

Fourth Quarter 2024 Earnings Call

FEBRUARY 27, 2025

Disclosures

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, 2024, for additional information regarding the risks and uncertainties that may cause actual results to differ materially from those expressed in any forward-looking statement.

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

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

Key Updates



Record Performance Demonstrates Business Model Success & Resiliency

Successfully Executing Our Integrated Environmental Solutions Strategy

FINANCIAL 2024 HIGHLIGHTS (2024 compared to 2023)

- 11.6% Revenue growth to a record \$696.4M
 - 8.3% organic revenue growth
- 21.9% Consolidated Adjusted EBITDA¹ growth to a record \$95.8M
- Profitability improved: 13.8% Consolidated Adjusted EBITDA¹ as a percent of Revenue increased 120 basis points

OPERATIONAL HIGHLIGHTS

- 96% customer retention² for 3rd consecutive year
- Cross-selling² increased to 53% of total revenues
 - We believe these results validate strategy, increase barriers to entry, and lower cost of customer acquisition
- Expansion of patent portfolio³ to 24 patents continues to create market differentiation and organic growth opportunities
- Continued expansion of geographic reach for core services through bolt-on acquisitions

REVENUE

\$696.4M

An Annual Record

11.6% Increase Over 2023

CONSOLIDATED ADJUSTED EBITDA¹

\$95.8M

An Annual Record

13.8% of Revenue

DILUTED ADJ. EPS¹

\$1.08

Adjusted Net Income¹ of \$55.8M

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.

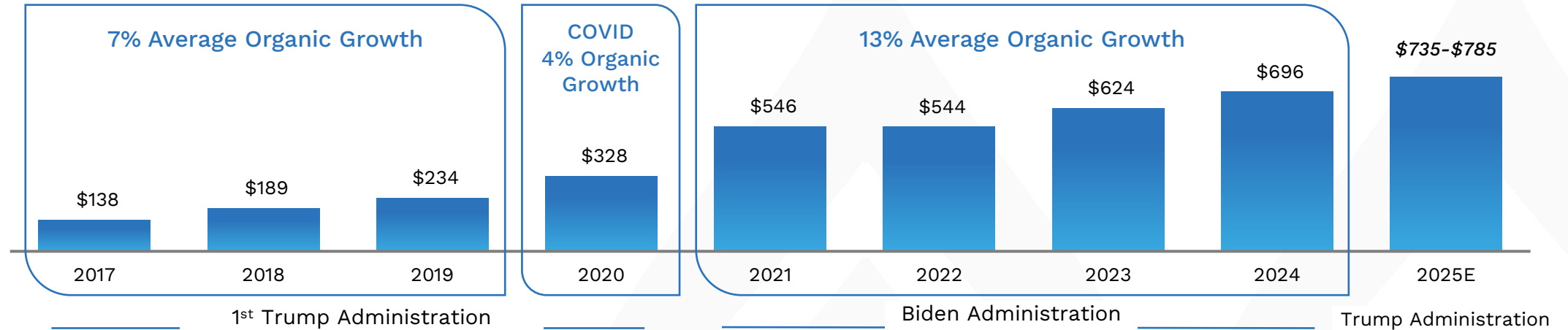
2) Customer revenue retention and cross-selling are defined in the Appendix.

3) Patent portfolio includes 8 distinct patents that have been approved in numerous countries for a total of 24 patents in the portfolio.

Demonstrated Growth and Resiliency During a Dynamic Decade

Revenue & Average Annual Organic Growth

(\$ in millions)



Environmental regulations are heavily influenced by state & local authorities, reducing the impact of US Federal changes

- **Example 1** — methane emission monitoring accounted for ~3% of 2024 revenue, with ~2/3 of these activities occurring in 9 states with independent methane emission regulations (Texas, Vermont, Pennsylvania, Ohio, North Dakota, Montana, Utah, Colorado & California)
- **Example 2** — PFAS remains 10% - 15% of revenue. PFAS regulations started under the 1st Trump Administration, with 28 states having adopted PFAS legislation, and client demand for treatment technology continues to steadily increase.
 - Though treatment thresholds may be modified, based upon current expectations, the relative impact to MEG should be minimal

Even with a material change in federal regulations, which will take time and could shift revenue mix between segments, MEG's strategy and growth algorithm remain unchanged

