



Investor Presentation

November 2023



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, 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



Montrose at a Glance

Unique, High Growth Environmental Solutions Company



Est. 2012

IPO in 2020

25%

Revenue CAGR⁽¹⁾

\$55M

Adj. Operating
Cash Flow^(2,3)

17

Patents

\$78M⁽⁴⁾

2023E Consolidated
Adj. EBITDA⁽⁵⁾

~3,500

Employees

\$615M⁽⁴⁾

2023E Revenue

27%

Consolidated Adj.
EBITDA CAGR^(1,5)

35%

Cross-Selling⁽⁶⁾
Revenue Success

- 1) 2019-2023E CAGR. For revenue, excludes discontinued service lines, which generated revenues of \$17.1 million in 2020, \$12.1 million in 2021, and \$3.6 million in 2022.
- 2) Q3 2023 LTM. Presentation of financial information on a last twelve month ("LTM") basis is not in accordance with GAAP. See the Appendix to this presentation for a discussion of this presentation and how it is derived from our historical amounts reported under GAAP.
- 3) 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, \$19.5 million in YTD Q3 2022, and \$19.5 million in 2022. Reported cash from operating activities was \$41.5 million in YTD Q3 2023, \$8.2 million in YTD Q3 2022, and \$20.6 million in 2022. See the appendix to this presentation for a discussion of Adjusted Operating Cash Flow.
- 4) Represents midpoint of 2023E outlook range for Revenue and Consolidated Adjusted Adj. EBITDA of \$590-\$640 million and \$75-\$81 million, 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.
- 6) Cross-selling activity defined as the percentage of total revenue from customers purchasing two or more Montrose services (other than those provided by CTEH) within the same fiscal year.

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**

What Does Montrose Environmental Group Do?

We Provide Integrated Environmental Solutions Focusing On:

- Water treatment, access and quality
- Energy transition (e.g., waste to renewable biogas)
- Greenhouse gas measurement and mitigation/removal
- Response and risk management related to environmental risks and emergencies (e.g. floods or forest fires)
- Compliance with environmental regulations (e.g. air quality)

We Believe Our Solutions are Differentiated Because:

- We integrate disparate and fragmented services into a targeted, cohesive solution
- We provide unique, patent-protected technology and custom-developed software solutions



