



Disciplined Growth

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.



Federal Signal at a Glance

- Founded in 1901, joined NYSE in 1969 (“FSS”)
- Diversified industrial manufacturer of specialized vehicles for maintenance and infrastructure markets such as street sweepers, sewer cleaners, vacuum/hydro-excavators (“safe-digging trucks”), industrial vacuum loaders, waterblasting equipment, road-marking and line-removal equipment, dump truck bodies, trailers, metal extraction support equipment and off-road, multi-purpose tractors; as well as safety and security products including audible and visual warning devices
- Leading brands of premium, value-adding products and systems, with supporting aftermarket business
- Headquartered in Oak Brook, Illinois with 23 principal manufacturing facilities worldwide
- Strong operating cash flow generation has facilitated organic growth investment, cash returns to stockholders and M&A in recent years

**STRONG
CASH
FLOW**

**NYSE
SYMBOL
FSS**

**\$1.57 B
REVENUE
TTM 6/30/23**

**MARKET
capitalization
~\$3.7 B**



Why Federal Signal?

Composition of Businesses

End Market Exposures

Revenue Streams

Financial Position

Opportunity for M&A

Operational Performance

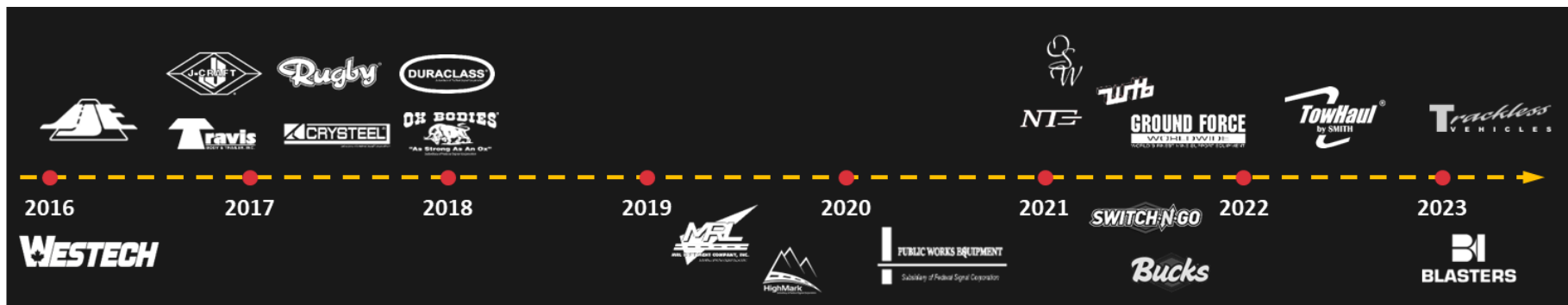
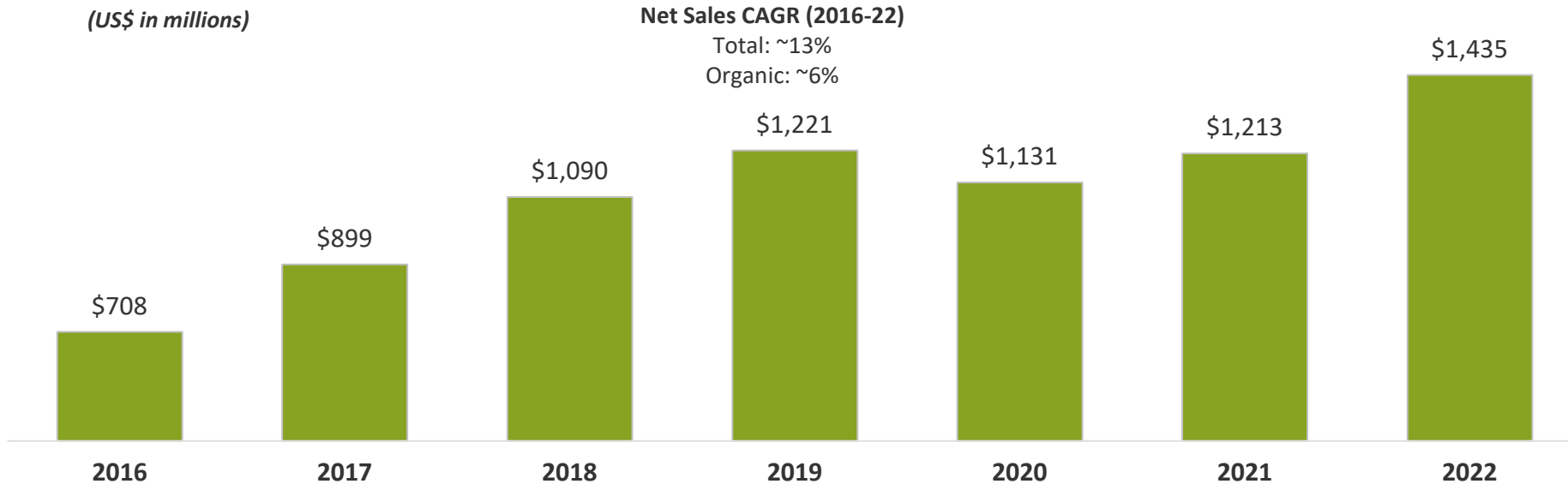
New Product Development (“NPD”)