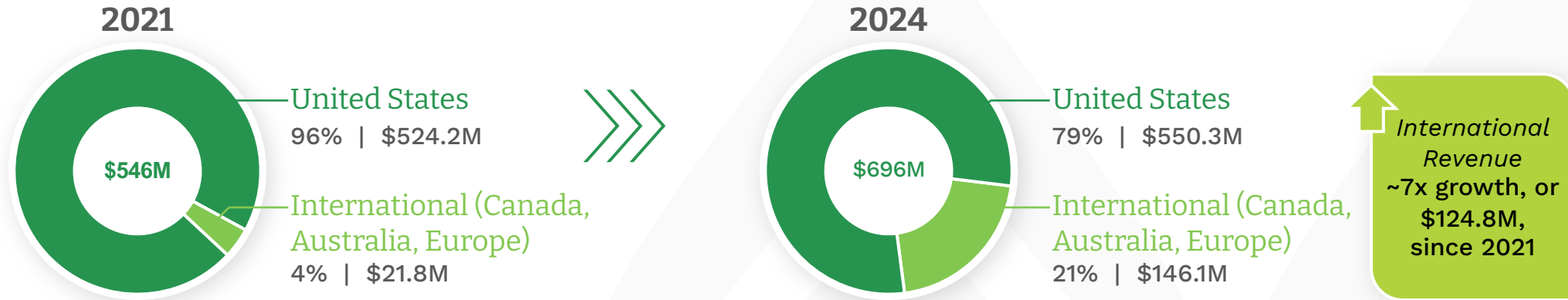
- 20% of 2024 revenue generated outside of the US, thus unimpacted by US Federal regulations
- Trump Administration's energy independence & industrial activity goals are expected to create growth

Strong Outlook Further Supported by Geographic Diversification



~6,300 unique clients

Diversified Revenue¹ Over Time by Geography



20% of 2024 revenue generated outside of the US, thus unimpacted by US Federal regulations

Portfolio of High-Quality Customers Across An Array of End Markets

Expected Drivers of Near-Term Growth

Trump Administration's energy independence & industrial activity goals are expected to create growth

➤ **Demand** for consulting and testing services expected to increase

Continued infrastructure & defense spending

➤ **Demand** for consulting (permitting & compliance), testing, and treatment services expected

Industrial-accident & weather-related disasters increasing

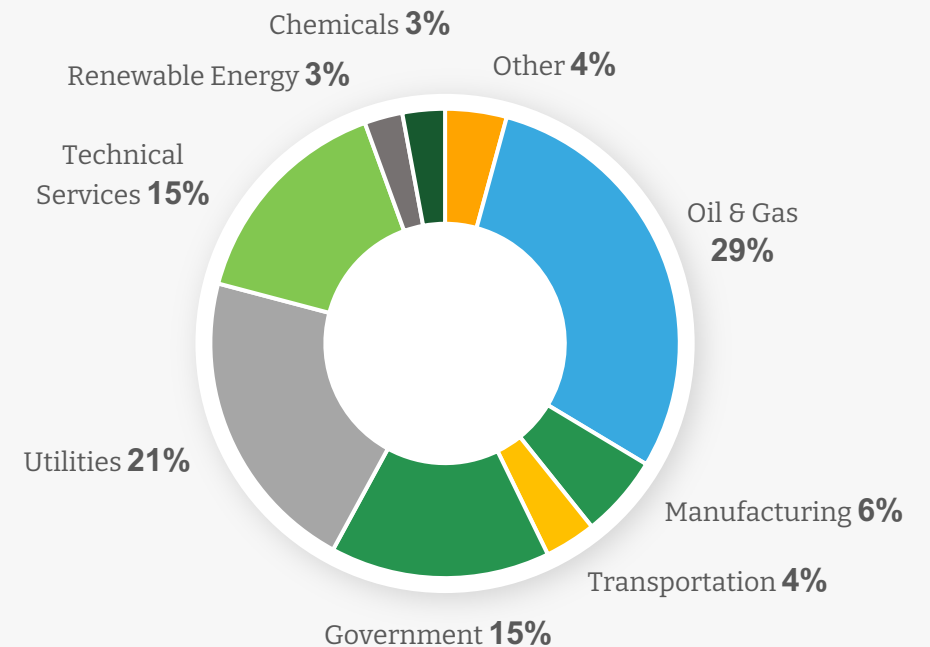
➤ **Driving demand** for environmental emergency response services

Strict air & water quality rules expected to continue

➤ **Demand increasing** for testing (emissions monitoring) and water treatment services

Diversified Customer Base & End Markets

2024 Top Customer Revenue by End Market¹



1) Represents the top 70% of revenue, excluding acquisitions.

