



FEDERAL SIGNAL
Moves. Cleans. Protects.

Investor Presentation: December 2023

Safe Harbor Statement

This presentation contains unaudited financial information and forward-looking statements. Statements that are not historical are forward-looking statements and may contain words such as “may”, “will”, “believe”, “expect”, “anticipate”, “intend”, “plan”, “project”, “estimate”, and “objective” or similar terminology, concerning the company’s future financial performance, business strategy, plans, goals and objectives. These expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include information concerning the Company’s possible or assumed future performance or results of operations and are not guarantees. While these statements are based on assumptions and judgments that management has made in light of industry experience as well as perceptions of historical trends, current conditions, expected future developments and other factors believed to be appropriate under the circumstances, they are subject to risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different. Such risks and uncertainties include, but are not limited to: direct and indirect impacts of the coronavirus pandemic and the associated government response, risks and adverse economic effects associated with emerging geopolitical conflicts, product and price competition, supply chain disruptions, work stoppages, availability and pricing of raw materials, cybersecurity risks, risks associated with acquisitions such as integration of operations and achieving anticipated revenue and cost benefits, foreign currency exchange rate changes, interest rate changes, increased legal expenses and litigation results, legal and regulatory developments and other risks and uncertainties described in filings with the Securities and Exchange Commission (“SEC”). Such forward-looking statements are made as of the date hereof and we undertake no obligation to update these forward-looking statements regardless of new developments or otherwise.

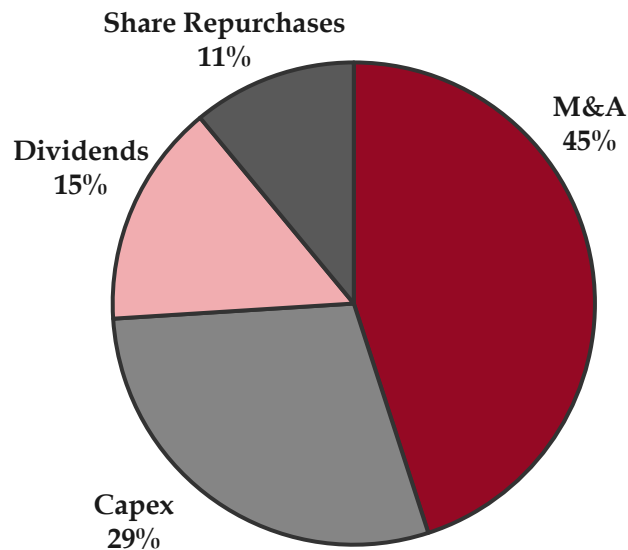
This presentation also contains certain measures that are not in accordance with U.S. generally accepted accounting principles (“GAAP”). The non-GAAP financial information presented herein should be considered supplemental to, and not a substitute for, or superior to, financial measures calculated in accordance with GAAP. The Company has provided this supplemental information to investors, analysts, and other interested parties to enable them to perform additional analyses of operating results, to illustrate the results of operations giving effect to the non-GAAP adjustments shown in the reconciliations, and to provide an additional measure of performance which management considers in operating the business. A reconciliation of these items to the most comparable GAAP measures is provided in our filings with the SEC and/or in the Appendix to this presentation. All financial figures in the presentation refer to FY2022 annual results unless otherwise noted.



Federal Signal at a Glance

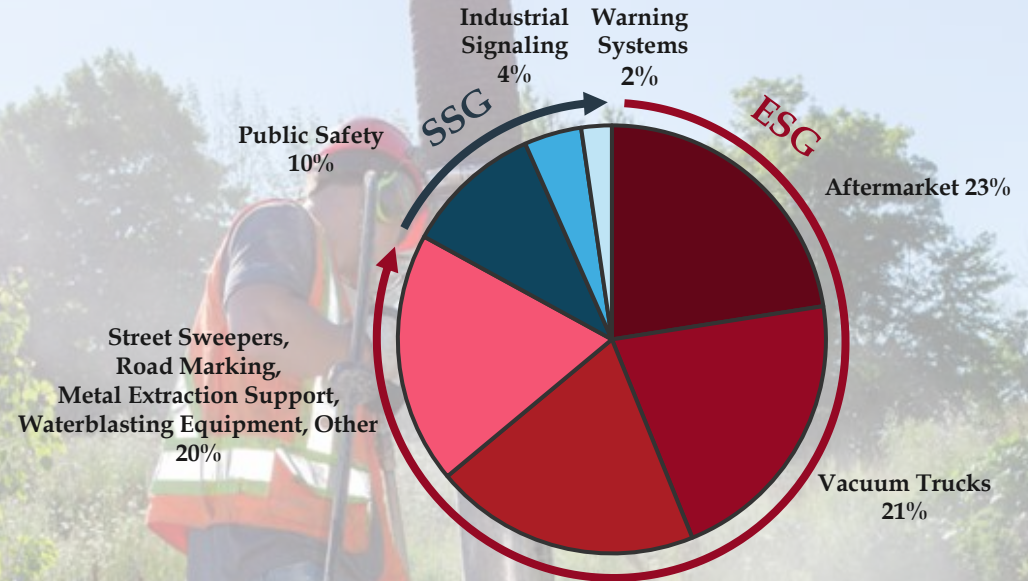
- Leading safety equipment & specialty vehicle OEM
- Healthy product portfolio mix
- Resilient end market exposure
- Disciplined M&A strategy
- Targeting 100% annual cash conversion¹
- LTM Net Debt Leverage: 1.2x²

Cash Deployment (2020-2022)

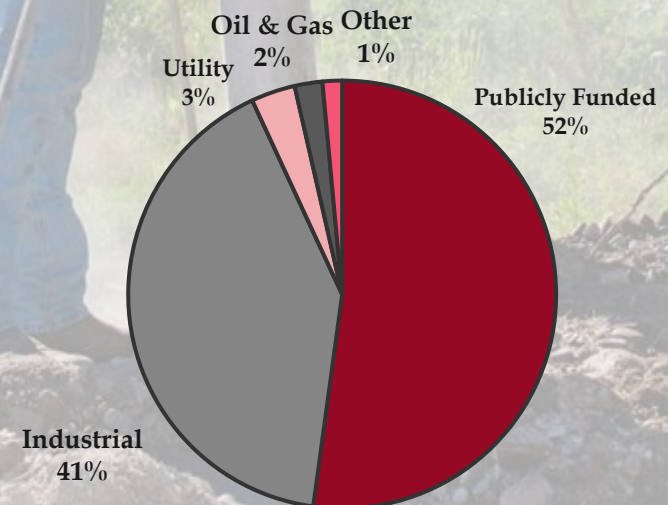


1) Operating Cash Flow to Net Income (%)
2) Non-GAAP Measure. See appendix for additional information, including reconciliation to GAAP measure






































Revenue by Category (2022)



Revenue by End Market (2022)



