

# November Investor Presentation

A LEADING END-TO-END  
ENVIRONMENTAL SOLUTIONS COMPANY



## 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.



# Who We Are



# Montrose at a Glance



Attractive, growing global market with secular long-term tailwinds



Differentiated integrator - unique combination of services and proprietary technology

## Key Data Points

**~3,400**

EMPLOYEES

**100+**

LOCATIONS WORLDWIDE

**23**

PATENTS ISSUED



Long-standing and diversified customer base, with ~20% revenue generated outside of the U.S.



Proven ability to execute organically (R&D; cross-sell<sup>3</sup>) and through M&A

**~15%**

2020 – 2023 AVG. ANNUAL ORGANIC GROWTH<sup>1</sup>

**~96%**

REVENUE REPEATED FROM PRIOR YEAR CUSTOMERS<sup>2</sup>

**~51%**

2023 REVENUE FROM CROSS-SELLING ACTIVITY<sup>3</sup>

**\$690-740M**

2024E REVENUE<sup>4</sup>

**\$95-\$100M**

2024E CONSOLIDATED ADJ. EBITDA<sup>4,5</sup>

**\$56M**

2023 OPERATING CASH FLOW

1) Based upon the as-reported organic growth information in the 10k reports issued for 2021, 2022, and 2023.  
 2) 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.  
 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) Represents 2024E outlook range for Revenue and Consolidated Adjusted Adj. EBITDA of \$690-\$740M and \$95-\$100M, respectively  
 5) 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.



# Our Integrated Solutions Are Unique



## Assessment, Permitting and Response



### Identify

- Environmental Assessments
- Environmental Emergency Response
- Toxicology Consulting
- Environmental Audits & Permitting
- NRDA, NEBA and other Advisory Services

KEY CAPABILITIES

## Measurement and Analysis



### Quantify

- Multi-Media Laboratory Services
- Data Solutions (Sensible EDP)
- Source & Ambient Air Testing
- Leak Detection / OGI

## Remediation & Reuse



### Remediate

- Consulting, Engineering, Design, & Implementation Services
- Water Treatment (e.g., PFAS & Selenium Water Removal)
- Biogas Generation From Waste

HIGHLIGHTS

**200+**

Annual responses by premier response brand

**60%+**

Segment Revenue Growth Rate<sup>1</sup>

**#8**

Ranked among top Environment Management firms<sup>2</sup>

**1,000+**

Customer facilities using our methane emissions testing teams & software

**2 of 28**

Operates 2 of the 28 DOD NELAC accredited PFAS labs<sup>3</sup>

**9**

Nine dedicated laboratory locations

**23**

Patents issued for proprietary innovations

**+**

Ongoing patent submissions

**\$400B+**

Total addressable market<sup>4</sup>

1) Segment CAGR from 2020 to 2023, excluding environmental emergency response revenue of \$71M in 2020, \$212M in 2021, \$88M in 2022 and \$91M in 2023

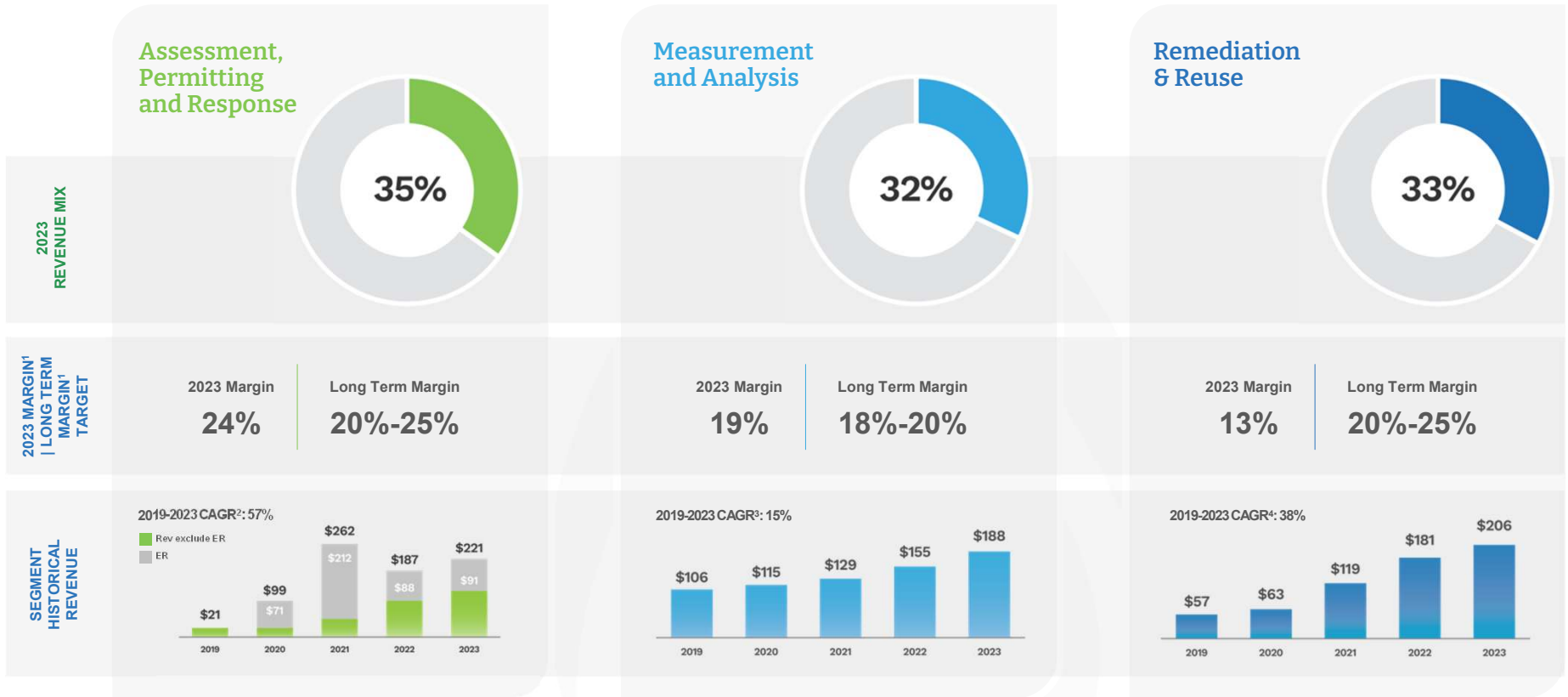
2) ENR The Top 200 Environmental Firms

3) "Accredited Labs," Defense Environmental Network & Information Exchange, accessed March 4, 2024, <https://www.denix.osd.mil/edqw/accreditation/accreditedlabs/>

