



Third Quarter 2024 Earnings Presentation

October 24, 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 sales change, 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.

Third Quarter 2024

Resilient Operating Results 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



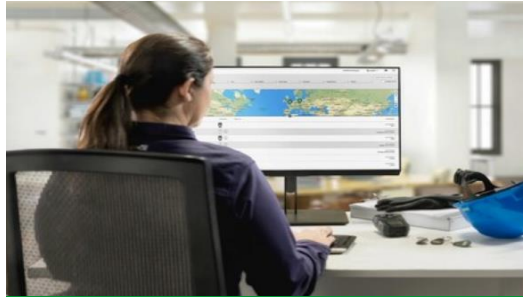
BUSINESS HIGHLIGHTS

- Delivered solid operating results against backdrop of dynamic environment, enabled by MSA Business System
 - Strong order pace continued again this quarter
 - Realized sequential backlog increase due to sales timing and order growth
 - Recorded net sales of \$433MM, -3% on reported and organic constant currency basis
 - Reported adjusted diluted EPS of \$1.83, +3% over the prior year
 - Resilient margin performance at both the gross and operating levels
 - Generated \$70MM of adjusted free cash flow (97% conversion)
- Earned Top Workplaces recognition by Pittsburgh Post Gazette for 11th time
- Named a 2024 Outstanding Corporate Innovator by Product Development and Management Association (PDMA)

Mission-Driven Innovation

Creating Impact and Value for Customers Through Singular Mission of Safety

THIRD QUARTER INNOVATION SPOTLIGHT



Detection



Fire Service



Industrial PPE and Other

Debuted **MSA Grid™ Shared Alerts**, which extended capabilities of MSA Connected Worker Platform

Opened **Connected Firefighter and Worker Centre** in France to showcase technology solutions

Announced newest industrial head protection solution with **V-Gard H2™ Safety Helmet**

37% Product Vitality¹ Through Commitment to Innovation and Investment in New Product Development

LIVING OUR MISSION

Connected solutions saving lives

- Large customer trial of the **Altair io™ 4** connected, portable gas detector resulted in life saving detection of elevated carbon monoxide levels in confined workspace
- Canadian Fire Service customer's use of **LUNAR™** thermal imaging camera, part of MSA's Connected Firefighter Platform, saves firefighter's life

40M+

Workers Protected²

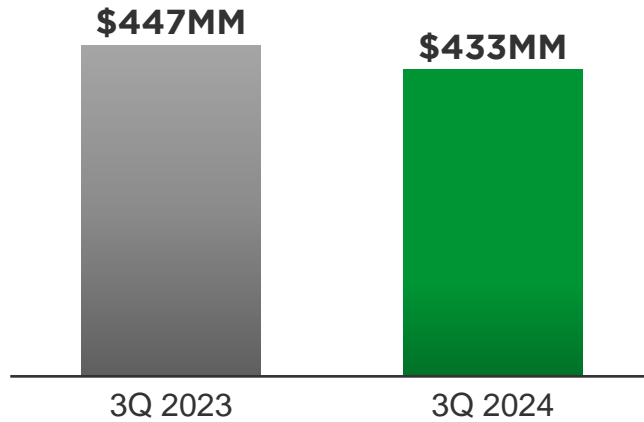
pdma
OCI

PDMA 2024 Corporate Innovator Award Winner

3Q 2024 Financial Summary

Resilient Profitability Amid Dynamic Operating Environment

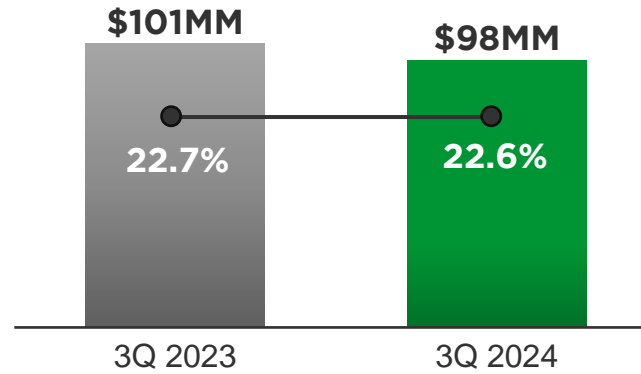
Net Sales



3% NET SALES CONTRACTION

- -3% organic, relatively neutral currency
- Positive price offset by volume
- Growth in Detection offset by contractions in Fire Service and Industrial PPE
- Sequential backlog and year-over-year order growth