Capabilities Aligned with Emerging Political & Regulatory Priorities

← Focus on Environmental Matters Creates Tailwinds for Montrose →

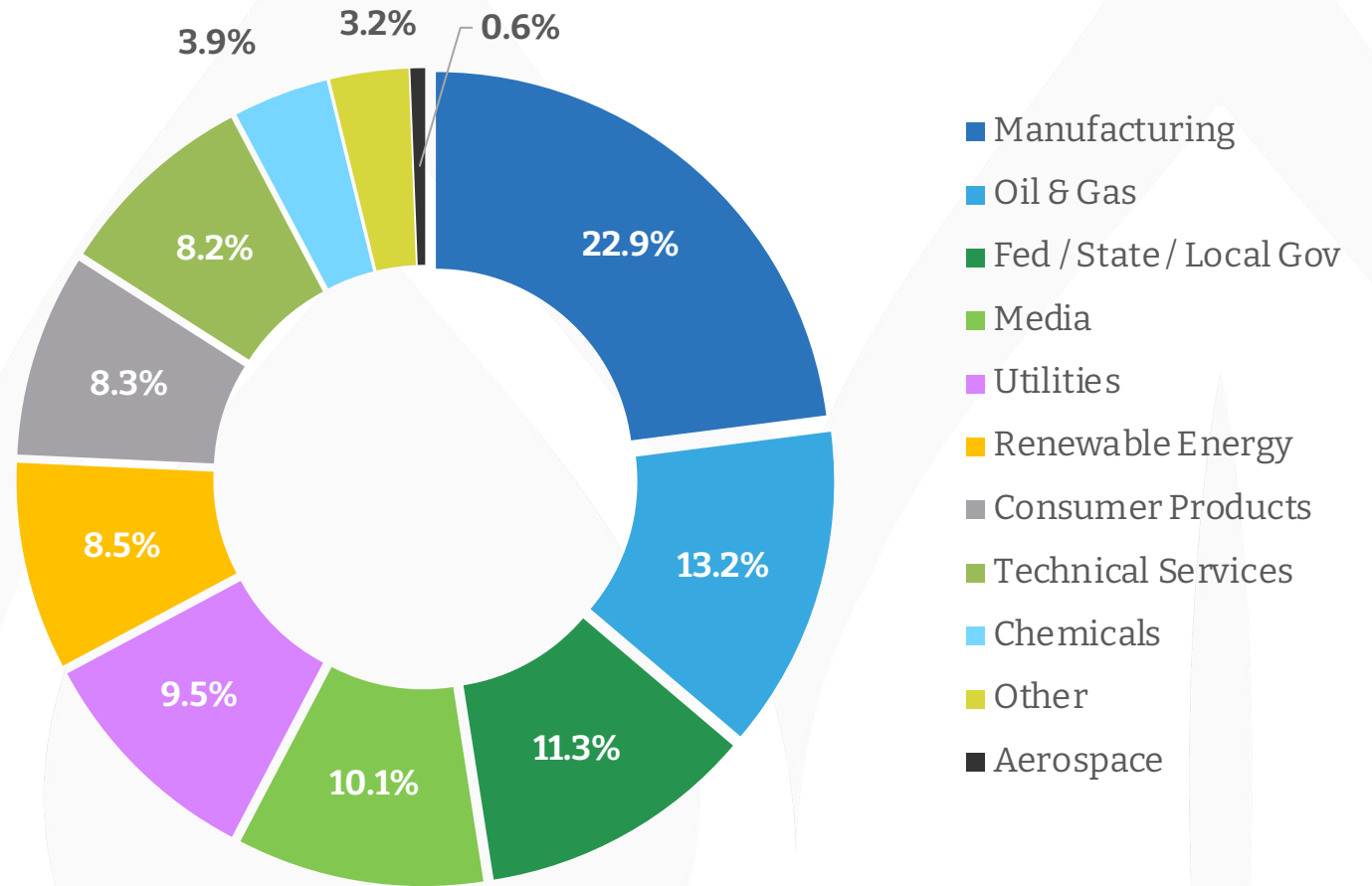
	Advisory	Testing	Remediation	Water Treatment	Renewable	Response
Climate Change & Event Driven Response	✓	✓	✓	✓	✓	✓
Emerging Contaminant Regulation (e.g., PFAS)	✓	✓	✓	✓		✓
Infrastructure and Defense Spending	✓	✓	✓	✓		✓
Greenhouse Gas Mitigation & Air Quality	✓	✓			✓	✓
Increased Regulatory Enforcement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



Our Revenue is Resilient Due to Regulatory Underpinning and Diverse Customer Base

- Revenue retention is strong and consistent: clients generating 95%+ revenue in FY2021 repeated in FY2022, consistent with prior years
- Approximately 5,600 clients in 2022; largest client represents ~14% of revenue
- 89%/11% revenue split between private and public clients

Revenue End Market Mix 2022



We Have Consistently Created Value for Our Shareholders

Organic Earnings Growth (+)

- Average annual organic revenue growth⁽¹⁾ of ~16% since Montrose's IPO in 2020
- Revenue synergies catalyze cross-selling⁽²⁾ success by creating environmental value for clients, accounting for 35% of revenues in 2022
- Positioned to continue strong organic growth given industry tailwinds, differentiated IP and software
- Successful investments in R&D have furthered organic growth opportunities and increased barriers to entry

Strategically Additive Acquisitions (+)

- Acquisitions represent a core part of growth strategy within highly fragmented environmental industry
 - Environmental services industry comprised of thousands of firms
- Strategic acquisitions purchased at an average of mid-to-high single-digit multiples to-date can generate significant shareholder value over time
- Positioned to acquire an expected \$10-15 million of annualized EBITDA per year at attractive values

¹⁾ Excludes discontinued service lines, which generated revenues of \$17.1 million in 2020, \$12.1 million in 2021, and \$3.6 million in 2022. See the appendix for a discussion of how we calculate organic growth.

²⁾ Cross-selling activity defined as the percentage of total revenue from customers purchasing two or more Montrose services (other than those provided by CTEH) within the same fiscal year.