4) 2021 EBJ Environmental Services data set



# Segment Overview – Increasing Revenue, Reporting Strong Margins



1) Operating Segment Adjusted EBITDA margin  
 2) Reflects revenue excluding environmental emergency response revenue of zero in 2019, \$71M in 2020, \$212M in 2021, \$88M in 2022 and \$91M in 2023.  
 3) Measurement & Analysis excludes discontinued services revenues of \$29.4M in 2019, \$36.8M in 2020, \$23.9M in 2021, \$17.0M in 2022 and \$8.8M in 2023.  
 4) Remediation & Reuse excludes discontinued services revenues of \$20.3M in 2019, \$14.7M in 2020, \$12.1M in 2021, \$3.6M in 2022 and zero in 2023.

## Our Integrated Offering Matters to Clients

### Integrated Environmental Solutions Survey

A third party study<sup>1</sup> conducted of over 500 companies indicated that there was significant demand for integrated environmental solutions

**73%**

**Extremely interested in an integrated solution...**

**500**  
Companies Independently Surveyed

**81%**

**...unaware or unsure of where to find one**



### Differentiated by design

Our differentiation lies in *our* culture, *our* colleagues, *our* integrated business model, and *our* focus on innovation

1) Conducted by KS&R Research from January 26 to February 15, 2023, this study surveyed 505 respondents online to assess awareness and associations with Montrose Environmental Group's brands versus competitors. It explored the buying journey for environmental services and solutions, and gauged reactions to an integrated service model concept, focusing on interest and potential usage.

## 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**





Recurring,  
Predictable  
and Scalable  
Business Model



# The Montrose Model is Increasingly Recurring, Predictable and Scalable



<p><b>~96%</b> REVENUE RETENTION<sup>1</sup></p> <p><b>~6,000</b> UNIQUE CLIENTS</p> <p>1. <b>Business Grounded on Recurring Revenue</b></p> <p>Depth of relationships &amp; breadth of our portfolio facilitates organic market expansion and provides insulation from political and economic cycles</p>	<p><b>15%</b> AVG. ANNUAL ORGANIC GROWTH<sup>2</sup></p> <p><b>~51%</b> CROSS SALES<sup>3</sup></p> <p>2. <b>Integration Fuels Cross-Selling – It’s a Flywheel</b></p> <p>Cross-selling can increase recurrence, fuel growth, and lower the cost of customer acquisition</p>	<p><b>~\$500B</b> TOTAL ADDRESSABLE MARKET<sup>4</sup></p> <p><b>&gt;\$150B</b> ANNUAL WEATHER-RELATED DISASTERS COST<sup>5</sup></p> <p>3. <b>Significant, Sustained Tailwinds</b></p> <p>Emerging contaminants, public sentiment, and climate change add to an already large and growing opportunity</p>	<p><b>30-40%</b> GROWTH FROM NEXT-GEN SOLUTIONS</p> <p><b>23</b> PATENTS GRANTED</p> <p>4. <b>Technology Innovation Supports Accelerated Growth &amp; Expands Moat</b></p> <p>Innovation fuels growth, concurrently expanding the competitive moat and positioning the business for sustained leadership and differentiation</p>	<p><b>~18%</b> AVERAGE REVENUE INCREASE<sup>6</sup></p> <p><b>~6.5</b> AVERAGE ACQUISITIONS PER YEAR<sup>7</sup></p> <p>5. <b>Targeted M&amp;A in a Highly Fragmented Market</b></p> <p>Target acquisitions in a fragmented market to consolidate market share, streamline operations, and strengthen future growth opportunities</p>
---	--	--	--	---

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) Total addressable market data is according to a commissioned 2021 Environmental Industry Study prepared by Environmental Business International, Inc.  
 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) For all acquisitions, which have a full trailing twelve months of post-acquisition actuals, since June 2021 (3-year look back). Revenue and Margin increase in first twelve months post-acquisition from trailing twelve months pre-acquisition.  
 7) Since the Company’s first acquisition in 2013.

