

REFINITIV

DELTA REPORT

10-Q

FSS - FEDERAL SIGNAL CORP /DE/

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1921
CHANGES	723
DELETIONS	628
ADDITIONS	570

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☐ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2023** **September 30, 2023**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 1-6003



FEDERAL SIGNAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

36-1063330

(I.R.S. Employer Identification No.)

1415 West 22nd Street, Oak Brook, Illinois

(Address of principal executive offices)

60523

(Zip code)

(630) 954-2000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$1.00 per share	FSS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☐

As of **June 30, 2023** **October 31, 2023**, the number of shares outstanding of the registrant's common stock was **60,992,684**, **60,928,813**.

FEDERAL SIGNAL CORPORATION

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Form 10-Q") is being filed by Federal Signal Corporation and its subsidiaries (referred to collectively as the "Company," "we," "our" or "us" herein, unless the context otherwise indicates) with the United States ("U.S.") Securities and Exchange Commission (the "SEC"), and includes comments made by management that may contain words such as "may," "will," "believe," "expect," "anticipate," "intend," "plan," "project," "estimate" and "objective" or similar terminology, or the negative thereof, 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 Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and 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.

These risks and uncertainties, some of which are beyond the Company's control, include the risk factors described under Part I, Item 1A, *Risk Factors*, of the Company's Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the SEC on March 1, 2023. These factors may not constitute all factors that could cause actual results to differ materially from those discussed in any forward-looking statement. The Company operates in a continually changing business environment and new factors emerge from time to time, including, for example, the ongoing coronavirus pandemic and the government response to the pandemic. The Company cannot predict such factors, nor can it assess the impact, if any, of such factors on its results of operations, financial condition or cash flow. Accordingly, forward-looking statements should not be relied upon as a predictor of actual results. The Company disclaims any responsibility to update any forward-looking statement provided in this Form 10-Q.

ADDITIONAL INFORMATION

The Company is subject to the reporting and information requirements of the Exchange Act and, as a result, is obligated to file Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports and information with the SEC, as well as amendments to those reports. The Company makes these filings available free of charge through our website at www.federsignal.com as soon as reasonably practicable after such materials are filed with, or furnished to, the SEC. Information on our website does not constitute part of this Form 10-Q. In addition, the SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(in millions, except per share data)	(in millions, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,		(in millions, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Net sales	Net sales	\$ 442.4	\$ 366.7	\$ 827.9	\$ 696.9	Net sales	\$ 446.4	\$ 346.4	\$ 1,274.3	\$ 1,043.3
Cost of sales	Cost of sales	325.1	276.9	614.8	531.4	Cost of sales	328.7	263.6	943.5	795.0
Gross profit	Gross profit	117.3	89.8	213.1	165.5	Gross profit	117.7	82.8	330.8	248.3
Selling, engineering, general and administrative expenses	Selling, engineering, general and administrative expenses	53.4	42.1	105.4	85.7	Selling, engineering, general and administrative expenses	50.6	39.8	156.0	125.5
Amortization expense	Amortization expense	3.9	3.2	7.5	6.5	Amortization expense	3.9	3.1	11.4	9.6
Acquisition and integration- related expenses (benefits)	Acquisition and integration- related expenses (benefits)	0.6	(1.7)	1.3	(1.4)	Acquisition and integration- related expenses (benefits)	0.7	0.4	2.0	(1.0)
Operating income	Operating income	59.4	46.2	98.9	74.7	Operating income	62.5	39.5	161.4	114.2
Interest expense		5.6	1.9	10.3	3.2					
Interest expense, net						Interest expense, net	5.1	2.7	15.4	5.9
Other expense (income), net	Other expense (income), net	1.1	(0.3)	1.2	(0.7)	Other expense (income), net	0.3	0.1	1.5	(0.6)
Income before income taxes	Income before income taxes	52.7	44.6	87.4	72.2	Income before income taxes	57.1	36.7	144.5	108.9
Income tax expense	Income tax expense	12.4	11.1	19.7	18.2	Income tax expense	13.8	4.9	33.5	23.1
Net income	Net income	\$ 40.3	\$ 33.5	\$ 67.7	\$ 54.0	Net income	\$ 43.3	\$ 31.8	\$ 111.0	\$ 85.8
Earnings per share:	Earnings per share:					Earnings per share:				

Basic	Basic	\$	0.66	\$	0.55	\$	1.12	\$	0.89	Basic	\$	0.71	\$	0.53	\$	1.83	\$	1.42
Diluted	Diluted		0.66		0.55		1.10		0.88	Diluted		0.71		0.52		1.81		1.40
Weighted average common shares outstanding:	Weighted average common shares outstanding:									Weighted average common shares outstanding:								
Basic	Basic		60.7		60.4		60.7		60.6	Basic		60.8		60.4		60.7		60.5
Diluted	Diluted		61.4		60.9		61.4		61.1	Diluted		61.4		61.0		61.4		61.1

See notes to condensed consolidated financial statements.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(in millions)		Three Months Ended June 30,		Six Months Ended June 30,		(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Net income	Net income	\$ 40.3	\$ 33.5	\$ 67.7	\$ 54.0	Net income	\$ 43.3	\$ 31.8	\$ 111.0	\$ 85.8
Other comprehensive income (loss):	Other comprehensive income (loss):					Other comprehensive income (loss):				
Change in foreign currency translation adjustment	Change in foreign currency translation adjustment	3.2	(8.6)	4.7	(10.2)	Change in foreign currency translation adjustment	(5.1)	(11.9)	(0.4)	(22.1)
Change in unrecognized net actuarial loss and prior service cost related to pension benefit plans, net of income tax expense of \$0.0, \$0.1, \$0.0, and \$0.5 respectively		(0.1)	2.1	(0.1)	3.1					
Change in unrealized gain or loss on interest rate swaps, net of income tax expense (benefit) of \$0.2, \$0.1, \$(0.1) and \$0.8, respectively		0.6	0.2	(0.3)	2.3					
Total other comprehensive income (loss)		3.7	(6.3)	4.3	(4.8)					
Change in unrecognized net actuarial loss and prior service cost related to pension benefit plans, net of income tax expense of \$0.3, \$0.3, \$0.3 and \$0.8, respectively						Change in unrecognized net actuarial loss and prior service cost related to pension benefit plans, net of income tax expense of \$0.3, \$0.3, \$0.3 and \$0.8, respectively	0.9	1.8	0.8	4.9
Change in unrealized gain or loss on interest rate swaps, net of income tax expense (benefit) of \$0.0, \$0.4, \$(0.1) and \$1.2, respectively						Change in unrealized gain or loss on interest rate swaps, net of income tax expense (benefit) of \$0.0, \$0.4, \$(0.1) and \$1.2, respectively	0.1	1.1	(0.2)	3.4
Total other comprehensive (loss) income						Total other comprehensive (loss) income	(4.1)	(9.0)	0.2	(13.8)
Comprehensive income	Comprehensive income	\$ 44.0	\$ 27.2	\$ 72.0	\$ 49.2	Comprehensive income	\$ 39.2	\$ 22.8	\$ 111.2	\$ 72.0

See notes to condensed consolidated financial statements.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
(in millions, except per share data)	(in millions, except per share data)	(Unaudited)		(in millions, except per share data)	(Unaudited)	
ASSETS	ASSETS			ASSETS		
Current assets:	Current assets:			Current assets:		
Cash and cash equivalents	Cash and cash equivalents	\$ 48.8	\$ 47.5	Cash and cash equivalents	\$ 41.0	\$ 47.5
Accounts receivable, net of allowances for doubtful accounts of \$2.8 and \$2.5, respectively		193.4	173.8			
Accounts receivable, net of allowances for doubtful accounts of \$2.4 and \$2.5, respectively				Accounts receivable, net of allowances for doubtful accounts of \$2.4 and \$2.5, respectively	213.3	173.8
Inventories	Inventories	339.4	292.7	Inventories	330.1	292.7
Prepaid expenses and other current assets	Prepaid expenses and other current assets	24.4	17.4	Prepaid expenses and other current assets	19.3	17.4
Total current assets	Total current assets	606.0	531.4	Total current assets	603.7	531.4
Properties and equipment, net of accumulated depreciation of \$167.2 and \$156.4, respectively		189.1	179.3			
Rental equipment, net of accumulated depreciation of \$49.0 and \$45.4, respectively		129.8	109.1			
Properties and equipment, net of accumulated depreciation of \$169.9 and \$156.4, respectively				Properties and equipment, net of accumulated depreciation of \$169.9 and \$156.4, respectively	188.3	179.3
Rental equipment, net of accumulated depreciation of \$51.1 and \$45.4, respectively				Rental equipment, net of accumulated depreciation of \$51.1 and \$45.4, respectively	130.3	109.1
Operating lease right-of-use assets	Operating lease right-of-use assets	25.1	24.7	Operating lease right-of-use assets	23.7	24.7
Goodwill	Goodwill	475.4	453.4	Goodwill	473.6	453.4
Intangible assets, net of accumulated amortization of \$63.0 and \$55.4, respectively		216.7	208.2			
Intangible assets, net of accumulated amortization of \$66.8 and \$55.4, respectively				Intangible assets, net of accumulated amortization of \$66.8 and \$55.4, respectively	212.2	208.2
Deferred tax assets	Deferred tax assets	8.4	8.8	Deferred tax assets	12.1	8.8
Other long-term assets	Other long-term assets	10.2	9.4	Other long-term assets	10.7	9.4
Total assets	Total assets	\$ 1,660.7	\$ 1,524.3	Total assets	\$ 1,654.6	\$ 1,524.3
LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY			LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:	Current liabilities:			Current liabilities:		
Current portion of long-term borrowings and finance lease obligations	Current portion of long-term borrowings and finance lease obligations	\$ 3.1	\$ 1.5	Current portion of long-term borrowings and finance lease obligations	\$ 3.9	\$ 1.5

Accounts payable	Accounts payable	86.7	72.4	Accounts payable	82.4	72.4
Customer deposits	Customer deposits	26.6	25.4	Customer deposits	27.6	25.4
Accrued liabilities:	Accrued liabilities:			Accrued liabilities:		
Compensation and withholding taxes	Compensation and withholding taxes	30.2	31.1	Compensation and withholding taxes	34.5	31.1
Current operating lease liabilities	Current operating lease liabilities	7.8	6.9	Current operating lease liabilities	7.4	6.9
Other current liabilities	Other current liabilities	44.0	43.2	Other current liabilities	46.8	43.2
Total current liabilities	Total current liabilities	198.4	180.5	Total current liabilities	202.6	180.5
Long-term borrowings and finance lease obligations	Long-term borrowings and finance lease obligations	406.1	361.5	Long-term borrowings and finance lease obligations	362.0	361.5
Long-term operating lease liabilities	Long-term operating lease liabilities	18.3	18.5	Long-term operating lease liabilities	17.0	18.5
Long-term pension and other postretirement benefit liabilities	Long-term pension and other postretirement benefit liabilities	40.3	38.9	Long-term pension and other postretirement benefit liabilities	38.8	38.9
Deferred tax liabilities	Deferred tax liabilities	52.6	51.0	Deferred tax liabilities	56.7	51.0
Other long-term liabilities	Other long-term liabilities	21.1	13.0	Other long-term liabilities	21.6	13.0
Total liabilities	Total liabilities	736.8	663.4	Total liabilities	698.7	663.4
Stockholders' equity:	Stockholders' equity:			Stockholders' equity:		
Common stock, \$1 par value per share, 90.0 shares authorized, 69.9 and 69.5 shares issued, respectively	Common stock, \$1 par value per share, 90.0 shares authorized, 69.9 and 69.5 shares issued, respectively	69.9	69.5	Common stock, \$1 par value per share, 90.0 shares authorized, 69.9 and 69.5 shares issued, respectively	69.9	69.5
Capital in excess of par value	Capital in excess of par value	280.9	271.8	Capital in excess of par value	284.7	271.8
Retained earnings	Retained earnings	838.3	782.2	Retained earnings	875.5	782.2
Treasury stock, at cost, 8.9 and 8.8 shares, respectively		(185.5)	(178.6)			
Treasury stock, at cost, 9.0 and 8.8 shares, respectively				Treasury stock, at cost, 9.0 and 8.8 shares, respectively	(190.4)	(178.6)
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(79.7)	(84.0)	Accumulated other comprehensive loss	(83.8)	(84.0)
Total stockholders' equity	Total stockholders' equity	923.9	860.9	Total stockholders' equity	955.9	860.9
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$ 1,660.7	\$ 1,524.3	Total liabilities and stockholders' equity	\$ 1,654.6	\$ 1,524.3

See notes to condensed consolidated financial statements.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(in millions)	(in millions)	Six Months Ended June 30,		(in millions)	Nine Months Ended September 30,	
		2023	2022		2023	2022
Operating activities:	Operating activities:			Operating activities:		
Net income	Net income	\$ 67.7	\$ 54.0	Net income	\$ 111.0	\$ 85.8

Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:		Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	29.8	27.1	45.1	40.7
Stock-based compensation expense	5.8	5.4	8.9	7.5
Changes in fair value of contingent consideration	(0.2)	—	(0.2)	—
Amortization of interest rate swap settlement gain	(1.2)	—	(1.8)	—
Deferred income taxes	2.2	3.2	2.0	0.3
Changes in operating assets and liabilities	(61.1)	(67.3)	(74.0)	(101.9)
Net cash provided by operating activities	43.0	22.4	91.0	32.4
Investing activities:	Investing activities:		Investing activities:	
Purchases of properties and equipment	(15.7)	(41.5)	(21.4)	(45.6)
Payments for acquisition-related activity, net of cash acquired	(56.0)	(5.9)	(55.1)	(6.6)
Other, net	0.3	1.4	0.8	2.1
Net cash used for investing activities	(71.4)	(46.0)	(75.7)	(50.1)
Financing activities:	Financing activities:		Financing activities:	
Increase in revolving lines of credit, net	44.7	44.1	4.6	49.9
Purchases of treasury stock	—	(16.1)	(4.3)	(16.1)
Redemptions of common stock to satisfy withholding taxes related to stock-based compensation	(5.4)	(2.5)	(5.6)	(3.0)
Payments for acquisition-related activity	(0.5)	—	(0.5)	—
Cash dividends paid to stockholders	(11.6)	(10.9)	(17.7)	(16.4)
Proceeds from stock-based compensation activity	2.0	0.1	2.3	0.1
Other, net	—	0.2	—	(0.1)
Net cash provided by financing activities	29.2	14.9		

Net cash (used for) provided by financing activities					Net cash (used for) provided by financing activities					
								(21.2)		14.4
Effects of foreign exchange rate changes on cash and cash equivalents	Effects of foreign exchange rate changes on cash and cash equivalents		0.5	(0.6)	Effects of foreign exchange rate changes on cash and cash equivalents		(0.6)		(1.7)	
Increase (decrease) in cash and cash equivalents			1.3	(9.3)						
Decrease in cash and cash equivalents					Decrease in cash and cash equivalents		(6.5)		(5.0)	
Cash and cash equivalents at beginning of year	Cash and cash equivalents at beginning of year		47.5	40.5	Cash and cash equivalents at beginning of year		47.5		40.5	
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$	48.8	\$ 31.2	Cash and cash equivalents at end of period	\$	41.0	\$	35.5	

See notes to condensed consolidated financial statements.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)

		Three Months Ended June 30, 2023						Three Months Ended September 30, 2023						
		Capital in Excess of			Accumulated Other			Capital in Excess of			Accumulated Other			
(in millions)	(in millions)	Common Stock	Par Value	Retained Earnings	Treasury Stock	Comprehensive Loss	Total	(in millions)	Common Stock	Par Value	Retained Earnings	Treasury Stock	Comprehensive Loss	Total
Balance at April 1, 2023		\$ 69.7	\$ 274.7	\$ 804.1	\$(183.1)	\$ (83.4)	\$882.0	Balance at July 1, 2023	\$ 69.9	\$ 280.9	\$ 838.3	\$(185.5)	\$ (79.7)	\$923.9
Net income	Net income			40.3			40.3	Net income			43.3			43.3
Total other comprehensive income						3.7	3.7							
Total other comprehensive loss								Total other comprehensive loss					(4.1)	(4.1)
Cash dividends declared (\$0.10 per share)	Cash dividends declared (\$0.10 per share)			(6.1)			(6.1)	Cash dividends declared (\$0.10 per share)			(6.1)			(6.1)
Stock-based payments:	Stock-based payments:							Stock-based payments:						
Stock-based compensation	Stock-based compensation		3.1				3.1	Stock-based compensation		3.1				3.1
Stock option exercises and other	Stock option exercises and other	0.2	3.1		(2.4)		0.9	Stock option exercises and other	—	0.7		(0.6)		0.1
Balance at June 30, 2023		\$ 69.9	\$ 280.9	\$ 838.3	\$(185.5)	\$ (79.7)	\$923.9	Balance at September 30, 2023	\$ 69.9	\$ 284.7	\$ 875.5	\$(190.4)	\$ (83.8)	\$955.9
Stock repurchase program								Stock repurchase program				(4.3)		(4.3)

Three Months Ended June 30, 2022

Three Months Ended September 30, 2022

(in millions)	(in millions)	Capital in Excess of						(in millions)	Capital in Excess of					
		Common Stock	Par Value	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total		Common Stock	Par Value	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total
	Balance at April 1, 2022	\$ 69.1	\$ 259.3	\$ 698.6	\$(166.5)	\$ (72.7)	\$787.8							
	Balance at July 1, 2022							Balance at July 1, 2022	\$ 69.2	\$ 262.4	\$ 726.7	\$(170.2)	\$ (79.0)	\$809.1
	Net income			33.5			33.5	Net income			31.8			31.8
	Total other comprehensive loss					(6.3)	(6.3)	Total other comprehensive loss					(9.0)	(9.0)
	Cash dividends declared (\$0.09 per share)			(5.4)			(5.4)	Cash dividends declared (\$0.09 per share)			(5.5)			(5.5)
	Stock-based payments:							Stock-based payments:						
	Stock-based compensation		2.3				2.3	Stock-based compensation		2.1				2.1
	Stock option exercises and other	0.1	0.8		(1.2)		(0.3)	Stock option exercises and other	—	0.6		(1.1)		(0.5)
	Stock repurchase program				(2.5)		(2.5)							
	Balance at June 30, 2022	\$ 69.2	\$ 262.4	\$ 726.7	\$(170.2)	\$ (79.0)	\$809.1							
	Balance at September 30, 2022							Balance at September 30, 2022	\$ 69.2	\$ 265.1	\$ 753.0	\$(171.3)	\$ (88.0)	\$828.0
(in millions)	(in millions)	Six Months Ended June 30, 2023						(in millions)	Nine Months Ended September 30, 2023					
		Common Stock	Par Value	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total		Common Stock	Par Value	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total
	Balance at January 1, 2023	\$ 69.5	\$ 271.8	\$ 782.2	\$(178.6)	\$ (84.0)	\$860.9	Balance at January 1, 2023	\$ 69.5	\$ 271.8	\$ 782.2	\$(178.6)	\$ (84.0)	\$860.9
	Net income			67.7			67.7	Net income			111.0			111.0
	Total other comprehensive income					4.3	4.3	Total other comprehensive income					0.2	0.2
	Cash dividends declared (\$0.19 per share)			(11.6)			(11.6)							
	Cash dividends declared (\$0.29 per share)							Cash dividends declared (\$0.29 per share)			(17.7)			(17.7)
	Stock-based payments:							Stock-based payments:						
	Stock-based compensation		5.1				5.1	Stock-based compensation		8.2				8.2
	Stock option exercises and other	0.3	4.1		(3.6)		0.8	Stock option exercises and other	0.3	4.8		(4.2)		0.9
	Performance share unit transactions	0.1	(0.1)		(3.3)		(3.3)	Performance share unit transactions	0.1	(0.1)		(3.3)		(3.3)
	Balance at June 30, 2023	\$ 69.9	\$ 280.9	\$ 838.3	\$(185.5)	\$ (79.7)	\$923.9							
	Stock repurchase program							Stock repurchase program				(4.3)		(4.3)

Balance at September 30, 2023	Balance at September 30, 2023	\$ 69.9	\$ 284.7	\$ 875.5	\$(190.4)	\$ (83.8)	\$955.9
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(in millions)	(in millions)	Six Months Ended June 30, 2022						(in millions)	Nine Months Ended September 30, 2022											
		Capital in Excess of			Accumulated Other				Capital in Excess of			Accumulated Other								
		Common Stock	Par Value	Retained Earnings	Treasury Stock	Comprehensive Loss	Total		Common Stock	Par Value	Retained Earnings	Treasury Stock	Comprehensive Loss	Total						
Balance at January 1, 2022	Balance at January 1, 2022	\$ 68.9	\$ 256.7	\$ 683.6	\$(151.0)	\$ (74.2)	\$784.0	Balance at January 1, 2022	\$ 68.9	\$ 256.7	\$ 683.6	\$(151.0)	\$ (74.2)	\$784.0						
Net income	Net income			54.0			54.0	Net income			85.8			85.8						
Total other comprehensive loss	Total other comprehensive loss					(4.8)	(4.8)	Total other comprehensive loss					(13.8)	(13.8)						
Cash dividends declared (\$0.18 per share)																	(10.9)			(10.9)
Cash dividends declared (\$0.27 per share)								Cash dividends declared (\$0.27 per share)									(16.4)			(16.4)
Stock-based payments:	Stock-based payments:							Stock-based payments:												
Stock-based compensation	Stock-based compensation	4.7						Stock-based compensation	6.8						6.8					
Stock option exercises and other	Stock option exercises and other	0.2	1.1			(1.8)	(0.5)	Stock option exercises and other	0.2	1.7			(2.9)		(1.0)					
Performance share unit transactions	Performance share unit transactions	0.1	(0.1)			(1.3)	(1.3)	Performance share unit transactions	0.1	(0.1)			(1.3)		(1.3)					
Stock repurchase program	Stock repurchase program					(16.1)	(16.1)	Stock repurchase program					(16.1)		(16.1)					
Balance at June 30, 2022		\$ 69.2	\$ 262.4	\$ 726.7	\$(170.2)	\$ (79.0)	\$809.1	Balance at September 30, 2022		\$ 69.2	\$ 265.1	\$ 753.0	\$(171.3)	\$ (88.0)	\$828.0					

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of the Business

Federal Signal Corporation was founded in 1901 and was reincorporated as a Delaware corporation in 1969. References herein to the “Company,” “we,” “our” or “us” refer collectively to Federal Signal Corporation and its subsidiaries.

Products manufactured and services rendered by the Company are divided into two reportable segments: Environmental Solutions Group and Safety and Security Systems Group. The individual operating businesses are organized as such because they share certain characteristics, including technology, marketing, distribution and product application, which create long-term synergies. These segments are discussed in Note 12 – Segment Information.

Basis of Presentation and Consolidation

The accompanying unaudited condensed consolidated financial statements represent the consolidation of Federal Signal Corporation and its subsidiaries included herein and have been prepared by the Company pursuant to the rules and regulations of the United States (“U.S.”) Securities and Exchange Commission (the “SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been condensed or

omitted pursuant to such rules and regulations, although the Company believes that the disclosures presented herein are adequate to ensure the information presented is not misleading. Except as otherwise noted, these condensed consolidated financial statements have been prepared in accordance with the Company's accounting policies described in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, and should be read in conjunction with those consolidated financial statements and the notes thereto.

These condensed consolidated financial statements include all normal and recurring adjustments that we considered necessary to present a fair statement of our results of operations, financial condition and cash flow. Intercompany balances and transactions have been eliminated in consolidation.

The results reported in these condensed consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year, which may differ materially due to, among other things, the risk factors described under Part I, Item 1A, *Risk Factors*, of the Company's Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the SEC on March 1, 2023. While we label our quarterly information using a calendar convention whereby our first, second and third quarters are labeled as ending on March 31, June 30 and September 30, respectively, it is our longstanding practice to establish interim quarterly closing dates based on a 13-week period ending on a Saturday, with our fiscal year ending on December 31. The effects of this practice are not material and exist only within a reporting year.

Recent Accounting Pronouncements and Accounting Changes

There are no new accounting pronouncements issued, but not yet adopted, that are expected to have a material impact on the Company's results of operations, financial position or cash flow.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities, (ii) the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and (iii) the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant Accounting Policies

There have been no changes to the Company's significant accounting policies as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED) (Unaudited)

NOTE 2 – ACQUISITIONS

Acquisitions Completed in 2023

Acquisition of Trackless

On April 3, 2023, the Company completed the acquisition of substantially all the assets and operations of Trackless Vehicles Limited and Trackless Vehicles Asset Corp, including the wholly-owned subsidiary Work Equipment Ltd. (collectively, "Trackless"), a leading Canadian manufacturer of multi-purpose, off-road, multi-purpose tractors and attachments. The Company expects that the Trackless acquisition will further bolster its position as an industry leading diversified industrial manufacturer of specialized vehicles for maintenance and infrastructure markets with leading brands of premium, value-adding products, and a strong supporting aftermarket platform.

The assets and liabilities of Trackless have been consolidated into the Company's Condensed Consolidated Balance Sheet as of June 30, 2023 September 30, 2023, and the post-acquisition results of operations have been included in the Condensed Consolidated Statements of Operations, within the Environmental Solutions Group.

The initial cash consideration paid by the Company to acquire Trackless was C\$57.3 million (approximately \$42.6 million), inclusive of certain preliminary closing adjustments, and of which C\$1.0 million (approximately \$0.7 million) was funded through existing cash and borrowings under received in the Company's credit agreement. three months ended September 30, 2023. In addition, there is a contingent earn-out payment of up to C\$6.0 million (approximately \$4.5 million), based upon the achievement of certain financial targets over a specified performance period. Any additional closing adjustments are expected to be finalized before The purchase price was funded through existing cash and borrowings under the end of 2023. Company's credit agreement.

The acquisition is being accounted for in accordance with Accounting Standards Codification ("ASC") 805, *Business Combinations*. Accordingly, the total purchase price has been allocated on a preliminary basis to assets acquired and liabilities assumed in connection with the acquisition based on their estimated fair values as of the completion of the acquisition. A single estimate of fair value results from a complex series of judgments about future events and uncertainties and relies heavily on estimates and assumptions. The Company's judgments used to determine the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact the Company's results of operations. Due to the proximity of the date of acquisition to the date of issuance of the condensed consolidated financial statements, the The Company's purchase price allocation as of June 30, 2023 September 30, 2023 reflects various provisional estimates that were based on the information that was available as of the acquisition date and the filing date of this Form 10-Q. The Company believes that information provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed; however, the determination of those fair values is not yet finalized. Thus, the preliminary measurements of fair value set forth in the table below are subject to change during the measurement period as valuations are finalized. The Company expects to finalize the valuation and complete the purchase price allocation as soon as practicable.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED) (Unaudited)

The following table summarizes the preliminary fair value of assets acquired and liabilities assumed as of the acquisition date:

(in millions)

Purchase price, inclusive of preliminary closing adjustments	\$ 42.6	41.9
Estimated fair value of additional consideration ^(a)		4.5
Total consideration	47.1	46.4
Accounts receivable		4.7
Inventories		14.3
Prepaid expenses and other current assets		0.1
Rental equipment		1.6
Properties and equipment		4.4
Customer relationships ^(b)		10.5
Trade names ^(c)		2.8
Other intangible assets		1.3
Accounts payable		(1.5)
Accrued liabilities		(0.5)
Net assets acquired		37.7
Goodwill ^(d)	\$ 9.4	8.7

(a) Represents the preliminary estimated fair value of the contingent earn-out payment as of the acquisition date, which is included in Other long-term liabilities on the Condensed Consolidated Balance Sheets. See Note 13 – Fair Value Measurements for discussion of the methodology used to determine the fair value of the contingent earn-out payment.

