



Fourth Quarter & Full Year 2022 Earnings Call

March 1, 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



2022 Highlights

- Solid full year 2022 results primarily driven by strengthening client demand and broad-based organic growth
- Record customer revenue retention⁽¹⁾ increased to approximately 96% and cross-selling⁽¹⁾ revenues nearly doubled to 35% of total revenues
- Record organic revenue growth of 26% (excluding CTEH) helped mitigate the expected decline in CTEH COVID-19 revenues; Total organic revenue growth including the expected decline in CTEH COVID-19 revenues was (7)% YoY
- Most service lines grew organically with notable strength within PFAS water treatment, greenhouse gas measurement, and renewable energy solutions
- Acquisitions and investments funded with strong Adjusted Operating Cash Flow⁽²⁾; Balance sheet remains strong
- 2023E outlook reflects strong momentum in core business and continued, elevated organic growth across most service lines

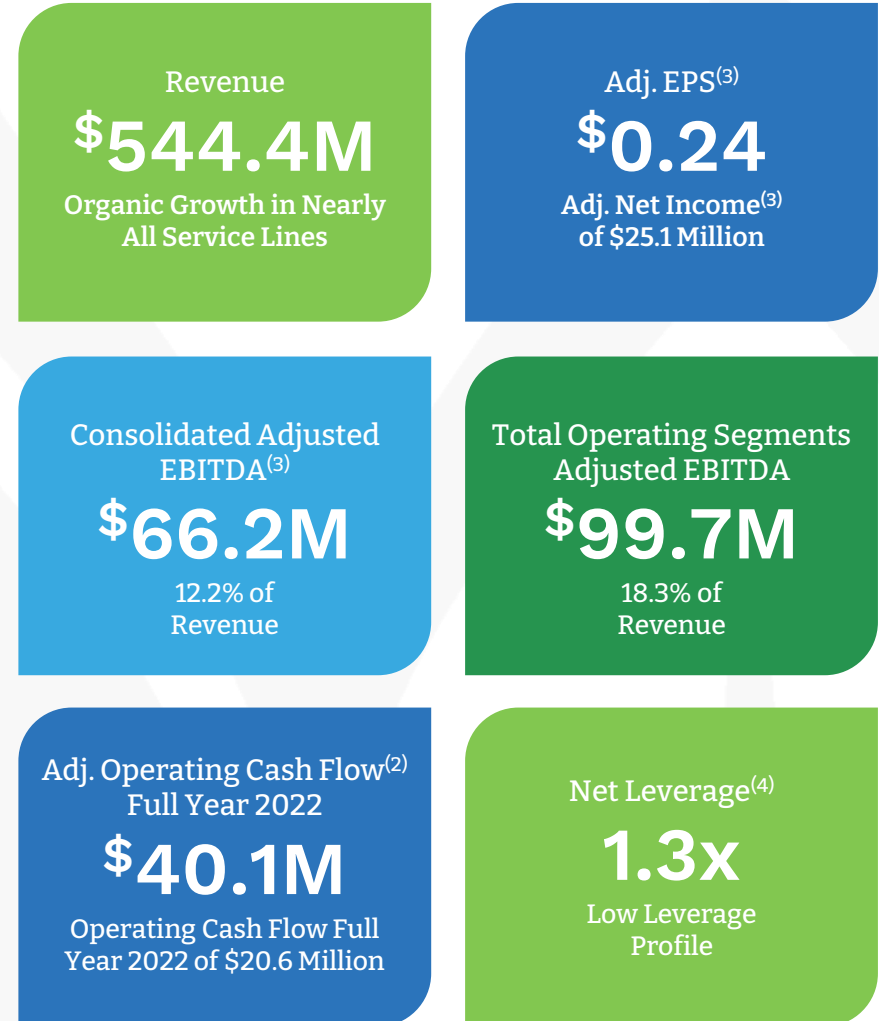
(1) Customer revenue retention defined as the percentage of revenue excluding CTEH from customers in 2021 that recurred in 2022. CTEH revenue is excluded from the calculation in light of episodic nature of emergency response work. Cross selling activity defined as the percentage of total revenue from customers purchasing two or more Montrose services within the same fiscal year.