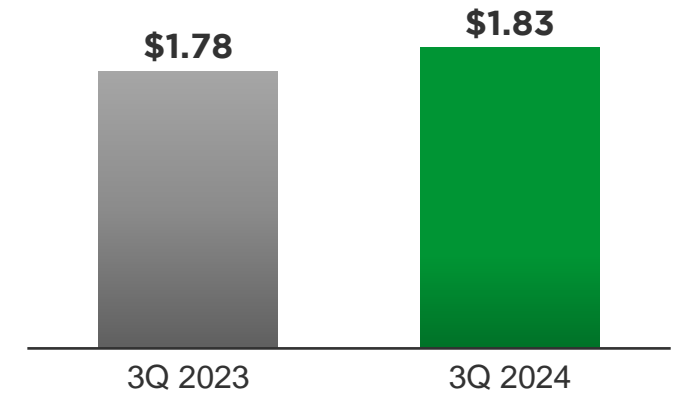
Adjusted Operating Income and Margin



22.6% ADJUSTED OPERATING MARGIN

- MSA Business System evolution continues to support strong margins
- Decremental operating margin of 24%
- Adjusted EBITDA margin of 25.8%, up 20 bps year-over-year

Adjusted EPS



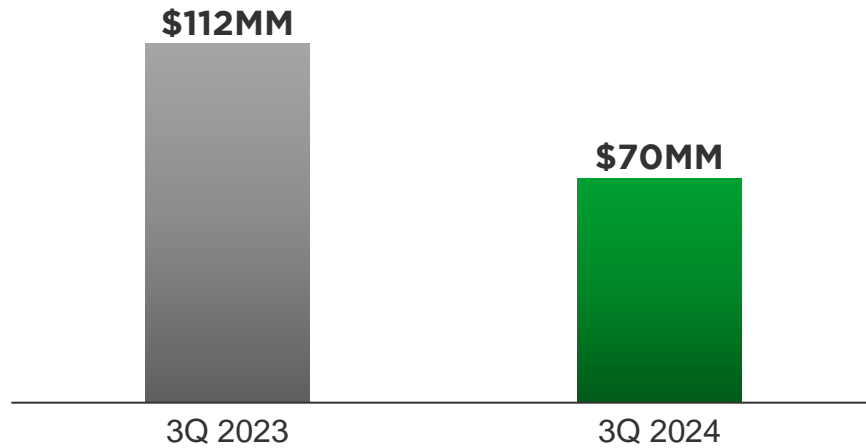
3% ADJUSTED EPS GROWTH

- Driven by positive mix, productivity, & lower SG&A
- Lower interest expense due to strong cash flow conversion and lower year-over-year adjusted tax rate

