project management, and global business service

PROCESSES

How we work with others and apply tools

- Working Capital: SIOP¹ to forecast supply and demand and apply global best practices in transaction processing

TOOLS

Ways to identify and eliminate waste, standardize work, and problem solve

- Manufacturing Execution System (MES): gaining greater visibility and real-time data from our manufacturing plants through technology

FOUNDATION TO ACHIEVE SUPERIOR AND SUSTAINABLE RESULTS

MSA Safety | 2028 Financial Targets

MISSION-DRIVEN REINVESTMENT

	Resilient Organic Revenue Growth	\$2.1B - \$2.3B	<ul style="list-style-type: none">• 3 - 5% organic revenue growth• Market growth, customer-centric innovation, and commercial excellence• Macro secular safety trends
	Operating Margin ¹ Expansion	23.5% - 25.0%	<ul style="list-style-type: none">• Target 30 - 50 bps annually• MSA Business System evolution across global business• Continued focus on operating efficiency
	Continued EPS ¹ Compounding	\$10.00 - \$11.00	<ul style="list-style-type: none">• Strategy evolution delivers new base of expansion• 30 - 40% incremental operating margins
	Capital Deployment Optionality	\$1.5B⁺²	<ul style="list-style-type: none">• Consistent organic growth investment• Sustained dividend + share repurchases• Accretive acquisitions from free cash flow generation and available debt capacity• Continue performance of 20%+ Adj. ROCE³

OUR STRATEGY FUELS PROVEN SHAREHOLDER VALUE CREATION

Reconciliation of Non-GAAP Financial Measures



Reconciliation of Non-GAAP Financial Measures

Constant Currency Sales Growth (Unaudited)

Consolidated

	Three Months Ended June 30, 2024				Six Months Ended June 30, 2024			
	Fire Service ^(a)	Detection ^(b)	Industrial PPE and Other ^(c)	Net Sales	Fire Service ^(a)	Detection ^(b)	Industrial PPE and Other ^(c)	Net Sales
GAAP reported sales change	3%	8%	(3%)	3%	10%	2%	(2%)	4%
Plus: Currency translation effects	1%	— %	1%	1%	— %	— %	— %	— %
Organic constant currency sales change	4%	8%	(2%)	4%	10%	2%	(2%)	4%

Americas

	Three Months Ended June 30, 2024				Six Months Ended June 30, 2024			
	Fire Service ^(a)	Detection ^(b)	Industrial PPE and Other ^(c)	Net Sales	Fire Service ^(a)	Detection ^(b)	Industrial PPE and Other ^(c)	Net Sales
GAAP reported sales change	(2%)	7%	2%	2%	8%	2%	— %	4%
Plus: Currency translation effects	— %	— %	2%	— %	— %	— %	— %	— %
Organic constant currency sales change	(2%)	7%	4%	2%	8%	2%	— %	4%

International

	Three Months Ended June 30, 2024				Six Months Ended June 30, 2024			
	Fire Service ^(a)	Detection ^(b)	Industrial PPE and Other ^(c)	Net Sales	Fire Service ^(a)	Detection ^(b)	Industrial PPE and Other ^(c)	Net Sales
GAAP reported sales change	19%	10%	(13%)	6%	15%	1%	(7%)	3%
Plus: Currency translation effects	1%	1%	1%	1%	— %	1%	— %	— %
Organic constant currency sales change	20%	11%	(12%)	7%	15%	2%	(7%)	3%

(a) Fire Service includes Breathing Apparatus and Firefighter Helmets and Protective Apparel.

(b) Detection includes Fixed Gas and Flame Detection and Portable Gas Detection.

(c) Industrial PPE and Other includes Industrial Head Protection, Fall Protection and Non-Core.

Management believes that constant currency revenue growth is a useful metric for investors, as foreign currency translation can have a material impact on revenue growth trends. Constant currency revenue growth highlights ongoing business performance excluding the impact of fluctuating foreign currencies, which is outside of management's control. There can be no assurances that MSA's definition of constant currency revenue growth is consistent with that of other companies. As such, management believes that it is appropriate to consider revenue growth determined on a GAAP basis in addition to this non-GAAP financial measure.

Reconciliation of Non-GAAP Financial Measures

Segment Information (Unaudited)

(In thousands, except percentage amounts)

Three Months Ended June 30, 2024

	<u>Americas</u>	<u>International</u>	<u>Corporate</u>	<u>Consolidated</u>
Net sales to external customers	\$ 314,711	\$ 147,752	\$ -	\$ 462,463
Operating income				99,944
Operating margin %				21.6%
Restructuring charges				1,543
Currency exchange gains, net				(603)
Net cost for product related legal matter				5,000
Amortization of acquisition-related intangible assets				2,306
Adjusted operating income (loss)	98,468	24,285	(14,563)	108,190
Adjusted operating margin %	31.3%	16.4%		23.4%
Depreciation and amortization				13,741
Adjusted EBITDA	108,230	28,052	(14,351)	121,931
Adjusted EBITDA margin %	34.4%	19.0%		26.4%