- Clearly-defined strategy, with two groups – ESG and SSG – each of which have strong growth potential through a combination of organic initiatives and M&A
- Typical annual revenue mix of ~50% publicly-funded / ~50% industrial
- Publicly-funded revenues derived from sale of essential products to municipalities in the U.S., Canada, Europe and Latin America; sewer cleaner purchases typically funded through water taxes
- Within industrial, markets at different points in the cycle such as construction, utility, oil and gas, infrastructure, waste, rendering, landscaping, military
- Balanced portfolio of new and used equipment sales and other aftermarket offerings including parts, rentals and service;
- Aftermarket revenues represented ~28% of ESG’s sales in Q2 2023
- Increased borrowing capacity by executing new, 5-year \$800 M credit facility in October 2022
- Low debt leverage; strong balance sheet and healthy cash flow generation
- Completed acquisitions of TowHaul (Q4 2022), Blasters (Q1 2023) and Trackless (Q2 2023)
- Ample opportunity for further M&A due to strong financial position, active pipeline and clear view of what we are looking for in acquisition candidates
- Consistent performance within target EBITDA margin ranges
- Focus on operational excellence, with Eighty-Two Improvement (“ETI”) initiatives the cornerstone of our operational philosophies
- Customer-focused NPD process with emphasis on electrification initiatives; several recent EV product launches



Delivering on our Strategy

Strategic acquisitions, primarily focused on developing a Specialty Vehicle platform, and organic growth have contributed meaningfully to Federal Signal's growth since 2016



Two Attractive Platforms

Segment	Environmental Solutions Group (ESG)
Markets	Serves publicly-funded, industrial, and utility markets for surface and sub-surface cleaning, safe-digging, road-marking, infrastructure maintenance and material hauling
Products	<ul style="list-style-type: none"> • Street Sweeping • Sewer Cleaning • Safe Digging • Industrial Cleaning • Dump Bodies and Trailers • Metal Extraction Support • Road-Marking and Line-Removal • Multi-Purpose Tractors



Safety and Security Systems Group (SSG)
Serves the needs of municipalities and industrial verticals for audible and visual safety and security notification devices and systems
<ul style="list-style-type: none"> • Lights and Sirens • Signaling Devices • Warning Systems



Environmental Solutions Group (ESG)

Have established a platform serving maintenance and infrastructure markets to provide customers with a comprehensive suite of products and services



Routes to Market

Rental/Aftermarket

Depot Solutions

Provide parts / service / refurbishment / rental offering through the network of 20+ locations in US and Canada

Dealer Network

US Dealer Network + Largest Canadian distributor of maintenance equipment to municipalities

Distribution














US Distribution Network + For ESG products and other OEM's products such as snow-removal equipment and garbage trucks



* Typically funded through water taxes
** Management estimates

Safety and Security Systems Group (SSG)

Serves the needs of government and industrial verticals for audible and visual safety and security notification devices

	Public Safety and Security	Signaling	Systems
Application	Lights and siren products for Police, Fire and Heavy Duty (HD) end markets	Audible and visual signaling devices	Warning Systems Public Address General Alarming (PAGA)
Brands	  	 	
Products	    		
End Markets and Channels	Publicly-funded Industrial Distributor	Industrial Oil & Gas Commercial Heavy Industry Manufacturing Indirect	Publicly-funded Oil & Gas Commercial Direct
Addressable Market *	\$1.0 B	\$600 M	\$1.0 B

* Management estimates



Macro Factors Driving Demand

American Rescue Plan Act

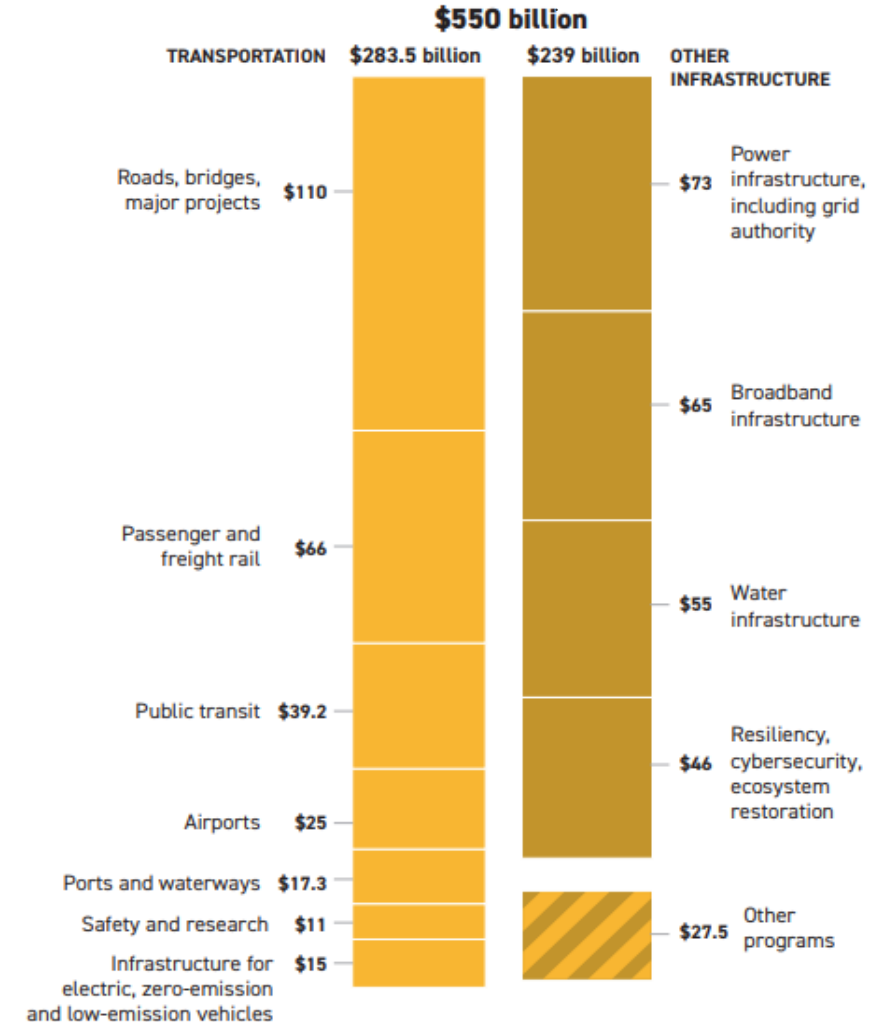
- **\$350 billion** of government spending designated for cities, states, tribal governments and U.S. territories
 - First \$175 billion tranche distributed in 2021; second \$175 billion tranche distributed in 2022. Funds to be obligated by end of 2024 and expended by end of 2026
- **As a provider of equipment used to support essential services such as sewer cleaning and street sweeping, Federal Signal is well-positioned to meet the needs of its customers**