(b) Represents the preliminary fair value assigned to customer relationships, which are considered to be definite-lived intangible assets, with a preliminary estimated useful life of approximately 12 years.

(c) Represents the preliminary fair value assigned to trade names, which are considered to be indefinite-lived intangible assets.

(d) Goodwill, which is primarily tax-deductible, has been allocated to the Environmental Solutions Group on the basis that the synergies identified will primarily benefit this segment.

In the period between the April 3, 2023 closing date and June 30, 2023 September 30, 2023, Trackless generated \$10.9 million \$19.6 million of net sales and \$2.7 million \$4.3 million of operating income, before elimination of intercompany transactions. The acquisition was not, and would not have been, material to the Company's net sales or results of operations for the three and six months ended June 30, 2022. Accordingly, the Company's consolidated results do not differ materially from historical performance as a result of the acquisition, and therefore, unaudited pro-forma results are not presented.

Acquisition of Blasters

On January 3, 2023, the Company completed the acquisition of substantially all the assets and operations of Blasters, Inc. and Blasters Technologies, LLC (collectively, "Blasters"), a leading U.S. manufacturer of truck-mounted waterblasting equipment. The Company expects that the Blasters acquisition will further bolster its position as an industry leading diversified industrial manufacturer of specialized vehicles for maintenance and infrastructure markets with leading brands of premium, value-adding products, and a strong supporting aftermarket platform.

The assets and liabilities of Blasters have been consolidated into the Company's Condensed Consolidated Balance Sheet as of June 30, 2023 September 30, 2023, and the post-acquisition results of operations have been included in the Condensed Consolidated Statements of Operations, within the Environmental Solutions Group.

The initial cash consideration paid by the Company to acquire Blasters was \$13.2 million \$13.0 million, inclusive of certain closing adjustments, of which \$0.2 million was received in July October 2023. In addition, there is a contingent earn-out payment of up to \$8.0 million, based upon the achievement of certain financial targets over a specified performance period. The purchase price was funded through existing cash and borrowings under the Company's credit agreement.

The acquisition is being accounted for in accordance with ASC 805, *Business Combinations*. The Company's purchase price allocation as of June 30, 2023 September 30, 2023 reflects various provisional estimates that were based on the information that was available as of the acquisition date and the filing date of this Form 10-Q. The Company believes that information provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed; however, the determination of those fair values is not yet finalized. Thus, the preliminary measurements of fair value set forth in the table below are subject to change during the

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

measurement period as valuations are finalized. The Company expects to finalize the valuation and complete the purchase price allocation as soon as practicable.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

The following table summarizes the preliminary fair value of assets acquired and liabilities assumed as of the acquisition date:

(in millions)

Purchase price, inclusive of closing adjustments	\$	13.2	13.0
Estimated fair value of additional consideration ^(a)			4.0
Total consideration		17.2	17.0
Accounts receivable			0.7
Inventories			4.6
Prepaid expenses and other current assets			0.1
Properties and equipment			1.1
Operating lease right-of-use assets ^(b)			1.1
Customer relationships ^(c)			5.3
Trade names ^(d)			2.6
Other intangible assets			0.3
Operating lease liabilities ^(b)			(1.1)
Accounts payable			(0.9)
Accrued liabilities		(0.3)	(0.5)
Customer deposits			(0.5)
Finance lease obligations			(0.1)
Net assets acquired		12.9	12.7
Goodwill ^(e)	\$		4.3

(a) Represents the preliminary estimated fair value of the contingent earn-out payment as of the acquisition date, of which \$1.0 million is included in Other current liabilities and \$3.0 million is included in Other long-term liabilities on the Condensed Consolidated Balance Sheets. See Note 13 – Fair Value Measurements for discussion of the methodology used to determine the fair value of the contingent earn-out payment.

(b) In connection with the acquisition, the Company entered into a lease agreement for the Blasters facility, which is owned by affiliates of the sellers. The related-party lease contains a market-based annual rent of \$0.2 million, an initial lease term of five years, and options to renew.

(c) Represents the preliminary fair value assigned to customer relationships, which are considered to be definite-lived intangible assets, with a preliminary estimated useful life of approximately 12 years.

(d) Represents the preliminary fair value assigned to trade names, which are considered to be indefinite-lived intangible assets.

(e) Goodwill, which is tax-deductible, has been allocated to the Environmental Solutions Group on the basis that the synergies identified will primarily benefit this segment.

In the period between the January 3, 2023 closing date and June 30, 2023 September 30, 2023, Blasters generated \$10.3 million \$14.4 million of net sales and \$1.0 million of operating income.

The acquisition was not, 2023 acquisitions of Trackless and Blasters would not have been material to the Company's net sales or results of operations for the three and six nine months ended June 30, 2022 September 30, 2022, either individually or in the aggregate. Accordingly, the Company's consolidated results do not differ materially from historical performance as a result of the acquisition, acquisitions, and therefore, unaudited pro-forma results are not presented.

Acquisitions Completed in 2022

On October 3, 2022, the Company completed the acquisition of substantially all the assets and operations of TowHaul Corporation ("TowHaul"). TowHaul is a leading manufacturer of off-road towing and hauling equipment. The TowHaul acquisition bolstered the Company's position as an industry leading diversified industrial manufacturer of specialized vehicles for maintenance and infrastructure markets with leading brands of premium, value-adding products, and a strong supporting aftermarket platform.

The cash consideration paid by the Company to acquire TowHaul was \$43.3 million, which was funded through existing cash and borrowings under the Company's credit facility.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

The acquisition is being accounted for in accordance with ASC 805, *Business Combinations*. The Company's purchase price allocation as of June 30, 2023 reflects various provisional estimates that were based on the information that was available as of the acquisition date and the filing date of this Form 10-Q. The Company believes that information provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed; however, the determination of those fair values is not yet finalized. Thus, the preliminary measurements of fair value set forth in the table below are subject to change during the measurement period as valuations are finalized. During the three nine months ended June 30, 2023 September 30, 2023, the Company recognized measurement period adjustments, which primarily resulted from obtaining a third-party valuation of acquired intangible assets, that resulted in a \$7.2 million \$7.5 million increase to the

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

carrying value of Goodwill from the \$12.9 million previously recorded as of December 31, 2022, with a corresponding reduction in the carrying value of acquired intangible assets. The measurement period adjustments did not have a material impact on the Company's Condensed Consolidated Statements of Operations for the three and ~~six~~ **nine** months ended ~~June 30, 2023~~ **September 30, 2023**. ~~The Company expects to finalize As of September 30, 2023, the valuation and complete the Company's purchase price allocation as soon as practicable, for the TowHaul acquisition is considered to be final.~~

The following table summarizes the ~~preliminary~~ fair value of assets acquired and liabilities assumed as of the acquisition date:

(in millions)

Purchase price, inclusive of closing adjustments	\$ 43.3
Total consideration	43.3
Accounts receivable	1.5
Inventories	4.7
Properties and equipment	6.4 6.1
Customer relationships ^(a)	6.9
Trade names ^(b)	5.7
Other intangible assets	1.0
Accounts payable	(0.1)
Accrued liabilities	(0.5)
Customer deposits	(2.4)
Net assets acquired	23.2 22.9
Goodwill ^(c)	\$ 20.1 20.4

(a) Represents the ~~preliminary~~ fair value assigned to customer relationships, which are considered to be definite-lived intangible assets, with a ~~preliminary~~ **an** estimated useful life of ~~approximately~~ 6 years.

(b) Represents the ~~preliminary~~ fair value assigned to trade names, which are considered to be indefinite-lived intangible assets.

(c) Goodwill, which is tax-deductible, has been allocated to the Environmental Solutions Group on the basis that the synergies identified will primarily benefit this segment.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

NOTE 3 – REVENUE RECOGNITION

The following table presents the Company's Net sales disaggregated by geographic region, based on the location of the end customer, and by major product line:

(in millions)	(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
<u>Geographic Region:</u>	<u>Geographic Region:</u>					<u>Geographic Region:</u>				
U.S.	U.S.	\$ 338.9	\$ 299.8	\$ 648.0	\$ 564.2	U.S.	\$ 340.0	\$ 275.9	\$ 988.0	\$ 840.1
Canada	Canada	69.4	44.0	113.3	86.3	Canada	67.1	44.9	180.4	131.2
Europe/Other	Europe/Other	34.1	22.9	66.6	46.4	Europe/Other	39.3	25.6	105.9	72.0
Total net sales	Total net sales	<u>\$ 442.4</u>	<u>\$ 366.7</u>	<u>\$ 827.9</u>	<u>\$ 696.9</u>	Total net sales	<u>\$ 446.4</u>	<u>\$ 346.4</u>	<u>\$ 1,274.3</u>	<u>\$ 1,043.3</u>
<u>Major Product Line:</u>	<u>Major Product Line:</u>					<u>Major Product Line:</u>				
<i>Environmental Solutions</i>	<i>Environmental Solutions</i>					<i>Environmental Solutions</i>				
Vehicles and equipment ^(a)	Vehicles and equipment ^(a)	\$ 285.0	\$ 235.8	\$ 530.3	\$ 453.2	Vehicles and equipment ^(a)	\$ 290.5	\$ 214.8	\$ 820.8	\$ 668.0
Parts	Parts	59.6	45.1	114.4	85.9	Parts	53.8	44.1	168.2	130.0
Rental income ^(b)	Rental income ^(b)	16.9	16.1	27.9	25.8	Rental income ^(b)	13.8	14.4	41.7	40.2
Other ^(c)	Other ^(c)	11.5	9.3	19.2	15.6	Other ^(c)	14.9	11.5	34.1	27.1
Total	Total	<u>373.0</u>	<u>306.3</u>	<u>691.8</u>	<u>580.5</u>	Total	<u>373.0</u>	<u>284.8</u>	<u>1,064.8</u>	<u>865.3</u>

Safety and Security Systems	Safety and Security Systems					Safety and Security Systems				
Public safety and security equipment	Public safety and security equipment	42.4	37.5	82.6	73.6	Public safety and security equipment	44.2	36.3	126.8	109.9
Industrial signaling equipment	Industrial signaling equipment	18.7	15.1	37.3	29.3	Industrial signaling equipment	17.8	16.7	55.1	46.0
Warning systems	Warning systems	8.3	7.8	16.2	13.5	Warning systems	11.4	8.6	27.6	22.1
Total	Total	69.4	60.4	136.1	116.4	Total	73.4	61.6	209.5	178.0
Total net sales	Total net sales	\$ 442.4	\$ 366.7	\$ 827.9	\$ 696.9	Total net sales	\$ 446.4	\$ 346.4	\$ 1,274.3	\$ 1,043.3

(a) Includes net sales from the sale of new and used vehicles and equipment, including sales of rental equipment.

(b) Represents income from vehicle and equipment lease arrangements with customers.

(c) Primarily includes revenues from services, such as maintenance and repair work, and the sale of extended warranty contracts.

Contract Balances

The Company recognizes contract liabilities when cash payments, such as customer deposits, are received in advance of the Company's satisfaction of the related performance obligations. Contract liabilities are recognized as Net sales when the related performance obligations are satisfied, which generally occurs within three to six months of the cash receipt. Contract liability balances are not materially impacted by any other factors. The Company's contract liabilities were \$29.8 million \$30.9 million and \$28.9 million as of June September 30, 2023 and December 31, 2022, respectively. Contract assets, such as unbilled receivables, were not material as of any of the periods presented herein.

NOTE 4 - INVENTORIES

The following table summarizes the components of Inventories:

(in millions)	(in millions)	June 30, 2023	December 31, 2022	(in millions)	September 30, 2023	December 31, 2022
Finished goods	Finished goods	\$ 131.4	\$ 97.5	Finished goods	\$ 121.4	\$ 97.5
Raw materials	Raw materials	173.6	164.3	Raw materials	172.3	164.3
Work in process	Work in process	34.4	30.9	Work in process	36.4	30.9
Total inventories (a)	Total inventories (a)	\$ 339.4	\$ 292.7	Total inventories (a)	\$ 330.1	\$ 292.7

(a) Amounts at June 30, 2023 September 30, 2023 include inventories acquired in the acquisitions of Blasters and Trackless - See Note 2 - Acquisitions.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

NOTE 5 - DEBT

The following table summarizes the components of Long-term borrowings and finance lease obligations:

(in millions)	(in millions)	June 30, 2023	December 31, 2022	(in millions)	September 30, 2023	December 31, 2022
2022 Credit Agreement (a)	2022 Credit Agreement (a)	\$ 407.4	\$ 361.0	2022 Credit Agreement (a)	\$ 364.2	\$ 361.0
Finance lease obligations	Finance lease obligations	1.8	2.0	Finance lease obligations	1.7	2.0
Total borrowings and finance lease obligations, including current portion	Total borrowings and finance lease obligations, including current portion	409.2	363.0	Total borrowings and finance lease obligations, including current portion	365.9	363.0
Less: Current borrowings	Less: Current borrowings	2.4	0.8	Less: Current borrowings	3.1	0.8

Less: Current finance lease obligations	Less: Current finance lease obligations	0.7	0.7	Less: Current finance lease obligations	0.8	0.7
Total long-term borrowings and finance lease obligations	Total long-term borrowings and finance lease obligations	\$ 406.1	\$ 361.5	Total long-term borrowings and finance lease obligations	\$ 362.0	\$ 361.5

(a) Defined as the Third Amended and Restated Credit Agreement, dated October 21, 2022, as amended.

As more fully described within Note 13 – Fair Value Measurements, the Company uses a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The fair value of the Company's borrowings and finance lease obligations is based on interest rates that we believe are currently available to us for issuance of debt with similar terms and remaining maturities (Level 2 input). The carrying amounts of the Company's borrowings and finance lease obligations approximate their fair values as of **June 30, 2023** September 30, 2023 and December 31, 2022.

The 2022 Credit Agreement is a senior secured credit facility which provides the Company and certain of its foreign subsidiaries access to an aggregate principal amount of \$800 million, consisting of (i) a revolving credit facility in an amount up to \$675 million (the "Revolver") and (ii) a term loan facility in an amount up to \$125 million. **The 2022 Credit Agreement matures on October 21, 2027.**

Borrowings under the 2022 Credit Agreement bear interest, at the Company's option, at a base rate or an Adjusted Term Secured Overnight Financing Rate ("SOFR"), Adjusted Eurocurrency Rate or Adjusted Daily Simple SONIA Rate (as each is defined in the 2022 Credit Agreement), plus, in each case, an applicable margin. The applicable margin ranges from zero to 0.75% for base rate borrowings and 1.00% to 1.75% for Adjusted Term SOFR, Adjusted Eurocurrency Rate or Adjusted Daily Simple SONIA Rate borrowings. The Company must also pay a commitment fee to the lenders ranging between 0.10% to 0.25% per annum on the unused portion of the Revolver along with other standard fees. Applicable margin, issuance fees and other customary expenses are payable on outstanding letters of credit.

The Company is subject to certain net leverage ratio and interest coverage ratio financial covenants under the 2022 Credit Agreement that are measured at each fiscal quarter-end. The Company was in compliance with all such covenants as of **June 30, 2023** September 30, 2023.

As of **June 30, 2023** September 30, 2023, there was **\$407.4 million** \$364.2 million of cash drawn and \$11.2 million of undrawn letters of credit under the 2022 Credit Agreement, with **\$381.4 million** \$424.6 million of net availability for borrowings. As of December 31, 2022, there was \$361.0 million cash drawn and \$11.2 million of undrawn letters of credit under the 2022 Credit Agreement, with \$427.8 million of net availability for borrowings.

The following table summarizes the gross borrowings and gross payments under the Company's credit facilities:

(in millions)	(in millions)	Six Months Ended June 30,		(in millions)	Nine Months Ended September 30,	
		2023	2022		2023	2022
Gross borrowings	Gross borrowings	\$ 115.7	\$ 67.0	Gross borrowings	\$ 134.3	\$ 85.7
Gross payments	Gross payments	71.0	22.9	Gross payments	129.7	35.8

Interest Rate Swaps

On October 21, 2022, the Company entered into an interest rate swap (the "2022 Swap") with a notional amount of \$75.0 million, as a means of fixing the floating interest rate component on \$75.0 million of its variable-rate debt. The 2022 Swap is designated as a cash flow hedge, with an original maturity date of October 31, 2025.

On July 11, 2023, the Company entered into an additional interest rate swap (the "2023 Swap") with a notional amount of \$75.0 million, as a means of fixing the floating interest rate component on \$75.0 million of its variable-rate debt. The 2023 Swap is designated as a cash flow hedge, with an original maturity date of August 1, 2025.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

As a result of the application of hedge accounting treatment, all unrealized gains and losses related to the derivative instrument instruments are recorded in Accumulated other comprehensive loss and are reclassified into operations in the same period in which the hedged transaction affects earnings. Hedge effectiveness is assessed quarterly. The Company does not use derivative instruments for trading or speculative purposes.

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(Unaudited)

The fair value of the Company's interest rate swaps is derived from a discounted cash flow analysis based on the terms of the contract and the interest rate curve (Level 2 inputs) and measured on a recurring basis in our Condensed Consolidated Balance Sheets.

At **June 30, 2023** September 30, 2023 and December 31, 2022, the fair value of the 2022 Swap Company's interest rate swaps was an asset of **\$0.6 million** \$1.2 million and a liability of \$0.3 million, which were included in Other long-term assets and Other long-term liabilities on the Condensed Consolidated Balance Sheets, respectively. During the three and six nine months ended **June 30, 2023** September 30, 2023, unrealized pre-tax gains of **\$1.4 million** \$0.6 million and **\$0.9 million** \$1.5 million, respectively, were recorded in

Accumulated other comprehensive loss. During the three and **six nine** months ended **June 30, 2022** **September 30, 2022**, unrealized pre-tax gains **\$0.2 million** **\$1.6 million** and **\$3.1 million** **\$4.7 million**, respectively, were recorded in Accumulated other comprehensive loss. No ineffectiveness was recorded in either period.

In connection with entering into the 2022 Credit Agreement in October 2022, the Company terminated an interest rate swap initially entered into in 2019, receiving proceeds of \$4.3 million upon settlement. The settlement gain was recorded in Accumulated other comprehensive loss and is being amortized into earnings ratably through the original maturity date of July 30, 2024. During the three and **six nine** months ended **June 30, 2023** **September 30, 2023**, the Company recognized non-cash settlement gains of \$0.6 million and **\$1.2 million** **\$1.8 million**, respectively, as a component of Interest expense, net on the Condensed Consolidated Statements of Operations. At **June 30, 2023** **September 30, 2023** and December 31, 2022, an unrealized settlement gain of **\$2.6 million** **\$2.0 million** and \$3.8 million, respectively, was included in Accumulated other comprehensive loss on the Condensed Consolidated Balance Sheets.

On July 11, 2023, the Company entered into an additional interest rate swap (the "2023 Swap") with a notional amount of \$75.0 million, as a means of fixing the floating interest rate component on \$75.0 million of its variable-rate debt. The 2023 Swap is designated as a cash flow hedge, with an original maturity date of August 1, 2025.

NOTE 6 - GOODWILL AND OTHER INTANGIBLE ASSETS

The following table summarizes the carrying amount of goodwill, and the changes in the carrying amount of goodwill in the **six nine** months ended **June 30, 2023** **September 30, 2023**, by segment:

(in millions)	(in millions)	Environmental Solutions	Safety & Security Systems	Total	(in millions)	Environmental Solutions	Safety & Security Systems	Total
Balance at January 1, 2023	Balance at January 1, 2023	\$ 343.8	\$ 109.6	\$ 453.4	Balance at January 1, 2023	\$ 343.8	\$ 109.6	\$ 453.4
Acquisitions, including measurement period adjustments	Acquisitions, including measurement period adjustments	20.9	—	20.9	Acquisitions, including measurement period adjustments	20.5	—	20.5
Translation adjustments	Translation adjustments	0.3	0.8	1.1	Translation adjustments	—	(0.3)	(0.3)
Balance at June 30, 2023		\$ 365.0	\$ 110.4	\$ 475.4				
Balance at September 30, 2023	Balance at September 30, 2023	\$ 364.3	\$ 109.3	\$ 473.6				

The following table summarizes the gross carrying amount and accumulated amortization of intangible assets for each major class of intangible assets:

(in millions)	(in millions)	June 30, 2023			December 31, 2022			(in millions)	September 30, 2023			December 31, 2022			
		Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value		Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	
Definite-lived intangible assets:	Definite-lived intangible assets:							Definite-lived intangible assets:							
Customer relationships (a)	Customer relationships (a)	\$ 162.6	\$ (59.1)	\$ 103.5	\$ 153.7	\$ (52.0)	\$ 101.7	Customer relationships (a)	\$ 162.3	\$ (62.7)	\$ 99.6	\$ 153.7	\$ (52.0)	\$ 101.7	
Other (a)	Other (a)	8.3	(3.9)	4.4	5.7	(3.4)	2.3	Other (a)	8.2	(4.1)	4.1	5.7	(3.4)	2.3	
Total definite-lived intangible assets	Total definite-lived intangible assets	170.9	(63.0)	107.9	159.4	(55.4)	104.0	Total definite-lived intangible assets	170.5	(66.8)	103.7	159.4	(55.4)	104.0	
Indefinite-lived intangible assets:	Indefinite-lived intangible assets:							Indefinite-lived intangible assets:							
Trade names	Trade names	104.5	—	104.5	99.9	—	99.9	Trade names	104.2	—	104.2	99.9	—	99.9	
Other	Other	4.3	—	4.3	4.3	—	4.3	Other	4.3	—	4.3	4.3	—	4.3	
Total indefinite-lived intangible assets	Total indefinite-lived intangible assets	108.8	—	108.8	104.2	—	104.2	Total indefinite-lived intangible assets	108.5	—	108.5	104.2	—	104.2	
Total intangible assets	Total intangible assets	\$ 279.7	\$ (63.0)	\$ 216.7	\$ 263.6	\$ (55.4)	\$ 208.2	Total intangible assets	\$ 279.0	\$ (66.8)	\$ 212.2	\$ 263.6	\$ (55.4)	\$ 208.2	

(a) Average useful life of customer relationships and other definite-lived intangible assets are estimated to be approximately 12 years and 6 years, respectively. The average useful life across all definite-lived intangible assets is estimated to be approximately 11 years.

The table above includes preliminary estimates of the fair value and useful lives of certain definite and indefinite-lived intangible assets related to the acquisitions of Trackless, Blasters, and TowHaul, which were completed during the second

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intangible assets related to the acquisitions of Trackless and Blasters, which were completed during the second quarter of 2023, and the first quarter of 2023, and the fourth quarter of 2022, respectively. As further described in Note 2 – Acquisitions, the preliminary measurements of fair value included in the table above are subject to change during the measurement period as the applicable third-party valuations are finalized.

Amortization expense for the three months ended June 30, 2023 September 30, 2023 and 2022 was \$3.9 million and \$3.2 million \$3.1 million, respectively. Amortization expense for the six nine months ended June 30, 2023 September 30, 2023 and 2022 was \$7.5 million \$11.4 million and \$6.5 million \$9.6 million, respectively.

The Company currently estimates that aggregate amortization expense will be approximately \$8.0 million \$3.9 million for the remainder of 2023, \$15.9 million \$15.5 million in 2024, \$15.9 million \$15.5 million in 2025, \$15.7 million \$15.3 million in 2026, \$14.5 million \$14.4 million in 2027, and \$37.9 million \$39.1 million thereafter. Actual amounts of amortization may differ from estimated amounts due to changes in foreign currency rates, measurement period adjustments for the Trackless Blasters, and TowHaul Blasters acquisitions, impairment of intangible assets and other events.

NOTE 7 – INCOME TAXES

For The Company recognized income tax expense of \$13.8 million and \$4.9 million for the three months ended June 30, 2023 September 30, 2023 and 2022, respectively. The increase in tax expense in the current-year quarter was largely due to higher pre-tax income levels and the non-recurrence of certain discrete tax benefits recognized in the prior-year quarter. During the three months ended September 30, 2022, the Company recognized a \$2.7 million tax benefit from the release of a valuation allowance that had previously been recorded against deferred tax assets associated with foreign tax credits in the U.S., and a \$1.1 million tax benefit associated with the release of a valuation allowance in the U.K. Including these items, the Company's effective tax rate for the three months ended September 30, 2023 was 24.2%, compared to 13.4% in the prior-year quarter.

For the nine months ended September 30, 2023 and 2022, the Company recognized income tax expense of \$12.4 million \$33.5 million and \$23.1 million, resulting respectively. The increase in an effective tax rate of 23.5%. For the three months ended June 30, 2022, the Company recognized income tax expense of \$11.1 million, resulting in an effective tax rate of 24.9%. The Company's effective tax rate in the current-year quarter was lower than the prior-year quarter, primarily due to a \$0.7 million increase in excess tax benefits associated with stock-based compensation activity.

For the six months ended June 30, 2023, the Company recognized income tax expense of \$19.7 million, resulting in an effective tax rate of 22.5%. For the six months ended June 30, 2022, the Company recognized income tax expense of \$18.2 million, resulting in an effective tax rate of 25.2%. The Company's effective tax rate in the current-year period was lower than largely due to higher pre-tax income levels and the non-recurrence of the discrete tax benefits recognized in the prior-year period, primarily due to quarter, partially offset by a \$1.6 million \$1.7 million increase in excess tax benefits associated with stock-based compensation activity and a \$0.5 million \$0.6 million benefit associated with changes in tax reserves. Including these items, the Company's effective tax rate for the nine months ended September 30, 2023 was 23.2%, compared to 21.2% in the prior-year period.

During the six nine months ended June 30, 2023 September 30, 2023, the Company filed amended U.S. federal income tax returns for the 2015 through 2018 tax years to claim a worthless stock deduction. The As of September 30, 2023, the aggregate refund claim associated with the worthless stock deduction was \$13.2 \$13.4 million, including interest of \$1.4 \$1.6 million, and the Company recognized an offsetting increase to its liability for unrecognized tax benefits.