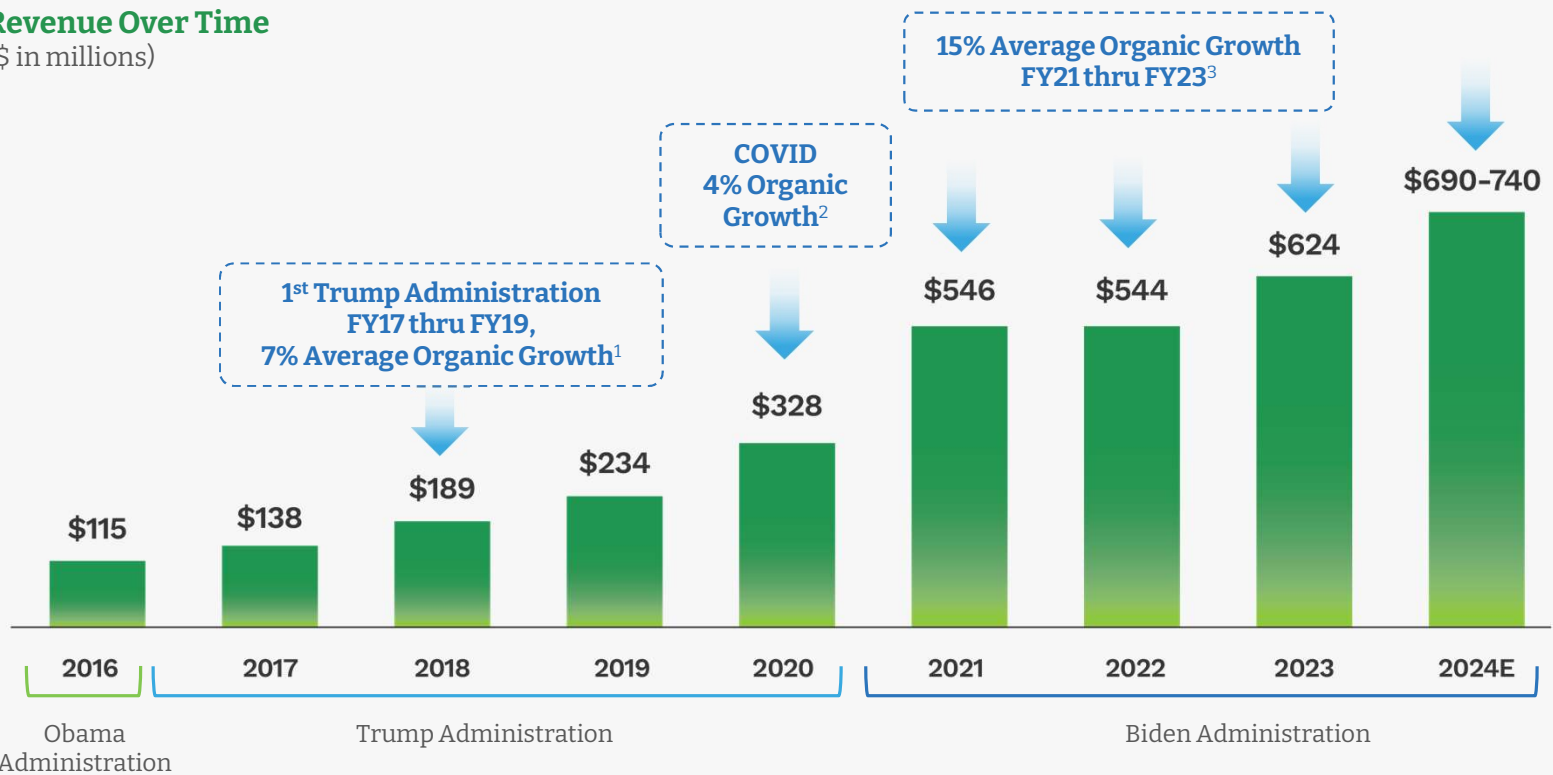


# 1. Business Grounded on Recurring Revenue



Customer and Revenue Diversity Insulates from Political and Economic Shifts

**Revenue Over Time**  
(\$ in millions)



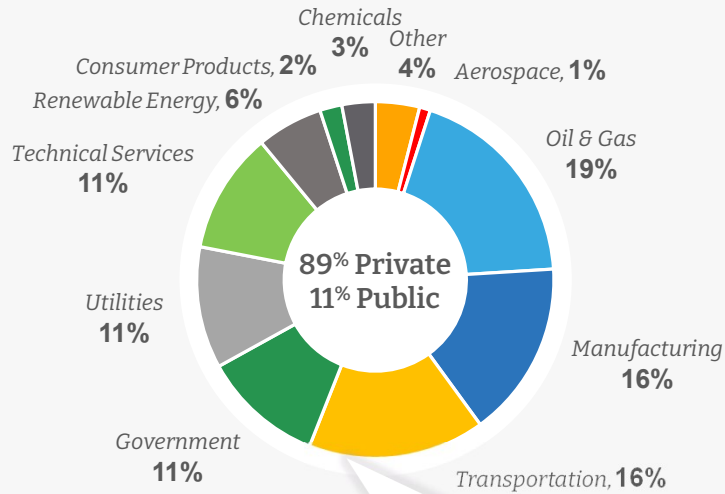
1) Based upon the as-reported organic growth information in the Company's initial S-1 and 10k reports issued for 2018, 2019.  
 2) Based upon the as-reported organic growth information in the Company's 10k report issued for 2020.  
 3) Based upon the as-reported organic growth information in the Company's 10k reports issued for 2021, 2022, and 2023.

# 1. Business Grounded on Recurring Revenue

High Quality and Diverse Customer Base With Recurring Revenue

## Diversified Customer Base & End Markets

2023 REVENUE<sup>1</sup> BY END MARKET

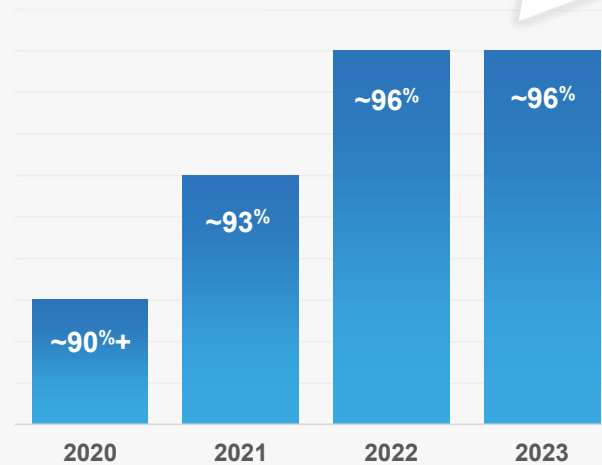


- ~6,000 unique clients
- 200+ Fortune 500 companies

## Percentage of Recurring Revenue<sup>2</sup> Has Increased Over Time



Revenue Retention<sup>2</sup> Remains Strong

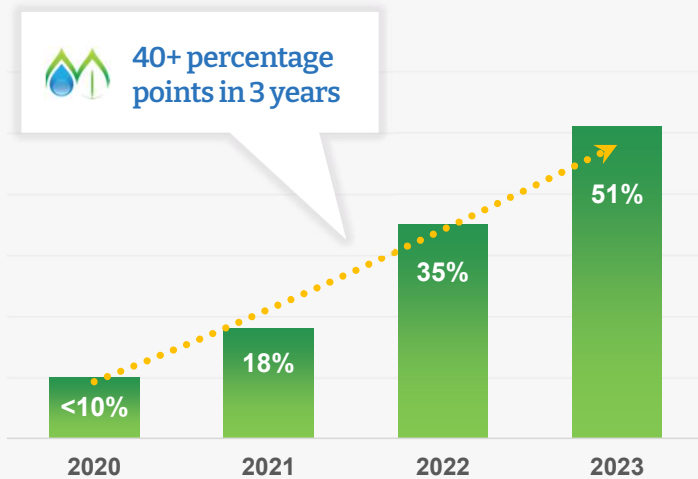


1) 2023 Revenue includes customers in the top 70% of gross revenue, excluding Matrix.  
2) 2023 Revenue includes all customers, excluding acquisitions made in the year.

