

Second Quarter
2024 Earnings Call

August 7, 2024



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.



Operating Overview



Highlights

- Highest-ever quarterly revenue and Consolidated Adjusted EBITDA¹ with solid margin expansion across all segments primarily due to:
 - Organic growth across most of our business, supported by higher demand, pricing effectiveness and continued cross-selling²
 - Contributions of accretive acquisitions
- Completed 5 accretive acquisitions in 2024
- Customer activity remains strong given state and local regulatory requirements, stakeholder pressure, and voluntary sustainability goals
- Positioned for further growth based on our innovative portfolio of in-demand environmental solutions, and highly reoccurring and integrated revenue model
- Reaffirm 2024 outlook given strong first half results, and outlook for continued margin expansion and organic growth in second half of 2024

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.

Q2 2024

Revenue

\$173.3M

Up 8.9% YoY to a Quarterly Record

Consolidated Adjusted EBITDA¹

\$23.3M

13.5% of Revenue

Diluted Adj. EPS¹

\$0.20

Adjusted Net Income¹ of \$10.8M

Capabilities Aligned With Sustainable and Secular Industry Tailwinds



	Advisory	Response	Testing	Water Treatment	Remediation	Renewable
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



~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)
+
19
(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 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) See the Appendix to this presentation for a discussion of organic growth. From 2020 to 2023, excludes discontinued services, which generated revenues of \$51.5 million in 2020, \$36.0 million in 2021, \$20.8 million in 2022, and \$8.8 million in 2023.
3) Cross selling activity defined as the percentage of total revenue from customers purchasing two or more Montrose services within the same fiscal year. 51% was calculated for the 2023 fiscal year.
4) Environmental Business Journal, Volume XXV, 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.