(2) Adjusted Operating Cash Flow is a non-GAAP measure and excludes the payment of acquisition-related contingent consideration of \$19.5 million in 2022 and \$15.6 million in 2021. Reported cash from operating activities was \$20.6 million in 2022 and \$37.6 million in 2021. See the appendix to this presentation for a discussion of Adjusted Operating Cash Flow.

(3) Consolidated Adjusted EBITDA, Adjusted Net Income (Loss) and Adjusted Net Income (Loss) Per Share are non-GAAP measures. See the appendix to this presentation for a discussion of these measures, including how they are calculated and the reasons why we believe they provide useful information to investors, and a reconciliation for historical periods to the most directly comparable GAAP measures.

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

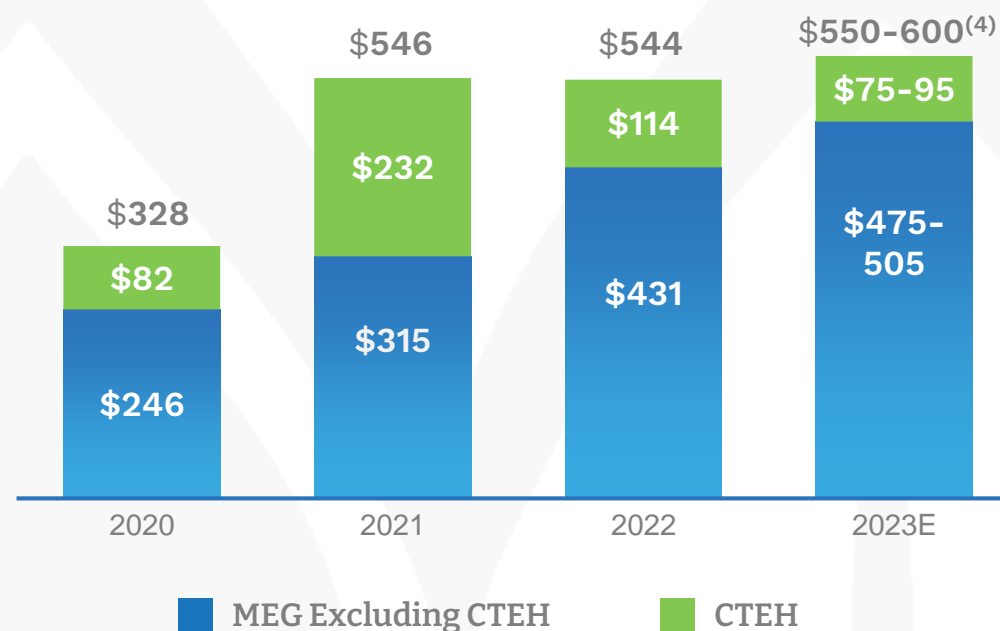
Full Year 2022



Strong Record of Long-Term Growth

- Continued market share gains through (i) technology innovation & patent development and (ii) sales & marketing with a focus on integrated environmental solutions
- Consistent growth of cross-selling⁽¹⁾ activity to ~35% of revenue in 2022 and customer revenue retention⁽¹⁾ to 96% in 2022 are primary drivers of strong organic growth
- Continued strong momentum with 2020-2022 organic growth CAGR^(2,3) of ~18%, excluding CTEH, compared to ~8% pre-IPO
- 2023E outlook at midpoint assumes double-digit organic growth (excluding CTEH)
- 2023E outlook at midpoint, including CTEH, assumes mid-single digit growth, despite decline in COVID-19 services
- 2023E outlook does not include future acquisitions; cadence of acquisitions is expected to increase in 2023 compared to 2022

Revenue
2020-2023E CAGR^(2,3) (excluding CTEH): 29%
 (\$ in Millions, Dec FYE)

