



# Q4 and Full Year 2022 Earnings Presentation

February 16, 2023



*The Safety Company*

One Mission. One Passion. One Purpose.

# 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 with respect to the consequences of the transactions described herein and elsewhere in this presentation. In some cases, you can identify forward-looking statements by words such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “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. 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

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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 organic constant currency revenue growth, adjusted operating income, adjusted operating margin, adjusted EBITDA, adjusted EBITDA margin, adjusted earnings, adjusted earnings per diluted share, debt to adjusted EBITDA, net debt to adjusted EBITDA, free cash flow and free cash flow conversion. 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.

# MSA Safety (NYSE: MSA) Snapshot



## Leading Global Safety Technology Company with Proven Track Record of Value Creation

### Driven by Our Mission, Vision, & Values

#### 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
  - Customer focus
  - Integrity
  - Speed & Agility
  - Innovation & Change
  - Diversity & Inclusion
  - Teamwork
  - Engagement

### Key Statistics<sup>(1)</sup>

<b>\$1.5B</b> Net Sales	<b>44.1%</b> Gross Margin
<b>19.0%</b> Adj. Operating Margin	<b>3.7%</b> R&D Investment <sup>(2)</sup>
<b>1914</b> Year Founded	<b>~5,000</b> Employees
<b>50+</b> Consecutive Years of Dividend Increases	<b>~\$5.5B</b> Market Cap

### Forefront of Safety Innovation

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

# Fourth Quarter and Full Year Highlights

## Outstanding Performance Despite Challenging Operating Environment

### Highlights

- Team executed well in challenging environment
- Record sales from strength across product categories
- Margin expansion due to volume leverage, price/cost management, and disciplined opex investments
  - Incremental margin strong
- Cash flow impacted by inventory investments
- Elevated backlog carrying over into 2023
- Advancing our safety culture
  - Achieved milestone of 12-months without a lost-time injury
- Named to Newsweek's Most Responsible Companies list for 2<sup>nd</sup> consecutive year



### New Product Spotlight

- ALTAIR io™ 4 Gas Detection Wearable
  - Secure, smart gas detector with out-of-the-box connectivity
  - Delivers real-time visibility to help drive safety and productivity across workers, worksites, and workflows



### New Product Spotlight

- V-Gard® C1™ Hard Hat
  - Patent-pending ReflectIR™ Thermal Barrier technology to keep the inside of the hard hat up to 20°F (11°C) cooler in sunny weather
  - Helps alleviate heat stress for workers in sunny conditions

