

## **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 provision for income taxes, non-GAAP net income and non-GAAP diluted earnings per share, that exclude acquisition-related costs, share reclassification proposal costs, restructuring and other 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.

Financial data may also include certain forward-looking information that is not presented in accordance with GAAP. The Company believes that a quantitative reconciliation of such forward-looking information to the most directly comparable financial measure calculated and presented in accordance with GAAP cannot be made available without unreasonable efforts because a reconciliation of these non-GAAP financial measures would require the Company to predict the timing and likelihood of potential future events such as restructurings, M&A activity and other infrequent or unusual gains and losses. Neither the timing or likelihood of these events, nor their probable significance, can be quantified with a reasonable degree of accuracy. Accordingly, a reconciliation of such forward-looking information to the most directly comparable GAAP financial measure is not provided.

### ***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 June 3, 2023 and May 28, 2022, respectively, is shown below.

### ***Results Excluding Acquisition-Related Costs, Share Reclassification Proposal Costs and Restructuring and Other Costs***

In calculating non-GAAP financial measures, we exclude acquisition-related costs, share reclassification proposal costs and restructuring and other 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.

### ***Return on Invested Capital ("ROIC")***

ROIC is calculated using a non-GAAP financial measure. We calculate ROIC by dividing non-GAAP net operating profit after tax ("NOPAT") by average invested capital, a GAAP measure. NOPAT is defined as tax effected income from operations. Average invested capital is defined as net debt plus shareholder's equity using a trailing 13-month average. We believe that ROIC is useful to investors as a measure of performance and of the effectiveness of the use of capital in our operations. We use ROIC as one measure to monitor and evaluate operating performance. This method of determining non-GAAP ROIC may differ from other companies' methods and therefore may not be comparable to those used by other companies. ROIC should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP. The financial measure calculated under GAAP which is most directly comparable to ROIC is considered to be the ratio of Net income to Average invested capital. See below for the calculation of ROIC and the reconciliation to the comparable GAAP measure.

MSC INDUSTRIAL DIRECT CO., INC.  
Reconciliation of GAAP and Non-GAAP Financial Information  
Thirteen and Thirty-Nine Weeks Ended June 3, 2023 and May 28, 2022  
(dollars in thousands)

| GAAP Measure  |              | Items Affecting Comparability   |              | Non-GAAP Measure                       |              |
|---|--------------|---|--------------|--|--------------|
| Net cash provided by operating activities<br>Thirteen Weeks Ended |              | Expenditures for property, plant and<br>equipment<br>Thirteen Weeks Ended |              | Free cash flow<br>Thirteen Weeks Ended |              |
| June 3, 2023  | May 28, 2022 | June 3, 2023  | May 28, 2022 | June 3, 2023                           | May 28, 2022 |
| \$150,637   | \$77,881     | \$(23,542)  | \$(13,764)   | \$127,095                              | \$64,117     |

| GAAP Measure   |              | Items Affecting Comparability  |              | Non-GAAP Measure                          |              |
|--|--------------|--|--------------|---|--------------|
| Net cash provided by operating activities<br>Thirty-Nine Weeks Ended |              | Expenditures for property, plant and<br>equipment<br>Thirty-Nine Weeks Ended |              | Free cash flow<br>Thirty-Nine Weeks Ended |              |
| June 3, 2023   | May 28, 2022 | June 3, 2023   | May 28, 2022 | June 3, 2023                              | May 28, 2022 |
| \$567,077  | \$135,302    | \$(64,113)   | \$(44,943)   | \$502,964                                 | \$90,359     |