R&D Creating Barriers To Entry and Long Term Organic Growth

Montrose R&D at a Glance

- 17 Patents
- 33 Patents in progress
- 3 Laboratories (Australia, ME, NC)
- 12 PhDs and Scientists dedicated to Environmental R&D

First Pilot of Montrose CO₂ Capture Technology



Plenum Breach for Ports



On-site Pilot System

Montrose R&D Areas of Focus

Water Treatment Initiatives

- PFAS:
 - Regenerable Ion Exchange (IX): Commercialized, patent-protected
 - Foam fractionation: Commercialized.
 - AFFF replacement and BioGAC treatment for F3 foams: In the process of commercialization.
 - On-site PFAS destruction: Being developed through a partnership.
 - Oxidation and other pretreatment methods: Optimizing PFAS capture.
- Other Emerging Contaminants:
 - Selenium removal: Active initiative.

Vapor Treatment and Removal

- VOC capture: Using a patented regenerable process.

Carbon Capture

- CO₂ capture and removal: Pilot phase showing compelling results to date.

Resource Recovery

- Waste to resource conversion: Supported by equity investment and partnerships, with promising pilot results.

Advanced Contaminant Monitoring

- Real-time PFAS sensing and analysis: Backed by equity investment and strategic partnerships.

Acquisitions Remain Core To Our Strategy and Highly Accretive

- 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 revenue and cost synergies
- Acquisition pipeline remains robust
- Strong balance sheet and ample liquidity to further execute M&A strategy



VANDRENSNING.COM



Our Integrated
Solutions are Helping
Solve the World's
Environmental
Challenges



Working Across Montrose to Help Solve the Global PFAS Problem



Our Team of Engineers, Geologists, Chemists, Scientists, Toxicologists, Risk Assessors, and Field Technicians Provide an Integrated, Cross-functional Continuum of Services to Address the Complexities Surrounding PFAS

Environmental Challenge:

PFAS are widely used, long lasting chemicals components which break down very slowly over time in water, air and soil

Remediation Outlook:

PFAS remediation expenditures in the U.S. are estimated to surpass \$160 billion⁽¹⁾ at over 40,000 sites over the next 20-30 years

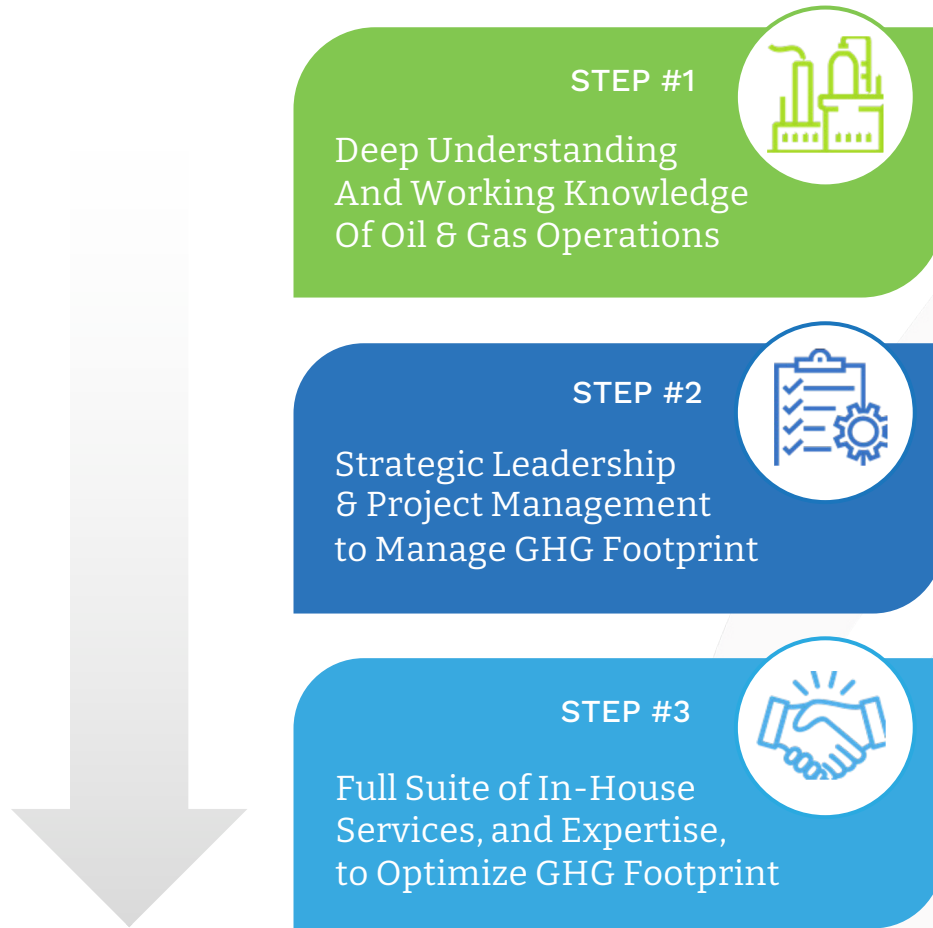
Montrose Integrated PFAS Solutions:

- Human health and environmental risk communication
- Front-end planning
- Site characterization sampling and evaluation
- Laboratory testing
- Toxicology and risk assessment
- Regulatory compliance
- Air testing
- Water and soil remediation
- Water treatment design and installation

¹⁾ Environmental Business Journal, Volume XXXII, Numbers 5/6, 2019



Working Across Montrose to Help Solve the Global GHG Problem



**Detection + Data + Integrated Solutions
= Helping to Achieve GHG Reduction Goals**

Environmental Challenge:

O&G industry's operations represent 9% of human-made greenhouse gas (GHG) emissions. Stakeholders, including the SEC's newly proposed climate change disclosure rules, are pushing companies to disclose consistent, comparable, and reliable data while working towards climate-change goals.⁽¹⁾

Remediation Outlook:

The drive towards low-carbon and low-cost is the industry paradigm and we believe those who are able to achieve it will enjoy a competitive advantage.⁽²⁾ In 2020, Oil and Gas Climate Initiative members invested over \$7B in low carbon solutions.⁽³⁾

Integrated GHG Solutions:

- Advisory Services – Establishing the best frameworks to determine accurate and actionable GHG emission footprints and plans
- Testing - Cutting-edge GHG detection and measurement from our established air quality testing and laboratory business lines
- Data management – Software to enable real time data capture, analytics and visualization
- Mitigation (e.g., Biogas development)

¹⁾ [https://www.mckinsey.com/industries/oil-and-gas/our-insights/the-future-is-now-how-oil-and-gas-companies-can-decarbonize#:~:text=The%20industry's%20operations%20account%20for,global%20emissions%20\(Exhibit%202\).](https://www.mckinsey.com/industries/oil-and-gas/our-insights/the-future-is-now-how-oil-and-gas-companies-can-decarbonize#:~:text=The%20industry's%20operations%20account%20for,global%20emissions%20(Exhibit%202).)
²⁾ [https://www.weforum.org/agenda/2021/08/oil-gas-industry-lifecycle-approach-reducing-emissions/.](https://www.weforum.org/agenda/2021/08/oil-gas-industry-lifecycle-approach-reducing-emissions/)
³⁾ [https://www.ogci.com/about-us/.](https://www.ogci.com/about-us/)

Core Sustainability Principles



Core Sustainability Principles & the Transition to a Low-Carbon Economy

- Montrose supports the transition to a low carbon economy across our business lines, and with a variety of clients. In addition to delivering industry recognized solutions we also have a dedicated research and development team which deliver unique and innovative solutions to support the transition.
- We understand the significance of the global effort to reduce GHG emissions and the importance of transitioning to a low carbon economy. That is why our work includes solutions that support clean energy and climate resilience.

Core Sustainability Principles



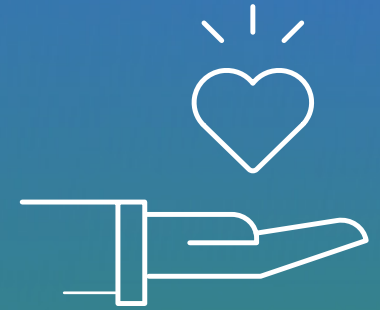
Protection of our people and communities

We commit to constant assessment and improvement of the safety and wellbeing of our people and the communities in which we live and work.



Protection of our environment

We aim to lead by example as a company that helps our clients with environmental compliance and performance.