Federal Signal Product & Service Offerings

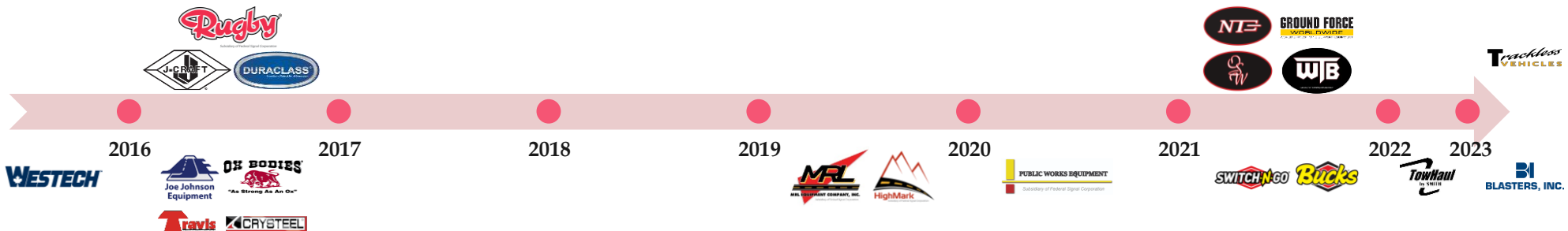
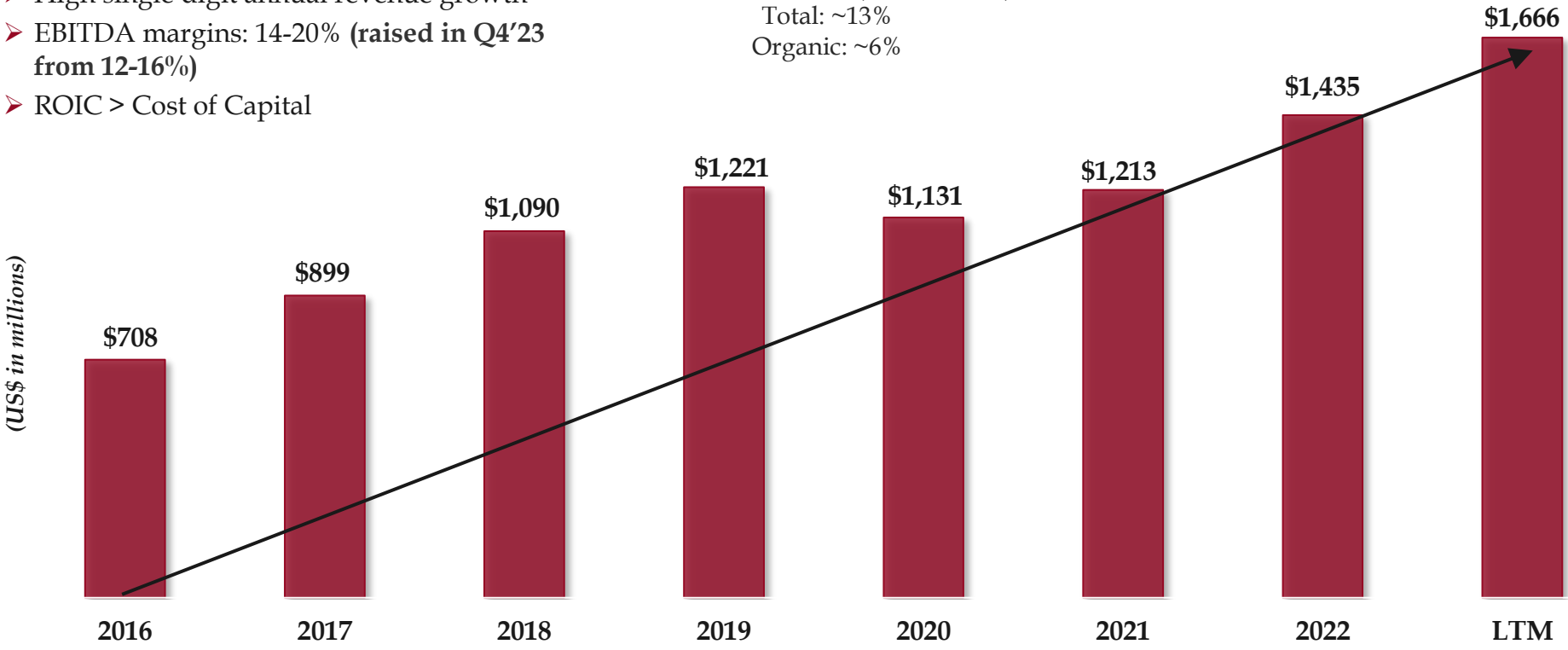
| ESG (84% of 2022 Revenue) | | | | | | | | SSG (16% of 2022 Revenue) | | |
|--|--|--|---|--|--|---|---|--|---|--|
| Vacuum Trucks | Street Sweepers | Industrial Cleaning | Dump Truck Bodies & Trailers | Multi-Purpose Maint. Vehicle | Road Marking | Metal Extraction Support | Aftermarket | Public Safety Equipment | Signaling | Warning Systems |
|      |   |   |          |   |     |    |    |     |    |   |
| Key End Markets | Key End Markets | Key End Markets | Key End Markets | Key End Markets | Key End Markets | Key End Markets | Key End Markets | Key End Markets | Key End Markets | Key End Markets |
| Gov't | Gov't | Gov't | Gov't | Gov't | Gov't | Gov't | Gov't | Gov't | Gov't | Gov't |
| Industrial | Industrial | Industrial | Industrial | Industrial | Industrial | Industrial | Industrial | Industrial | Industrial | Industrial |
| Oil & Gas | Oil & Gas | Oil & Gas | Oil & Gas | Oil & Gas | Oil & Gas | Oil & Gas | Oil & Gas | Oil & Gas | Oil & Gas | Oil & Gas |
| Utility | Utility | Utility | Utility | Utility | Utility | Utility | Utility | Utility | Utility | Utility |

Delivering on our Growth Strategy

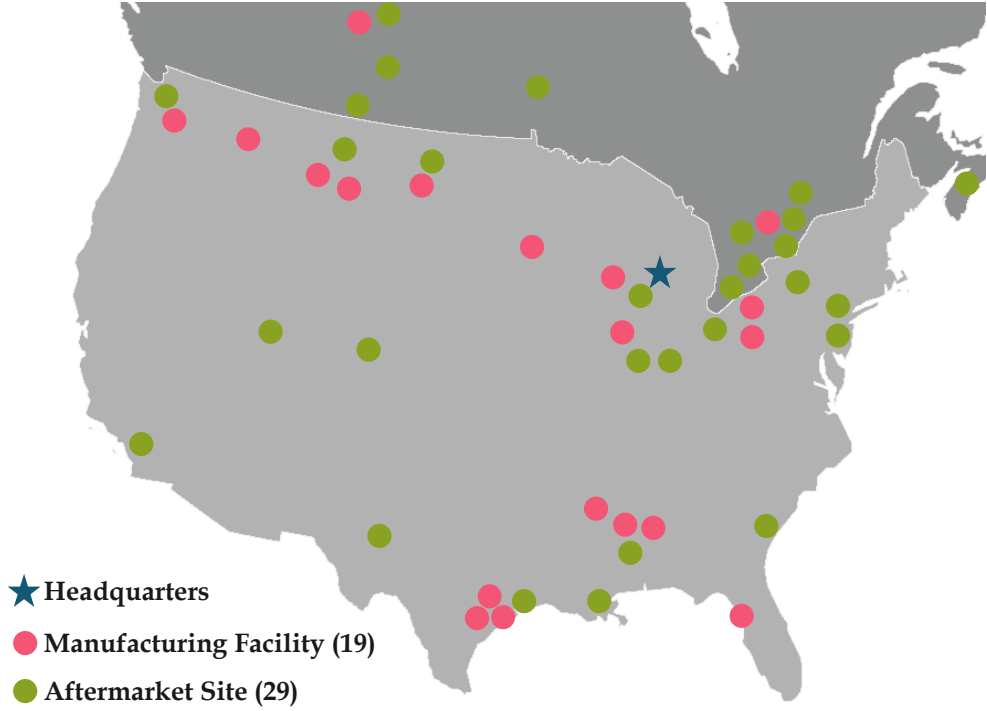
Key Financial Targets

- High single digit annual revenue growth
- EBITDA margins: 14-20% (raised in Q4'23 from 12-16%)
- ROIC > Cost of Capital

Net Sales CAGR ('16A - '22A)
 Total: ~13%
 Organic: ~6%



ESG¹: Growing A Best-In-Class Specialty Vehicle Platform



Recent Highlights

- **Q4'23:** Raised ESG EBITDA margin targets to 17-22% (from 15-18%)
- **2021:** Purchased Elgin, IL manufacturing facility (Street Sweepers)
- **2020:** Expanded capacity at Lake Crystal, Rugby, and Billings manufacturing facilities (Dump Truck Bodies/Road-Marking)
- **2019:** Expanded capacity at largest manufacturing facility (Streator, IL) by ~40% (Vacuum Trucks)

