

## **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 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 restructuring and other costs, acquisition-related costs, share reclassification 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 measure and should only be used to evaluate MSC's results of operations in conjunction with the corresponding GAAP financial measure.

Financial data also includes 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 1, 2024 and June 3, 2023, respectively, is shown below.

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

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

### ***Net Debt to Earnings before Interest, Taxes, and Depreciation and Amortization ("EBITDA")***

Net debt to EBITDA is calculated using a non-GAAP financial measure, EBITDA. The Company defines EBITDA as GAAP net income adjusted for taxes, total other expense and depreciation and amortization. Net debt, a GAAP measure, is calculated as total debt less cash and cash equivalents. The Company presents net debt to EBITDA because it more clearly represents the operating profitability of the company and is a more accurate representation of the Company's financial position and its ability to cover its net debt obligations with results from its core operations. This method of determining non-GAAP EBITDA may differ from other companies' methods and therefore may not be comparable to those used by other companies. EBITDA should be considered in addition to, rather than as a substitute for, other information provided in accordance with GAAP.

MSC INDUSTRIAL DIRECT CO., INC.  
Reconciliation of GAAP and Non-GAAP Financial Information  
Thirteen and Thirty-Nine Weeks Ended June 1, 2024 and June 3, 2023  
(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	
June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023
\$143,522	\$150,637	\$(29,571)	\$(23,542)	\$113,951	\$127,095

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	
June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023	June 1, 2024	June 3, 2023
\$303,433	\$567,077	\$(73,354)	\$(64,113)	\$230,079	\$502,964

MSC INDUSTRIAL DIRECT CO., INC.  
Reconciliation of GAAP and Non-GAAP Financial Information  
Thirteen Weeks Ended June 1, 2024  
(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	Adjusted Total MSC Industrial
Net Sales	\$ 979,350	\$ —	\$ 979,350
Cost of Goods Sold	578,903	—	578,903
Gross Profit	400,447	—	400,447
Gross Margin	40.9 %	— %	40.9 %
Operating Expenses	288,991	—	288,991
Operating Exp as % of Sales	29.5 %	— %	29.5 %
Restructuring and Other Costs	4,690	4,690	—
Income from Operations	106,766	(4,690)	111,456
Operating Margin	10.9 %	0.5 %	11.4 %
Total Other Expense	(11,430)	—	(11,430)
Income before provision for income taxes	95,336	(4,690)	100,026
Provision for income taxes	24,024	(1,183)	25,207
Net income	71,312	(3,507)	74,819
Net loss attributable to noncontrolling interest	(393)	—	(393)
Net income attributable to MSC Industrial	\$ 71,705	\$ (3,507)	\$ 75,212
Net income per common share:			
Diluted	\$ 1.27	\$ (0.06)	\$ 1.33

\*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 1, 2024  
(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	
		Restructuring and Other Costs	Acquisition-Related Costs	Share Reclassification Costs		
Net Sales	\$ 2,868,667	\$ —	\$ —	\$ —	\$ 2,868,667	
Cost of Goods Sold	1,686,492	—	—	—	1,686,492	
Gross Profit	1,182,175	—	—	—	1,182,175	
Gross Margin	41.2 %	— %	— %	— %	41.2 %	
Operating Expenses	870,859	—	465	1,187	869,207	
Operating Exp as % of Sales	30.4 %	— %	0.0 %	0.0 %	30.3 %	
Restructuring and Other Costs	11,787	11,787	—	—	—	
Income from Operations	299,529	(11,787)	(465)	(1,187)	312,968	
Operating Margin	10.4 %	0.4 %	0.0 %	0.0 %	10.9 %	
Total Other Expense	(32,920)	—	—	—	(32,920)	
Income before provision for income taxes	266,609	(11,787)	(465)	(1,187)	280,048	
Provision for income taxes	64,604	(2,767)	(113)	(288)	67,772	
Net income	202,005	(9,020)	(352)	(899)	212,276	
Net loss attributable to noncontrolling interest	(897)	—	—	—	(897)	
Net income attributable to MSC Industrial	<u>\$ 202,902</u>	<u>\$ (9,020)</u>	<u>\$ (352)</u>	<u>\$ (899)</u>	<u>\$ 213,173</u>	
Net income per common share:						
Diluted	<u>\$ 3.59</u>	<u>\$ (0.16)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ 3.77</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 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 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 income attributable to noncontrolling interest	(41)	—	—	(41)
Net income attributable to MSC Industrial	<u>\$ 95,180</u>	<u>\$ (1,340)</u>	<u>\$ (997)</u>	<u>\$ 97,517</u>
Net income per common share:				
Diluted	<u>\$ 1.69</u>	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>	<u>\$ 1.74</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 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	Acquisition-Related Costs	Share Reclassification 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 %	— %	0.0 %	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 %	0.0 %	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	\$ 255,634	\$ (4,298)	\$ (298)	\$ (1,689)			\$ 261,919
Net income per common share:							
Diluted	\$ 4.56	\$ (0.08)	\$ (0.01)	\$ (0.03)			\$ 4.67