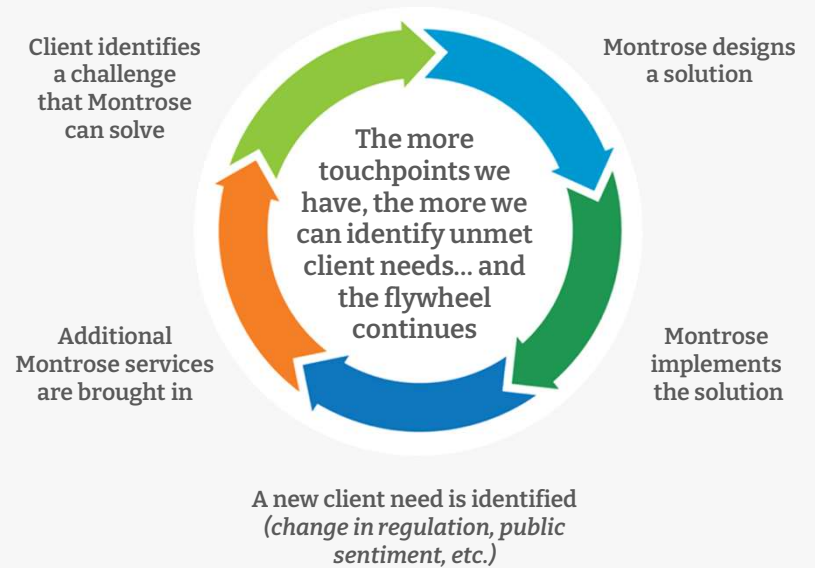
## 2. Integration Fuels Cross-Selling

Proven Ability to Cross-Sell Environmental Solutions, Drive Organic Revenue Growth and Enhance Customer Relationships

Percentage of revenue from cross-sell<sup>1</sup> has increased...



... due to the strong flywheel effect



1) Cross sales defined as the percentage of total revenue from customers purchasing two or more Montrose services within the same fiscal year of 2023.

## 2. Integration Fuels Cross-Selling

### Case Study – Go To Market Strategy and Leveraging Cross-Selling<sup>1</sup>

#### Expanding Client Touchpoints

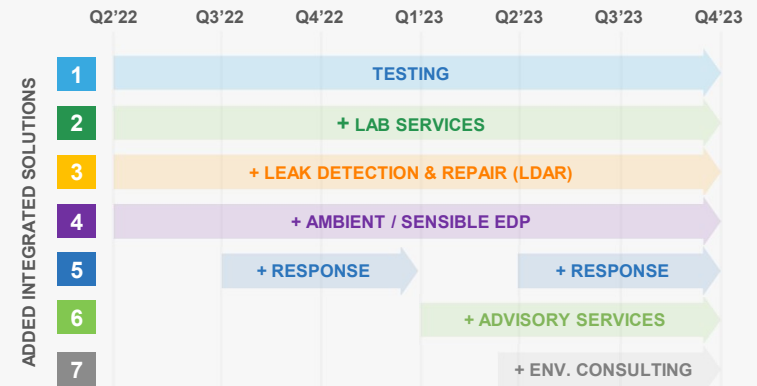
One example of Montrose's cross-selling<sup>1</sup> success is our performance with a major American multinational energy company. Ranking in the top half of the S&P 500, revenue generated from this customer grew 19% YoY from 2022 to 2023 because of *the flywheel* effect.

CASE STUDY REVENUE FROM SINGLE CUSTOMER (\$M)



#### A Truly Integrated Service Approach

The image illustrates the strategic expansion of Montrose's services, starting with testing and adding layers of services over time, such as lab services, leak detection and repair, and environmental consulting, increasing overall client spend through an expanded, integrated service offering.

