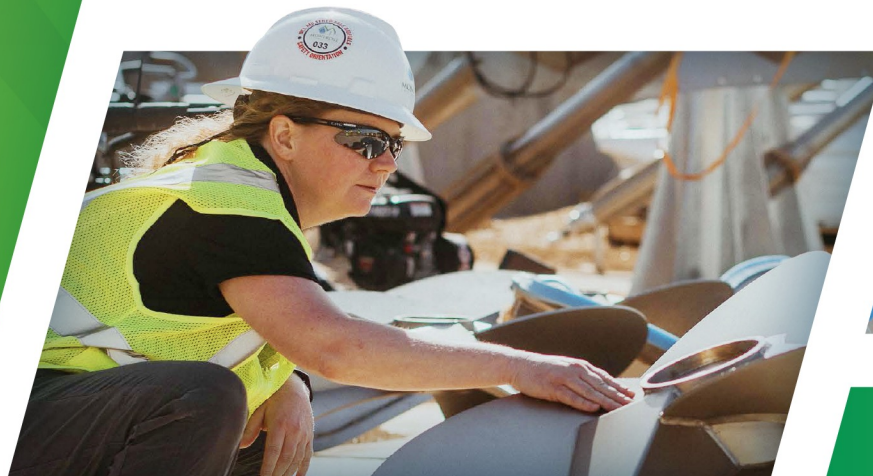


# Third Quarter 2023 Earnings Call

November 8, 2023



# Safe Harbor

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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, 2022, 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.



# Operating Overview



# Highlights

- Record levels of Consolidated Adj. EBITDA<sup>(1)</sup>, Consolidated Adj. EBITDA<sup>(1)</sup> as a percentage of sales increases, and strong cash flow given continued optimization of service portfolio and the impact of acquisitions
- Double digit organic revenue growth in M&A segment and AP&R segment (excluding CTEH). R&R segment organic revenue growth impacted temporarily in 2023 given portfolio optimization
- Five acquisitions completed in 2023. M&A pipeline remains robust and is supported by a strong balance sheet
- After increasing guidance in May and August, reiterate 2023 Revenue and Consolidated Adj. EBITDA<sup>(1)</sup> outlook given continued positive performance

<sup>1)</sup> Consolidated Adjusted EBITDA, Consolidated Adjusted EBITDA margin, Adjusted Net Income (Loss) and Adjusted Net Income (Loss) 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.

<sup>2)</sup> Adjusted Operating Cash Flow is a non-GAAP measure and excludes the payment of acquisition-related contingent consideration of \$0.6 million in YTD Q3 2023 and \$19.5 million in YTD Q3 2022. Reported cash from operating activities was \$41.5 million in YTD Q3 2023 and \$8.2 million in YTD Q3 2022. See the appendix to this presentation for a discussion of Adjusted Operating Cash Flow.

<sup>3)</sup> The Company's leverage ratio under its credit facility includes the impact of acquisition-related contingent earnout payments that may become payable in cash.

## Q3 2023

Revenue

**\$167.9M**

Up 28.9% YoY to a Quarterly Record

Adjusted EPS<sup>(1)</sup>

**\$0.18**

Adjusted Net Income of \$9.4M<sup>(1)</sup>

Consolidated Adjusted EBITDA<sup>(1)</sup>

**\$23.3M**

13.9% of Revenue

Total Operating Segments Adjusted EBITDA

**\$32.7M**

19.5% of Revenue

Q3 YTD Adj. Op. Cash Flow<sup>(2)</sup>

**\$42.1M**

Up \$14.4 Million YoY

Net Leverage<sup>(3)</sup>

**1.9x**

# Capabilities Aligned with Emerging Political & Regulatory Priorities

← Focus on Environmental Matters Creates Tailwinds for Montrose →

	Ecosystem	Regulatory	Remediation	Response	Air Testing	Laboratory	Renewable	Water Treatment
Climate Change & Event Driven Response	✓	✓	✓	✓	✓	✓	✓	✓
Greenhouse Gas Mitigation & Air Quality	✓	✓		✓	✓	✓	✓	
Emerging Contaminant Regulation (e.g., PFAS)	✓	✓	✓	✓	✓	✓		✓
Renewable Energy and Reduced Carbon Intensity	✓	✓					✓	
Increased Regulatory Enforcement (i.e., EPA, SEC)	✓	✓	✓		✓	✓		✓
Infrastructure and Defense Spending	✓	✓	✓	✓	✓	✓		✓



## 2023 M&A Overview

- Successfully completed five value-enhancing acquisitions in 2023
- Consistently targeted additive services, geographies, clients and technologies
- Demonstrated ability to effectively integrate, cross-sell and create synergies
- Acquisition pipeline remains robust
- Strong balance sheet and ample liquidity to further execute M&A strategy



VANDRENSING.COM



# Financial Overview



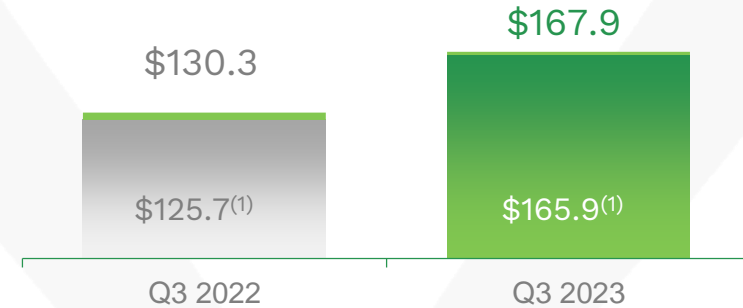
# Q3 and YTD Q3 2023 Revenue Performance

## Strong revenue growth in 2023

- Q3 revenue up 28.9% to \$167.9M, as reported
- Q3 YTD revenue grew 13.2% to \$458.5M, as reported
- Q3 and YTD Q3 revenue growth driven by strong organic growth in AP&R and M&A segments, an increase in CTEH revenues, and the acquisition of Matrix
- Q3 and YTD Q3 revenue up 32.0% and 16.4%, respectively excluding discontinued businesses<sup>(1)</sup>

### Q3 2023 Revenue

As Reported and Excluding Discontinued Businesses<sup>(1)</sup>  
(\$ in Millions)



### YTD Q3 2023 Revenue

As Reported and Excluding Discontinued Businesses<sup>(1)</sup>  
(\$ in Millions)



<sup>1)</sup> Excludes revenue from discontinued businesses of \$2.0 million and \$4.6 million in Q3 2023 and Q3 2022, respectively. Excludes revenue of \$5.9 million and \$16.0 million in YTD Q3 2023 and YTD Q3 2022, respectively, from discontinued businesses.



