Third Quarter 2024 Earnings Call

NOVEMBER 7, 2024

MONTROSE ENVIRONMENTAL

Safe Harbor

Statements contained herein and in the accompanying oral presentation contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may be identified by the use of words such as "intend," "expect", and "may", and other similar expressions that predict or indicate future events or that are not statements of historical matters. Forward-looking statements are based on current information available at the time the statements are made and on management's reasonable belief or expectations with respect to future events, and are subject to risks and uncertainties, many of which are beyond Montrose Environmental Group, Inc.'s ("Montrose," "we," "us" and "our") control, that could cause actual performance or results to differ materially from the belief or expectations expressed in or suggested by the forward-looking statements. Additional factors or events that could cause actual results to differ may also emerge from time to time, and it is not possible for us to predict all of them. Forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update any forward-looking statement to reflect future events, developments or otherwise, except as may be required by applicable law. Investors are referred to Montrose's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2023, for additional information regarding the risks and uncertainties that may cause actual results to differ materially from those expressed in any forward-looking statement.

Included in this presentation and the accompanying oral presentation are certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP") designed to supplement, and not substitute, Montrose's financial information presented in accordance with GAAP. The non-GAAP measures as defined by Montrose may not be comparable to similar non-GAAP measures presented by other companies. The presentation of such measures, which may include adjustments to exclude unusual or non-recurring items, should not be construed as an inference that Montrose's future results, cash flows or leverage will be unaffected by other unusual or nonrecurring items. Please see the Appendix to this presentation for how we define these non-GAAP measures, a discussion of why we believe they are useful to investors and certain limitations thereof, reconciliations for historical periods thereof to the most directly comparable GAAP measures and certain matters related to forward-looking non-GAAP information.

The data included in this presentation regarding markets and the industry in which we operate, including the size of certain markets, are based on publicly available information, reports of government agencies, and published industry sources such as Environmental Business International, Inc. ("EBI"). In presenting this information, we have also made certain estimates and assumptions that we believe to be reasonable based on the information referred to above and similar sources, as well as our internal research, calculations and assumptions based on our analysis of such information and our knowledge of, and our experience to date in, our industries and markets. Market share data is subject to change and may be limited by the availability of raw data, the voluntary nature of the data gathering process and other limitations inherent in any statistical survey of market share data. In addition, customer preferences are subject to change. Accordingly, you are cautioned not to place undue reliance on such market share data or any other such estimates. While we believe such information is reliable, we cannot guarantee the accuracy or completeness of this information, and have we independently verified any third-party information and data from our internal research has not been verified by any independent source.

Key Updates

MONTROSE ENVIRONMENTAL

Highlights

- Highest-ever quarterly revenue of $178.7M, an increase of $10.8M versus Q3 2023
  - Strong organic growth across most of our business lines, supported by higher demand and continued cross-selling success[2]
    - 7% organic revenue growth year-to-date
  - Contributions from acquisitions
- Record Consolidated Adjusted EBITDA[1] of $28.3M, an increase of $5.0M, or 21.5% versus Q3 2023
- Increased profitability—reported 15.8% Consolidated Adjusted EBITDA[1] as a percentage of revenue
  - 190 basis points of expansion versus Q3 2023 due to organic growth, contributions from acquisitions, and lower corporate expenses, partially timing related
- Operating Cash Flow as a percentage of Consolidated Adjusted EBITDA[1] improved to 40% in Q3 2024[3]; likely to further improve significantly again in Q4 2024

Q3 2024

REVENUE

$178.7M **A Quarterly Record**

6.4% Increase Over Q3 2023

CONSOLIDATED ADJUSTED EBITDA[1]

$28.3M **A Quarterly Record**

15.8% of Revenue

DILUTED ADJ. EPS[1]

$0.41

Adjusted Net Income[1] of $19.1M

1) Consolidated Adjusted EBITDA, Adjusted Net Income and Diluted Adjusted Net Income Per Share are non-GAAP measures. See the Appendix to this presentation for a discussion of these measures, including how they are calculated and the reasons why we believe they provide useful information to investors, and a reconciliation for historical periods to the most directly comparable GAAP measures.
2) Cross-selling activity defined as the percentage of total revenue from customers purchasing two or more Montrose services within the same fiscal year.
3) Q3 2024 Operating Cash Flow is calculated as (YTD Operating Cash Flow Q3 2024 – YTD Operating Cash Flow Q2 2024)

Key Messages

- **Long-term capital allocation strategy unchanged**
- **Near-term priority is redemption of preferred equity and subsequent deleveraging**
  - Concurrently deemphasizing acquisitions in the near term
- **Ongoing focus on cash flow generation**
  - Confirm our target of 50%+ of Operating Cash Flow as a percentage of Consolidated Adjusted EBITDA[1] on an annual basis
    - Operating Cash Flow as a percentage of Consolidated Adjusted EBITDA[1] FY 2022 thru FY 2024E:
      - FY 2022 and FY 2023, achieved ~70%
      - Q3 2024[2], achieved 40%
      - FY 2024 expect 40%+ projecting strong Q4 2024 working capital improvements
  - Maintenance capital expenditures expected to remain ~1% of revenue annually
- **Long-term organic growth of 7% to 9% unchanged**
  - Achieved YTD Q3 2024 organic growth of 7%
  - Significant opportunities for organic growth beyond PFAS such as greenhouse gas & methane measurement, and other emerging & new contaminants

1) Consolidated Adjusted EBITDA is a non-GAAP measure. See the Appendix to this presentation for a discussion of this measure, including how it is calculated and the reasons why we believe it provides useful information to investors, and a reconciliation for historical periods to the most directly comparable GAAP measure.
2) Q3 2024 Operating Cash Flow is calculated as (YTD Operating Cash Flow Q3 2024 – YTD Operating Cash Flow Q2 2024)

2024 Guidance and Outlook

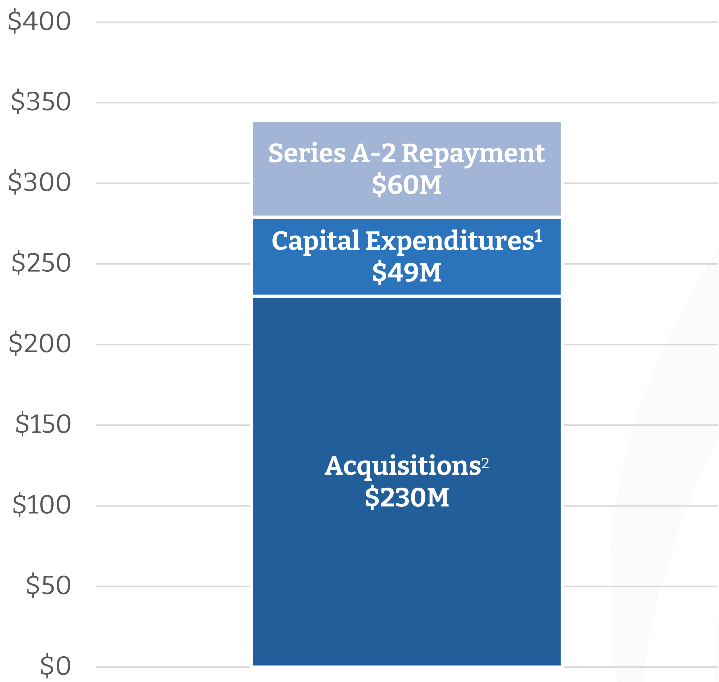
➢ **Reiterate full-year 2024 revenue and Adj. EBITDA[1] guidance**