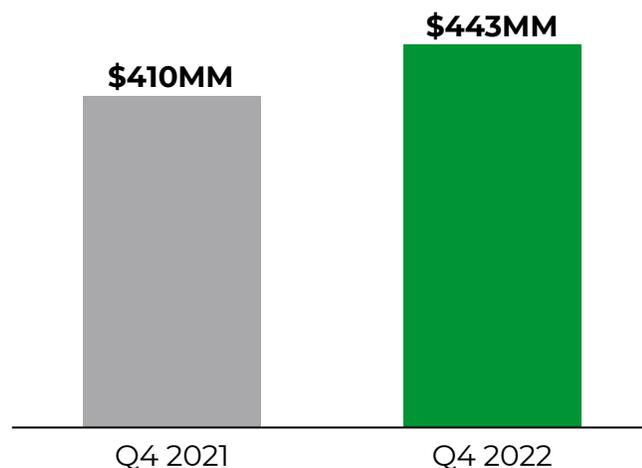


# Q4 2022 Financial Highlights



## Record Sales and Healthy Growth Across Segments and Product Lines

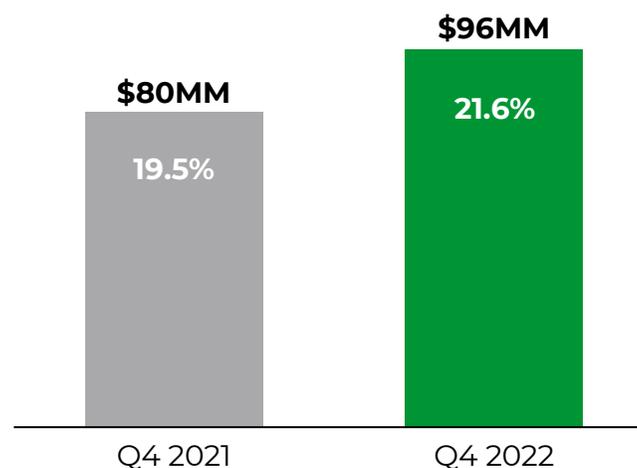
### Net Sales



#### Net sales growth of 8%

- +11% organic, -3% currency
- Growth ~3/4 price and ~1/4 volume
- Growth in both segments and majority of product lines

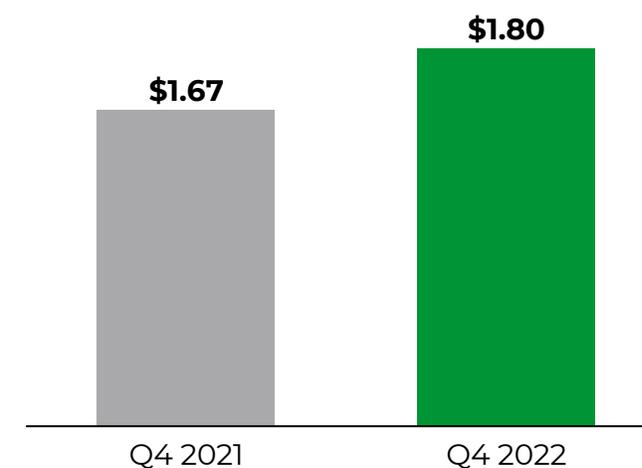
### Adjusted Operating Income & Adjusted Operating Margin



#### Adjusted Operating Margin of 21.6%

- Favorable price/cost and strong operating leverage drove 210 bps margin expansion
- Incremental margin +40%
- Adjusted EBITDA margin of 24.4%, up 210 bps year-over-year

### Adjusted Diluted EPS



#### Adjusted EPS growth of 8%

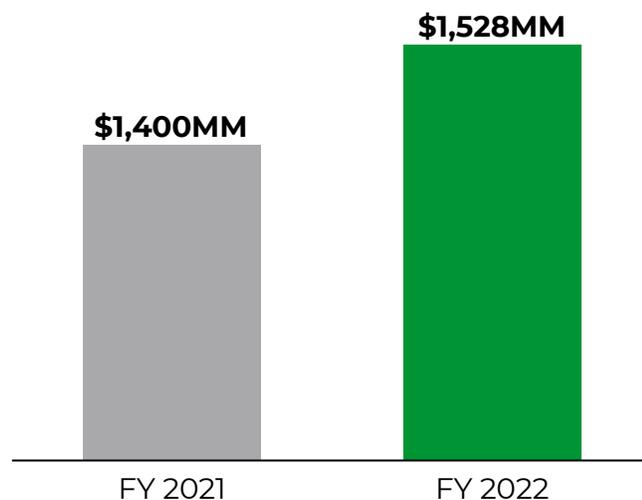
- Higher volumes and operating profit drove growth, partially offset by higher tax rate and interest expense

# Full Year 2022 Financial Highlights



## Resiliency of Business Fuels 2022 Results

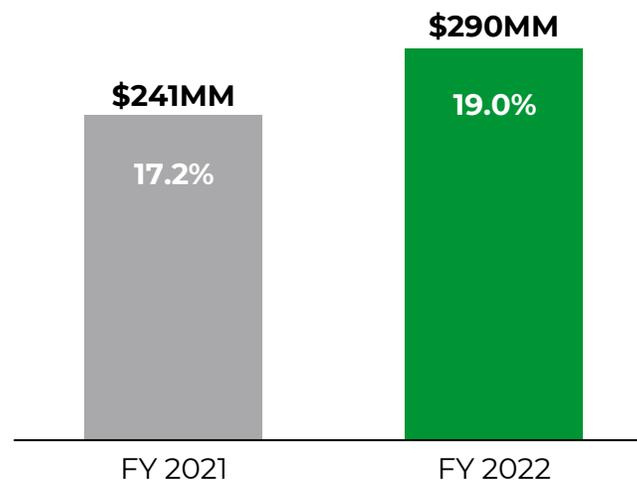
### Net Sales



#### Net sales growth of 9%

- +10% organic, +2% M&A, -3% currency
- Growth ~2/3 price and ~1/3 volume
- Growth in both segments and majority of product lines