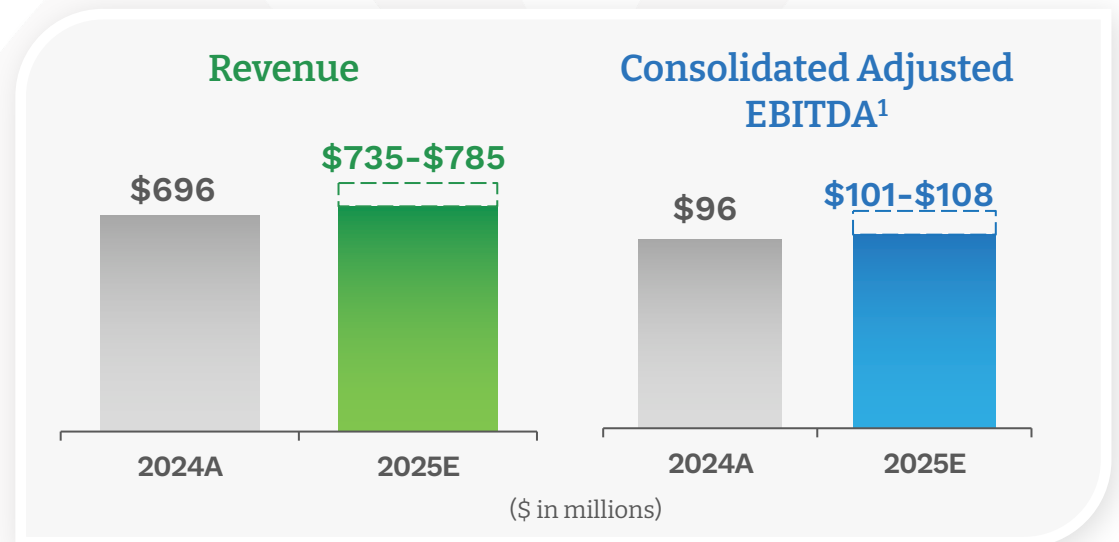
Continued Confidence In 2025

Full-year 2025 Guidance Ranges: \$735M - \$785M of Revenue and \$101M - \$108M of Consolidated Adjusted EBITDA¹

- Montrose reiterates organic growth expectations of 7% to 9% per year
- Focus on continued margin expansion and significantly improved operating cash flow
- Environmental emergency response revenue expected within \$50M - \$70M range (\$48M in 2024)
- Consolidated Trends:
 - H1 and H2 2025 revenue as percentages of 2025 outlook expected to follow 2024 trends
 - Quarterly revenue as percentages of H1 2025 expected to follow H1 2024 quarterly trends
 - H1 2025 consolidated adjusted EBITDA¹ as a percentage of revenue is expected comparable to H1 2024; with expected Q1 2025 consolidated adjusted EBITDA¹ representing approximately 1/3 of H1 2025 consolidated adjusted EBITDA¹

Factors That May Impact 2025 Performance

- Demand increase from higher energy production, industrial production, and for treatment technologies
- Unexpected macro economic impacts, fluctuations in environmental emergency responses, impacts from deregulation, and changes in project timing



1) Consolidated Adjusted EBITDA is a non-GAAP measure. See the Appendix to this presentation for a discussion of this measure.

Long-Term Commitments

1 Long-Term Capital Allocation Strategy Unchanged

Near-term priority is redemption of Series A-2 preferred equity and subsequent deleveraging

- Deemphasizing acquisitions in the near term
- Expect to resume acquisitions after Series A-2 redemption is complete and leverage remains below 3.0x - 3.5x

2 Long-Term Growth Algorithm is Unchanged

Expect long-term growth algorithm of 7% to 9% average annual organic growth + acquired adjusted EBITDA from future acquisitions

- 5-year Outlook: 7% to 9% organic growth is not dependent on outsized revenue growth in methane measurement and treatment technology (primarily PFAS). The anticipated acceleration in PFAS treatment demand over a five-year period would be incremental.

3 Ongoing Focus on Cash Flow

Target **50%+** of Adjusted Operating Cash Flow¹ as a percentage of Consolidated Adjusted EBITDA¹ on an annual basis

- Achieved 51% average 2022 through 2024
- Expect to 50%+ in 2025

4 Focused on Enhancing Profitability

Continued margin improvement driven by:

- Operating leverage & operating efficiency
- Business maturity
- Segment mix

1) Consolidated Adjusted EBITDA and Adjusted Operating Cash Flow are non-GAAP measures. See the Appendix to this presentation for a discussion of these measures.

Recent Shareholder Friendly Actions

Board composition changed

- ✓ Vincent Colman joined Board of Directors and Audit Committee as an independent director
- ✓ Additional industry experts being considered in future

Near term focus on simplifying financials to demonstrate underlying strength of business

- ✓ Voluntary cancellation of all outstanding executive stock appreciation rights (SARs) without exchange for any other equity or cash-based compensation awards or payments
- ✓ Eliminates ~\$10M in non-cash expense from the income statement in 2025 and 2026

Executive compensation changed (CEO, CFO, General Counsel)

- ✓ 2025 short-term incentives (STI) tied to progress against several key strategic efforts, in addition to Consolidated Adjusted EBITDA¹
- ✓ M&A incentives removed from STI

Short attack allegations independently assessed

- ✓ The Audit Committee of Montrose's Board of Directors engaged independent legal and accounting firms in connection with its review of the assertions made in a short report regarding the Company. The independent, third-party reports provided to the Audit Committee did not identify any issues the Company determined to be material, including with respect to intentional manipulation, misconduct or management's integrity, as alleged. Based on this review, the Company determined that no amendment to or restatement of its historical SEC filings and previously issued financial statements was needed, nor was there any basis to make substantive changes to the Company's disclosures or financial reporting.

1) Consolidated Adjusted EBITDA is a non-GAAP measure. See the Appendix to this presentation for a discussion of this measure.