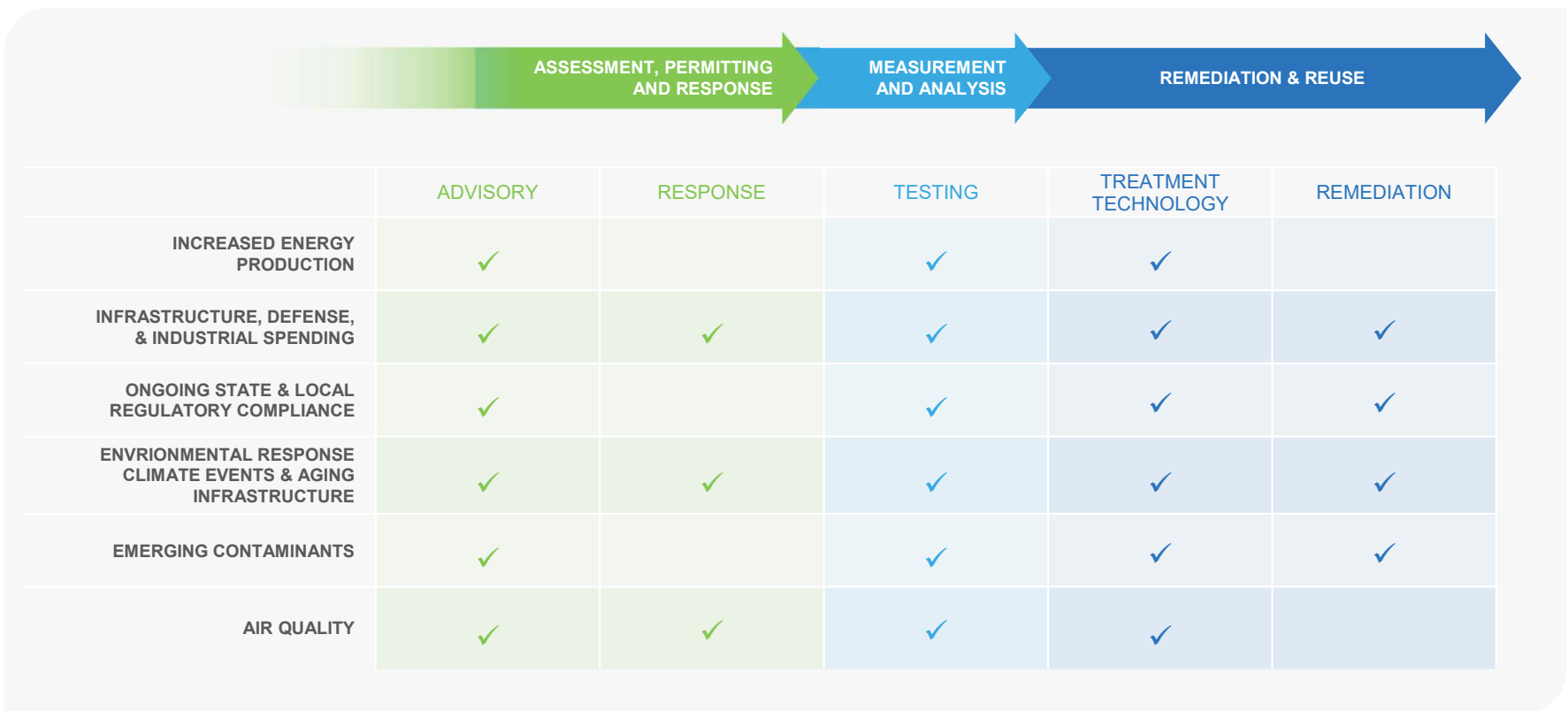


1) Cross sales defined as the percentage of total revenue from customers purchasing two or more Montrose services within the same fiscal year of 2023.



### 3. Significant, Sustained Tailwinds

Capabilities Aligned With Strong Secular Tailwinds in Large Addressable Markets



### 3. Significant, Sustained Tailwinds

#### We Provide Integrated Solutions for PFAS Management



1) Environmental Business Journal, Volume XXXV, Numbers 7/8, 2022, TAM over next 20-30 years



### 3. Significant, Sustained Tailwinds



#### Real-Time Monitoring and Software Innovation Core To Our Future

##### Montrose Offers The Full Solution Stack



OGI Detection Cameras



Software Solution: Sensible EDP

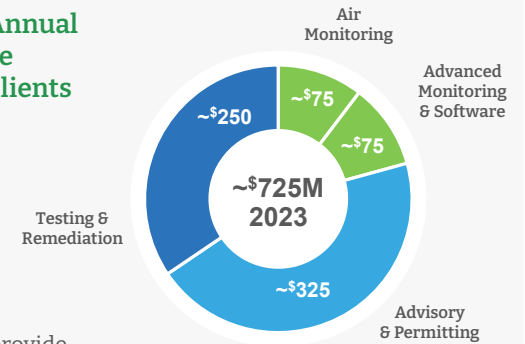


Sensor Network Monitoring

##### Large Market: ~\$725M Annual Serviceable Addressable Market (SAM) from 20 Clients

Montrose's top 20 energy customers represent a ~\$725M SAM of which ~20% is air and advanced monitoring.

They also represent a \$500 – \$600M SAM in other services that Montrose can provide

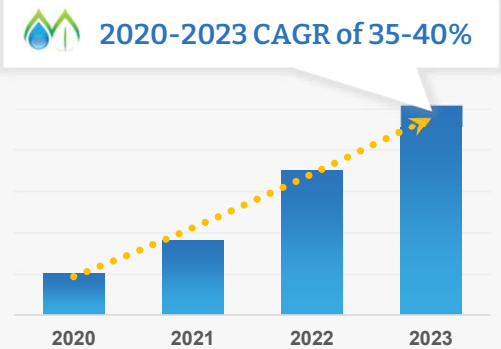


##### Regulations Now Accept Use of Advanced Technology

The introduction of new EPA regulations, including 40 CFR Part 60, Subpart OOOOa & OOOOb standards, the updated Hazardous Organic NESHAP (HON) MACT, and the Alternative Means of Emission Limitation (AMEL) process, presents an unprecedented opportunity for innovation within our industry. For the first time, these regulations encourage companies to pursue innovative solutions for emissions monitoring. By leveraging the opportunity provided by these new regulations and the AMEL process, Montrose can implement cutting-edge technologies for our clients.

##### Next-Generation Emissions Monitoring Revenue

Montrose's integrated solution of OGI testing, sensor networks, and software solutions are uniquely suited to meet the changing needs of our clients



## 4. Technology Innovation Bolsters Organic Growth and Barriers to Entry



R&D and Innovation Help Address Client Needs and Are Core to Montrose’s Approach

### Select Showcase of Existing and Future Technologies Aligned With Long-Term Megatrends

In Process of Commercialization

AFFF Replacement; Nanosorb Selenium Removal

- Patented technology optimizes biological floc for wastewater treatment
- Patented Selenium solutions (applicable to several contaminants)
- Lifecycle solutions for AFFF replacement

Patented and Commercialized

Regenerable Ion Exchange (IX) and Foam Fractionation (FF)

- Technologies are core to addressing high concentration of short & long chain PFAS across industries
- Building / built largest PFAS treatment systems in the world

Backed by Equity Investment

Advanced Contaminant Monitoring and Waste-To-Energy

- Real-time PFAS sensing and analysis for continuous monitoring
- Advanced waste to energy gasification technology (also applicable to industrial waste)

Pilot Phase Showing Compelling Results

Carbon Capture Technology

- 99%+ Carbon dioxide capture and removal from the environment and industrial production processes
- Captures as soda ash which is used to make glass (closed loop process)

■ PFAS & Emerging Contaminant   ■ Air Quality & Other

### Montrose’s R&D Advantage

Solutions are quickly commercialized. **20% of 2023 revenue generated from technology solutions developed internally**

**Dedicated unit – 12 PhDs and scientists; 3 labs**

Focused expertise maintains the pipeline of **patents (23 granted, additional patents pending)**