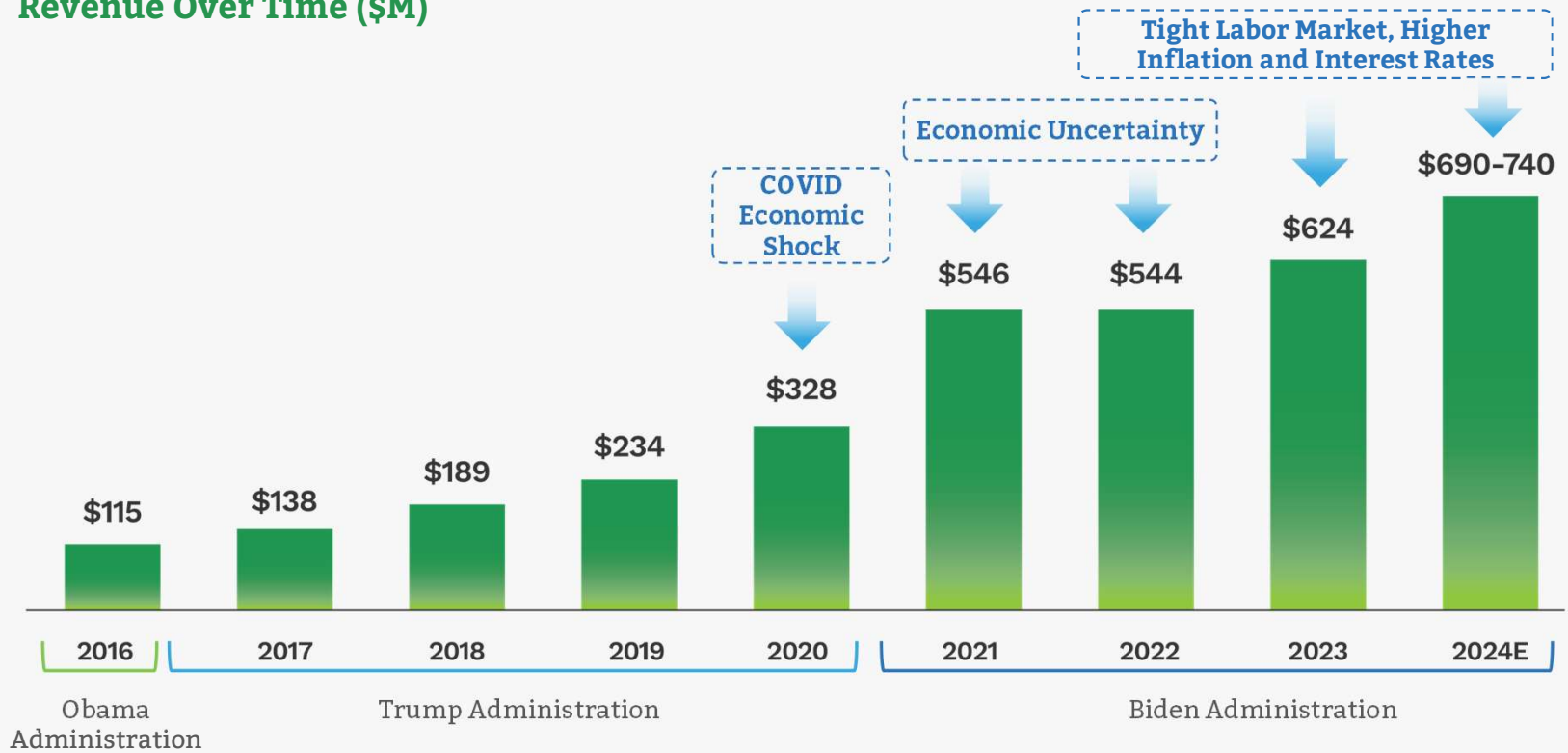
Recent M&A Overview

- Successfully completed **5** value-enhancing acquisitions in 2024 which provide:
 1. Additive services and client opportunities
 2. Geographic expansion
- Demonstrated ability to effectively integrate, cross-sell and create synergies
- Acquisition pipeline remains robust
- Strong balance sheet



Customer and Revenue Diversity Insulates from Political and Economic Shifts

Revenue Over Time (\$M)



Financial Overview

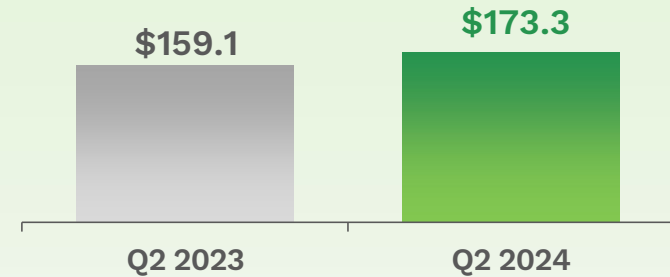


Q2 and YTD Q2 2024 Record Revenue Performance

- Highest-ever quarterly revenue in Q2
 - Q2 revenue increased 8.9% to \$173.3M
- Q2 YTD revenue of \$328.7M, a 13.1% increase
- Q2 and YTD Q2 revenue growth drivers:
 - Contributions from completed acquisitions
 - Strong organic growth driven by
 - Growing traction in cross-selling initiatives¹
 - Pricing success
 - Partially offset by lower environmental emergency response and water treatment revenues, and the shift from lower margin renewable services business revenue

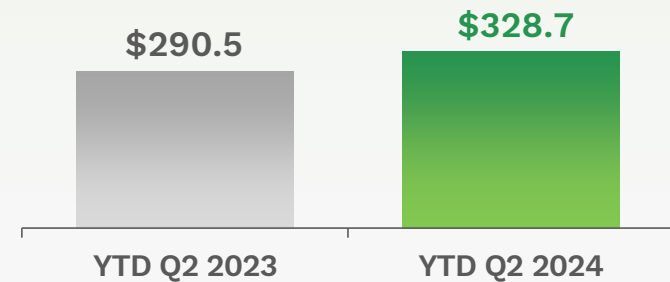
Q2 2024 Revenue

(\$ in Millions)



YTD Q2 2024 Revenue

(\$ in Millions)



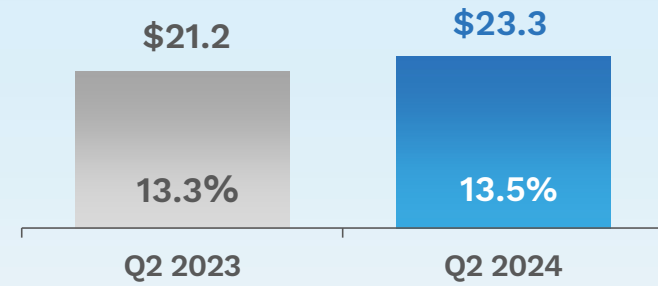
¹⁾ Cross-selling activity defined as the percentage of total revenue from customers purchasing two or more Montrose services within the same fiscal year.

Q2 and YTD Q2 2024 Consolidated Adjusted EBITDA¹ Performance

- Record quarterly Consolidated Adjusted EBITDA¹ in Q2
- Q2 and YTD Q2 Consolidated Adjusted EBITDA¹ reflect higher revenues, driven in part by organic growth, including cross-selling², and acquisitions
- Higher Q2 Consolidated Adjusted EBITDA¹ as a percentage of revenues
 - All three operating segments reported increased margin
- Lower YTD Q2 Consolidated Adjusted EBITDA¹ as a percentage of revenues due to seasonally low margins from Matrix in Q1