Financial Overview



2025 Balance Sheet Priorities

Near-Term Priority Redemption of Preferred Equity, Subsequent Deleveraging

Focus on redemption of the Series A-2 Preferred Stock

- Near-term priority is cash redemption of the remaining \$122M Series A-2 currently outstanding, \$60M scheduled redemption in April 2025, and the balance expected prior to the end of 2025
- Expect to fund redemption via cash flow generation and incremental borrowing under credit facility
 - Prefer to operate below 3.0x leverage
 - For strategic opportunities, may increase leverage temporarily to ~3.5x
- Continued focus on organic growth and increased cash flow generation, temporarily deemphasizing acquisitions

New bank facility provides incremental liquidity, flexibility, and agility

2025 Credit Facility Highlights:

\$300M revolver + \$200M term loan A

- Effective February 26, 2025, the new facility provides incremental \$125M of availability
- Strong financial partners including Bank of America, JP Morgan, US Bank, Capital One, Wells Fargo, and PNC
- \$200M accordion feature to support long-term organic and inorganic growth
- Maturity extended through 2030

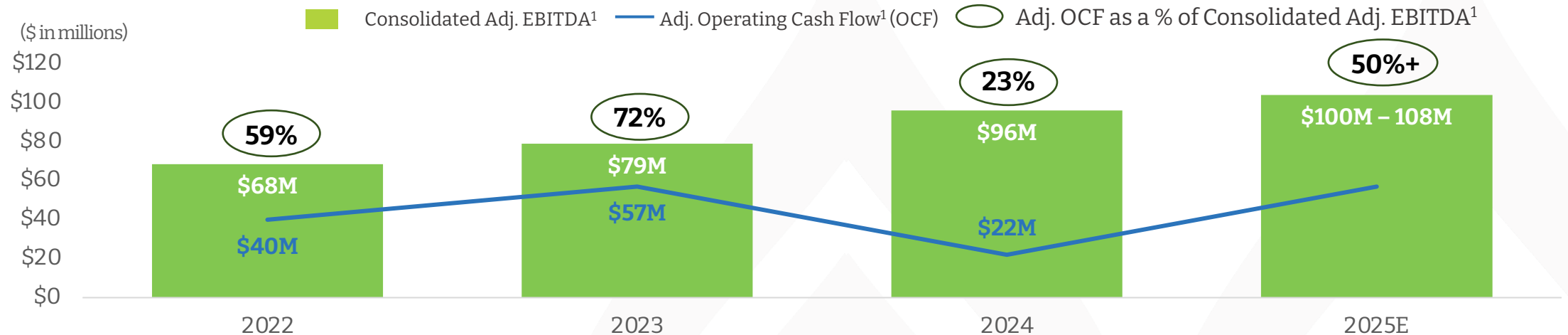
Ample liquidity

- Pro forma for the 2025 Credit Facility, as of December 31, 2024, Montrose had \$296.7 million of liquidity, including \$12.9 million of cash and \$283.8 million of availability on its revolving credit facility
- As of December 31, 2024, Montrose's leverage ratio under the 2025 Credit Facility, was 2.1x



Ongoing Focus on Cash Flow Generation & Attractive Capital Structure

Strong Operating Cash Flow (Adj. Operating Cash Flow as a % of Consolidated Adjusted EBITDA¹)



2024 OCF Summary

Notable working capital improvements into year end, including full resolution of prior delays associated with the integration of Matrix

- 2024 working capital change included increased accounts receivable of \$42.0M, with ~\$23.0M related to fourth quarter year-over-year revenue growth, and most of the remainder related to previously disclosed receivables from a large US government project
 - This project was for the City of Tustin, CA related to a US Navy-owned facility fire
 - Montrose was contracted by Tustin, and Tustin has not disputed any Montrose invoice
 - The US Navy committed to reimburse Tustin for total costs associated with the fire
 - Tustin & US Navy reviewing and processing invoices, payments are delayed given complexity of Tustin's response to the fire
 - Full collectability is expected
- Even with the Tustin delay, average OCF as a % of Consolidated Adj. EBITDA¹ since 2022 is more than 50%

2025 OCF Outlook

- On track to significantly outperform 2024 and expect to return to 50%+ OCF as a % of Consolidated Adj. EBITDA¹
- Working capital expected to materially improve

1) Consolidated Adjusted EBITDA and Adjusted Operating Cash Flow are non-GAAP measures. See the Appendix to this presentation for a discussion of these measures.

Record Fourth Quarter Consolidated Performance & Improving Profitability

Financial Highlights (2024 Q4 compared to 2023 Q4)

- Highest-ever quarterly revenue of \$189.1M, or 14.1% growth, primarily due to
 - \$18.0M in contributions from acquisitions,
 - \$15.7M organic growth in our Assessment, Permitting & Response and Measurement & Analysis segments,
 - Partially offset by \$8.4M reduction in environmental emergency response, and lower treatment technology revenues
- Adj. EBITDA¹ of \$27.2M, or 55.8% growth
- Significant profitability increase—390 basis points of expansion—reported 14.4% Consolidated Adjusted EBITDA¹ as a percentage of revenue
 - Primarily due to organic growth, the impact of acquisitions, and improved operating leverage in our Measurement & Analysis segment
- Diluted Adj. EPS¹ of \$0.29, a \$0.02 increase
 - Benefitted from lower dividends on the Series A-2,
 - partially offset by higher average weighted share count

REVENUE

\$189.1M

A Quarterly Record

14.1% Increase Over Q4 2023

CONSOLIDATED ADJUSTED EBITDA¹

\$27.2M

Strong Year-over-Year Growth

14.4% of Revenue

DILUTED ADJ. EPS¹

\$0.29

Adjusted Net Income¹ of \$14.7M

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.