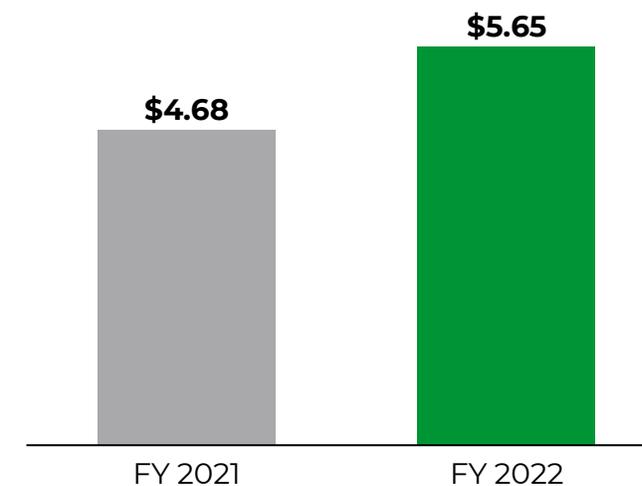
### Adjusted Operating Income & Adjusted Operating Margin



#### Adjusted Operating Margin of 19.0%

- Favorable price/cost and strong operating leverage drove 180 bps of margin expansion
- Incremental margin of 39%
- Adjusted EBITDA margin of 22.1%, up 170 bps year-over-year

### Adjusted Diluted EPS



#### Adjusted EPS growth of 21%

- Higher volumes and operating profit drove growth, partially offset by higher tax rate and interest expense

# Sale of Legacy Liability Subsidiary

## Significantly Reduces Business Risk

### Transaction Overview

- Divested 100% of the subsidiary's equity interests to joint venture of R&Q Insurance Holdings and Obra Capital
  - Subsidiary holds legacy product liability claims relating to coal dust, asbestos, silica, and other exposures, plus insurance and deferred tax assets
- MSA Safety contributed \$341MM to the subsidiary at closing; buyer contributed \$35MM; well-capitalized entity to satisfy future obligations
  - MSA's contribution funded through available cash and cash equivalents and available borrowings
- Transaction closed on January 5, 2023
- ~\$200MM one-time after-tax loss recorded in Q1 2023