NOTE 8 – PENSIONS

The following table summarizes the components of Net periodic pension expense (benefit) expense:

		U.S. Benefit Plan				Non-U.S. Benefit Plan					U.S. Benefit Plan				Non-U.S. Benefit Plan			
		Three Months Ended		Six Months Ended		Three Months Ended		Six Months Ended			Three Months Ended		Nine Months Ended		Three Months Ended		Nine Months Ended	
		June 30,	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,		September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
(in millions)	(in millions)	2023	2022	2023	2022	2023	2022	2023	2022	(in millions)	2023	2022	2023	2022	2023	2022	2023	2022
Service cost	Service cost	\$ —	\$ —	\$ —	\$ —	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	Service cost	\$ —	\$ —	\$ —	\$ —	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
Interest cost	Interest cost	\$ 1.5	\$ 1.0	3.0	2.1	\$ 0.4	\$ 0.2	0.8	0.4	Interest cost	1.6	1.2	4.6	3.3	0.3	0.2	1.1	0.6
Amortization of actuarial loss	Amortization of actuarial loss	0.3	0.6	0.6	1.1	0.3	0.1	0.5	0.3	Amortization of actuarial loss	0.4	0.6	1.0	1.7	0.2	0.2	0.7	0.5
Amortization of prior service cost	Amortization of prior service cost	—	—	—	—	—	0.1	—	0.1	Amortization of prior service cost	—	—	—	—	0.1	—	0.1	0.1
Expected return on plan assets	Expected return on plan assets	(1.9)	(1.8)	(3.8)	(3.5)	(0.5)	(0.5)	(1.0)	(1.0)	Expected return on plan assets	(1.9)	(1.7)	(5.7)	(5.2)	(0.6)	(0.5)	(1.6)	(1.5)

Net periodic pension (benefit) expense	\$ (0.1)	\$ (0.2)	\$ (0.2)	\$ (0.3)	\$ 0.2	\$ (0.1)	\$ 0.3	\$ (0.2)
Net periodic pension expense (benefit)								
Net periodic pension expense (benefit)	\$ 0.1	\$ 0.1	\$ (0.1)	\$ (0.2)	\$ 0.1	\$ —	\$ 0.4	\$ (0.2)

The items that comprise Net periodic pension expense (benefit) expense, other than service cost, are included as a component of Other expense (income), net on the Condensed Consolidated Statements of Operations.

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NOTE 9 – COMMITMENTS AND CONTINGENCIES

Financial Commitments

The Company provides indemnifications and other guarantees in the ordinary course of business, the terms of which range in duration and often are not explicitly defined. Specifically, the Company is occasionally required to provide letters of credit and bid and performance bonds to various customers, principally to act as security for retention levels related to casualty insurance policies and to guarantee the performance of subsidiaries that engage in export and domestic transactions. At June 30, 2023 September 30, 2023, the Company had outstanding performance and financial standby letters of credit, as well as outstanding bid and performance

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bonds, aggregating to \$25.0 million \$25.6 million. If any such letters of credit or bonds are called, the Company would be obligated to reimburse the issuer of the letter of credit or bond. The Company believes the likelihood of any currently outstanding letter of credit or bond being called is remote.

The Company has transactions involving the sale of equipment to certain of its customers which include (i) guarantees to repurchase the equipment for a fixed price at a future date and (ii) guarantees to repurchase the equipment from the third-party lender in the event of default by the customer. As of June 30, 2023 September 30, 2023, both the single year and maximum potential cash payments the Company could be required to make to repurchase equipment under these agreements amounted to \$1.9 million \$1.4 million. The Company's risk under these repurchase arrangements would be partially mitigated by the value of the products repurchased as part of the transaction. Historical cash requirements and losses associated with these obligations have not been significant but could increase if customer defaults exceed current expectations.

The Company has certain lease agreements for facilities owned by affiliates which include provisions requiring the Company to guarantee any remaining lease payments in the event of default. As of June 30, 2023 September 30, 2023, the total amount of future payments guaranteed under these agreements was approximately \$1.0 million \$0.9 million. The Company believes the likelihood of defaulting on these leases is remote.

Product Warranties

The Company issues product performance warranties to customers with the sale of its products. The specific terms and conditions of these warranties vary depending upon the product sold and country in which the Company does business, with warranty periods generally ranging from one to five years. The Company estimates the costs that may be incurred under its basic limited warranty and records a liability in the amount of such costs at the time the sale of the related product is recognized. Factors that affect the Company's warranty liability include (i) the number of units under warranty, (ii) historical and anticipated rates of warranty claims and (iii) costs per claim. The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

The following table summarizes the changes in the Company's warranty liabilities during the six nine months ended June 30, 2023 September 30, 2023 and 2022:

(in millions)	(in millions)	2023	2022	(in millions)	2023	2022
Balance at January 1	Balance at January 1	\$ 9.3	\$ 9.7	Balance at January 1	\$ 9.3	\$ 9.7
Provisions to expense	Provisions to expense	3.8	3.5	Provisions to expense	5.7	5.3
Acquisitions	Acquisitions	0.1	—	Acquisitions	0.1	—
Payments	Payments	(3.8)	(3.9)	Payments	(5.8)	(5.9)
Balance at June 30		\$ 9.4	\$ 9.3			
Balance at September 30				Balance at September 30	\$ 9.3	\$ 9.1

Legal Proceedings

The Company is subject to various claims, including pending and possible legal actions for product liability and other damages, and other matters arising in the ordinary course of the Company's business. On a quarterly basis, the Company reviews uninsured material legal claims against the Company and accrues for the costs of such claims as appropriate in the exercise of management's best judgment and experience. However, due to a lack of factual information available to the Company about a claim, or the procedural stage of a claim, it may not be possible for the Company to reasonably assess either the probability of a favorable or unfavorable outcome of the claim or to reasonably estimate the amount of loss should there be an unfavorable outcome. Therefore, for many claims, the Company cannot reasonably estimate a range of loss.

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The Company believes, based on current knowledge and after consultation with counsel, that the outcome of such claims and actions will not have a material adverse effect on the Company's results of operations or financial condition. However, in the event of unexpected future developments, it is possible that the ultimate resolution of such matters, if unfavorable, could have a material adverse effect on the Company's results of operations, financial condition or cash flow.

Hearing Loss Litigation

The Company has been sued for monetary damages by firefighters who claim claiming that exposure to the Company's sirens has impaired their hearing and that the sirens are therefore defective. There Between 1999 and 2013, 40 cases were 33 cases filed during the period on behalf of 1999 through 2004, involving a total of 2,443,816 plaintiffs in the Circuit Court of Cook County, Illinois. These cases involved more than 1,800

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firefighter plaintiffs from locations outside of Chicago. In 2009, six additional cases were filed in Cook County, involving 299 Pennsylvania firefighter plaintiffs. During 2013, another case was filed in Cook County involving 74 Pennsylvania firefighter plaintiffs.

The trial of the first 27 of these plaintiffs' claims occurred in 2008, whereby a Cook County jury returned a unanimous verdict in favor of the Company.

An additional 40 In 2009, a trial was held on behalf of nine Chicago firefighter plaintiffs were selected for trial in 2009. Plaintiffs' counsel later moved to reduce the number of plaintiffs from 40 to nine. The trial for these nine plaintiffs and concluded with a verdict against the Company and for the plaintiffs in varying amounts totaling \$0.4 million. The Company appealed this verdict. On September 13, 2012, the Illinois Appellate Court rejected this appeal. The Company thereafter filed a petition for rehearing with the Illinois Appellate Court, which was denied on February 7, 2013. The Company sought further review by filing a petition for leave to appeal with the Illinois Supreme Court on March 14, 2013. On May 29, 2013, the Illinois Supreme Court issued a summary order declining to accept review of this case. On July 1, 2013, Following appeals, the Company satisfied the judgments, entered for these plaintiffs, which resulted resulting in the final dismissal of these the cases.

A third consolidated trial involving eight Chicago firefighter plaintiffs occurred during in November 2011. The jury returned a unanimous verdict in favor of the Company at the conclusion of this trial.

Following this trial, on March 12, 2012 the trial court entered an order certifying a class of the remaining Chicago Fire Department firefighter plaintiffs for trial on the sole issue of whether the Company's sirens were defective and unreasonably dangerous. The Company petitioned the Illinois Appellate Court for interlocutory appeal of this ruling. On May 17, 2012, the Illinois Appellate Court accepted the Company's petition. On June 8, 2012, plaintiffs moved to dismiss the appeal, agreeing with the Company that the trial court had erred in certifying a class action trial in this matter. Pursuant to plaintiffs' motion, the Illinois Appellate Court reversed the trial court's certification order.

Company. Thereafter, the trial court scheduled a fourth consolidated trial involving three firefighter plaintiffs, which began in December 2012, plaintiffs. Prior to the start of this trial, the claims of two of the three firefighter plaintiffs were dismissed. On dismissed, and on December 17, 2012, the jury entered a complete defense verdict for the Company.

Following this defense verdict, plaintiffs again moved to certify a class of Chicago Fire Department plaintiffs for trial on the sole issue of whether the Company's sirens were defective and unreasonably dangerous. Over the Company's objection, the trial court granted plaintiffs' motion for class certification on March 11, 2013 and scheduled a class action trial to begin on June 10, 2013. The Company filed a petition for review with the Illinois Appellate Court on March 29, 2013 seeking reversal of the class certification order.

On June 25, 2014, a unanimous three-judge panel of the First District Illinois Appellate Court issued its opinion reversing the class certification order of the trial court. Specifically, the Appellate Court determined that the trial court's ruling failed to satisfy the class-action requirements that the common issues of the firefighters' claims predominate over the individual issues and that there is an adequate representative for the class. During a status hearing on October 8, 2014, plaintiffs represented to the Court that they would again seek to certify a class of firefighters on the issue of whether the Company's sirens were defective and unreasonably dangerous. On January 12, 2015, plaintiffs filed motions to amend their complaints to add class action allegations with respect to Chicago firefighter plaintiffs, as well as the approximately 1,800 firefighter plaintiffs from locations outside of Chicago. On March 11, 2015, the trial court granted plaintiffs' motions to amend their complaints. On April 24, 2015, the cases were transferred to Cook County chancery court to decide the class certification issues. On March 23, 2018, plaintiffs filed a motion to certify as a class all firefighters from the Chicago Fire Department who have filed lawsuits in this matter. The Company objected to certification and the parties engaged in discovery and other matters related to this motion.

Thereafter, on December 20, 2021, the parties executed a settlement agreement to resolve claims of approximately 462 firefighters still involved in the Cook County litigation, as well as the DuPage County litigation discussed below. Under the terms of the settlement agreement, the Company agreed agreeing to pay a lump sum of \$0.2 million to resolve the claims based upon an assessment of these firefighters. firefighters who met minimal bilateral hearing loss standards. The estimated settlement amount was accrued by the Company. The Company agreed to pay this lump sum amount based upon its assessment of firefighters who meet minimal bilateral hearing loss standards, which is a subset of the larger group referenced above. The settlement agreement did not require the payment of any attorney fees by the Company. The settlement agreement also Company and provided that plaintiffs' attorney would withdraw from representing firefighters who do did not agree to the settlement. The Company had discretion to void the settlement

agreement if less than 93% of these firefighters agreed to settle their claims; the settlement agreement would also be voided if less than 70% of eligible firefighters agreed to the settlement. The settlement agreement was subject to review and approval by the Court. In July 2022, the Company issued the

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\$0.2 million settlement payment for eligible plaintiffs who submitted a release. The claims of all other eligible plaintiffs were dismissed for want of prosecution on August 5, 2022.

The Company also filed motions to dismiss cases involving firefighters who worked for fire departments located outside of the State of Illinois based on improper venue. On February 24, 2017, the Circuit Court of Cook County entered orders dismissing the cases of 1,770 such firefighter plaintiffs from the jurisdiction of the State of Illinois. Pursuant to these orders, these plaintiffs had six months thereafter to refile their cases in jurisdictions where these firefighters are located. Prior to this six-month deadline, attorneys representing some of these plaintiffs contacted the Company regarding possible settlement of their cases. During the year ended December 31, 2017, plaintiffs. In 2017, the Company entered into a global settlement agreement (the "2017 Settlement Agreement") with two attorneys who represented approximately 1,090 of these plaintiffs. Under the terms of the settlement agreement, the Company offered plaintiffs offering to pay \$700 per plaintiff to settle these cases, and 717 plaintiffs accepted this offer as a final settlement. The settlement agreement 2017 Settlement Agreement did not require the payment of any attorney fees by the Company. The attorneys representing these plaintiffs agreed to withdraw from representing plaintiffs who did not respond to the settlement offer. It is the Company's position that the non-settling plaintiffs who failed to timely refile their cases following the February 2017 dismissal by the Circuit Court of Cook County are now barred from doing so by the statute of limitations. The Company filed a venue motion seeking to transfer to DuPage County cases involving 10 plaintiffs who reside and work in Illinois but outside of Cook County. The Court granted this motion on June 28, 2017.

The Company was also sued on this issue outside of the Cook County, Illinois venue. Between 2007 and 2009, a total of 71 lawsuits involving 71 plaintiffs were filed in the Court of Common Pleas, Philadelphia County, Pennsylvania. Three of these cases were dismissed pursuant to pretrial motions, filed by the Company. Another one case was voluntarily dismissed. Prior to trial in four cases, the Company paid dismissed, and others were settled for nominal sums to obtain dismissals.

sums. Three trials occurred were held in Philadelphia involving these cases filed in 2007 through 2009. The cases. In the first trial, involving one of these plaintiffs occurred in 2010, when the jury returned a verdict for the plaintiff. The jury found plaintiff, finding that the Company's siren was not defectively designed but that the Company negligently constructed the siren. The jury awarded damages in the an amount of less than \$0.1 million. The In 2010, a jury returned a defense verdict for the Company appealed this verdict. Another as to the claims of nine plaintiffs. In a third trial, involving nine Philadelphia firefighter plaintiffs, also occurred in 2010 when the jury returned a defense verdict for the Company as to all the claims and all plaintiffs involved in that trial. The third trial, also involving of nine Philadelphia firefighter plaintiffs, was completed during 2010 when plaintiffs. Following the jury returned a defense verdict for the Company as to all claims and all plaintiffs involved in that trial.

Following defense verdicts in the last two Philadelphia trials, in order to avoid the Company negotiated settlements with respect to all remaining filed cases in Philadelphia at that time, as well as other firefighter claimants represented by inconvenience, uncertainty and distraction of the attorney who filed the Philadelphia cases. On January 4, 2011, lawsuits, the Company entered into a Global global settlement agreement (the "2010 Settlement Agreement (the "Settlement Agreement") with the law firm of the attorney representing the Philadelphia claimants, on behalf of 1,125 claimants the firm represented (the "Claimants") and who had asserted product claims against the Company (the "Claims"). Three hundred eight of the Claimants had lawsuits pending against the Company in Cook County, Illinois.

The 2010 Settlement Agreement provided that the Company pay a total amount of \$3.8 million (the "Settlement Payment") to settle the Claims claims (including the costs, fees and other expenses of the law firm in connection with its representation of the Claimants), subject to certain terms, conditions and procedures set forth in the 2010 Settlement Agreement. In order for the Company to be required to make the Settlement Payment: (i) each Claimant who agreed to settle his or her claims had to sign a release acceptable to the Company (a "Release"), (ii) each Claimant who agreed to the settlement and who was a plaintiff in a lawsuit, had to dismiss his or her lawsuit with prejudice, (iii) by April 29, 2011, at least 93% of the Claimants identified in the Settlement Agreement must have agreed to settle their claims and provide a signed Release to the Company and (iv) the law firm had to withdraw from representing any Claimants who did not agree to the settlement, including those who filed lawsuits. If the conditions to the settlement were met, but less than 100% of the Claimants agreed to settle their Claims and sign a Release, the Settlement Payment would be reduced by the percentage of Claimants who did not agree to the settlement.

On April 22, 2011, the Company confirmed that the terms and conditions of the 2010 Settlement Agreement had been met and made a an adjusted payment of \$3.6 million to conclude the settlement. The amount was based upon the Company's receipt of 1,069 signed releases provided by Claimants, which was 95% of all Claimants identified in the Settlement Agreement.

Claimants. The Company generally denies the allegations made in the claims and lawsuits by the Claimants and denies that its products caused any injuries to the Claimants. Nonetheless,

From 2007 through 2009, firefighters also brought hearing loss claims against the Company entered into in New Jersey, Missouri, Maryland and Kings County, New York, all of which were dismissed prior to trial.

In 2012, 20 new cases were filed in Philadelphia on behalf of 20 Philadelphia firefighters against various defendants in addition to the Settlement Agreement for the purpose Company. Five of minimizing its expenses, including legal fees, these cases were dismissed. The first trial involving these cases occurred in December 2014 and avoiding the inconvenience, uncertainty and distraction involved three firefighter plaintiffs. The jury returned a verdict in favor of the claims and lawsuits. Company. Following the trial, the parties agreed to settle cases involving seven firefighter plaintiffs for nominal amounts.

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During April through October 2012, 20 new cases were filed in the Court of Common Pleas, Philadelphia County, Pennsylvania. These cases were filed on behalf of 20 Philadelphia firefighters and involved various defendants in addition to the Company. Five of these cases were subsequently dismissed. The first trial involving these 2012 Philadelphia cases occurred during December 2014 and involved three firefighter plaintiffs. The jury returned a verdict in favor of the Company. Following this trial, all of the parties agreed to settle cases involving seven firefighter plaintiffs set for trial during January 2015 for nominal amounts per plaintiff.

In January 2015, plaintiffs' attorneys filed two new complaints in the Court of Common Pleas, Philadelphia Pennsylvania on behalf of approximately 70 additional firefighter plaintiffs. The vast majority of the firefighters identified in these complaints were located outside of Pennsylvania. One of the complaints, in these cases, which involved 11 firefighter plaintiffs from the District of Columbia, was removed to federal court in the Eastern District of Pennsylvania. Plaintiffs voluntarily dismissed all claims in this case on May 31, 2016. The Company thereafter moved to recover various fees and costs in this case, asserting that plaintiffs' counsel failed to properly investigate these claims prior to filing suit. The Court granted this motion, on April 25, 2017, awarding \$0.1 million to the Company, (the "Order"). After plaintiffs appealed this Order, and the United States Court of Appeals for the Third Circuit affirmed the lower court decision awarding fees and costs to the Company.

With respect to claims of other out-of-state firefighters involved in these two cases, the Company moved to dismiss these claims as improperly filed in Pennsylvania. The Court granted this the Company's motion and dismissed these claims on November 5, 2015. During August through December to dismiss the remaining out-of-state firefighters. In 2015, another nine new cases were filed in the Court of Common Pleas, Philadelphia County, Pennsylvania. These cases involved involving a total of 193 firefighters most of whom were located outside of Pennsylvania, filed in Philadelphia. The Company again moved to dismiss court dismissed all claims filed by out-of-state firefighters, in these cases as improperly filed in Pennsylvania. On May 24, 2016, the Court granted this motion and dismissed these claims. Plaintiffs appealed this a decision and, on September 25, 2018, affirmed by the appellate court reversed this dismissal. The Company then court.

In 2016 and 2017, plaintiffs filed a petition with the appellate court requesting that the court reconsider its ruling. On December 7, 2018, the appellate court granted the Company's petition and withdrew its prior decision. On June 25, 2020, the Court issued a decision affirming the trial court's dismissal of these cases with prejudice.

On May 13, 2016, four new cases were filed involving a total of 155 Philadelphia firefighters in Philadelphia state court, involving a total of 55 Philadelphia firefighters who live in Pennsylvania. During August 2016, and the Company settled a case for nominal amounts involving four Philadelphia firefighters that had been set for trial in Philadelphia state court during September 2016. During 2017, plaintiffs filed additional cases in the Court of Common Pleas, Philadelphia County, involving over 100 Philadelphia firefighter plaintiffs. During January 2017, plaintiffs filed a motion to consolidate and bifurcate, similar to a motion filed in the Pittsburgh hearing loss cases, as described below. The Company filed an opposition to this motion. These cases were then transferred to the mass tort program in Philadelphia for pretrial purposes. Plaintiffs' counsel thereafter dismissed several plaintiffs. During In November 2017, a trial involving one Philadelphia firefighter occurred. The occurred, and the jury returned a verdict in favor of the Company in this trial. Prior to a dismissal of these cases pursuant to the Tolling Agreement, discussed below, there was a total of 75 firefighters involved in cases pending in the Philadelphia mass tort program, Company.

During March In 2014, an action also was brought in the Court of Common Pleas of Erie County, Pennsylvania on behalf of 61 firefighters. This case likewise involves firefighters against various defendants in addition to the Company. After the Company filed pretrial motions, 33 Erie County firefighter plaintiffs voluntarily dismissed their claims. Prior to a dismissal of these cases pursuant to the Tolling Agreement, discussed below, there was a total of 28 firefighters involved Also in cases filed in Erie County.

During August 2017, five cases involving 70 firefighter plaintiffs were filed in Lackawanna County, Pennsylvania. These cases involve firefighter plaintiffs who originally filed in Cook County several years ago and were dismissed pursuant to the Company's forum non conveniens motion.

On September 17, 2014, 2014, 20 lawsuits involving a total of 193 Buffalo Fire Department firefighters were filed in the Supreme Court of the State of New York, Erie County. All of the cases filed in Erie County, New York were removed to federal court in the Western District of New York. Plaintiffs filed a motion to consolidate and bifurcate these cases, similar to the motion filed in the Pittsburgh hearing loss cases, as described below. The Company filed an opposition to the motion. During February 2015, a lawsuit involving one New York City firefighter plaintiff was filed in the Supreme Court of the State of New York, New York County. The plaintiff named the Company as well as several other parties as defendants. That case subsequently was transferred to federal court in the Northern District of New York and thereafter dismissed. During April 2015 through January 2016, 29 new cases involving a total of 235 firefighters were filed in various counties in the New York City area. During December 2016 through October 2017, additional cases were filed in these jurisdictions. On February 5, 2018, the Company was served with a complaint in an additional case filed in Kings County, New York. This case involved one plaintiff. Prior to a

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dismissal of these cases pursuant to the Tolling Agreement, discussed below, there was a total of 536 firefighters involved in cases filed in the State of New York.

During November In 2015, the Company was served with a complaint filed in Union County, New Jersey state court, involving 34 New Jersey firefighters. This case was transferred to federal court in the District of New Jersey. During the period from January through May 2016, eight additional cases were filed in various New Jersey state courts. Most of the firefighters in these cases resided in New Jersey and worked at New Jersey fire departments. During December 2016, a case involving one New Jersey firefighter was filed in the United States District Court of New Jersey. On May 2, 2017, plaintiffs filed a motion to consolidate and bifurcate in the pending federal court case in New Jersey. This motion was similar to bifurcation motions filed by plaintiffs in Pittsburgh, Buffalo and Philadelphia. The Court denied the motion as premature. Pursuant to a petition filed by both parties, all New Jersey state court cases were consolidated for pretrial purposes. Prior to a dismissal of these cases pursuant to the Tolling Agreement, discussed below, there were a total of 61 firefighters involved in cases filed in New Jersey.

During May through October In 2016, nine cases were filed in Suffolk County, Massachusetts state court, naming the Company as a defendant. These cases involved 194 firefighters who lived and worked in the Boston area. During August In 2017, plaintiffs plaintiffs' attorneys filed additional hearing loss cases in Suffolk County court. The Company moved to transfer various cases filed in Suffolk County to other counties in Massachusetts where plaintiffs resided and worked. Florida. Prior to a dismissal of these cases pursuant to the Tolling Agreement discussed below, there was a total of 218 1084 firefighters involved in cases filed in Massachusetts, these cases.

During August and September 2017, plaintiffs' attorneys filed additional hearing loss cases in Florida. The Company was the only named defendant. These cases were filed in several different counties in Florida, including Tampa, Miami and Orlando municipalities. Prior to a dismissal of these cases pursuant to the Tolling Agreement, discussed below, there was a total of 166 firefighters involved in cases filed in Florida.

During April through July in 2013, additional cases were filed in Allegheny County, Pennsylvania on behalf of 247 plaintiff firefighters from Pittsburgh and against various defendants including the Company. During May in 2016, two additional cases were filed against the Company in Allegheny County involving an additional 19 Pittsburgh firefighters. After the Company filed pretrial motions, the Court dismissed claims of 55 Pittsburgh firefighter plaintiffs. The Court scheduled trials for May, September and November 2016, for eight firefighters per trial. Prior to the first scheduled trial, in Pittsburgh, the Court granted the Company's motion for summary judgment and dismissed all claims asserted by plaintiff firefighters involved in this trial. Following an appeal by the plaintiff firefighters, the appellate court affirmed this dismissal. The next trial for six Pittsburgh firefighters started on November 7, 2016. Shortly after this trial began, plaintiffs' counsel moved for a mistrial because a key witness suddenly became unavailable. The Court granted this motion and rescheduled this trial for March 6, 2017. During January 2017, plaintiffs also moved to consolidate and bifurcate trials involving Pittsburgh firefighters. In particular, plaintiffs sought one trial involving liability issues to apply to all Pittsburgh firefighters who filed suit against the Company. The Company filed an opposition to this motion. On April 18, 2017, the trial court granted plaintiffs' motion to bifurcate the next Pittsburgh trial. Pursuant to a motion for clarification filed by the Company, the Court ruled that the bifurcation order would only apply to six plaintiffs who were part of the next trial group in Pittsburgh. The Company thereafter sought an interlocutory appeal of the Court's bifurcation order. The appellate court declined to accept the appeal at that time. A bifurcated trial began on September 27, 2017 in Allegheny County, Pennsylvania. Prior to and during trial, two plaintiffs were dismissed, resulting in four plaintiffs remaining for trial. After approximately two weeks of trial, the jury found that the Company's siren product was not defective or unreasonably dangerous and rendered a verdict in favor of the Company. Company in 2017.

In 2017, five cases involving 70 firefighter plaintiffs were filed in Lackawanna County, Pennsylvania.

A second trial involving Pittsburgh firefighters began during January in 2018. At the outset of this trial, plaintiffs' attorneys, who represent all firefighters who have filed cases in Allegheny County, Philadelphia, Buffalo, New Jersey, Massachusetts, and Florida as described above, requested that the Company consider settlement of various cases. This trial was continued to allow the parties to further discuss possible settlement. During in March 2018, the parties agreed in principle on a framework (the "Settlement Framework") to resolve hearing loss claims and cases in all jurisdictions involved in the hearing loss litigation except in Cook County, Illinois and Lackawanna County, Pennsylvania and excluding one a case involving one firefighter in New York City. The firefighters excluded from the Settlement Framework are represented City, cases being handled by different attorneys. The Company later settled the cases in Lackawanna County and settled the case involving one firefighter in New York City for nominal amounts. Pursuant to the Settlement Framework, the Company would pay \$700 to each firefighter who filed a lawsuit and is eligible to be part of the settlement. The Company would pay \$300 to each firefighter who has not yet filed a case and is eligible to be part of the settlement. The settlement agreement does not include the payment of any attorney fees by the Company. To be eligible for settlement, among other things, firefighters must provide proof that they have high frequency noise-induced hearing loss. There are approximately 2,160 firefighters whose claims may be considered as part of this settlement, including approximately 921 firefighters who have ongoing filed lawsuits. This Settlement Framework was finalized in a global settlement agreement

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executed on November 4, 2019. Pursuant to this global settlement agreement, the parties are now in the process of determining how many of the approximately 2,160 firefighters will be eligible to participate in the settlement. In order to minimize the parties' respective legal costs and expenses during this settlement process, on July 5, 2018, the parties entered into a tolling agreement (the "Tolling Agreement"). Pursuant to the Tolling Agreement, counsel for the settling firefighters agreed to dismiss the pending lawsuits in all jurisdictions except for the Allegheny County (Pittsburgh), Pennsylvania cases, and the Company agreed to a tolling of any statute of limitations applicable to the dismissed cases. The Tolling Agreement continued in place until the parties executed the a global settlement agreement (the "2019 Settlement Agreement") on November 4, 2019. After execution of the global settlement agreement, 2019 Settlement Agreement, the Allegheny County (Pittsburgh) cases were dismissed.

