

Non-GAAP Financial Measures

To supplement MSC's unaudited selected financial data presented consistent with accounting principles generally accepted in the United States ("GAAP"), the Company discloses certain non-GAAP financial measures, including non-GAAP gross profit, non-GAAP operating expenses, non-GAAP income from operations, non-GAAP operating margin, non-GAAP incremental margin, non-GAAP provision for income taxes, non-GAAP net income and non-GAAP diluted earnings per share, that exclude impairment loss and loss recovery (prior year), inventory write-downs (prior year), legal costs for impairment of prepaid PPE (prior year), acquisition-related costs, restructuring and other costs, and other related costs and tax effects.

These non-GAAP financial measures are not presented in accordance with GAAP or an alternative for GAAP financial measures and may be different from similar non-GAAP financial measures used by other companies. The presentation of this additional information is not meant to be considered in isolation or as a substitute for the most directly comparable GAAP financial measures and should only be used to evaluate MSC's results of operations in conjunction with the corresponding GAAP financial measures.

Free Cash Flow

FCF is a non-GAAP financial measure. FCF is used in addition to and in conjunction with results presented in accordance with GAAP, and FCF should not be relied upon to the exclusion of GAAP financial measures. Management strongly encourages investors to review our financial statements and publicly-filed reports in their entirety and to not rely on any single financial measure. FCF, which we reconcile to "Net cash provided by operating activities," is cash flow from operations reduced by "Expenditures for property, plant and equipment". We believe that FCF, although similar to cash flow from operations, is a useful additional measure since capital expenditures are a necessary component of ongoing operations. Management also views FCF, as a measure of the Company's ability to reduce debt, add to cash balances, pay dividends, and repurchase stock. FCF has limitations due to the fact that it does not represent the residual cash flow available for discretionary expenditures. For example, FCF does not incorporate payments made on finance lease obligations or required debt service payments. In addition, different companies define FCF differently. Therefore, we believe it is important to view FCF as a complement to our entire consolidated statements of cash flows. A reconciliation of cash provided by operating activities to FCF for the thirteen and thirty-nine-week periods ended May 28, 2022 and May 29, 2021, respectively, is shown below.

Results Excluding Impairment Loss and Loss Recovery (prior year), Inventory Write-downs (prior year), Legal Costs (prior year), Acquisition-related Costs, Restructuring and Other Costs, and Other Charges

In calculating non-GAAP financial measures, we exclude impairment loss and loss recovery (prior year), inventory write-downs (prior year), legal costs for impairment of prepaid PPE (prior year), acquisition-related costs, restructuring and other costs, and other related costs and tax effects. Management makes these adjustments to facilitate a review of the Company's operating performance on a comparable basis between periods, for comparison with forecasts and strategic plans, for identifying and analyzing trends in the Company's underlying business and for benchmarking performance externally against competitors. We believe that investors benefit from seeing results from the perspective of management in addition to seeing results presented in accordance with GAAP for the same reasons and purposes for which management uses such non-GAAP financial measures.

MSC INDUSTRIAL DIRECT CO., INC.
Reconciliation of GAAP and Non-GAAP Financial Information
Thirteen and Thirty-Nine Weeks Ended May 28, 2022 and May 29, 2021
(dollars in thousands)

| GAAP Measure | | Items Affecting Comparability | | Non-GAAP Measure | |
|---|--------------|--|--------------|--|--------------|
| Net cash provided by operating activities Thirteen Weeks Ended | | Expenditures for property, plant and equipment Thirteen Weeks Ended | | Free cash flow Thirteen Weeks Ended | |
| May 28, 2022 | May 29, 2021 | May 28, 2022 | May 29, 2021 | May 28, 2022 | May 29, 2021 |
| \$ 77,881 | \$ 20,426 | \$ (13,764) | \$ (17,644) | \$ 64,117 | \$ 2,782 |

| GAAP Measure | | Items Affecting Comparability | | Non-GAAP Measure | |
|--|--------------|---|--------------|---|--------------|
| Net cash provided by operating activities Thirty-Nine Weeks Ended | | Expenditures for property, plant and equipment Thirty-Nine Weeks Ended | | Free cash flow Thirty-Nine Weeks Ended | |
| May 28, 2022 | May 29, 2021 | May 28, 2022 | May 29, 2021 | May 28, 2022 | May 29, 2021 |
| \$ 135,302 | \$ 139,360 | \$ (44,943) | \$ (37,598) | \$ 90,359 | \$ 101,762 |