\*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 1, 2024 and September 2, 2023  
(In thousands, except percentages)

	Twelve Months Ended June 1, 2024	Twelve Months Ended September 2, 2023
(a) Net income attributable to MSC Industrial (twelve-month trailing)	\$ 290,501	\$ 343,233
<b>NOPAT</b>		
Income from Operations (twelve-month trailing)	417,584	483,733
Effective tax rate	24.3 %	24.8 %
(b) Non-GAAP NOPAT	316,134	363,850
(c) Adjusted Non-GAAP NOPAT	335,944 <sup>1</sup>	379,531 <sup>2</sup>
<b>Invested Capital</b>		
Total MSC Industrial shareholders' equity	\$ 1,401,616	\$ 1,479,164
Current portion of debt including obligations under finance leases	206,335	229,935
Long-term debt including obligations under finance leases	299,812	224,391
Total Debt	506,147	454,326
Cash and cash equivalents	\$ 25,928	\$ 50,052
Net debt	480,219	404,274
Invested capital	1,881,835	1,883,438
(d) Average invested capital (thirteen-month trailing average)	1,884,549	1,951,818
(e) Adjusted average invested capital (thirteen-month trailing average)	1,886,716 <sup>1</sup>	1,953,516 <sup>2</sup>
(a)/(d) Net income to Average invested capital	15.4 %	17.6 %
(b)/(d) Non-GAAP ROIC	16.8 %	18.6 %
(c)/(e) Adjusted Non-GAAP ROIC	17.8 %	19.4 %

<sup>(1)</sup> Adjusted Non-GAAP NOPAT and invested capital excludes \$14.0 million of restructuring and other costs, \$11.3 million of share reclassification costs and \$0.5 million of acquisition-related charges, net of an associated tax benefit of \$6.3 million.

<sup>(2)</sup> Adjusted Non-GAAP NOPAT and invested capital excludes \$7.9 million of restructuring and other costs, \$0.4 million of acquisition-related charges and \$12.4 million of share reclassification costs, net of an associated tax benefit of \$5.3 million.

MSC INDUSTRIAL DIRECT CO., INC.  
Reconciliation of GAAP and Non-GAAP Financial Information  
Twelve Months Ended June 1, 2024 and June 3, 2023  
(In thousands)

	Twelve Months Ended June 1, 2024	Twelve Months Ended June 3, 2023
<b>Net Debt</b>		
Current portion of debt including obligations under finance leases	\$ 206,335	\$ 290,281
Long-term debt including obligations under finance leases	299,812	174,017
Total Debt	506,147	464,298
Cash and cash equivalents	25,928	58,428
<b>(a) Net Debt</b>	<b>\$ 480,219</b>	<b>\$ 405,870</b>
<b>Net Income</b>	<b>\$ 289,446</b>	<b>\$ 360,020</b>
Total Other Expense	35,253	31,496
Income tax expense	92,885	118,139
Depreciation and amortization	78,937	73,682
<b>(b) EBITDA</b>	<b>\$ 496,521</b>	<b>\$ 583,337</b>
<b>(a)/(b) Net Debt to EBITDA</b>	<b>0.97</b>	<b>0.70</b>