Infrastructure Investment and Jobs Act

- **\$550 billion** of government spending over five years to fund improvements to the nation's transportation, water, electric power and digital infrastructure
- **Federal Signal's sales and rentals of equipment used for materials hauling, road-marking and line-removal, street sweeping, sewer cleaning, safe-digging, and industrial cleaning expected to benefit from infrastructure investment**
- **\$6.8 billion** of government spending designated for the Federal Emergency Management Agency (FEMA) to invest in disaster mitigation programs, including warning systems



Infrastructure Spending Allocation Plan



Sources: The White House, POLITICO report by Marianne LeVine and Burgess Everett



Macro Factors Driving Demand

Broadband Infrastructure

- COVID-19 highlighted the importance of reliable, affordable and fast internet connectivity for all
- The **\$65 billion** spending allocation in the Infrastructure Bill begins to address the need for substantial investment in this critical necessity
- **Expected to benefit sales and rentals of safe-digging trucks, industrial vacuum loaders, dump truck bodies, trailers, and street sweeping equipment**



Electrification Investments

- Showcased newest EV product offerings at recent trade shows
- Growing demand for lithium-ion batteries expected to benefit metal extraction industry
- **Products expected to benefit include electric product offerings and metal extraction support equipment**



Fully-electric street sweeper



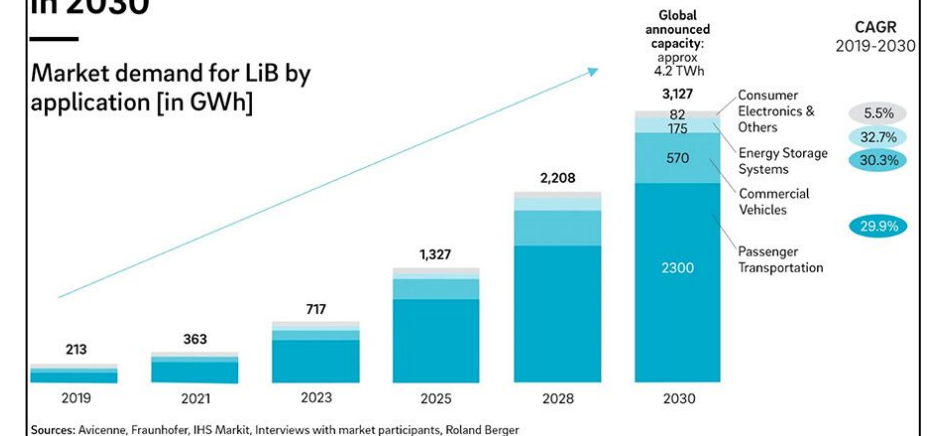
Plug-in hybrid electric Broom Bear® street sweeper



Switch-N-Go® system on electric chassis

Global demand for lithium-ion batteries will be over 3,100 GWh in 2030

Market demand for LiB by application [in GWh]



Key Strategic Initiatives

Areas of
Focus

Safe Digging



Aftermarket Parts and
Services



Specialty Vehicles for
Diverse
End-Markets



Audible and Visual
Warning Devices



Supported By

Flexible
Manufacturing & "ETI"
Culture

New Product
Development

Technology as an
Enabler

Disciplined M&A



Strategic Initiative – Safe Digging

Federal Signal is well positioned to establish a leading position in an emerging application for vacuum-excitation technology; increased regulation expected to accelerate growth

What is it?

- Vacuum excavation or “Safe Digging” involves the use of pressurized air or water (“hydro-excitation”) to dig (coupled with a vacuum system) as an alternative to the use of traditional equipment such as backhoes and mechanical excavators
- Acceptance of safe-digging applications continues to improve significantly over the last decade
- Application has been widely accepted in Canada; US is behind but great early indicators – 19 states now include vacuum excavation as part of “safe excavation practices”

Why is it Attractive?

- In many circumstances, vacuum excavation is a safer and more productive means for digging (in comparison to traditional excavation)
- Significantly minimizes chances of damage to underground infrastructure during the digging process
- Less intrusive to the surrounding site at point of digging; environmental benefits
- Provides significant environmental benefits by minimizing damage to tree roots (as demonstrated in the image below)
- Provides opportunity for the use of our broad range of offerings in new and emerging end markets beyond oil and gas

Why Federal Signal?