Pursuant to the Settlement Framework, the Company would pay \$700 to each firefighter who filed a lawsuit and is eligible to be part of the settlement and \$300 to each firefighter who has not yet filed a case and is eligible to be part of the settlement. To be eligible for settlement, among other things, firefighters must provide proof that they have high frequency noise-induced hearing loss. There are approximately 2,160 firefighters whose claims may be considered as part of this settlement, including approximately 921 firefighters who have ongoing filed lawsuits. The global settlement agreement Settlement Framework was finalized in the 2019 Settlement Agreement. The 2019 Settlement Agreement requires plaintiffs' attorneys to withdraw from representing firefighters who elect not to participate in this the settlement and does not include the payment of any attorney fees by the Company. Pursuant to the 2019 Settlement Agreement, the parties are now in the process of determining how many of the approximately 2,160 firefighters will be eligible to participate in the settlement.

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As of June 30, 2023 September 30, 2023, the Company has recognized an estimated liability for the potential settlement amount under the Settlement Framework. While it is reasonably possible that the ultimate resolution of this matter may result in a loss in excess of the amount accrued, the incremental loss is not expected to be material.

From 2007 through 2009, firefighters also brought hearing loss claims against the Company in New Jersey, Missouri, Maryland and Kings County, New York. All of those cases, however, were dismissed prior to trial, including four cases in the Supreme Court of Kings County, New York that were dismissed upon the Company's motion in 2008. On appeal, the New York appellate court affirmed the trial court's dismissal of these cases.

NOTE 10 – EARNINGS PER SHARE

The Company computes earnings per share ("EPS") in accordance with ASC 260, *Earnings per Share*, which requires that non-vested restricted stock containing non-forfeitable dividend rights should be treated as participating securities pursuant to the two-class method. Under the two-class method, net income is reduced by the amount of dividends declared in the period for common stock and participating securities. The remaining undistributed earnings are then allocated to common stock and participating securities as if all of the net income for the period had been distributed. The amounts of distributed and undistributed earnings allocated to participating securities for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022 were insignificant and did not materially impact the calculation of basic or diluted EPS.

Basic EPS is computed by dividing income available to common stockholders by the weighted average number of shares of common stock and non-vested restricted stock awards outstanding for the period.

Diluted EPS is computed using the weighted average number of shares of common stock and non-vested restricted stock awards outstanding for the year, plus the effect of dilutive potential common shares outstanding during the period. The dilutive effect of common stock equivalents is determined using the more dilutive of the two-class method or alternative methods. The Company uses the treasury stock method to determine the potentially dilutive impact of our employee stock options and restricted stock units, and the contingently issuable method for our performance-based restricted stock unit awards.

For both the three and six nine months ended June 30, 2023 September 30, 2023, options to purchase 0.1 million and 0.0 million shares respectively, of the Company's common stock had an anti-dilutive effect on EPS, and accordingly, were excluded from the calculation of diluted EPS. For both the three and six nine months ended June 30, 2022 September 30, 2022, options to purchase 0.3 million and 0.2 million shares respectively, of the Company's common stock had an anti-dilutive effect on EPS, and accordingly, were excluded from the calculation of diluted EPS.

The following table reconciles Net income to basic and diluted EPS:

		Three Months Ended		Six Months Ended			Three Months Ended		Nine Months Ended	
		June 30,		June 30,			September 30,		September 30,	
(in millions, except per share data)	(in millions, except per share data)	2023	2022	2023	2022	(in millions, except per share data)	2023	2022	2023	2022
Net income	Net income	\$ 40.3	\$ 33.5	\$ 67.7	\$ 54.0	Net income	\$ 43.3	\$ 31.8	\$ 111.0	\$ 85.8
Weighted average shares outstanding – Basic	Weighted average shares outstanding – Basic	60.7	60.4	60.7	60.6	Weighted average shares outstanding – Basic	60.8	60.4	60.7	60.5
Dilutive effect of common stock equivalents	Dilutive effect of common stock equivalents	0.7	0.5	0.7	0.5	Dilutive effect of common stock equivalents	0.6	0.6	0.7	0.6
Weighted average shares outstanding – Diluted	Weighted average shares outstanding – Diluted	61.4	60.9	61.4	61.1	Weighted average shares outstanding – Diluted	61.4	61.0	61.4	61.1
Earnings per share:	Earnings per share:					Earnings per share:				
Basic	Basic	\$ 0.66	\$ 0.55	\$ 1.12	\$ 0.89	Basic	\$ 0.71	\$ 0.53	\$ 1.83	\$ 1.42
Diluted	Diluted	0.66	0.55	1.10	0.88	Diluted	0.71	0.52	1.81	1.40

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

NOTE 11 – STOCKHOLDERS' EQUITY

Dividends

On February 14, 2023, the Company's Board of Directors (the "Board") declared a quarterly cash dividend of \$0.09 per common share. The dividend totaled \$5.5 million and was distributed on March 31, 2023 to stockholders of record at the close of business on March 17, 2023.

On April 25, 2023, the Board declared a quarterly cash dividend of \$0.10 per common share. The dividend totaled \$6.1 million and was distributed on June 2, 2023 to stockholders of record at the close of business on May 19, 2023.

On July 24, 2023, the Board declared a quarterly cash dividend of \$0.10 per common share. The dividend totaled \$6.1 million and was distributed on September 1, 2023 to stockholders of record at the close of business on August 18, 2023.

During the three and six nine months ended June 30, 2022 September 30, 2022, dividends of \$5.4 million \$5.5 million and \$10.9 million \$16.4 million, respectively, were paid to stockholders.

On July 24, 2023 October 24, 2023, the Board declared a quarterly cash dividend of \$0.10 per common share payable on September 1, 2023 December 1, 2023 to

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

stockholders of record at the close of business on **August 18, 2023** **November 17, 2023**.

Stock Repurchase Program

In March 2020, the Board authorized a stock repurchase program of up to \$75.0 million of the Company's common stock, with the remaining authorization under our previously described repurchase program adopted in 2014 being subject to the March 2020 program. The stock repurchase program is intended primarily to facilitate purchases of Company stock as a means to provide cash returns to stockholders, enhance stockholder returns and manage the Company's capital structure. Under its stock repurchase program, the Company is authorized to repurchase, from time to time, shares of its outstanding common stock. Stock repurchases by the Company are subject to market conditions and other factors and may be commenced, suspended or discontinued at any time.

During the three and nine months ended September 30, 2023, the Company repurchased 72,468 shares for a total of \$4.3 million under its stock repurchase programs.

No shares were repurchased during the three and six months ended **June 30, 2023** **September 30, 2022**. During the **three** nine months ended **June 30, 2022**, the Company repurchased 77,011 shares for a total of \$2.5 million. During the six months ended **June 30, 2022** **September 30, 2022**, the Company repurchased 472,381 shares for a total of \$16.1 million.

Accumulated Other Comprehensive Loss

The following tables summarize the changes in each component of Accumulated other comprehensive loss, net of tax in the three months ended **June 30, 2023** **September 30, 2023** and 2022:

(in millions) (a)	Actuarial Losses	Prior Service	Foreign	Interest Rate	Total
		Costs	Currency Translation	Swaps	
Balance at April 1, 2023	\$ (68.6)	\$ (2.0)	\$ (14.5)	\$ 1.7	\$ (83.4)
Other comprehensive (loss) income before reclassifications	(0.5)	—	3.2	1.1	3.8
Amounts reclassified from accumulated other comprehensive loss	0.4	—	—	(0.5)	(0.1)
Net current-period other comprehensive (loss) income	(0.1)	—	3.2	0.6	3.7
Balance at June 30, 2023	\$ (68.7)	\$ (2.0)	\$ (11.3)	\$ 2.3	\$ (79.7)

(in millions) (a)	Actuarial Losses	Prior Service	Foreign	Interest Rate	Total
		Costs	Currency Translation	Swaps	
Balance at July 1, 2023	\$ (68.7)	\$ (2.0)	\$ (11.3)	\$ 2.3	\$ (79.7)
Other comprehensive income (loss) before reclassifications	0.3	—	(5.1)	0.8	(4.0)
Amounts reclassified from accumulated other comprehensive loss	0.5	0.1	—	(0.7)	(0.1)
Net current-period other comprehensive income (loss)	0.8	0.1	(5.1)	0.1	(4.1)
Balance at September 30, 2023	\$ (67.9)	\$ (1.9)	\$ (16.4)	\$ 2.4	\$ (83.8)

(in millions) (a)	(in millions) (a)	Actuarial Losses	Prior Service Costs	Foreign Currency Translation	Interest Rate Swaps	Total	(in millions) (a)	Actuarial Losses	Prior Service Costs	Foreign Currency Translation	Interest Rate Swaps	Total
Balance at April 1, 2022		\$ (66.9)	\$ (2.4)	\$ (5.0)	\$ 1.6	\$ (72.7)						
Balance at July 1, 2022							Balance at July 1, 2022	\$ (65.1)	\$ (2.1)	\$ (13.6)	\$ 1.8	\$ (79.0)
Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications	1.3	0.2	(8.6)	0.1	(7.0)	Other comprehensive income (loss) before reclassifications	1.0	0.2	(11.9)	1.0	(9.7)
Amounts reclassified from accumulated other comprehensive loss	Amounts reclassified from accumulated other comprehensive loss	0.5	0.1	—	0.1	0.7	Amounts reclassified from accumulated other comprehensive loss	0.6	—	—	0.1	0.7
Net current-period other comprehensive income (loss)	Net current-period other comprehensive income (loss)	1.8	0.3	(8.6)	0.2	(6.3)	Net current-period other comprehensive income (loss)	1.6	0.2	(11.9)	1.1	(9.0)

Balance at June 30, 2022	\$ (65.1)	\$ (2.1)	\$ (13.6)	\$ 1.8	\$ (79.0)						
Balance at September 30, 2022						Balance at September 30, 2022	\$ (63.5)	\$ (1.9)	\$ (25.5)	\$ 2.9	\$ (88.0)

(a) Amounts in parentheses indicate losses.

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(Unaudited)

The following tables summarize the changes in each component of Accumulated other comprehensive loss, net of tax in the six nine months ended June 30, 2023 September 30, 2023 and 2022:

(in millions) (a)	(in millions) (a)	Actuarial Losses	Prior Service Costs	Foreign Currency Translation	Interest Rate Swaps	Total	(in millions) (a)	Actuarial Losses	Prior Service Costs	Foreign Currency Translation	Interest Rate Swaps	Total
Balance at January 1, 2023	Balance at January 1, 2023	\$ (68.6)	\$ (2.0)	\$ (16.0)	\$ 2.6	\$ (84.0)	Balance at January 1, 2023	\$ (68.6)	\$ (2.0)	\$ (16.0)	\$ 2.6	\$ (84.0)
Other comprehensive (loss) income before reclassifications	Other comprehensive (loss) income before reclassifications	(0.9)	—	4.7	0.7	4.5	Other comprehensive (loss) income before reclassifications	(0.6)	—	(0.4)	1.5	0.5
Amounts reclassified from accumulated other comprehensive loss	Amounts reclassified from accumulated other comprehensive loss	0.8	—	—	(1.0)	(0.2)	Amounts reclassified from accumulated other comprehensive loss	1.3	0.1	—	(1.7)	(0.3)
Net current-period other comprehensive (loss) income	Net current-period other comprehensive (loss) income	(0.1)	—	4.7	(0.3)	4.3						
Balance at June 30, 2023	Balance at June 30, 2023	\$ (68.7)	\$ (2.0)	\$ (11.3)	\$ 2.3	\$ (79.7)						
Net current-period other comprehensive income (loss)	Net current-period other comprehensive income (loss)						Net current-period other comprehensive income (loss)	0.7	0.1	(0.4)	(0.2)	0.2
Balance at September 30, 2023	Balance at September 30, 2023	\$ (67.9)	\$ (1.9)	\$ (16.4)	\$ 2.4	\$ (83.8)						
(in millions) (a)		Actuarial Losses	Prior Service Costs	Foreign Currency Translation	Interest Rate Swaps	Total						
Balance at January 1, 2022		\$ (67.9)	\$ (2.4)	\$ (3.4)	\$ (0.5)	\$ (74.2)						
Other comprehensive income (loss) before reclassifications		1.8	0.2	(10.2)	2.0	(6.2)						
Amounts reclassified from accumulated other comprehensive loss		1.0	0.1	—	0.3	1.4						
Net current-period other comprehensive income (loss)		2.8	0.3	(10.2)	2.3	(4.8)						
Balance at June 30, 2022		\$ (65.1)	\$ (2.1)	\$ (13.6)	\$ 1.8	\$ (79.0)						

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

(in millions) (a)	Actuarial Losses	Prior Service Costs	Foreign Currency Translation	Interest Rate Swaps	Total
Balance at January 1, 2022	\$ (67.9)	\$ (2.4)	\$ (3.4)	\$ (0.5)	\$ (74.2)
Other comprehensive income (loss) before reclassifications	2.8	0.4	(22.1)	3.0	(15.9)

Amounts reclassified from accumulated other comprehensive loss	1.6	0.1	—	0.4	2.1
Net current-period other comprehensive income (loss)	4.4	0.5	(22.1)	3.4	(13.8)
Balance at September 30, 2022	\$ (63.5)	\$ (1.9)	\$ (25.5)	\$ 2.9	\$ (88.0)

(a) Amounts in parentheses indicate losses.

The following table summarizes the amounts reclassified from Accumulated other comprehensive loss, net of tax, in the three months ended June 30, 2023 September 30, 2023 and 2022 and the affected line item in the Condensed Consolidated Statements of Operations:

Details about Accumulated Other Comprehensive Loss Components	Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss		Affected Line Item in Condensed Consolidated Statements of Operations	Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss		Affected Line Item in Condensed Consolidated Statements of Operations
		2023	2022			2023	2022	
(in millions) (a)	(in millions) (a)				(in millions) (a)			
Amortization of actuarial losses of defined benefit pension plans	Amortization of actuarial losses of defined benefit pension plans	\$ (0.6)	\$ (0.7)	Other expense (income), net	Amortization of actuarial losses of defined benefit pension plans	\$ (0.6)	\$ (0.8)	Other expense (income), net
Amortization of prior service costs of defined benefit pension plans	Amortization of prior service costs of defined benefit pension plans	—	(0.1)	Other expense (income), net	Amortization of prior service costs of defined benefit pension plans	(0.1)	—	Other expense (income), net
Interest rate swaps	Interest rate swaps	0.7	(0.1)	Interest expense	Interest rate swaps	0.9	(0.2)	Interest expense, net
Total before tax	Total before tax	0.1	(0.9)		Total before tax	0.2	(1.0)	
Income tax (expense) benefit	Income tax (expense) benefit	—	0.2	Income tax expense	Income tax (expense) benefit	(0.1)	0.3	Income tax expense
Total reclassifications for the period, net of tax	Total reclassifications for the period, net of tax	\$ 0.1	\$ (0.7)		Total reclassifications for the period, net of tax	\$ 0.1	\$ (0.7)	

(a) Amounts in parentheses indicate losses.

The following table summarizes the amounts reclassified from Accumulated other comprehensive loss, net of tax, in the nine months ended September 30, 2023 and 2022 and the affected line item in the Condensed Consolidated Statements of Operations:

Details about Accumulated Other Comprehensive Loss Components (in millions) (a)	Amount Reclassified from Accumulated Other Comprehensive Loss		Affected Line Item in Condensed Consolidated Statements of Operations
	2023	2022	
Amortization of actuarial losses of defined benefit pension plans	\$ (1.7)	\$ (2.2)	Other expense (income), net
Amortization of prior service costs of defined benefit pension plans	(0.1)	(0.1)	Other expense (income), net
Interest rate swaps	2.3	(0.5)	Interest expense, net
Total before tax	0.5	(2.8)	
Income tax (expense) benefit	(0.2)	0.7	Income tax expense
Total reclassifications for the period, net of tax	\$ 0.3	\$ (2.1)	

(a) Amounts in parentheses indicate losses.

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The following table summarizes the amounts reclassified from Accumulated other comprehensive loss, net of tax, in the six months ended June 30, 2023 and 2022 and the affected line item in the Condensed Consolidated Statements of Operations:

Details about Accumulated Other Comprehensive Loss Components	Amount Reclassified from Accumulated Other Comprehensive Loss		Affected Line Item in Condensed Consolidated Statements of Operations
	2023	2022	
(in millions) (a)			
Amortization of actuarial losses of defined benefit pension plans	\$ (1.1)	\$ (1.4)	Other expense (income), net
Amortization of prior service costs of defined benefit pension plans	—	(0.1)	Other expense (income), net
Interest rate swaps	1.4	(0.3)	Interest expense
Total before tax	0.3	(1.8)	
Income tax (expense) benefit	(0.1)	0.4	Income tax expense
Total reclassifications for the period, net of tax	\$ 0.2	\$ (1.4)	

(a) Amounts in parentheses indicate losses.

NOTE 12 – SEGMENT INFORMATION

The Company has two reportable segments: the Environmental Solutions Group and the Safety and Security Systems Group. Business units are organized under each reportable segment because they share certain characteristics, such as technology, marketing, distribution and product application, which create long-term synergies.

The following tables summarize the Company's operations by segment, including Net sales, Operating income (loss), and Total assets:

(in millions)	(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Net sales:	Net sales:					Net sales:				
Environmental Solutions	Environmental Solutions	\$ 373.0	\$ 306.3	\$ 691.8	\$ 580.5	Environmental Solutions	\$ 373.0	\$ 284.8	\$ 1,064.8	\$ 865.3
Safety and Security Systems	Safety and Security Systems	69.4	60.4	136.1	116.4	Safety and Security Systems	73.4	61.6	209.5	178.0
Total net sales	Total net sales	\$ 442.4	\$ 366.7	\$ 827.9	\$ 696.9	Total net sales	\$ 446.4	\$ 346.4	\$ 1,274.3	\$ 1,043.3
Operating income (loss):	Operating income (loss):					Operating income (loss):				
Environmental Solutions	Environmental Solutions	\$ 56.2	\$ 39.1	\$ 93.8	\$ 65.9	Environmental Solutions	\$ 57.2	\$ 33.9	\$ 151.0	\$ 99.8
Safety and Security Systems	Safety and Security Systems	14.1	10.3	26.2	18.2	Safety and Security Systems	13.7	10.5	39.9	28.7
Corporate and eliminations	Corporate and eliminations	(10.9)	(3.2)	(21.1)	(9.4)	Corporate and eliminations	(8.4)	(4.9)	(29.5)	(14.3)
Total operating income	Total operating income	59.4	46.2	98.9	74.7	Total operating income	62.5	39.5	161.4	114.2
Interest expense		5.6	1.9	10.3	3.2					
Interest expense, net						Interest expense, net	5.1	2.7	15.4	5.9
Other expense (income), net	Other expense (income), net	1.1	(0.3)	1.2	(0.7)	Other expense (income), net	0.3	0.1	1.5	(0.6)
Income before income taxes	Income before income taxes	\$ 52.7	\$ 44.6	\$ 87.4	\$ 72.2	Income before income taxes	\$ 57.1	\$ 36.7	\$ 144.5	\$ 108.9
(in millions)	(in millions)	June 30, 2023		December 31, 2022		(in millions)	September 30, 2023		December 31, 2022	
Total assets:	Total assets:					Total assets:				
Environmental Solutions	Environmental Solutions	\$ 1,334.2		\$ 1,206.4		Environmental Solutions	\$ 1,342.4		\$ 1,206.4	
Safety and Security Systems	Safety and Security Systems	283.6		279.3		Safety and Security Systems	282.8		279.3	

Corporate and eliminations	Corporate and eliminations	42.9	38.6	Corporate and eliminations	29.4	38.6
Total assets	Total assets	\$ 1,660.7	\$ 1,524.3	Total assets	\$ 1,654.6	\$ 1,524.3

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

NOTE 13 – FAIR VALUE MEASUREMENTS

The Company uses a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are developed based on market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about valuation based on the best information available in the circumstances. The three levels of inputs are classified as follows:

- Level 1 — quoted prices in active markets for identical assets or liabilities;
- Level 2 — observable inputs, other than quoted prices included in Level 1, such as quoted prices for markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and
- Level 3 — unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities, including certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

In determining fair value, the Company uses various valuation approaches within the fair value measurement framework. The valuation methodologies used for the Company's assets and liabilities measured at fair value and their classification in the valuation hierarchy are summarized below.

Cash Equivalents

Cash equivalents primarily consist of time-based deposits and interest-bearing instruments with maturities of three months or less. The Company classified cash equivalents as Level 1 due to the short-term nature of these instruments and measured the fair value based on quoted prices in active markets for identical assets.

Interest Rate Swaps

As described in Note 5 – Debt, the Company may, from time to time, execute interest rate swaps as a means of fixing the floating interest rate component on a portion of its floating-rate debt. The Company classifies its interest rate swaps as Level 2 due to the use of a discounted cash flow model based on the terms of the contract and the interest rate curve (Level 2 inputs) to calculate the fair value of the swaps.

Contingent Consideration

At **June 30, 2023** **September 30, 2023**, the Company had contingent obligations to transfer up to \$7.5 million, \$8.0 million, and C\$6.0 million (approximately \$4.5 million), to the former owners of Deist Industries, Inc. and certain of its affiliates (collectively, "Deist"), Blasters, and Trackless, respectively, if specified financial results are met over future reporting periods (i.e., an earn-out). The Deist, Blasters, and Trackless acquisitions were completed on December 30, 2021, January 3, 2023, and April 3, 2023, respectively. The Deist and Trackless contingent earn-out payments, if earned, would be due to be paid following the third anniversary of the closing date. The Blasters contingent earn-out payments, if earned, would be due to be paid annually, in each of the three years following the anniversary of the closing date. During the **six nine** months ended **June 30, 2023** **September 30, 2023**, the Company paid \$0.5 million to settle the contingent consideration obligation due to the former owners of Mark Rite Lines Equipment Company, Inc. ("MRL"), which was acquired on July 1, 2019.

Liabilities for contingent consideration are measured at fair value each reporting period, with the acquisition-date fair value included as part of the consideration transferred. Subsequent changes in fair value are included as a component of Acquisition and integration-related expenses (benefits) on the Condensed Consolidated Statements of Operations.

The Company uses an income approach to value the contingent consideration liability based on the present value of risk-adjusted future cash flows under either a scenario-based or option-pricing method, as appropriate. Due to the lack of relevant observable market data over fair value inputs, such as prospective financial information or probabilities of future events as of **June 30, 2023** **September 30, 2023**, the Company has classified the contingent consideration liability within Level 3 of the fair value hierarchy outlined in ASC 820, *Fair Value Measurements*. As further described in Note 2 – Acquisitions, the Company has recognized a preliminary estimate of the fair value of the Blasters and Trackless contingent consideration liabilities as of the applicable acquisition date. Such preliminary estimates are subject to change during the measurement period as the applicable third-party valuations are finalized.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

The following table summarizes the Company's assets and liabilities that are measured at fair value on a recurring basis as of **June 30, 2023** September 30, 2023:

(in millions)	(in millions)	Fair Value Measurement at Reporting Date Using				(in millions)	(in millions)	Fair Value Measurement at Reporting Date Using			
		Level 1	Level 2	Level 3	Total			Level 1	Level 2	Level 3	Total
Assets:	Assets:					Assets:					
Cash equivalents	Cash equivalents	\$ 13.5	\$ —	\$ —	\$ 13.5	Cash equivalents	\$ 7.4	\$ —	\$ —	\$ 7.4	
Interest rate swaps	Interest rate swaps	—	0.6	—	0.6	Interest rate swaps	—	1.2	—	1.2	
Liabilities:	Liabilities:					Liabilities:					
Contingent consideration	Contingent consideration	—	—	10.5	10.5	Contingent consideration	—	—	10.4	10.4	

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (CONTINUED)

(Unaudited)

The following table provides a roll-forward of the fair value of recurring Level 3 fair value measurements in the three months ended **June 30, 2023** September 30, 2023 and 2022:

(in millions)	2023	2022
Contingent consideration liability, at April 1	\$ 6.0	\$ 2.7
Issuance of contingent consideration in connection with acquisitions	4.5	—
Contingent consideration liability, at June 30	\$ 10.5	\$ 2.7

(in millions)	2023	2022
Contingent consideration liability, at July 1	\$ 10.5	\$ 2.7
Foreign currency translation	(0.1)	—
Contingent consideration liability, at September 30	\$ 10.4	\$ 2.7

The following table provides a roll-forward of the fair value of recurring Level 3 fair value measurements in the **six** nine months ended **June 30, 2023** September 30, 2023 and 2022:

(in millions)	(in millions)	2023	2022	(in millions)	2023	2022
Contingent consideration liability, at January 1	Contingent consideration liability, at January 1	\$ 2.7	\$ 2.7	Contingent consideration liability, at January 1	\$ 2.7	\$ 2.7
Issuance of contingent consideration in connection with acquisitions	Issuance of contingent consideration in connection with acquisitions	8.5	—	Issuance of contingent consideration in connection with acquisitions	8.5	—
Settlements of contingent consideration liabilities	Settlements of contingent consideration liabilities	(0.5)	—	Settlements of contingent consideration liabilities	(0.5)	—
Foreign currency translation				Foreign currency translation	(0.1)	—
Total gains included in earnings ^(a)	Total gains included in earnings ^(a)	(0.2)	—	Total gains included in earnings ^(a)	(0.2)	—
Contingent consideration liability, at June 30		\$ 10.5	\$ 2.7			
Contingent consideration liability, at September 30				Contingent consideration liability, at September 30	\$ 10.4	\$ 2.7

(a) Included as a component of acquisition and integration-related expenses on the Condensed Consolidated Statements of Operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide information that is supplemental to, and should be read together with, the condensed consolidated financial statements and the accompanying notes contained in this Form 10-Q, as well as Federal Signal Corporation's Annual Report on Form 10-K for the year ended December 31, 2022. References herein to the "Company," "we," "our," or "us" refer collectively to Federal Signal Corporation and its subsidiaries. Information in MD&A is intended to assist the reader in obtaining an understanding of (i) the condensed consolidated financial statements, (ii) the Company's business segments and how the results of those segments impact the Company's results of operations and financial condition as a whole and (iii) how certain accounting principles affect the Company's condensed consolidated financial statements. The Company's results for interim periods should not be regarded as necessarily indicative of results that may be expected for the entire year, which may differ materially due to, among other things, the risk factors described under Part I, Item 1A, *Risk Factors*, of the Company's Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the SEC on March 1, 2023.

Executive Summary

The Company is a leading global manufacturer and supplier of (i) vehicles and equipment for maintenance and infrastructure end-markets, including sewer cleaners, industrial vacuum loaders, vacuum- and hydro-excavation trucks (collectively, "safe-digging trucks"), street sweepers, waterblasting equipment, road-marking and line-removal equipment, dump truck bodies, trailers, metal extraction support equipment and multi-purpose tractors, and (ii) public safety equipment, such as vehicle lightbars and sirens, industrial signaling equipment, public warning systems and general alarm/public address systems. In addition, we engage in the sale of parts, service and repair, equipment rentals and training as part of a comprehensive aftermarket offering to our customer base. We operate 23 principal manufacturing facilities in five countries and provide products and integrated solutions to municipal, governmental, industrial and commercial customers in all regions of the world.

