



FEDERAL SIGNAL
Moves. Cleans. Protects.

Investor Presentation: November 2024

Safe Harbor Statement

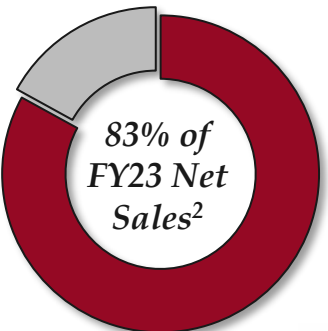
This presentation contains unaudited financial information and forward-looking statements. Statements that are not historical are forward-looking statements and may contain words such as “may”, “will”, “believe”, “expect”, “anticipate”, “intend”, “plan”, “project”, “estimate”, and “objective” or similar 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: economic and political uncertainty, risks and adverse economic effects associated with geopolitical conflicts, legal and regulatory developments, foreign currency exchange rate changes, inflationary pressures, product and price competition, supply chain disruptions, availability and pricing of raw materials, interest rate changes, risks associated with acquisitions such as integration of operations and achieving anticipated revenue and cost benefits, work stoppages, increases in pension funding requirements, cybersecurity risks, increased legal expenses and litigation results 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 FY2023 annual results unless otherwise noted.



Federal Signal at a Glance: Leading Safety Equipment & Specialty Vehicle OEM

Environmental Solutions Group (“ESG”)



1901
Founded

Downers Grove, IL
Headquarters

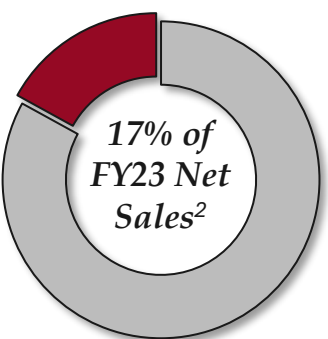
~4,500 Global
Employees

23 Manufacturing
Locations

12 Acquisitions
from 2016 – 2024

104%
5-Year Cash
Conversion¹ Avg.

Safety and Security Systems Group (“SSG”)



- Healthy product portfolio mix
- Resilient end market exposure
- Disciplined M&A strategy
- Targeting 100% annual cash conversion³
- Q3 2024 LTM Net Debt Leverage: 0.5x⁴

1) Average cash conversion for each of the five years from 2019 to 2023, with cash conversion computed as net cash provided by operating activities divided by net income. Non-GAAP Measure. See appendix for additional information, including reconciliation to GAAP measure

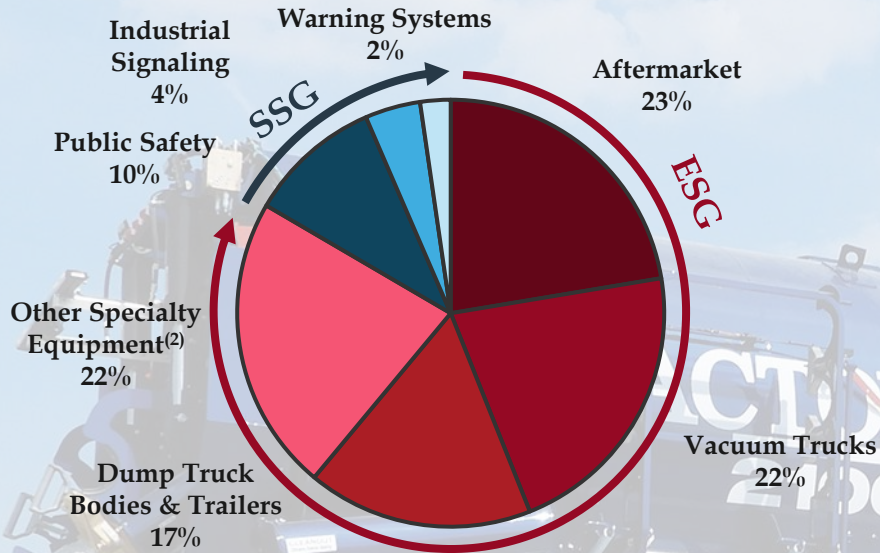
2) ESG and SSG segment net sales as a % of 2023 consolidated net sales

3) Net cash provided by operating activities divided by Net Income (as a %)

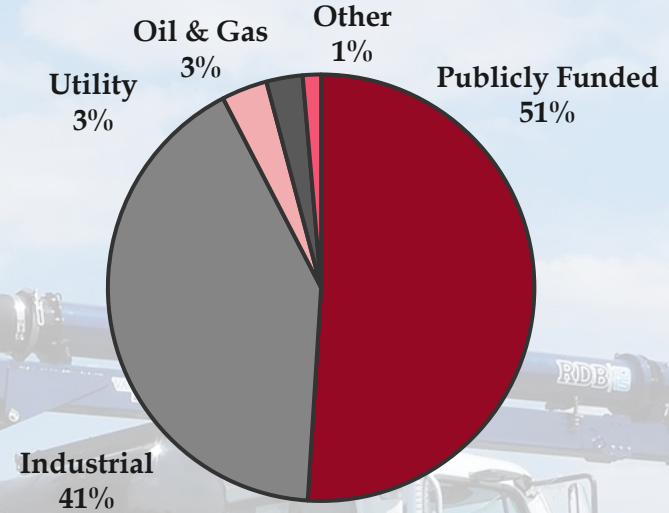
4) Non-GAAP Measure. See appendix for additional information, including reconciliation to GAAP measure

Net Sales by Distribution Channel & End Market Exposure

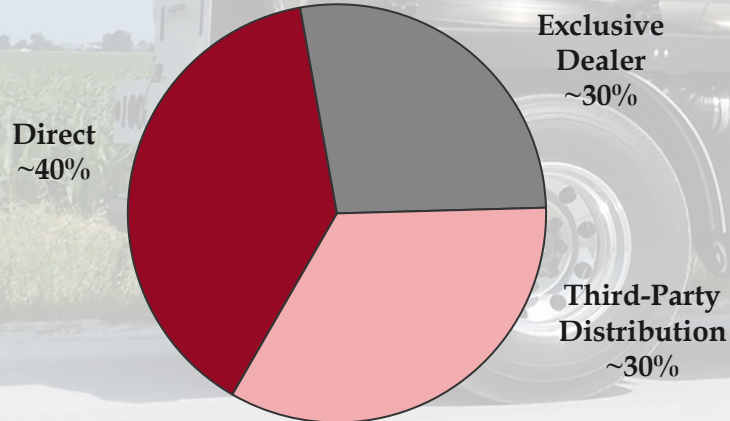
Net Sales by Category (FY 2023)¹



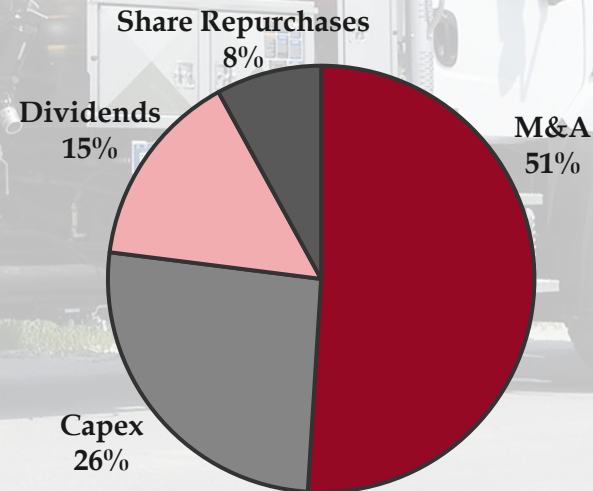
Net Sales by End Market (FY 2023)¹



Consolidated Net Sales by Distribution Channel (2023)¹



Cash Deployment (2021-2023)³


































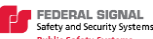








1) Source: Management estimates

2) Other Specialty Equipment includes street sweepers, road marking, metal extraction support, waterblasting equipment, multi-purpose maintenance vehicles, and other

3) Percentages calculated based on spend by category per the statement of cash flows divided by overall spend on these categories across the three-year period