Record Full Year 2024 Consolidated Performance & Improving Profitability

Financial Highlights (2024 compared to 2023)

- Record revenue of \$696.4M, or 11.6% growth, primarily from
 - Contributions from acquisitions of \$81.6M,
 - Strong organic growth of \$43.4M in our Assessment, Permitting & Response and Measurement & Analysis segments,
 - Partially offset by \$43.3M lower environmental emergency response, lower treatment technology revenues, and the Dec 2023 sale of a lab, which generated \$8.8M in 2023
- Record Adj. EBITDA¹ of \$95.8M, or 21.9% growth, primarily due to higher revenue
- Profitability increase—13.8% Adj. EBITDA¹ as a percentage of revenue
 - 120 basis points of expansion primarily due to operating leverage across all segments driven by organic growth and acquisitions
 - Corporate costs managed to 5.9% of revenues, down from 6.1% in 2023
- Diluted Adj. EPS¹ of \$1.08, a \$0.01 increase

REVENUE

\$696.4M

An Annual Record

11.6% Increase Over 2023

CONSOLIDATED ADJUSTED EBITDA¹

\$95.8M

An Annual Record

13.8% of Revenue

DILUTED ADJ. EPS¹

\$1.08

Adjusted Net Income¹ of \$55.8M

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.

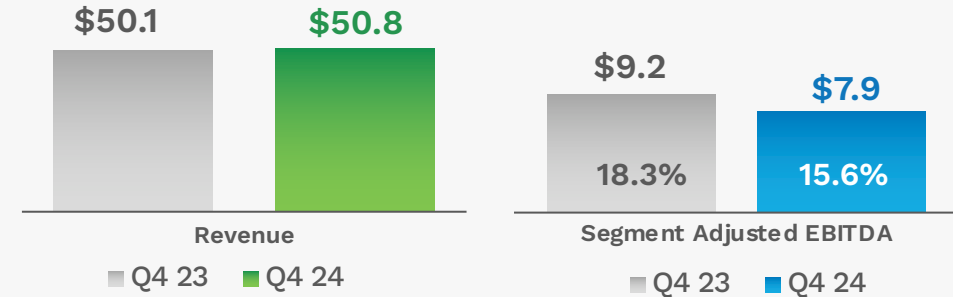
Assessment, Permitting and Response Segment Performance

Q4 2024 Results compared to Q4 2023

- Q4 revenue increased \$0.7M as
 - Strong organic growth in consulting and advisory services and positive impact from acquisitions more than offset \$8.4M environmental emergency response revenue decline
- Adj. EBITDA and Adj. EBITDA margin declined primarily due to a reduction in certain higher-margin environmental emergency response revenue

Q4 2024 Revenue and Segment Adj. EBITDA

(\$ in millions, % as Adjusted EBITDA margin)

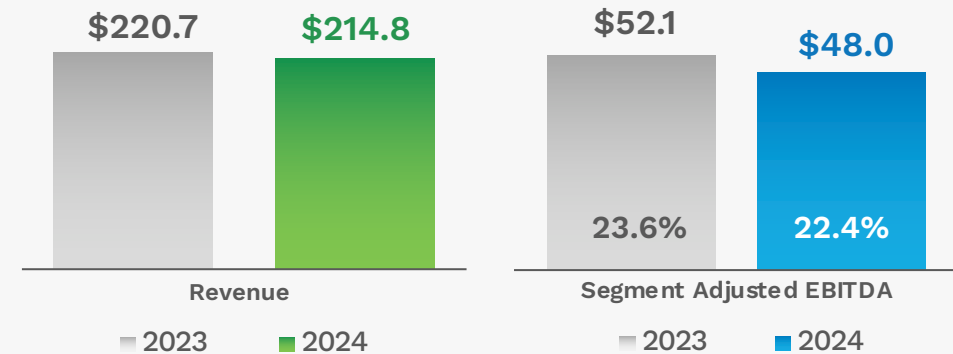


2024 Results compared to 2023

- 2024 revenue declined \$5.9M primarily due to
 - \$43.3M lower environmental emergency response revenue was partially offset by strong organic growth of \$32.3M, or 25.0%, and positive impact from acquisitions of \$5.1M
- Adj. EBITDA and Adj. EBITDA margin declined primarily due to a reduction in certain higher-margin environmental emergency response revenue

2024 Revenue and Segment Adj. EBITDA

(\$ in millions, % as Adjusted EBITDA margin)



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-K for the period ended December 31, 2024.