R&D supported by technology partnerships and investments

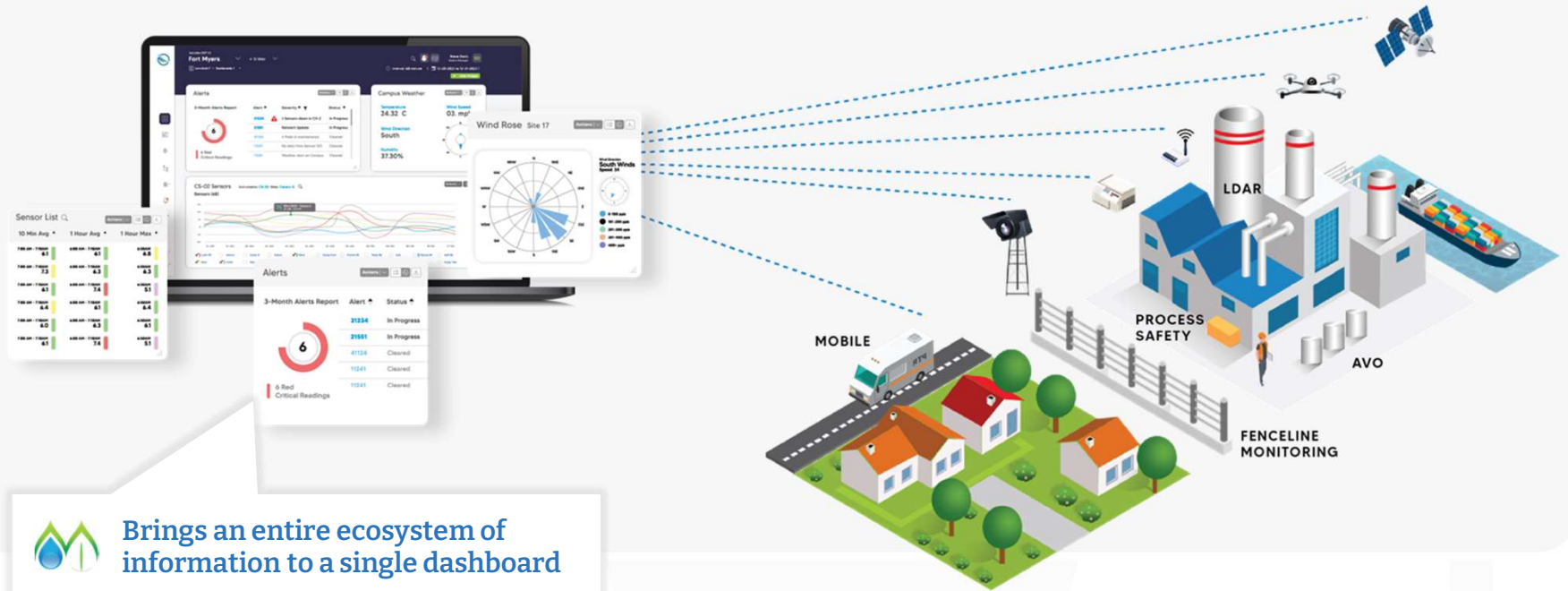
## 4. Technology Innovation Bolsters Organic Growth and Barriers to Entry



Real-Time Monitoring and Software Innovation Core To Our Future



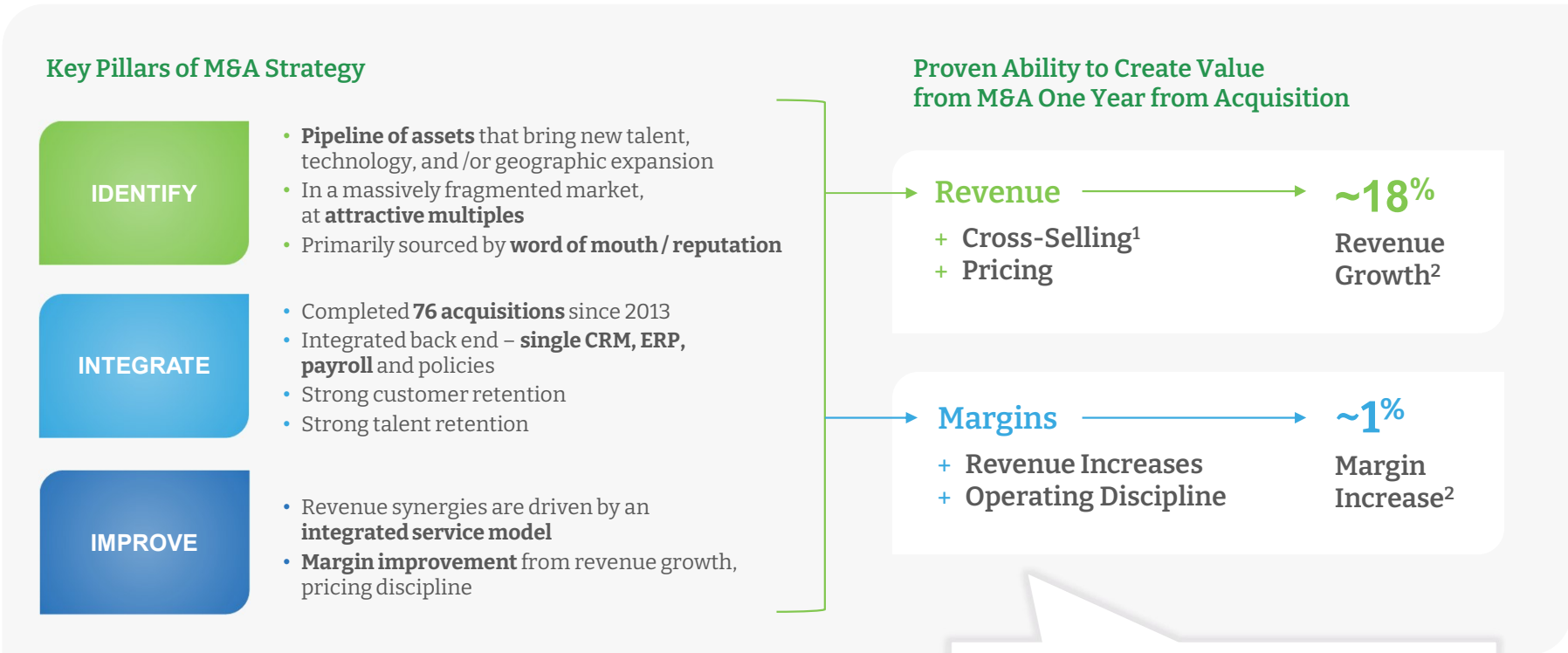
The scale, complexity and regulatory requirements of the environmental contamination challenges today require **real-time monitoring through platform solutions - like Sensible EDP**



Brings an entire ecosystem of information to a single dashboard

## 5. Disciplined M&A in a Highly Fragmented Market

### M&A Strategy – Disciplined and a Core Growth Engine



**Montrose grows revenue and margins of acquired companies**

1) Cross sales defined as the percentage of total revenue from customers purchasing two or more Montrose services within the same fiscal year of 2023.  
 2) For all acquisitions since June 2021 (3-year look back). Revenue and Margin increase in first twelve months post-acquisition from trailing twelve months pre-acquisition.