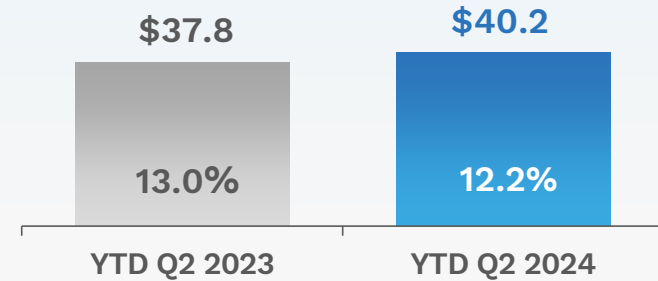
Q2 2024 Consolidated Adj. EBITDA¹

(\$ in Millions, % as a Percentage of Revenue)



YTD Q2 2024 Consolidated Adj. EBITDA¹

(\$ in Millions)



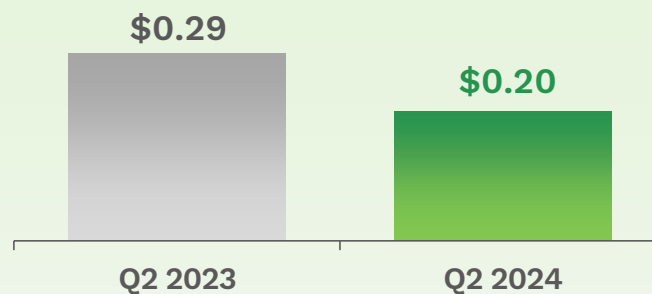
1) Consolidated Adjusted EBITDA is a non-GAAP measure. See the Appendix to this presentation for a discussion of this measure, including how it is calculated and the reasons why we believe it provides useful information to investors, and a reconciliation for historical periods to the most directly comparable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

2) Cross-selling activity defined as the percentage of total revenue from customers purchasing two or more Montrose services within the same fiscal year.

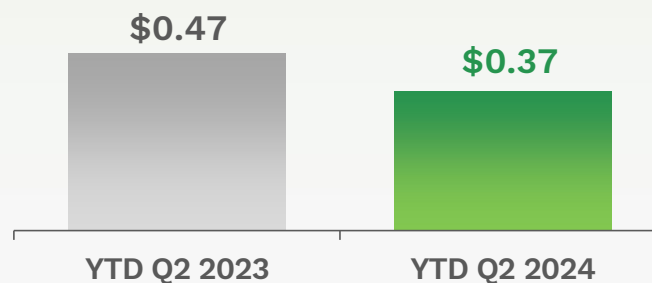
Q2 and YTD Q2 2024 Diluted Adjusted Net Income per Share¹

- Q2 Diluted Adj. EPS¹ of \$0.20 compared to \$0.29 in prior year quarter
- YTD Q2 Diluted Adj. EPS¹ of \$0.37 compared to \$0.47 in prior year quarter
- Q2 and YTD Q2 Diluted Adj. EPS¹ change driven by higher interest and income tax expenses and higher average weighted share count, partially offset by improved loss from operations and lower dividends on our Series A-2 preferred stock
 - Diluted Adj. EPS¹ calculated using Adjusted Net Income Attributable to Stockholders¹ divided by fully diluted shares

Q2 2024 Diluted Adj. EPS¹



YTD Q2 2024 Diluted Adj. EPS¹



¹⁾ Diluted Adjusted Net Income Per Share 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.

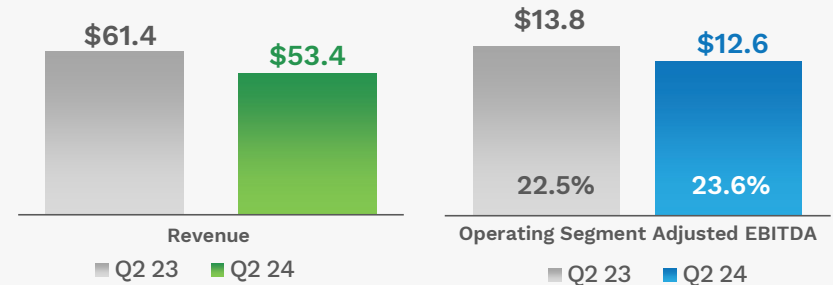


Assessment, Permitting and Response Segment Performance

- Revenue change primarily due to:
 - Robust demand for advisory services, and
 - Cross-selling success across multiple business lines, which
 - Partially offset lower environmental emergency response revenues of \$14.7 million and \$22.2 million, Q2 and YTD Q2, respectively
- 110 basis points of margin growth in both periods driven by
 - Organic growth
 - Favorable revenue mix