MSC INDUSTRIAL DIRECT CO., INC.  
Reconciliation of GAAP and Non-GAAP Financial Information  
Thirteen Weeks Ended June 3, 2023  
(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 | Share Reclassification Proposal Costs | Adjusted Total MSC Industrial |
| Net Sales  | \$ 1,054,464           | \$ —                          | \$ —                                  | \$ 1,054,464                  |
| Cost of Goods Sold                               | 625,527                | —                             | —                                     | 625,527                       |
| Gross Profit                                     | 428,937                | —                             | —                                     | 428,937                       |
| Gross Margin                                     | 40.7 %                 | — %                           | — %                                   | 40.7 %                        |
| Operating Expenses                               | 291,706                | —                             | 1,373                                 | 290,333                       |
| Operating Exp as % of Sales                      | 27.7 %                 | — %                           | (0.1)%                                | 27.5 %                        |
| Restructuring and Other Costs                    | 1,845                  | 1,845                         | —                                     | —                             |
| Income from Operations                           | 135,386                | (1,845)                       | (1,373)                               | 138,604                       |
| Operating Margin                                 | 12.8 %                 | 0.2 %                         | 0.1 %                                 | 13.1 %                        |
| Total Other Expense                              | (8,981)                | —                             | —                                     | (8,981)                       |
| Income before provision for income taxes         | 126,405                | (1,845)                       | (1,373)                               | 129,623                       |
| Provision for income taxes                       | 31,266                 | (505)                         | (376)                                 | 32,147                        |
| Net income                                       | 95,139                 | (1,340)                       | (997)                                 | 97,476                        |
| Net loss attributable to noncontrolling interest | (41)                   | —                             | —                                     | (41)                          |
| Net income attributable to MSC Industrial        | \$ 95,180              | \$ (1,340)                    | \$ (997)                              | \$ 97,517                     |
| Net income per common share:                     |                        |                               |                                       |                               |
| Diluted  | \$ 1.69                | \$ (0.02)                     | \$ (0.02)                             | \$ 1.74                       |

\*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 June 3, 2023  
(In thousands, except percentages and per share data)

|  | GAAP                 | Items Affecting Comparability |                           |                                       | Non-GAAP                      |
|--|----------------------|-------------------------------|---------------------------|---------------------------------------|-------------------------------|
|  | Financial Measure    |                               |                           |                                       | Financial Measure             |
|  | Total MSC Industrial | Restructuring and Other Costs | Acquisition-related Costs | Share Reclassification Proposal Costs | Adjusted Total MSC Industrial |
| Net Sales  | \$ 2,973,841         | \$ —                          | \$ —                      | \$ —                                  | \$ 2,973,841                  |
| Cost of Goods Sold                                 | 1,750,410            | —                             | —                         | —                                     | 1,750,410                     |
| Gross Profit                                       | 1,223,431            | —                             | —                         | —                                     | 1,223,431                     |
| Gross Margin                                       | 41.1 %               | — %                           | — %                       | — %                                   | 41.1 %                        |
| Operating Expenses                                 | 852,031              | —                             | 398                       | 2,249                                 | 849,384                       |
| Operating Exp as % of Sales                        | 28.7 %               | — %                           | — %                       | (0.1)%                                | 28.6 %                        |
| Restructuring and Other Costs                      | 5,722                | 5,722                         | —                         | —                                     | —                             |
| Income from Operations                             | 365,678              | (5,722)                       | (398)                     | (2,249)                               | 374,047                       |
| Operating Margin                                   | 12.3 %               | 0.2 %                         | — %                       | 0.1 %                                 | 12.6 %                        |
| Total Other Expense                                | (25,244)             | —                             | —                         | —                                     | (25,244)                      |
| Income before provision for income taxes           | 340,434              | (5,722)                       | (398)                     | (2,249)                               | 348,803                       |
| Provision for income taxes                         | 84,768               | (1,424)                       | (100)                     | (560)                                 | 86,852                        |
| Net income   | 255,666              | (4,298)                       | (298)                     | (1,689)                               | 261,951                       |
| Net income attributable to noncontrolling interest | 32                   | —                             | —                         | —                                     | 32                            |
| Net income attributable to MSC Industrial          | <u>\$ 255,634</u>    | <u>\$ (4,298)</u>             | <u>\$ (298)</u>           | <u>\$ (1,689)</u>                     | <u>\$ 261,919</u>             |
| Net income per common share:                       |                      |                               |                           |                                       |                               |
| Diluted  | <u>\$ 4.56</u>       | <u>\$ (0.08)</u>              | <u>\$ (0.01)</u>          | <u>\$ (0.03)</u>                      | <u>\$ 4.67</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  
Thirteen Weeks Ended May 28, 2022  
(In thousands, except percentages and per share data)