MSC INDUSTRIAL DIRECT CO., INC.
Reconciliation of GAAP and Non-GAAP Financial Information
Thirteen Weeks Ended May 28, 2022
(In thousands, except percentages and per share data)

| | GAAP Financial Measure | | | Items Affecting Comparability | | Non-GAAP Financial Measure |
|--|------------------------|-------------------------------|---------------------------|-------------------------------|--|----------------------------|
| | Total MSC Industrial | Restructuring and Other Costs | Acquisition-related Costs | Adjusted Total MSC Industrial | | |
| Net Sales | \$ 958,579 | \$ - | \$ - | \$ 958,579 | | |
| Cost of Goods Sold | 547,430 | - | - | 547,430 | | |
| Gross Profit | 411,149 | - | - | 411,149 | | |
| Gross Margin | 42.9% | | | 42.9% | | |
| Operating Expenses | 271,046 | - | 211 | 270,835 | | |
| Operating Exp as % of Sales | 28.3% | | 0.0% | 28.3% | | |
| Restructuring and Other Costs | 3,267 | 3,267 | - | - | | |
| Income from Operations | 136,836 | (3,267) | (211) | 140,314 | | |
| Operating Margin | 14.3% | -0.3% | 0.0% | 14.6% | | |
| Incremental Margin | 8.9% | | | 33.4% | | |
| Total Other Expense | (3,702) | - | - | (3,702) | | |
| Income before provision for income taxes | 133,134 | (3,267) | (211) | 136,612 | | |
| Provision for income taxes | 33,417 | (884) | (57) | 34,358 | | |
| Net income | 99,717 | (2,383) | (154) | 102,254 | | |
| Net income attributable to noncontrolling interest | 60 | - | - | 60 | | |
| Net income attributable to MSC Industrial | \$ 99,657 | \$ (2,383) | \$ (154) | \$ 102,194 | | |
| Net income per common share: | | | | | | |
| Diluted | \$ 1.78 | \$ (0.04) | \$ (0.0) | \$ 1.82 | | |

*Individual amounts may not agree to the total due to rounding.

MSC INDUSTRIAL DIRECT CO., INC.
Reconciliation of GAAP and Non-GAAP Financial Information
Thirty-Nine Weeks Ended May 28, 2022
(In thousands, except percentages and per share data)

| | GAAP Financial Measure | Items Affecting Comparability | | Non-GAAP Financial Measure |
|--|---------------------------|----------------------------------|------------------------------|----------------------------------|
| | Total MSC Industrial | Restructuring and Other Costs | Acquisition-related Costs | Adjusted Total MSC Industrial |
| Net Sales | \$ 2,669,648 | \$ - | \$ - | \$ 2,669,648 |
| Cost of Goods Sold | 1,539,628 | - | - | 1,539,628 |
| Gross Profit | 1,130,020 | - | - | 1,130,020 |
| Gross Margin | 42.3% | | | 42.3% |
| Operating Expenses | 793,600 | - | 211 | 793,389 |
| Operating Exp as % of Sales | 29.7% | | 0.0% | 29.7% |
| Restructuring and Other Costs | 11,684 | 11,684 | - | - |
| Income from Operations | 324,736 | (11,684) | (211) | 336,631 |
| Operating Margin | 12.2% | -0.4% | 0.0% | 12.6% |
| Incremental Margin | 44.3% | | | 24.0% |
| Total Other Expense | (11,329) | - | - | (11,329) |
| Income before provision for income taxes | 313,407 | (11,684) | (211) | 325,302 |
| Provision for income taxes | 77,279 | (3,014) | (57) | 80,350 |
| Net income | 236,128 | (8,670) | (154) | 244,952 |
| Net income attributable to noncontrolling interest | 473 | - | - | 473 |
| Net income attributable to MSC Industrial | \$ 235,655 | \$ (8,670) | \$ (154) | \$ 244,479 |
| Net income per common share: | | | | |
| Diluted | \$ 4.21 | \$ (0.15) | \$ (0.0) | \$ 4.36 |

*Individual amounts may not agree to the total due to rounding.