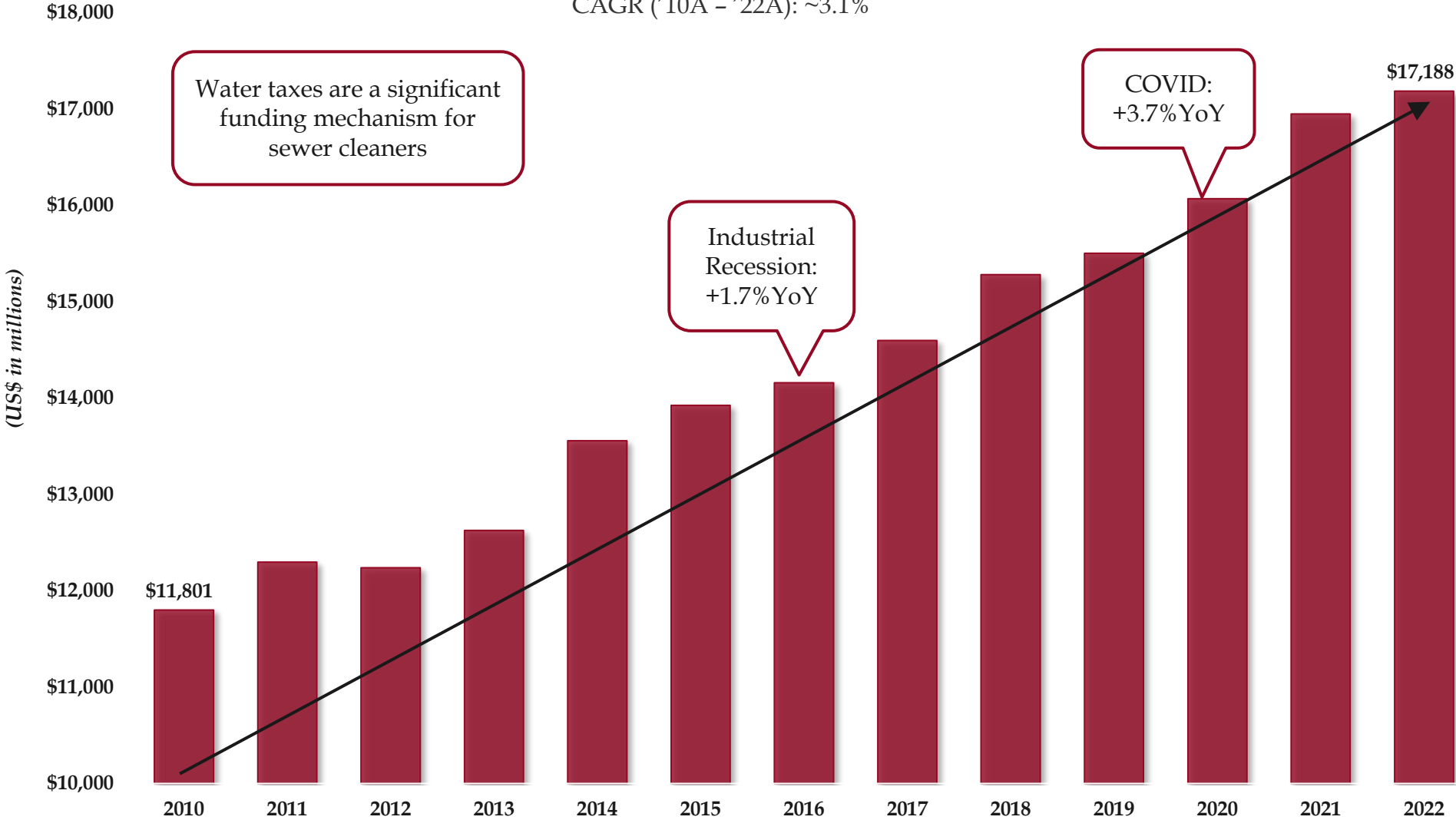
| Vehicle Product | Market Share Rank ² |
|---|--------------------------------|
| Vacuum Trucks | #1 |
| Street Sweepers | #1-2 |
| Industrial Cleaning (Waterblasting Equipment) | #2 |
| Dump Truck Bodies & Trailers | #1 |
| Multi-Purpose Maintenance Vehicle | #1 |
| Road-Marking and Line-Removal | #1 |
| Metal & Mineral Extraction Support | #1 |

1. ESG = Environmental Solutions Group
 2. Management estimates of North America market share

ESG: Resilient End-Market Characteristics

Water Taxes Funding - United States

CAGR ('10A - '22A): ~3.1%



SSG¹: Industry Leader in Audible & Visual Safety Equipment

| Product | Market Share Rank ² |
|--------------------------------|--------------------------------|
| Public Safety Equipment | #2 |
| Industrial Signaling Equipment | #1 |
| Warning Systems | #1 |



Key Multi-Year Trends:

- Strategically positioned in end-markets with high barriers to entry given stringent regulatory requirements for safety equipment
- The increase in natural and man-made disasters drives increasing need for safety devices globally including from government customers
- Proliferation of use cases for audible & visual safety devices offer new market penetration opportunities
- Robust new product development pipeline given increasing need for more complex safety devices
- Disciplined pricing strategy and margin opportunities

Recent Highlights:

- **Q1'23:** Raised SSG EBITDA margin targets to 17-21% (from 15-18%)
- **2022:** Purchased University Park, IL Manufacturing Facility
- **2022:** SSG began to supply ESG with critical components to boost vehicle output

1) SSG = Safety and Security Systems Group
2) Management estimates

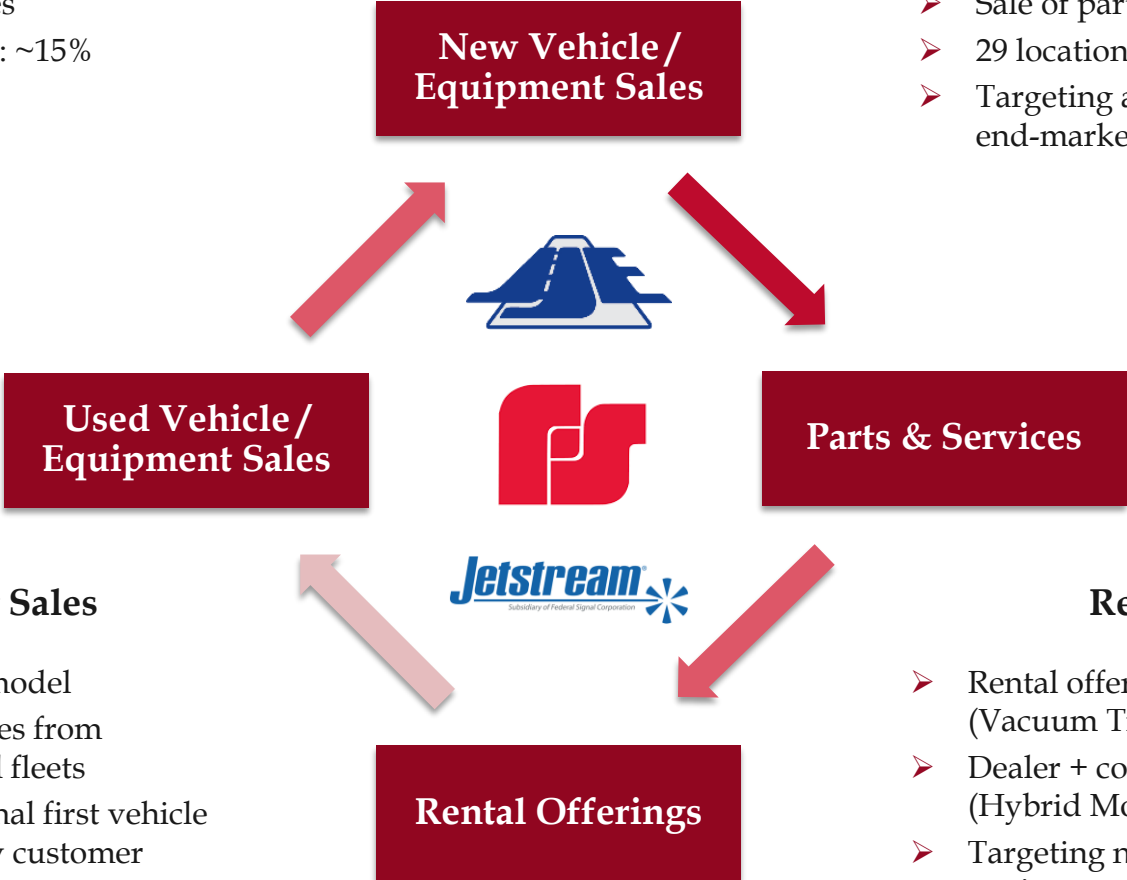
Strategic Pillars: Aftermarket Ecosystem Optimization

Aftermarket Snapshot

- Size: ~27% of ESG Sales
- 2015-2022 Sales CAGR: ~15%

Parts & Services

- Sale of parts/services/refurbishment
- 29 locations across US + Canada
- Targeting all FSS customers regardless of end-market (Municipal, Commercial, etc)



Used Equipment Sales

- Frequent rent to own model
- Used sales opportunities from company owned rental fleets
- Targeting non-traditional first vehicle owners; opening a new customer cohort for FSS
- Dealer rental replenishment needs foster new vehicle sales
- Certified-owned program

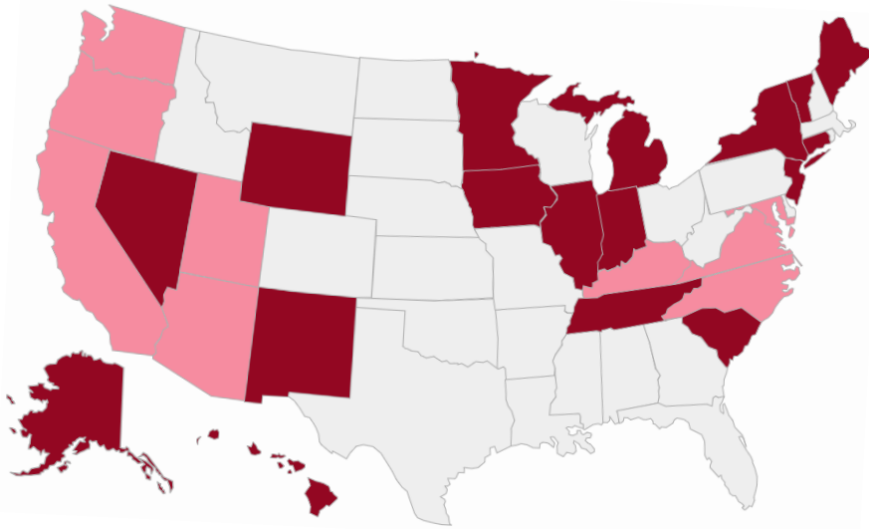
Rental Offerings

- Rental offerings for key vehicle verticals (Vacuum Trucks, Industrial Cleaning, etc.)
- Dealer + company owned rental fleet (Hybrid Model)
- Targeting non-traditional owners of equipment, project-based needs and/or general commercial customers