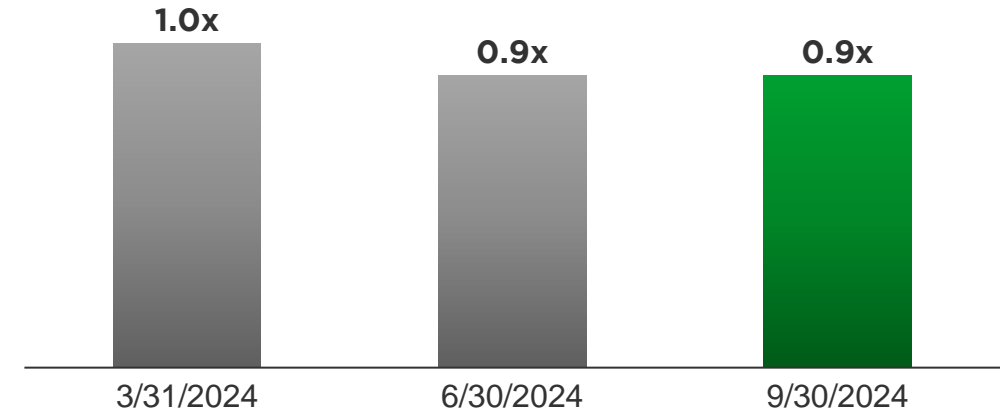
3Q 2024 Free Cash Flow and Financial Leverage

Strong Financial Position Enables Balanced Capital Allocation

Free Cash Flow



Net Leverage



CASH FLOW GENERATION AND CAPITAL ALLOCATION

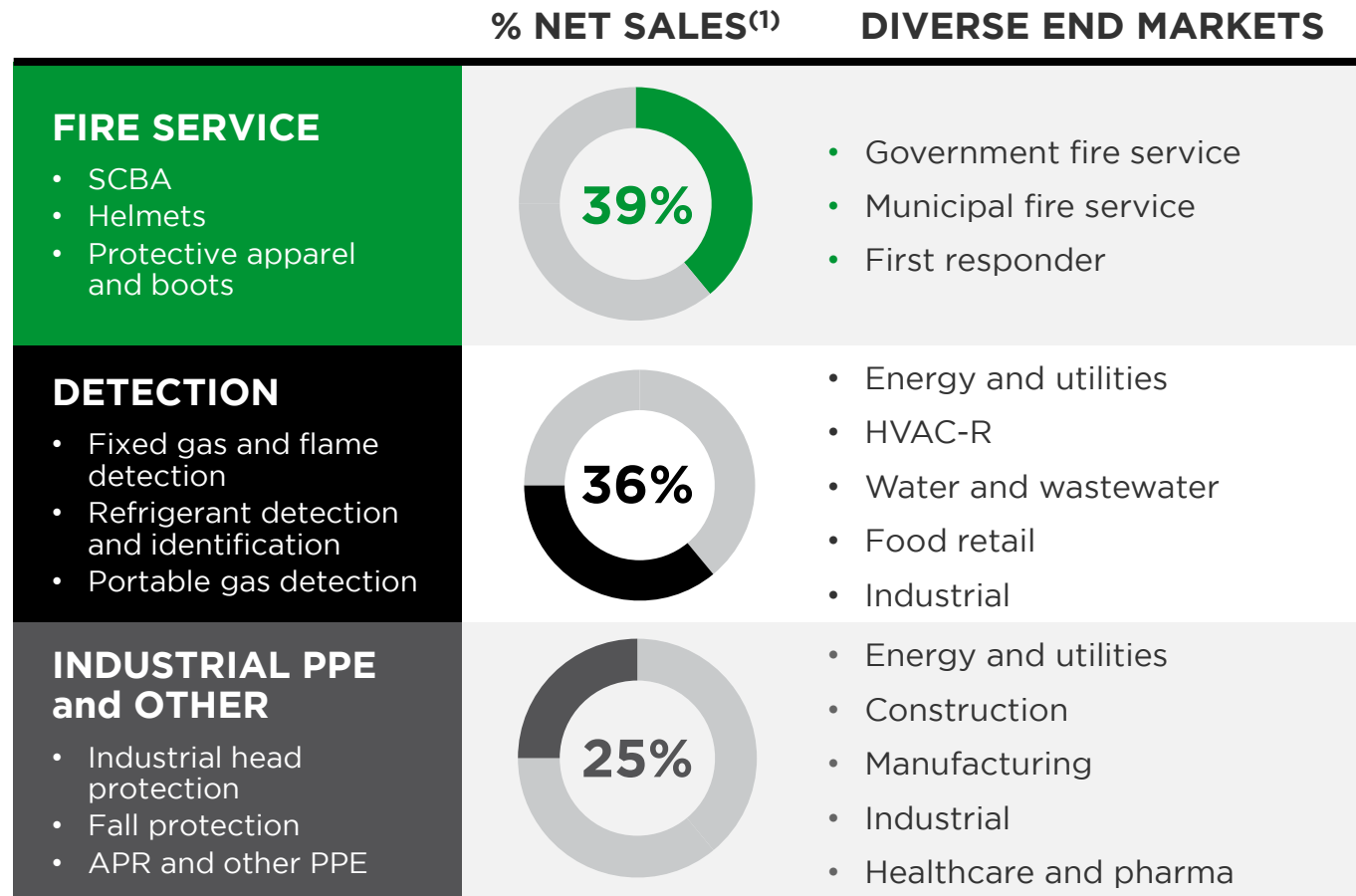
- Free cash flow conversion rate of 97%⁽¹⁾
- Capital expenditures totaled \$14MM
- Dividends to shareholders totaled \$20MM
- Share repurchases totaled \$10MM