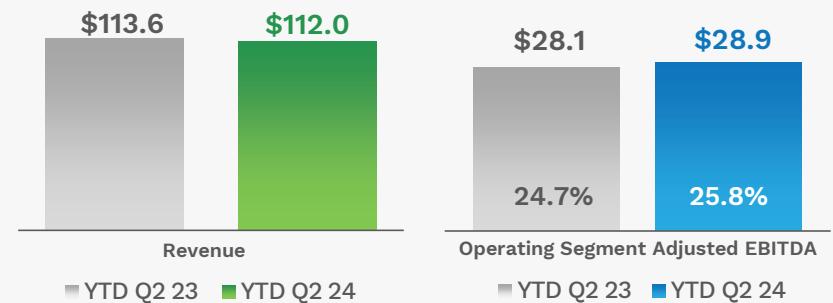
Q2 2024 Revenue and Segment Adj. EBITDA

(\$ in Millions, % as a Percent of Segment Revenue)



YTD Q2 2024 Revenue and Segment Adj. EBITDA

(\$ in Millions, % as a Percent of Segment Revenue)



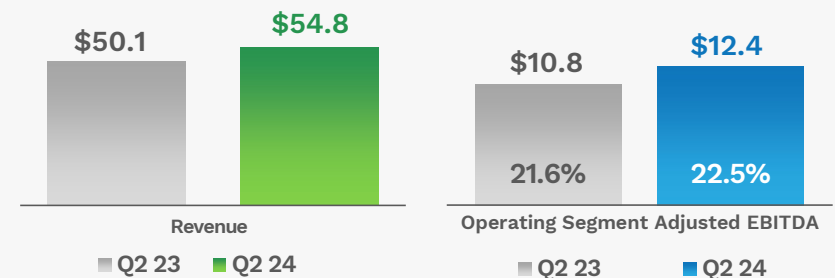
Note: For purposes of evaluating segment profit, the Company's chief operating decision maker reviews Segment Adjusted EBITDA as a basis for making the decisions to allocate resources and assess performance. See Note 19 to our consolidated financial statements included in our Form 10-Q for the period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

Measurement & Analysis Segment Performance

- Q2 and YTD Q2 revenue growth primarily driven by:
 - Strong organic growth across lab services, including PFAS and air testing
 - Continued project wins driving success
 - Software coupled with sensor networks continue to create new and differentiated opportunities
- Higher margins driven primarily by business mix and operating leverage

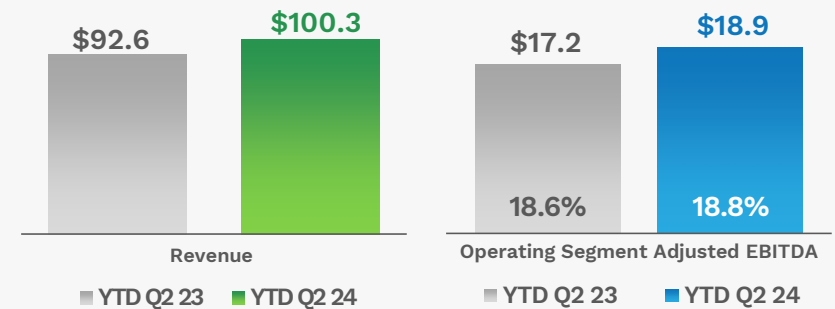
Q2 2024 Revenue and Segment Adj. EBITDA

(\$ in Millions, % as a Percent of Segment Revenue)



YTD Q2 2024 Revenue and Segment Adj. EBITDA

(\$ in Millions, % as a Percent of Segment Revenue)

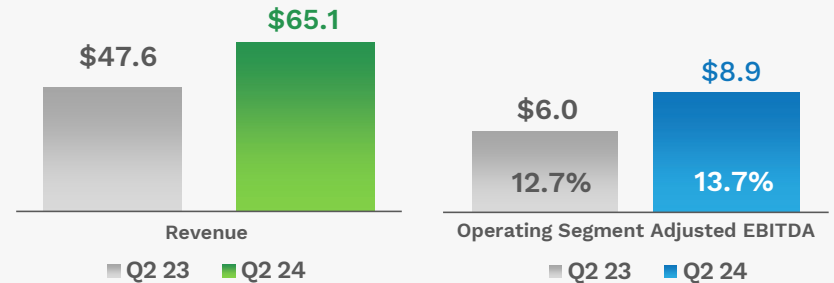


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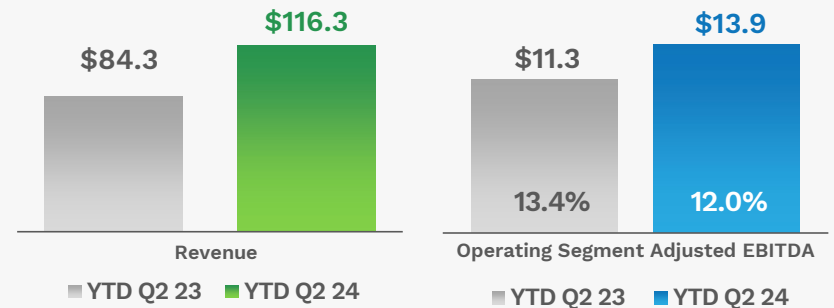
Remediation & Reuse Segment Performance