### Highlights



**Reduces business risk**



**Simplifies balance sheet and enhances cash flow predictability**



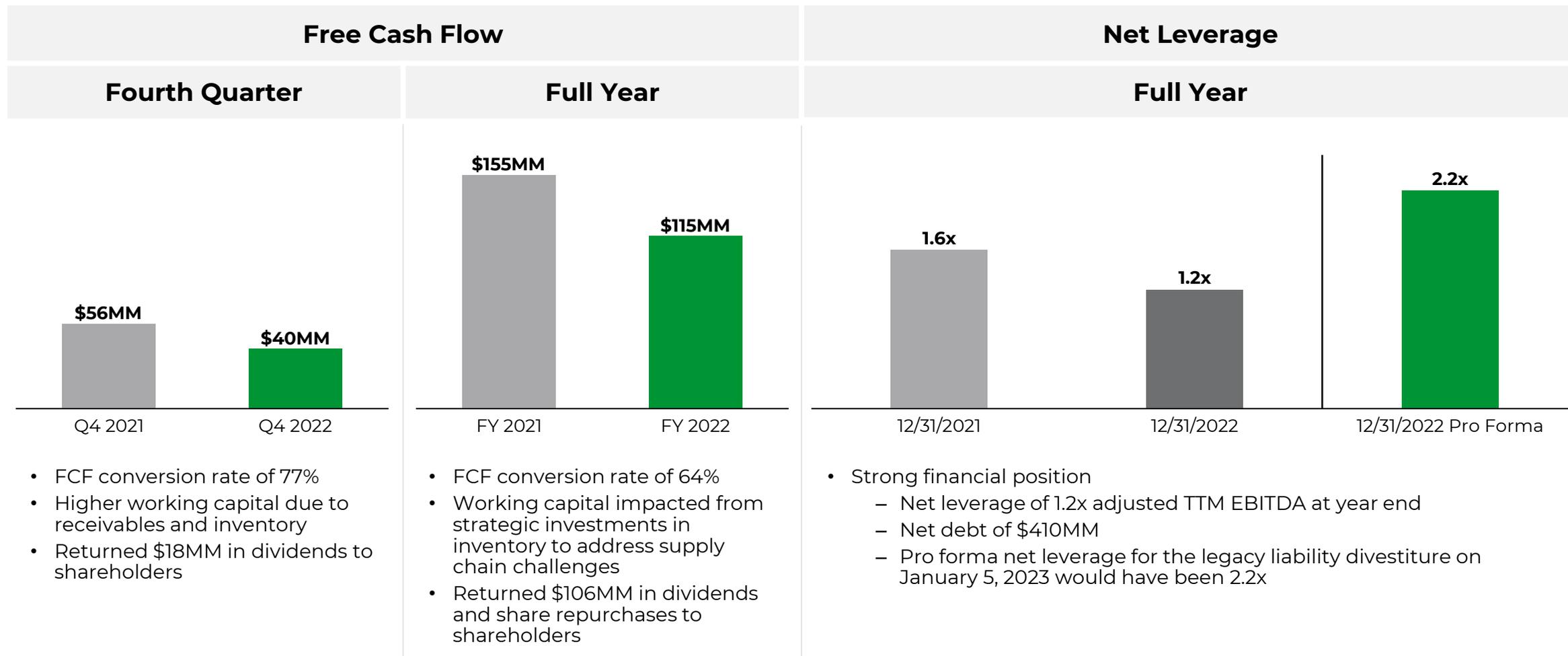
**Allows for greater focus on future growth**



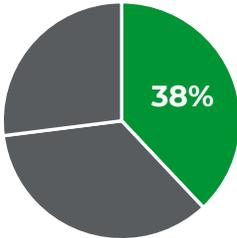
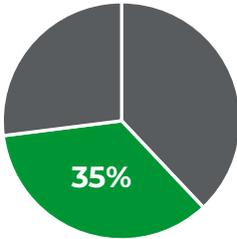
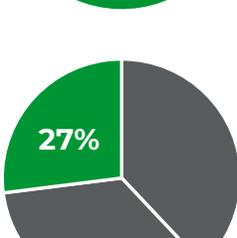
**Prioritizing debt repayment to return to historical leverage profile within 12 – 18 months**