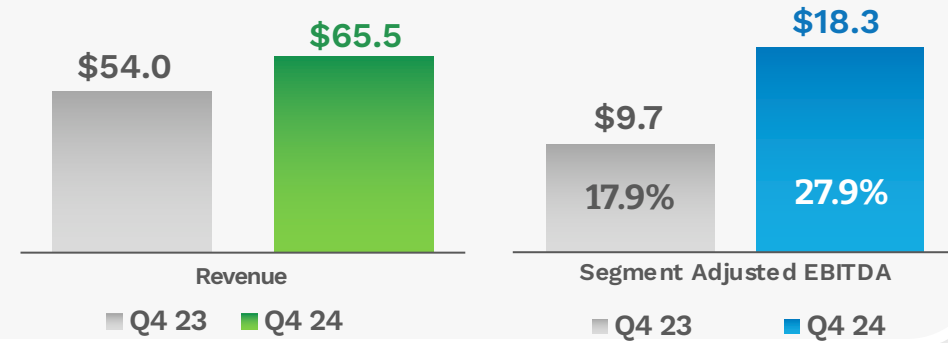
Measurement & Analysis Segment Performance

Q4 2024 Results compared to Q4 2023

- \$11.5M, or 21.3%, revenue growth primarily driven by Strong organic growth across laboratory and field services
- Incremental revenue and improved operating leverage resulted in \$8.6M increase in Adj. EBITDA, or 88.7% growth, and 1000 basis points of increase in Adj. EBITDA margin

Q4 2024 Revenue and Segment Adj. EBITDA

(\$ in millions, % as Adjusted EBITDA margin)

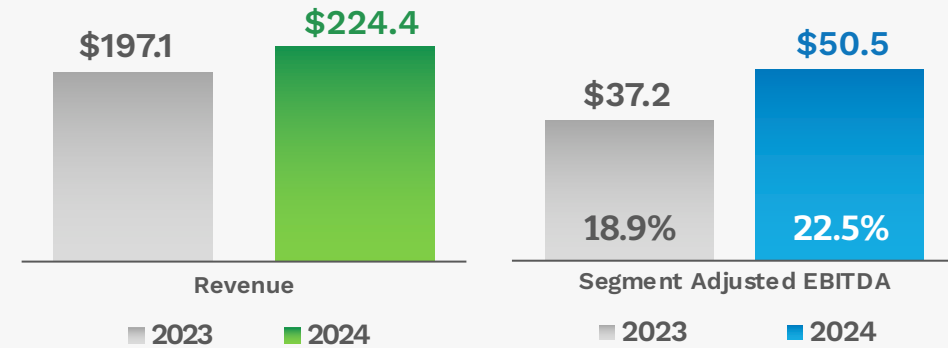


2024 Results compared to 2023

- \$27.3M, or 13.8%, revenue growth driven by:
 - Strong organic growth of \$28.2M, or 15.2%, across laboratory and field services, and contributions from the acquisitions, partially offset by the 2023 sale of a lab that contributed \$8.8M in 2023
- Incremental revenue and improved operating leverage drove \$13.3M increase in Adj. EBITDA, or 35.7% growth, and 360 bps of incremental Adj. EBITDA margin

2024 Revenue and Segment Adj. EBITDA

(\$ in millions, % as Adjusted EBITDA margin)



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-K for the period ended December 31, 2024.

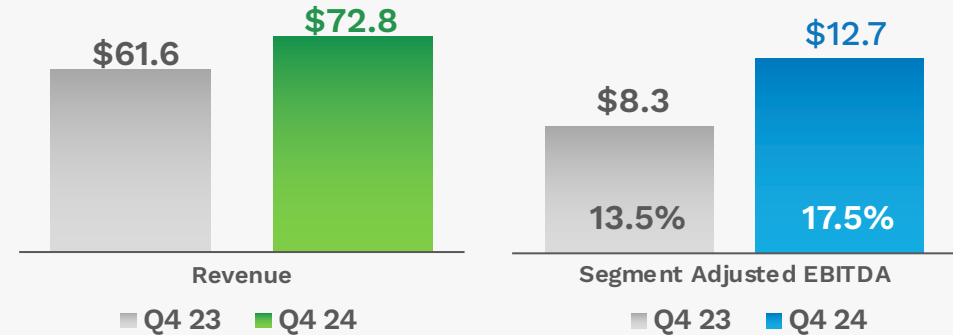
Remediation & Reuse Segment Performance

Q4 2024 Results compared to Q4 2023

- \$11.2M, or 18.2%, revenue growth driven by:
 - \$10.1M from acquisitions, partially offset by a decrease in treatment technology revenue
- Achieved \$4.4M increase in Adj. EBITDA, or 53.0% growth, and 400 bps of incremental Adj. EBITDA margin, primarily due to:
 - Strong operational improvement in Matrix, and
 - Contributions from acquired companies

Q4 2024 Revenue and Segment Adj. EBITDA

(\$ in millions, % as Adjusted EBITDA margin)