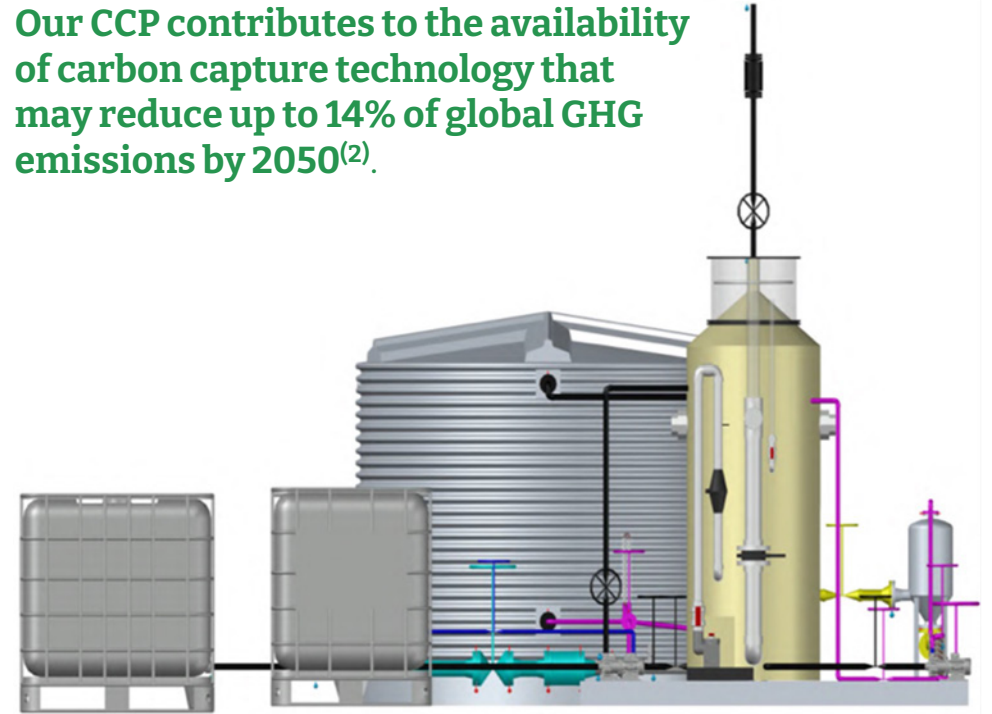
Protection of integrity

We promote the ethical treatment of our employees, stakeholders, and partners in all of our interactions.

Case Study: Montrose Impact on the Environment Through Business Solutions

- The Montrose Carbon Conversion Process (CCP) uses a non-toxic, water-based solvent to remove and permanently sequester 99.99% of CO₂ from process and combustion exhaust streams. The process produces a carbonate species with resale value, and with the reuse of waste heat and its low parasitic load, provides a negative carbon intensity score⁽¹⁾.
- Similar approaches have been attempted in the past, but have encountered issues, including kinetic and mass transfer limitations, harmful product degradation, lack of odor-control, and risk of groundwater contamination from accidental environmental release.
- Our process has overcome these barriers with a patented 2-step gas transfer technology with low energy consumption. The process removes CO₂ concentrations ranging from 0.04% - 100% from influent sources and is easily scalable for a relatively small footprint. It is also reliable, easy to operate, and sequesters the CO₂ into a stable, valuable product for sale or consumption.
- Carbon capture technology that reduces up to 14% of global GHG emissions by 2050⁽²⁾, and our CCP contributes to the availability of this technology. Carbon capture is viewed as the only practical way to achieve deep decarbonization in the industrial sector. With less complexity, our solution is easier and faster to deploy around the globe.

Our CCP contributes to the availability of carbon capture technology that may reduce up to 14% of global GHG emissions by 2050⁽²⁾.



Notional layout of Montrose Carbon Conversion technology deployed in a pilot configuration. The expected footprint of a pilot is approximately 10' x 10' and involves 2 IBC totes, a 1000-gallon polyethylene cooling tank (to be substituted out in a full-scale unit), a 500 gallon carbon conversion reactor and associated programmable logic.

¹⁾ Carbon intensity score is the metric tons of CO₂ equivalent per unit of physical or economic output. IFRS Sustainability (March 2022). *Exposure Draft IFRS S2 Climate-related Disclosures*. IFRS. <https://www.ifrs.org/content/dam/ifrs/project/climate-related-disclosures/issb-exposure-draft-2022-2-climate-related-disclosures.pdf>
²⁾ <https://www.c2es.org/content/carbon-capture/>

Montrose's Commitment to Reducing Our Own GHG Impacts



- In addition to helping our clients identify and manage climate-related risks through the work we conduct supporting the transition to a low-carbon future, we anticipate significant climate-related opportunities through our solutions as new regulations are enacted regarding GHG emissions.



- As part of this commitment, we will also set near-term (e.g., 2030) GHG reduction targets, and our near-term targets and our long-term goal will be validated by SBTi. Once our targets are set, we will develop emissions reduction action plans to enable target and goal achievement.