- Full year 2024 guidance ranges of $690M - $740M of revenue and $95M - $100M of Consolidated Adjusted EBITDA[1]
  - Environmental emergency response revenue expected within revenue range of $50M - $70M FY 2024
- Q4 2024, revenue is expected to increase ~10% to 15% over Q4 2023, while Adj. EBITDA[1] as a percentage of revenue is expected to improve by ~350 bps to 400 bps over Q4 2023, with potential upside related to recent environmental emergency responses
- FY 2024 revenue impacted by certain treatment technology (water treatment and renewable energy) projects with start dates that were temporarily delayed
  - U.S. EPA PFAS rules were promulgated in Q2 2024, approximately 3 quarters behind the expected regulatory schedule, and thus, treatment technology revenues were temporarily delayed as clients awaited this regulatory clarity
  - Despite the delay in promulgation of rules by the EPA:
    - Treatment technology revenue has improved in each consecutive quarter since Q1 2024, including Q3 2024 over Q2 2024
    - PFAS-related revenue in laboratory services is expected to increase ~30% FY 2024 versus FY 2023
    - PFAS-related revenue in consulting services is expected to increase ~75% FY 2024 versus FY 2023
- <u>Strong growth in PFAS-related revenue is expected in 2025</u>

1) Consolidated Adjusted EBITDA is a non-GAAP measure. See the Appendix to this presentation for a discussion of this measure, including how it is calculated and the reasons why we believe it provides useful information to investors, and a reconciliation for historical periods to the most directly comparable GAAP measure.

Near-term Priority is Redemption of Preferred Equity, Subsequent Deleveraging

Capital Deployed into Value Creation Since 2023



Disciplined Capital Allocation Drives Strong Returns

1. **Prioritize balance sheet simplification in the near-term; will focus on redemption of the Series A-2 Preferred Stock (Series A-2)**
   - $122M Series A-2 currently outstanding
     - Repayment in cash is at Montrose's election
   - Do not intend to issue equity as a source of funds
   - Expect to fund redemption via cash flow generation and incremental borrowing under current credit facility
     - Montrose prefers to operate below 3.0x leverage
     - For strategic opportunities may increase leverage temporarily to ~3.5x
2. **Continued focus on organic growth and increased cash flow generation, temporarily deemphasizing acquisitions**

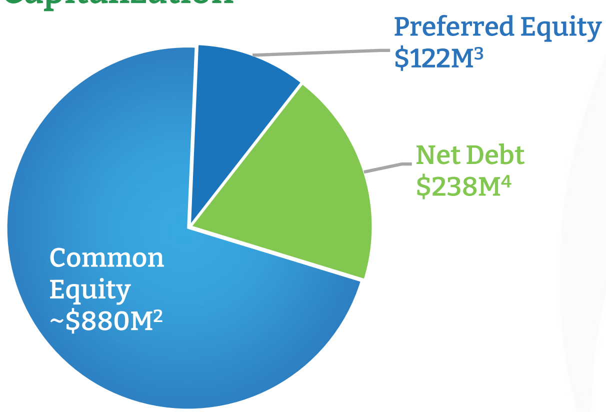
1) Includes capital expenditures of $29.6M in 2023 and $19.1M in YTD 2024.
2) Includes purchase price of acquisitions completed of $74.8M in 2023 and $154.9M in YTD 2024.

Ongoing Focus on Cash Flow Generation & Attractive Capital Structure

Continued Focus on Operating Cash Flow Generation

- Target 50%+ of Operating Cash Flow as a percentage of Consolidated Adjusted EBITDA[1] on an annual basis
  - FY2024 expect Operating Cash Flow as a percentage of Consolidated Adjusted EBITDA[1] of 40%+
  - Operating Cash Flow expected to increase materially in Q4 2024 through working capital improvements, such as:
    - payment commitments from certain key clients, including the U.S. government, and
    - previously discussed invoicing delays associated with the integration of Matrix are substantially addressed and collections are returning to a normal cadence
    - excluding the two temporary issues discussed above, DSOs as of September 30, 2024, were unchanged versus September 30, 2023, and DSOs are expected to remain consistent through the end of 2024

Capitalization



Strong Balance Sheet
(as of 9/30/24)

- Flexible balance sheet to support investments
- Liquidity of $139.8M including $13.0M of cash and $126.7M of availability under revolver
- Net leverage[1] of 2.6x, including recent acquisitions of Spirit Environmental and Origins Laboratory

1) Calculated in accordance with the Company's leverage ratio under its credit facility.
2) As of November 1, 2024
3) Includes Initial $175M stated value and accrued interest through July 27, 2020 less $60M redeemed by Montrose in January 2024.
4) Net debt is a non-GAAP measure and is calculated as total debt (excluding deferred debt issuance costs) of $250.9M less cash on hand of $13.0M as of September 30, 2024. See the Appendix to this presentation for a discussion of Net Debt.

Financial Overview

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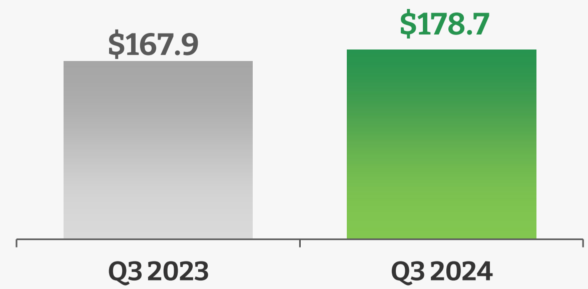
Record Consolidated Performance and Improving Profitability

Q3 2024 Results compared to Q3 2023

- Highest-ever quarterly revenue of $178.7M, or 6.4% growth, primarily due to
  - Strong organic growth in our Assessment, Permitting & Response and Measurement & Analysis segments, and
  - Contributions from acquisitions,
  - Partially offset by lower environmental emergency response and treatment technology[1] revenues
- Highest-ever quarterly Adj. EBITDA[2] of $28.3M, or 21.5% growth, primarily due to higher revenue
- Significant profitability increase—15.8% Adj. EBITDA[2] as a percentage of revenue
  - 190 basis points of expansion primarily due to organic growth, the impact of acquisitions, and lower corporate expenses, partially timing related