ROBUST BALANCE SHEET WITH 0.9X NET LEVERAGE AND AMPLE LIQUIDITY

- \$400MM of net debt at September 30th
- Debt repayment totaled \$38MM
- Profitable growth and improved working capital management support debt reduction and balanced capital allocation

2024 Outlook

MSD Growth in Fourth Quarter; Updating Full-Year Growth Outlook to LSD Balancing Strong Order Pace and Backlog Conversion with Dynamic Operating Environment



OPERATING ENVIRONMENT UPDATE

POSITIVES

- + Healthy order pace and backlog opportunity
- + Growing global demand for safety products and solutions
- + Leveraging MSA Business System to support strong operating performance
- + Stable funding environment for firefighter safety
- + Supportive market dynamics in Detection and continued adoption of Connected Worker technology
- + Infrastructure stimulus in key regions

CHALLENGES

- Timing of large order deliveries
- Specific customer order delays
- Macroeconomic and geopolitical uncertainty impacts near-term visibility
- Supply chain has improved but remains dynamic

A Leader in Industrial Safety Technology

1

Solid execution in 3Q resulting in resilient profitability, strong cash flow and 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	47.9% 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

(1) Key metrics for the trailing 12-month period ended September 30, 2024.

(2) % net sales; includes capitalized software development costs.

(3) 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.

See appendix for definitions of non-GAAP measures and non-GAAP reconciliations.

MSA Safety | Diverse End Markets



Fire Service



Energy



Utilities



Construction



Food & Beverage



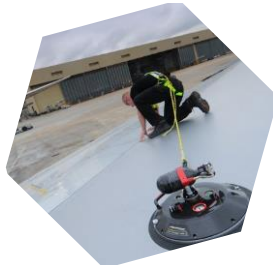
Industrial



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		~\$3.5B⁴	
MARKET CAGR ^{1,2}	4% - 5%		2% - 3%		3% - 4%⁴	
MSA % OF NET SALES ³	36%		39%		25%	
EXPECTED MSA CAGR ²	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

(1) Internal estimates and third-party data. (2) 5-year period from 2023 - 2028. (3) Net sales for the trailing 12-month period ended September 30, 2024. Fire Service includes Self-Contained Breathing Apparatus (SCBA) and Firefighter Helmets & Protective Apparel. Detection includes Fixed Gas & Flame Detection and Portable Gas Detection. Industrial PPE & Other includes Industrial Head Protection, Fall Protection, and Other PPE Sales. (4) Excluding "Other PPE", global TAM is ~\$2.5B and market CAGR is 4% - 5%.