- Q2 and YTD Q2 revenue growth drivers:
 - Matrix acquisition in June 2023 and
 - Strong organic growth in soil and groundwater remediation business, which
 - More than offset the decline in water treatment and renewable services
- Higher Q2 margin drivers:
 - Strong operational improvement in Matrix,
 - Higher average margins from acquired companies, and
 - organic growth
- YTD Q2 margins impacted by seasonally low margins from Matrix in Q1 2024

Q2 2024 Revenue and Segment Adj. EBITDA
(\$ in Millions, % as a Percent of Segment Revenue)



YTD Q2 2024 Revenue and Segment Adj. EBITDA
(\$ in Millions, % as a Percent of Segment Revenue)



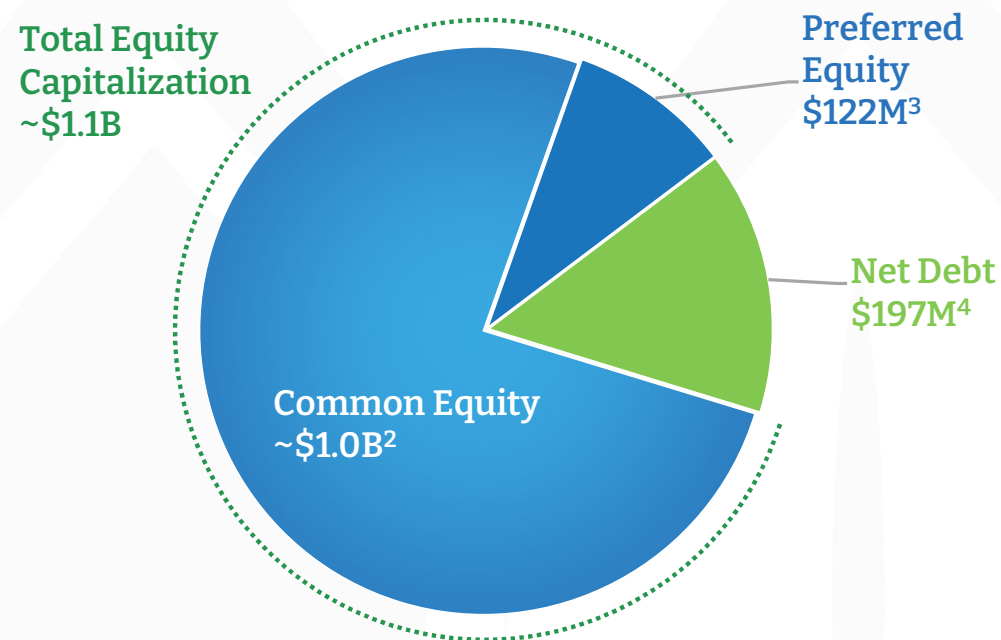
Note: For purposes of evaluating segment profit, the Company's chief operating decision maker reviews Segment Adjusted EBITDA as a basis for making the decisions to allocate resources and assess performance. See Note 19 to our consolidated financial statements included in our Form 10-Q for the period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

Attractive Capital Structure

Commentary

- Flexible balance sheet to further invest in innovation and acquisitions in highly fragmented industry
- Raised net proceeds of \$121.8 million in a common stock offering in April 2024
- Liquidity of \$188.3 million including \$16.9 million of cash and \$171.4 million of availability under revolver as of 6/30/24
- Net leverage¹ of 2.4x as of 6/30/24

Equity Market Capitalization



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.