As described in Note 12 – Segment Information to the accompanying condensed consolidated financial statements, the Company's business units are organized in two reportable segments: the Environmental Solutions Group and the Safety and Security Systems Group.

Operating Results

Net sales for the three months ended **June 30, 2023** **September 30, 2023** increased by **\$75.7 million** **\$100.0 million**, or **21%** **29%**, compared to the prior-year quarter, primarily due to higher sales volumes, inclusive of the effects of acquisitions, pricing actions and increased chassis sales. Our Environmental Solutions Group reported a net sales increase of **\$66.7 million** **\$88.2 million**, or **22%** **31%**, primarily due to increases in sales of sewer cleaners, refuse trucks, street sweepers, multi-purpose tractors and refuse trucks, metal extraction support equipment, safe-digging trucks and industrial vacuum loaders of **\$14.9 million** **\$18.1 million**, **\$13.9 million** **\$11.1 million**, **\$9.4 million** **\$10.1 million**, **\$7.8 million** **\$6.6 million**, **\$6.5 million** and **\$4.7 million** **\$6.3 million**, respectively. In addition, aftermarket revenues improved by **\$15.6 million** **\$15.8 million**. Partially offsetting these improvements was a **\$2.5 million** unfavorable foreign currency translation impact. Within our Safety and Security Systems Group, net sales increased by **\$9.0 million** **\$11.8 million**, or **15%** **19%**, primarily due to improvements in sales of public safety equipment industrial signaling equipment and warning systems of **\$4.7 million** **\$7.1 million** and **\$2.8 million**, **\$4.0 million** and **\$0.5 million**, respectively, partially offset by a **\$0.2 million** unfavorable foreign currency translation impact, respectively.

Net sales for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** increased by **\$131.0 million** **\$231.0 million**, or **19%** **22%**, compared to the prior-year period, primarily due to higher sales volumes, inclusive of the effects of acquisitions, pricing actions and increased chassis sales. Our Environmental Solutions Group reported a net sales increase of **\$111.3 million** **\$199.5 million**, or **19%** **23%**, primarily due to increases in sales of sewer cleaners, street sweepers, refuse trucks, metal extraction support equipment, and multi-purpose tractors, industrial vacuum loaders and safe-digging trucks of **\$21.1 million** **\$39.2 million**, **\$16.7 million** **\$27.8 million**, **\$16.0 million** **\$26.1 million**, **\$13.2 million** **\$19.8 million**, **\$14.3 million**, **\$11.7 million** and **\$8.2 million** **\$9.8 million**, respectively. In addition, aftermarket revenues improved by **\$31.4 million** **\$47.2 million**. Partially offsetting these improvements was a **\$4.7 million** unfavorable foreign currency translation impact. Within our Safety and Security Systems Group, net sales increased by **\$19.7 million** **\$31.5 million**, or **17%** **18%**, primarily due to improvements in sales of public safety equipment and industrial signaling equipment of **\$16.3 million** and warning systems of **\$9.2 million** **\$10.2 million**, **\$9.0 million** and **\$2.7 million**, respectively, partially offset by a **\$1.2 million** unfavorable foreign currency translation impact, respectively.

Operating income for the three months ended **June 30, 2023** **September 30, 2023** increased by **\$13.2 million** **\$23.0 million**, or **29%** **58%**, compared to the prior-year quarter, primarily driven by a **\$27.5 million** **\$34.9 million** improvement in gross profit, partially offset by an **\$11.3 million** **\$10.8 million** increase in Selling, Engineering, General and Administrative ("SEG&A") expenses, a **\$2.3 million** **\$0.8 million** increase in amortization expense, and a **\$0.3 million** increase in acquisition and integration-related expenses. Consolidated operating margin for the three months ended September 30, 2023 was 14.0%, compared to 11.4% in the prior-year quarter.

Operating income for the nine months ended September 30, 2023 increased by **\$47.2 million**, or 41%, compared to the prior-year period, primarily driven by a **\$82.5 million** improvement in gross profit, partially offset by a **\$30.5 million** increase in SEG&A expenses, a **\$3.0 million** increase in acquisition and integration-related expenses, and a **\$0.7 million** **\$1.8 million** increase in amortization expense. Consolidated operating margin for the **three** **nine** months ended **June 30, 2023** **September 30, 2023** was **13.4%** **12.7%**, compared to 12.6% in the prior-year quarter.

Operating income for the six months ended June 30, 2023 increased by **\$24.2 million**, or 32%, compared to the prior-year period, primarily driven by the **\$47.6 million** improvement in gross profit, partially offset by the **\$19.7 million** increase in SEG&A expenses, a **\$2.7 million** increase in acquisition and integration-related expenses, and a **\$1.0 million** increase in amortization expense. Consolidated operating margin for the six months ended June 30, 2023 was 11.9%, compared to 10.7% **10.9%** in the prior-year period.

Income before income taxes for the three months ended **June 30, 2023** **September 30, 2023** increased by **\$8.1 million** **\$20.4 million**, or **18%** **56%**, compared to the prior-year quarter. The increase resulted from the higher operating income, partially offset by a **\$3.7 million** **\$2.4 million** increase in interest expense and a **\$1.4 million** **\$0.2 million** increase in other expense.

Income before income taxes for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** increased by **\$15.2 million** **\$35.6 million**, or **21%** **33%**, compared to the prior-year period. The increase resulted from the higher operating income, partially offset by a **\$7.1 million** **\$9.5 million** increase in interest expense and a **\$1.9 million** **\$2.1 million** increase in other expense.

Net income for the three months ended **June 30, 2023** **September 30, 2023** increased by **\$6.8 million** **\$11.5 million** compared to the prior-year quarter, largely due to the aforementioned increase in income before taxes, partially offset by a **\$1.3 million** **\$8.9 million** increase in income tax expense. The effective tax rate for the three months ended **June**

30, 2023 September 30, 2023 was 23.5% 24.2%, compared to 24.9% 13.4% in the prior-year quarter.

Net income for the six nine months ended June 30, 2023 September 30, 2023 increased by \$13.7 million \$25.2 million compared to the prior-year period, largely due to the aforementioned increase in income before taxes, partially offset by a \$1.5 million \$10.4 million increase in income tax expense. The effective tax rate for the six nine months ended June 30, 2023 September 30, 2023 was 22.5% 23.2%, compared to 25.2% 21.2% in the prior-year period. We currently expect our full-year effective tax rate to be approximately 24%, excluding additional discrete items.

Total orders for the three months ended June 30, 2023 September 30, 2023 were \$480 million \$450 million, an increase of \$67 million \$68 million, or 16% 18%, as compared to the prior-year quarter. Our Environmental Solutions Group reported total orders of \$409 million \$375 million in the three months ended June 30, 2023 September 30, 2023, an increase of \$57 million \$53 million, or 16% 17% in comparison to the prior-year quarter. Orders in the three months ended June 30, 2023 September 30, 2023 within our Safety and Security Systems Group were \$72 million \$75 million, an increase of \$10 million \$15 million, or 16% 24%, compared to the prior-year quarter.

Total orders for the six nine months ended June 30, 2023 September 30, 2023 were \$955 million \$1.41 billion, an increase of \$89 million \$157 million, or 10% 13%, as compared to the prior-year period. Our Environmental Solutions Group reported total orders of \$804 million \$1.18 billion in the six nine months ended June 30, 2023 September 30, 2023, an increase of \$65 million \$119 million, or 9% 11% in comparison to the prior-year period. Orders in the six nine months ended June 30, 2023 September 30, 2023 within our Safety and Security Systems Group were \$151 million \$226 million, an increase of \$24 million \$39 million, or 19% 21%, compared to the prior-year period.

Our consolidated backlog at June 30, 2023 September 30, 2023 was \$1.01 billion, an increase of \$212 million \$182 million, or 27% 22%, compared to the prior-year quarter.

Results of Operations

The following table summarizes our Condensed Consolidated Statements of Operations and illustrates the key financial indicators used to assess our consolidated financial results:

(\$ in millions, except per share data)	(\$ in millions, except per share data)	Three Months Ended June 30,			Six Months Ended June 30,			(\$ in millions, except per share data)	Three Months Ended September 30,			Nine Months Ended September 30,		
		2023	2022	Change	2023	2022	Change		2023	2022	Change	2023	2022	Change
Net sales	Net sales	\$ 442.4	\$ 366.7	\$ 75.7	\$ 827.9	\$ 696.9	\$ 131.0	Net sales	\$ 446.4	\$ 346.4	\$ 100.0	\$ 1,274.3	\$ 1,043.3	\$ 231.0
Cost of sales	Cost of sales	325.1	276.9	48.2	614.8	531.4	83.4	Cost of sales	328.7	263.6	65.1	943.5	795.0	148.5
Gross profit	Gross profit	117.3	89.8	27.5	213.1	165.5	47.6	Gross profit	117.7	82.8	34.9	330.8	248.3	82.5
Selling, engineering, general and administrative expenses	Selling, engineering, general and administrative expenses	53.4	42.1	11.3	105.4	85.7	19.7	Selling, engineering, general and administrative expenses	50.6	39.8	10.8	156.0	125.5	30.5
Amortization expense	Amortization expense	3.9	3.2	0.7	7.5	6.5	1.0	Amortization expense	3.9	3.1	0.8	11.4	9.6	1.8
Acquisition and integration-related expenses (benefits)	Acquisition and integration-related expenses (benefits)	0.6	(1.7)	2.3	1.3	(1.4)	2.7	Acquisition and integration-related expenses (benefits)	0.7	0.4	0.3	2.0	(1.0)	3.0
Operating income	Operating income	59.4	46.2	13.2	98.9	74.7	24.2	Operating income	62.5	39.5	23.0	161.4	114.2	47.2
Interest expense	Interest expense	5.6	1.9	3.7	10.3	3.2	7.1	Interest expense	5.1	2.7	2.4	15.4	5.9	9.5
Other expense (income), net	Other expense (income), net	1.1	(0.3)	1.4	1.2	(0.7)	1.9	Other expense (income), net	0.3	0.1	0.2	1.5	(0.6)	2.1
Income before income taxes	Income before income taxes	52.7	44.6	8.1	87.4	72.2	15.2	Income before income taxes	57.1	36.7	20.4	144.5	108.9	35.6
Income tax expense	Income tax expense	12.4	11.1	1.3	19.7	18.2	1.5	Income tax expense	13.8	4.9	8.9	33.5	23.1	10.4
Net income	Net income	\$ 40.3	\$ 33.5	\$ 6.8	\$ 67.7	\$ 54.0	\$ 13.7	Net income	\$ 43.3	\$ 31.8	\$ 11.5	\$ 111.0	\$ 85.8	\$ 25.2
Operating data:	Operating data:							Operating data:						
Operating margin	Operating margin	13.4 %	12.6 %	0.8 %	11.9 %	10.7 %	1.2 %	Operating margin	14.0 %	11.4 %	2.6 %	12.7 %	10.9 %	1.8 %

Diluted earnings per share	Diluted earnings per share	\$ 0.66	\$ 0.55	\$ 0.11	\$ 1.10	\$ 0.88	\$ 0.22	Diluted earnings per share	\$ 0.71	\$ 0.52	\$ 0.19	\$ 1.81	\$ 1.40	\$ 0.41
Total orders	Total orders	480.2	413.3	66.9	954.9	865.9	89.0	Total orders	450.2	382.1	68.1	1,405.1	1,248.0	157.1
Backlog	Backlog	1,006.5	795.0	211.5	1,006.5	795.0	211.5	Backlog	1,005.8	824.1	181.7	1,005.8	824.1	181.7
Depreciation and amortization	Depreciation and amortization	15.5	13.7	1.8	29.8	27.1	2.7	Depreciation and amortization	15.3	13.6	1.7	45.1	40.7	4.4

Net sales

Net sales for the three months ended **June 30, 2023** **September 30, 2023** increased by **\$75.7 million** **\$100.0 million**, or **21%** **29%**, compared to the prior-year quarter, primarily due to higher sales volumes, inclusive of the effects of acquisitions, pricing actions and increased chassis sales. The Environmental Solutions Group reported a net sales increase of **\$66.7 million** **\$88.2 million**, or **22%** **31%**, primarily due to increases in sales of sewer cleaners, refuse trucks, street sweepers, multi-purpose tractors and refuse trucks, metal extraction support equipment, safe-digging trucks and industrial vacuum loaders of **\$14.9 million** **\$18.1 million**, **\$13.9 million** **\$11.1 million**, **\$9.4 million** **\$10.1 million**, **\$7.8 million** **\$6.6 million**, **\$6.5 million** and **\$4.7 million** **\$6.3 million**, respectively. In addition, aftermarket revenues improved by **\$15.6 million** **\$15.8 million**. Partially offsetting these improvements was a **\$2.5 million** unfavorable foreign currency translation impact. Within the Safety and Security Systems Group, net sales increased by **\$9.0 million** **\$11.8 million**, or **15%** **19%**, primarily due to improvements in sales of public safety equipment industrial signaling equipment and warning systems of **\$4.7 million** **\$7.1 million** and **\$2.8 million**, **\$4.0 million** and **\$0.5 million**, respectively, partially offset by a **\$0.2 million** unfavorable foreign currency translation impact. respectively.

Net sales for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** increased by **\$131.0 million** **\$231.0 million**, or **19%** **22%**, compared to the prior-year period, primarily due to higher sales volumes, inclusive of the effects of acquisitions, pricing actions and increased chassis sales. The Environmental Solutions Group reported a net sales increase of **\$111.3 million** **\$199.5 million**, or **19%** **23%**, primarily due to increases in sales of sewer cleaners, street sweepers, refuse trucks, metal extraction support equipment, and multi-purpose tractors, industrial vacuum loaders and safe-digging trucks of **\$21.1 million** **\$39.2 million**, **\$16.7 million** **\$27.8 million**, **\$16.0 million** **\$26.1 million**, **\$13.2 million** **\$19.8 million**, **\$14.3 million**, **\$11.7 million** and **\$8.2 million** **\$9.8 million**, respectively. In addition, aftermarket revenues improved by **\$31.4 million** **\$47.2 million**. Partially offsetting these improvements was a **\$4.7 million** unfavorable foreign currency translation impact. Within the Safety and Security Systems Group, net sales increased by **\$19.7 million** **\$31.5 million**, or **17%** **18%**, primarily due to improvements in sales of public safety equipment and industrial signaling equipment of **\$16.3 million** and warning systems of **\$9.2 million** **\$10.2 million**, **\$9.0 million** and **\$2.7 million**, respectively, partially offset by a **\$1.2 million** unfavorable foreign currency translation impact. respectively.

Cost of sales

Cost of sales increased by **\$48.2 million** **\$65.1 million**, or **17%** **25%**, for the three months ended **June 30, 2023** **September 30, 2023** compared to the prior-year quarter, largely due to an increase of **\$44.3 million** **\$58.2 million**, or **18%** **26%**, within the Environmental Solutions Group, primarily related to higher sales volumes, additional costs from inclusive of the TowHaul, Blasters, and Trackless effects of acquisitions, and increases in increased chassis costs, partially offset by a **\$2.3 million** favorable foreign currency translation impact. Within the Safety and Security Systems Group, cost of sales

increased by **\$3.9 million**, or **10%**, primarily related to higher sales volumes, partially offset by a **\$0.1 million** favorable foreign currency translation impact.

Cost of sales increased by **\$83.4 million**, or **16%**, for the six months ended **June 30, 2023** compared to the prior-year period, largely due to an increase of **\$74.2 million**, or **16%**, within the Environmental Solutions Group, primarily related to higher sales volumes, additional costs from the TowHaul, Blasters, and Trackless acquisitions and increases in chassis costs, partially offset by a **\$4.4 million** favorable foreign currency translation impact. costs. Within the Safety and Security Systems Group, cost of sales increased by **\$9.2 million** **\$6.9 million**, or **13%** **18%**, primarily related to higher sales volumes.

Cost of sales increased by **\$148.5 million**, or **19%**, for the nine months ended **September 30, 2023** compared to the prior-year period, largely due to an increase of **\$132.4 million**, or **19%**, within the Environmental Solutions Group, primarily related to

higher sales volumes, partially offset inclusive of the effects of acquisitions, and increased chassis costs. Within the Safety and Security Systems Group, cost of sales increased by **\$0.9 million** favorable foreign currency translation impact. **\$16.1 million**, or **14%**, primarily related to higher sales volumes.

Gross profit

Gross profit increased by **\$27.5 million** **\$34.9 million**, or **31%** **42%**, for the three months ended **June 30, 2023** **September 30, 2023** compared to the prior-year quarter, primarily due to a **\$22.4 million** **\$30.0 million** improvement within the Environmental Solutions Group and a **\$5.1 million** **\$4.9 million** increase within the Safety and Security Systems Group. Gross profit as a percentage of revenues ("gross profit margin") for the three months ended **June 30, 2023** **September 30, 2023** was **26.5%** **26.4%**, compared to **24.5%** **23.9%** in the prior-year quarter, primarily due to improvements within the Environmental Solutions Group and the Safety and Security Systems Group and the Environmental Solutions Group of **240** **310** basis points and **210** **70** basis points, respectively.

Gross profit increased by **\$47.6 million** **\$82.5 million**, or **29%** **33%**, for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** compared to the prior-year period, primarily due to a **\$37.1 million** **\$67.1 million** improvement within the Environmental Solutions Group and a **\$10.5 million** **\$15.4 million** increase within the Safety and Security Systems Group. Gross profit as a percentage of revenues ("gross profit margin") for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** was **25.7%** **26.0%**, compared to **23.7%** **23.8%** in the prior-year period, primarily due to improvements within the Environmental Solutions Group and the Safety and Security Systems Group and the Environmental Solutions Group of **230** basis points and **190** **180** basis points, respectively.

SG&A expenses

SEG&A expenses for the three months ended June 30, 2023 September 30, 2023 increased by \$11.3 million \$10.8 million, or 27%, compared to the prior-year quarter, primarily due to increases of \$4.3 million \$5.5 million and \$1.3 million \$1.7 million within the Environmental Solutions Group and the Safety and Security Systems Group, respectively, in addition to a \$5.7 million \$3.6 million increase in Corporate SEG&A expenses. As a percentage of net sales, SEG&A expenses were 12.1% 11.3% in the current-year quarter, compared to 11.5% in the prior-year quarter.

SEG&A expenses for the six nine months ended June 30, 2023 September 30, 2023 increased by \$19.7 million \$30.5 million, or 23% 24%, compared to the prior-year quarter, primarily due to increases of \$7.6 million \$13.1 million and \$2.5 million \$4.2 million within the Environmental Solutions Group and the Safety and Security Systems Group, respectively, in addition to a \$9.6 million \$13.2 million increase in Corporate SEG&A expenses. As a percentage of net sales, SEG&A expenses were 12.7% 12.2% in the current-year period, compared to 12.3% 12.0% in the prior-year period.

Operating income

Operating income for the three months ended June 30, 2023 September 30, 2023 increased by \$13.2 million \$23.0 million, or 29% 58%, compared to the prior-year quarter, primarily driven by a \$27.5 million the \$34.9 million improvement in gross profit, partially offset by an \$11.3 million the \$10.8 million increase in SEG&A expenses, a \$2.3 million \$0.8 million increase in amortization expense, and a \$0.3 million increase in acquisition and integration-related expenses, and a \$0.7 million increase in amortization expense. Consolidated operating margin for the three months ended June 30, 2023 September 30, 2023 was 13.4% 14.0%, compared to 12.6% 11.4% in the prior-year quarter.

Operating income for the six nine months ended June 30, 2023 September 30, 2023 increased by \$24.2 million \$47.2 million, or 32% 41%, compared to the prior-year period, primarily driven by the \$47.6 million \$82.5 million improvement in gross profit, partially offset by the \$19.7 million \$30.5 million increase in SEG&A expenses, a \$2.7 million \$3.0 million increase in acquisition and integration-related expenses, and a \$1.0 million \$1.8 million increase in amortization expense. Consolidated operating margin for the six nine months ended June 30, 2023 September 30, 2023 was 11.9% 12.7%, compared to 10.7% 10.9% in the prior-year period.

Interest expense, net

Interest expense, net, for the three and six nine months ended June 30, 2023 September 30, 2023 increased by \$3.7 million \$2.4 million and \$7.1 million \$9.5 million, respectively, compared to the corresponding periods of the prior year, largely due to an increase in average debt levels and higher interest rates.

Other expense (income), net

Other expense, net, for the three months ended June 30, 2023 September 30, 2023 increased by \$1.4 million \$0.2 million, compared to the prior-year quarter, primarily due to an \$0.8 million increase in estimated environmental remediation costs associated with a business discontinued in 2009, a \$0.4 million increase in net periodic pension expense and higher foreign currency transaction losses.

Other expense, net, for the six nine months ended June 30, 2023 September 30, 2023 increased by \$1.9 million \$2.1 million, compared to the prior-year period, primarily due to an \$0.8 million increase in estimated environmental remediation costs associated with a business discontinued in 2009, a \$0.6 million \$0.7 million increase in net periodic pension expense and higher foreign currency transaction losses.

Income tax expense

For The Company recognized income tax expense of \$13.8 million and \$4.9 million for the three months ended June 30, 2023 September 30, 2023

and 2022, respectively. The increase in tax expense in the current-year quarter was largely due to higher pre-tax income levels and the non-recurrence of the discrete tax benefits recognized in the prior-year quarter. During the three months ended September 30, 2022, the Company recognized a \$2.7 million tax benefit from the release of a valuation allowance that had previously been recorded against deferred tax assets associated with foreign tax credits in the U.S., and a \$1.1 million tax benefit associated with the release of a valuation allowance in the U.K. Including these items, the Company's effective tax rate for the three months ended September 30, 2023 was 24.2%, compared to 13.4% in the prior-year quarter.

For the nine months ended September 30, 2023 and 2022, the Company recognized income tax expense of \$12.4 million \$33.5 million and \$23.1 million, resulting respectively. The increase in an effective tax rate of 23.5%. For the three months ended June 30, 2022, the Company recognized income tax expense of \$11.1 million, resulting in an effective tax rate of 24.9%. The Company's effective tax rate in the current-year quarter was lower than the prior-year quarter, primarily due to a \$0.7 million increase in excess tax benefits associated with stock-based compensation activity.

For the six months ended June 30, 2023, the Company recognized income tax expense of \$19.7 million, resulting in an effective tax rate of 22.5%. For the six months ended June 30, 2022, the Company recognized income tax expense of \$18.2 million, resulting in an effective tax rate of 25.2%. The Company's effective tax rate in the current-year period was lower than largely due to higher pre-tax income levels and the non-recurrence of the discrete tax benefits recognized in the prior-year period, primarily due to quarter, partially offset by a \$1.6 million \$1.7 million increase in excess tax benefits associated with stock-based compensation activity and a \$0.5 million \$0.6 million benefit associated with changes in tax reserves. Including these items, the Company's effective tax rate for the nine months ended September 30, 2023 was 23.2%, compared to 21.2% in the prior-year period.

Net income

Net income for the three months ended June 30, 2023 September 30, 2023 increased by \$6.8 million \$11.5 million compared to the prior-year quarter, largely due to the aforementioned improvement in operating income, partially offset by the \$3.7 million \$2.4 million increase in interest expense, a \$1.3 million \$8.9 million increase in income tax expense and the \$1.4 million \$0.2 million decrease in other income.

Net income for the six nine months ended June 30, 2023 September 30, 2023 increased by \$13.7 million \$25.2 million compared to the prior-year quarter, largely due to the aforementioned improvement in operating income, partially offset by the \$7.1 million \$9.5 million increase in interest expense, a \$1.5 million \$10.4 million increase in income tax

expense and the \$1.9 million \$2.1 million decrease in other income.

Environmental Solutions

The following table summarizes the Environmental Solutions Group's operating results as of and for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022:

(\$ in millions)	(\$ in millions)	Three Months Ended June 30,			Six Months Ended June 30,			(\$ in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
		2023	2022	Change	2023	2022	Change		2023	2022	Change	2023	2022	Change
Net sales	Net sales	\$ 373.0	\$ 306.3	\$ 66.7	\$ 691.8	\$ 580.5	\$ 111.3	Net sales	\$ 373.0	\$ 284.8	\$ 88.2	\$ 1,064.8	\$ 865.3	\$ 199.5
Operating income	Operating income	56.2	39.1	17.1	93.8	65.9	27.9	Operating income	57.2	33.9	23.3	151.0	99.8	51.2
Operating data:	Operating data:							Operating data:						
Operating margin	Operating margin	15.1 %	12.8 %	2.3 %	13.6 %	11.4 %	2.2 %	Operating margin	15.3 %	11.9 %	3.4 %	14.2 %	11.5 %	2.7 %
Total orders	Total orders	\$ 408.6	\$ 351.7	\$ 56.9	\$ 804.4	\$ 739.3	\$ 65.1	Total orders	\$ 374.8	\$ 321.4	\$ 53.4	\$ 1,179.2	\$ 1,060.7	\$ 118.5
Backlog	Backlog	939.7	733.5	206.2	939.7	733.5	206.2	Backlog	938.6	764.6	174.0	938.6	764.6	174.0
Depreciation and amortization	Depreciation and amortization	14.3	12.6	1.7	27.5	25.0	2.5	Depreciation and amortization	14.3	12.5	1.8	41.8	37.5	4.3

Three months ended June 30, 2023 September 30, 2023 vs. three months ended June 30, 2022 September 30, 2022

Total orders for the three months ended June 30, 2023 September 30, 2023 increased by \$56.9 million \$53.4 million, or 16% 17%, compared to the prior-year quarter. U.S. orders increased by \$23.7 million \$39.0 million, primarily due to improvements in orders for multi-purpose tractors, sewer cleaners, road-marking and line-removal equipment dump truck bodies, industrial vacuum loaders and safe-digging trucks of \$8.4 million \$9.7 million, \$7.5 million \$8.7 million, \$6.8 million \$7.6 million and \$5.9 \$4.5 million, respectively. Additionally, aftermarket demand increased by \$8.7 million. Partially offsetting these improvements were reductions in orders for trailers of \$18.3 million. Non-U.S. orders increased by \$33.2 million, primarily due to improvements in orders for refuse trucks, metal extraction support equipment, sewer cleaners and multi-purpose tractors of \$15.2 million, \$8.8 million, \$4.8 million and \$2.6 million, respectively. Additionally, aftermarket demand increased by \$6.4 million \$9.0 million. Partially offsetting these improvements was a \$3.4 million \$3.3 million reduction in orders for street sweepers, sweepers. Non-U.S. orders increased by \$14.4 million, largely due to a \$7.8 million increase in aftermarket demand, as well as improvements in orders for sewer cleaners, safe-digging trucks and metal extraction support equipment of \$4.4 million, \$4.0 million and \$3.2 million, respectively. Partially offsetting these improvements was a \$3.1 million unfavorable foreign currency translation impact. \$5.9 million reduction in orders for refuse trucks.