# Free Cash Flow and Leverage

## Continued Leverage Progress in 2022



## Resilient Across Economic Cycles

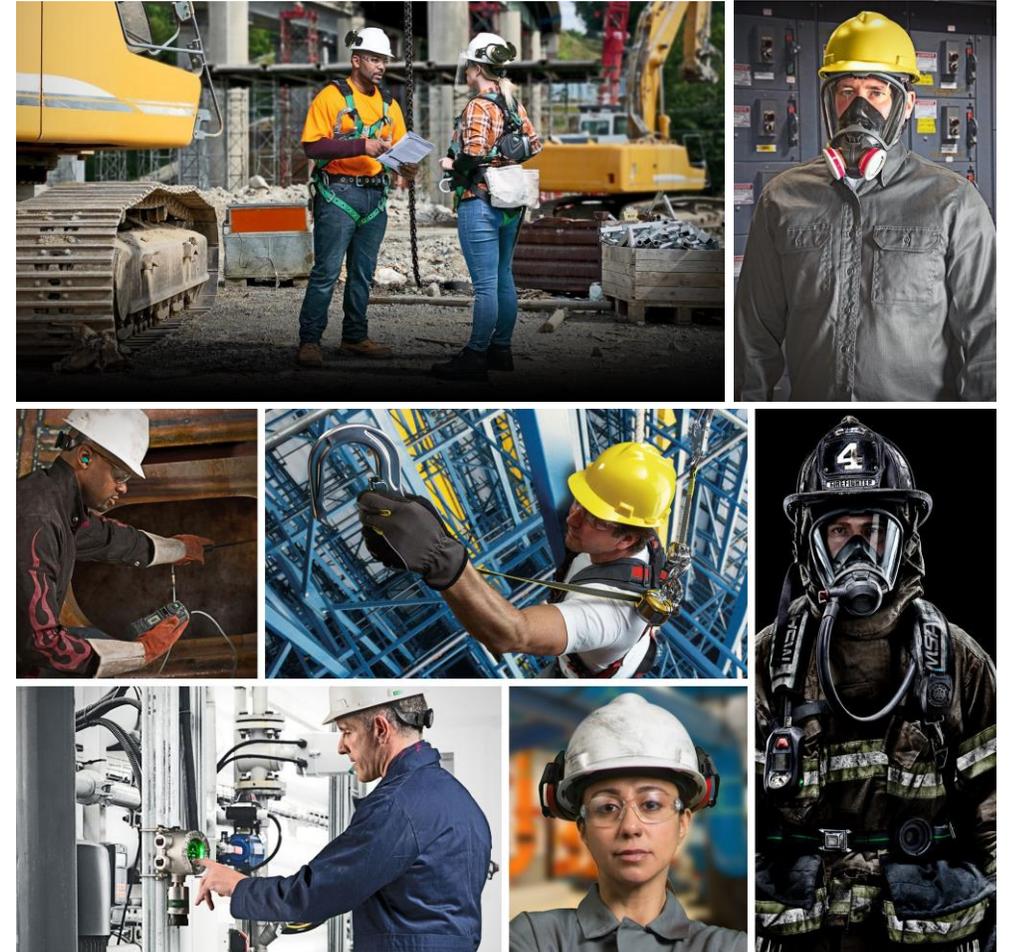
Product Category	% Net Sales <sup>(1)</sup>	Key End Markets	Operating Environment Assumptions
<p><b>Firefighter Safety</b></p> <ul style="list-style-type: none"> <li>• SCBA</li> <li>• Helmets</li> <li>• Protective apparel</li> <li>• Boots</li> </ul>		<ul style="list-style-type: none"> <li>• Fire service and first responder</li> </ul>	<p><b>Positives</b></p> <ul style="list-style-type: none"> <li>• Growing global demand for safety technologies and solutions</li> <li>• Healthy funding environment for firefighter safety</li> <li>• Continuing underlying demand reflected in orders and backlog</li> <li>• Expect price / cost to be neutral to positive</li> </ul>
<p><b>Gas Detection</b></p> <ul style="list-style-type: none"> <li>• Fixed gas and flame detection</li> <li>• Portable gas detection</li> </ul>		<ul style="list-style-type: none"> <li>• Oil, gas and petrochemical</li> <li>• Utilities</li> <li>• HVAC-R</li> <li>• Industrial</li> </ul>	<p><b>Challenges</b></p> <ul style="list-style-type: none"> <li>• Economic conditions – 1H visibility / 2H uncertainty</li> <li>• Persistent inflation, supply chain constraints</li> <li>• EPS headwind from higher interest rates and incremental debt on legacy liability divestiture, as well as lower pension income</li> </ul>
<p><b>Industrial PPE</b></p> <ul style="list-style-type: none"> <li>• Industrial head protection</li> <li>• Fall protection</li> <li>• Non-core sales</li> </ul>		<ul style="list-style-type: none"> <li>• Oil, gas and petrochemical</li> <li>• Utilities</li> <li>• Non-residential construction</li> <li>• Industrial</li> </ul>	

(1) % of net sales for year ended December 31, 2022.

# Key Takeaways

## Well Positioned to Deliver Profitable Growth in 2023

- ✓ Exceptional performance in Q4 and strong momentum going into 2023
- ✓ Mission-driven culture and unwavering commitment to the safety of our customers and our employees
- ✓ Reliable, diversified base business drives organic growth and margin expansion opportunities across cycles
- ✓ Reinvestment in innovation and technology, including strategic M&A pipeline, enables leading positions in attractive end markets
- ✓ Strong balance sheet supports growth investments and increased return of capital to shareholders while deleveraging





# Appendix



One Mission. One Passion. One Purpose.