Three Months Ended June 30, 2023

Net sales to external customers	\$ 308,378	\$ 138,921	\$ -	\$ 447,299
Operating Income				95,008
Operating margin %				21.2%
Restructuring charges				3,350
Currency exchange losses, net				3,110
Amortization of acquisition-related intangible assets				2,315
Adjusted operating income (loss)	94,816	21,743	(12,776)	103,783
Adjusted operating margin %	30.7%	15.7%		23.2%
Depreciation and amortization				12,574
Adjusted EBITDA	103,977	24,949	(12,569)	116,357
Adjusted EBITDA margin %	33.7%	18.0%		26.0%

The Americas segment is comprised of our operations in Northern North American and Latin American geographies. The International segment is comprised of our operations in all geographies outside of the Americas. Certain global expenses are allocated to each segment in a manner consistent with where the benefits from the expenses are derived.

Reconciliation of Non-GAAP Financial Measures

Segment Information (Unaudited)

(In thousands, except percentage amounts)	<u>Americas</u>	<u>International</u>	<u>Corporate</u>	<u>Consolidated</u>
Six Months Ended June 30, 2024				
Net sales to external customers	\$ 610,249	\$ 265,516	\$ -	\$ 875,765
Operating income				180,056
Operating margin %				20.6%
Restructuring charges				4,560
Currency exchange losses, net				1,730
Net cost for product related legal matter				5,000
Amortization of acquisition-related intangible assets				4,620
Transaction costs ^(a)				234
Adjusted operating income (loss)	184,688	37,770	(26,258)	196,200
Adjusted operating margin %	30.3%	14.2%		22.4%
Depreciation and amortization				26,985
Adjusted EBITDA	203,923	45,097	(25,835)	223,185
Adjusted EBITDA margin %	33.4%	17.0%		25.5%
Six Months Ended June 30, 2023				
Net sales to external customers	\$ 588,645	\$ 256,916	\$ -	\$ 845,561
Operating Income				34,947
Operating margin %				4.1%
Restructuring charges				5,097
Currency exchange losses, net				7,285
Loss on divestiture of MSA LLC				129,211
Product liability expense				3
Amortization of acquisition-related intangible assets				4,620
Adjusted operating income (loss)	166,510	37,522	(22,869)	181,163
Adjusted operating margin %	28.3%	14.6%		21.4%
Depreciation and amortization				24,841
Adjusted EBITDA	184,471	44,007	(22,474)	206,004
Adjusted EBITDA margin %	31.3%	17.1%		24.4%

(a) Transaction costs include advisory, legal, accounting, valuation, and other professional or consulting fees incurred during acquisitions and divestitures. These costs are included in selling, general and administrative expense in the unaudited Condensed Consolidated Statements of Income.

The Americas segment is comprised of our operations in Northern North American and Latin American geographies. The International segment is comprised of our operations in all geographies outside of the Americas. Certain global expenses are allocated to each segment in a manner consistent with where the benefits from the expenses are derived.

Reconciliation of Non-GAAP Financial Measures

Adjusted Operating Income and Adjusted Operating Margin (Unaudited)

	Six Months Ended June 30,		Trailing Twelve Months	Twelve Months Ended
	2024	2023	Ended June 30,	December 31,
			2024	2023
Net sales to external customers	\$ 875,765	\$ 845,561	\$ 1,817,851	\$ 1,787,647
Operating income	180,056	34,947	376,429	231,320
Restructuring charges	4,560	5,097	9,355	9,892
Currency exchange losses, net	1,730	7,285	11,524	17,079
Loss on divestiture of MSA LLC	-	129,211	-	129,211
Product liability expense	-	3	-	3
Net cost for product related legal matter	5,000	-	5,000	-
Amortization of acquisition-related intangible assets	4,620	4,620	9,246	9,246
Transaction costs ^(a)	234	-	1,199	965
Adjusted operating income	\$ 196,200	\$ 181,163	\$ 412,753	\$ 397,716
Adjusted operating margin %	22.4%	21.4%	22.7%	22.2%

(a) Transaction costs include advisory, legal, accounting, valuation, and other professional or consulting fees incurred during acquisitions and divestitures. These costs are included in selling, general and administrative expense in the unaudited Condensed Consolidated Statements of Income.