Federal Signal Product & Service Offerings

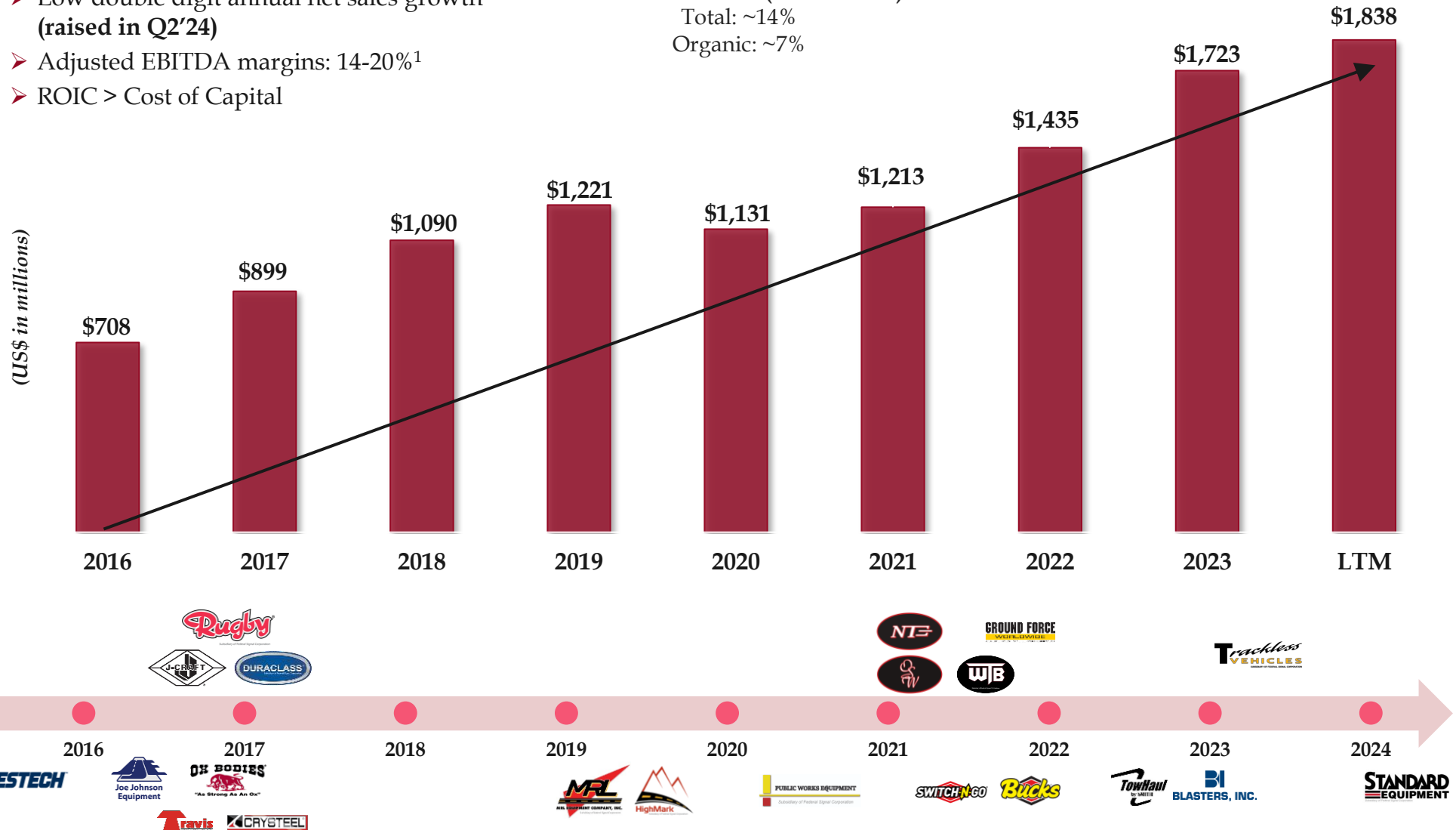
ESG (83% of 2023 Net Sales)								SSG (17% of 2023 Net Sales)		
Vacuum Trucks	Street Sweepers	Industrial Cleaning	Dump Truck Bodies & Trailers	Multi-Purpose Maint. Vehicles	Road Marking	Metal Extraction Support	Aftermarket	Public Safety Equipment	Signaling	Warning Systems
    	 	 	        	 	   	  	   	   	  	 
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

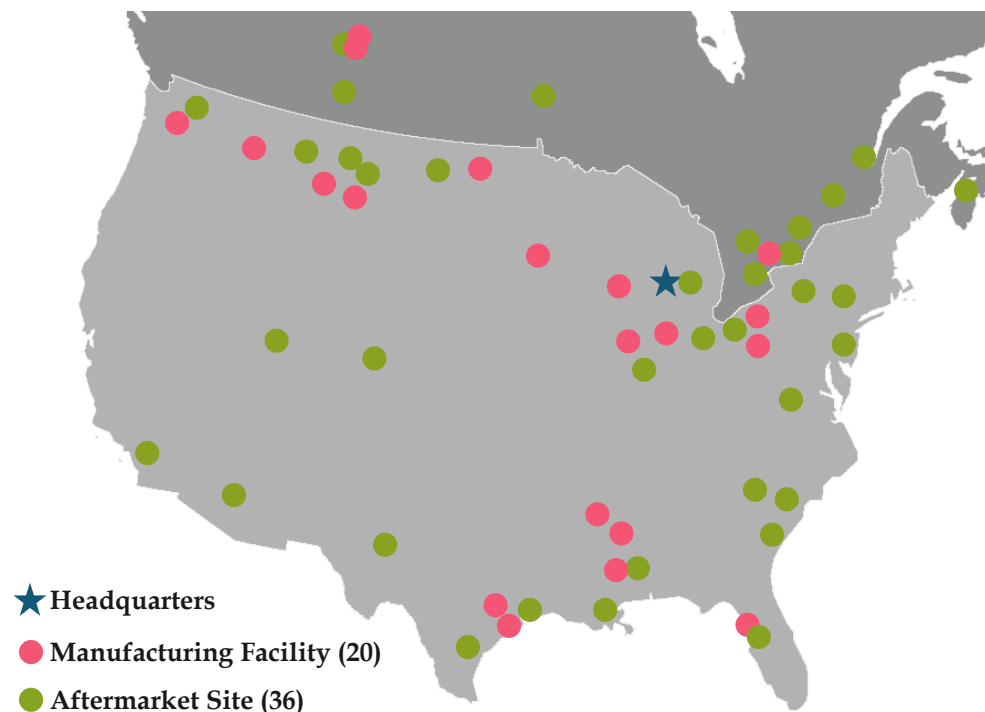
Key Financial Targets

- Low double digit annual net sales growth (raised in Q2'24)
- Adjusted EBITDA margins: 14-20%¹
- ROIC > Cost of Capital