# Q3 and YTD Q3 2023 Consolidated Adjusted EBITDA<sup>(1)</sup> Performance

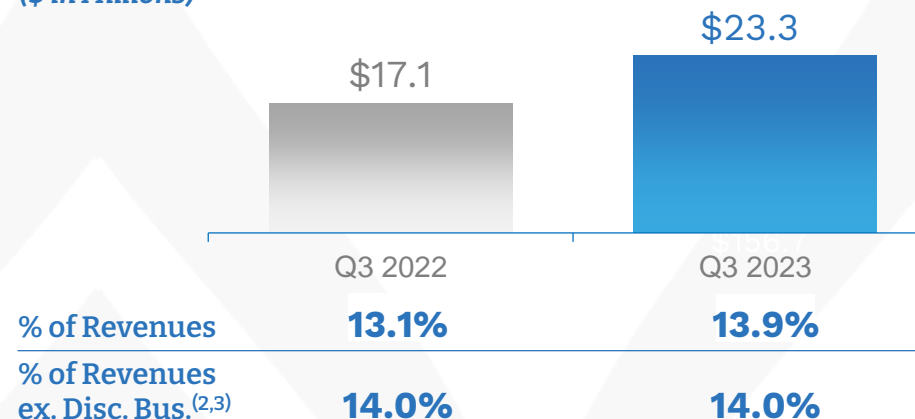
## Sustained Consolidated Adjusted EBITDA<sup>(1)</sup> growth and margin expansion

- Q3 and YTD Q3 Consolidated Adjusted EBITDA<sup>(1)</sup> reflect higher revenues and margins, driven in part by the benefit of organic growth, including pricing, the favorable mix shift in AP&R and M&A segment revenues, and the positive contributions of acquisitions
- Q3 Consolidated Adjusted EBITDA<sup>(1)</sup> up 36% and as a percentage of revenues up 80 bps YoY
- YTD Q3 Consolidated Adjusted EBITDA<sup>(1)</sup> up 26% and as a percentage of revenues up 130 bps YoY

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) For Q3 2022, excludes \$(0.5) million in Consolidated Adjusted EBITDA loss from a lab we are discontinuing. For YTD Q3 2022, excludes \$(0.1) million in Consolidated Adjusted EBITDA loss from a lab we are discontinuing.  
 3) Excludes revenue from discontinued businesses of \$2.0 million and \$4.6 million in Q3 2023 and Q3 2022, respectively. Excludes revenue of \$5.9 million and \$16.0 million in YTD Q3 2023 and YTD Q3 2022, respectively, from discontinued businesses.

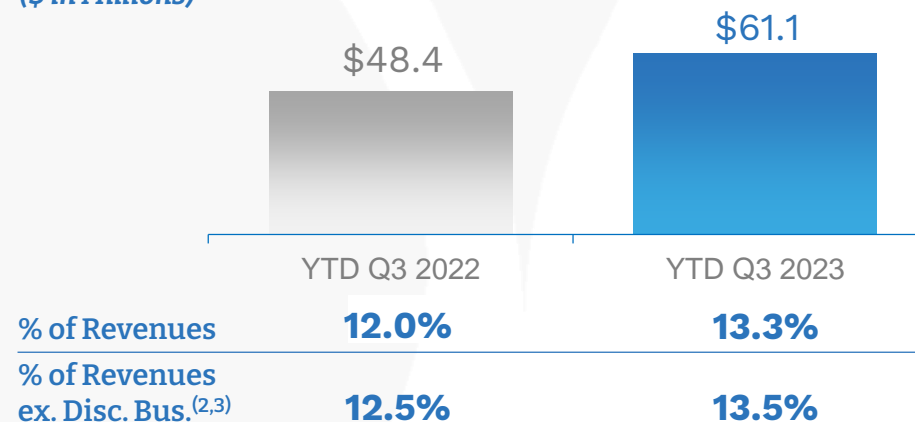
### Q3 2023 Consolidated Adjusted EBITDA<sup>(1)</sup>

As Reported and Excluding Discontinued Businesses and Start-up Losses in 2022<sup>(2)</sup>  
 (\$ in Millions)



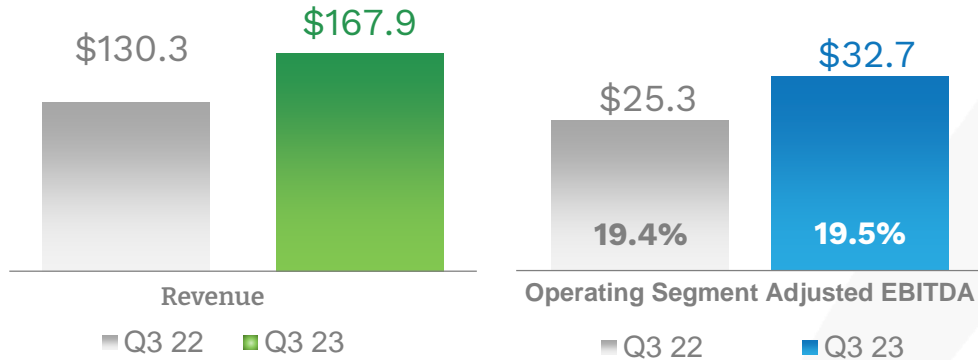
### YTD Q3 2023 Consolidated Adjusted EBITDA<sup>(1)</sup>

As Reported and Excluding Discontinued Businesses and Start-up Losses in 2022<sup>(2)</sup>  
 (\$ in Millions)