Strategic Pillars: “Safe Digging” Market Acceleration

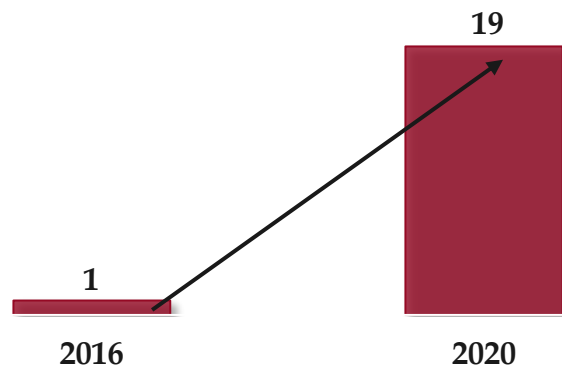
Map of State Adoptions¹

OSHA’s National Emphasis Program on Trenching and Excavation



- Adopted Safe Digging as best practice²
- Indication of intent to adopt Safe Digging as best practice

State Adoptions Since 2016¹



Commentary

- Vacuum excavation or “Safe Digging” involves the use of pressurized air or water (“hydro-excavation”) to dig (coupled with a vacuum system) as an alternative to the use of traditional equipment such as backhoes, shovels, and mechanical excavators
- Application has been widely accepted and mandated in certain applications in Canada; USA is behind but accelerating
- “Safe Digging” benefits vs. conventional digging methods:
 - More environmentally friendly than conventional digging
 - Safer & more productive
 - Minimizes damage to underground infrastructure/environment
- Incremental opportunity for proliferation of use cases in existing and new markets
- Insurance industry could be an important catalyst for adoption given safety benefits

Strategic Pillars: "Safe Digging" Use Cases

Use Cases

Airports

Environmental

Construction

Gas Industry

Industrial

Landscaping

Military

Nuclear

Oil Fields

Power Industry

Railroad

Road Construction

Telecommunications

Tunneling

Utilities

Water & Sewer Systems

Select Examples & Benefits



TRUVAC FLXX

- Less disruptive/damage to worksite (truck can be parked far away vs. driving an excavator over worksite)
- Safely identify/locate existing utilities prior to using large excavators
- Safely and efficiently dig holes for fencing installation
- Less destructive to tree care environment (i.e. root systems)



TRUVAC APXX

- Safely expose buried pipeline for maintenance, repair, or expansion
- More efficient method for cleaning holding tanks and drill rigs
- Provides flexibility to address, clean-up, and contain oil contaminated soil on drill pads

Expanding use case with growth potential from IIJA funding



TRUVAC Paradigm®

- Excavate safely around underground utilities with water or air
- Safer excavation around maintaining utilities
- More productive than hand digging
- Provide power for hydraulic, pneumatic, or electric tools

Strategic Pillars: Innovation & Product Development

New Product Examples



Fully-electric street sweeper ⚡



Switch-N-Go® system on electric chassis ⚡



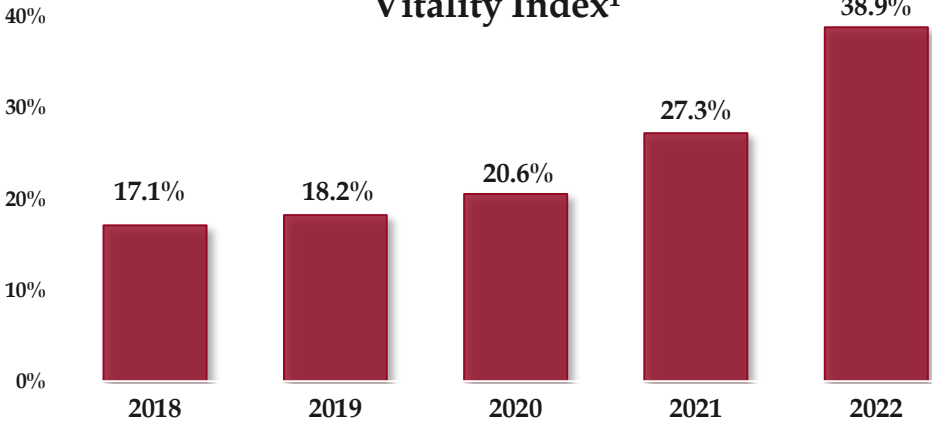
Trackless MTe ⚡



Elgin RegenX

⚡ Denotes electrification project

U.S. Public Safety Equipment New Product Vitality Index¹



Select Product Development Highlights:

- ~20% of R&D budget is spent on electrification projects
- Launched a sweeper without a CDL requirement to operate
- Booked several fully electric/hybrid sweeper orders in Q3'23
- Ground Force product line expansions planned for 2024: Cable Reel Attachment, BEV Fuel Lube Body
- SSG Warning Systems: Scaling of CommanderOne installed base; leverages recurring revenue model
- SSG Public Safety Equipment: Launch of new range of law enforcement products, including light bar, and programmable siren and light controller to penetrate the Latin American market (\$10mm+ revenue recognized YTD)



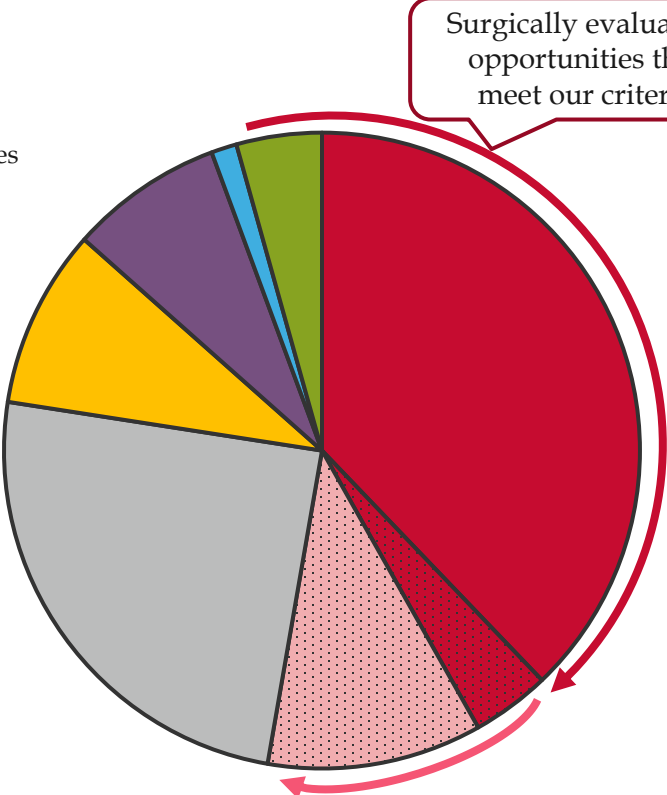
¹) Represents percentage of revenue generated from products introduced within the last 3 years for the applicable businesses

Strategic Pillars: Executing on our M&A Pipeline

Specialty Vehicle Market – North America

Includes All Systems Built on Class 3-8 Commercial Chassis (~380K Units)

- Other Specialty vehicles
- Dump Truck
- Dry & Reefer Bodies
- Walk-In Vans
- School Bus
- Transit Bus
- Refuse & Fire



Current FSS product portfolio directly addresses ~15% of the overall specialty vehicle market, resulting in a **\$4-5bn annual TAM**. **FSS market share ranges from 20-50% in those categories.**

M&A Target Criteria

- Return on capital greater than cost of capital, risk adjusted
- Niche market leader (product, geography, end-market)
- Sustainable competitive advantage
- Deep domain expertise (technology, application, manufacturing)
- Strong management team
- Leverages existing distribution & manufacturing capabilities
- Growth potential
- Opportunity for through cycle margins in line or higher than FSS targets
- Identifiable synergies

Latest Transaction (April 2023)

Trackless VEHICLES Manufacturer of multi-purpose, maintenance vehicles based in Ontario, Canada

- Rationale:**
- Leverage distribution & increase Trackless geographic reach
 - Highly complementary to existing publicly-funded FSS product portfolio (sewer cleaners, street sweepers)
 - Further expands FSS exposure to valued industry sub-segments such as snow & ice, tree care & vegetation
 - Operates within EBITDA margin range