# Reconciliation of Non-GAAP Financial Measures



## Constant Currency Sales Growth (Unaudited) – Consolidated

Three Months Ended December 31, 2022									
	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	10%	2%	10%	18%	11%	(5%)	9%	— %	8%
Plus: Currency translation effects	4%	4%	2%	4%	3%	5%	3%	5%	3%
Constant currency sales change	14%	6%	12%	22%	14%	— %	12%	5%	11%
Less:	— %	— %	— %	— %	— %	— %	— %	— %	— %
Acquisitions									
Organic constant currency sales change	14%	6%	12%	22%	14%	— %	12%	5%	11%

Twelve Months Ended December 31, 2022									
	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection*	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	15%	2%	14%	7%	19%	(6%)	11%	(3%)	9%
Plus: Currency translation effects	3%	3%	2%	3%	3%	4%	3%	5%	3%
Constant currency sales change	18%	5%	16%	10%	22%	(2%)	14%	2%	12%
Less:	— %	— %	— %	— %	11%	— %	3%	— %	2%
Acquisitions									
Organic constant currency sales change	18%	5%	16%	10%	11%	(2%)	11%	2%	10%

\*Fixed Gas and Flame Detection includes the impact of the Bacharach acquisition completed on July 1, 2021. Acquisition constant currency revenue growth represents six months of Bacharach net sales from January 1, 2022 through June 30, 2022.

Organic constant currency sales change is a non-GAAP financial measure provided by the Company to give a better understanding of the Company's underlying business performance. Organic constant currency sales change is calculated by deducting the percentage impact from acquisitions and currency translation effects from the overall percentage change in net sales.

# Reconciliation of Non-GAAP Financial Measures



## Constant Currency Sales Growth (Unaudited) – Americas Segment

	Three Months Ended December 31, 2022								
	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	13%	28%	18%	23%	9%	1%	15%	7%	14%
Plus: Currency translation effects	— %	— %	(1%)	1%	(1%)	— %	— %	— %	— %
Constant currency sales change	13%	28%	17%	24%	8%	1%	15%	7%	14%
Less:									
Acquisitions	— %	— %	— %	— %	— %	— %	— %	— %	— %
Organic constant currency sales change	13%	28%	17%	24%	8%	1%	15%	7%	14%

	Twelve Months Ended December 31, 2022								
	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection*	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	22%	10%	17%	11%	25%	— %	17%	(4%)	15%
Plus: Currency translation effects	— %	— %	— %	1%	— %	1%	— %	1%	— %
Constant currency sales change	22%	10%	17%	12%	25%	1%	17%	(3%)	15%
Less:									
Acquisitions	— %	— %	— %	— %	14%	— %	3%	— %	3%
Organic constant currency sales change	22%	10%	17%	12%	11%	1%	14%	(3%)	12%

\*Fixed Gas and Flame Detection includes the impact of the Bacharach acquisition completed on July 1, 2021. Acquisition constant currency revenue growth represents six months of Bacharach net sales from January 1, 2022 through June 30, 2022.

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# Reconciliation of Non-GAAP Financial Measures



## Constant Currency Sales Growth (Unaudited) – International Segment

		Three Months Ended December 31, 2022								
	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection	Fall Protection	Core Sales	Non-Core Sales	Net Sales	
GAAP reported sales change	6%	(32%)	(9%)	7%	15%	(13%)	(1%)	(7%)	(2%)	
Plus: Currency translation effects	10%	8%	9%	10%	7%	11%	9%	10%	9%	
Constant currency sales change	16%	(24%)	— %	17%	22%	(2%)	8%	3%	7%	
Less:	— %	— %	— %	— %	— %	— %	— %	— %	— %	
Acquisitions										
Organic constant currency sales change	16%	(24%)	— %	17%	22%	(2%)	8%	3%	7%	