|  | GAAP Financial<br>Measure | Items Affecting Comparability    |                               | Non-GAAP<br>Financial Measure    |
|--|---------------------------|----------------------------------|-------------------------------|----------------------------------|
|  | Total MSC<br>Industrial   | Restructuring<br>and Other Costs | Acquisition-<br>related Costs | Adjusted Total<br>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 %                    | — %                              | — %                           | 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 %                           |
| 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          | <u>\$ 99,657</u>          | <u>\$ (2,383)</u>                | <u>\$ (154)</u>               | <u>\$ 102,194</u>                |
| Net income per common share:                       |                           |                                  |                               |                                  |
| Diluted  | <u>\$ 1.78</u>            | <u>\$ (0.04)</u>                 | <u>\$ —</u>                   | <u>\$ 1.82</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 28, 2022  
(In thousands, except percentages and per share data)

|  | GAAP Financial<br>Measure | Items Affecting Comparability    |                               | Non-GAAP<br>Financial Measure    |
|--|---------------------------|----------------------------------|-------------------------------|----------------------------------|
|  | Total MSC<br>Industrial   | Restructuring<br>and Other Costs | Acquisition-<br>related Costs | Adjusted Total<br>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 %                    | — %                              | — %                           | 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 %                           |
| 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          | <u>\$ 235,655</u>         | <u>\$ (8,670)</u>                | <u>\$ (154)</u>               | <u>\$ 244,479</u>                |
| Net income per common share:                       |                           |                                  |                               |                                  |
| Diluted  | <u>\$ 4.21</u>            | <u>\$ (0.15)</u>                 | <u>\$ —</u>                   | <u>\$ 4.36</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  
Twelve Months Ended June 3, 2023  
(In thousands, except percentages)

|   | Twelve Months Ended<br>June 3, 2023 |
|---|-------------------------------------|
| (a) Net income attributable to MSC Industrial (twelve-month trailing)   | \$ 359,765                          |
| <b>NOPAT</b>  |                                     |
| Income from Operations (twelve-month trailing)                          | 509,655                             |
| Effective tax rate  | 24.7 %                              |
| (b) Non-GAAP NOPAT  | 383,735                             |
| (c) Adjusted Non-GAAP NOPAT   | 386,058 <sup>1</sup>                |
| <b>Invested Capital</b>   |                                     |
| Total MSC Industrial shareholders' equity                               | \$ 1,489,260                        |
| Current portion of debt including obligations under finance leases      | 290,281                             |
| Long-term debt including obligations under finance leases               | 174,017                             |
| Total Debt  | 464,298                             |
| Cash and cash equivalents   | 58,428                              |
| Net debt  | 405,870                             |
| Invested capital  | 1,895,130                           |
| (d) Average invested capital (thirteen-month trailing average)          | 1,995,947                           |
| (e) Adjusted average invested capital (thirteen-month trailing average) | 1,996,251 <sup>1</sup>              |
| <br>  |                                     |
| (a)/(d) Net income to Average invested capital                          | 18.0 %                              |
| (b)/(d) Non-GAAP ROIC   | 19.2 %                              |
| (c)/(e) Adjusted Non-GAAP ROIC  | 19.3 %                              |

<sup>(1)</sup> Adjusted Non-GAAP NOPAT and invested capital excludes \$9.8 million of restructuring and other costs, \$10.1 million gain on sale of property, \$1.1 million of acquisition-related charges and \$2.2 million of share reclassification proposal costs, net of an associated tax benefit of \$0.7 million.