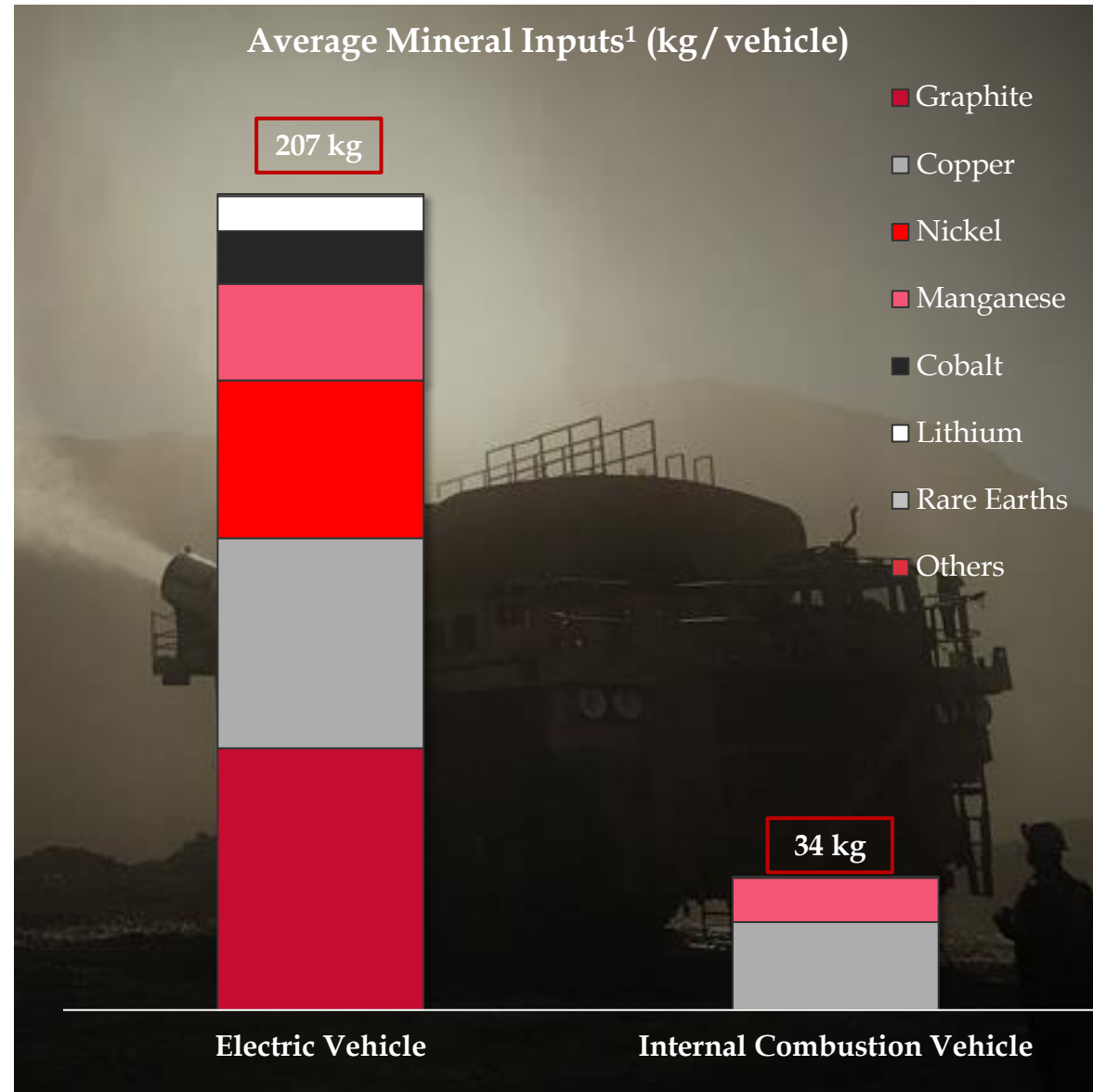
M&A Case Study: Ground Force & TowHaul

M&A Checklist

- ✓ Niche-market leader in specialty vehicles
- ✓ Growth platform for M&A and organic growth in metal extraction & support equipment space
- ✓ Long-term growth potential given significant exposure to metals (gold, copper, silver, nickel and lithium) that should benefit from EV
- ✓ Well-run businesses led by an experienced and professional management team
- ✓ Strong financial profile with margins in line with current targets

Progress

- On track for \$3mm+ of synergies in 2023 (75% revenue/25% cost) on revenue of ~\$75mm
 - Revenue synergies consist of leveraging dealer networks to sell additional products, attachments & parts
 - Cost synergies consist of steel cost reductions and procurement of other parts and services
- Electronic controls and hydraulics cost-cutting measures to drive further synergies being evaluated currently



Update on Current Environment

Demand Exceptionally Strong

American Rescue Plan Act

- \$350bn of government spending designated for cities, states, tribal governments and U.S. territories
 - First \$175bn distributed in 2021; second \$175bn in 2022. Funds to be obligated by end of 2024 and expended by end of 2026

Infrastructure Investment and Jobs Act

- \$550bn of spending over five years to improve the nation’s transportation, water, electric power and infrastructure

Rising Complexity of Vehicles

- Investments in autonomous infrastructure and increasing “smart” features in vehicles are driving increased need for FSS road-marking and line removal offerings
- Significantly higher mineral content in electric vehicles is driving demand for Federal Signal’s mineral extraction support equipment

Supply Chain Fluidity Remains a Constraint but Improving:

- Class 8 chassis supply for key offerings has eased, but medium duty chassis for select dump body businesses remain a constraint
- Combined Q3 production output at two largest manufacturing facilities up 19% YoY
- Lead times for certain product lines remain stretched beyond normal levels given component shortages and strong demand



Infrastructure Bill Impacts in Early Innings of Multiyear Opportunities

Select IIJA¹ Awards FY 2022

WA-1 Segment: Ogden Junction

Rockport Bridge Rehabilitation Freight Rail Project

Otay Mesa East Port of Entry Project

North Baton Rouge Mobility Projects

Presque Isle Corridor Project

Downeast Coastal US 1 Rehabilitation Project

I-90 Austin Bridges Improvement Project

US 212 Freight Mobility & Safety Project

I-70 Floyd Hill to Veterans Memorial Tunnels Improvements

I-4 West Central Florida Truck Parking Facility

US-395 & Virginia Street North Valleys

I-85 FUTURES

Hunts Point Terminal Produce Market Intermodal Facility

Border Highway Connector Project

I-375 Community Reconnection Project

Western Hills Viaduct Replacement



Potential Market Opportunities:

Description: Constructs a new toll road and Port of Entry facility at Otay Mesa

Duration: 2023 - 2026 (3 years)

Potential Equipment: Road Marking, Street Sweeping, Industrial Cleaning and Materials Hauling

Description: Adds a travel lane, constructs a frontage road connection, and adds a new ramp

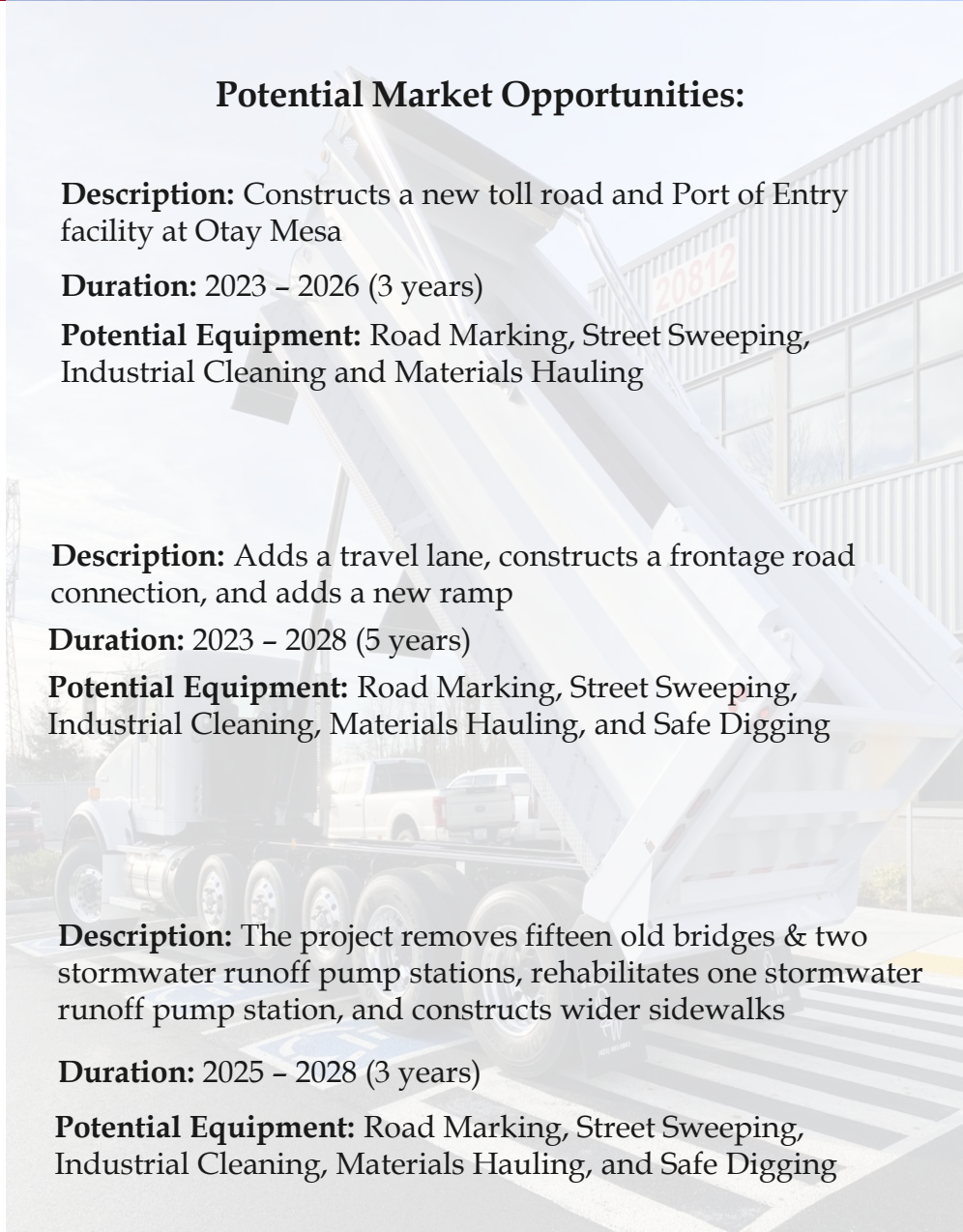
Duration: 2023 - 2028 (5 years)