Net sales for the three months ended June 30, 2023 September 30, 2023 increased by \$66.7 million \$88.2 million, or 22% 31%, compared to the prior-year quarter, primarily due to higher sales volumes, inclusive of the effects of the TowHaul, Blasters, and Trackless acquisitions, pricing actions and increased chassis sales. For the three months ended June 30, 2023 September 30, 2023, U.S. sales increased by \$33.9 million \$61.7 million, largely due to increases in sales of sewer cleaners, street sweepers, safe-digging trucks, industrial vacuum loaders and multi-purpose tractors road-marking and line-removal equipment of \$10.6 million \$14.4 million, \$8.3 million \$11.3 million, \$6.4 million, \$6.3 million and \$5.1 million \$4.1 million, respectively. Additionally, aftermarket revenues increased by \$8.1 million \$11.4 million. Non-U.S. sales increased by \$32.8 million \$26.5 million, largely due to a \$7.5 million

\$4.4 million increase in aftermarket revenues, and increases in sales of refuse trucks, metal extraction support equipment sewer cleaners and multi-purpose tractors of \$10.5 million \$8.2 million, \$5.5 million, \$4.3 million \$6.5 million and \$2.7 million \$4.6 million, respectively. Partially offsetting these improvements was a \$2.5 million unfavorable foreign currency translation impact.

Cost of sales for the three months ended June 30, 2023 September 30, 2023 increased by \$44.3 million \$58.2 million, or 18% 26%, compared to the prior-year quarter, primarily related to higher sales volume, additional costs from volumes, inclusive of the TowHaul, Blasters, and Trackless effects of acquisitions, and increases in increased chassis costs, partially offset by a \$2.3 million favorable foreign currency translation impact. costs. Gross

profit margin for the three months ended June 30, 2023 September 30, 2023 was 23.9% 24.2%, compared to 21.8% 21.1% in the prior-year quarter, with the improvement primarily attributable to improved operating leverage from higher sales volumes and benefits from pricing actions, partially offset by an increase in lower margin chassis sales.

SEG&A expenses for the three months ended June 30, 2023 September 30, 2023 increased by \$4.3 million \$5.5 million, or 18% 24%, compared to the prior-year quarter, primarily due to additional costs from the TowHaul, Blasters, and Trackless acquisitions, acquired businesses, as well as increases in sales commissions and incentive-based compensation expenses. As a percentage of net sales, SEG&A expenses were 7.7% 7.6% in the current-year quarter, down from 8.0% 8.1% in the prior-year quarter.

Operating income for the three months ended June 30, 2023 September 30, 2023 increased by \$17.1 million \$23.3 million, or 44% 69%, compared to the prior-year quarter, largely due to a \$22.4 million \$30.0 million improvement in gross profit, partially offset by the \$4.3 million \$5.5 million increase in SEG&A expenses, a \$0.7 million \$0.8 million increase in amortization expense, and a \$0.3 million \$0.4 million increase in acquisition and integration-related costs.

Six Nine months ended June 30, 2023 September 30, 2023 vs. six nine months ended June 30, 2022 September 30, 2022

Total orders for the six nine months ended June 30, 2023 September 30, 2023 increased by \$65.1 million \$118.5 million, or 9% 11%, compared to the prior-year period. U.S. orders increased by \$25.7 million \$64.7 million, primarily due to improvements in orders for street sweepers, road-marking and line-removal equipment, and safe-digging trucks, multi-purpose tractors and sewer cleaners of \$21.8 million \$18.5 million, \$9.3 million \$11.5 million, \$11.1 million, \$9.8 million and \$8.4 million \$9.2 million, respectively. Additionally, aftermarket demand increased by \$14.9 million \$23.9 million. Partially offsetting these improvements were reductions was a \$26.6 million reduction in orders for trailers and dump truck bodies of \$23.7 million and \$7.4 million, respectively, trailers. Non-U.S. orders increased by \$39.4 million \$53.8 million, primarily due to improvements in orders for refuse trucks, metal extraction support equipment, and multi-purpose tractors and sewer cleaners of \$30.3 million \$24.4 million, \$15.5 million \$18.7 million, \$4.9 million and \$2.6 million \$4.3 million, respectively. Additionally, aftermarket demand increased by \$7.0 million \$14.8 million. Partially offsetting these improvements were reductions was a \$7.8 million reduction in street sweeper orders for safe-digging trucks and street sweepers of \$6.6 million and \$6.3 million, respectively, as well as a \$6.3 million \$7.4 million unfavorable foreign currency translation impact.

Net sales for the six nine months ended June 30, 2023 September 30, 2023 increased by \$111.3 million \$199.5 million, or 19% 23%, compared to the prior-year period, primarily due to higher sales volumes, inclusive of the effects of the TowHaul, Blasters, and Trackless acquisitions, pricing actions and increased chassis sales. For the six nine months ended June 30, 2023 September 30, 2023, U.S. sales increased by \$70.9 million \$132.6 million, largely due to increases in sales of sewer cleaners, street sweepers, industrial vacuum loaders and trailers safe-digging trucks of \$18.7 million \$33.1 million, \$15.7 million \$27.0 million, \$11.7 million and \$6.4 million \$10.6 million, respectively, as well as a \$17.5 million \$28.9 million improvement in aftermarket revenues. Non-U.S. sales increased by \$40.4 million \$66.9 million, largely due to a \$13.9 million \$18.3 million improvement in aftermarket revenues and increases in sales of refuse trucks, metal extraction support equipment, refuse trucks and multi-purpose tractors and sewer cleaners of \$11.9 million \$18.8 million, \$10.6 million \$18.4 million, \$7.7 million and \$3.1 million \$6.1 million, respectively. Partially offsetting these improvements was a \$4.7 million \$6.2 million unfavorable foreign currency translation impact.

Cost of sales for the six nine months ended June 30, 2023 September 30, 2023 increased by \$74.2 million \$132.4 million, or 16% 19%, compared to the prior-year period, primarily related to higher sales volumes, and additional costs from inclusive of the TowHaul, Blasters, and Trackless effects of acquisitions, and increases in increased chassis costs, partially offset by a \$4.4 million \$6.0 million favorable foreign currency translation impact. Gross profit margin for the six nine months ended June 30, 2023 September 30, 2023 was 23.0% 23.4%, compared to 21.1% in the prior-year period, with the improvement primarily attributable to improved operating leverage from higher sales volumes and benefits from pricing actions, partially offset by an increase in lower margin chassis sales.

SEG&A expenses for the six nine months ended June 30, 2023 September 30, 2023 increased by \$7.6 million \$13.1 million, or 15% 18%, compared to the prior-year period, primarily due to additional costs from the TowHaul, Blasters, and Trackless acquisitions, acquired businesses, as well as increases in sales commissions and incentive-based compensation expenses. As a percentage of net sales, SEG&A expenses were 8.3% 8.1% in the current-year period, down from 8.6% 8.4% in the prior-year period.

Operating income for the six nine months ended June 30, 2023 September 30, 2023 increased by \$27.9 million \$51.2 million, or 42% 51%, compared to the prior-year period, largely due to a \$37.1 million \$67.1 million improvement in gross profit, partially offset by the \$7.6 million \$13.1 million increase in SEG&A expenses, a \$1.0 million \$1.8 million increase in amortization expense, and a \$0.6 million \$1.0 million increase in acquisition and integration-related costs.

Backlog was \$940 million \$939 million at June 30, 2023 September 30, 2023, compared to \$734 million \$765 million at June 30, 2022 September 30, 2022.

Safety and Security Systems

The following table summarizes the Safety and Security Systems Group's operating results as of and for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022:

(\$ in millions)	(\$ in millions)	Three Months Ended June 30,			Six Months Ended June 30,			(\$ in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
		2023	2022	Change	2023	2022	Change		2023	2022	Change	2023	2022	Change
Net sales	Net sales	\$ 69.4	\$ 60.4	\$ 9.0	\$ 136.1	\$ 116.4	\$ 19.7	Net sales	\$ 73.4	\$ 61.6	\$ 11.8	\$ 209.5	\$ 178.0	\$ 31.5
Operating income	Operating income	14.1	10.3	3.8	26.2	18.2	8.0	Operating income	13.7	10.5	3.2	39.9	28.7	11.2
Operating data:	Operating data:							Operating data:						
Operating margin	Operating margin	20.3 %	17.1 %	3.2 %	19.3 %	15.6 %	3.7 %	Operating margin	18.7 %	17.0 %	1.7 %	19.0 %	16.1 %	2.9 %
Total orders	Total orders	\$ 71.6	\$ 61.6	\$ 10.0	\$ 150.5	\$ 126.6	\$ 23.9	Total orders	\$ 75.4	\$ 60.7	\$ 14.7	\$ 225.9	\$ 187.3	\$ 38.6
Backlog	Backlog	66.8	61.5	5.3	66.8	61.5	5.3	Backlog	67.2	59.5	7.7	67.2	59.5	7.7
Depreciation and amortization	Depreciation and amortization	1.1	1.1	—	2.2	2.1	0.1	Depreciation and amortization	0.9	1.0	(0.1)	3.1	3.1	—

Three months ended June 30, 2023 September 30, 2023 vs. three months ended June 30, 2022 September 30, 2022

Total orders for the three months ended June 30, 2023 September 30, 2023 increased by \$10.0 million \$14.7 million, or 16% 24%, compared with to the prior-year quarter. U.S. orders increased by \$5.5 million \$9.5 million, primarily due to a \$9.1 million improvement in orders for public safety equipment. Non-U.S. orders increased by \$5.2 million, primarily due to improvements in orders for public safety equipment warning systems and industrial signaling equipment of \$3.8 million, \$1.2 million \$3.1 million and \$0.5 million \$1.7 million, respectively. Non-U.S. orders increased by \$4.5 million, largely due to improvements in orders for public safety equipment and warning systems of \$5.2 million and \$0.5 million, respectively, partially offset by a \$1.2 million reduction in orders for industrial signaling equipment.

Net sales for the three months ended **June 30, 2023** **September 30, 2023** increased by **\$9.0 million** **\$11.8 million**, or **15%** **19%**, compared to the prior-year quarter, inclusive of the effects of higher sales volumes and pricing actions. U.S. sales increased by **\$5.2 million** **\$2.3 million**, driven by improvements in sales of public safety equipment **industrial signaling equipment** and warning systems of **\$2.2 million**, **\$1.7 million** **\$1.3 million** and **\$1.3 million** **\$1.0 million**, respectively. Non-U.S. sales increased by **\$3.8 million** **\$9.5 million**, largely due to improvements in sales of public safety equipment and **industrial signaling equipment** of **\$2.5 million** and **\$2.3 million**, respectively, partially offset by a **\$0.8 million** reduction in sales of warning systems of **\$5.8 million** and a **\$0.2 million** unfavorable foreign currency translation impact. **\$1.8 million**, respectively.

Cost of sales for the three months ended **June 30, 2023** **September 30, 2023** increased by **\$3.9 million** **\$6.9 million**, or **10%** **18%**, compared to the prior-year quarter, primarily related to higher sales volumes, partially offset by a **\$0.1 million** favorable foreign currency translation impact. **volumes**. Gross profit margin for the three months ended **June 30, 2023** **September 30, 2023** was **40.6%** **37.6%**, compared to **38.2%** **36.9%** in the prior-year quarter, with the improvement primarily attributable to improved operating leverage from higher sales volumes, benefits from pricing actions and lower freight costs.

SEG&A expenses for the three months ended **June 30, 2023** **September 30, 2023** increased by **\$1.3 million** **\$1.7 million**, or **10%** **14%**, compared to the prior-year quarter, primarily due to higher sales commissions and incentive-based compensation expense. As a percentage of net sales, SEG&A expenses decreased from **21.2%** **19.8%** in the prior-year quarter, to **20.3%** **18.9%** in the current-year quarter.

Operating income for the three months ended **June 30, 2023** **September 30, 2023** increased by **\$3.8 million** **\$3.2 million**, or **37%** **30%**, compared to the prior-year quarter, primarily due to a **\$5.1 million** **\$4.9 million** improvement in gross profit, partially offset by the **\$1.3 million** **\$1.7 million** increase in SEG&A expenses.

Six Nine months ended June 30, 2023 September 30, 2023 vs. six nine months ended June 30, 2022 September 30, 2022

Total orders for the **six nine months ended June 30, 2023 September 30, 2023** increased by **\$23.9 million** **\$38.6 million**, or **19%** **21%**, compared with the prior-year period. U.S. orders increased by **\$6.5 million** **\$16.0 million**, primarily due to improvements in orders for **warning systems**, public safety equipment and **industrial signaling equipment** **warning systems** of **\$2.9 million**, **\$11.7 million** and **\$2.6 million** and **\$1.0 million**, respectively. Non-U.S. orders increased by **\$17.4 million** **\$22.6 million**, largely primarily due to an **\$16.8 million** a **\$19.9 million** improvement in orders for public safety equipment, inclusive of a large fleet order from a customer in **Mexico**, as well as increases in orders for warnings systems and industrial signaling equipment of **\$1.2 million** and **\$0.3 million**, respectively. Partially offsetting these improvements was a **\$0.9 million** unfavorable foreign currency translation impact. **Mexico**.

Net sales for the **six nine months ended June 30, 2023 September 30, 2023** increased by **\$19.7 million** **\$31.5 million**, or **17%** **18%**, compared to the prior-year period, inclusive of the effects of higher sales volumes and pricing actions. U.S. sales increased by **\$12.9 million** **\$15.2 million**, driven by improvements in sales of public safety equipment, industrial signaling equipment and warning systems of **\$5.7 million** **\$7.0 million**, **\$4.4 million** and **\$2.8 million** **\$3.8 million**, respectively. Non-U.S. sales increased by **\$6.8 million** **\$16.3 million**, largely due to improvements in sales of public safety equipment and industrial signaling equipment of **\$9.3 million** and public safety equipment of **\$4.6 million** and **\$3.5 million** **\$5.8 million**, respectively, partially offset by a **\$1.2 million** unfavorable foreign currency translation impact. **respectively**.

Cost of sales for the **six nine months ended June 30, 2023 September 30, 2023** increased by **\$9.2 million** **\$16.1 million**, or **13%** **14%**, compared to the prior-year period, primarily related to higher sales volumes, partially offset by a **\$0.9 million** favorable foreign currency translation impact. **volumes**. Gross profit margin for the **six nine months ended June 30, 2023 September 30, 2023** was **39.5%** **38.9%**, compared to **37.2%** **37.1%** in the prior-year period, with the improvement primarily attributable to improved operating leverage from higher sales volumes, **and** benefits from pricing actions and lower freight costs.

SEG&A expenses for the **six nine months ended June 30, 2023 September 30, 2023** increased by **\$2.5 million** **\$4.2 million**, or **10%** **11%**, compared to the prior-year period, primarily due to higher sales commissions and incentive-based compensation expense. As a percentage of net sales, SEG&A expenses decreased from **21.6%** **21.0%** in the prior-year period, to **20.3%** **19.8%** in the current-year period.

Operating income for the **six nine months ended June 30, 2023 September 30, 2023** increased by **\$8.0 million** **\$11.2 million**, or **44%** **39%**, compared to the prior-year period, primarily due to a **\$10.5 million** **\$15.4 million** improvement in gross profit, partially offset by the **\$2.5 million** **\$4.2 million** increase in SEG&A expenses.

Backlog was \$67 million at **June 30, 2023 September 30, 2023**, compared to **\$62 million** **\$60 million** at **June 30, 2022 September 30, 2022**.

Corporate Expenses

Corporate operating expenses for the three months ended **June 30, 2023 September 30, 2023** were **\$10.9 million** **\$8.4 million**, compared to **\$3.2 million** **\$4.9 million** in the prior-year quarter, with the increase primarily due to increases in stock compensation, incentive-based compensation and medical costs.

Corporate operating expenses for the nine months ended **September 30, 2023** were **\$29.5 million**, compared to **\$14.3 million** in the prior-year period, with the increase primarily due to higher post-retirement expenses, increases in stock compensation, medical, incentive-based compensation, **medical** stock compensation and information technology ("IT") costs, as well as a **\$2.0 million** increase in acquisition-related expenses. During the **three nine months ended June 30, 2022 September 30, 2022**, the Company received a favorable settlement of **\$1.9 million** in a post-closing adjustment dispute associated with the 2021 acquisition of OSW Equipment & Repair, LLC ("OSW"), LLC. The related benefit was included as a component of Acquisition and integration-related expenses (benefits) on the Condensed Consolidated Statements of Operations.

Corporate operating expenses for the six months ended **June 30, 2023** were **\$21.1 million**, compared to **\$9.4 million** in the prior-year period, with the increase primarily due to higher post-retirement expenses, increases in medical, incentive-based compensation and IT costs, as well as a **\$2.1 million** increase in acquisition-related expenses, primarily driven by the benefit recorded in the prior-year period relating to the OSW settlement.

Seasonality of Company's Business

Certain of the Company's businesses are susceptible to the influences of seasonal factors, including buying patterns, delivery patterns and productivity influences from holiday periods and weather. In general, the Company tends to have lower equipment sales in the first calendar quarter of each year compared to other quarters as a result of these factors. In addition, rental income and parts sales are generally higher in the second and third quarters of the year, because many of the Company's products are used for maintenance activities in North America, where usage is typically lower during periods of harsher weather conditions.

Financial Condition, Liquidity and Capital Resources

The Company uses its cash flow from operations to fund growth and to make capital investments that sustain its operations, reduce costs, or both. Beyond these uses, remaining cash is used to pay down debt, repurchase shares, fund dividend payments and make pension contributions. The Company may also choose to invest in the acquisition of businesses. In the absence of significant unanticipated cash demands, we believe that the Company's existing cash balances, cash flow from operations and borrowings available under the Company's credit facility will provide funds sufficient for these purposes. As of June 30, 2023 September 30, 2023, there was \$407.4 million \$364.2 million of cash drawn and \$11.2 million of undrawn letters of credit under the 2022 Credit Agreement, with \$381.4 million \$424.6 million of availability for borrowings. The net cash flows associated with the Company's rental equipment transactions are included in cash flow from operating activities.

The Company's cash and cash equivalents totaled \$48.8 million \$41.0 million and \$47.5 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively. As of June 30, 2023 September 30, 2023, \$22.3 million \$21.4 million of cash and cash equivalents was held by foreign subsidiaries. Cash and cash equivalents held by subsidiaries outside the U.S. typically are held in the currency of the country in which it is located. The Company uses this cash to fund the operating activities of its foreign subsidiaries and for further investment in foreign operations. Generally, the Company has considered such cash to be permanently reinvested in its foreign operations and the Company's current plans do not demonstrate a need to repatriate such cash to fund U.S. operations. However, in the event that these funds are needed to fund U.S. operations or to satisfy U.S. obligations, they generally could be repatriated. The repatriation of these funds may cause the Company to incur additional U.S. income tax expense, dependent on income tax laws and other circumstances at the time any such amounts are repatriated.

Net cash of \$43.0 million \$91.0 million was provided by operating activities in the six nine months ended June 30, 2023 September 30, 2023, compared to \$22.4 million \$32.4 million in the prior-year period, with the year-over-year increase primarily due to working capital improvements and higher net income, partially offset by increased rental fleet investments to support strong demand for rentals and used equipment and higher tax payments.

Net cash of \$71.4 million \$75.7 million was used for investing activities in the six nine months ended June 30, 2023 September 30, 2023, compared to \$46.0 million \$50.1 million in the prior-year period. During the six nine months ended June 30, 2023 September 30, 2023, the Company paid made initial consideration payments of \$42.6 \$41.9 million and \$13.4 million \$13.2 million to acquire Trackless and Blasters, respectively, and funded \$15.7 million \$21.4 million of capital expenditures. During the six nine months ended June 30, 2022 September 30, 2022, the Company completed the purchase of its University Park, Illinois manufacturing facility for \$27.8 million, funded \$13.7 million \$17.8 million of other capital expenditures, paid \$4.3 million to acquire certain distribution rights from dealers, and paid \$1.6 million to fund a post-closing adjustment related to the Deist acquisition.

Net cash of \$29.2 million \$21.2 million was used for financing activities in the nine months ended September 30, 2023, whereas in the prior-year period, net cash of \$14.4 million was provided by financing activities in activities. In the six nine months ended June 30, 2023, compared to \$14.9 million in the prior-year period. In the six months ended June 30, 2023 September 30, 2023, the Company increased debt borrowings by \$44.7 million \$4.6 million, funded cash dividends and share repurchases of \$11.6 million \$17.7 million and \$4.3 million, respectively, and redeemed \$5.4 million \$5.6 million of stock in order to remit funds to tax authorities to satisfy employees' tax withholdings following the vesting of stock-based compensation and the exercise of stock options. During the six nine months ended June 30, 2023 September 30, 2023, the Company also paid \$0.5 million to settle the contingent consideration obligation due to the former owners of MRL, and received \$2.0 million \$2.3 million from stock option exercises. In the six nine months ended June 30, 2022 September 30, 2022, the Company increased debt borrowings by \$44.1 million \$49.9 million, funded cash dividends and share repurchases of \$10.9 million \$16.4 million and \$16.1 million, respectively, and redeemed \$2.5 million \$3.0 million of stock in order to remit funds to tax authorities to satisfy employees' tax withholdings following the vesting of stock-based compensation and the exercise of stock options.

The Company is subject to certain net leverage ratio and interest coverage ratio financial covenants under the 2022 Credit Agreement that are measured at each fiscal quarter-end. The Company was in compliance with all such covenants as of June 30, 2023 September 30, 2023.

The Company anticipates that capital expenditures for 2023 will be in the range of \$27 million to \$30 million.

The Company believes that its financial resources and major sources of liquidity, including cash flow from operations and increased borrowing capacity, will be adequate to meet its operating needs, capital needs and financial commitments.

Contractual Obligations and Off-Balance Sheet Arrangements

During the six nine months ended June 30, 2023 September 30, 2023, there have been no material changes in the Company's contractual obligations and off-balance sheet arrangements as described in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, of the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

See Item 7A, *Quantitative and Qualitative Disclosures about Market Risk*, of the Company's Annual Report on Form 10-K for the year ended December 31, 2022. During the six nine months ended June 30, 2023 September 30, 2023, there have been no significant changes in our exposure to market risk.

Item 4. Controls and Procedures.

As required by Rule 13a-15 under the Exchange Act, the Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act) as of **June 30, 2023** **September 30, 2023**. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of **June 30, 2023** **September 30, 2023**.

As a matter of practice, the Company's management continues to review and document internal control and procedures for financial reporting. From time to time, the Company may make changes aimed at enhancing the effectiveness of the controls and ensuring that the systems evolve with the business. SEC guidance permits management to omit an assessment of internal control over financial reporting for an acquired business from management's assessment of internal control over financial reporting for a period not to exceed one year from the date of the acquisition. During the **six nine** months ended **June 30, 2023** **September 30, 2023**, the Company completed the acquisitions of Trackless and Blasters. As of **June 30, 2023** **September 30, 2023**, management has not yet fully assessed Trackless' or Blasters' internal control over financial reporting. Excluding the acquisitions of Trackless and Blasters, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the **six nine** months ended **June 30, 2023** **September 30, 2023**.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The information set forth under the heading "Legal Proceedings" in Note 9 – Commitments and Contingencies to the accompanying condensed consolidated financial statements as included in Part I of this Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors.

There have been no material changes in the Company's risk factors as described in Item 1A, *Risk Factors*, of the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table provides a summary of the Company's repurchase activity for its common stock during the three months ended **June 30, 2023** **September 30, 2023**:

Period	Total Number of Shares	Average Price Paid Per Share	Total Number of Shares	Maximum Dollar Value of Shares
	Purchased		Purchased as Part of Publicly Announced Plans or Programs	That May Yet Be Purchased Under the Plans or Programs (a)
April 2023 (4/2/23 - 5/6/23)	—	\$ —	—	\$ 59,052,829
May 2023 (5/7/23 - 6/3/23)	—	—	—	59,052,829
June 2023 (6/4/23 - 7/1/23)	—	—	—	59,052,829
Period	Total Number of Shares	Average Price Paid Per Share	Total Number of Shares	Maximum Dollar Value of Shares
	Purchased		Purchased as Part of Publicly Announced Plans or Programs	That May Yet Be Purchased Under the Plans or Programs (a)
July 2023 (7/2/23 - 8/5/23)	—	\$ —	—	\$ 59,052,829
August 2023 (8/6/23 - 9/2/23)	24,474	59.5166	24,474	57,596,219
September 2023 (9/3/23 - 9/30/23)	47,994	58.2742	47,994	54,799,407

(a) In March 2020, the Board authorized a stock repurchase program of up to \$75.0 million of the Company's common stock, with the remaining authorization under our previously described repurchase program adopted in 2014 being subject to the March 2020 program.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

On **July 27, 2023** **November 2, 2023**, the Company issued a press release announcing its financial results for the three and **six nine** months ended **June 30, 2023** **September 30, 2023**. The presentation slides for the **second third** quarter 2023 earnings call were also posted on the Company's website at that time. The full text of the **second third** quarter financial results press release and earnings presentation are attached hereto as Exhibits 99.1 and 99.2, respectively, to this Form 10-Q.

Item 6. Exhibits.

3.1	Restated Certificate of Incorporation of the Company. Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed April 30, 2010.
3.2	Amended and Restated By-laws of the Company. Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed February 9, 2016 October 24, 2023.
10.1*	Employment Letter dated as of September 1, 2023, by and between the Company and Felix Boesch.
31.1	CEO Certification under Section 302 of the Sarbanes-Oxley Act.
31.2	CFO Certification under Section 302 of the Sarbanes-Oxley Act.
32.1	CEO Certification of Periodic Report under Section 906 of the Sarbanes-Oxley Act.
32.2	CFO Certification of Periodic Report under Section 906 of the Sarbanes-Oxley Act.
99.1	Second Third Quarter Financial Results Press Release, Dated July 27, 2023, November 2, 2023.
99.2	Second Third Quarter Earnings Call Presentation Slides.
101.INS	XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

*Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(a)(3) of Form 10-K.