- Sole manufacturer of complete range of truck-mounted safe-digging equipment, with applications across a number of end-markets
- Optional safe-digging package offered with sewer cleaner product line; included in ~75% sewer cleaner orders
- 30-year track record of manufacturing leading vacuum-excitation products
- Widest service and support network for vacuum-excitation products
- Best-in-class payload for Ontario market
- Dedicated and experienced sales organization in place to support initiative
- 2022 orders for safe-digging trucks up 41% YoY

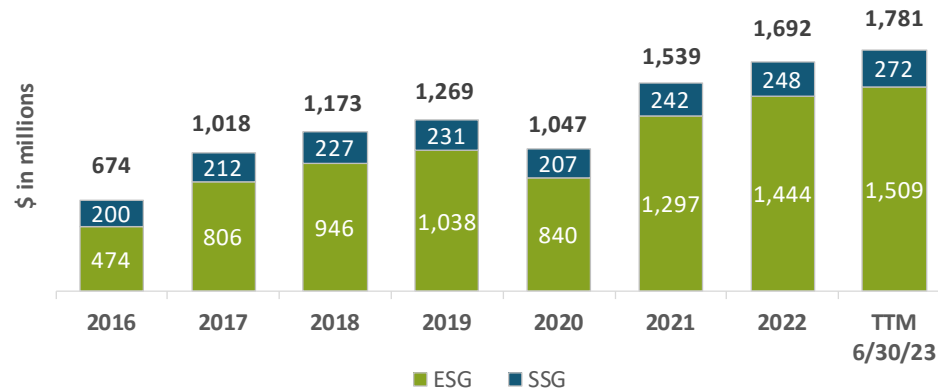


Financial Overview

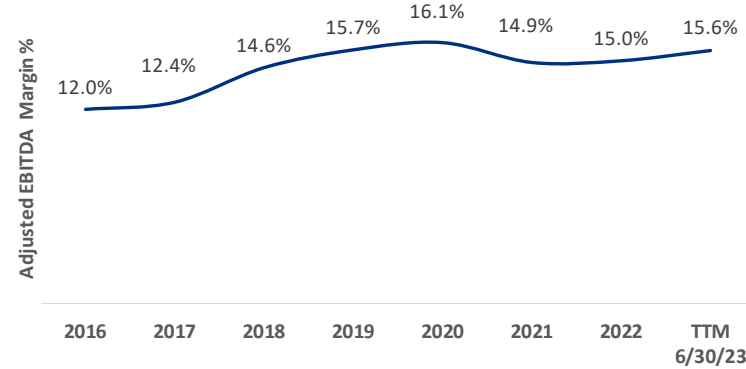
Net Sales



Orders



Adjusted EBITDA Margin* (Consolidated)



Target EBITDA Margin ranges¹

- ESG: 15% - 18%
- SSG: 17% - 21% (new)²
- Consolidated: 12% - 16%
 - Historical EBITDA margins and targets place Federal Signal in the top tier of its peer group of specialty vehicle manufacturers

1. Underlying assumptions: Absence of extraordinary factors affecting demand from end-markets; No unusual hearing loss litigation expenses
 2. Increased SSG target margin range in March 2023 from the previous range of 15% to 18%

Q2 2023 Highlights³:

- Record net sales of \$442M, up \$76M, or 21%, with organic growth of \$54M, or 15%
- Operating income of \$59.4M, up \$13.2M, or 29%
- Adjusted EBITDA* of \$75.5M, up \$17.3M, or 30%
- Adjusted EBITDA margin* of 17.1%, up from 15.9%
- GAAP EPS of \$0.66, up \$0.11, or 20%
- Record adjusted EPS* of \$0.67, up \$0.14, or 26%
- Record orders of \$480M, up \$67M, or 16%
- Record backlog of \$1.01B, up \$212M, or 27%
- Cash and cash equivalents of \$49M and ~\$381M of availability under credit facility
- Net debt of ~\$360M⁴

3. Comparisons to Q2 2022, unless otherwise noted
 4. Net debt is a non-GAAP measure, computed as total debt of \$409.2M, less total cash and cash equivalents of \$48.8M

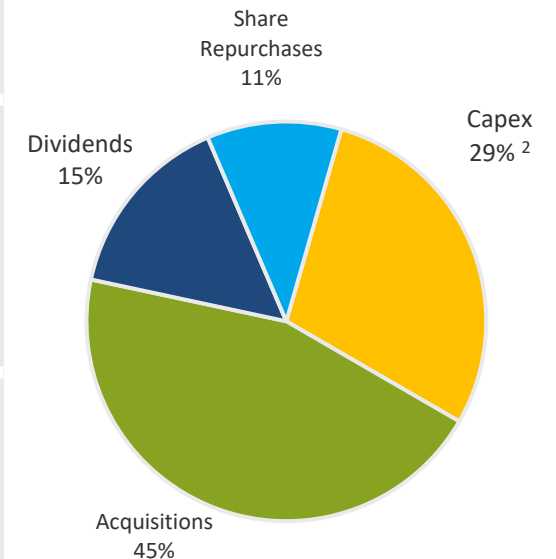


Strong Financial Position Supports Priority-Driven Long-Term Capital Allocation

In October 2022, executed 5-year, \$800 M revolving credit facility, with flexibility to increase further for acquisitions; At the end of Q2 2023, net debt leverage remained low, with ~\$381 M of availability under credit facility