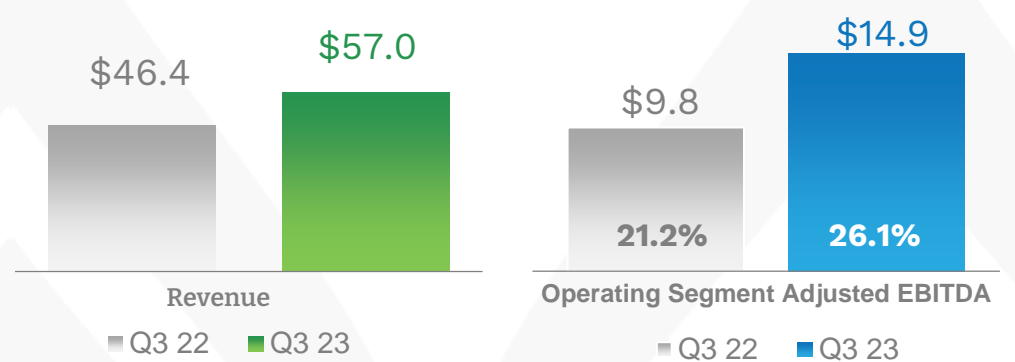


# Q3 2023 Segment Performance

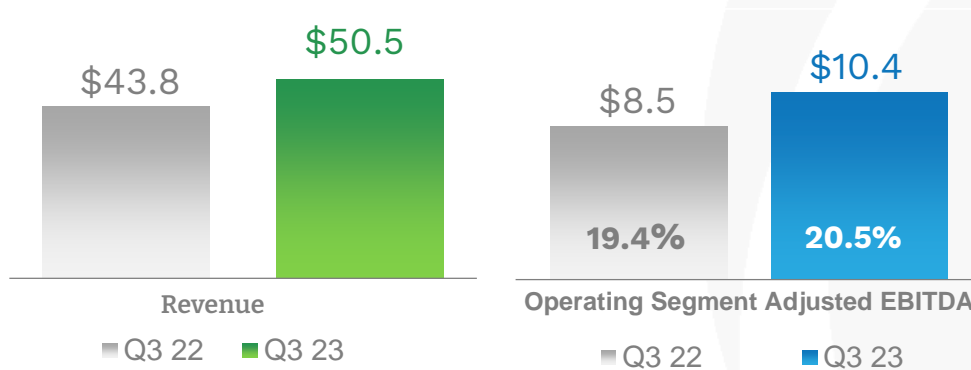
## Total Operating Segments (\$ in mm; % of revenue)



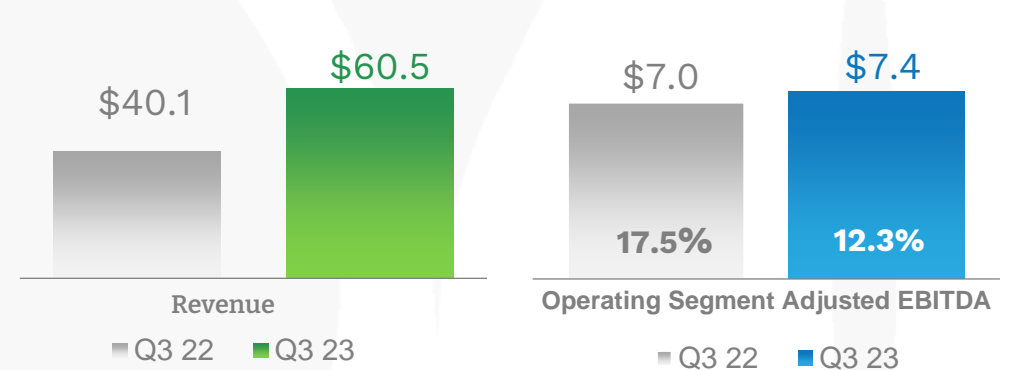
## Assessment, Permitting and Response (\$ in mm; % of revenue)



## Measurement & Analysis (\$ in mm; % of revenue)



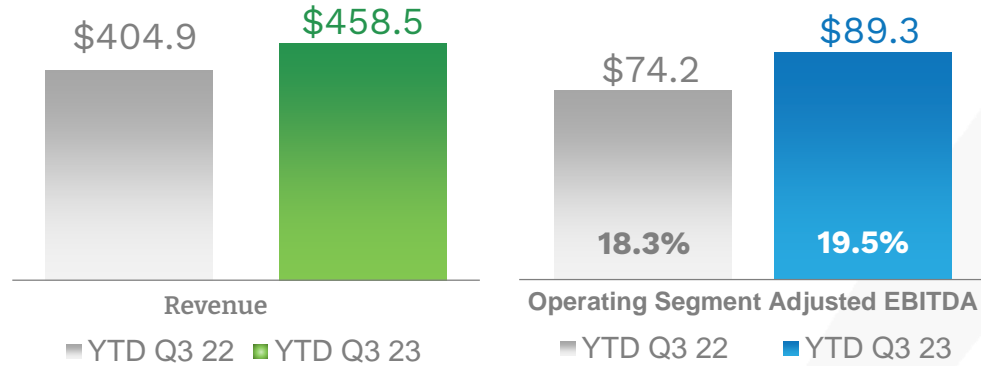
## Remediation & Reuse (\$ in mm; % of revenue)



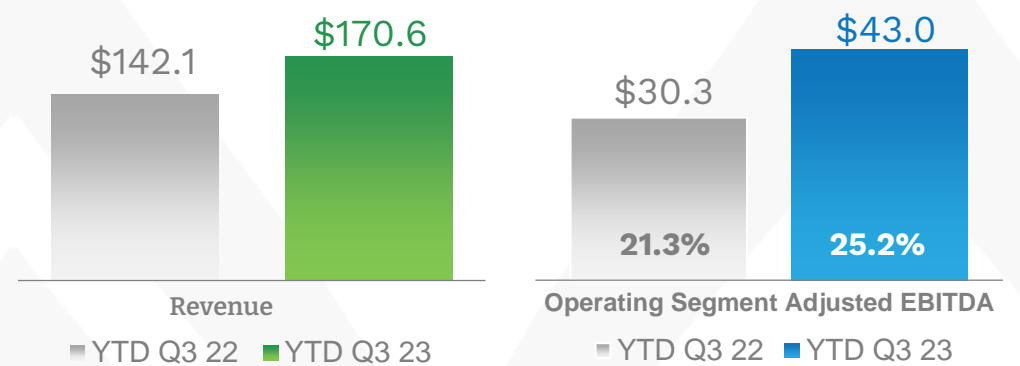
**Note:** For purposes of evaluating segment profit, the Company's chief operating decision maker reviews Operating Segment Adjusted EBITDA as a basis for making the decisions to allocate resources and assess performance. See Note 18 to our consolidated financial statements included in our Form 10-Q for the quarter ended September 30, 2023.