Net Sales CAGR ('16A - '23A)
Total: ~14%
Organic: ~7%



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



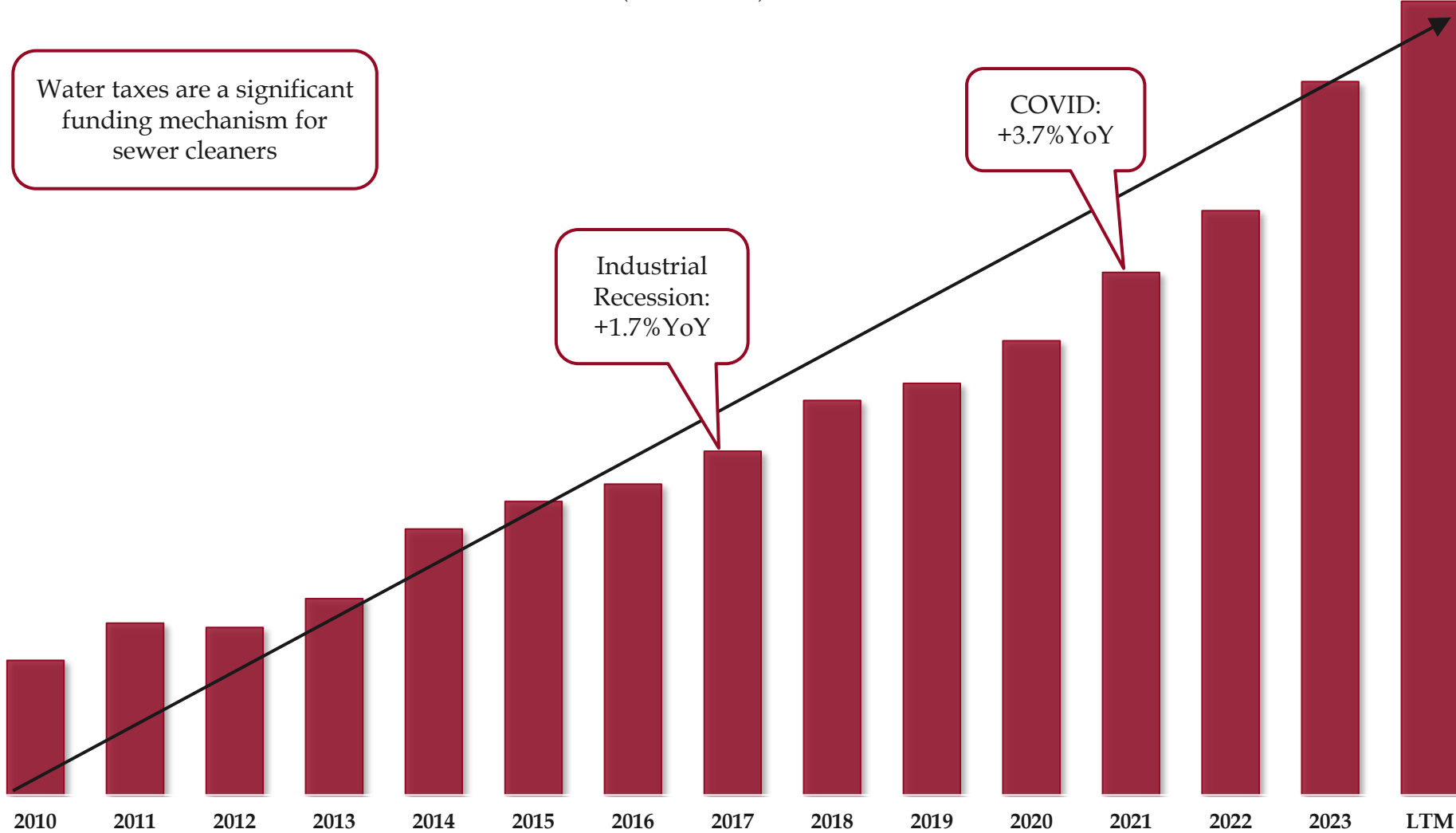
Recent Highlights

- **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 Vehicles	#1
Road-Marking and Line-Removal	#1
Metal & Mineral Extraction Support	#1

ESG: Resilient End-Market Characteristics

Water Taxes¹ Funding – United States
CAGR ('10A – '23A): ~4.0%



Source: St. Louis Federal Reserve
1) Includes total net sales generated by firms providing services for water & sewage as a proxy for water taxes

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:

- **Q4'24:** Raised SSG EBITDA margin targets to 18-24% (from 17-21%)
- **2022 & 2023:** Completed several capacity investments to insource certain production and achieve cost savings
- **2022:** Purchased University Park, IL Manufacturing Facility
- **2022:** SSG began to supply ESG with critical components to boost vehicle output

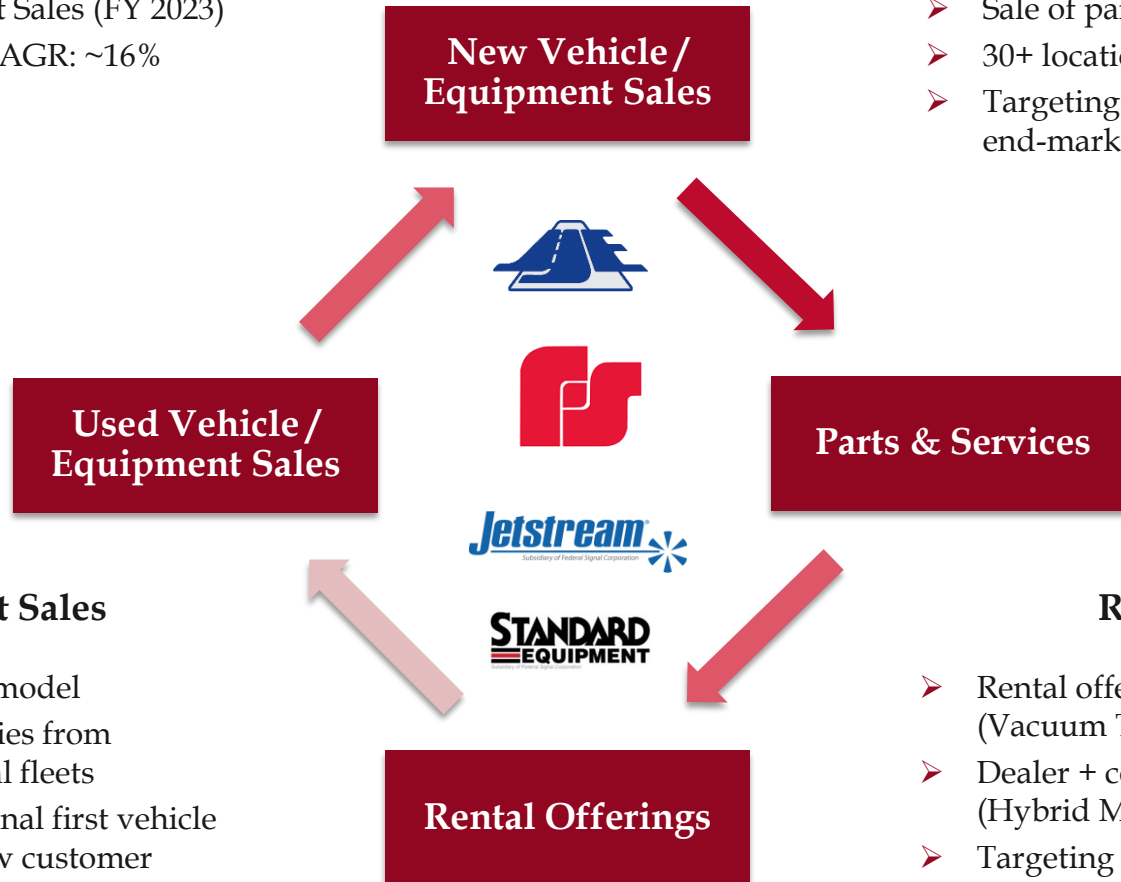
Strategic Pillars: Aftermarket Ecosystem Optimization

Aftermarket Snapshot

- Size: ~27% of ESG Net Sales (FY 2023)
- 2015-2023 Net Sales CAGR: ~16%

Parts & Services

- Sale of parts/services/refurbishment
- 30+ 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

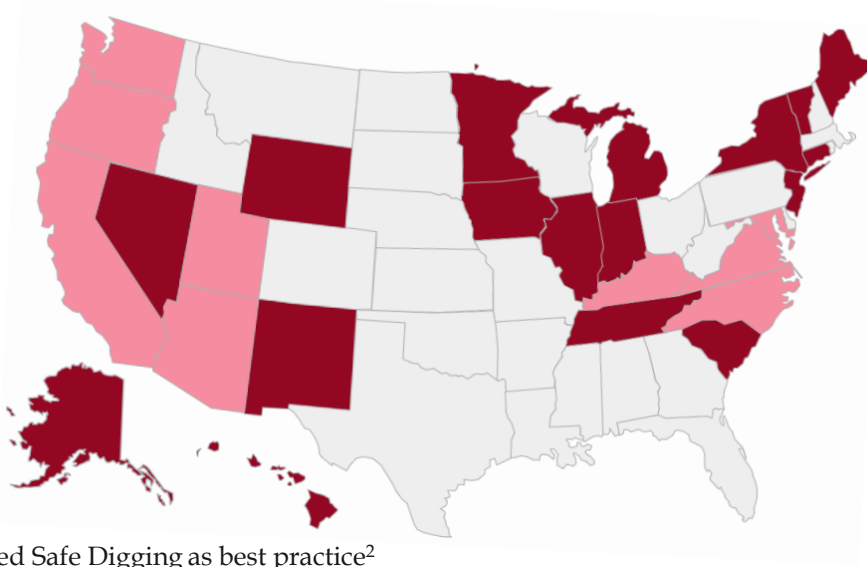
Rental Offerings

- 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

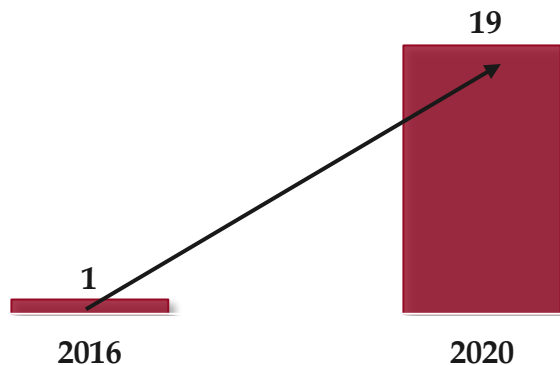
Map of State Adoptions¹

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; US 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