		Twelve Months Ended December 31, 2022								
	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection*	Fall Protection	Core Sales	Non-Core Sales	Net Sales	
GAAP reported sales change	1%	(15%)	3%	(3%)	10%	(16%)	(1%)	(3%)	(2%)	
Plus: Currency translation effects	9%	9%	8%	8%	7%	9%	8%	11%	9%	
Constant currency sales change	10%	(6%)	11%	5%	17%	(7%)	7%	8%	7%	
Less:	— %	— %	— %	— %	7%	— %	2%	— %	2%	
Acquisitions										
Organic constant currency sales change	10%	(6%)	11%	5%	10%	(7%)	5%	8%	5%	

\*Fixed Gas and Flame Detection includes the impact of the Bacharach acquisition completed on July 1, 2021. Acquisition constant currency revenue growth represents six months of Bacharach net sales from January 1, 2022 through June 30, 2022.

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# 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>
<b>Three Months Ended December 31, 2022</b>				
Sales to external customers	\$ 289,122	\$ 154,132	\$ -	\$ 443,254
Operating income				70,620
Operating margin %				15.9%
Restructuring charges				4,819
Currency exchange losses, net				5,467
Product liability expense				10,857
Acquisition related costs <sup>(a)</sup>				4,042
Adjusted operating income (loss)	82,728	26,249	(13,172)	95,805
Adjusted operating margin %	28.6%	17.0%		21.6%
Depreciation and amortization <sup>(b)</sup>				12,149
Adjusted EBITDA	91,525	29,471	(13,042)	107,954
Adjusted EBITDA %	31.7%	19.1%		24.4%
<b>Three Months Ended December 31, 2021</b>				
Sales to external customers	\$ 252,945	\$ 157,323	\$ -	\$ 410,268
Operating loss				(88,840)
Operating margin %				(21.7%)
Restructuring charges				4,194
Currency exchange losses, net				575
Product liability expense				160,029
Acquisition related costs <sup>(a)</sup>				3,993
Adjusted operating income (loss)	60,334	31,297	(11,680)	79,951
Adjusted operating margin %	23.9%	19.9%		19.5%
Depreciation and amortization <sup>(b)</sup>				11,702
Adjusted EBITDA	68,488	34,714	(11,549)	91,653
Adjusted EBITDA %	27.1%	22.1%		22.3%

(a) Acquisition related costs include advisory, legal, accounting, valuation, and other professional or consulting fees incurred during due diligence and integration. These costs are included in selling, general and administrative expense in the Consolidated Statements of Income. Acquisition related costs also include the acquisition related amortization, which is included in cost of products sold in the Consolidated Statements of Income.

(b) Excludes acquisition related amortization, which is included in acquisition related costs above.

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

# Reconciliation of Non-GAAP Financial Measures



## Segment Information (Unaudited)

(In thousands, except percentage amounts)	Americas	International	Corporate	Consolidated
<b>Twelve Months Ended December 31, 2022</b>				
Sales to external customers	\$ 1,043,238	\$ 484,715	\$ -	\$ 1,527,953
Operating income				239,137
Operating margin %				15.7%
Restructuring charges				7,965
Currency exchange losses, net				10,255
Product liability expense				20,590
Acquisition related costs <sup>(a)</sup>				12,440
Adjusted operating income (loss)	267,392	60,923	(37,928)	290,387
Adjusted operating margin %	25.6%	12.6%		19.0%
Depreciation and amortization <sup>(b)</sup>				47,110
Adjusted EBITDA	301,726	73,179	(37,408)	337,497
Adjusted EBITDA %	28.9%	15.1%		22.1%
<b>Twelve Months Ended December 31, 2021</b>				
Sales to external customers	\$ 908,068	\$ 492,114	\$ -	\$ 1,400,182
Operating income				22,780
Operating margin %				1.6%
Restructuring charges				16,433
Currency exchange losses, net				216
Product liability expense				185,264
Acquisition related costs <sup>(a)</sup>				15,884
Adjusted operating income (loss)	202,496	73,279	(35,198)	240,577
Adjusted operating margin %	22.3%	14.9%		17.2%
Depreciation and amortization <sup>(b)</sup>				45,417
Adjusted EBITDA	233,732	86,997	(34,735)	285,994
Adjusted EBITDA %	25.7%	17.7%		20.4%

(a) Acquisition related costs include advisory, legal, accounting, valuation, and other professional or consulting fees incurred during due diligence and integration. These costs are included in selling, general and administrative expense in the Consolidated Statements of Income. Acquisition related costs also include the acquisition related amortization, which is included in cost of products sold in the Consolidated Statements of Income.