# YTD Q3 2023 Segment Performance

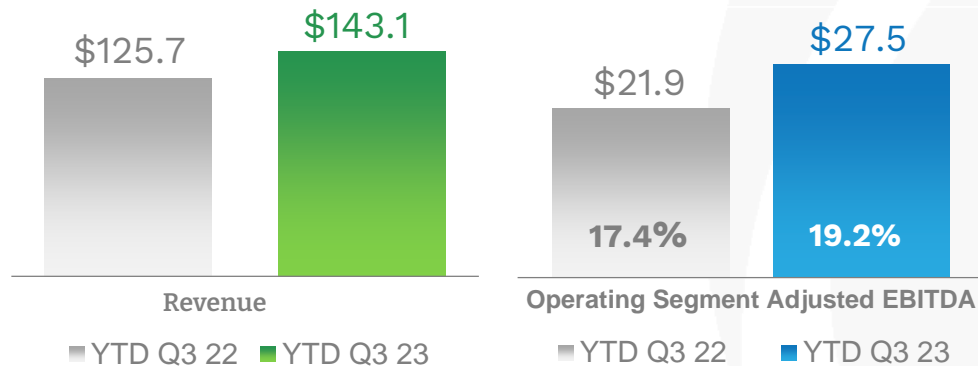
## Total Operating Segments (\$ in mm; % of revenue)



## Assessment, Permitting and Response (\$ in mm; % of revenue)



## Measurement & Analysis (\$ in mm; % of revenue)



## Remediation & Reuse (\$ in mm; % of revenue)



**Note:** For purposes of evaluating segment profit, the Company's chief operating decision maker reviews Operating Segment Adjusted EBITDA as a basis for making the decisions to allocate resources and assess performance. See Note 18 to our consolidated financial statements included in our Form 10-Q for the quarter ended September 30, 2023.

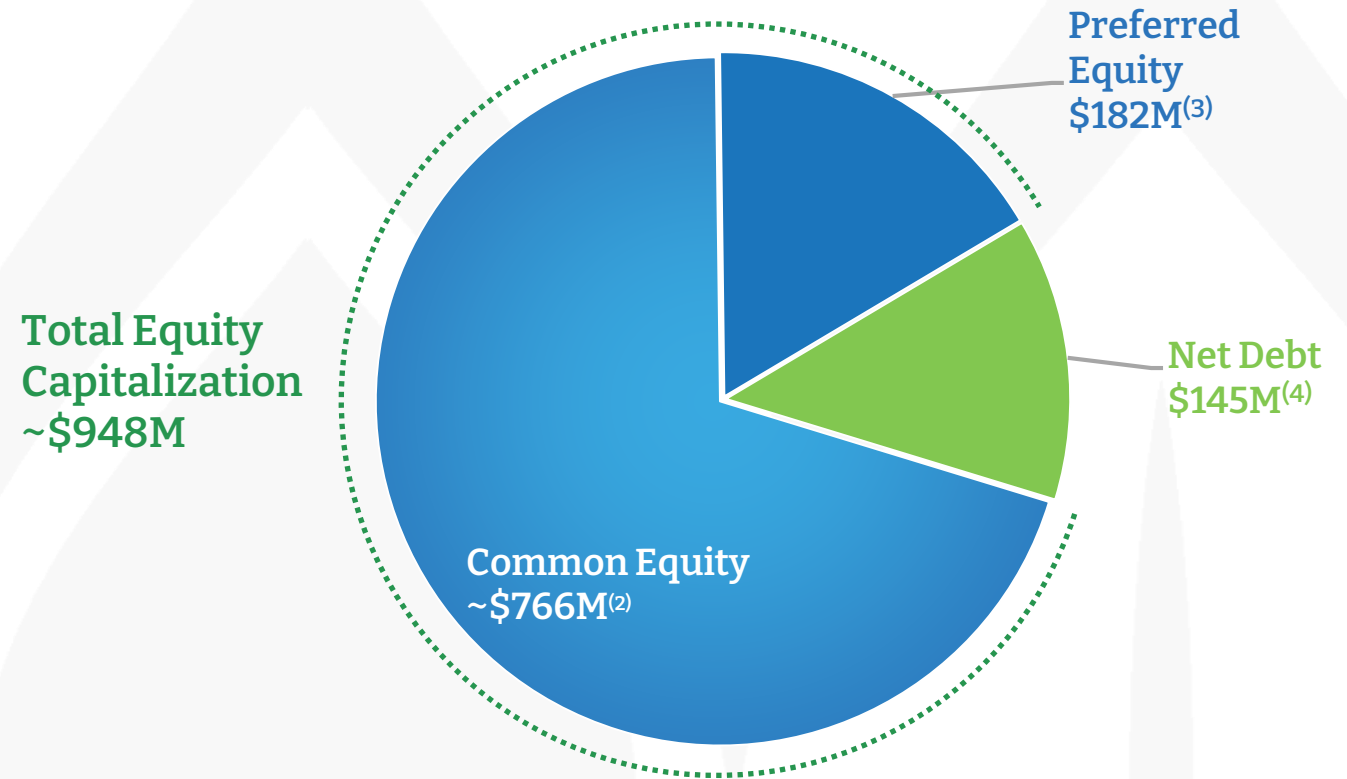
# Attractive Capital Structure

## Commentary

- Flexible balance sheet to pursue investments in innovation and acquisitions in highly fragmented industry
- Montrose has \$148.2 million of liquidity, including \$23.2 million of cash and \$125.0 million of availability under its revolving credit facility as of 9/30/23
- Weighted average interest rate at 4.4% on outstanding debt under our credit facility, incl. interest rate swaps
- Net leverage<sup>(1)</sup> of 1.9x as of 9/30/23
- Equity capitalization of ~\$948 million<sup>(2)</sup> consisting of 1) 30.2 million shares of common stock outstanding plus 2) \$182.2 million of A-2 Preferred Equity held by Oaktree<sup>(3)</sup>

1) The Company's leverage ratio under its credit facility includes the impact of acquisition-related contingent earnout payments that may become payable in cash.  
2) As of November 3, 2023.  
3) Includes Initial \$175M stated value and accrued interest through July 27, 2020.  
4) Net debt is a non-GAAP measure and is calculated as total debt (excluding deferred debt issuance costs) of \$168.1 million less cash on hand of \$23.2 million as of September 30, 2023. See the appendix to this presentation for a discussion of Net Debt.