TRUVAC FLXX



TRUVAC APXX



TRUVAC
Paradigm®

Expanding use case
with growth potential
from IIJA funding

Select Examples & Benefits

- 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)

- 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

- 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 ⚡



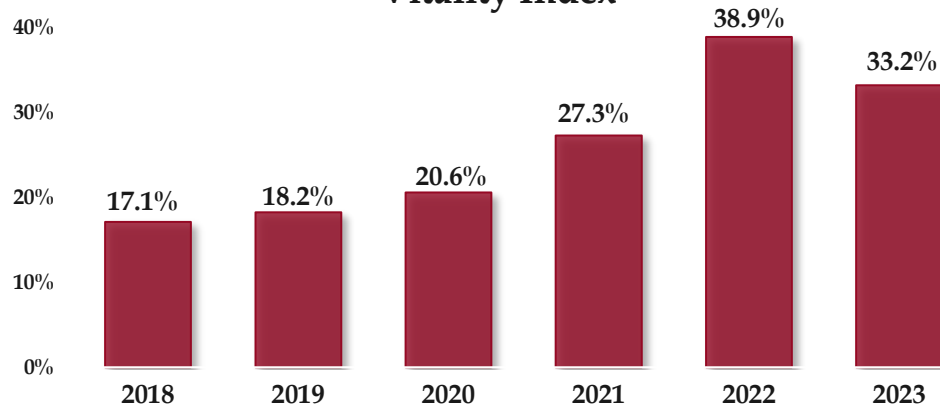
Elgin RegenX

⚡ Denotes electrification project

Select Product Development Highlights:

- ~20% of R&D budget is spent on electrification projects
- Launched a sweeper without a CDL requirement to operate
- Seeing increased orders for fully electric/hybrid sweepers
- Launched new Switch-N-Go interchangeable body system on Class 3 chassis in Q2 2024
- 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+ net sales recognized in 2023)

U.S. Public Safety Equipment New Product Vitality Index¹



Strategic Pillars: Executing on our M&A Pipeline

Specialty Vehicle Market – North America

Includes All Systems Built on Class 3-8 Commercial Chassis (~395K Units)

Surgically evaluating opportunities that meet our criteria

Other Specialty vehicles

Dump Truck

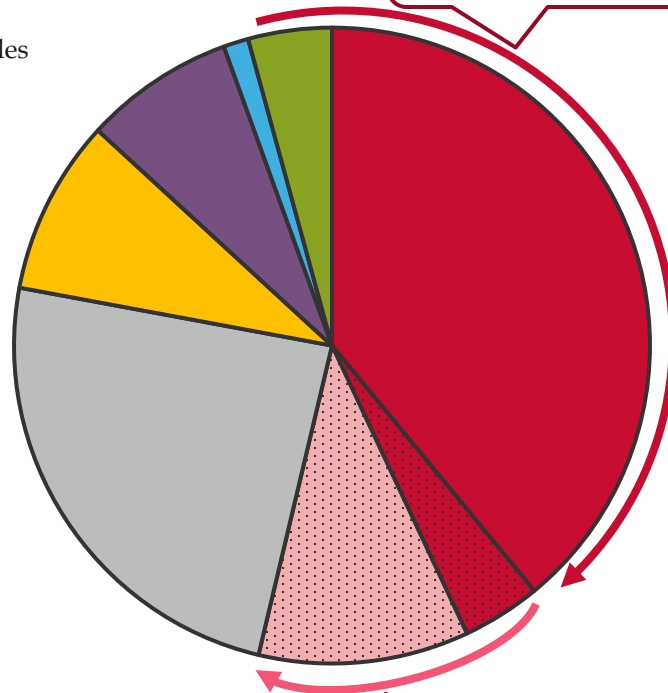
Dry & Reefer Bodies

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 Total Addressable Market ("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 (October 2024)



Distributor of specialty maintenance and infrastructure equipment

Rationale:

- Builds upon existing aftermarket platform by adding further scale and capabilities to FSS's parts, services, rental, and used equipment operations
- Expands footprint into an attractive geographic market; opportunity to sell additional FSS products
- Adds experienced team with deep regional knowledge and great familiarity with Federal Signal products

M&A Case Study: Trackless Vehicles

M&A Checklist

- ✓ Niche-market leader in specialty vehicles
- ✓ Ability to leverage the existing ESG distribution channel for geographic expansion
- ✓ Versatile products offer year-round value across maintenance and infrastructure markets, driving long-term growth & aftermarket penetration opportunities
- ✓ Well-run businesses led by an experienced and professional management team
- ✓ Strong financial profile with margins in line with current targets

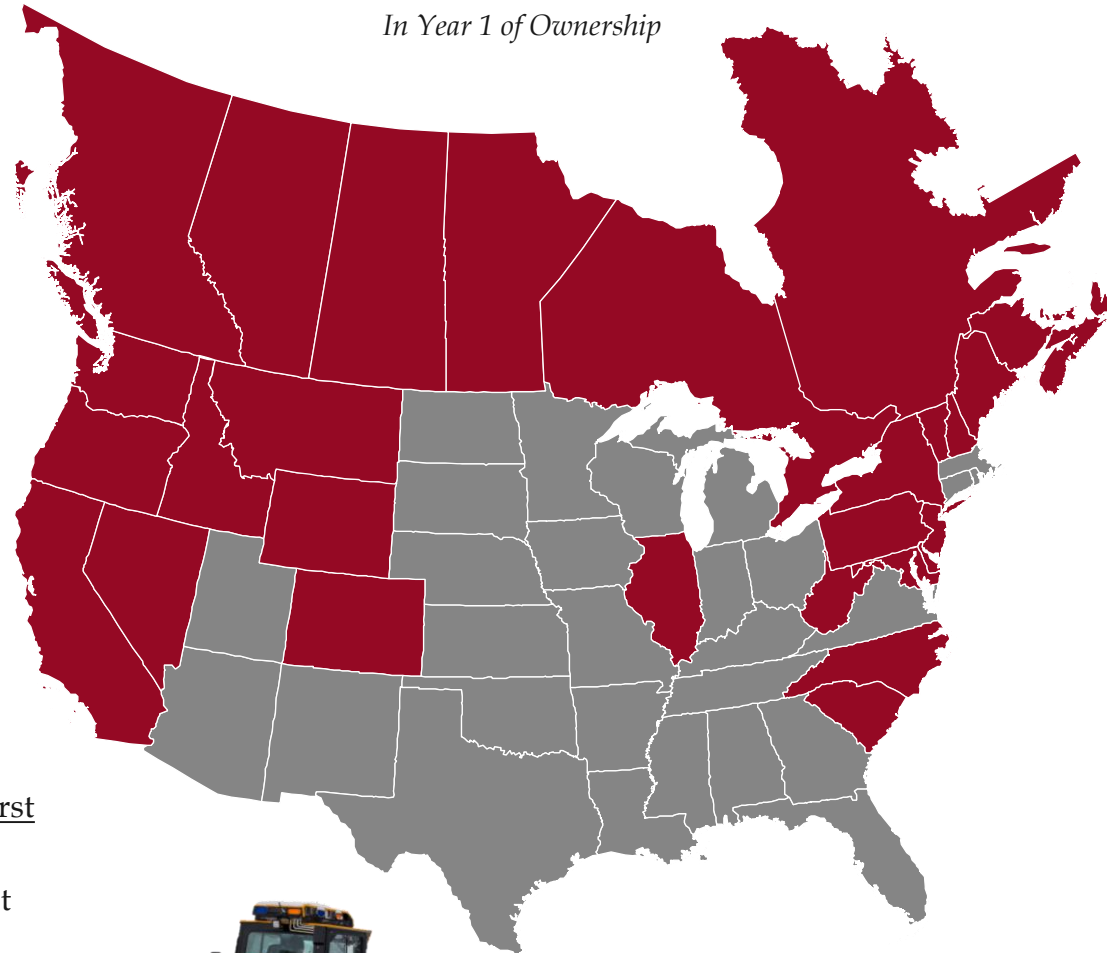


Progress (Acquired: April 2023)