SIGNATURE

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Federal Signal Corporation

Date: July 27, November 2, 2023

/s/ Ian A. Hudson

Ian A. Hudson

Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

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September 1, 2023 By E-Mail Mr. Felix Boeschen Re: Offer of Employment Dear Felix: On behalf of Federal Signal Corporation ("Company" or "Federal Signal"), it is with great pleasure that I present you with the following offer of employment in the position of Vice President, Corporate Strategy and Investor Relations, reporting to Jennifer Sherman, Federal Signal's President and CEO. We are delighted to welcome you to our executive leadership team. The precise terms of our offer are as follows: 1) Start Date: We would like you to begin your employment as soon as possible, on a date to be mutually agreed upon. 2) Base Salary: Your annual rate of base salary will be \$325,000 per year, less taxes and withholdings, and will be paid on a semi-monthly basis, unless a more frequent pay period is required by applicable state law. As determined in the discretion of the Company and subject to budget and performance, you will be considered for an annual merit-based salary increase in March of 2024. 3) Annual Cash Incentive Bonus: In 2023, provided you agreed to the enclosed Terms of Employment Agreement, and that your Start Date is on or before September 30, 2023, you will be eligible to earn an annual cash incentive bonus through Federal Signal's Short-Term Incentive Bonus Plan ("STIP") in accordance with its terms. Your bonus at target level of performance will be 40% of your base salary and your maximum bonus payout will be 80% of your base salary. For 2023, your bonus will be prorated based on your start date. Should your Start Date be on or after October 1, 2023, you will first become eligible for STIP in 2024. The STIP is designed to reward and motivate outstanding performance and is currently based on achievement of annual company/business unit and individual objectives. For 2023, company/ business unit objectives (pre-tax income and EBITDA margin) will account for 80% and individual objectives will account for 20% of the bonus opportunity, respectively. Both the weighting and the applicable objectives are determined at the discretion of the Compensation and Benefits Committee ("CBC") of Federal Signal's Board of Directors in or around February of each performance year. In addition to satisfying company/business unit and individual objectives, you must be employed by the Company on the date bonuses are paid in order to earn a bonus. Bonus payments are subject to the approval of the CBC and Federal Signal's Board of Directors and generally occur in March following the calendar year to which the bonus applies. Your eligibility for and participation in the STIP in subsequent calendar years will be communicated to you in writing when such determinations are made by Federal Signal in its discretion. 4) Long-Term Equity Incentives: a) In 2024, you may be eligible to receive a long-term equity incentive award with an aggregate target grant date value of \$160,000 as part of Federal Signal's annual grant cycle, subject to the discretion of the CBC. As currently structured for your role, 50% of these awards are comprised of Performance Share Units ("PSUs"), 25% are comprised of Non-Qualified Stock Options ("NQSOs"), and 25% are comprised of RSAs. PSUs currently vest over a three-year period and are subject to meeting certain performance criteria over the same three-year period, which may result in performance



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Mr. Felix Boesch September 1, 2023 Page 2 shares being earned anywhere between 0% and 240% of target. NQSOs vest ratably over a three-year period and restricted stock cliff vests at the end of a three-year period. Any such awards, the amount of such awards, and the terms and conditions applicable to such awards, will be made and announced, if at all, at the discretion of Federal Signal in connection with its annual grant cycle. This offer letter does not promise or guarantee a long-term incentive award in 2024 or in subsequent years. b) To receive these awards, you must enter into Award Agreements which contain the precise terms and conditions of such awards. Award Agreements will be presented to you as soon as administratively feasible after the grant date and include post-employment restrictions, including but not limited to non-competition and non-solicitation commitments. 5) Stock Ownership Guidelines/ Insider Trading: Based on your position, you are subject to Federal Signal's stock ownership guidelines ("SOGs"). Generally speaking, this means that, in order to trade in Federal Signal stock, you must attain and at all times thereafter maintain equity in Federal Signal's common stock valued at two (2) times your base salary. There is no time limit within which you must achieve target ownership under the SOGs. Additional stock holding requirements are imposed by the SOGs. In addition, your ability to trade in Federal Signal stock is regulated by its Insider Trading Policy and applicable law. Copies of Federal Signal's SOGs and Insider Trading Policy are enclosed with this letter. You must obtain pre-approval from the Company's General Counsel/Chief Compliance Officer prior to all transactions in Federal Signal stock. 6) Car Allowance: You will receive a monthly car allowance in the amount of \$750 per month in accordance with Company policies and procedures. 7) Relocation: The Company will reimburse you for reasonable relocation costs covered by our program, up to \$50,000, including buy-out of your current lease if you are unable to sublet. Documentation of all expenses submitted is required prior to reimbursement. Relocation assistance is subject to the following repayment obligation should you terminate your employment within two (2) years of your Start Date: Termination Date Relocation Repayment Due 1-12 months 100% 13-16 months 65% 17-20 months 50% 20-24 months 25% 25+ months 0% By accepting this offer of employment, you authorize Federal Signal to deduct any amount you owe from your final compensation. 8) Paid Time Off: a. Vacation. Vacation time is based upon the calendar year. You will accrue paid vacation at the rate of 1.67 days for each month worked up to a maximum accrual of twenty (20) vacation days each calendar year for your use in that same calendar year. Vacation time may be taken before it is earned, subject to your supervisor's approval and your agreement to re-pay the Company should your employment end with a negative vacation balance. Accrued but unused vacation does not carry-over, is forfeited, and is not compensable. The Company encourages you to use all of your vacation time. Vacation entitlement and accrual rates are subject to adjustment and modification at the discretion of the Company. b. Holidays. The Company recognizes eight (8) published paid holidays, subject to change in the Company's discretion.



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Mr. Felix Boeschen September 1, 2023 Page 3 c. Personal Days: You are entitled to one (1) paid personal day for your use in 2023. In subsequent years, you will be eligible for three (3) personal days or such other amount as determined by then-applicable Company policy. Unused personal days at the conclusion of the calendar year do not carry-over, are forfeited, and are not compensable. 9) Benefits: Subject to individual plan requirements, you are eligible to participate in Federal Signal's group health and welfare benefit programs on the first day of the month after your start date. Coverage options are outlined in the enclosed Benefits Summary Sheet. With the exception of the Federal Signal Corporation Retirement Savings Plan (in which you will be auto-enrolled as soon as administratively feasible following your date of hire), you must enroll within thirty (30) days of your date of hire in all benefit plans available to you or you waive coverage until the next open enrollment period. Participants in the Retirement Savings Plan may defer up to 40% of eligible pay, up to the annual deferral or compensation limit. The Company matches your first 3% deferral at 100% and 50% of the next 2%, with a maximum match of 4%, including both pre-tax and Roth after-tax contributions. Additionally, the Company makes an additional service-based contribution, based on your years of service with the Company. You may also be eligible to participate in the non-qualified Federal Signal Corporation Savings Restoration Plan ("SRP") beginning in 2024. Participation in the SRP allows you to continue to make pre-tax deferrals and receive Company contributions after you have reached one or both of the annual 401(k) maximums. Benefit plans may be discontinued or modified at the discretion of Federal Signal. The terms of applicable benefit plan documents control the terms of your eligibility in the event of any discrepancy between the plan documents and any other materials. 10) Executive Change-in-Control Severance Agreement: Subject to BOD approval, you are being offered the opportunity to enter into the enclosed Tier II Executive Change-in-Control Severance Agreement ("CIC Agreement") with the Company. To accept this opportunity, you must return a signed CIC Agreement along with a signed copy of this offer letter. This offer is for at-will employment. This means that either you or the Company may choose to end the employment relationship at any time with or without cause, for any lawful reason or for no reason. This offer is not, nor shall it be construed to be, a guarantee or promise of employment for any specified or set period. This offer of employment, together with the grant of equity awards, STIP participation, and other consideration herein provided, is expressly conditioned upon you signing and adhering to the enclosed Terms of Employment Agreement which includes post-employment restrictions and obligations owed by you to Federal Signal and its affiliates. Felix, we hope you will accept this offer and look forward to working with you. To accept this offer, please sign and return to me this offer letter and the Terms of Employment Agreement on or before a date to be mutually agreed upon. If not accepted by you on or before that date, this offer shall be considered withdrawn. Best regards, /s/ Shirley S. Paulson Vice President, Human Resources Enclosures: Terms of Employment Agreement, Insider Trading Policy, Stock Ownership Guidelines, CIC Agreement cc: Jennifer L. Sherman



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Mr. Felix Boeschen September 1, 2023 Page 4 Acceptance: I accept the offer set forth above. I further represent and warrant that there were no promises or guarantees made to me that are not contained in this offer letter. Felix Boeschen Date /s/ Felix Boeschen

EXHIBIT 31.1

CEO Certification under Section 302 of the Sarbanes-Oxley Act

I, Jennifer L. Sherman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Federal Signal Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally

accepted accounting principles;

- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 27, 2023 November 2, 2023

/s/ Jennifer L. Sherman

Jennifer L. Sherman

President and Chief Executive Officer

(Principal Executive Officer)

EXHIBIT 31.2

CFO Certification under Section 302 of the Sarbanes-Oxley Act

I, Ian A. Hudson, certify that:

- 1. I have reviewed this quarterly report on Form 10-Q of Federal Signal Corporation;
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 27, 2023 November 2, 2023

/s/ Ian A. Hudson

Ian A. Hudson

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the Quarterly Report of Federal Signal Corporation (the "Company") on Form 10-Q for the period ended June 30, 2023 September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jennifer L. Sherman, President and Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78m or 78o (d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 27, 2023 November 2, 2023

/s/ Jennifer L. Sherman

Jennifer L. Sherman

President and Chief Executive Officer

(Principal Executive Officer)

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. This certification shall also not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference.

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the Quarterly Report of Federal Signal Corporation (the "Company") on Form 10-Q for the period ended June 30, 2023 September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ian A. Hudson, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78m or 78o (d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 27, 2023 November 2, 2023

/s/ Ian A. Hudson

Ian A. Hudson

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. This certification shall also not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange act of 1934, as amended, except to the extent that the Company specifically incorporates it by reference.

EXHIBIT 99.1

FOR IMMEDIATE RELEASE

Federal Signal Reports Record Second Third Quarter Results Including Double-Digit with 29% Net Sales Growth and Earnings Growth, Record Orders and Backlog; 58% Increase in Operating Income; Raises Full-Year Outlook and EBITDA Margin Targets

Oak Brook, Illinois, July 27, November 2, 2023 — Federal Signal Corporation (NYSE:FSS) (the “Company”), a leader in environmental and safety solutions, today reported results for the second third quarter ended June 30, 2023 September 30, 2023.

Second Third Quarter Highlights

- Record net sales of \$442 million \$446 million, up \$76 million \$100 million, or 21% 29%, from last year; organic growth of \$54 million \$80 million, or 15% 23%
- Operating income of \$59.4 million \$62.5 million, up \$13.2 million \$23.0 million, or 29% 58%, from last year
- GAAP EPS of \$0.66, \$0.71, up \$0.11, \$0.19, or 20% 37%, from last year
- Record adjusted EPS of \$0.67, \$0.71, up \$0.14, \$0.18, or 26% 34%, from last year
- Record orders Orders of \$480 million \$450 million, up \$67 million \$68 million, or 16% 18%, from last year
- Record backlog Backlog of \$1.01 billion, up \$212 million \$182 million, or 27% 22%, from last year
- Operating cash flow of \$36 million \$48 million, up \$21 million \$38 million, or 133% 380%, from last year
- Raises 2023 adjusted EPS* outlook to a new range of \$2.30 \$2.44 to \$2.46, \$2.52, from the prior range of \$2.21 \$2.30 to \$2.43 \$2.46
- Increases low end of 2023 net sales outlook range by \$30 million; new range of \$1.65 billion \$1.68 billion to \$1.72 billion
- Raises Consolidated EBITDA margin target to a new range of 14% to 20%, from the previous range of 12% to 16%
- Raises EBITDA margin target for the Environmental Solutions Group to a new range of 17% to 22%, from the previous range of 15% to 18%

Consolidated net sales for the second third quarter were \$442 million \$446 million, the highest quarterly net sales in the Company's history, and an increase of \$76 million \$100 million, or 21% 29%, compared to the prior-year quarter. Net income for the second third quarter was \$40.3 million \$43.3 million, or \$0.66 \$0.71 per diluted share, compared to \$33.5 million \$31.8 million, or \$0.55 \$0.52 per diluted share, in the prior-year quarter.

The Company also reported adjusted net income for the second third quarter of \$41.4 million \$43.8 million, or \$0.67 \$0.71 per diluted share, compared to \$32.2 million, or \$0.53 per diluted share, in the prior-year quarter. The Company is reporting adjusted results to facilitate comparisons of underlying performance on a year-over-year basis. A reconciliation of these and other non-GAAP measures is provided at the conclusion of this news release.

Customer Demand Remains at Record Levels; Double-Digit Improvement in Net Sales and Earnings in Record-Setting Quarter; Increasing EBITDA Margin Targets for the Environmental Solutions Group and the Company

“In a record-setting another quarter for the Company, of outstanding performance by our businesses, were able to deliver double-digit year-over-year we reported new Company records for quarterly net sales and earnings growth, gross margin expansion, and adjusted EPS, a 120-basis 220-basis point improvement year-over-year increase in adjusted EBITDA margin, an 18% increase in orders, and significant improvement in cash generation,” commented Jennifer L. Sherman, President and Chief Executive Officer. “Within our Environmental Solutions Group, an improving supply chain supported higher production levels, and with increased sales volumes, contributions from recent acquisitions, robust aftermarket demand, and strong price realization, we were able to deliver a 22% 31% year-over-year net sales increase and a 220-basis 300-basis point improvement in adjusted EBITDA margin. Our Safety and Security Systems Group also delivered another impressive quarter, with double-digit top line growth and an adjusted EBITDA margin of approximately 22% 20%. Our order intake represented With its consistently strong performance over the highest quarterly orders in last several quarters, we are increasing the EBITDA margin target for our history, contributing Environmental Solutions Group to a record backlog new range of \$1.01 billion at 17% to 22%, from the end previous range of 15% to 18%. At the quarter, same time, we are increasing our consolidated EBITDA margin target to a new range of 14% to 20%, from the previous range of 12% to 16%.”

In the Environmental Solutions Group, net sales for the second third quarter were \$373 million, up \$67 million \$88 million, or 22% 31%, compared to the prior-year quarter. In the Safety and Security Systems Group, net sales were \$69 million \$73 million, up \$9 million \$12 million, or 15% 19%, compared to the prior-year quarter.

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Consolidated operating income for the second third quarter was \$59.4 million \$62.5 million, up \$13.2 million \$23.0 million, or 29% 58%, compared to the prior-year quarter. Consolidated operating margin for the second third quarter was 13.4% 14.0%, up from 12.6% 11.4% in the prior-year quarter.

Consolidated adjusted earnings before interest, tax, depreciation and amortization (“adjusted EBITDA”) for the second third quarter was \$75.5 million \$78.5 million, up \$17.3 million \$25.0 million, or 30% 47%, compared to the prior-year quarter, and consolidated adjusted EBITDA margin was 17.1% 17.6%, up from 15.9% 15.4% in the prior-year quarter.

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In the Environmental Solutions Group, adjusted EBITDA for the second third quarter was \$70.7 million \$72.0 million, up \$19.1 million \$25.5 million, or 37% 55%, compared to the prior-year quarter, and its adjusted EBITDA margin was 19.0% 19.3%, up from 16.8% 16.3% last year. In the Safety and Security Systems Group, adjusted EBITDA for the second third quarter was \$15.2 million \$14.6 million, up \$3.8 million \$3.1 million, or 33% 27%, compared to the prior-year quarter, and its adjusted EBITDA margin was 21.9% 19.9%, up from 18.9% 18.7% last year.

Consolidated orders for the second third quarter were \$480 million \$450 million, the highest quarterly orders in the Company's history, and an increase of \$67 million up \$68 million, or 16% 18%, compared to the prior-year quarter. With the strong momentum in customer demand, consolidated backlog at June 30, 2023 September 30, 2023 was at an all-time high level of \$1.01 billion, an increase of \$212 million \$182 million, or 27% 22%, from last year.

Increased Operating Cash Flow Further Strengthens Financial Position, Providing Flexibility to Fund Growth Opportunities and Cash Returns to Stockholders

Operating cash flow during the second third quarter was \$36 million \$48 million, up \$21 million an increase of \$38 million, or 133% 380%, from the prior-year quarter. Cash generated from operations in the first nine months of this year totaled \$91 million, an increase of \$59 million, or 181%, compared to the prior-year period.

At June 30, 2023 September 30, 2023, consolidated debt was \$409 million \$366 million, total cash and cash equivalents were \$49 million \$41 million and the Company had \$381 million \$425 million of availability for borrowings under its previous credit facility. During the second quarter, the Company completed the acquisition of Trackless Vehicles Limited.

"Our operating cash flow generation in this quarter was outstanding, enabling us to pay down approximately \$40 million of debt during the first half of 2023 was up 92% year-over-year, despite increased rental fleet investment and higher tax payments, quarter," said Sherman. "This improvement "So far this year, our operating cash flow has helped increased by 181% compared to last year, further strengthen strengthening our financial position, and providing us significant flexibility to invest in organic growth initiatives, pursue additional strategic acquisitions, like Trackless, and fund cash returns to stockholders. stockholders through dividends and opportunistic share repurchases."

The Company funded dividends of \$6.1 million during the second third quarter, reflecting an increased a dividend of \$0.10 per share, and recently announced a similar dividend that will be payable in the third fourth quarter of 2023. The Company also funded stock repurchases of \$4.3 million during the third quarter.

Outlook

"Demand for our products and our aftermarket offerings remains at unprecedented levels, with both our orders and backlog this quarter again setting new Company records, exceptionally high," noted Sherman. "With "We continue to successfully execute against our second strategic initiatives, and with our third quarter performance, our record current backlog and improving supply chain conditions, we are raising our full-year adjusted EPS* outlook to a new range of \$2.30 \$2.44 to \$2.46, \$2.52, from the prior range of \$2.21 \$2.30 to \$2.43. \$2.46. We are also increasing the low end of our full-year net sales outlook range by \$30 million, establishing a new range of \$1.65 billion \$1.68 billion to \$1.72 billion."

CONFERENCE CALL

Federal Signal will host its second third quarter conference call on Thursday, July 27, 2023 November 2, 2023 at 10:00 a.m. Eastern Time. The call will last approximately one hour. The call may be accessed over the internet through Federal Signal's website at www.federsignal.com or by dialing phone number 1-844-826-3035 1-833-816-1432 and entering the pin number 10181049, 10183590. A replay will be available on Federal Signal's website shortly after the call.

About Federal Signal

Federal Signal Corporation (NYSE: FSS) builds and delivers equipment of unmatched quality that moves material, cleans infrastructure, and protects the communities where we work and live. Founded in 1901, Federal Signal is a leading global designer, manufacturer and supplier of products and total solutions that serve municipal, governmental, industrial and commercial customers. Headquartered in Oak Brook, Ill., with manufacturing facilities worldwide, the Company operates two groups: Environmental Solutions and Safety and Security Systems. For more information on Federal Signal, visit: www.federsignal.com.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995

This release contains unaudited financial information and various forward-looking statements as of the date hereof and we undertake no obligation to update these forward-looking statements regardless of new developments or otherwise. Statements in this release that are not historical are forward-looking statements. Such statements are subject to various risks and uncertainties that could cause actual results to vary materially from those stated. 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

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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.

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* 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 nine months ended June 30, 2023 September 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).

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FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(in millions, except per share data)	(in millions, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,		(in millions, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Net sales	Net sales	\$ 442.4	\$ 366.7	\$ 827.9	\$ 696.9	Net sales	\$ 446.4	\$ 346.4	\$ 1,274.3	\$ 1,043.3
Cost of sales	Cost of sales	325.1	276.9	614.8	531.4	Cost of sales	328.7	263.6	943.5	795.0
Gross profit	Gross profit	117.3	89.8	213.1	165.5	Gross profit	117.7	82.8	330.8	248.3
Selling, engineering, general and administrative expenses	Selling, engineering, general and administrative expenses	53.4	42.1	105.4	85.7	Selling, engineering, general and administrative expenses	50.6	39.8	156.0	125.5
Amortization expense	Amortization expense	3.9	3.2	7.5	6.5	Amortization expense	3.9	3.1	11.4	9.6
Acquisition and integration-related expenses (benefits)	Acquisition and integration-related expenses (benefits)	0.6	(1.7)	1.3	(1.4)	Acquisition and integration-related expenses (benefits)	0.7	0.4	2.0	(1.0)
Operating income	Operating income	59.4	46.2	98.9	74.7	Operating income	62.5	39.5	161.4	114.2
Interest expense		5.6	1.9	10.3	3.2					
Interest expense, net						Interest expense, net	5.1	2.7	15.4	5.9
Other expense (income), net	Other expense (income), net	1.1	(0.3)	1.2	(0.7)	Other expense (income), net	0.3	0.1	1.5	(0.6)
Income before income taxes	Income before income taxes	52.7	44.6	87.4	72.2	Income before income taxes	57.1	36.7	144.5	108.9
Income tax expense	Income tax expense	12.4	11.1	19.7	18.2	Income tax expense	13.8	4.9	33.5	23.1
Net income	Net income	\$ 40.3	\$ 33.5	\$ 67.7	\$ 54.0	Net income	\$ 43.3	\$ 31.8	\$ 111.0	\$ 85.8
Earnings per share:	Earnings per share:					Earnings per share:				
Basic	Basic	\$ 0.66	\$ 0.55	\$ 1.12	\$ 0.89	Basic	\$ 0.71	\$ 0.53	\$ 1.83	\$ 1.42
Diluted	Diluted	\$ 0.66	\$ 0.55	\$ 1.10	\$ 0.88	Diluted	\$ 0.71	\$ 0.52	\$ 1.81	\$ 1.40
Weighted average common shares outstanding:	Weighted average common shares outstanding:					Weighted average common shares outstanding:				
Basic	Basic	60.7	60.4	60.7	60.6	Basic	60.8	60.4	60.7	60.5
Diluted	Diluted	61.4	60.9	61.4	61.1	Diluted	61.4	61.0	61.4	61.1
Cash dividends declared per common share	Cash dividends declared per common share	\$ 0.10	\$ 0.09	\$ 0.19	\$ 0.18	Cash dividends declared per common share	\$ 0.10	\$ 0.09	\$ 0.29	\$ 0.27
Operating data:	Operating data:					Operating data:				
Operating margin	Operating margin	13.4 %	12.6 %	11.9 %	10.7 %	Operating margin	14.0 %	11.4 %	12.7 %	10.9 %
Adjusted EBITDA	Adjusted EBITDA	\$ 75.5	\$ 58.2	\$ 130.0	\$ 100.4	Adjusted EBITDA	\$ 78.5	\$ 53.5	\$ 208.5	\$ 153.9
Adjusted EBITDA margin	Adjusted EBITDA margin	17.1 %	15.9 %	15.7 %	14.4 %	Adjusted EBITDA margin	17.6 %	15.4 %	16.4 %	14.8 %
Total orders	Total orders	\$ 480.2	\$ 413.3	\$ 954.9	\$ 865.9	Total orders	\$ 450.2	\$ 382.1	\$ 1,405.1	\$ 1,248.0
Backlog	Backlog	1,006.5	795.0	1,006.5	795.0	Backlog	1,005.8	824.1	1,005.8	824.1
Depreciation and amortization	Depreciation and amortization	15.5	13.7	29.8	27.1	Depreciation and amortization	15.3	13.6	45.1	40.7

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions, except per share data)	(in millions, except per share data)	June 30, 2023	December 31, 2022	(in millions, except per share data)	September 30, 2023	December 31, 2022
		(Unaudited)			(Unaudited)	
ASSETS	ASSETS			ASSETS		
Current assets:	Current assets:			Current assets:		
Cash and cash equivalents	Cash and cash equivalents	\$ 48.8	\$ 47.5	Cash and cash equivalents	\$ 41.0	\$ 47.5
Accounts receivable, net of allowances for doubtful accounts of \$2.8 and \$2.5, respectively		193.4	173.8			
Accounts receivable, net of allowances for doubtful accounts of \$2.4 and \$2.5, respectively				Accounts receivable, net of allowances for doubtful accounts of \$2.4 and \$2.5, respectively	213.3	173.8
Inventories	Inventories	339.4	292.7	Inventories	330.1	292.7
Prepaid expenses and other current assets	Prepaid expenses and other current assets	24.4	17.4	Prepaid expenses and other current assets	19.3	17.4
Total current assets	Total current assets	606.0	531.4	Total current assets	603.7	531.4
Properties and equipment, net of accumulated depreciation of \$167.2 and \$156.4, respectively		189.1	179.3			
Rental equipment, net of accumulated depreciation of \$49.0 and \$45.4, respectively		129.8	109.1			
Properties and equipment, net of accumulated depreciation of \$169.9 and \$156.4, respectively				Properties and equipment, net of accumulated depreciation of \$169.9 and \$156.4, respectively	188.3	179.3
Rental equipment, net of accumulated depreciation of \$51.1 and \$45.4, respectively				Rental equipment, net of accumulated depreciation of \$51.1 and \$45.4, respectively	130.3	109.1
Operating lease right-of-use assets	Operating lease right-of-use assets	25.1	24.7	Operating lease right-of-use assets	23.7	24.7
Goodwill	Goodwill	475.4	453.4	Goodwill	473.6	453.4
Intangible assets, net of accumulated amortization of \$63.0 and \$55.4, respectively		216.7	208.2			
Intangible assets, net of accumulated amortization of \$66.8 and \$55.4, respectively				Intangible assets, net of accumulated amortization of \$66.8 and \$55.4, respectively	212.2	208.2
Deferred tax assets	Deferred tax assets	8.4	8.8	Deferred tax assets	12.1	8.8
Other long-term assets	Other long-term assets	10.2	9.4	Other long-term assets	10.7	9.4
Total assets	Total assets	\$ 1,660.7	\$ 1,524.3	Total assets	\$ 1,654.6	\$ 1,524.3
LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY			LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:	Current liabilities:			Current liabilities:		
Current portion of long-term borrowings and finance lease obligations	Current portion of long-term borrowings and finance lease obligations	\$ 3.1	\$ 1.5	Current portion of long-term borrowings and finance lease obligations	\$ 3.9	\$ 1.5
Accounts payable	Accounts payable	86.7	72.4	Accounts payable	82.4	72.4
Customer deposits	Customer deposits	26.6	25.4	Customer deposits	27.6	25.4
Accrued liabilities:	Accrued liabilities:			Accrued liabilities:		
Compensation and withholding taxes	Compensation and withholding taxes	30.2	31.1	Compensation and withholding taxes	34.5	31.1

Current operating lease liabilities	Current operating lease liabilities	7.8	6.9	Current operating lease liabilities	7.4	6.9
Other current liabilities	Other current liabilities	44.0	43.2	Other current liabilities	46.8	43.2
Total current liabilities	Total current liabilities	198.4	180.5	Total current liabilities	202.6	180.5
Long-term borrowings and finance lease obligations	Long-term borrowings and finance lease obligations	406.1	361.5	Long-term borrowings and finance lease obligations	362.0	361.5
Long-term operating lease liabilities	Long-term operating lease liabilities	18.3	18.5	Long-term operating lease liabilities	17.0	18.5
Long-term pension and other postretirement benefit liabilities	Long-term pension and other postretirement benefit liabilities	40.3	38.9	Long-term pension and other postretirement benefit liabilities	38.8	38.9
Deferred tax liabilities	Deferred tax liabilities	52.6	51.0	Deferred tax liabilities	56.7	51.0
Other long-term liabilities	Other long-term liabilities	21.1	13.0	Other long-term liabilities	21.6	13.0
Total liabilities	Total liabilities	736.8	663.4	Total liabilities	698.7	663.4
Stockholders' equity:	Stockholders' equity:			Stockholders' equity:		
Common stock, \$1 par value per share, 90.0 shares authorized, 69.9 and 69.5 shares issued, respectively	Common stock, \$1 par value per share, 90.0 shares authorized, 69.9 and 69.5 shares issued, respectively	69.9	69.5	Common stock, \$1 par value per share, 90.0 shares authorized, 69.9 and 69.5 shares issued, respectively	69.9	69.5
Capital in excess of par value	Capital in excess of par value	280.9	271.8	Capital in excess of par value	284.7	271.8
Retained earnings	Retained earnings	838.3	782.2	Retained earnings	875.5	782.2
Treasury stock, at cost, 8.9 and 8.8 shares, respectively		(185.5)	(178.6)			
Treasury stock, at cost, 9.0 and 8.8 shares, respectively				Treasury stock, at cost, 9.0 and 8.8 shares, respectively	(190.4)	(178.6)
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(79.7)	(84.0)	Accumulated other comprehensive loss	(83.8)	(84.0)
Total stockholders' equity	Total stockholders' equity	923.9	860.9	Total stockholders' equity	955.9	860.9
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$ 1,660.7	\$ 1,524.3	Total liabilities and stockholders' equity	\$ 1,654.6	\$ 1,524.3