## Equity Market Capitalization



# Outlook

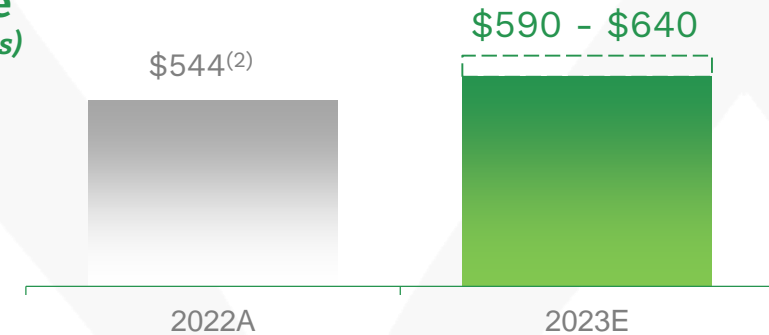


# Reiterated 2023 Outlook

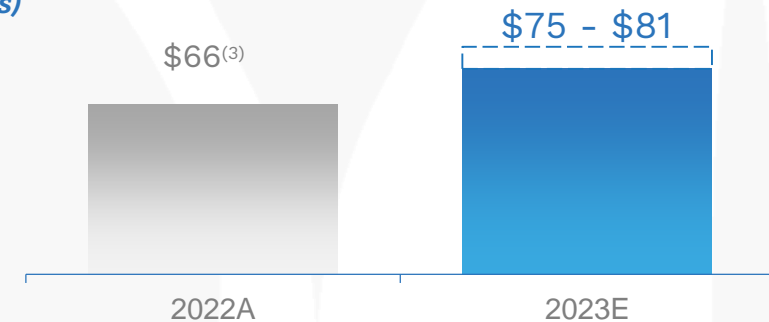
## Outlook Optimism Due to Market Tailwinds, Strong Growth and Margin Optimization

- Revenue is expected to be in the range of \$590-\$640 million and Consolidated Adjusted EBITDA<sup>(1)</sup> is expected to be in the range of \$75 million to \$81 million
- CTEH revenue expected to be above the high end of its \$75 - \$95 million expected 2023 annual run-rate primarily due to two notable environmental responses
- Business is better assessed on yearly results as demand for environmental services is not driven by specific or predictable patterns in one or more fiscal quarters

### Revenue (\$ in Millions)



### Consolidated Adjusted EBITDA<sup>(1)</sup> (\$ in Millions)



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 discussion of certain matters related to forward-looking non-GAAP information.

2) Includes discontinued service lines, which generated revenues of \$3.6 million in 2022 and revenue of \$5.6 million from a lab we are discontinuing in 2023.

3) Includes Consolidated Adjusted EBITDA of \$1.3 million from a lab we are discontinuing in 2023.