(b) Excludes acquisition related amortization, which is included in acquisition related costs above.

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

# Reconciliation of Non-GAAP Financial Measures



## Adjusted Earnings and Adjusted Earnings per Diluted Share (Unaudited)

(In thousands, except per share amounts)	Three Months			Twelve Months		
	Ended December 31,		% Change	Ended December 31,		% Change
	2022	2021		2022	2021	
Net income (loss) attributable to MSA Safety Incorporated	\$ 51,489	\$ (61,476)		\$ 179,630	\$ 21,340	
Product liability expense	10,857	160,029		20,590	185,264	
Restructuring charges	4,819	4,194		7,965	16,433	
Acquisition related costs <sup>(a)</sup>	4,042	3,993		12,440	15,884	
Currency exchange losses, net	5,467	575		10,255	216	
Asset related losses and other	1,515	365		6,290	788	
Income tax expense on adjustments	(7,263)	(41,676)		(14,662)	(55,180)	
Adjusted earnings	<u>\$ 70,926</u>	<u>\$ 66,004</u>	7%	<u>\$ 222,508</u>	<u>\$ 184,745</u>	20%
Adjusted earnings per diluted share	<u>\$ 1.80</u>	<u>\$ 1.67</u>	8%	<u>\$ 5.65</u>	<u>\$ 4.68</u>	21%

(a) Acquisition related costs include advisory, legal, accounting, valuation, and other professional or consulting fees incurred during due diligence and integration. These costs are included in selling, general and administrative expense in the Consolidated Statements of Income. Acquisition related costs also include the acquisition related amortization, which is included in cost of products sold in the Consolidated Statements of Income.

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 income determined on a GAAP basis as well as adjusted earnings.

# Reconciliation of Non-GAAP Financial Measures



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

(In thousands)	<b>Twelve Months Ended December 31, 2022</b>
Operating income	\$239,137
Depreciation and amortization <sup>(a)</sup>	47,110
Product liability expense	20,590
Restructuring charges	7,965
Currency exchange losses, net	10,255
Acquisition related costs <sup>(b)</sup>	12,440
Adjusted EBITDA	<u>\$337,497</u>
 Total end-of-period debt	 572,832
 Debt to adjusted EBITDA	 <u>1.7</u>
 Total end-of-period debt	 572,832
Total end-of-period cash and cash equivalents	162,902
Net debt	<u>\$409,930</u>
 Net debt to adjusted EBITDA	 <u>1.2</u>
 Pro-forma gross debt to adjusted EBITDA <sup>(c)</sup>	 <u>2.6</u>
Pro-forma net debt to adjusted EBITDA <sup>(c)</sup>	<u>2.2</u>

(a) Excludes acquisition related amortization, which is included in acquisition related costs.

(b) Acquisition related costs include advisory, legal, accounting, valuation, and other professional or consulting fees incurred during due diligence and integration. These costs are included in selling, general and administrative expense in the Consolidated Statements of Income. Acquisition related costs also include the acquisition related amortization, which is included in cost of products sold in the Consolidated Statements of Income.

(c) Includes cash and cash equivalents and incremental borrowing associated with the Mine Safety Appliances Company, LLC ("MSA LLC") divestiture completed on January 5, 2023.

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



## Free Cash Flow (Unaudited)

(In thousands, except percentage amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
Cash flow from operating activities	\$ 53,552	\$ 69,002	\$ 157,455	\$ 199,145
Capital expenditures	(13,800)	(12,874)	(42,553)	(43,837)
Free cash flow	<u>\$ 39,752</u>	<u>\$ 56,128</u>	<u>\$ 114,902</u>	<u>\$ 155,308</u>
Net income (loss) attributable to MSA Safety Incorporated	\$ 51,489	\$ (61,476)	\$ 179,630	\$ 21,340
Free cash flow conversion	77%	(91%)	64%	728%

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 net income attributable to MSA. 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.