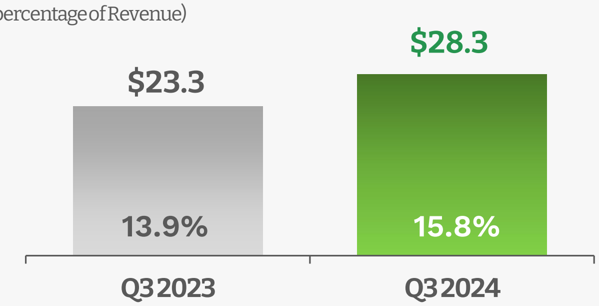
Q3 2024 Revenue

($ in millions)



Q3 2024 Consolidated Adj. EBITDA[1]

($ in millions, % as a percentage of Revenue)



1) This is the equivalent of previously described water treatment and renewable services.
2) Consolidated Adjusted EBITDA is a non-GAAP measure. See the Appendix to this presentation for a discussion of this measure, including how it is calculated and the reasons why we believe it provides useful information to investors, and a reconciliation for historical periods to the most directly comparable GAAP measure.

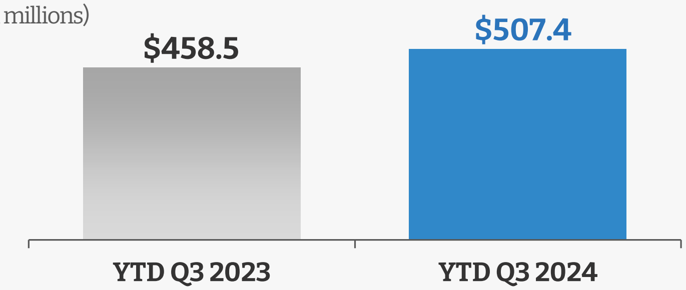
Record Consolidated Performance

YTD Q3 2024 Results compared to YTD Q3 2023

- Record YTD revenue of $507.4M, or 10.7% growth, primarily due to
  - Strong organic growth in our Measurement & Analysis and Assessment, Permitting & Response segments, and
  - Contributions from acquisitions,
  - Partially offset by lower environmental emergency response and treatment technology[1] revenues given the shift in project start dates
  - 7% organic revenue growth YTD Q3 2024
- Record YTD Adj. EBITDA[2] of $68.5M, or 12.2% growth, primarily due to higher revenue
- Profitability increase—13.5% Adj. EBITDA[2] as a percentage of revenue

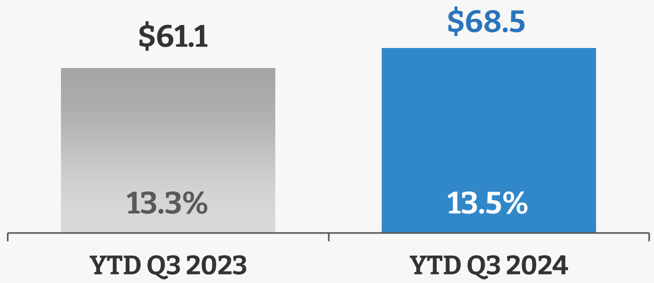
YTD Q3 2024 Revenue

($ in millions)



YTD Q3 2024 Consolidated Adj. EBITDA[1]

($ in millions, % as a percentage of Revenue)

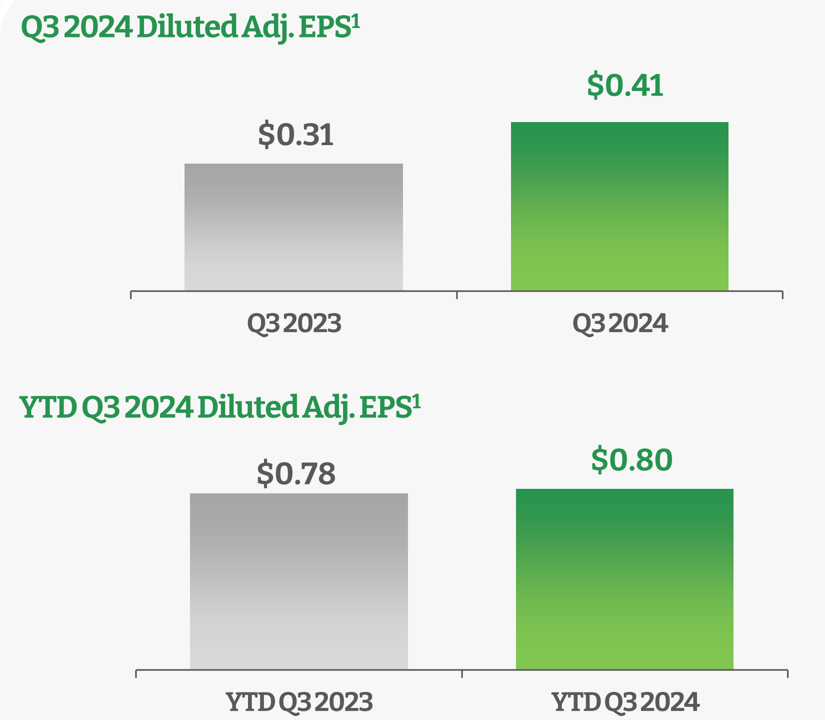


1) This is the equivalent of previously described water treatment and renewable services.
2) Consolidated Adjusted EBITDA is a non-GAAP measure. See the Appendix to this presentation for a discussion of this measure, including how it is calculated and the reasons why we believe it provides useful information to investors, and a reconciliation for historical periods to the most directly comparable GAAP measure.

Diluted Adjusted Net Income per Share[1] Improvement

Q3 and YTD Results Compared to Prior Year Periods

- Q3 Diluted Adj. EPS[1] of $0.41, a $0.10 increase, or 32.3% improvement
- YTD Q3 Diluted Adj. EPS[1] of $0.80, a $0.02 increase
  - Increased Q3 and YTD Q3 Diluted Adj. EPS[1] driven by
    - improved loss from operations, and
    - lower dividends on the Series A-2,
    - partially offset by higher interest expenses and higher average weighted share count
  - Diluted Adj. EPS[1] calculated using Adjusted Net Income Attributable to Stockholders[1] divided by fully diluted shares



1) Adjusted net income and Diluted Adjusted Net Income Per Share are non-GAAP measures. See the Appendix to this presentation for a discussion of this measure, including how it is calculated and the reasons why we believe it provides useful information to investors, and a reconciliation for historical periods to the most directly comparable GAAP measure.