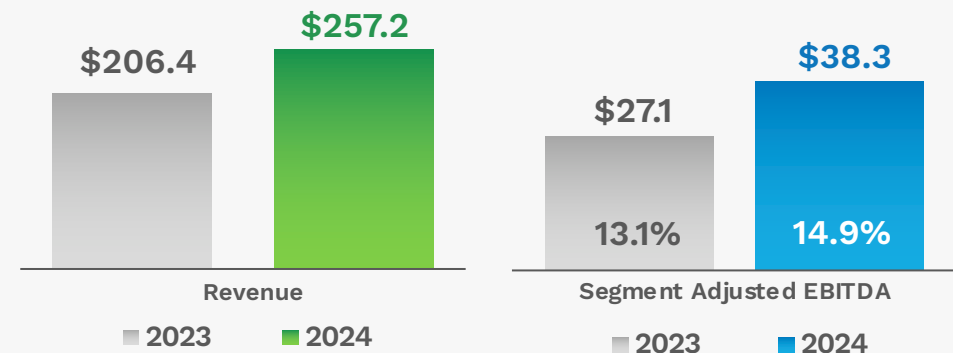


2024 Results compared to 2023

- \$50.8M, or 24.6%, revenue growth driven by:
 - \$68.0M from acquisitions, partially offset by lower treatment technology revenue primarily due to delays associated with the promulgation of the EPA’s PFAS regulations in 2024
- Achieved \$11.2M increase in Adj. EBITDA, or 41.3% growth, and 180 bps of incremental Adj. EBITDA margin primarily due to:
 - Contributions from acquired companies
 - Improved Matrix margins

2024 Revenue and Segment Adj. EBITDA

(\$ in millions, % as Adjusted EBITDA margin)



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-K for the period ended December 31, 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 2025. 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 Series A-2 preferred stock. We expect the variability of these items could have a significant impact on our reported GAAP financial results.

Non-GAAP Financial Information

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 we 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.

Customer revenue retention defined as the percentage of revenue excluding environmental emergency response revenue from customers in 2023 that recurred in 2024. Emergency environmental response revenue is excluded from the calculation in light of episodic nature of emergency response work.

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

Montrose Environmental Group, Inc.

Reconciliation of Net Loss to Adjusted Net Income

(In thousands)	(Unaudited)			
	For the Three Months Ended December 31		For the Year Ended December 31	
	2024	2023	2024	2023
Net loss	\$ (28,225)	\$ (1,441)	\$ (62,314)	\$ (30,859)
Amortization of intangible assets ⁽¹⁾	10,322	7,621	34,943	30,130
Stock-based compensation ⁽²⁾	29,799	11,658	64,665	47,267
Acquisition costs ⁽³⁾	1,456	1,960	7,827	6,930
Fair value changes in financial instruments ⁽⁴⁾	(1,727)	(5,943)	3,124	(4,129)
Expenses related to financing transactions ⁽⁵⁾	37	28	317	35
Fair value changes in business acquisition contingencies ⁽⁶⁾	149	(330)	534	84
Discontinued Specialty Lab ⁽⁷⁾	—	791	692	6,112
Other (gains) losses and expenses ⁽⁸⁾	2,436	328	4,323	543
Tax effect of adjustments ⁽⁹⁾	445	—	1,721	—
Adjusted Net Income	\$ 14,692	\$ 14,672	\$ 55,832	\$ 56,113
Series A-2 Preferred Stock dividends	(2,750)	(4,100)	(11,064)	(16,400)
Adjusted Net Income attributable to stockholders	\$ 11,942	\$ 10,572	\$ 44,768	\$ 39,713
Net Loss per share attributable to stockholders	\$ (0.90)	\$ (0.18)	\$ (2.22)	\$ (1.57)
Basic Adjusted Net Income per share ⁽¹⁰⁾	\$ 0.35	\$ 0.35	\$ 1.35	\$ 1.32
Diluted Adjusted Net Income per share ⁽¹¹⁾	\$ 0.29	\$ 0.27	\$ 1.08	\$ 1.07
Weighted average common shares outstanding	34,302	30,185	33,061	30,058
Fully diluted shares ⁽¹²⁾	41,791	38,589	41,328	37,128

1) Represents amortization of intangible assets.

2) Represents non-cash stock-based compensation expenses related to (i) option awards issued to employees, (ii) restricted stock grants issued to directors and selected employees, (iii) and stock appreciation rights grants issued to selected employees.

3) Includes financial and tax diligence, consulting, legal, valuation, accounting and travel costs and acquisition-related incentives related to our acquisition activity.

4) Amounts relate to the change in fair value of the interest rate swap instruments and the embedded derivative attached to the Series A-2 Preferred Stock.

5) Amounts represent non-capitalizable expenses associated with refinancing and amending our debt facilities.

6) Amounts reflect the difference between the expected settlement value of acquisition related earn-out payments at the time of the closing of acquisitions and the expected (or actual) value of earn-outs at the end of the relevant period.

7) Amounts consist of operating losses before depreciation related to the Discontinued Specialty Lab.