- Achieved 30%+ year-over-year net sales growth within the first year of Federal Signal ownership¹
 - Revenue synergies consist of leveraging ESG's direct sales channel and dealer network to sell additional products, attachments & aftermarket parts
- Additional engineering, aftermarket optimization and procurement cost synergies identified

Trackless Growth by Geography

In Year 1 of Ownership



Indicates a territory covered by dealer or FSS direct sales team with 30%+ YoY net sales growth in Year 1 of FSS ownership

Update on Current Environment

Demand Remains Healthy

Tight Commercial Driver's License Labor Pool

- The qualified CDL driver market for many specialty vehicle applications remains tight, exacerbated by the legalization of marijuana across North America. This is leading to rising customer needs for ease in equipment functionality, design and training

Rising Complexity of Vehicles

- Investments in autonomous infrastructure and increasing "smart" features in vehicles are driving increased need for our road-marking and line removal offerings
- Higher mineral content in electric vehicles is driving demand for Federal Signal's metal extraction support equipment

Infrastructure Investment and Jobs Act

- \$550bn of incremental spending over multiple years to improve the nation's transportation, water, electric power and infrastructure
- Expect multi-year positive demand impact in the form of both new equipment sales & higher demand for our aftermarket offerings

Supply Chain Improvement Supporting Higher Production Levels

- Supply chains continue to normalize for the family of ESG businesses supporting gradual production improvements
- Chassis supply for key offerings has eased with both heavy-duty and medium-duty availability significantly improving
- Lead times for certain product lines, including sewer cleaners & street sweepers, remain stretched beyond normal levels



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)

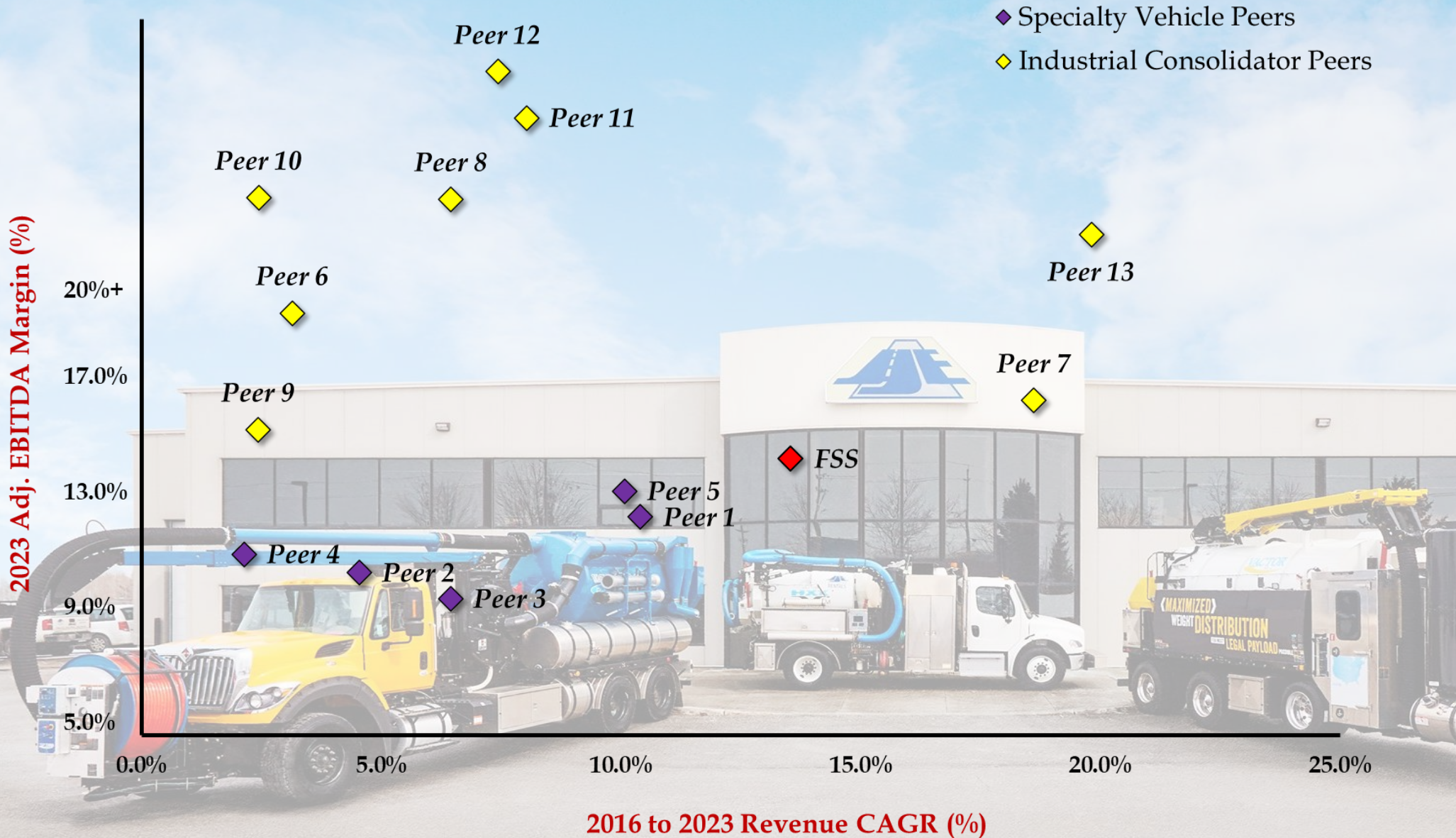
Potential Equipment: Road Marking, Street Sweeping, Industrial Cleaning, Materials Hauling, and Safe Digging