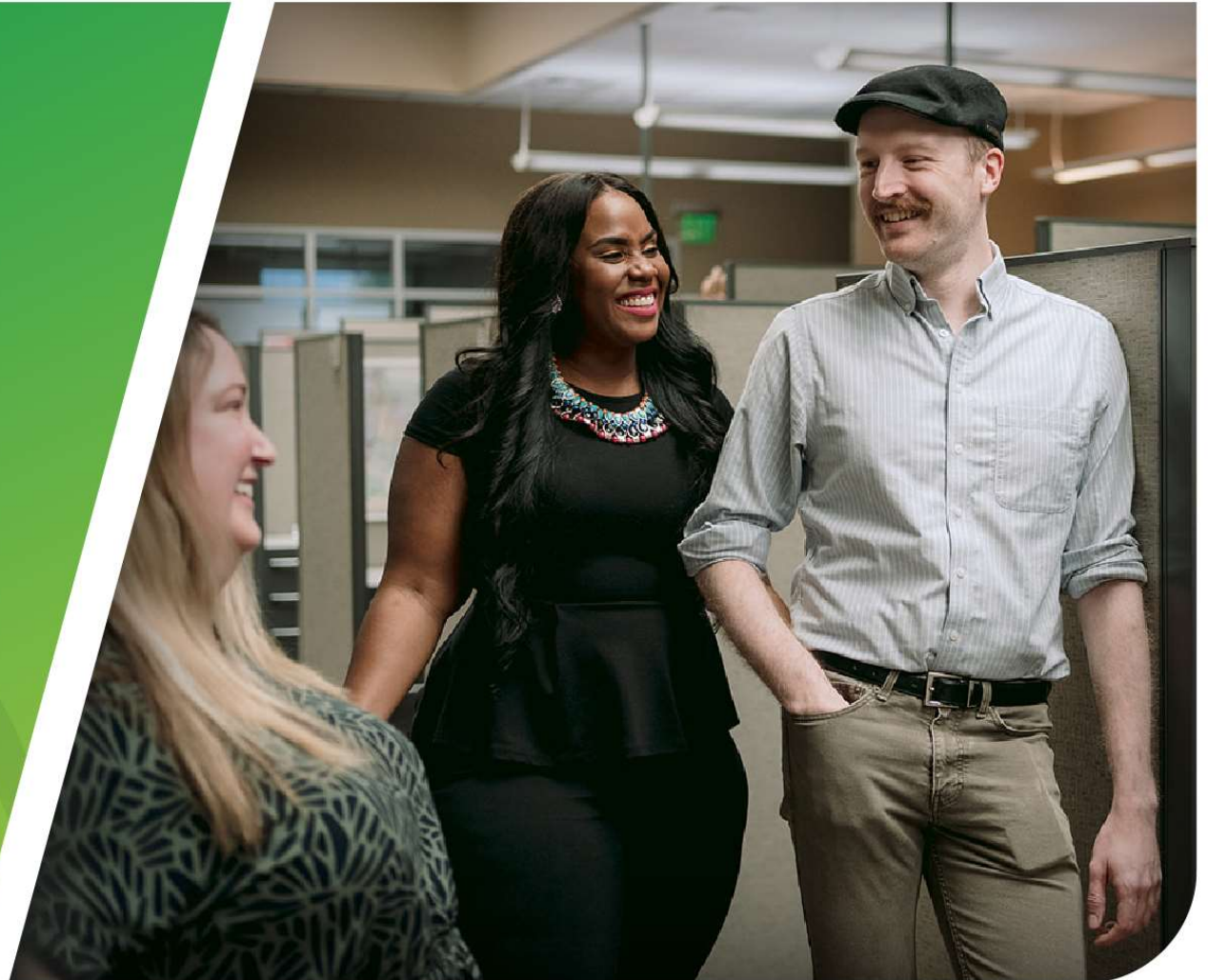
2) As of August 2, 2024.

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 \$213.8 million less cash on hand of \$16.9 million as of June 30, 2024. See the Appendix to this presentation for a discussion of Net Debt.



Outlook



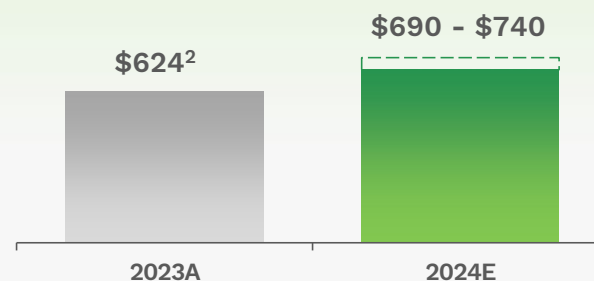
2024E Outlook Reaffirmed

Outlook Driven by Market Tailwinds, Growth Initiatives and Margin Optimization

- Revenue is expected to be in the range of \$690 - \$740 million and Consolidated Adjusted EBITDA¹ is expected to be in the range of \$95 - \$100 million
- Anticipate low double-digit organic growth for 2024, excluding environmental emergency response
- Environmental emergency response revenue expected to be within the range of \$50 - \$70 million, compared to \$91 million in 2023
- Expect to generate nearly 60% of 2024 Consolidated Adjusted EBITDA¹ in the back half of the year primarily due to acquisitions completed in the first half of 2024, Matrix seasonality and project timing

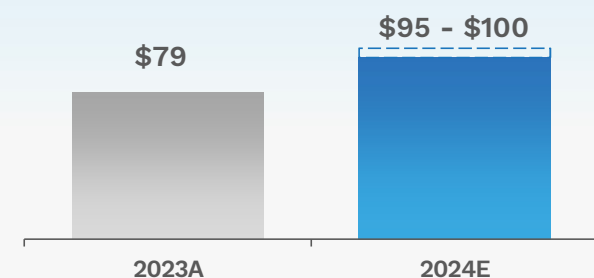
Revenue

(\$ in Millions)



Consolidated Adjusted EBITDA¹

(\$ 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 specialty lab, which generated revenues of \$8.8 million in 2023.