8) Amounts in 2024 are primarily comprised of third party expenses associated with the independent review and analysis of assertions in a short seller report regarding the Company, non-recurring costs to centralize certain back-office functions, and lease abandonment costs. 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 December 31, 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.

12) The fully diluted shares increased primarily due to 3.5 million shares issued in Q2'24 public offering, and a higher number of share equivalent related to the Series A-2 Preferred Stock due to lower common stock share price of \$21.03 as of December 31, 2024, compared to \$28.70 as of December 31, 2023, causing a higher conversion rate from the A-2 Preferred Stock to common stock.

Montrose Environmental Group, Inc.

Reconciliation of Net Loss to Net Loss Margin and Consolidated Adjusted EBITDA Margin

	(Unaudited) For the Three Months Ended December 31		For the Year Ended December 31		
	2024	2023	2024	2023	2022
Net loss	\$ (28,225)	\$ (1,441)	\$ (62,314)	\$ (30,859)	\$ (31,819)
Interest expense	4,442	2,286	15,862	7,793	5,239
Income tax expense (benefit)	3,516	(3,822)	7,996	(980)	2,250
Depreciation and amortization	15,357	11,964	52,762	45,780	47,479
EBITDA	\$ (4,910)	\$ 8,987	\$ 14,306	\$ 21,734	\$ 23,149
Stock-based compensation ⁽¹⁾	29,799	11,658	64,665	47,267	43,290
Acquisition costs ⁽²⁾	1,456	1,960	7,827	6,930	1,891
Fair value changes in financial instruments ⁽³⁾	(1,727)	(5,943)	3,124	(4,129)	(3,396)
Expenses related to financing transactions ⁽⁴⁾	37	28	317	35	7
Fair value changes in business acquisition contingencies ⁽⁵⁾	149	(330)	534	84	(3,227)
Discontinued Specialty Lab ⁽⁶⁾	—	791	692	6,112	—
Other losses and expenses ⁽⁷⁾	2,436	328	4,323	543	4,459
Consolidated Adjusted EBITDA	\$ 27,240	\$ 17,479	\$ 95,788	\$ 78,576	\$ 66,173
Net Loss Margin	-14.9%	-0.9%	-8.9%	-4.9%	-5.8%
Consolidated Adjusted EBITDA Margin	14.4%	10.5%	13.8%	12.6%	12.2%

- 1) Represents non-cash stock-based compensation expenses related to (i) option awards issued to employees, (ii) restricted stock grants issued to directors and selected employees, (iii) and stock appreciation rights grants issued to selected employees.
- 2) Includes financial and tax diligence, consulting, legal, valuation, accounting and travel costs and acquisition-related incentives related to our acquisition activity.
- 3) Amounts relate to the change in fair value of the interest rate swap instruments and the embedded derivative attached to the Series A-2 Preferred Stock.
- 4) Amounts represent non-capitalizable expenses associated with refinancing and amending our debt facilities.
- 5) Amounts reflect the difference between the expected settlement value of acquisition related earn-out payments at the time of the closing of acquisitions and the expected (or actual) value of earn-outs at the end of the relevant period.
- 6) Amounts consist of operating losses before depreciation related to the Discontinued Specialty Lab.
- 7) Amounts in 2024 are primarily comprised of third party expenses associated with the independent review and analysis of assertions in a short seller report regarding the Company, non-recurring costs to centralize certain back-office functions, and lease abandonment costs. Amount in 2023 consists of costs associated with an aviation loss. Amount in 2022 consist of costs associated with exiting of legacy water treatment and renewable energy operations and maintenance contracts and start-up lab, as well as impairment charge for certain operating lease right-of-use assets and severance costs related to restructuring within the business.

Montrose Environmental Group, Inc.

Reconciliation of Net Cash Provided by Operating Activities to Adjusted Operating Cash Flow

Operating activities	For the Year Ended December 31		
	2024	2023	2022 (Unaudited)
Net loss	(62,314)	(30,859)	(31,819)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	52,762	45,780	47,479
Amortization of right-of-use asset	11,572	10,194	9,289
Stock-based compensation expense	64,665	47,267	43,290
Fair value changes in financial instruments	3,123	(4,129)	(3,396)
Deferred income taxes	4,286	(980)	2,250
Other operating activities, net	608	3,142	(3,975)
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable and contract assets	(41,977)	(2,923)	4,394
Prepaid expenses and other current assets	(552)	(918)	(1,763)
Accounts payable and other accrued liabilities	3,798	(8,912)	(9,878)
Accrued payroll and benefits	(1,709)	9,464	(6,830)
Payment of contingent consideration	—	(611)	(19,457)
Change in operating leases	(12,027)	(10,493)	(8,935)
Net cash (used in) provided by operating activities	22,235	56,022	20,649
Add back of payment of contingent consideration	—	611 ⁽¹⁾	19,457 ⁽¹⁾
Adjusted Operating Cash Flow ⁽¹⁾	22,235	56,633	40,106

1) Contingent consideration relates to acquisition earnout payments, which are not part of ongoing operating activities.