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

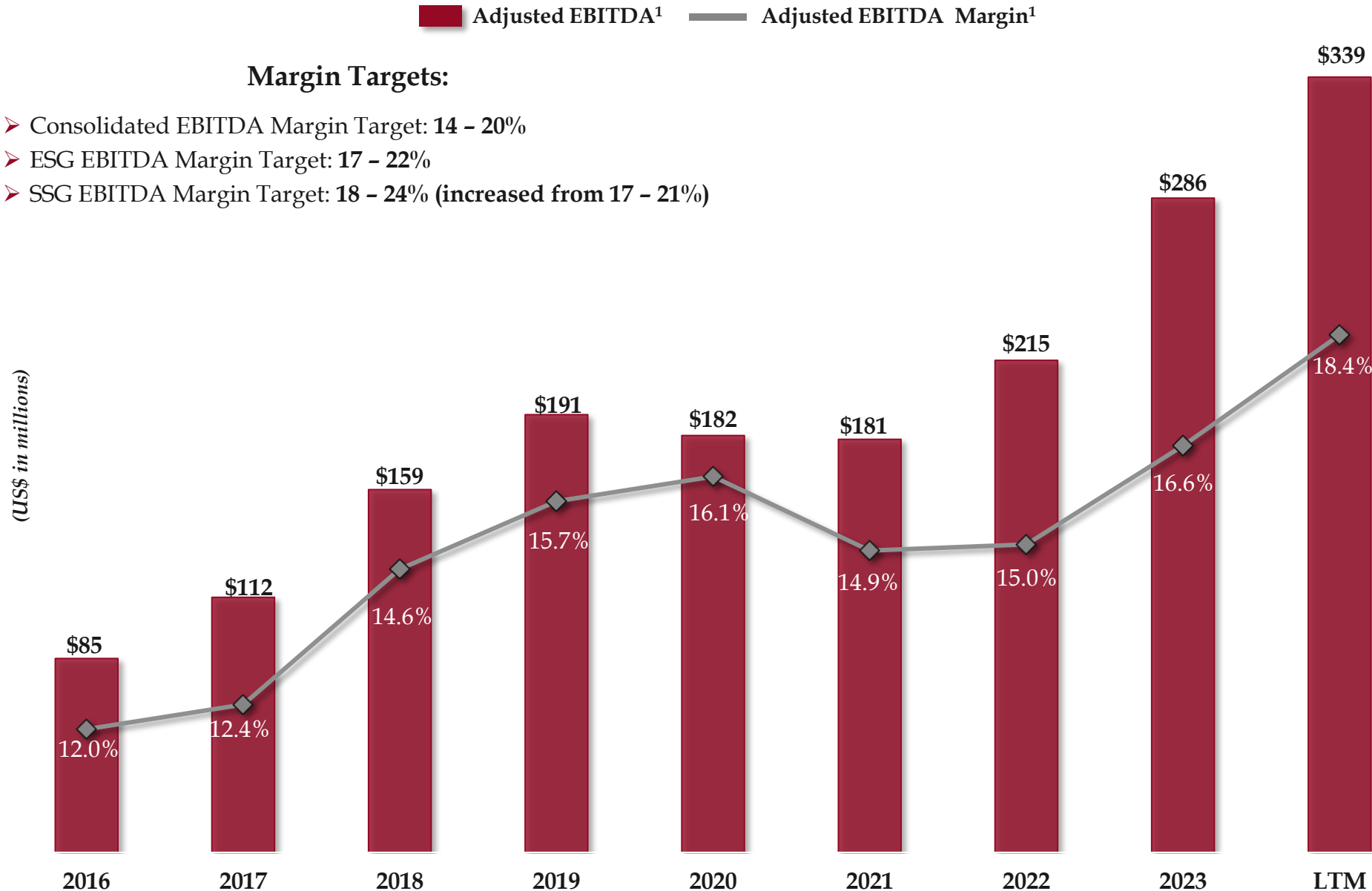
Duration: 2025 – 2028 (3 years)