<h2>Reinvest in the Business</h2>	<ul style="list-style-type: none"> • Purchased Elgin, IL manufacturing facility in Q4 2021 (~\$20 M) and University Park, IL manufacturing facility in Q1 2022 (~\$28 M) • Other cap ex of ~\$25 M in 2022, including investments in machinery and equipment to support automating and insourcing opportunities; expect cap ex of \$27 M - \$30 M in 2023 • Innovation R&D efforts target new and updated products
<h2>Acquisitions</h2>	<ul style="list-style-type: none"> • Completed acquisition of TowHaul Corporation in October 2022 for initial payment of ~\$43 M • Completed acquisition of Blasters, Inc. in January 2023 for initial payment of ~\$13 M • Completed acquisition of Trackless in April 2023 for initial purchase price of ~\$43 M • Focused primarily on acquisitions that fit closely within our existing products and services, manufacturing competencies, channels and customers
<h2>Dividend Policy</h2>	<ul style="list-style-type: none"> • Provide a competitive dividend yield while funding business growth • Paid increased dividend of \$0.10 per share in Q2 2023, up from \$0.09 in Q1 2023; recently declared similar dividend for Q3 2023 • Paid dividends of \$6.1 M in Q2 2023 (\$21.8 M in full-year 2022)
<h2>Share Repurchases</h2>	<ul style="list-style-type: none"> • Opportunistic share buybacks as a return of cash to our shareholders • Share repurchases of \$16.1M in 2022; ~\$59 M of repurchase authorization remaining under current programs (~2% of market cap)

Cash Deployment (2020-22)¹



1) Chart depicts cumulative use of cash for each category, relative to the total cash used on all four activities, for the period 2020-2022; excludes investment in rental fleet, which is reported as part of operating cash flows

2) Includes purchase of 2 manufacturing facilities for ~\$48 M (combined)



Raising 2023 Outlook

Raising Full-Year Adjusted EPS* Outlook to a new range of \$2.30 to \$2.46, from the previous range of \$2.21 to \$2.43

Would represent highest EPS in Company's history and YoY growth of 17%-26%, despite aggregate headwind of ~\$0.22 from higher interest expense and increase in effective tax rate

Key Assumptions

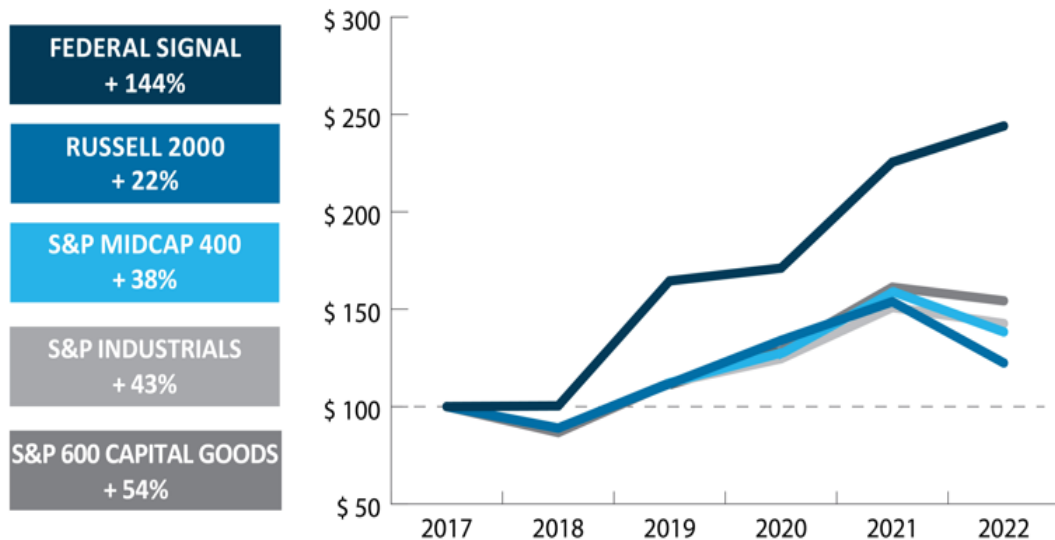
- Also raising low end of full-year net sales outlook by **\$30 M**, establishing new range of \$1.65 B to \$1.72 B
 - Represents YoY growth of 15% - 20% vs. \$1.43 B in 2022
- Double-digit improvement in pre-tax earnings
- Depreciation and amortization expense of ~\$61 M - \$63 M
- Capital expenditures of \$27 M to \$30 M
- Interest expense of ~\$21-22 M; YoY EPS headwind of ~\$0.14
- Effective tax rate of ~24%, excluding additional discrete items; YoY EPS headwind of ~\$0.08
- ~61-62 M weighted average shares outstanding
- No significant deterioration in current supply chain environment; assumes continued supply chain improvement in 2H 2023, with steady flow of customer-provided chassis
- No significant increase in current input costs

*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 six months ended June 30, 2023, we made adjustments to exclude the impact of acquisition and integration-related expenses (benefits) and environmental remediation costs of a discontinued operation. In prior years, we have also made adjustments to exclude the impact of debt settlement charges and certain other unusual or non-recurring items. Should any similar items occur in the remainder of 2023, 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).

Positioned for Long-Term Growth

With continued focus on organic growth and M&A, and margin performance above that of many of our peers, our financial framework aims to create long-term shareholder value

Cumulative Returns to Stockholders



This graph assumes that the value of the investment in the Company's common stock, and in each index, was \$100 on December 31, 2017 and assumes reinvestment of all dividends through December 31, 2022.