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

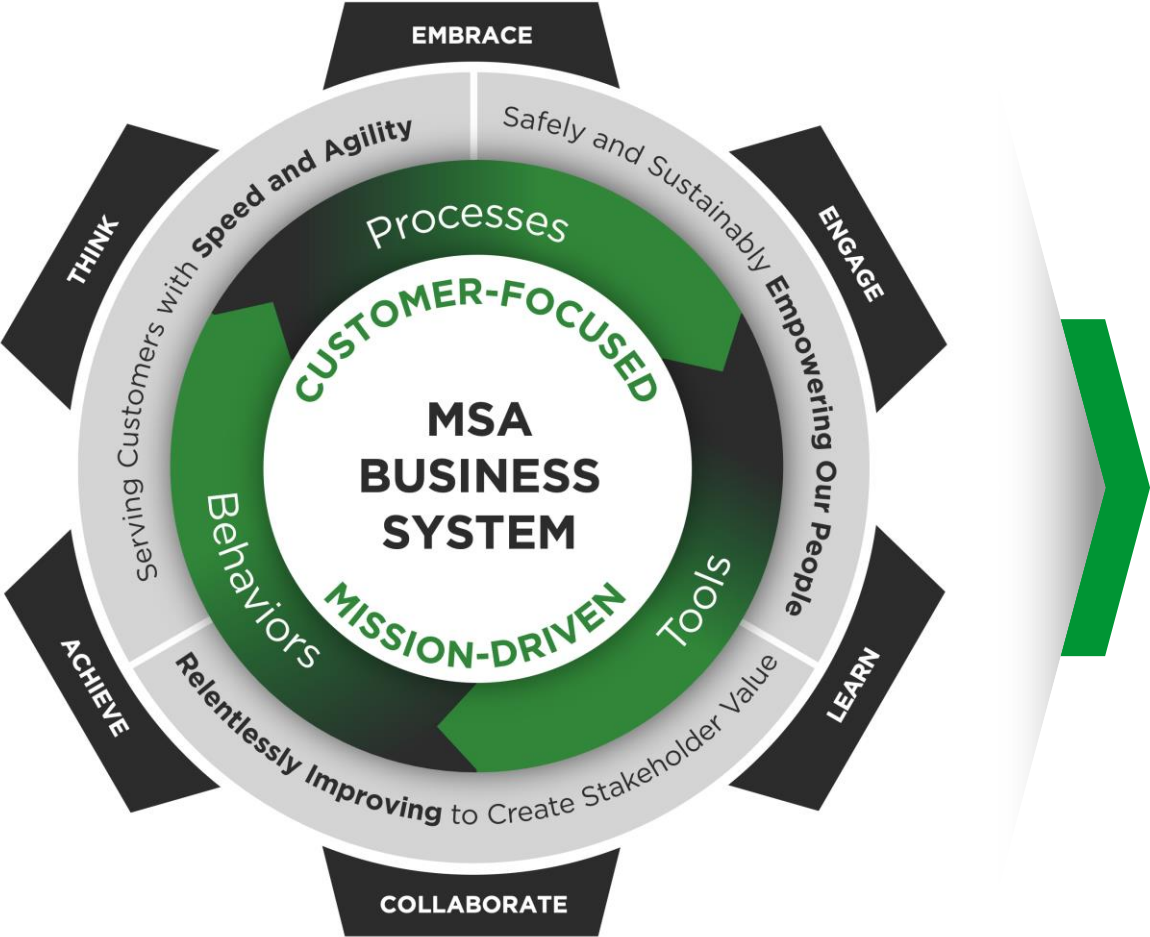
ALLOCATE CAPITAL EFFECTIVELY



- 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

- 3 - 5% organic revenue growth
- Market growth, customer-centric innovation, and commercial excellence
- Macro secular safety trends

Operating Margin¹ Expansion

23.5% - 25.0%

- Target 30 - 50 bps annually
- MSA Business System evolution across global business
- Continued focus on operating efficiency

Continued EPS¹ Compounding

\$10.00 - \$11.00

- Strategy evolution delivers new base of expansion
- 30 - 40% incremental operating margins

Capital Deployment Optionality

\$1.5B⁺²

- 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 Change (Unaudited)