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

Targeting Best in Class Growth & Continued Margin Expansion

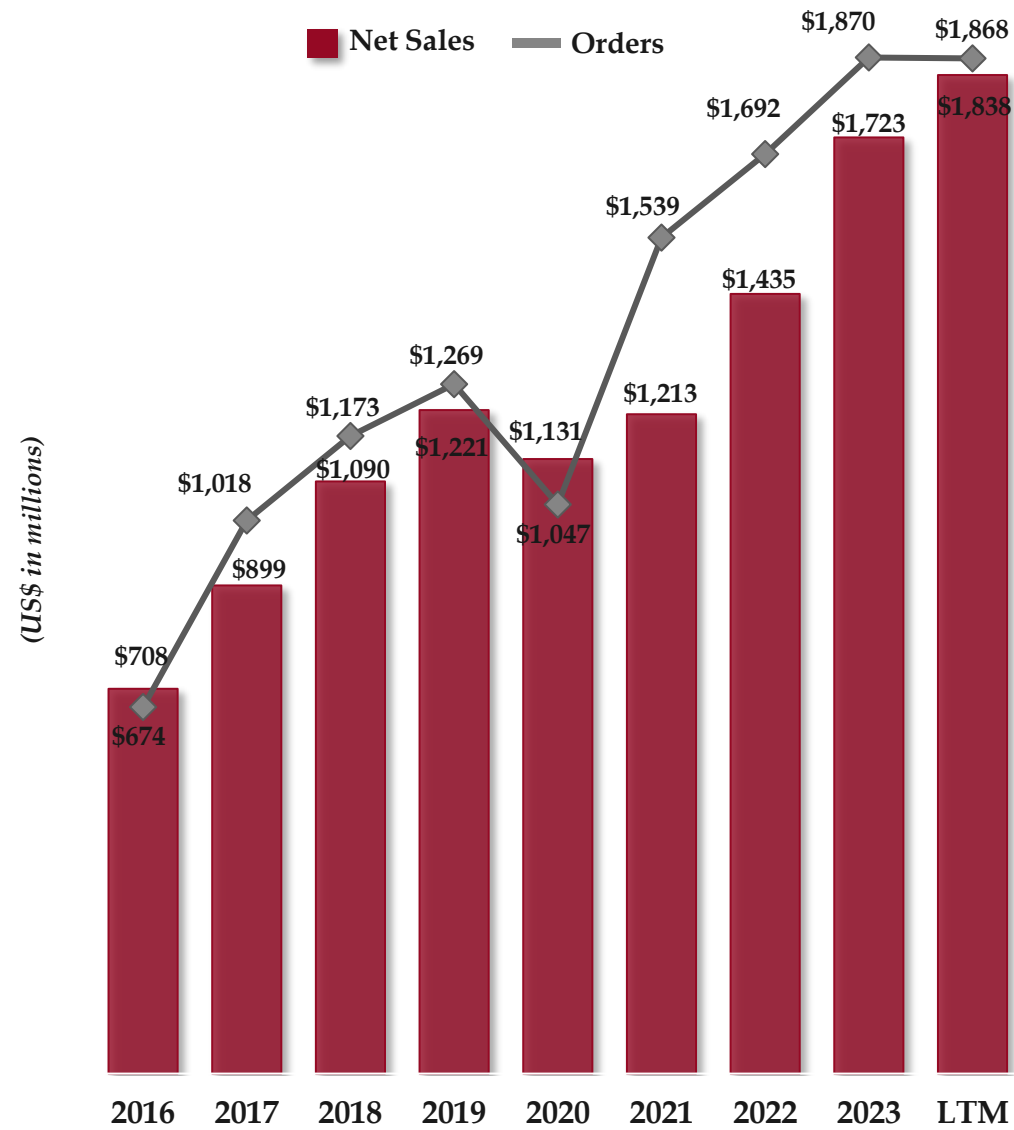


Industry-Leading Margin Performance Through the Business Cycle

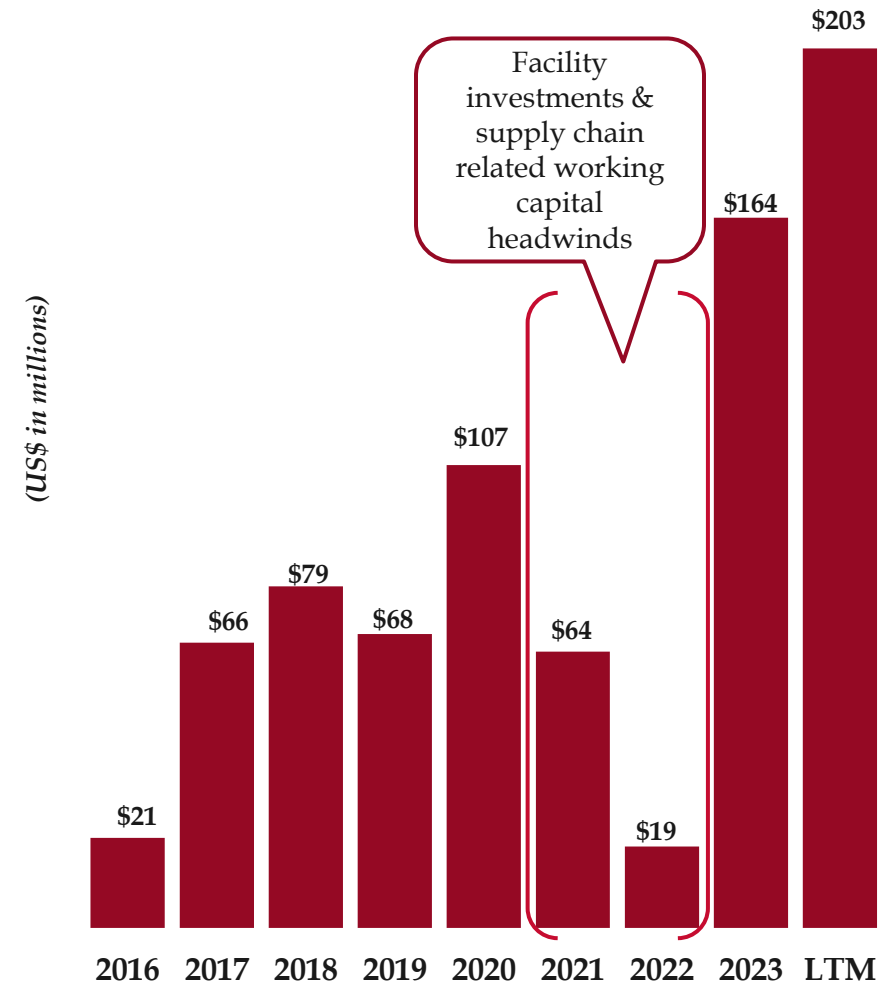


Financial Performance

Net Sales & Orders



Free Cash Flow Generation¹



Source: Company Filings
1) Non-GAAP measure, calculated as: Net cash provided by operating activities less Purchases of Properties and Equipment (Capital Expenditures). See Appendix for additional information, including reconciliation to GAAP measure.

Raised 2024 Outlook

- **Raised Full-Year Adjusted EPS¹ Outlook to a new range of \$3.30 to \$3.40**
 - Increased from the prior range of \$3.20 to \$3.35
 - New range would represent YoY growth of 28% - 32%, and the highest EPS level in our history
- **Narrowed full-year net sales outlook to a new range of \$1.86bn to \$1.88bn** *(previous range \$1.85bn to \$1.90bn)*
 - Would represent YoY growth of 8% - 9%
- **Double-digit improvement** in pre-tax earnings
- Capital expenditures of \$35mm to \$40mm

Assumptions

- No significant deterioration in current supply chain conditions; assumes continued improvement in 2024, with steady flow of customer-provided chassis
- No significant increase in current input costs
- Interest expense of ~\$13mm, without additional M&A
- Q4 effective tax rate of 26%, **excluding** discrete items
- ~62mm weighted average shares outstanding
- Depreciation & amortization expense of ~\$64mm - \$65mm



1. Adjusted earnings per share ("EPS") is a non-GAAP measure, which includes certain adjustments to reported GAAP net income and diluted EPS. In the three and nine months ended September 30, 2024, we made adjustments to exclude the impact of acquisition and integration-related expenses, net, and certain special tax items, where applicable. In prior years, we have also made adjustments to exclude the impact of environmental remediation costs of a discontinued operation, purchase accounting effects, pension settlement charges, and certain other unusual or non-recurring items. Should any similar items occur in the remainder of 2024, we would expect to exclude them from the determination of adjusted EPS. However, because of the underlying uncertainty in quantifying amounts which may not yet be known, a reconciliation of our Adjusted EPS outlook to the most applicable GAAP measure is excluded based on the unreasonable efforts exception in Item 10(e)(1)(i)(B).

Appendix

- I. Our Portfolio of Brands & Products
- II. Extensive Geographic Footprint Across North America
- III. Federal Signal Operating System
- IV. Sustainability Initiatives
- V. Non-GAAP Measures
- VI. Executive Compensation
- VII. Investor Information

Appendix I: Our Portfolio of Brands & Products

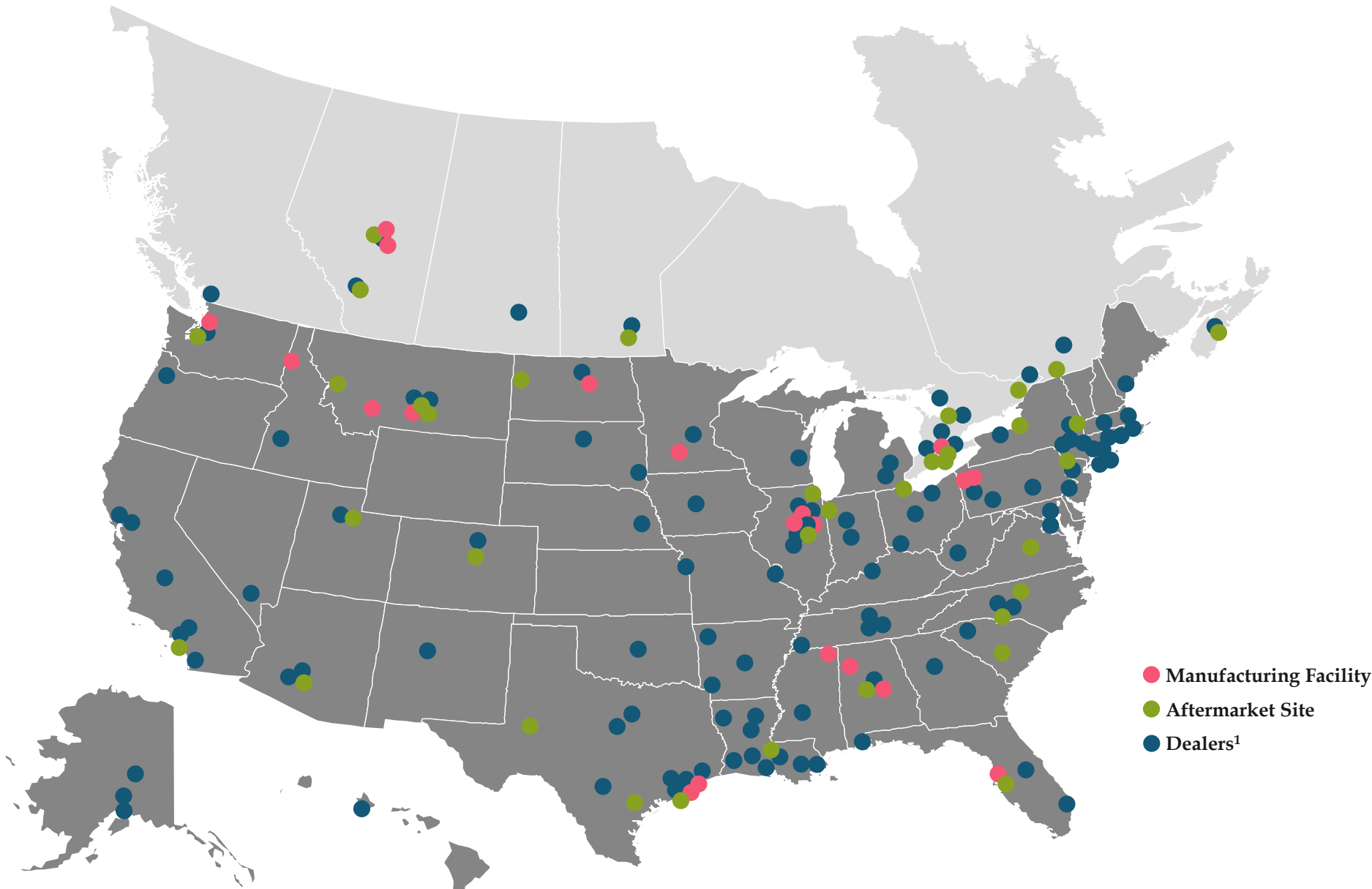
ESG



SSG



Appendix II: Extensive Geographic Footprint Across North America



1) Defined as dealer-managed locations from dealers that sell Elgin, Truvac, and Vactor products