Long-Term Organic Revenue Growth

(Couple of % points > GDP)



Value-Added Acquisitions

High Single Digit Revenue Growth

EBITDA Margin Targets:

ESG: 15-18%
SSG: 17-21% (new)
Consolidated: 12-16%

Cash Conversion:
~100% of net income

ROIC > Cost of Capital



Appendix

- I. Segments Overview
- II. Environmental, Social and Governance Initiatives
- III. Eighty-Two Improvement Culture
- IV. New Product Development
- V. Non-GAAP Measures
- VI. Executive Compensation
- VII. Investor Information



Appendix I: ESG Products



ELGIN
by Federal Signal Corporation

GUZZLER
by Federal Signal Corporation

VACTOR
by Federal Signal Corporation

TRUVAC
by KASKIT SPA

Jetstream
by Federal Signal Corporation

WESTECH

Solutions

Depot

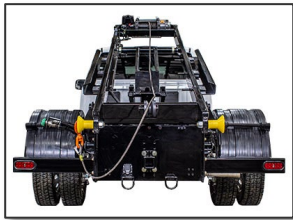
GROUND FORCE
WORLDWIDE
WORLD'S FINEST MINE SUPPORT EQUIPMENT

BLASTERS

TowHaul



Appendix I: ESG Products (continued)

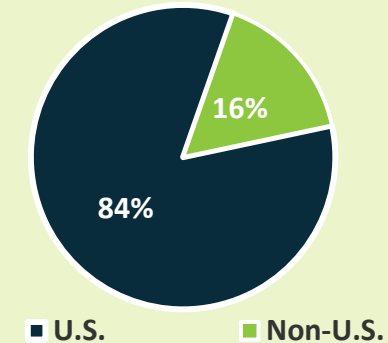


Appendix I: ESG - Market Influencers & Where We Play

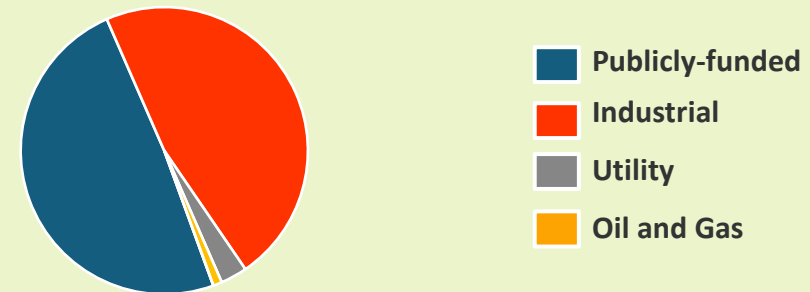
Market Dynamics

- Many ESG products support essential services that are focused on cleaning
- COVID relief stimulus includes \$350 B for state, local and territorial governments; package targets maintenance of essential infrastructure, such as sewer systems and streets
- Anticipate that meaningful investment in U.S. infrastructure would provide upside potential with most of our product offerings expected to benefit
- Aging infrastructure, pipeline and broadband expansion and increasing urbanization support long-term demand for safe digging products, industrial vacuum loaders, dump bodies and trailers
- Improving industrial activity supports growth opportunities for dump bodies and trailers
- Funding for sewer cleaners through water tax revenues adds further stability
- Tracking new housing starts, Class 8 truck chassis, public funding sources, oil rig counts, and overall industrial activity
- Growing demand for lithium-ion batteries expected to benefit metal extraction industry