Investment Highlights



Unique, vertically integrated environmental company



Significant scale with global reach serving repeat client base



Large TAM and secular tailwinds backed by regulatory and corporate initiatives



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



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



Record of strong financial performance & cash flow generation



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



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



Appendix



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

Current 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.

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 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. © 2024 Montrose Environmental Group, Inc. Proprietary and Confidential. | 22



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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net loss	\$ (10,170)	\$ (7,174)	\$ (23,527)	\$ (21,893)
Amortization of intangible assets ⁽¹⁾	7,137	7,350	14,566	14,590
Stock-based compensation ⁽²⁾	11,831	11,090	23,103	24,125
Acquisition costs ⁽³⁾	1,082	2,696	3,607	3,471
Fair value changes in financial instruments ⁽⁴⁾	1,202	(865)	905	1,008
Expenses related to financing transactions ⁽⁵⁾	95	353	239	(45)
Fair value changes in business acquisition contingencies ⁽⁶⁾	136	—	242	4
Discontinued Specialty Lab ⁽⁷⁾	—	1,583	596	4,019
Other (gains) losses and expenses ⁽⁸⁾	30	82	512	216
Tax effect of adjustments ⁽⁹⁾	(543)	(301)	(922)	(301)
Adjusted Net Income	\$ 10,800	\$ 14,814	\$ 19,321	\$ 25,194
Preferred dividends Series A-2	(2,750)	(4,100)	(5,564)	(8,200)
Adjusted Net Income attributable to stockholders	\$ 8,050	\$ 10,714	\$ 13,757	\$ 16,994
Net Loss per share attributable to stockholders	\$ (0.39)	\$ (0.38)	\$ (0.91)	\$ (1.00)
Basic Adjusted Net Income per share ⁽¹⁰⁾	\$ 0.24	\$ 0.36	\$ 0.43	\$ 0.57
Diluted Adjusted Net Income per share ⁽¹¹⁾	\$ 0.20	\$ 0.29	\$ 0.37	\$ 0.47
Weighted average common shares outstanding	33,318	30,047	31,850	29,952
Fully diluted shares	39,576	37,079	37,631	36,485

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) Amount in 2024 consists of costs associated with a lease abandonment. Amount in 2023 consists of costs associated with an aviation loss.

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 June 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 Adj. Net Income and Diluted Adj. Net Income per Share

(In thousands except per share amounts)

	Quarter Ended								Year Ended
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	December 31, 2023
Net loss	\$ (10,170)	\$ (13,357)	\$ (1,441)	\$ (7,525)	\$ (7,174)	\$ (14,719)	\$ (10,812)	\$ (5,720)	\$ (30,859)
Amortization of intangible assets ⁽¹⁾	7,137	7,429	7,621	7,922	7,350	7,240	8,474	8,668	30,133
Stock-based compensation ⁽²⁾	11,831	11,272	11,658	11,484	11,090	13,035	10,915	11,018	47,267
Acquisition costs ⁽³⁾	1,082	2,525	1,960	1,499	2,696	775	537	368	6,930
Fair value changes in financial instruments ⁽⁴⁾	1,202	(297)	(5,943)	806	(865)	1,873	1,268	(1,808)	(4,129)
Fair value changes in business acquisition contingencies ⁽⁶⁾	136	106	(330)	459	353	(398)	245	59	84
Expenses related to financing transactions ⁽⁵⁾	95	144	28	3	—	4	—	—	35
Discontinued Specialty Lab ⁽⁷⁾	—	596	791	1,302	1,583	2,436	—	—	6,111
Other (gains) losses and expenses ⁽⁸⁾	30	481	328	(1)	82	134	2,494	482	544
Tax effect of adjustments ⁽⁹⁾	(543)	(465)	(38)	(213)	(301)	—	—	—	(553)
Adjusted Net Income	\$ 10,800	\$ 8,435	\$ 14,634	\$ 15,736	\$ 14,814	\$ 10,380	\$ 13,121	\$ 13,067	\$ 55,563
Preferred dividends Series A-2	(2,750)	(2,814)	(4,100)	(4,100)	(4,100)	(4,100)	(4,100)	(4,100)	(16,400)
Adjusted Net Income (Loss) attributable to stockholders	\$ 8,050	\$ 5,621	\$ 10,534	\$ 11,636	\$ 10,714	\$ 6,280	\$ 9,021	\$ 8,967	\$ 39,163
Net Loss per share attributable to stockholders	\$ (0.39)	\$ (0.53)	\$ (0.38)	\$ (0.39)	\$ (0.38)	\$ (0.63)	\$ (0.50)	\$ (0.33)	\$ (1.59)
Basic Adjusted Net Income per share ⁽¹⁰⁾	\$ 0.24	\$ 0.19	\$ 0.16	\$ 0.39	\$ 0.36	\$ 0.21	\$ 0.30	\$ 0.30	\$ 1.32
Diluted Adjusted Net Income per share ⁽¹¹⁾	\$ 0.20	\$ 0.16	\$ 0.13	\$ 0.31	\$ 0.29	\$ 0.17	\$ 0.25	\$ 0.25	\$ 1.09
Weighted average common shares outstanding	33,318	30,381	30,185	30,143	30,047	29,857	29,720	29,691	29,688
Fully diluted shares	39,576	35,686	38,589	36,952	37,079	35,891	35,686	36,147	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) Amount in 2024 consists of costs associated with a lease abandonment. Amount in 2023 consists of costs associated with an aviation loss.