Consolidated

	Three Months Ended September 30, 2024				Nine Months Ended September 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	(9%)	5%	(5%)	(3%)	3%	3%	(3%)	1%
Plus: Currency translation effects	— %	— %	1%	— %	— %	— %	— %	— %
Organic constant currency sales change	(9%)	5%	(4%)	(3%)	3%	3%	(3%)	1%

Americas

	Three Months Ended September 30, 2024				Nine Months Ended September 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	(15%)	5%	(1%)	(5%)	(1%)	3%	— %	1%
Plus: Currency translation effects	— %	1%	4%	2%	— %	— %	1%	— %
Organic constant currency sales change	(15%)	6%	3%	(3%)	(1%)	3%	1%	1%

International

	Three Months Ended September 30, 2024				Nine Months Ended September 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	10%	4%	(15%)	1%	13%	2%	(10%)	2%
Plus: Currency translation effects	(2%)	(1%)	(1%)	(2%)	— %	— %	— %	— %
Organic constant currency sales change	8%	3%	(16%)	(1%)	13%	2%	(10%)	2%

(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 sales change is a useful metric for investors, as foreign currency translation can have a material impact on revenue growth trends. Constant currency sales change 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 sales change is consistent with that of other companies. As such, management believes that it is appropriate to consider sales 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)	Americas	International	Corporate	Consolidated
Three Months Ended September 30, 2024				
Net sales to external customers	\$ 299,497	\$ 133,182	\$ -	\$ 432,679
Operating income				91,477
Operating margin %				21.1%
Restructuring charges				1,184
Currency exchange losses, net				2,985
Amortization of acquisition-related intangible assets				2,269
Adjusted operating income (loss)	91,822	18,174	(12,081)	97,915
Adjusted operating margin %	30.7%	13.6%		22.6%
Depreciation and amortization				13,690
Adjusted EBITDA	101,339	22,119	(11,853)	111,605
Adjusted EBITDA margin %	33.8%	16.6%		25.8%
Three Months Ended September 30, 2023				
Net sales to external customers	\$ 314,273	\$ 132,455	\$ -	\$ 446,728
Operating Income				94,123
Operating margin %				21.1%
Restructuring charges				3,285
Currency exchange losses, net				1,496
Amortization of acquisition-related intangible assets				2,315
Transaction costs ^(a)				78
Adjusted operating income (loss)	93,918	22,577	(15,198)	101,297
Adjusted operating margin %	29.9%	17.0%		22.7%
Depreciation and amortization				13,189
Adjusted EBITDA	103,157	26,289	(14,960)	114,486
Adjusted EBITDA margin %	32.8%	19.8%		25.6%

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.

(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

Segment Information (Unaudited)

(In thousands, except percentage amounts)	<u>Americas</u>	<u>International</u>	<u>Corporate</u>	<u>Consolidated</u>
Nine Months Ended September 30, 2024				
Net sales to external customers	\$ 909,745	\$ 398,698	\$ -	\$ 1,308,443
Operating income				271,533
Operating margin %				20.8%
Restructuring charges				5,744
Currency exchange losses, net				4,715
Net cost for product related legal matter				5,000
Amortization of acquisition-related intangible assets				6,888
Transaction costs ^(a)				234
Adjusted operating income (loss)	276,523	55,944	(38,353)	294,114
Adjusted operating margin %	30.4%	14.0%		22.5%
Depreciation and amortization				40,675
Adjusted EBITDA	305,275	67,216	(37,702)	334,789
Adjusted EBITDA margin %	33.6%	16.9%		25.6%
Nine Months Ended September 30, 2023				
Net sales to external customers	\$ 902,918	\$ 389,372	\$ -	\$ 1,292,290
Operating Income				129,070
Operating margin %				10.0%
Restructuring charges				8,382
Currency exchange losses, net				8,781
Loss on divestiture of MSA LLC				129,211
Product liability expense				3
Amortization of acquisition-related intangible assets				6,936
Transaction costs ^(a)				78
Adjusted operating income (loss)	260,428	60,099	(38,066)	282,461
Adjusted operating margin %	28.8%	15.4%		21.9%
Depreciation and amortization				38,029
Adjusted EBITDA	287,628	70,296	(37,434)	320,490
Adjusted EBITDA margin %	31.9%	18.1%		24.8%

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.