Potential Equipment: Road Marking, Street Sweeping, Industrial Cleaning, Materials Hauling, and Safe Digging

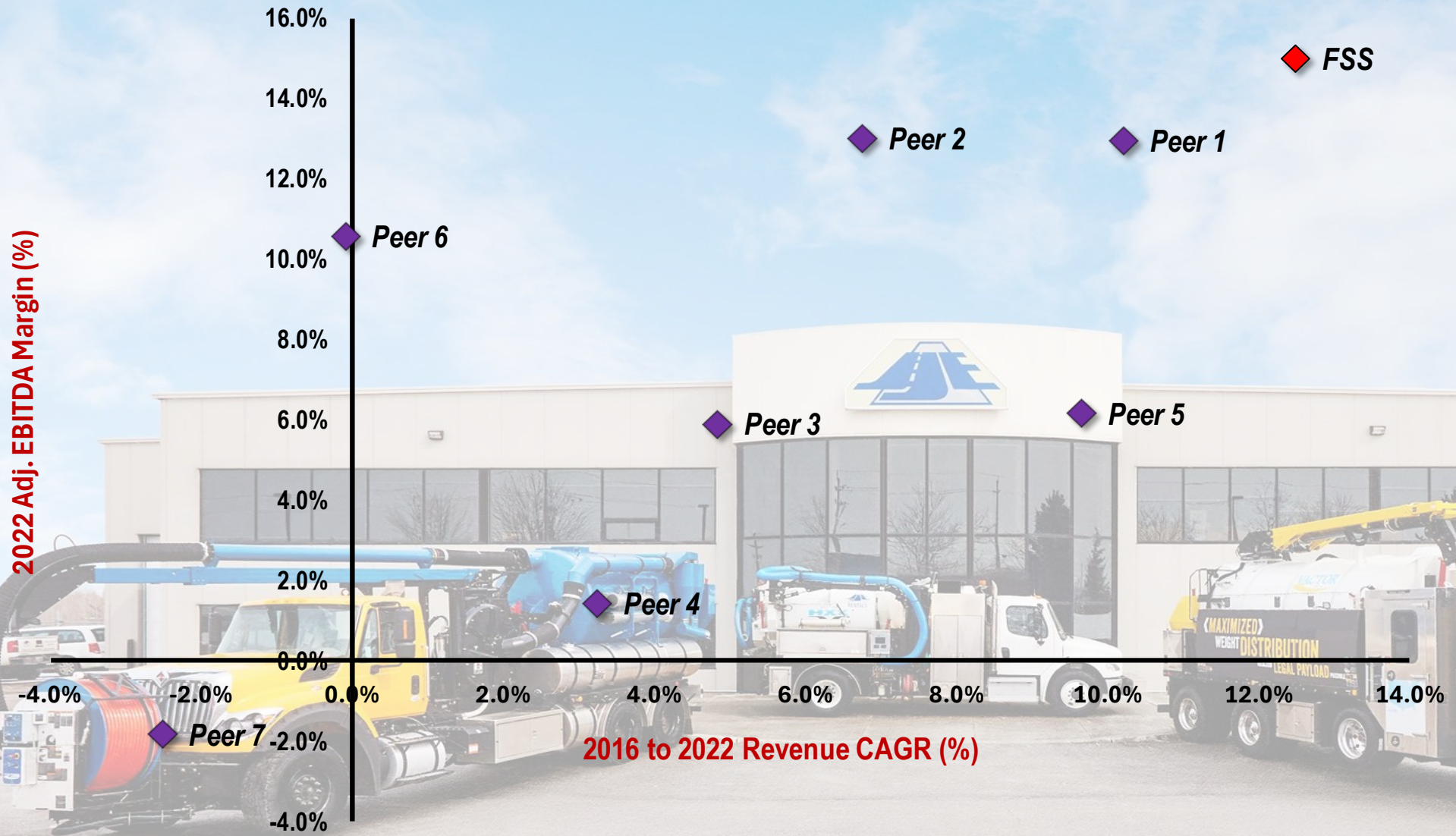
Description: The project removes fifteen old bridges & two stormwater runoff pump stations, rehabilitates one stormwater runoff pump station, and constructs wider sidewalks

Duration: 2025 - 2028 (3 years)

Potential Equipment: Road Marking, Street Sweeping, Industrial Cleaning, Materials Hauling, and Safe Digging



Targeting Best in Class Specialty Vehicle Margins & Growth



Source: Company Filings

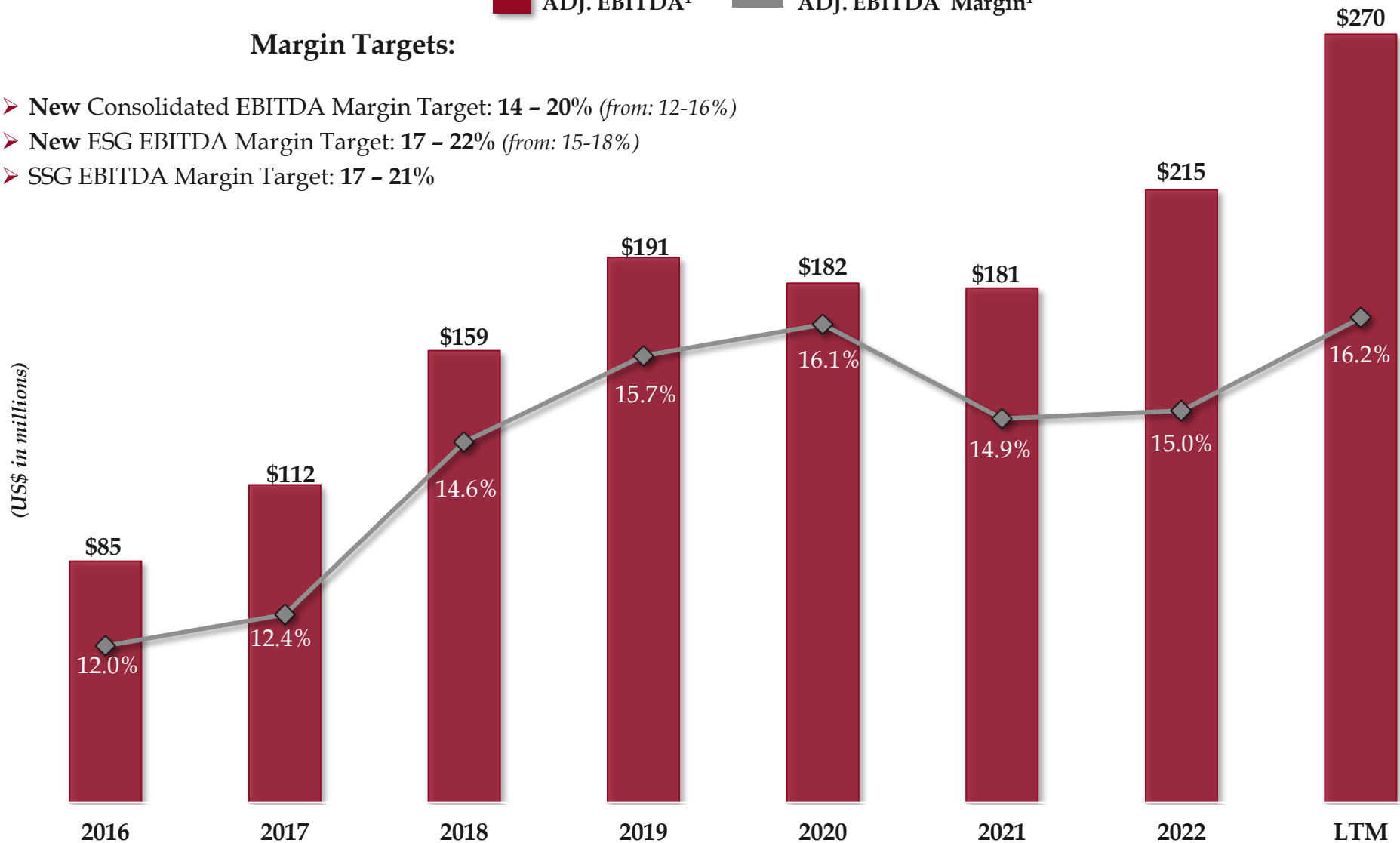
Specialty Vehicle Peers Included (Listed in alphabetical order): ALG, BLBD, OSK, PLOW, REVG, SHYF, and TEX, with information presented herein calculated using publicly available data, on a similar basis to the manner in which we compute Adjusted EBITDA margin (see Appendix for our calculation of Adjusted EBITDA margin, a non-GAAP measure, and a reconciliation to GAAP measures). All figures based on FY16 to FY22 fiscal years.