# Investment Highlights



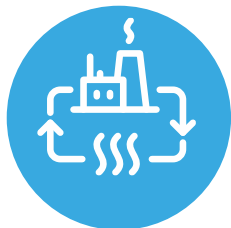
**The environment is our business**



**Strong financial performance with consistent track record of growth & cash flow generation**



**Resilient across political and economic cycles** with diverse customers and end markets



**Differentiated technology, processes and applications**



**Significant scale with global reach in large, growing and highly fragmented industry**



**Proven ability to identify, execute and integrate acquisitions** with a strong pipeline ahead



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

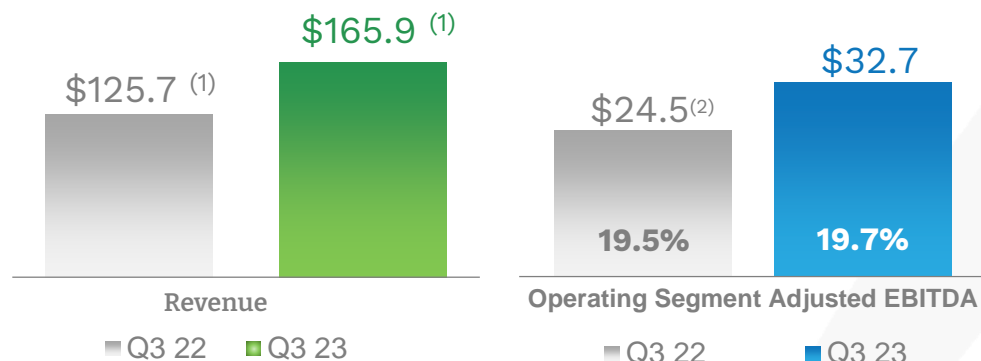
# Appendix



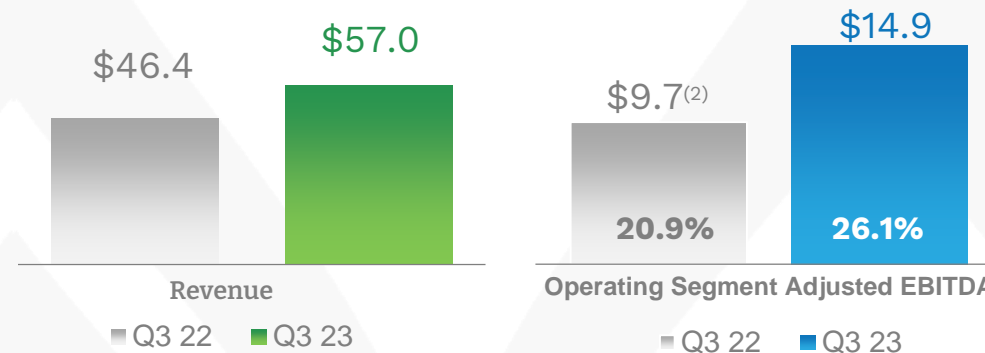


# Q3 2023 Segment Performance, Excluding Discontinued Businesses and Adjustment for Prior Year Start-up Losses

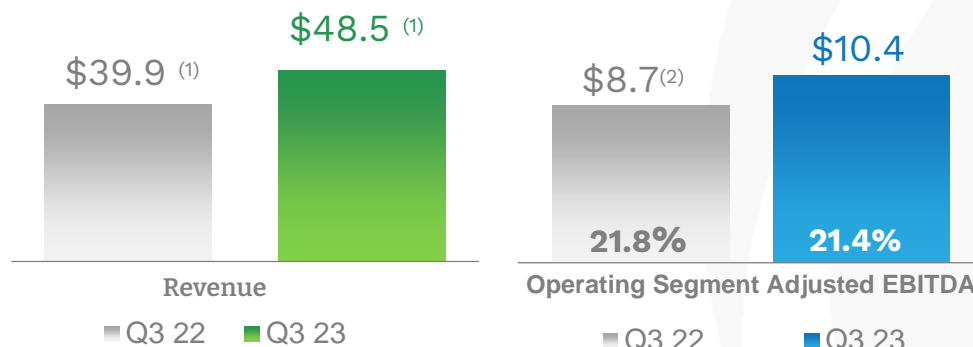
## Total Operating Segments (\$ in mm; % of revenue)



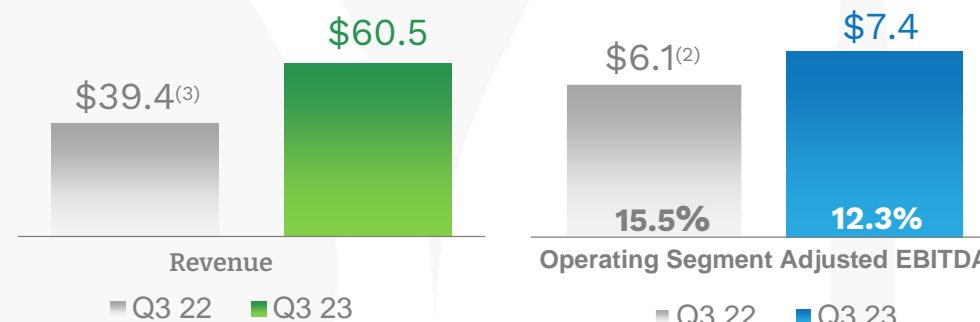
## Assessment, Permitting and Response (\$ in mm; % of revenue)



## Measurement & Analysis (\$ in mm; % of revenue)



## Remediation & Reuse (\$ in mm; % of revenue)



**Note:** Adjusted segment results to exclude discontinued businesses and to include the impact of start-up losses, which were previously backed out in the calculation of Segment Adjusted EBITDA, is a non-GAAP presentation. We believe this presentation is useful to investors because it allows for a bridge to future results, which do not include the results of the discontinued businesses and will reflect the impact of start-up losses. See slide 11 for a reconciliation to the reported amounts. For purposes of evaluating segment profit, the Company's chief operating decision maker reviews Operating Segment Adjusted EBITDA as a basis for making the decisions to allocate resources and assess performance. See Note 18 to our consolidated financial statements included in our Form 10-Q for the quarter ended June 30, 2023.

<sup>1)</sup> Excludes revenue of \$2.0 million and \$3.9 million from discontinued businesses in 2023 and 2022, respectively

<sup>2)</sup> Excludes the addback for start-up losses and Segment Adjusted EBITDA from discontinued businesses of the following in 2022: Assessment, Permitting and response \$0.1 million, Measurement & Analysis of (\$0.2) million and Remediation & Reuse of \$0.9 million

<sup>3)</sup> Excludes revenue of \$0.7 million from discontinued businesses in 2022.

# Summary of Oaktree A-2 Preferred

## Investment Summary

- In April 2020, Oaktree Capital purchased \$175mm 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 and returns)
- 9.0% annual cash dividend, payable quarterly
- Beginning in April 2024, a portion of principal balance becomes convertible into common stock during each of years 4, 5 and 6 at Oaktree's option (converts at 15.0% discount to market)
  - Includes mandatory notice period prior to conversion to give Montrose the option to repay in cash

## Governance

- Oaktree has the right to appoint one representative on the Montrose board of directors while 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 (Loss) and Adjusted Net Income (Loss) 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 (Loss) 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. Adjusted Net Income (Loss) per Share represents Adjusted Net Income (Loss) attributable to stockholders divided by the weighted average 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 (Loss) and Adjusted Net Income (Loss) 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 (Loss) and Adjusted Net Income (Loss) 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 (Loss) and Adjusted Net Income (Loss) 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 (Loss) and Adjusted Net Income (Loss) per Share in conjunction with the related GAAP measures.

Additionally, we have provided estimates regarding Consolidated Adjusted EBITDA for 2023. 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.

This presentation also includes Adjusted Operating Cash Flow, a non-GAAP measure which represents cash flow provided by (used in) operating activities less amounts paid for acquisition-related contingent consideration. Payments for acquisition-related consideration are not part of the Company's day-to-day operations and management uses this measure to assess the Company's operating cash flow without the impact of these unique, non-operational payments. This measure does, however, have certain limitations as the excluded acquisition-related payments are typically paid in cash and, as a result, impact the Company's liquidity as a whole, and should therefore not be considered as an alternative to or in isolation from cash flow provided by (used in) operating activities or any other liquidity measure calculated in accordance with GAAP. Other companies, including other companies in our industry, may not use this measure 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 CTEH 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. As a result of the potential annual volatility in CTEH's environmental emergency response revenues due to the unpredictable nature of this business, we will no longer be including CTEH revenues in the calculation of organic growth. 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 GAAP, and should be considered in conjunction with revenue growth calculated in accordance with GAAP. We have grown organically and expect to continue to do so.