2022 Sales by Geography



2022 End Markets by Users



Source: Management Estimates



Appendix I: SSG Products



FEDERAL SIGNAL
Safety and Security Systems
Public Safety Systems



FEDERAL SIGNAL
Safety and Security Systems
Heavy Duty



FEDERAL SIGNAL
Safety and Security Systems
Signaling



FEDERAL SIGNAL
Safety and Security Systems
Systems



FEDERAL SIGNAL VAMA
Safety and Security Systems

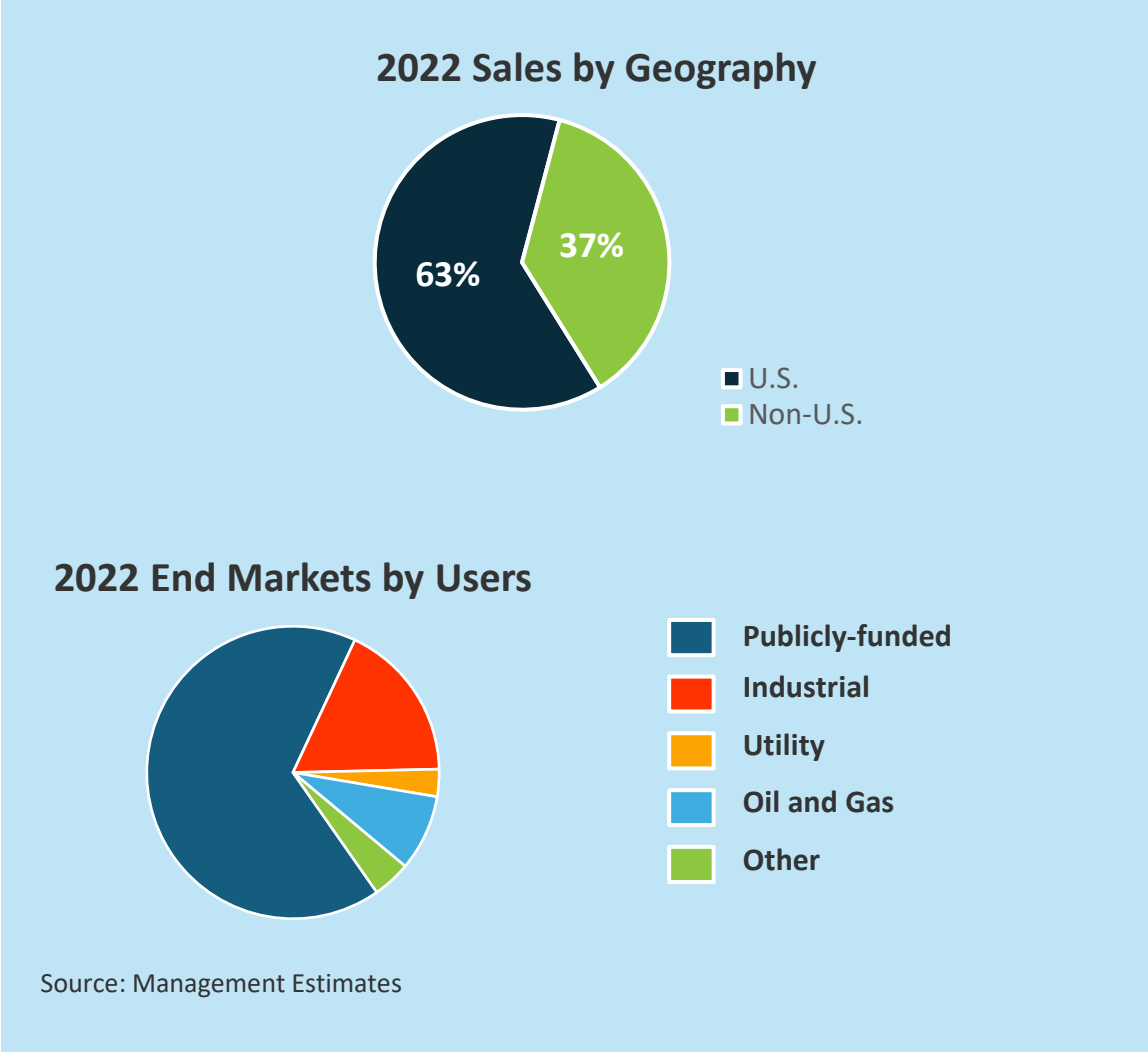
Victor



Appendix I: SSG - Market Influencers & Where We Play

Market Dynamics

- Increased national focus on issues of public safety and law enforcement, and rising public expectations for transparency and accountability driving demand for safety and security products
- Rising occurrence of natural and man-made disasters
- Incremental FEMA funding to support disaster mitigation
- Shift in customer preference towards inter-connected platforms expected to drive demand for security systems integration
- Tracking data that indicates the number of new vehicle registrations



Appendix II: Environmental, Social and Governance Initiatives

We know that as a global manufacturer of critical infrastructure products, we have the responsibility to do the right thing-operate sustainably

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
 - 60% 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
- **ESG Governance**
 - Published 2023 Sustainability Report in Q2
 - Completed annual Materiality Assessment
 - Held Environmental Compliance Oversight Committee review



Appendix III: Eighty-Twenty Improvement (“ETI”) Culture

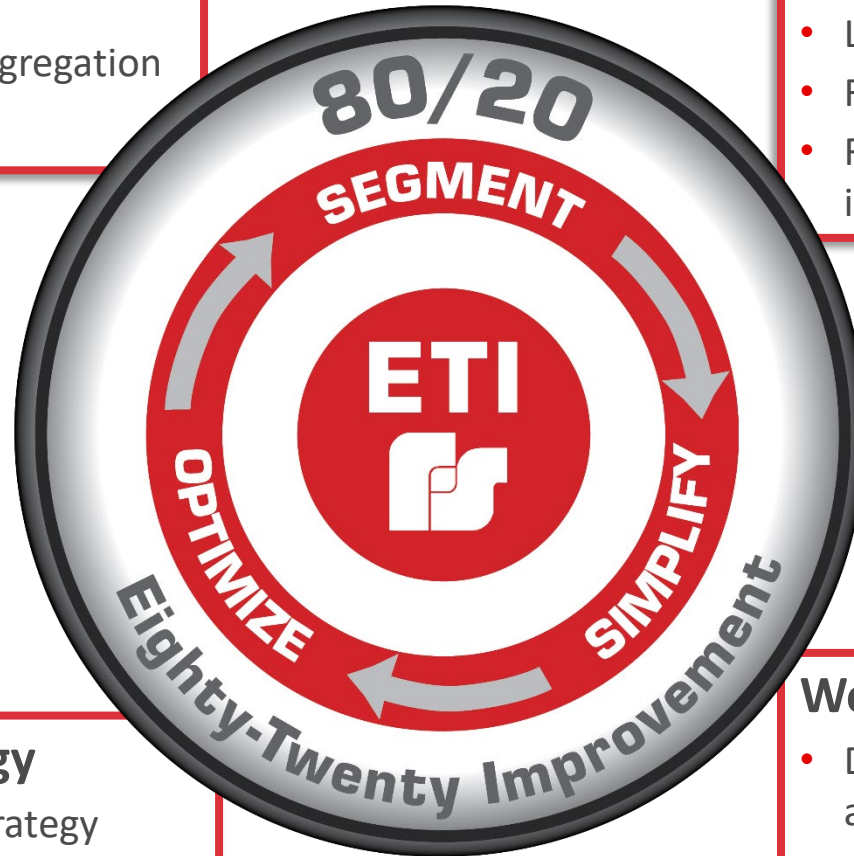
Material Cost Reduction

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



Manufacturing Efficiency

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



Pricing Strategy

- Parts pricing strategy
- Effective “options” pricing

Working Capital Optimization

- Derived benefits from manufacturing efficiencies and SKU rationalization
- Improved cycle times to drive inventory reductions



Appendix IV: New Product Development

- Several successful new product launches resulting from our customer-focused approach to innovation, including the award-winning launch of the ParaDIGm® vacuum excavator in 2016
- Targeting long-term organic revenue growth of a couple percentage points above GDP
- Continued investment in electrification projects:
 - Introduced a full size, all-electric sweeper and showcased a fully electric Rugby Vari-Class platform dump body at 2023 Con Expo
 - Introduced new Switch-N-Go system on a Class 4 electric chassis at 2023 NTEA work truck show
 - Experiencing high demand from dealers for demonstrations of our plug in, hybrid electric street sweeper products, specifically the Broom Bear and the three-wheel Pelican