## 5. Disciplined M&A in a Highly Fragmented Market

### Matrix Solutions Acquisition: An Example of Value Creation in Action

#### Transaction Overview

- In June 2023, we completed a **\$48.6M acquisition** of Matrix Solutions, one of Canada's leading environmental engineering and consulting companies
- With approximately **570 employees, 19 office locations** and a blue-chip client base, Matrix is **unique in its size**, environmental focus and quality brand recognition in North America
- Matrix **complements our existing environmental services portfolio** with substantive opportunities for cross-selling, best practices sharing and operational efficiencies



**2-year return on capital<sup>3</sup> is expected to be ~30%**

#### M&A Playbook Applied – Adj. EBITDA Margin<sup>1</sup> expected to triple from 2022

##### IDENTIFY

- Pricing discipline accounts for ~1/3 of the expected improvement
- Cross-sell<sup>2</sup> opportunities

##### INTEGRATE

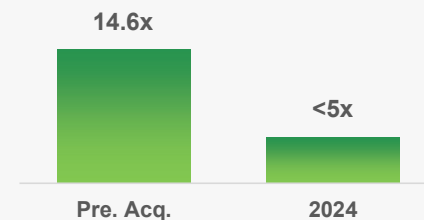
- Cross – utilization and cost synergies
- Back-office integration accounts for ~1/3 of the expected improvement

##### IMPROVE

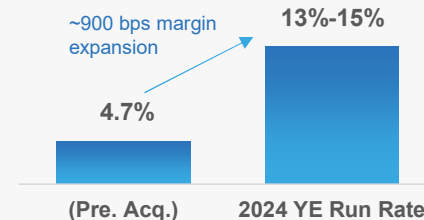
- Investment in post-growth integration
- Improved operations accounts for ~ 1/3 of expected improvement
- Expand SAM by \$250M+

#### Key Outcomes

##### IMPLIED PURCHASE MULTIPLE



##### ADJ. EBITDA MARGIN<sup>1</sup> EXPANSION



1) Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. See the appendix to this presentation for a discussion of these measures, including how it is 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 sales defined as the percentage of total revenue from customers purchasing two or more Montrose services within the same fiscal year of 2023.

3) Return on capital is defined as Adjusted EBITDA divided by purchase price.

# Financial Highlights



# Strong Record of Long-Term Growth

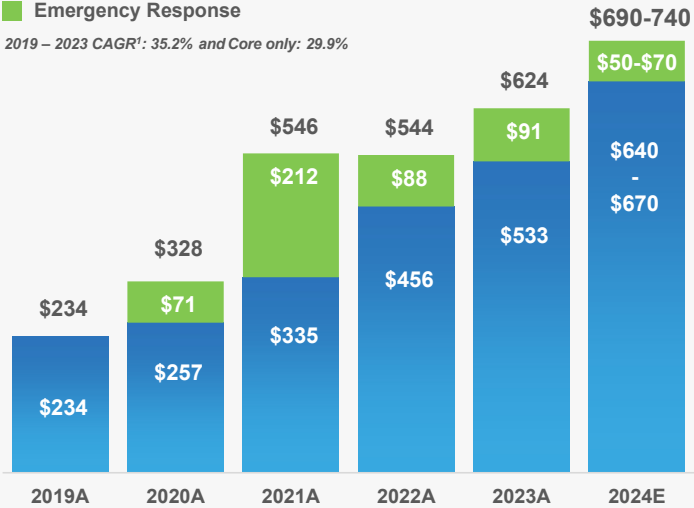


## Consolidated Revenue (\$M)

(\$ IN MILLIONS, % AS A PERCENT OF SEGMENT REVENUE)

- Montrose (Core)<sup>1</sup>
- Emergency Response

2019 – 2023 CAGR<sup>1</sup>: 35.2% and Core only: 29.9%

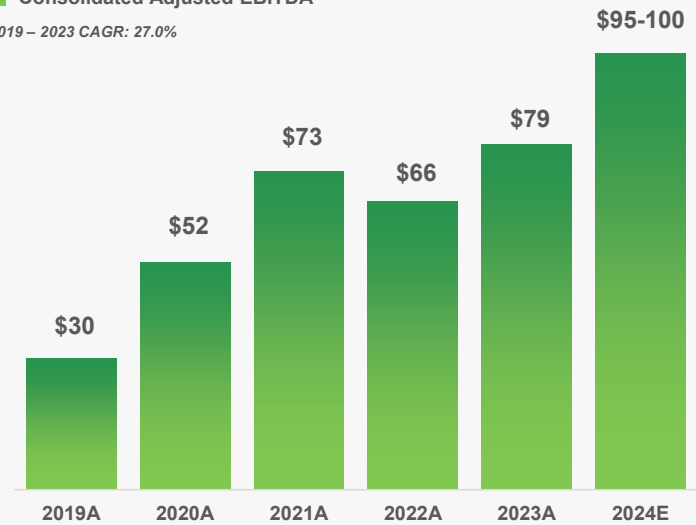


## Consolidated Adjusted EBITDA<sup>2</sup> (\$M)

(\$ IN MILLIONS, % AS A PERCENT OF SEGMENT REVENUE)