Reconciliation of Non-GAAP Financial Measures

Adjusted Earnings and Adjusted Earnings per Diluted Share (Unaudited)

(In thousands, except per share amounts)	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	% Change	2024	2023	% Change
Net income (loss)	\$ 72,234	\$ 67,090	8%	\$ 130,373	\$ (83,083)	n/m*
Restructuring charges	1,543	3,350		4,560	5,097	
Currency exchange (gains) losses, net	(603)	3,110		1,730	7,285	
Net cost for product related legal matter	5,000	—		5,000	—	
Amortization of acquisition-related intangible assets	2,306	2,315		4,620	4,620	
Pension settlement	1,308	—		1,308	—	
Asset related losses (gains)	701	(1,452)		752	(713)	
Transaction costs ^(a)	—	—		234	—	
Loss on divestiture of MSA LLC	—	—		—	129,211	
Deferred tax asset write-off related to divestiture of MSA LLC	—	—		—	70,366	
Product liability expense	—	—		—	3	
Income tax expense on adjustments	(2,827)	(2,276)		(5,417)	(6,921)	
Adjusted earnings	\$ 79,662	\$ 72,137	10%	\$ 143,160	\$ 125,865	14%
Adjusted earnings per diluted share	\$ 2.01	\$ 1.83	10%	\$ 3.62	\$ 3.19	13%

(a) Transaction costs include advisory, legal, accounting, valuation, and other professional or consulting fees incurred during acquisitions and divestitures. These costs are included in selling, general and administrative expense in the unaudited Condensed Consolidated Statements of Income.

*Not meaningful

Management believes that adjusted earnings and adjusted earnings per diluted share are useful measures for investors, as management uses these measures to internally assess the company's performance and ongoing operating trends. There can be no assurances that additional special items will not occur in future periods, nor that MSA's definition of adjusted earnings is consistent with that of other companies. As such, management believes that it is appropriate to consider both net (loss) income determined on a GAAP basis as well as adjusted earnings.

Reconciliation of Non-GAAP Financial Measures

Free Cash Flow (Unaudited)

(In thousands, except percentage amounts)	Three Months Ended	
	June 30,	
	2024	2023
Cash flow from operating activities	\$ 53,302	\$ 95,068
Capital expenditures	(14,341)	(9,920)
Free cash flow	<u>\$ 38,961</u>	<u>\$ 85,148</u>
Adjusted earnings	79,662	72,137
Free cash flow conversion	49%	118%

Management believes that free cash flow is a meaningful measure for investors. Management reviews cash from operations after deducting capital expenditures because these expenditures are necessary to promote growth of MSA's business and are likely to produce cash from operations in future periods. It is important to note that free cash flow does not reflect the residual cash balance of the company for discretionary spending since other items, including debt and dividend payments, are deducted from free cash flow before arriving at the company's ending cash balance. Management defines free cash flow conversion as free cash flow divided by adjusted earnings. There can be no assurances that MSA's definition of free cash flow is consistent with that of other companies. As such, management believes that it is appropriate to consider cash from operating activities determined on a GAAP basis as well as free cash flow.

Reconciliation of Non-GAAP Financial Measures

Debt to Adjusted EBITDA and Net Debt to Adjusted EBITDA (Unaudited)

(In thousands)	Twelve Months Ended June 30, 2024
Operating income	\$ 376,429
Depreciation and amortization	53,671
Restructuring charges	9,355
Currency exchange losses, net	11,524
Net cost for product related legal matter	5,000
Amortization of acquisition-related intangible assets	9,246
Transaction costs ^(a)	1,199
Adjusted EBITDA	<u>\$ 466,424</u>
 Total end-of-period debt	 588,243
 Debt to adjusted EBITDA	 <u><u>1.3</u></u>
 Total end-of-period debt	 \$ 588,243
Total end-of-period cash and cash equivalents	146,830
Net debt	<u>\$ 441,413</u>
 Net debt to adjusted EBITDA	 <u><u>0.9</u></u>

(a) Transaction costs include advisory, legal, accounting, valuation, and other professional or consulting fees incurred during acquisitions and divestitures. These costs are included in Selling, general and administrative expense in the unaudited Condensed Consolidated Statements of Operations.

Management believes that Debt to adjusted EBITDA and Net debt to adjusted EBITDA are useful measures for investors, as management uses these measures to internally assess the company's liquidity and balance sheet strength. There can be no assurances that that MSA's definition of Debt to adjusted EBITDA and Net debt to adjusted EBITDA is consistent with that of other companies.

Reconciliation of Non-GAAP Financial Measures

R&D Investment (Unaudited)

(In thousands)	Six Months Ended June 30,		Trailing Twelve Months	Twelve Months Ended
	2024	2023	Ended June 30,	December 31,
			2024	2023
Research and development expense	\$ 32,988	\$ 31,224	\$ 69,752	\$ 67,988
Capitalized software development costs	6,796	6,083	12,773	12,060
Total R&D investment	\$ 39,784	\$ 37,307	\$ 82,525	\$ 80,048
Net sales	\$ 875,765	\$ 845,561	\$ 1,817,851	\$ 1,787,647
R&D investment (% net sales)	4.5%	4.4%	4.5%	4.5%

Management believes that total R&D investment is a meaningful measure for investors. Management includes capitalized software development costs when evaluating total research and development expenditures as it believes it better represents its overall spend. Management defines R&D investment as research and development expense plus capitalized software development cost. As such, management believes that it is appropriate to consider research and development expense determined on a GAAP basis as well as total R&D investment.



The Safety Company