(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 Operating Income and Adjusted Operating Margin (Unaudited)

	Nine Months Ended September 30,		Trailing Twelve Months	Twelve Months Ended
	2024	2023	Ended September 30,	December 31,
			2024	2023
Net sales to external customers	\$ 1,308,443	1,292,290	1,803,800	1,787,647
Operating income	271,533	129,070	373,783	231,320
Restructuring charges	5,744	8,382	7,254	9,892
Currency exchange losses, net	4,715	8,781	13,013	17,079
Loss on divestiture of MSA LLC	-	129,211	-	129,211
Product liability expense	-	3	-	3
Net costs for litigation matters	5,000	-	5,000	-
Amortization of acquisition-related intangible assets	6,888	6,936	9,198	9,246
Transaction costs (a)	234	78	1,121	965
Covid Related costs	-	-	-	-
Adjusted operating income	\$ 294,114	\$ 282,461	\$ 409,369	\$ 397,716
Adjusted operating margin %	22.5%	21.9%	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 and percentages)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Net income (loss)	\$ 66,648	\$ 65,256	2%	\$ 197,021	\$ (17,827)	n/m*
Currency exchange losses, net	2,985	1,496		4,715	8,781	
Amortization of acquisition-related intangible assets	2,269	2,315		6,888	6,936	
Restructuring charges	1,184	3,285		5,744	8,382	
Asset related losses (gains)	207	42		959	(671)	
Net cost for product related legal matter	—	—		5,000	—	
Pension settlement	—	—		1,308	—	
Transaction costs ^(a)	—	78		234	78	
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	(995)	(2,327)		(6,412)	(9,248)	
Adjusted earnings	\$ 72,298	\$ 70,145	3%	\$ 215,457	\$ 196,011	10%
Adjusted earnings per diluted share	\$ 1.83	\$ 1.78	3%	\$ 5.45	\$ 4.97	10%

(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	
	September 30,	
	2024	2023
Cash flow from operating activities	\$ 84,332	\$ 124,784
Capital expenditures	(14,254)	(12,657)
Free cash flow	<u>\$ 70,078</u>	<u>\$ 112,127</u>
Adjusted earnings	72,298	70,145
Free cash flow conversion	97%	160%

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 September 30, 2024
Operating income	\$ 373,783
Depreciation and amortization	54,173
Currency exchange losses, net	13,013
Amortization of acquisition-related intangible assets	9,198
Restructuring charges	7,254
Net cost for product related legal matter	5,000
Transaction costs ^(a)	1,121
Adjusted EBITDA	<u>\$ 463,542</u>
Total end-of-period debt	554,722
Debt to adjusted EBITDA	<u>1.2</u>
Total end-of-period debt	\$ 554,722
Total end-of-period cash and cash equivalents	<u>154,371</u>
Net debt	<u>\$ 400,351</u>
Net debt to adjusted EBITDA	<u>0.9</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)	Nine Months Ended Septmeber 30,		Trailing Twelve Months Ended September 30,		Twelve Months Ended December 31,	
	2024	2023	2024		2023	
Research and development expense	\$ 49,695	\$ 48,906	\$ 68,777	\$ 67,988		
Capitalized software development costs	10,021	9,402	12,679	12,060		
Total R&D investment	\$ 59,716	\$ 58,308	\$ 81,456	\$ 80,048		
Net sales	\$ 1,308,443	\$ 1,292,290	\$ 1,803,800	\$ 1,787,647		
R&D investment (% net sales)	4.6%	4.5%	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