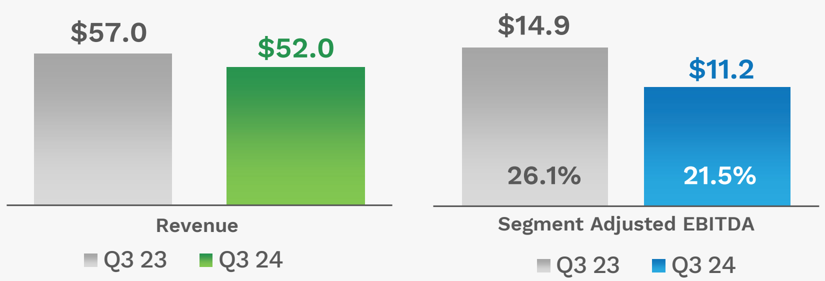
Assessment, Permitting and Response Segment Performance

Q3 and YTD Results Compared to Prior Year Periods

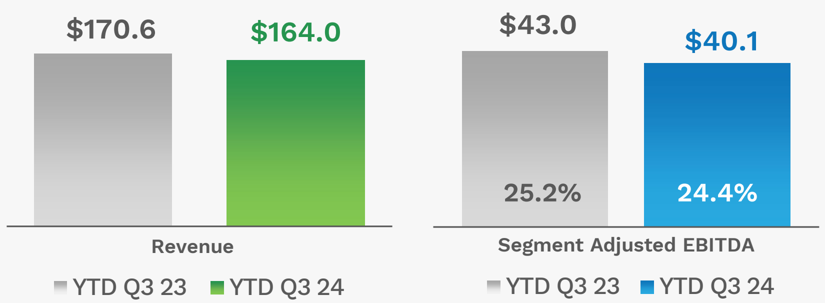
- Revenue declined $5.0M in Q3 2024 and $6.6M YTD 2024 primarily driven by
  - Environmental emergency response revenue decline of $12.8M and $34.9M in the quarterly and YTD comparative periods, respectively,
  - Partially offset by strong organic growth, and
  - Positive impact of the Spirit acquisition

- Adj. EBITDA and Adj. EBITDA margin declined primarily due to a reduction in certain higher-margin environmental emergency response revenue

Q3 2024 Revenue and Segment Adj. EBITDA
($ in millions, % as a percentage of Segment Revenue)



YTD Q3 2024 Revenue and Segment Adj. EBITDA
($ in millions, % as a percentage of Segment Revenue)



Note: For purposes of evaluating segment profit, the Company's chief operating decision maker reviews Segment Adjusted EBITDA as a basis for making the decisions to allocate resources and assess performance. See Note 19 to our consolidated financial statements included in our Form 10-Q for the period ended September 30, 2024.

Measurement & Analysis Segment Performance

Q3 2024 Results compared to Q3 2023

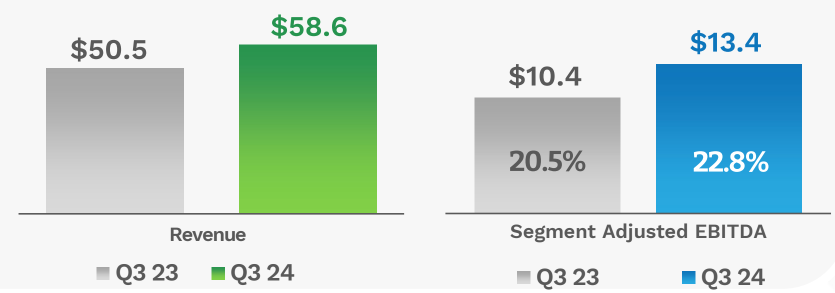
- $8.1M, or 16.1%, revenue growth primarily driven by:
  - Strong organic growth across laboratory and field services, and contributions from the Origins acquisition
- Incremental revenue and improved operating leverage resulted in $3.0M increase in Adj. EBITDA, or 28.8% growth, and 230 bps increase in Adj. EBITDA margin

YTD Q3 2024 Results compared to YTD Q3 2023

- $15.8M, or 11.0%, revenue growth driven by:
  - Strong organic growth across laboratory and field services, and contributions from the Origins acquisition
- Incremental revenue and improved operating leverage drove $4.7M increase in Adj. EBITDA, or 17.1% growth, and 110 bps of incremental Adj. EBITDA margin

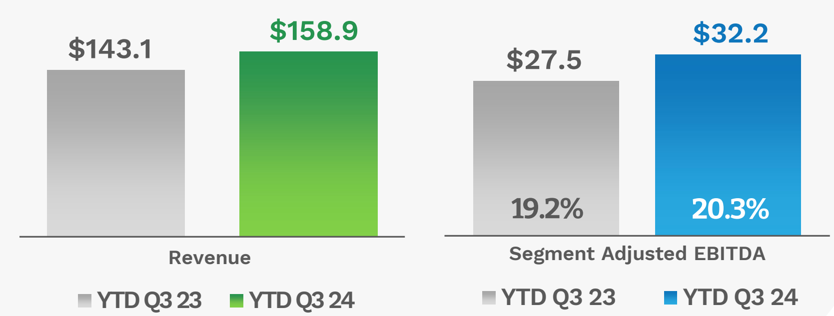
Q3 2024 Revenue and Segment Adj. EBITDA

($ in millions, % as a percentage of Segment Revenue)



YTD Q3 2024 Revenue and Segment Adj. EBITDA

($ in millions, % as a percentage of Segment Revenue)

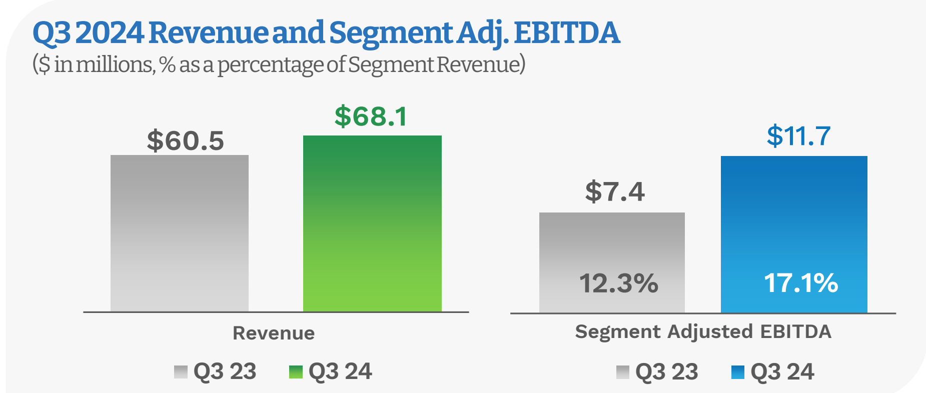


Note: For purposes of evaluating segment profit, the Company's chief operating decision maker reviews Segment Adjusted EBITDA as a basis for making the decisions to allocate resources and assess performance. See Note 19 to our consolidated financial statements included in our Form 10-Q for the period ended September 30, 2024.