- With the support of our Executive Leadership and Board, we have committed to achieving **net zero GHG emissions by 2040**. We are committing to net zero via the Science Based Target Initiative (SBTi).



MEG Positive Societal Impact

- As a leading environmental solutions company, we recognize our role in solving the world's greatest environmental challenges, and we commit to doing so responsibly and with our stakeholders in mind.
- Our innovative technologies, processes, and applications address existing and emergent issues, such as public health and air quality concerns, compliance with environmental laws and regulations, and GHG emission reduction strategies and reporting.
- By leveraging the expertise of our workforce and implementing innovative scientific solutions and accredited testing services, we deliver and create meaningful contributions for our clients and for our shared communities

UN Sustainable Development Goal Alignment



Clean Water and Sanitation and its target 6.3, to improve water quality.



UN SDG 3 – Good Health and Well-being, and its target 3.4, reduce mortality from noncommunicable diseases and promote mental health, and target 3.9, to reduce illness and death from hazardous chemicals and pollution.



Industry, Innovation, and Infrastructure and its target 9.1, to develop quality, reliable, sustainable and resilient infrastructure, and target 9.4, to upgrade infrastructure to make it sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies.



UN SDG 8 – Decent Work and Economic Growth, and its target 8.2, sustainable economic growth, target 8.4, improve resource efficiency in consumption and production, target 8.5, full employment and decent work with equal pay, target 8.7, end modern slavery, trafficking, and child labor, and 8.8, protect labor rights and promote safe working environments.



Climate Action and its target 13.1, to strengthen resilience and adaptive capacity to climate-related hazards.



UN SDG 10 – Reduced Inequalities and its target 10.2, promote universal social, economic, and political inclusion, target 10.3, ensure equal opportunities and end discrimination, and target 10.4, adopt fiscal and social policies that promote equality, as they relate to the workplace.



Life on Land and its target 15.3, to restore degraded land and soil.