- Consolidated Adjusted EBITDA<sup>2</sup>

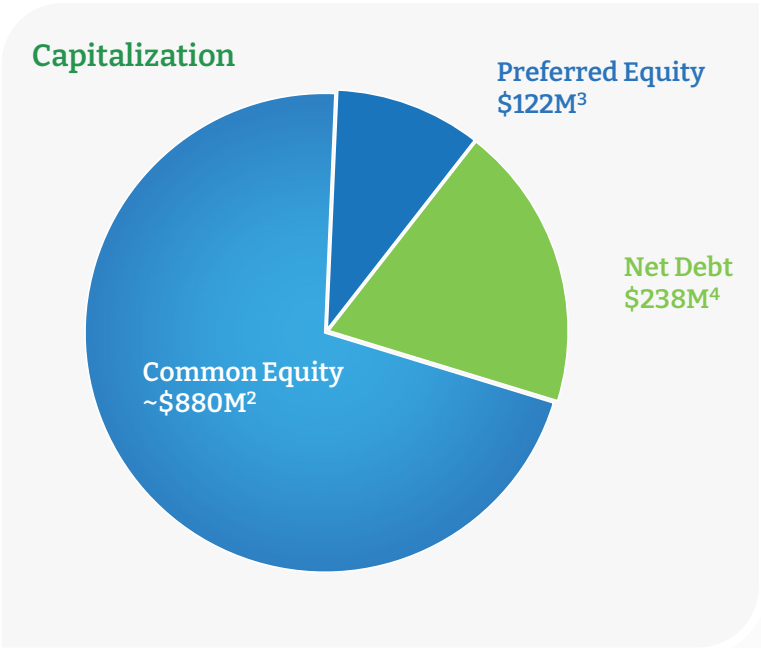
2019 – 2023 CAGR: 27.0%



1) Montrose (Core) excludes emergency response revenue

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.

# 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<sup>1</sup> on an annual basis
- Maintenance capex ~ 1% of revenue

## 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<sup>1</sup> 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.

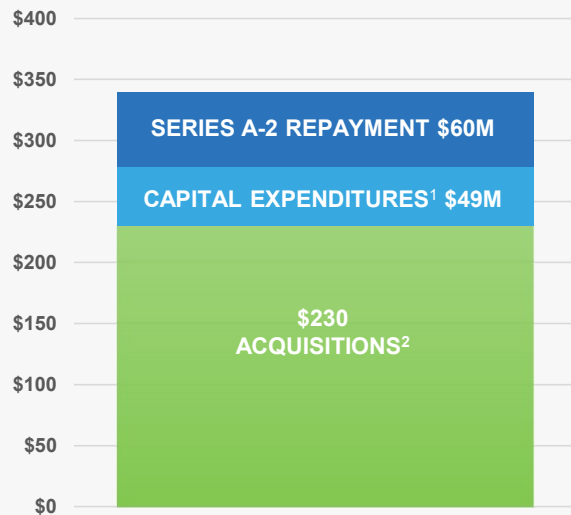
4) Net Debt is a non-GAAP measure and is calculated as total debt (excluding deferred debt issuance costs) of \$250.9M less cash on hand of \$13.0M as of September 30, 2024. See the Appendix to this presentation for a discussion of Net Debt.



## 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 repayment 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 EBITDA 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.

# Appendix





## 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 Income to Consolidated Adjusted EBITDA



### For the Year Ended December 31,

(\$ in thousands)	2023	2022 <sup>(a)</sup>	2021 <sup>(a)</sup>	2020 <sup>(a)</sup>	2019 <sup>(a)</sup>
Net loss	\$ (30,859)	\$ (31,819)	\$ (25,325)	\$ (57,949)	\$ (23,557)
Interest expense	7,793	5,239	11,615	13,819	6,755
Income tax (benefit) expense	(980)	2,250	1,709	851	(3,121)
Depreciation and amortization	45,780	47,479	44,810	37,274	27,705
<b>EBITDA</b>	<b>\$ 21,734</b>	<b>\$ 23,149</b>	<b>\$ 32,809</b>	<b>\$ (6,005)</b>	<b>\$ 7,782</b>
Stock-based compensation <sup>(1)</sup>	47,267	43,290	10,321	4,849	4,345
Acquisition costs <sup>(2)</sup>	6,930	1,891	2,088	4,344	3,474
Fair value changes in financial instruments <sup>(3)</sup>	(4,129)	(3,396)	2,195	20,319	11,160
Expenses related to financing transactions <sup>(4)</sup>	35	7	50	378	—
Fair value changes in business acquisition contingencies <sup>(5)</sup>	84	(3,227)	24,372	12,942	1,392
Short term purchase accounting fair value adjustment to deferred revenue <sup>(6)</sup>	—	—	—	243	858
Public offering expenses <sup>(7)</sup>	—	—	—	7,657	610
Discontinued Specialty Lab <sup>(8)</sup>	6,112	—	—	—	—
Other losses or expenses <sup>(9)</sup>	543	4,459	1,400	7,567	577
<b>Consolidated Adjusted EBITDA</b>	<b>\$ 78,576</b>	<b>\$ 66,173</b>	<b>\$ 73,235</b>	<b>\$ 52,294</b>	<b>\$ 30,198</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 instrument 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 business acquisition contingencies at the time of the closing of acquisitions and the expected (or actual) value of these contingencies at the end of the relevant period.

6) Purchase accounting fair value adjustment to deferred revenue represents the impact of the fair value adjustment to the carrying value of deferred revenue as of the date of acquisition of ECT2.

7) Represents expenses incurred by us to prepare for our initial public offering, costs from IPO-related bonuses, and costs related to the November 2020 secondary public offering.

8) Amounts consist of operating losses before depreciation related to the Discontinued Specialty Lab, which include \$2.2 million current expected credit losses on the promissory note receivable issued upon the sale and a \$1.8 million gain on the sale of its assets.

9) In 2023, amounts 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.

10) In 2022, amounts include costs associated with the exiting of the legacy water treatment and biogas operations and maintenance contracts and the Company's start-up lab in Berkeley, California, as well as an impairment charge for certain operating lease right-of-use assets and severance costs related to the restructuring within the Company's soil remediation business. In 2021, amounts include non-operational charges incurred due to the remeasurement of finance leases as a result of the adoption of ASC 842 and costs related to the implementation of a new ERP. In 2020 and 2019, amounts represent loss from the Discontinued Service Lines and the Berkeley Lab.

## Matrix Solutions Reconciliation of Net Income to Consolidated Adjusted EBITDA



(\$ in thousands)

<b>Matrix Solutions</b>	<b>2022</b>
Purchase price	\$48,582
Revenue	\$69,912
Net Income	\$2,293
Add Back Taxes	(1,160)
Add Back Depreciation	1,260
Add Back Interest	268
Acquisition costs	61
Other non-recurring	598
<b>Adjusted EBITDA</b>	<b>\$3,321</b>
<b>Adjusted EBITDA Margin</b>	<b>4.7%</b>
<b>Purchase price multiple</b>	<b>14.6</b>