Remediation & Reuse Segment Performance

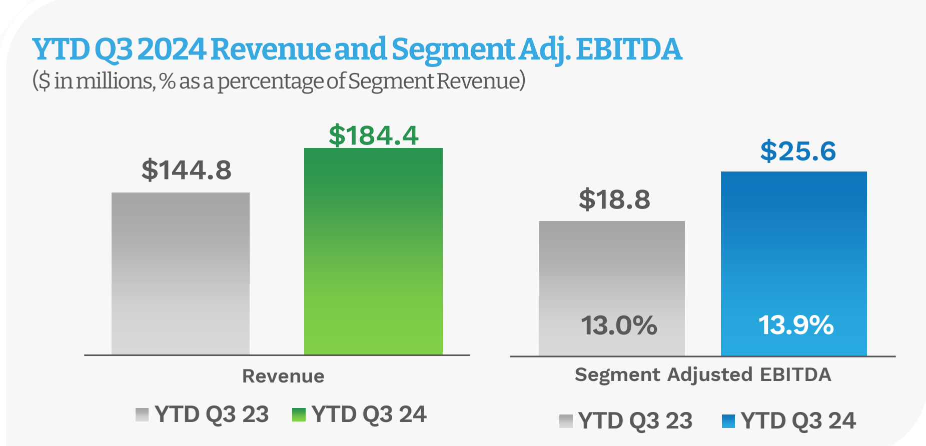
Q3 2024 Results compared to Q3 2023

- $7.6M, or 12.6%, revenue growth driven by:
  - $11.1M from acquisitions and solid organic growth in remediation services[1],
  - Partially offset by a decrease in treatment technology[2] revenue resulting from temporary project delays
- Achieved $4.3M increase in Adj. EBITDA, or 58.1% growth, and 480 bps of incremental Adj. EBITDA margin, primarily due to
  - Strong operational improvement in Matrix, and
  - Contributions from acquired companies



YTD Q3 2024 Results compared to YTD Q3 2023

- $39.6M, or 27.3%, revenue growth driven by:
  - $57.9M from acquisitions and strong organic growth in remediation services[1],
  - Partially offset by lower treatment technology[2] revenue due to temporary project delays
- Achieved $6.8M increase in Adj. EBITDA, or 36.1% growth, and 90 bps of incremental Adj. EBITDA margin due primarily to
  - Contributions from acquired companies



1) This is the equivalent of previously described soil and groundwater remediation services.
2) This is the equivalent of previously described water treatment and renewable services.

Note: For purposes of evaluating segment profit, the Company's chief operating decision maker reviews Segment Adjusted EBITDA as a basis for making the decisions to allocate resources and assess performance. See Note 19 to our consolidated financial statements included in our Form 10-Q for the period ended September 30, 2024.

Montrose Overview

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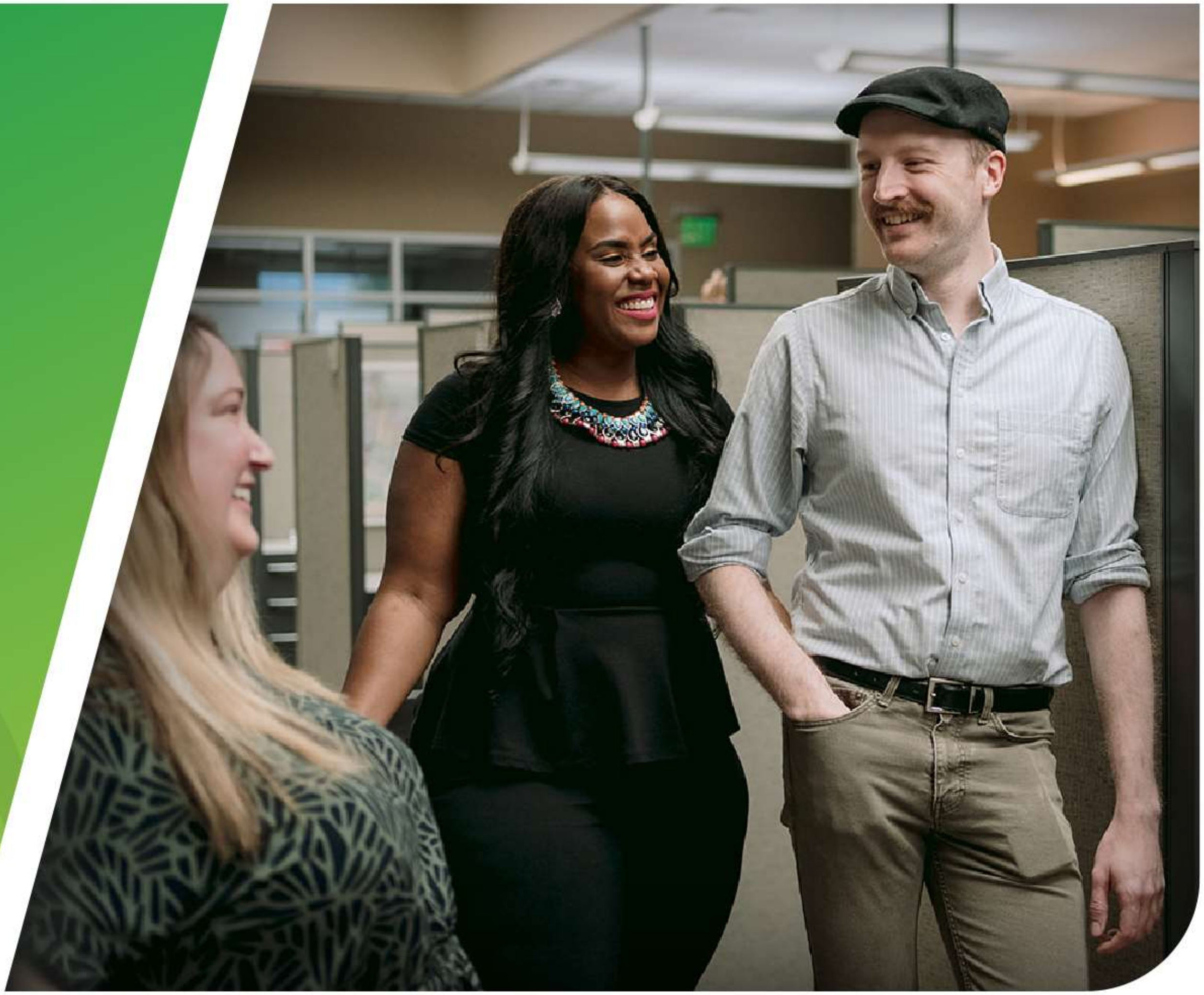