Appendix III: Federal Signal Operating System

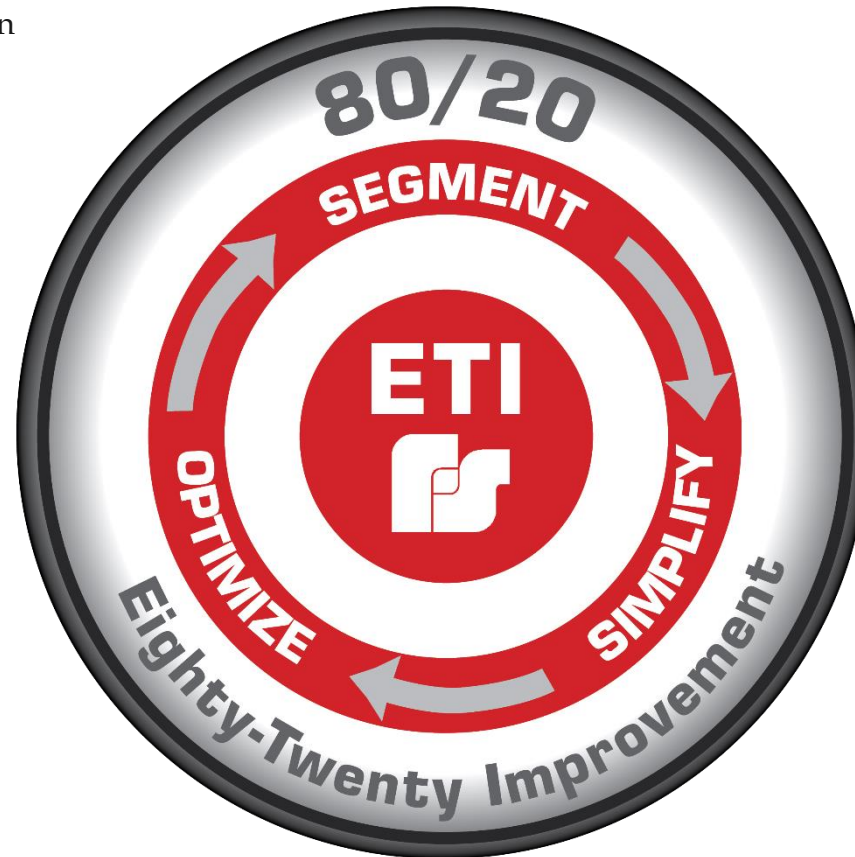
Material Cost Reduction

- 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 IV: Environmental, Social and Governance Initiatives

➤ 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
- Booked several orders for fully electric and hybrid street sweepers
- Several fully electric dump truck bodies on display at NTEA Truck Show in 2024

➤ Resource Consumption

- Ongoing energy consumption assessments and adopting energy efficient measures to reduce CO2 emissions and energy intensity
- During 2023, our electricity and water consumption intensity were both more than 20% lower than our 2018 baseline, achieving our stated goal early
- Recently announced new goals to reduce energy, fuels and water consumption, and CO2 emissions by 10% by 2030, using 2022 as the baseline
- Launched environmental education and awareness programs to implement best practices
- Enhanced measuring and reporting practices and energy consumption audits

➤ 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
- 40% 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

➤ Board Composition

- 38% of directors are gender diverse
- 50% of directors are considered diverse
- Lead independent director is gender diverse

➤ Sustainability Report

- Published 2024 Sustainability Report in Q2 2024
- Completed annual Materiality Assessment
- Held Environmental Compliance Oversight Committee review



Appendix V: 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, net, pension settlement charges, hearing loss settlement charges, acquisition and integration-related expenses (benefits), net, coronavirus-related expenses, restructuring activity, executive severance costs, debt settlement charges, purchase accounting effects, other income/expense, net, 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, net, pension settlement charges, hearing loss settlement charges, acquisition and integration-related expenses (benefits), net, coronavirus-related expenses, restructuring activity, executive severance costs, debt settlement charges, purchase accounting effects, other income/expense, net, 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)	2016	2017	2018	2019	2020	2021	2022	2023	LTM Q3 2024
Net income	39.4	\$ 60.5	\$ 93.7	\$ 108.4	\$ 96.1	\$ 100.6	\$ 120.4	\$ 157.4	\$ 212.7
Add (less):									
Interest expense, net	1.9	7.3	9.3	7.9	5.7	4.5	10.3	19.7	13.7
Pension settlement charges	-	6.1	-	-	-	10.3	-	-	-
Hearing loss settlement charges	-	1.5	0.4	-	-	-	-	-	-
Acquisition and integration-related expenses (benefits), net	1.4	2.7	1.5	2.5	2.1	(2.1)	(0.5)	0.4	0.7
Coronavirus-related expenses	-	-	-	-	2.3	1.2	-	-	-
Restructuring	1.7	0.6	-	-	1.3	-	-	-	-
Executive severance costs	-	0.7	-	-	-	-	-	-	-
Debt settlement charges	-	-	-	-	-	-	0.1	-	-
Purchase accounting effects (a)	3.6	4.4	0.7	0.2	0.3	0.3	-	0.7	0.7
Other expense (income), net	1.8	(0.8)	0.6	0.6	1.1	(1.7)	(0.5)	1.8	1.2
Income tax expense	17.4	0.5	17.9	30.2	28.5	17.0	30.5	45.6	46.8
Depreciation and amortization	19.1	30.0	36.4	41.5	44.8	50.4	54.7	60.4	63.0
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	\$ 286.0	\$ 338.8
Net Sales	\$ 707.9	\$ 898.5	\$ 1,089.5	\$ 1,221.3	\$ 1,130.8	\$ 1,213.2	\$ 1,434.8	\$ 1,722.7	\$ 1,837.9
Adjusted EBITDA Margin	12.0%	12.4%	14.6%	15.7%	16.1%	14.9%	15.0%	16.6%	18.4%

(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 V: Non-GAAP Measures (Cash Conversion, Net Debt Leverage and Free Cash Flow)

Cash Conversion

Cash conversion is a non-GAAP measure that is computed by dividing net cash provided by operating activities by net income (represented as a percentage). The Company believes that cash conversion provides investors with a view of the Company's ability to convert its earnings into cash. Other companies may use different methods to calculate cash conversion.

(\$ in millions)	2019	2020	2021	2022	2023	Total
Net Cash Provided by Operating Activities (A)	\$ 103.4	\$ 136.3	\$ 101.8	\$ 71.8	\$ 194.4	\$ 607.7
Net Income (B)	\$ 108.5	\$ 96.2	\$ 100.6	\$ 120.4	\$ 157.4	\$ 583.1
Average Cash Conversion (2019-2023) (A/B)						104%

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 trailing twelve months 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.

(\$ in millions)	LTM Q3 2024
Total Borrowings and Finance Lease Obligations	\$ 231.4
Less: Cash and Cash Equivalents	(73.7)
Net Debt as of Q3 2024	\$ 157.7
Adjusted EBITDA	\$ 338.8
Net Debt Leverage	0.5x

Free Cash Flow

Free cash flow is a non-GAAP measure that is computed as net cash provided by 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.

(\$ in millions)	2016	2017	2018	2019	2020	2021	2022	2023	LTM Q3 2024
Net Cash Provided by Operating Activities	\$ 26.7	\$ 73.5	\$ 92.8	\$ 103.4	\$ 136.3	\$ 101.8	\$ 71.8	\$ 194.4	\$ 244.1
Less: Purchases of Property and Equipment	(6.1)	(8.0)	(14.1)	(35.4)	(29.7)	(37.4)	(53.0)	(30.3)	(41.0)
Free Cash Flow	\$ 20.6	\$ 65.5	\$ 78.7	\$ 68.0	\$ 106.6	\$ 64.4	\$ 18.8	\$ 164.1	\$ 203.1

Appendix VI: 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) <ul style="list-style-type: none"> ➤ Earnings (60%) ➤ EBITDA Margin (20%) ➤ Individual Objectives (20%) 			Short-Term <u>Annual Goals</u> <ol style="list-style-type: none"> 1. Profitability and growth 2. Market share
Performance Share Units <ul style="list-style-type: none"> ➤ EPS (75%) ➤ Return on Invested Capital (25%) ➤ Relative TSR (modifier) 			Long-Term <u>3-year Performance and Vesting Periods</u> <ol style="list-style-type: none"> 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> <ol style="list-style-type: none"> 1. Executive recruitment 2. Executive retention
Share Price Appreciation <ul style="list-style-type: none"> ➤ Stock Options 			Longer-Term <u>3-year Ratable Vesting Period and 10-year Exercise Period</u> <ol style="list-style-type: none"> 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

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