MSC INDUSTRIAL DIRECT CO., INC.
Reconciliation of GAAP and Non-GAAP Financial Information
Thirteen Weeks Ended May 29, 2021
(In thousands, except percentages and per share data)

| | GAAP Financial Measure | | | | Non-GAAP Financial Measure |
|--|------------------------|--------------------------------------|-------------------------------|---|-------------------------------|
| | Total MSC Industrial | Items Affecting Comparability | | | Adjusted Total MSC Industrial |
| | | Impairment Loss (Loss Recovery), Net | Restructuring and Other Costs | Legal Costs-Impairment of Prepaid for PPE | |
| Net Sales | \$ 866,294 | \$ - | \$ - | \$ - | \$ 866,294 |
| Cost of Goods Sold | 499,823 | - | - | - | 499,823 |
| Gross Profit | 366,471 | - | - | - | 366,471 |
| Gross Margin | 42.3% | - | - | - | 42.3% |
| Operating Expenses | 257,336 | - | - | 401 | 256,935 |
| Operating Exp as % of Sales | 29.7% | - | - | 0.0% | 29.7% |
| Impairment Loss (Loss Recovery), Net | (20,840) | (20,840) | - | - | - |
| Restructuring and Other Costs | 1,349 | - | 1,349 | - | - |
| Income from Operations | 128,626 | 20,840 | (1,349) | (401) | 109,536 |
| Operating Margin | 14.8% | 2.4% | -0.2% | 0.0% | 12.6% |
| Total Other Expense | (2,550) | - | - | - | (2,550) |
| Income before provision for income taxes | 126,076 | 20,840 | (1,349) | (401) | 106,986 |
| Provision for income taxes | 31,141 | 5,263 | (341) | (100) | 26,319 |
| Net income | 94,935 | 15,577 | (1,008) | (301) | 80,667 |
| Net income attributable to noncontrolling interest | 501 | - | - | - | 501 |
| Net income attributable to MSC Industrial | <u>\$ 94,434</u> | <u>\$ 15,577</u> | <u>\$ (1,008)</u> | <u>\$ (301)</u> | <u>\$ 80,166</u> |
| Net income per common share: | | | | | |
| Diluted | <u>\$ 1.68</u> | <u>\$ 0.28</u> | <u>\$ (0.02)</u> | <u>\$ (0.01)</u> | <u>\$ 1.42</u> |

*Individual amounts may not agree to the total due to rounding.

MSC INDUSTRIAL DIRECT CO., INC.
Reconciliation of GAAP and Non-GAAP Financial Information
Thirty-Nine Weeks Ended May 29, 2021
(In thousands, except percentages and per share data)

| | GAAP Financial Measure | | Items Affecting Comparability | | | Non-GAAP Financial Measure |
|--|------------------------------|-------------------------|-------------------------------------|-------------------------|---|----------------------------------|
| | Total MSC Industrial | Inventory Write-down | Restructuring and Other Costs | Impairment Loss, Net | Legal Costs - Impairment of Prepaid for PPE | Adjusted Total MSC Industrial |
| Net Sales | \$ 2,412,193 | \$ - | \$ - | \$ - | \$ - | 2,412,193 |
| Cost of Goods Sold | 1,427,653 | 30,091 | - | - | - | 1,397,562 |
| Gross Profit | 984,540 | (30,091) | - | - | - | 1,014,631 |
| Gross Margin | 40.8% | -1.2% | - | - | - | 42.1% |
| Operating Expenses | 741,156 | - | - | - | 1,421 | 739,735 |
| Operating Exp as % of Sales | 30.7% | - | - | - | 0.1% | 30.7% |
| Impairment Loss | 5,886 | - | - | 5,886 | - | - |
| Restructuring and Other Costs | 26,943 | - | 26,943 | - | - | - |
| Income from Operations | 210,555 | (30,091) | (26,943) | (5,886) | (1,421) | 274,896 |
| Operating Margin | 8.7% | -1.2% | -1.1% | -0.2% | -0.1% | 11.4% |
| Total Other Expense | (8,856) | - | - | - | - | (8,856) |
| Income before provision for income taxes | 201,699 | (30,091) | (26,943) | (5,886) | (1,421) | 266,040 |
| Provision for income taxes | 49,639 | (7,392) | (6,620) | (1,446) | (349) | 65,446 |
| Net income | 152,060 | (22,699) | (20,323) | (4,440) | (1,072) | 200,594 |
| Net income attributable to noncontrolling interest | 1,087 | - | - | - | - | 1,087 |
| Net income attributable to MSC Industrial | <u>\$ 150,973</u> | <u>\$ (22,699)</u> | <u>\$ (20,323)</u> | <u>\$ (4,440)</u> | <u>\$ (1,072)</u> | <u>\$ 199,507</u> |
| Net income per common share: | | | | | | |
| Diluted | <u>\$ 2.69</u> | <u>\$ (0.40)</u> | <u>\$ (0.36)</u> | <u>\$ (0.08)</u> | <u>\$ (0.02)</u> | <u>\$ 3.55</u> |

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