Industry-Leading Margin Performance Through the Business Cycle

■ ADJ. EBITDA¹ — ADJ. EBITDA Margin¹

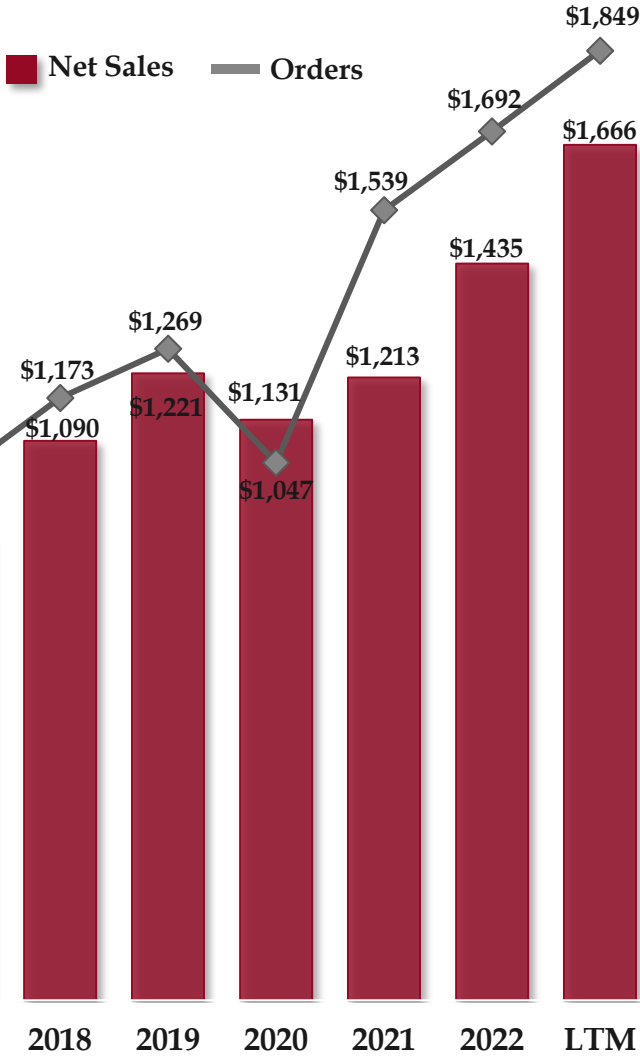
Margin Targets:

- **New Consolidated EBITDA Margin Target: 14 - 20%** (from: 12-16%)
- **New ESG EBITDA Margin Target: 17 - 22%** (from: 15-18%)
- **SSG EBITDA Margin Target: 17 - 21%**

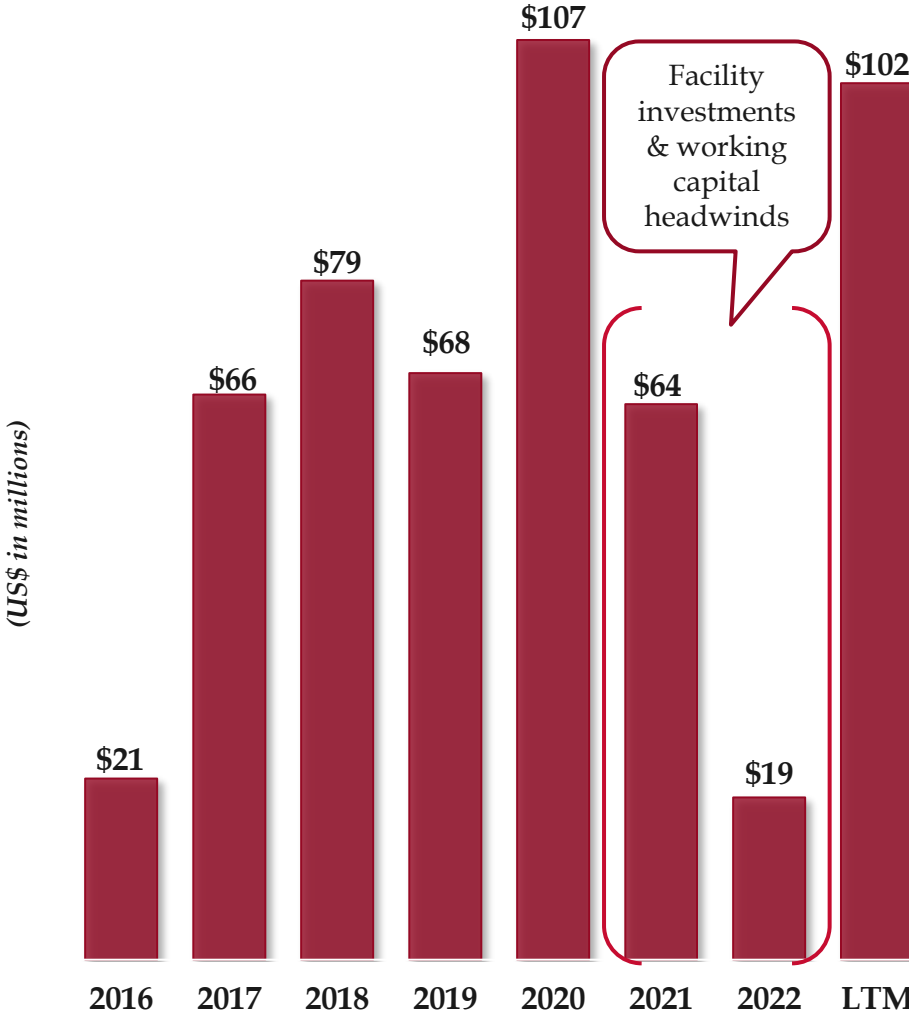


Financial Performance

Net Sales & Orders



Free Cash Flow Generation¹



2023 Financial Outlook

Guidance

- **Recently Raised Full-Year Adjusted EPS¹ Outlook to a new range of \$2.44 to \$2.52, from \$2.30 to \$2.46**
- **Also raised the low end of full-year net sales outlook by \$30mm, new range of \$1.68bn to \$1.72bn**
 - Represents YoY growth of 17% - 20% vs. \$1.43bn in 2022
- **Double-digit improvement** in pre-tax earnings
- Capital expenditures of \$27mm to \$30mm

Assumptions

- No significant deterioration in current supply chain environment; **assumes continued supply chain improvement in Q4 2023**, with steady flow of customer-provided chassis
- No significant increase in current input costs
- Interest expense of ~\$20-21mm; YoY EPS headwind of ~\$0.13
- Effective tax rate of ~24%, excluding additional discrete items; YoY EPS headwind of ~\$0.07
- ~61-62mm weighted average shares outstanding
- Depreciation and amortization expense of ~\$60mm-\$62mm



Appendix

- I. Our Portfolio of Brands & Products
- II. Federal Signal Operating System
- III. Environmental, Social and Governance Initiatives
- IV. Non-GAAP Measures
- V. Executive Compensation
- VI. Investor Information

Appendix I: Our Portfolio of Brands & Products

ESG



SSG



Appendix II: Federal Signal Operating System

Material Cost Reduction

- Waste reduction
- SKU rationalization
- Savings through volume aggregation
- Sourcing optimization



Pricing Strategy

- Parts pricing strategy
- Effective “options” pricing



Manufacturing Efficiency

- Lean manufacturing focus
- Throughput flexibility
- Labor pool management
- Flexible manufacturing model
- Recent investments in machinery expected to result in productivity improvements



Working Capital Optimization

- Derived benefits from manufacturing efficiencies and SKU rationalization
- Improved cycle times

Appendix III: Environmental, Social and Governance Initiatives

Environmental

- **Products**
 - Continue to search for ways to integrate electrification into our suite of products, with a focus on improved air quality and a reduced carbon footprint
 - Fully electric sweeper introduced in Q1 2023 at ConExpo trade show
 - Fully electric Switch-N-Go product introduced in Q1 2023 at NTEA work truck show
- **Resource Consumption**
 - Ongoing energy consumption assessments and adopting energy efficient measures to reduce CO2 emissions and energy intensity
 - During 2022, our electricity and water consumption intensity were both more than 10% lower than our 2018 baseline, achieving our stated goal early
 - Launched environmental education and awareness programs to implement best practices
 - Enhanced measuring and reporting practices and energy consumption audits