Investment Highlights

Unique, vertically integrated environmental company

Large TAM and secular tailwinds backed by regulatory and corporate initiatives

Consistently resilient across political and economic cycles with diverse customers and end markets

Differentiated, patent protected technology, processes and software providing significant competitive advantages in a highly fragmented industry

Significant scale with global reach serving repeat client base

Consistent record of strategically and financially accretive acquisitions **coupled with strong organic growth**

Record of strong financial performance & cash flow generation

Experienced management team coupled with a **team-centric culture**

Capabilities Aligned With Sustainable and Secular Industry Tailwinds

	ASSESSMENT, PERMITTING AND RESPONSE		MEASUREMENT AND ANALYSIS	REMEDIATION & REUSE	
	Advisory	**Response**	**Testing**	**Treatment Technology**	**Remediation**
Climate Adaption & Event Driven Response	✓	✓	✓	✓	✓
Emerging Contaminant Regulations (e.g., PFAS)	✓	✓	✓	✓	✓
Infrastructure & Defense Spending	✓	✓	✓	✓	✓
Greenhouse Gas Mitigation & Air Quality	✓	✓	✓	✓	
Ongoing State & Local Regulatory Compliance	✓		✓	✓	✓
Renewable Energy & Reduced Carbon Intensity	✓			✓	

The Montrose Model is Increasingly Recurring, Predictable and Scalable

The Montrose Advantage

~96%
(Revenue Retention)[1]
+
~6,000
(Unique Clients)

1. Business Grounded on Recurring Revenue

The depth of our relationships and the breadth of our portfolio enables us to expand market share organically and helps insulate the business from political and economic cycles

15%
(Avg. annual organic growth)[2]
+
~51%
(Cross Sales)[3]

2. Integration Fuels Cross-Selling – It's a Flywheel

Cross-selling can increase recurrence and fuels growth; it also lowers the cost of customer acquisition

~$200B
(PFAS TAM)[4]
+
>$150B
(Annual Weather-Related Disasters Cost)[5]

3. Significant, Sustained Tailwinds

Emerging contaminants, public sentiment, and climate change add to an already large and growing opportunity

30-40%
(Growth from Next-Gen Solutions)
+
23
(Patents Granted)

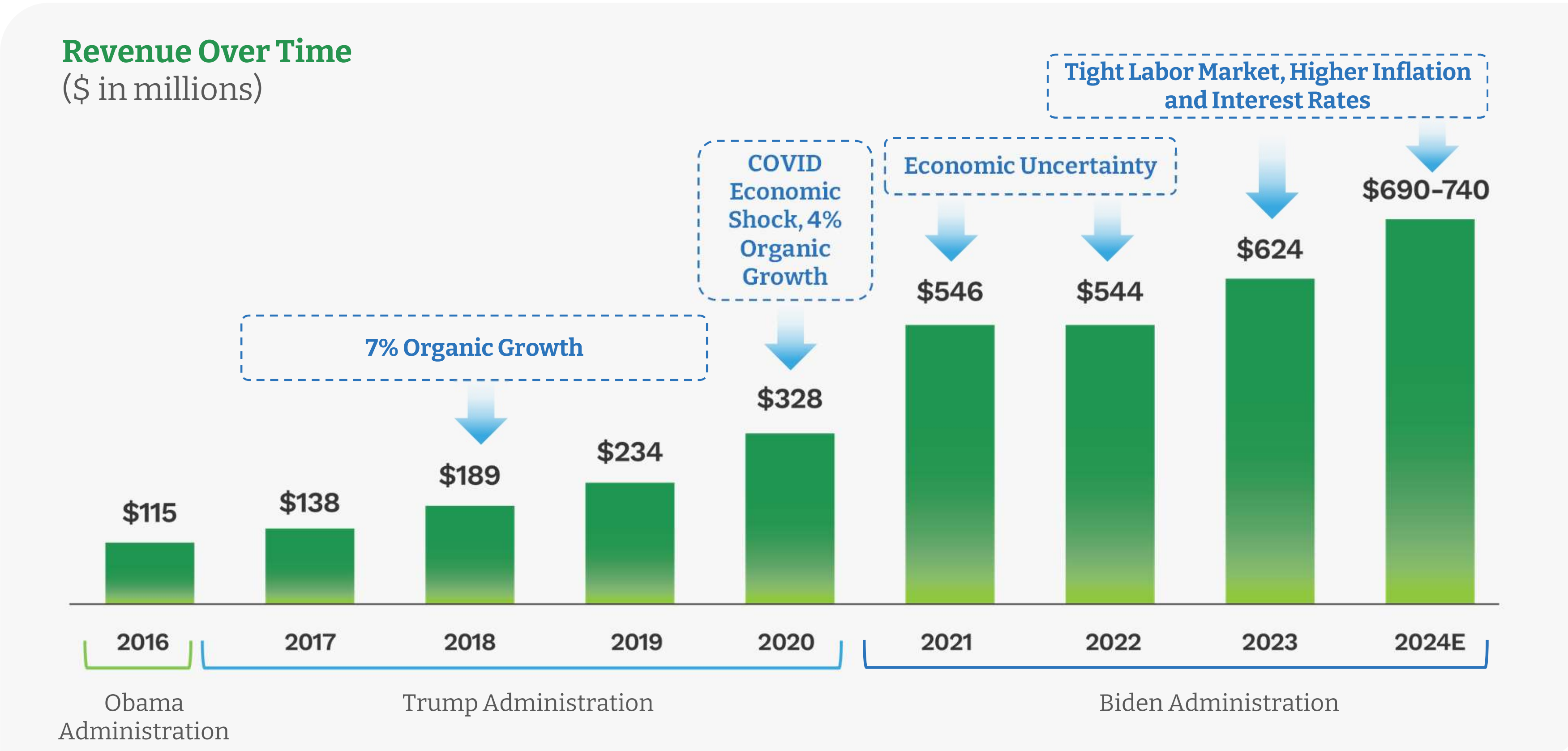
4. Technology Innovation Supports Accelerated Growth & Expands Moat

~20%
(Revenue Increase)[6]
+
~6.5
(Average Acquisitions Per Year)[7]

5. Targeted M&A in a Highly Fragmented Market

1) Customer revenue retention defined as the percentage of revenue excluding environmental emergency response revenue from customers in 2022 that recurred in 2023. Emergency Environmental Response revenue is excluded from the calculation in light of episodic nature of emergency response work.
2) Based upon the as-reported organic growth information in the 10k reports issued for 2021, 2022, and 2023.
3) Cross sales defined as the percentage of total revenue from customers purchasing two or more Montrose services within the same fiscal year of 2023.
4) Environmental Business Journal, Volume XXXV, Numbers 7/8, 2022, TAM over next 20-30 years
5) NCEI, 2022: U.S. Billion-Dollar Weather and Climate Disasters. National Oceanic and Atmospheric Administration, National Environmental Satellite, Data, and Information Service, National Centers for Environmental Information. https://www.ncei.noaa.gov/access/billions/
6) Acquisition performance for transactions closed on or after Q3 2021, to enable a full 2-year look back. Calculated using the latest full year revenue compared to revenue acquired.
7) Since the Company's first acquisition in 2013.