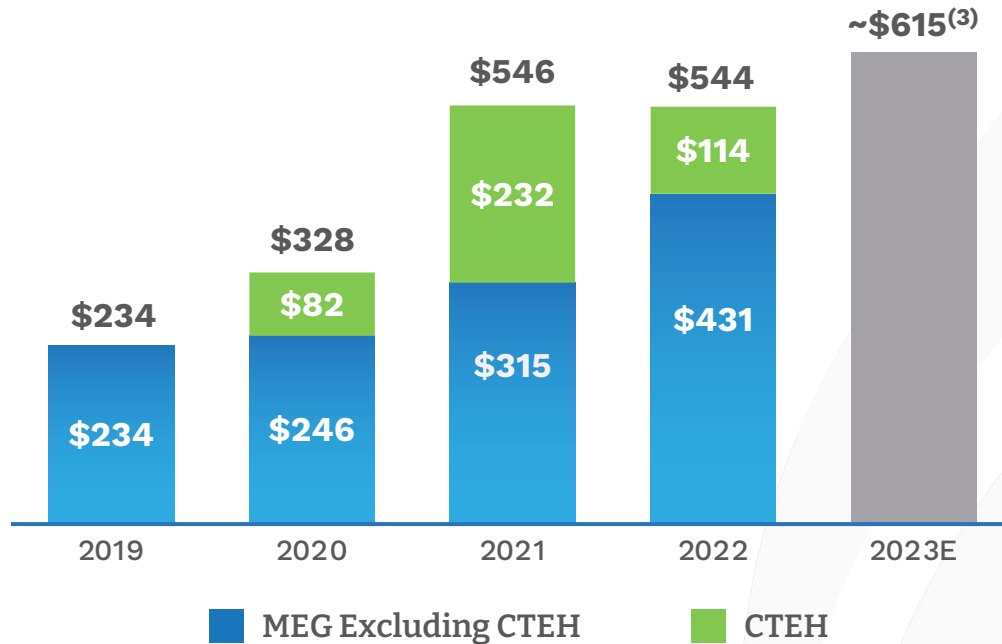
Financial Overview



Strong Record of Long-Term Growth

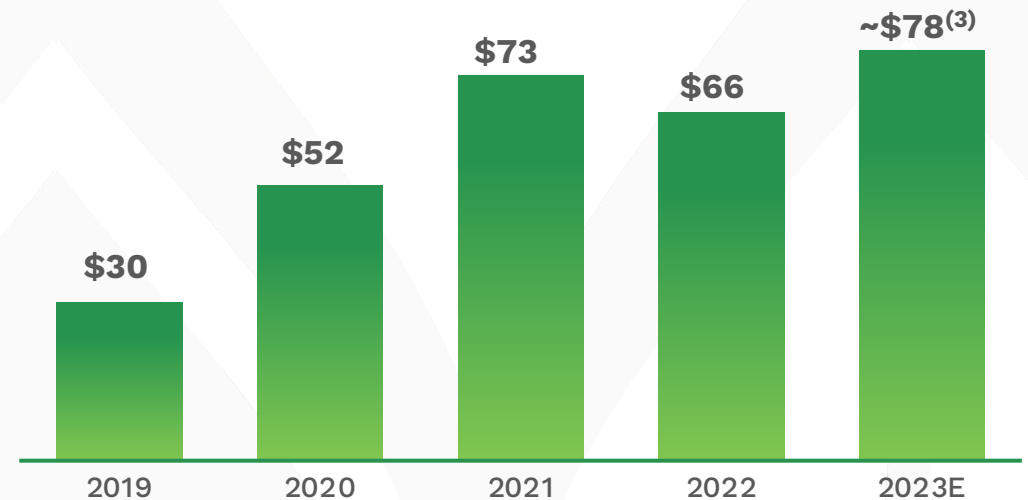
Revenue

2019-2023E CAGR⁽¹⁾: 25% and excluding CTEH 22%
(\$ in Millions, Dec FYE)



Consolidated Adjusted EBITDA⁽²⁾

2019-2023E CAGR: 27%
(\$ in Millions, Dec FYE)



Strong record of long term growth poised to continue

¹⁾ Excludes discontinued service lines, which generated revenues of \$17.1 million in 2020, \$12.1 million in 2021, and \$3.6 million in 2022.

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.

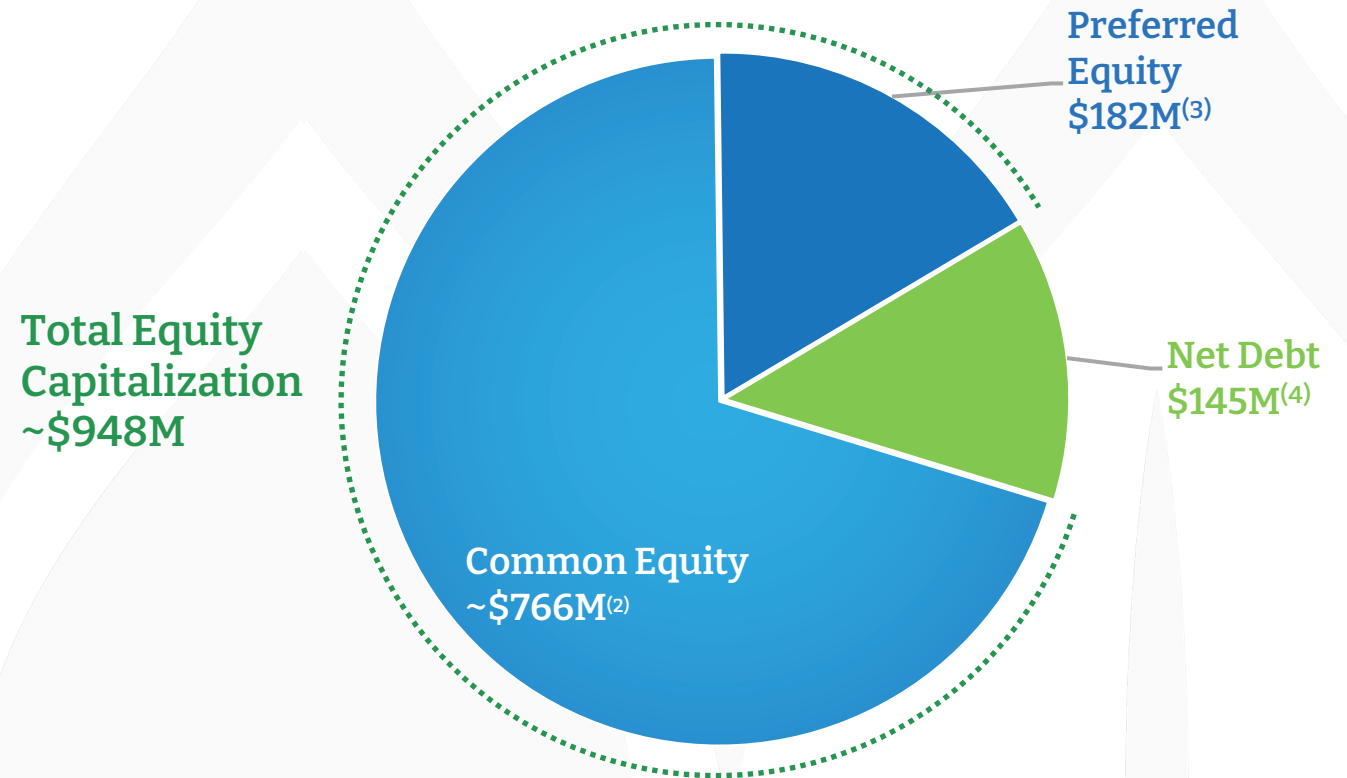
³⁾ Represents midpoint of 2023E outlook range for Revenue and Consolidated Adjusted Adj. EBITDA of \$590-\$640 million and \$75-\$81 million, respectively.