Social

- **Diversity, Equity, & Inclusion (DEI)**
 - Ongoing DEI training at executive and employee level
 - Workforce data analysis and various programs promoting diverse cultures and viewpoints found at Federal Signal
 - 50% of current executive officers are gender diverse
- **Community Engagement**
 - Active participation with local charities, promoting and participating in educational and wellness programs
 - Volunteering in local communities
 - Federal Signal and our employees are committed to giving back and improving our surrounding areas at a national and local level



Corporate Governance

- **Board Composition**
 - 29% of directors are gender diverse
 - 43% of directors are considered diverse
 - Lead independent director is gender diverse
- **ESG Governance**
 - Published 2023 Sustainability Report in Q2
 - Completed annual Materiality Assessment
 - Held Environmental Compliance Oversight Committee review



Appendix IV: Non-GAAP Measures (Adjusted EBITDA)

Adjusted EBITDA and Adjusted EBITDA Margin

The Company uses adjusted EBITDA and the ratio of adjusted EBITDA to net sales (“adjusted EBITDA margin”), as additional measures which are representative of its underlying performance and to improve the comparability of results across reporting periods. We believe that investors use versions of these metrics in a similar manner. For these reasons, the Company believes that adjusted EBITDA and adjusted EBITDA margin are meaningful metrics to investors in evaluating the Company’s underlying financial performance. Other companies may use different methods to calculate adjusted EBITDA and adjusted EBITDA margin.

Adjusted EBITDA is a non-GAAP measure that represents the total of net income, interest expense, pension settlement charges, hearing loss settlement charges, acquisition and integration-related expenses (benefits), coronavirus-related expenses, restructuring activity, executive severance costs, debt settlement charges, purchase accounting effects, other income/expense, income tax expense, depreciation and amortization expense, and the impact of adoption of a new lease accounting standard, where applicable. Consolidated adjusted EBITDA margin is a non-GAAP measure that represents the total of net income, interest expense, pension settlement charges, hearing loss settlement charges, acquisition and integration-related expenses (benefits), coronavirus-related expenses, restructuring activity, executive severance costs, debt settlement charges, purchase accounting effects, other income/expense, income tax expense, depreciation and amortization expense, and the impact of adoption of a new lease accounting standard, where applicable, divided by net sales for the applicable period(s).

| (\$ in millions) | LTM | | | | | | | |
|---|-----------------|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Q3 2023 |
| Net income | 39.4 | \$ 60.5 | \$ 93.7 | \$ 108.4 | \$ 96.1 | \$ 100.6 | \$ 120.4 | \$ 145.6 |
| Add (less): | | | | | | | | |
| Interest expense | 1.9 | 7.3 | 9.3 | 7.9 | 5.7 | 4.5 | 10.3 | 19.8 |
| Pension settlement charges | - | 6.1 | - | - | - | 10.3 | - | - |
| Hearing loss settlement charges | - | 1.5 | 0.4 | - | - | - | - | - |
| Acquisition and integration-related expenses (benefits) | 1.4 | 2.7 | 1.5 | 2.5 | 2.1 | (2.1) | (0.5) | 2.5 |
| Coronavirus-related expenses | - | - | - | - | 2.3 | 1.2 | - | - |
| Restructuring | 1.7 | 0.6 | - | - | 1.3 | - | - | - |
| Executive severance costs | - | 0.7 | - | - | - | - | - | - |
| Debt settlement charges | - | - | - | - | - | - | 0.1 | 0.1 |
| Purchase accounting effects (a) | 3.6 | 4.4 | 0.7 | 0.2 | 0.3 | 0.3 | - | - |
| Other (income) expense, net | 1.8 | (0.8) | 0.6 | 0.6 | 1.1 | (1.7) | (0.5) | 1.6 |
| Income tax expense | 17.4 | 0.5 | 17.9 | 30.2 | 28.5 | 17.0 | 30.5 | 40.9 |
| Depreciation and amortization | 19.1 | 30.0 | 36.4 | 41.5 | 44.8 | 50.4 | 54.7 | 59.1 |
| Deferred gain recognition (b) | (1.9) | (2.0) | (1.9) | - | - | - | - | - |
| Adjusted EBITDA | \$ 84.7 | \$ 111.5 | \$ 158.6 | \$ 191.3 | \$ 182.2 | \$ 180.5 | \$ 215.0 | \$ 269.6 |
| Net Sales | \$ 707.9 | \$ 898.5 | \$ 1,089.5 | \$ 1,221.3 | \$ 1,130.8 | \$ 1,213.2 | \$ 1,434.8 | \$ 1,665.8 |
| Adjusted EBITDA Margin | 12.0% | 12.4% | 14.6% | 15.7% | 16.1% | 14.9% | 15.0% | 16.2% |

(a) Excludes purchase accounting effects reflected in depreciation and amortization of \$0.3 M, \$0.4 M, \$0.5 M, \$0.6 M, \$0.4 M and \$0.4 M for 2016, 2017, 2018, 2019, 2020 and 2021, respectively.

(b) Adjustment to exclude recognition of deferred gain associated with historical sale lease-back transactions. Effective 2019, the Company no longer recognizes the gain due to the adoption of new lease accounting standard.

Appendix IV: Non-GAAP Measures (Net Debt Leverage and Free Cash Flow)

Net Debt Leverage

Net debt leverage is a non-GAAP measure that is computed as total borrowings and finance lease obligations less cash and cash equivalents, divided by Adjusted EBITDA (as separately defined within). The Company believes that net debt leverage provides investors with a view of the Company's ability to generate earnings sufficient to service its debt. Other companies may use different methods to calculate net debt leverage.

| <i>(\$ in millions)</i> | LTM Q3 2023 |
|--|------------------------|
| Total Borrowings and Finance Lease Obligations | \$ 365.9 |
| Less: Cash and Cash Equivalents | <u>(41.0)</u> |
| Net Debt as of Q3 2023 | \$ 324.9 |
| | |
| Adjusted EBITDA (LTM Q3 2023) | \$ 269.6 |
| | |
| Net Debt Leverage | <u>1.2x</u> |

Free Cash Flow

Free cash flow is a non-GAAP measure that is computed as net cash provided by continuing operating activities less purchases of property and equipment. Management believes that free cash flow provides investors with a relevant measure of liquidity and is a useful basis for assessing the Company's ability to fund its activities and obligations. Other companies may use different methods to calculate free cash flow.

| <i>(\$ in millions)</i> | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | LTM Q3 2023 |
|--|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|------------------------|
| Net Cash Provided by Continuing Operating Activities | \$ 26.7 | \$ 73.5 | \$ 92.8 | \$ 103.4 | \$ 136.3 | \$ 101.8 | \$ 71.8 | \$ 130.4 |
| Less: Purchases of Property and Equipment | (6.1) | (8.0) | (14.1) | (35.4) | (29.7) | (37.4) | (53.0) | (28.8) |
| Free Cash Flow | \$ 20.6 | \$ 65.5 | \$ 78.7 | \$ 68.0 | \$ 106.6 | \$ 64.4 | \$ 18.8 | \$ 101.6 |

Appendix V: Executive Compensation Aligned with Long-term Objectives

- The Company continues to focus on executing against a number of key long-term objectives, which include (i) creating disciplined growth; (ii) improving manufacturing efficiencies and costs; (iii) leveraging invested capital; and (iv) diversifying our customer base

One Year

Three Years

Ten Years

| | | |
|--|--|--|
| Cash Bonus (STIP) ➤ Earnings (60%) ➤ EBITDA Margin (20%) ➤ Individual Objectives (20%) | | Short-Term <u>Annual Goals</u> 1. Profitability and growth 2. Market share |
| Performance Share Units ➤ EPS (75%) ➤ Return on Invested Capital (25%) ➤ Relative TSR (modifier) | | Long-Term <u>3-year Performance and Vesting Periods</u> 1. Profitability and growth 2. Shareholder value creation 3. Efficient use of capital 4. Facilitates stock ownership 5. Executive retention 6. TSR component introduced in 2022 to measure performance vs. peers |
| Restricted Stock Awards | | Long-Term <u>3-year Cliff Vesting</u> 1. Executive recruitment 2. Executive retention |
| Share Price Appreciation ➤ Stock Options | | Longer-Term <u>3-year Ratable Vesting Period and 10-year Exercise Period</u> 1. Shareholder value creation 2. Facilitates stock ownership 3. Executive retention |

Appendix VI: Investor Information

Stock Ticker: NYSE:FSS

Company website: federalsignal.com/investors

HEADQUARTERS

1415 West 22nd Street, Suite 1100
Oak Brook, IL 60523

Felix Boeschen

VP Corporate Strategy & Investor Relations
fboeschen@federalsignal.com



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