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 June 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 Consolidated Adjusted EBITDA *(In thousands)*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net loss	\$ (10,170)	\$ (7,174)	\$ (23,527)	\$ (21,893)
Interest expense	3,976	1,877	7,282	3,418
Income tax expense (benefit)	2,619	151	3,112	1,518
Depreciation and amortization	12,515	11,398	24,168	21,953
EBITDA	\$ 8,940	\$ 6,252	\$ 11,035	\$ 4,996
Stock-based compensation ⁽¹⁾	11,831	11,090	23,103	24,125
Acquisition costs ⁽²⁾	1,082	2,696	3,607	3,471
Fair value changes in financial instruments ⁽³⁾	1,202	(865)	905	1,008
Expenses related to financing transactions ⁽⁴⁾	95	—	239	4
Fair value changes in business acquisition contingencies ⁽⁵⁾	136	353	242	(45)
Discontinued Specialty Lab ⁽⁶⁾	—	1,583	596	4,019
Other (gains) losses and expenses ⁽⁷⁾	30	82	512	216
Consolidated Adjusted EBITDA	\$ 23,316	\$ 21,191	\$ 40,239	\$ 37,794
Net Loss Margin	-5.9%	-4.5%	-7.2%	-7.5%
Consolidated Adjusted EBITDA Margin	13.5%	13.3%	12.2%	13.0%

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 Discontinued Specialty Lab.

7) Amount in 2024 consists of costs associated with a lease abandonment. Amount in 2023 consist of costs associated with an aviation loss.

Montrose Environmental Group, Inc.

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

	Quarter Ended								Year Ended
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	December 31, 2023
Net loss	\$ (10,170)	\$ (13,357)	\$ (1,441)	\$ (7,525)	\$ (7,174)	\$ (14,719)	\$ (10,812)	\$ (5,720)	\$ (30,859)
Interest expense	3,976	3,306	2,286	2,089	1,877	1,541	1,229	1,400	7,793
Income tax expense (benefit)	2,619	493	(3,822)	1,324	151	1,367	358	(208)	(980)
Depreciation and amortization	12,515	11,653	11,964	11,863	11,398	10,555	11,551	11,504	45,780
EBITDA	\$ 8,940	\$ 2,095	\$ 8,987	\$ 7,751	\$ 6,252	\$ (1,256)	\$ 2,326	\$ 6,976	\$ 21,734
Stock-based compensation ⁽¹⁾	11,831	11,272	11,658	11,484	11,090	13,035	10,915	11,018	47,267
Acquisition costs ⁽²⁾	1,082	2,525	1,960	1,499	2,696	775	537	368	6,930
Fair value changes in financial instruments ⁽³⁾	1,202	(297)	(5,943)	806	(865)	1,873	1,268	(1,808)	(4,129)
Expenses related to financing transactions ⁽⁴⁾	95	144	28	3	—	4	—	—	35
Fair value changes in business acquisition contingencies ⁽⁵⁾	136	106	(330)	459	353	(398)	245	59	84
Discontinued Specialty Lab ⁽⁶⁾	—	596	791	1,302	1,583	2,436	—	—	6,112
Other (gains) losses and expenses ⁽⁷⁾	30	481	328	(1)	82	134	2,494	482	543
Consolidated Adjusted EBITDA	\$ 23,316	\$ 16,922	\$ 17,479	\$ 23,303	\$ 21,191	\$ 16,603	\$ 17,785	\$ 17,095	\$ 78,576
Net Loss Margin	-5.9%	-8.6%	-0.9%	-4.5%	-4.5%	-11.2%	-5.5%	-4.4%	-4.9%
Consolidated Adjusted EBITDA Margin	13.5%	10.9%	10.5%	13.9%	13.3%	12.6%	12.7%	13.1%	12.6%

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 Discontinued Specialty Lab.

7) Amount in 2024 consists of costs associated with a lease abandonment. Amount in 2023 consist of costs associated with an aviation loss.