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⁽¹⁾ of 1.9x as of 9/30/23
- Equity capitalization of ~\$948 million⁽²⁾ consisting of 1) 30.2 million shares of common stock outstanding plus 2) \$182.2 million of A-2 Preferred Equity held by Oaktree⁽³⁾

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 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.

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

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.

This presentation also presents revenues on a last twelve month ("LTM") basis. Information presented for LTM periods that do not track our fiscal year (i.e., the LTM period ended Q3 2023) reflect unaudited trailing four quarter financial information calculated by starting with the results from the most recent audited fiscal year included in such LTM period and then (x) adding quarterly information for subsequent fiscal quarters and (y) subtracting quarterly information for the corresponding prior year period. For each line item shown, LTM Q3 2023 has been calculated by taking the relevant reported financial information from Fiscal 2022 and adding the reported financial information for the nine months ended September 30, 2023, and then subtracting the reported financial information for the nine months ended September 30, 2022. This presentation is not in accordance with GAAP. However, we believe LTM information is useful to investors as we use it to evaluate our financial performance for ongoing planning purposes, including a continuous assessment of our financial performance in comparison to budgets and internal projections. This presentation has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Please see our Annual Report on Form 10-K filed on March 1, 2023 and Quarterly Report on Form 10-Q filed on November 8, 2023, respectively, for the historical amounts used to calculate the LTM information presented.

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 and/or disaster 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 revenues due to the emergency response aspect of their 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) Income to Consolidated Adjusted EBITDA (In thousands)

	Year Ended				
	December 31, 2022	December 31, 2021 ^(a)	December 31, 2020 ^(a)	December 31, 2019 ^(a)	December 31, 2018 ^(a)
Net loss	\$ (31,819)	\$ (25,325)	\$ (57,949)	\$ (23,557)	\$ (16,491)
Interest expense	5,239	11,615	13,819	6,755	11,085
Income tax expense (benefit)	2,250	1,709	851	(3,121)	(4,968)
Depreciation and amortization	47,479	44,810	37,274	27,705	23,915
EBITDA	\$ 23,149	\$ 32,809	\$ (6,005)	\$ 7,782	\$ 13,541
Stock-based compensation ⁽¹⁾	43,290	10,321	4,849	4,345	5,794
Acquisition costs ⁽²⁾	1,891	2,088	4,344	3,474	1,589
Fair value changes in financial instruments ⁽³⁾	(3,396)	2,195	20,319	11,160	(352)
Expenses related to financing transactions ⁽⁴⁾	7	50	378	—	398
Fair value changes in business acquisition contingencies ⁽⁵⁾	(3,227)	24,372	12,942	1,392	(158)
Short term purchase accounting fair value adjustment to deferred revenue ⁽⁶⁾	—	—	243	858	—
Public offering expense ⁽⁷⁾	—	—	7,657	610	—
Other losses and expenses ⁽⁸⁾	4,459	1,400	7,567	577	(1,680)
Consolidated Adjusted EBITDA	\$ 66,173	\$ 73,235	\$ 52,294	\$ 30,198	\$ 19,132

(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 derivatives and warrant options attached to the Series A-1 preferred stock and 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) 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 our 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, 2019 and 2018, amounts represent loss (earnings) from the Discontinued Service Lines and the Berkeley lab.