Customer and Revenue Diversity Insulates from Political and Economic Shifts



Appendix

Summary of Oaktree A-2 Preferred

Investment Summary

- In April 2020, Oaktree Capital purchased $175M of Series A-2 Preferred Equity to fund the cash portion of the CTEH purchase price
- We believe the ongoing investment is indicative of Oaktree's optimism regarding Montrose's long-term prospects

Post-IPO Terms

- No fixed maturity date
  - Repayable in cash at Company's option (subject to certain minimum amounts)
- 9.0% annual cash dividend, payable quarterly
- Beginning in April 2024, a portion of principal balance became convertible (with prior notice) into common stock during each of years 4, 5 and 6 at Oaktree's option (converts at 15.0% discount to market)
- In January 2024 we elected to redeem $60mm of principal, leaving $122mm outstanding

Governance

- Oaktree has the right to appoint one representative on the Montrose board of directors while Series A-2 Preferred Equity remains outstanding

Non-GAAP Financial Information

In addition to our results under GAAP, in this presentation we also present certain other supplemental financial measures of financial performance that are not required by, or presented in accordance with, GAAP, including, Consolidated Adjusted EBITDA, Consolidated Adjusted EBITDA margin, Adjusted Net Income and Diluted Adjusted Net Income per Share. We calculate Consolidated Adjusted EBITDA as net income (loss) before interest expense, income tax expense (benefit) and depreciation and amortization, adjusted for the impact of certain other items, including stock-based compensation expense and acquisition-related costs, as set forth in greater detail in this Appendix. We calculate Consolidated Adjusted EBITDA margin as Consolidated Adjusted EBITDA divided by revenue. We calculate Adjusted Net Income as net income (loss) before amortization of intangible assets, stock-based compensation expense, fair value changes to financial instruments and contingent earnouts, and other gain or losses, as set forth in greater detail in this Appendix. Diluted Adjusted Net Income per Share represents Adjusted Net Income attributable to stockholders divided by the fully diluted number of shares of common stock outstanding during the applicable period.

Consolidated Adjusted EBITDA is one of the primary metrics used by management to evaluate our financial performance and compare it to that of our peers, evaluate the effectiveness of our business strategies, make budgeting and capital allocation decisions and in connection with our executive incentive compensation. Adjusted Net Income and Diluted Adjusted Net Income per Share are useful metrics to evaluate ongoing business performance after interest and tax. These measures are also frequently used by analysts, investors and other interested parties to evaluate companies in our industry. Further, we believe they are helpful in highlighting trends in our operating results because they allow for more consistent comparisons of financial performance between periods by excluding gains and losses that are non-operational in nature or outside the control of management, and, in the case of Consolidated Adjusted EBITDA, by excluding items that may differ significantly depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which we operate and capital investments.

These non-GAAP measures do, however, have certain limitations and should not be considered as an alternative to net income (loss), earnings (loss) per share or any other performance measure derived in accordance with GAAP. Our presentation of Consolidated Adjusted EBITDA, Adjusted Net Income and Diluted Adjusted Net Income per Share should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items for which we may make adjustments. In addition, Consolidated Adjusted EBITDA, Adjusted Net Income and Diluted Adjusted Net Income per Share may not be comparable to similarly titled measures used by other companies in our industry or across different industries, and other companies may not present these or similar measures. Management compensates for these limitations by using these measures as supplemental financial metrics and in conjunction with our results prepared in accordance with GAAP. We encourage investors and others to review our financial information in its entirety, not to rely on any single measure and to view Consolidated Adjusted EBITDA, Adjusted Net Income and Diluted Adjusted Net Income per Share in conjunction with the related GAAP measures.

Additionally, we have provided estimates regarding Consolidated Adjusted EBITDA for 2024. These projections account for estimates of revenue, operating margins and corporate and other costs. However, we cannot reconcile our projection of Consolidated Adjusted EBITDA to net income (loss), the most directly comparable GAAP measure, without unreasonable efforts because of the unpredictable or unknown nature of certain significant items excluded from Consolidated Adjusted EBITDA and the resulting difficulty in quantifying the amounts thereof that are necessary to estimate net income (loss) . Specifically, we are unable to estimate for the future impact of certain items, including income tax (expense) benefit, stock-based compensation expense, fair value changes and the accounting for the issuance of the Series A-2 preferred stock. We expect the variability of these items could have a significant impact on our reported GAAP financial results.

This presentation also includes Net debt, a non-GAAP measure which represents total debt (excluding deferred debt issuance costs) less cash and restricted cash. Management uses Net debt as one of the means by which it assesses financial leverage and capitalization, and it is therefore useful to investors in evaluating our business using the same measures as management. This measure is also useful to investors because it is often used by securities analysts and other interested parties in evaluating our business. The measure does, however, have certain limitations and should not be considered as an alternative to or in isolation from gross debt and cash or any other measure calculated in accordance with GAAP. Other companies, including other companies in our industry, may not use Net debt in the same way or may calculate it differently than as presented herein.

In this presentation we also reference our organic growth. We define organic growth as the change in revenues excluding revenues from i) our environmental emergency response business, ii) acquisitions for the first twelve months following the date of acquisition, and iii) businesses held for sale, disposed of or discontinued. Management uses organic growth as one of the means by which it assesses our results of operations. Organic growth is not, however, a measure of revenue growth calculated in accordance with U.S. generally accepted accounting principles, or GAAP, and should be considered in conjunction with revenue growth calculated in accordance with GAAP. We have grown organically over the long term and expect to continue to do so.

In a given reporting period, when we refer to revenue changes driven by acquisitions, we are referring to the revenue contribution from any acquisition from its closing date through the first 12 months of that acquisition, at which point any subsequent contribution therefrom would be organic.