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FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(in millions)	(in millions)	Six Months Ended June 30,		(in millions)	Nine Months Ended September 30,	
		2023	2022		2023	2022
Operating activities:	Operating activities:			Operating activities:		
Net income	Net income	\$ 67.7	\$ 54.0	Net income	\$ 111.0	\$ 85.8
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:			Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	Depreciation and amortization	29.8	27.1	Depreciation and amortization	45.1	40.7
Stock-based compensation expense	Stock-based compensation expense	5.8	5.4	Stock-based compensation expense	8.9	7.5
Changes in fair value of contingent consideration	Changes in fair value of contingent consideration	(0.2)	—	Changes in fair value of contingent consideration	(0.2)	—

Amortization of interest rate swap settlement gain	Amortization of interest rate swap settlement gain	(1.2)	—	Amortization of interest rate swap settlement gain	(1.8)	—
Deferred income taxes	Deferred income taxes	2.2	3.2	Deferred income taxes	2.0	0.3
Changes in operating assets and liabilities	Changes in operating assets and liabilities	(61.1)	(67.3)	Changes in operating assets and liabilities	(74.0)	(101.9)
Net cash provided by operating activities	Net cash provided by operating activities	43.0	22.4	Net cash provided by operating activities	91.0	32.4
Investing activities:	Investing activities:			Investing activities:		
Purchases of properties and equipment	Purchases of properties and equipment	(15.7)	(41.5)	Purchases of properties and equipment	(21.4)	(45.6)
Payments for acquisition-related activity, net of cash acquired	Payments for acquisition-related activity, net of cash acquired	(56.0)	(5.9)	Payments for acquisition-related activity, net of cash acquired	(55.1)	(6.6)
Other, net	Other, net	0.3	1.4	Other, net	0.8	2.1
Net cash used for investing activities	Net cash used for investing activities	(71.4)	(46.0)	Net cash used for investing activities	(75.7)	(50.1)
Financing activities:	Financing activities:			Financing activities:		
Increase in revolving lines of credit, net	Increase in revolving lines of credit, net	44.7	44.1	Increase in revolving lines of credit, net	4.6	49.9
Purchases of treasury stock	Purchases of treasury stock	—	(16.1)	Purchases of treasury stock	(4.3)	(16.1)
Redemptions of common stock to satisfy withholding taxes related to stock-based compensation	Redemptions of common stock to satisfy withholding taxes related to stock-based compensation	(5.4)	(2.5)	Redemptions of common stock to satisfy withholding taxes related to stock-based compensation	(5.6)	(3.0)
Payments for acquisition-related activity	Payments for acquisition-related activity	(0.5)	—	Payments for acquisition-related activity	(0.5)	—
Cash dividends paid to stockholders	Cash dividends paid to stockholders	(11.6)	(10.9)	Cash dividends paid to stockholders	(17.7)	(16.4)
Proceeds from stock-based compensation activity	Proceeds from stock-based compensation activity	2.0	0.1	Proceeds from stock-based compensation activity	2.3	0.1
Other, net	Other, net	—	0.2	Other, net	—	(0.1)
Net cash provided by financing activities	Net cash provided by financing activities	29.2	14.9	Net cash provided by financing activities		
Net cash (used for) provided by financing activities	Net cash (used for) provided by financing activities			Net cash (used for) provided by financing activities	(21.2)	14.4
Effects of foreign exchange rate changes on cash and cash equivalents	Effects of foreign exchange rate changes on cash and cash equivalents	0.5	(0.6)	Effects of foreign exchange rate changes on cash and cash equivalents	(0.6)	(1.7)
Increase (decrease) in cash and cash equivalents	Increase (decrease) in cash and cash equivalents	1.3	(9.3)	Increase (decrease) in cash and cash equivalents		
Decrease in cash and cash equivalents	Decrease in cash and cash equivalents			Decrease in cash and cash equivalents	(6.5)	(5.0)
Cash and cash equivalents at beginning of year	Cash and cash equivalents at beginning of year	47.5	40.5	Cash and cash equivalents at beginning of year	47.5	40.5
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$ 48.8	\$ 31.2	Cash and cash equivalents at end of period	\$ 41.0	\$ 35.5

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES
GROUP RESULTS (Unaudited)

The following tables summarize group operating results as of and for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022:

Environmental Solutions Group

(\$ in millions)	(\$ in millions)	Three Months Ended June 30,			Six Months Ended June 30,			(\$ in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
		2023	2022	Change	2023	2022	Change		2023	2022	Change	2023	2022	Change
Net sales	Net sales	\$ 373.0	\$ 306.3	\$ 66.7	\$ 691.8	\$ 580.5	\$ 111.3	Net sales	\$ 373.0	\$ 284.8	\$ 88.2	\$ 1,064.8	\$ 865.3	\$ 199.5
Operating income	Operating income	56.2	39.1	17.1	93.8	65.9	27.9	Operating income	57.2	33.9	23.3	151.0	99.8	51.2
Adjusted EBITDA	Adjusted EBITDA	70.7	51.6	19.1	121.9	90.9	31.0	Adjusted EBITDA	72.0	46.5	25.5	193.9	137.4	56.5
Operating data:	Operating data:							Operating data:						
Operating margin	Operating margin	15.1 %	12.8 %	2.3 %	13.6 %	11.4 %	2.2 %	Operating margin	15.3 %	11.9 %	3.4 %	14.2 %	11.5 %	2.7 %
Adjusted EBITDA margin	Adjusted EBITDA margin	19.0 %	16.8 %	2.2 %	17.6 %	15.7 %	1.9 %	Adjusted EBITDA margin	19.3 %	16.3 %	3.0 %	18.2 %	15.9 %	2.3 %
Total orders	Total orders	\$ 408.6	\$ 351.7	\$ 56.9	\$ 804.4	\$ 739.3	\$ 65.1	Total orders	\$ 374.8	\$ 321.4	\$ 53.4	\$ 1,179.2	\$ 1,060.7	\$ 118.5
Backlog	Backlog	939.7	733.5	206.2	939.7	733.5	206.2	Backlog	938.6	764.6	174.0	938.6	764.6	174.0
Depreciation and amortization	Depreciation and amortization	14.3	12.6	1.7	27.5	25.0	2.5	Depreciation and amortization	14.3	12.5	1.8	41.8	37.5	4.3

Safety and Security Systems Group

(\$ in millions)	(\$ in millions)	Three Months Ended June 30,			Six Months Ended June 30,			(\$ in millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
		2023	2022	Change	2023	2022	Change		2023	2022	Change	2023	2022	Change
Net sales	Net sales	\$ 69.4	\$ 60.4	\$ 9.0	\$ 136.1	\$ 116.4	\$ 19.7	Net sales	\$ 73.4	\$ 61.6	\$ 11.8	\$ 209.5	\$ 178.0	\$ 31.5
Operating income	Operating income	14.1	10.3	3.8	26.2	18.2	8.0	Operating income	13.7	10.5	3.2	39.9	28.7	11.2
Adjusted EBITDA	Adjusted EBITDA	15.2	11.4	3.8	28.4	20.3	8.1	Adjusted EBITDA	14.6	11.5	3.1	43.0	31.8	11.2
Operating data:	Operating data:							Operating data:						
Operating margin	Operating margin	20.3 %	17.1 %	3.2 %	19.3 %	15.6 %	3.7 %	Operating margin	18.7 %	17.0 %	1.7 %	19.0 %	16.1 %	2.9 %
Adjusted EBITDA margin	Adjusted EBITDA margin	21.9 %	18.9 %	3.0 %	20.9 %	17.4 %	3.5 %	Adjusted EBITDA margin	19.9 %	18.7 %	1.2 %	20.5 %	17.9 %	2.6 %
Total orders	Total orders	\$ 71.6	\$ 61.6	\$ 10.0	\$ 150.5	\$ 126.6	\$ 23.9	Total orders	\$ 75.4	\$ 60.7	\$ 14.7	\$ 225.9	\$ 187.3	\$ 38.6
Backlog	Backlog	66.8	61.5	5.3	66.8	61.5	5.3	Backlog	67.2	59.5	7.7	67.2	59.5	7.7
Depreciation and amortization	Depreciation and amortization	1.1	1.1	—	2.2	2.1	0.1	Depreciation and amortization	0.9	1.0	(0.1)	3.1	3.1	—

Corporate Expenses

Corporate operating expenses were **\$10.9 million** **\$8.4 million** and **\$3.2 million** **\$4.9 million** for the three months ended **June 30, 2023** **September 30, 2023** and 2022, respectively. For the **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022, corporate operating expenses were **\$21.1 million** **\$29.5 million** and **\$9.4 million** **\$14.3 million**, respectively.

SEC REGULATION G NON-GAAP RECONCILIATION

The financial measures presented below are unaudited and 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 below, and to provide an additional measure of performance which management considers in operating the business.

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 across reporting periods. During the three and six nine months ended June 30, 2023 September 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.

(in millions)	(in millions)	Three Months Ended June 30,		Six Months Ended June 30,		(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Net income, as reported	Net income, as reported	\$ 40.3	\$ 33.5	\$ 67.7	\$ 54.0	Net income, as reported	\$ 43.3	\$ 31.8	\$ 111.0	\$ 85.8
Add:	Add:					Add:				
Income tax expense	Income tax expense	12.4	11.1	19.7	18.2	Income tax expense	13.8	4.9	33.5	23.1
Income before income taxes	Income before income taxes	52.7	44.6	87.4	72.2	Income before income taxes	57.1	36.7	144.5	108.9
Add:	Add:					Add:				
Acquisition and integration-related expenses (benefits)	Acquisition and integration-related expenses (benefits)	0.6	(1.7)	1.3	(1.4)	Acquisition and integration-related expenses (benefits)	0.7	0.4	2.0	(1.0)
Environmental remediation costs of a discontinued operation (a)	Environmental remediation costs of a discontinued operation (a)	0.8	—	0.8	—	Environmental remediation costs of a discontinued operation (a)	—	—	0.8	—
Adjusted income before income taxes	Adjusted income before income taxes	54.1	42.9	89.5	70.8	Adjusted income before income taxes	57.8	37.1	147.3	107.9
Adjusted income tax expense (b)	Adjusted income tax expense (b)	(12.7)	(10.7)	(20.2)	(17.9)	Adjusted income tax expense (b)	(14.0)	(4.9)	(34.2)	(22.8)
Adjusted net income	Adjusted net income	\$ 41.4	\$ 32.2	\$ 69.3	\$ 52.9	Adjusted net income	\$ 43.8	\$ 32.2	\$ 113.1	\$ 85.1
(dollars per diluted share)	(dollars per diluted share)	Three Months Ended June 30,		Six Months Ended June 30,		(dollars per diluted share)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
EPS, as reported	EPS, as reported	\$ 0.66	\$ 0.55	\$ 1.10	\$ 0.88	EPS, as reported	\$ 0.71	\$ 0.52	\$ 1.81	\$ 1.40
Add:	Add:					Add:				
Income tax expense	Income tax expense	0.20	0.18	0.33	0.30	Income tax expense	0.22	0.08	0.55	0.38
Income before income taxes	Income before income taxes	0.86	0.73	1.43	1.18	Income before income taxes	0.93	0.60	2.36	1.78
Add:	Add:					Add:				
Acquisition and integration-related expenses (benefits)	Acquisition and integration-related expenses (benefits)	0.01	(0.03)	0.02	(0.02)	Acquisition and integration-related expenses (benefits)	0.01	0.01	0.03	(0.02)
Environmental remediation costs of a discontinued operation (a)	Environmental remediation costs of a discontinued operation (a)	0.01	—	0.01	—	Environmental remediation costs of a discontinued operation (a)	—	—	0.01	—
Adjusted income before income taxes	Adjusted income before income taxes	0.88	0.70	1.46	1.16	Adjusted income before income taxes	0.94	0.61	2.40	1.76
Adjusted income tax expense (b)	Adjusted income tax expense (b)	(0.21)	(0.17)	(0.33)	(0.29)	Adjusted income tax expense (b)	(0.23)	(0.08)	(0.56)	(0.37)
Adjusted EPS	Adjusted EPS	\$ 0.67	\$ 0.53	\$ 1.13	\$ 0.87	Adjusted EPS	\$ 0.71	\$ 0.53	\$ 1.84	\$ 1.39

- (a) Environmental remediation costs of a discontinued operation in the three and six nine months ended June 30, 2023 September 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.
- (b) Adjusted income tax expense for the three and six nine months ended June 30, 2023 September 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.

Adjusted EBITDA and Adjusted EBITDA Margin:

The Company uses adjusted EBITDA and the ratio of adjusted EBITDA to net sales ("adjusted EBITDA margin"), at both the consolidated and segment level, 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

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manner. For these reasons, the Company believes that adjusted EBITDA and adjusted EBITDA margin, at both the

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consolidated and segment level, are meaningful metrics to investors in evaluating the Company's underlying financial performance.

Consolidated adjusted EBITDA is a non-GAAP measure that represents the total of net income, interest expense, acquisition and integration-related expenses (benefits), other income/expense, income tax expense, and depreciation and amortization expense, as applicable. Consolidated adjusted EBITDA margin is a non-GAAP measure that represents the total of net income, interest expense, acquisition and integration-related expenses (benefits), other income/expense, income tax expense, and depreciation and amortization expense, as applicable, divided by net sales for the applicable period(s).

Segment adjusted EBITDA is a non-GAAP measure that represents the total of segment operating income, acquisition and integration-related expenses and depreciation and amortization expense, as applicable. Segment adjusted EBITDA margin is a non-GAAP measure that represents the total of segment operating income, acquisition and integration-related expenses and depreciation and amortization expense, as applicable, divided by net sales for the applicable period(s). Segment operating income includes all revenues, costs and expenses directly related to the segment involved. In determining segment income, neither corporate nor interest expenses are included. Segment depreciation and amortization expense relates to those assets, both tangible and intangible, that are utilized by the respective segment.

Other companies may use different methods to calculate adjusted EBITDA and adjusted EBITDA margin.

Consolidated

The following table summarizes the Company's consolidated adjusted EBITDA and adjusted EBITDA margin and reconciles net income to consolidated adjusted EBITDA for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022:

(\$ in millions)	(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,		(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Net income	Net income	\$ 40.3	\$ 33.5	\$ 67.7	\$ 54.0	Net income	\$ 43.3	\$ 31.8	\$ 111.0	\$ 85.8
Add:	Add:					Add:				
Interest expense		5.6	1.9	10.3	3.2					
Interest expense, net						Interest expense, net	5.1	2.7	15.4	5.9
Acquisition and integration-related expenses (benefits)	Acquisition and integration-related expenses (benefits)	0.6	(1.7)	1.3	(1.4)	Acquisition and integration-related expenses (benefits)	0.7	0.4	2.0	(1.0)
Other expense (income), net	Other expense (income), net	1.1	(0.3)	1.2	(0.7)	Other expense (income), net	0.3	0.1	1.5	(0.6)
Income tax expense	Income tax expense	12.4	11.1	19.7	18.2	Income tax expense	13.8	4.9	33.5	23.1
Depreciation and amortization	Depreciation and amortization	15.5	13.7	29.8	27.1	Depreciation and amortization	15.3	13.6	45.1	40.7

Consolidated adjusted EBITDA	Consolidated adjusted EBITDA	\$ 75.5	\$ 58.2	\$ 130.0	\$ 100.4	Consolidated adjusted EBITDA	\$ 78.5	\$ 53.5	\$ 208.5	\$ 153.9
Net sales	Net sales	\$ 442.4	\$ 366.7	\$ 827.9	\$ 696.9	Net sales	\$ 446.4	\$ 346.4	\$ 1,274.3	\$ 1,043.3
Consolidated adjusted EBITDA margin	Consolidated adjusted EBITDA margin	17.1 %	15.9 %	15.7 %	14.4 %	Consolidated adjusted EBITDA margin	17.6 %	15.4 %	16.4 %	14.8 %

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Environmental Solutions Group

The following table summarizes the Environmental Solutions Group's adjusted EBITDA and adjusted EBITDA margin and reconciles operating income to adjusted EBITDA for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022:

(\$ in millions)	(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,		(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Operating income	Operating income	\$ 56.2	\$ 39.1	\$ 93.8	\$ 65.9	Operating income	\$ 57.2	\$ 33.9	\$ 151.0	\$ 99.8
Add:	Add:					Add:				
Acquisition and integration-related expenses	Acquisition and integration-related expenses	0.2	(0.1)	0.6	—	Acquisition and integration-related expenses	0.5	0.1	1.1	0.1
Depreciation and amortization	Depreciation and amortization	14.3	12.6	27.5	25.0	Depreciation and amortization	14.3	12.5	41.8	37.5
Adjusted EBITDA	Adjusted EBITDA	\$ 70.7	\$ 51.6	\$ 121.9	\$ 90.9	Adjusted EBITDA	\$ 72.0	\$ 46.5	\$ 193.9	\$ 137.4
Net sales	Net sales	\$ 373.0	\$ 306.3	\$ 691.8	\$ 580.5	Net sales	\$ 373.0	\$ 284.8	\$ 1,064.8	\$ 865.3
Adjusted EBITDA margin	Adjusted EBITDA margin	19.0 %	16.8 %	17.6 %	15.7 %	Adjusted EBITDA margin	19.3 %	16.3 %	18.2 %	15.9 %

Safety and Security Systems Group

The following table summarizes the Safety and Security Systems Group's adjusted EBITDA and adjusted EBITDA margin and reconciles operating income to adjusted EBITDA for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** and 2022:

(\$ in millions)	(\$ in millions)	Three Months Ended June 30,		Six Months Ended June 30,		(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Operating income	Operating income	\$ 14.1	\$ 10.3	\$ 26.2	\$ 18.2	Operating income	\$ 13.7	\$ 10.5	\$ 39.9	\$ 28.7
Add:	Add:					Add:				
Depreciation and amortization	Depreciation and amortization	1.1	1.1	2.2	2.1	Depreciation and amortization	0.9	1.0	3.1	3.1
Adjusted EBITDA	Adjusted EBITDA	\$ 15.2	\$ 11.4	\$ 28.4	\$ 20.3	Adjusted EBITDA	\$ 14.6	\$ 11.5	\$ 43.0	\$ 31.8
Net sales	Net sales	\$ 69.4	\$ 60.4	\$ 136.1	\$ 116.4	Net sales	\$ 73.4	\$ 61.6	\$ 209.5	\$ 178.0
Adjusted EBITDA margin	Adjusted EBITDA margin	21.9 %	18.9 %	20.9 %	17.4 %	Adjusted EBITDA margin	19.9 %	18.7 %	20.5 %	17.9 %

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Felix Boeschen, VP, Corporate Strategy & Investor Relations
2, 2023

Q2 Q3

July 27, 2023 November



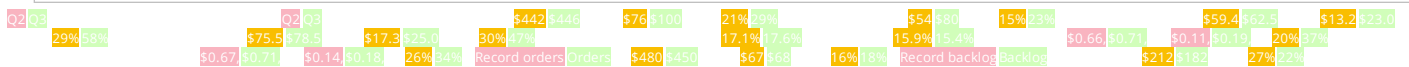
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forward-looking forward-looking

forward-looking forward-looking

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Q2 Q3 a record setting another record-setting
22% and a 220 basis 31% 300-basis Third consecutive quarter of Production output continues to improve with combined Q3 improvement two
manufacturing facility; supply chain continuing to improve, overall 18% Aftermarket revenues facilities 18%, with notable strength in parts sales 1 Completed acquisition of Trackless in April 2023 19% YoY
Systems 15% and a 300 basis 19% 120-basis 2 in 2
sourcing investments continue to support production improvements Published fourth annual Sustainability Report during Q2 Generated significant cash from operations in the quarter with cash conversion of ~110%*
* Computed as net cash provided by operating activities/net income



unprecedented levels with Q2 orders and backlog again setting new company records; exceptionally high, as evidenced by Q3 orders of \$450 M, up 18% YoY • Backlog remains unchanged from Q2 2023
strong • \$1.01 B (up 22% YoY) • Order strength broad based across public funded & industrial end-markets
• \$350 B for maintenance of essential infrastructure, such as sewer systems and streets •
\$550 B earmarked for new investments in roads, bridges, power, water, and broadband infrastructure, public transportation, and airports • \$6.5 B for FEMA, including outdoor warning systems •
• Strategic growth strategy is working • U.S. Department of Energy released a notice of intent Safe Digging order strength (+33% YoY) • Altermarket revenue +19% YoY • Active M&A pipeline • On track
invest \$2 B to accelerate domestic manufacturing of electrified vehicles realize \$3M+ in synergies between Ground Force & TowHaul in FY23 • New product development focus remains • Booked several EV sweeper
orders in Q3



(U.S.\$ in millions) Adjusted EBITDA¹ Adjusted EBITDA Margin¹ • Initially launched EBITDA margin targets for groups and Company overall in 2017 consistent with multi-year growth strategy • Margin targets intended to be annual, through-the-cycle targets • Since 2017, we have consistently operated within, or above, 12-16% consolidated target range, including during the pandemic • Historical EBITDA margin performance places ESS in top tier of specialty vehicle peers¹ Non-GAAP Measures. See Appendix for additional information, including reconciliation to GAAP measures. Historical Margin Performance 10



As we look ahead and consistent with the execution of our key strategic objectives of (i) operational excellence, (ii) organic growth initiatives, and (iii) value-added M&A, we are today raising our EBITDA margin targets for ESG and the Company overall • Introducing new Consolidated EBITDA Margin Target: 14 – 20% (increased from 12-16%) • Introducing new ESG EBITDA Margin Target: 17 – 22% (increased from 15-18%) • SSG EBITDA Margin Target: 17 – 21% (previously increased from 15-18% in Q1 2023) • Margin targets intended to be annual, through-the-cycle targets CEO Remarks – Increasing Margin Targets • Codification of Federal Signal operating system • 80/20 philosophies • Lean initiatives Operational Excellence Organic 10 Value Added M&A Eighty/twenty improvement initiatives 11 Elgin street sweeper lean initiatives aimed at increasing throughput 1 Travis trailer product line simplification benefits from recent facility/capacity investments expansion 1 Aftermarket revenues represented ~28% of ESG's total revenues in Q2 1 1H 2023 rental fleet investment to support ongoing demand for rentals and used equipment growth • Safe Digging growth product development 1 Highlighter Elite mini/lightbar launch 1 Dump body product launches, designed for chassis models that currently have more supply Product Development 1 Accretive 1 &A 1 Closed Trackless acquisition in April 2023 1 &A' focused on niche market- leading companies • Generate synergies by leveraging existing distribution & manufacturing capabilities 11



17%-26% 24%-29% 0.22 0.20 \$2.30 \$2.44 \$2.46 \$2.52 \$2.21 \$2.30 \$2.43 \$2.46 full year full-year
61 60 \$1.65 \$1.68 15% 17% Double-digit Double-digit 11 12 pre-tax pre-tax
0.08 0.07 -61 62 -61 62 21 22 20-21 0.14 0.13 June 30, 2023 September 30, 2023
2H Q4 customer-provided customer-provided three and six nine





SVP, Chief Financial Officer IHudson@federalsignal.com 13 330-954-2000 Felix Boeschen VP, Corporate Strategy and Investor Relations fboeschen@federalsignal.com 14 330-954-2000 Ian Hudson



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Q2 Q3

14 15

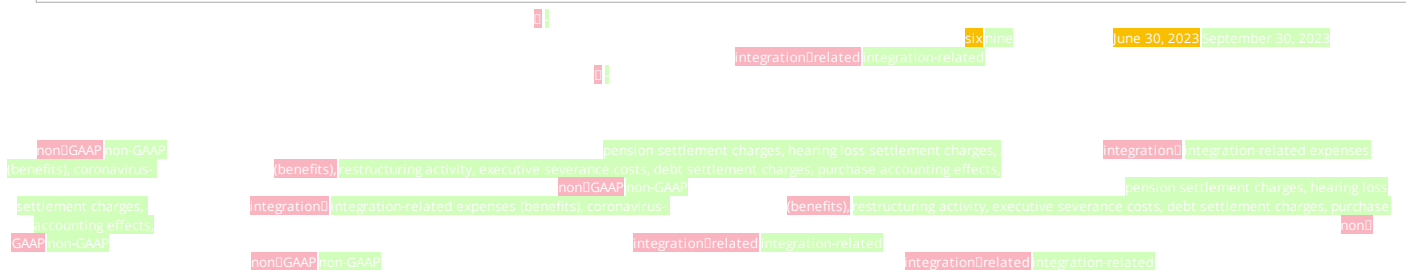
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Consolidated Adjusted EBITDA (2016-2023 LTM) 18 LTM (\$ in millions) 2016 2017 2018 2019 2020 2021 2022 Q3 2023 Net income 39.4 60.5\$ 93.7\$ 108.4\$ 96.1\$ 100.6\$ 120.4\$ 145.6\$ Add (less): Interest expense 1.9 7.3 9.3 7.9 5.7 4.5 10.3 19.8 Pension settlement charges - 6.1 - - - 10.3 - - - Hearing loss settlement charges - 1.5 0.4 - - - - Acquisition and integration-related expenses (benefits) 1.4 2.7 1.5 2.5 2.1 (2.1) (0.5) 2.5 Coronavirus-related expenses - - - - 2.3 1.2 - - - Restructuring 1.7 0.6 - - 1.3 - - - Executive severance costs - 0.7 - - - - Debt settlement charges - - - - 0.1 0.1 Purchase accounting effects (a) 3.6 4.4 0.7 0.2 0.3 0.3 - - Other (income) expense, net 1.8 (0.8) 0.6 0.6 1.1 (1.7) (0.5) 1.6 Income tax expense 17.4 0.5 17.9 30.2 28.5 17.0 30.5 40.9 Depreciation and amortization 19.1 30.0 36.4 41.5 44.8 50.4 54.7 59.1 Deferred gain recognition (b) (1.9) (2.0) (1.9) - - - - Adjusted EBITDA 84.7\$ 111.5\$ 158.6\$ 191.3\$ 182.2\$ 180.5\$ 215.0\$ 269.6\$ Net Sales 707.9\$ 898.5\$ 1,089.5\$ 1,221.3\$ 1,130.8\$ 1,213.2\$ 1,434.8\$ 1,665.8\$ Adjusted EBITDA Margin 12.0% 12.4% 14.6% 15.7% 16.1% 14.9% 15.0% 16.2% (a) Excludes purchase accounting effects reflected in depreciation and amortization of \$0.3 M, \$0.4 M, \$0.5 M, \$0.6 M, \$0.4 M and \$0.4 M for 2016, 2017, 2018, 2019, 2020 and 2021, respectively. (b) Adjustment to exclude recognition of deferred gain associated with historical sale lease-back transactions. Effective 2019, the Company no longer recognizes the gain due to the adoption of new lease accounting standard.





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