Switch-N-Go® system on electric chassis



Full Size, All-Electric Street Sweeper

Environmental Solutions Group (ESG)

- Sewer Cleaner productivity improvements such as advanced controls and a new, revolutionary boom design
- All-New Vactor iMPACT® compact sewer cleaner
- All-New RegenX® regenerative air sweeper, and new single-engine versions of legacy sweepers
- All-New Non-CDL Broom Badger® maneuverable compact mechanical four-wheel sweeper
- All-New HXX® Vacuum Excavator with improved payload carrying capacity
- Jetstream portfolio of tools and accessories
- GroundForce® 200 ton-capacity, belly dump coal trailer
- All-New TRUVAC® Coyote and APXX Vacuum Excavators
- All-New TRUVAC® TRXX safe-digging trailer
- Street sweeper-based road condition assessment service offering
- Won World Sweeping Association's 2020 Award of Excellence in Power Sweeping



Safety and Security Systems Group (SSG)

- Automatic License Plate Recognition (ALPR) Systems
- CommanderOne Direct Messaging (SMS/Phone)
- Smart Police Vehicle Systems
- Next-Generation PAGA
- Global Series Signaling Devices
- Allegiant® Police Light Bar
- Pathfinder® Siren Suite
- Reliant® Light Bar



Appendix V: Non-GAAP Measures (Adjusted EPS)

(\$ in millions, except per share data)	Three Months Ended June 30,	
	2023	2022
Net income, as reported	\$ 40.3	\$ 33.5
<i>Add:</i>		
Income tax expense	12.4	11.1
Income before income taxes	52.7	44.6
<i>Add:</i>		
Acquisition and integration-related expenses (benefits)	0.6	(1.7)
Environmental remediation costs of a discontinued operation (1)	0.8	-
Adjusted income before income taxes	54.1	42.9
Adjusted income tax expense (2)	(12.7)	(10.7)
Adjusted net income	\$ 41.4	\$ 32.2
Diluted EPS, as reported	\$ 0.66	\$ 0.55
Adjusted diluted EPS	\$ 0.67	\$ 0.53

Adjusted net income and earnings per share ("EPS")

The Company believes that modifying its 2023 and 2022 net income and diluted EPS provides additional measures which are representative of the Company's underlying performance and improves the comparability of results between reporting periods. During the three months ended June 30, 2023 and 2022, adjustments were made to reported GAAP net income and diluted EPS to exclude the impact of acquisition and integration-related expenses (benefits) and environmental remediation costs of a discontinued operation, where applicable.

(1) Environmental remediation costs of a discontinued operation in the three months ended June 30, 2023 relate to estimated environmental clean up costs at a facility associated with a business that was discontinued in 2009. Such charges are included as a component of Other expense (income), net on the Condensed Consolidated Statements of Operations.

(2) Adjusted income tax expense for the three months ended June 30, 2023 and 2022 was recomputed after excluding the impact of acquisition and integration-related expenses (benefits) and environmental remediation costs of a discontinued operation, where applicable.



Appendix V: Non-GAAP Measures (Adjusted EBITDA)

<i>\$ millions, except %</i>	<u>Q2 2023</u>	<u>Q2 2022</u>
Net income	\$ 40.3	\$ 33.5
Add:		
Interest expense	5.6	1.9
Acquisition and integration-related expenses (benefits)	0.6	(1.7)
Other expense (income), net	1.1	(0.3)
Income tax expense	12.4	11.1
Depreciation and amortization	15.5	13.7
Consolidated adjusted EBITDA	\$ 75.5	\$ 58.2
Net Sales	\$ 442.4	\$ 366.7
Consolidated adjusted EBITDA margin	17.1%	15.9%

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.



Appendix V: Non-GAAP Measures (Adjusted EBITDA cont.)

(\$ in millions)	2016	2017	2018	2019	2020	2021	2022	TTM Q2 2023
Net income	39.4	\$ 60.5	\$ 93.7	\$ 108.4	\$ 96.1	\$ 100.6	\$ 120.4	\$ 134.1
<u>Add (less):</u>								
Interest expense	1.9	7.3	9.3	7.9	5.7	4.5	10.3	17.4
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)	2.2
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)	1.4
Income tax expense	17.4	0.5	17.9	30.2	28.5	17.0	30.5	32.0
Depreciation and amortization	19.1	30.0	36.4	41.5	44.8	50.4	54.7	57.4
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	\$ 244.6
Net Sales	\$ 707.9	\$ 898.5	\$ 1,089.5	\$ 1,221.3	\$ 1,130.8	\$ 1,213.2	\$ 1,434.8	\$ 1,565.8
Adjusted EBITDA Margin	12.0%	12.4%	14.6%	15.7%	16.1%	14.9%	15.0%	15.6%

(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 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"> Profitability and growth 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"> Profitability and growth Shareholder value creation Efficient use of capital Facilitates stock ownership Executive retention 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"> Executive recruitment 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"> Shareholder value creation Facilitates stock ownership Executive retention



Appendix VII: Investor Information

Stock Ticker: NYSE:FSS

Company website: federalsignal.com/investors

HEADQUARTERS

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

INVESTOR RELATIONS CONTACTS

630-954-2000

Ian Hudson

SVP & Chief Financial Officer

IHudson@federalsignal.com





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