Montrose Environmental Group, Inc.
Reconciliation of Net Loss to Adj. Net Income and Diluted Adj. Net Income per Share

(in thousands except per share amounts)	Three Months Ended 2024	Three Months Ended 2023	Nine Months Ended 2024	Nine Months Ended 2023	Year Ended December 31, 2023	Year Ended December 31, 2022
Net loss	$ (10,564)	$ (7,525)	$ (34,091)	$ (29,418)	$ (30,859)	$ (31,819)
Amortization of intangible assets [1]	10,055	7,922	24,621	22,512	30,130	36,053
Stock-based compensation [2]	11,763	11,484	34,866	35,609	47,267	43,290
Acquisition costs [3]	2,764	1,499	6,371	4,970	6,930	1,891
Fair value changes in financial instruments [4]	3,946	806	4,851	1,814	(4,129)	(3,396)
Expenses related to financing transactions [5]	41	3	280	7	35	7
Fair value changes in business acquisition contingencies [6]	143	459	385	414	84	(3,227)
Discontinued Specialty Lab [7]	96	1,302	692	5,321	6,112	—
Other (gains) losses and expenses [8]	1,378	(1)	1,886	215	543	4,459
Tax effect of adjustments [9]	(565)	(213)	(1,286)	(514)	(553)	—
Adjusted Net Income	$ 19,057	$ 15,736	$ 38,575	$ 40,930	$ 55,560	$ 47,258
Series A-2 Preferred Stock dividends	(2,750)	(4,100)	(8,314)	(12,300)	(16,400)	(16,400)
Adjusted Net Income attributable to stockholders	$ 16,307	$ 11,636	$ 30,261	$ 28,630	$ 39,160	$ 30,858
Net Loss per share attributable to stockholders	$ (0.39)	$ (0.39)	$ (1.30)	$ (1.39)	$ (1.57)	$ (1.62)
Basic Adjusted Net Income per share [10]	$ 0.48	$ 0.39	$ 0.93	$ 0.95	$ 1.30	$ 1.04
Diluted Adjusted Net Income per share [11]	$ 0.41	$ 0.31	$ 0.80	$ 0.78	$ 1.05	$ 0.86
Weighted average common shares outstanding	34,242	30,143	32,647	30,016	30,058	29,688
Fully diluted shares	40,006	36,952	37,892	36,640	37,128	35,997

1) Represents amortization of intangible assets.
2) Represents non-cash stock-based compensation expenses related to (i) option awards issued to employees, (ii) restricted stock grants issued to directors and selected employees, (iii) and stock appreciation rights grants issued to selected employees.
3) Includes financial and tax diligence, consulting, legal, valuation, accounting and travel costs and acquisition-related incentives related to our acquisition activity.
4) Amounts relate to the change in fair value of the interest rate swap instruments and the embedded derivative attached to the Series A-2 Preferred Stock.
5) Amounts represent non-capitalizable expenses associated with refinancing and amending our debt facilities.
6) Amounts reflect the difference between the expected settlement value of acquisition related earn-out payments at the time of the closing of acquisitions and the expected (or actual) value of earn-outs at the end of the relevant period.
7) Amounts consist of operating losses before depreciation related to the Discontinued Specialty Lab.
8) Amounts in 2024 consists of costs associated with a lease abandonment. Amounts in 2023 are primarily comprised of lease abandonment charges and expenses related to an aircraft accident, partially offset by a gain on the surrender of a lease and an aircraft insurance gain. Amounts in 2022 primarily include costs associated with the closing of a lab and severance costs related to a restructuring within our remediation business.
9) The Company applied the estimated effective tax rate on portions of the adjustments related to our significant foreign entities, and determined the US portion of the adjustments do not have any tax impact since we are in a full deferred tax asset valuation allowance as of September 30, 2024.
10) Represents Adjusted Net Income attributable to stockholders divided by the weighted average number of shares of common stock outstanding.
11) Represents Adjusted Net Income attributable to stockholders divided by fully diluted number of shares of common stock.

Montrose Environmental Group, Inc.
Reconciliation of Net Loss to Net Loss Margin and Consolidated Adjusted EBITDA Margin

(in thousands)	Three Months Ended 2024	Three Months Ended 2023	Nine Months Ended 2024	Nine Months Ended 2023	Year Ended December 31, 2023	Year Ended December 31, 2022
Net loss	$ (10,564)	$ (7,525)	$ (34,091)	$ (29,418)	$ (30,859)	$ (31,819)
Interest expense	4,137	2,089	11,420	5,507	7,793	5,239
Income tax expense (benefit)	1,368	1,324	4,480	2,842	(980)	2,250
Depreciation and amortization	13,240	11,863	37,408	33,816	45,780	47,479
EBITDA	$ 8,181	$ 7,751	$ 19,217	$ 12,747	$ 21,734	$ 23,149
Stock-based compensation [(1)]	11,763	11,484	34,866	35,609	47,267	43,290
Acquisition costs [(2)]	2,764	1,499	6,371	4,970	6,930	1,891
Fair value changes in financial instruments [(3)]	3,946	806	4,851	1,814	(4,129)	(3,396)
Expenses related to financing transactions [(4)]	41	3	280	7	35	7
Fair value changes in business acquisition contingencies [(5)]	143	459	385	414	84	(3,227)
Discontinued Specialty Lab [(6)]	96	1,302	692	5,321	6,112	—
Other (gains) losses and expenses [(7)]	1,378	(1)	1,886	215	543	4,459
Consolidated Adjusted EBITDA	$ 28,312	$ 23,303	$ 68,548	$ 61,097	$ 78,576	$ 66,173
Net Loss Margin	-5.9%	-4.5%	-6.7%	-6.4%	-4.9%	-5.8%
Consolidated Adjusted EBITDA Margin	15.8%	13.9%	13.5%	13.3%	12.6%	12.2%

1) Represents non-cash stock-based compensation expenses related to (i) option awards issued to employees, (ii) restricted stock grants issued to directors and selected employees, (iii) and stock appreciation rights grants issued to selected employees.
2) Includes financial and tax diligence, consulting, legal, valuation, accounting and travel costs and acquisition-related incentives related to our acquisition activity.
3) Amounts relate to the change in fair value of the interest rate swap instruments and the embedded derivative attached to the Series A-2 Preferred Stock.
4) Amounts represent non-capitalizable expenses associated with refinancing and amending our debt facilities.
5) Amounts reflect the difference between the expected settlement value of acquisition related earn-out payments at the time of the closing of acquisitions and the expected (or actual) value of earn-outs at the end of the relevant period.
6) Amounts consist of operating losses before depreciation related to the Discontinued Specialty Lab.
7) Amounts in 2024 consists of costs associated with a lease abandonment. Amounts in 2023 are primarily comprised of lease abandonment charges and expenses related to an aircraft accident, partially offset by a gain on the surrender of a lease and an aircraft insurance gain. Amounts in 2022 primarily include costs associated with the closing of a lab and severance costs related to a restructuring within our remediation business.