# Montrose Environmental Group, Inc.

## Reconciliation of Net Loss to Adj. Net Income and Adj. EPS (In thousands except per share amounts)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Net loss	\$ (7,525)	\$ (5,720)	\$ (29,418)	\$ (21,007)
Amortization of intangible assets <sup>(1)</sup>	7,922	8,668	22,512	27,579
Stock-based compensation <sup>(2)</sup>	11,484	11,018	35,609	32,375
Acquisition costs <sup>(3)</sup>	1,499	368	4,970	1,354
Fair value changes in financial instruments <sup>(4)</sup>	806	(1,808)	1,814	(4,664)
Expenses related to financing transactions <sup>(5)</sup>	3	—	7	7
Fair value changes in business acquisition contingencies <sup>(6)</sup>	459	59	414	(3,472)
Discontinuing Specialty Lab <sup>(7)</sup>	1,302	—	5,321	—
Other (gains) losses and expenses <sup>(8)</sup>	(1)	482	215	1,965
Tax effect of adjustments <sup>(9)</sup>	(6,573)	(5,260)	(19,841)	(15,440)
<b>Adjusted Net Income</b>	<b>\$ 9,376</b>	<b>\$ 7,807</b>	<b>\$ 21,603</b>	<b>\$ 18,697</b>
Preferred dividends Series A-2	(4,100)	(4,100)	(12,300)	(12,300)
<b>Adjusted Net Income attributable to stockholders</b>	<b>\$ 5,276</b>	<b>\$ 3,707</b>	<b>\$ 9,303</b>	<b>\$ 6,397</b>
<b>Net Loss per share attributable to stockholders</b>	<b>\$ (0.39)</b>	<b>\$ (0.33)</b>	<b>\$ (1.39)</b>	<b>\$ (1.12)</b>
<b>Adjusted Net Income per share <sup>(10)</sup></b>	<b>\$ 0.18</b>	<b>\$ 0.12</b>	<b>\$ 0.31</b>	<b>\$ 0.22</b>
<b>Diluted Adjusted Net Income per share <sup>(11)</sup></b>	<b>\$ 0.14</b>	<b>\$ 0.10 <sup>(a)</sup></b>	<b>\$ 0.25</b>	<b>\$ 0.18 <sup>(a)</sup></b>
Weighted average common shares outstanding	30,143	29,691	30,016	29,677
Fully diluted shares	36,952	36,147 <sup>(a)</sup>	36,640	36,101 <sup>(a)</sup>

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 lab we are discontinuing.

8) In 2023 and 2022, amounts include costs associated the aviation loss and the closing of a lab, respectively.

9) Applies Montrose's marginal tax rate of 28.0% to non-GAAP adjustments above, which are each pre-tax.

10) Represents Adjusted Net Income attributable to stockholders divided by the weighted average common shares outstanding.

11) Represents Adjusted Net Income attributable to stockholders divided by fully diluted shares.

a) Prior period amounts have been recalculated from amounts originally disclosed using the current methodology.

# Montrose Environmental Group, Inc.

## Reconciliation of Net Loss to Adj. Net Income and Adj. EPS (In thousands except per share amounts)

	Quarter Ended								Year Ended December 31, 2022
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2022	
Net loss	\$ (7,525)	\$ (7,174)	\$ (14,719)	\$ (10,812)	\$ (5,720)	\$ (7,751)	\$ (7,536)	\$ (31,819)	
Amortization of intangible assets <sup>(1)</sup>	7,922	7,350	7,240	8,474	8,668	9,492	9,419	36,053	
Stock-based compensation <sup>(2)</sup>	11,484	11,090	13,035	10,915	11,018	10,932	10,425	43,290	
Acquisition costs <sup>(3)</sup>	1,499	2,696	775	537	368	519	467	1,891	
Fair value changes in financial instruments <sup>(4)</sup>	806	(865)	1,873	1,268	(1,808)	(407)	(2,449)	(3,396)	
Expenses related to financing transactions <sup>(5)</sup>	3	—	4	—	—	—	7	7	
Fair value changes in business acquisition contingencies <sup>(6)</sup>	459	353	(398)	245	59	(3,510)	(21)	(3,227)	
Discontinuing Specialty Lab (7)	1,302	1,583	2,436	—	—	—	—	—	
Other (gains) losses and expenses <sup>(7)</sup>	(1)	82	134	2,494	482	1,216	267	4,459	
Tax effect of adjustments <sup>(8)</sup>	(6,573)	(6,241)	(7,028)	(6,701)	(5,260)	(5,108)	(5,072)	(22,142)	
<b>Adjusted Net Income</b>	<b>\$ 9,376</b>	<b>\$ 8,874</b>	<b>\$ 3,352</b>	<b>\$ 6,420</b>	<b>\$ 7,807</b>	<b>\$ 5,383</b>	<b>\$ 5,507</b>	<b>\$ 25,116</b>	
Preferred Dividend Series A-2	(4,100)	(4,100)	(4,100)	(4,100)	(4,100)	(4,100)	(4,100)	(16,400)	
<b>Adjusted Net Income (Loss) attributable to stockholders</b>	<b>\$ 5,276</b>	<b>\$ 4,774</b>	<b>\$ (748)</b>	<b>\$ 2,320</b>	<b>\$ 3,707</b>	<b>\$ 1,283</b>	<b>\$ 1,407</b>	<b>\$ 8,716</b>	
<b>Net Loss per share attributable to stockholders</b>	<b>(0.39)</b>	<b>(0.38)</b>	<b>(0.63)</b>	<b>\$ (0.50)</b>	<b>\$ (0.33)</b>	<b>\$ (0.40)</b>	<b>\$ (0.39)</b>	<b>\$ (1.62)</b>	
<b>Adjusted Net Income (Loss) per share<sup>(9)</sup></b>	<b>0.18</b>	<b>0.16</b>	<b>(0.03)</b>	<b>\$ 0.08</b>	<b>\$ 0.12</b>	<b>\$ 0.04</b>	<b>\$ 0.05</b>	<b>\$ 0.29</b>	
<b>Diluted Adjusted Net Income (Loss) per share<sup>(10)</sup></b>	<b>0.14</b>	<b>0.13</b>	<b>(0.02)</b>	<b>\$ 0.07</b>	<b>\$ 0.10<sup>(a)</sup></b>	<b>\$ 0.04<sup>(a)</sup></b>	<b>\$ 0.04<sup>(a)</sup></b>	<b>\$ 0.24</b>	
Weighted average common shares outstanding	30,143	30,047	29,857	29,720	29,691	29,678	29,662	29,688	
Fully diluted shares	36,952	37,079	35,891	35,686	36,147 <sup>(a)</sup>	36,361 <sup>(a)</sup>	35,795 <sup>(a)</sup>	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 instrument 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 also 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 include costs associated with the closing of a lab and severance costs related to a restructuring within our soil remediation business.

8) Applies Montrose's marginal tax rate of 28.0% to non-GAAP adjustments above, which are each pre-tax.

9) Represents Adjusted Net Income attributable to stockholders divided by the weighted average common shares outstanding.

10) Represents Adjusted Net Income attributable to stockholders divided by fully diluted shares.

a) Prior period amounts have been recalculated from amounts originally disclosed using the current methodology.

# Montrose Environmental Group, Inc.

## Reconciliation of Net Loss to Consolidated Adjusted EBITDA (In thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Net loss	\$ (7,525)	\$ (5,720)	\$ (29,418)	\$ (21,007)
Interest expense	2,089	1,400	5,507	4,010
Income tax expense (benefit)	1,324	(208)	2,842	1,892
Depreciation and amortization	11,863	11,504	33,816	35,928
<b>EBITDA</b>	<b>\$ 7,751</b>	<b>\$ 6,976</b>	<b>\$ 12,747</b>	<b>\$ 20,823</b>
Stock-based compensation <sup>(1)</sup>	11,484	11,018	35,609	32,375
Acquisition costs <sup>(2)</sup>	1,499	368	4,970	1,354
Fair value changes in financial instruments <sup>(3)</sup>	806	(1,808)	1,814	(4,664)
Expenses related to financing transactions <sup>(4)</sup>	3	—	7	7
Fair value changes in business acquisition contingencies <sup>(5)</sup>	459	59	414	(3,472)
Discontinuing Specialty Lab <sup>(6)</sup>	1,302	—	5,321	—
Other (gains) losses and expenses <sup>(7)</sup>	(1)	482	215	1,965
<b>Consolidated Adjusted EBITDA</b>	<b>\$ 23,303</b>	<b>\$ 17,095</b>	<b>\$ 61,097</b>	<b>\$ 48,388</b>
<b>Net Loss Margin</b>	<b>(4.5)%</b>	<b>(4.4)%</b>	<b>(6.4)%</b>	<b>(5.2)%</b>
<b>Consolidated Adjusted EBITDA Margin</b>	<b>13.9%</b>	<b>13.1%</b>	<b>13.3%</b>	<b>12.0%</b>

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) Reflects 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 lab we are discontinuing.

7) In 2023 and 2022, amounts include costs associated the aviation loss and the closing of a lab, respectively.

# Montrose Environmental Group, Inc.

## Reconciliation of Net Loss to Consolidated Adjusted EBITDA (In thousands)

	Quarter Ended								Year Ended
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022 <sup>(a)</sup>	December 31, 2022	
Net loss	\$ (7,525)	\$ (7,174)	\$ (14,719)	\$ (10,812)	\$ (5,720)	\$ (7,751)	\$ (7,536)	\$ (31,819)	
Interest expense	2,089	1,877	1,541	1,229	1,400	1,518	1,092	5,239	
Income tax expense (benefit)	1,324	151	1,367	358	(208)	831	1,269	2,250	
Depreciation and amortization	11,863	11,398	10,555	11,551	11,504	12,280	12,144	47,479	
<b>EBITDA</b>	<b>\$ 7,751</b>	<b>\$ 6,252</b>	<b>\$ (1,256)</b>	<b>\$ 2,326</b>	<b>\$ 6,976</b>	<b>\$ 6,878</b>	<b>\$ 6,969</b>	<b>\$ 23,149</b>	
Stock-based compensation <sup>(1)</sup>	11,484	11,090	13,035	10,915	11,018	10,932	10,425	43,290	
Acquisition costs <sup>(2)</sup>	1,499	2,696	775	537	368	519	467	1,891	
Fair value changes in financial instruments <sup>(3)</sup>	806	(865)	1,873	1,268	(1,808)	(407)	(2,449)	(3,396)	
Expenses related to financing transactions <sup>(4)</sup>	3	—	4	—	—	—	7	7	
Fair value changes in business acquisition contingencies <sup>(5)</sup>	459	353	(398)	245	59	(3,510)	(21)	(3,227)	
Discontinuing Specialty Lab	1,302	1,583	2,436	—	—	—	—	—	
Other (gains) losses and expenses <sup>(6)</sup>	(1)	82	134	2,494	482	1,216	267	4,459	
<b>Consolidated Adjusted EBITDA</b>	<b>\$ 23,303</b>	<b>\$ 21,191</b>	<b>\$ 16,603</b>	<b>\$ 17,785</b>	<b>\$ 17,095</b>	<b>\$ 15,628</b>	<b>\$ 15,665</b>	<b>\$ 66,173</b>	
<b>Net Loss Margin</b>	<b>(4.5)%</b>	<b>(4.5)%</b>	<b>(11.2)%</b>	<b>(7.7)%</b>	<b>(4.4)%</b>	<b>(5.5)%</b>	<b>(5.6)%</b>	<b>(5.8)%</b>	
<b>Consolidated Adjusted EBITDA Margin</b>	<b>13.9%</b>	<b>13.3%</b>	<b>12.6%</b>	<b>12.7%</b>	<b>13.1%</b>	<b>11.2%</b>	<b>11.6%</b>	<b>12.2%</b>	

a) Prior period amounts have been recalculated from amounts originally disclosed using the current methodology.

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) Reflects 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 include costs associated with the closing of a lab and severance costs related to a restructuring within our soil remediation business.