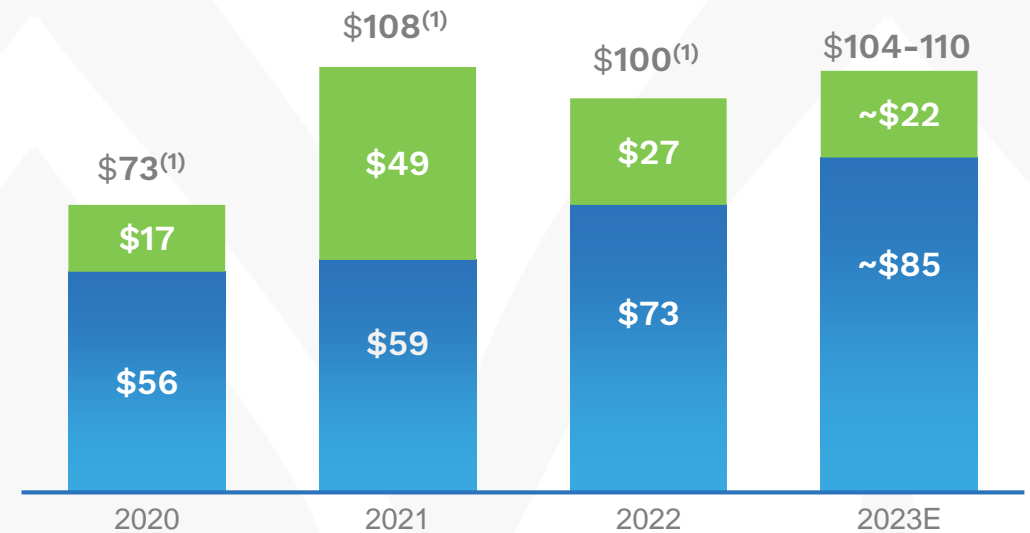


(1) Customer revenue retention defined as the percentage of revenue excluding CTEH from customers in 2021 that recurred in 2022. CTEH revenue is excluded from the calculation in light of episodic nature of emergency response work. Cross selling activity defined as the percentage of total revenue from customers purchasing two or more Montrose services within the same fiscal year.
 (2) CTEH excluded from CAGR calculations given that it was not owned for full year 2020.
 (3) Excludes discontinued service lines, which generated revenues of \$17.1 million in 2020, \$12.1 million in 2021, and \$3.6 million in 2022.
 (4) Does not include any benefit from future acquisitions that have not yet been completed. In historical periods, revenues generated by businesses acquired during the year are included in revenue.

Strong Record of Long-Term Growth (Continued)

- 2022 Operating Segments Adjusted EBITDA⁽¹⁾ excluding CTEH grew 24% primarily driven by strong organic growth
- 2022 Operating Segments Adjusted EBITDA⁽¹⁾ *including CTEH* declined 7% due to the expected decline in CTEH COVID-19 revenues
- Recent acquisitions have been lower margin but highly strategic and are expected to steadily increase margins as part of Montrose
- 2023E Operating Segments Adjusted EBITDA⁽¹⁾ excluding CTEH assumes double digit growth, primarily driven by organic growth.
- 2023E Operating Segments Adjusted EBITDA⁽¹⁾ margins are expected to increase given organic revenue growth and beginning of operating leverage from scale and corporate investments
- 2023E Consolidated Adjusted EBITDA assumes mid-to-high single digit growth, despite ~19% CTEH decline year-over-year, given continued strong growth in other business lines

Total Operating Segments Adj. EBITDA
 2020-2023E CAGR: 14%, and excluding CTEH 15%
 (\$ in Millions, Dec FYE)



| | | | | |
|---|--------|--------|--------|------------|
| Total Operating Segments Adj. EBITDA Margin | 22.1% | 19.7% | 18.3% | 18.3-18.9% |
| Consolidated Adj. EBITDA ⁽²⁾ (incl. Corp. Expense) | \$52.3 | \$73.2 | \$66.2 | \$68-74 |
| Consolidated Adj. EBITDA ⁽²⁾ Margin | 15.9% | 13.4% | 12.2% | 12.3-12.4% |

⁽¹⁾ Total Operating Segments Adj. EBITDA excludes Start-up Losses of \$2.2 million, \$4.4 million and \$2.3 million in 2020, 2021 and 2022, respectively.

⁽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. Consolidated Adjusted EBITDA margin represents Consolidated Adjusted EBITDA divided by revenues.

■ MEG Excluding CTEH

■ CTEH








Capabilities Aligned with Emerging Political & Regulatory Priorities

← Focus on Environmental Matters Creates Tailwinds for Montrose →

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

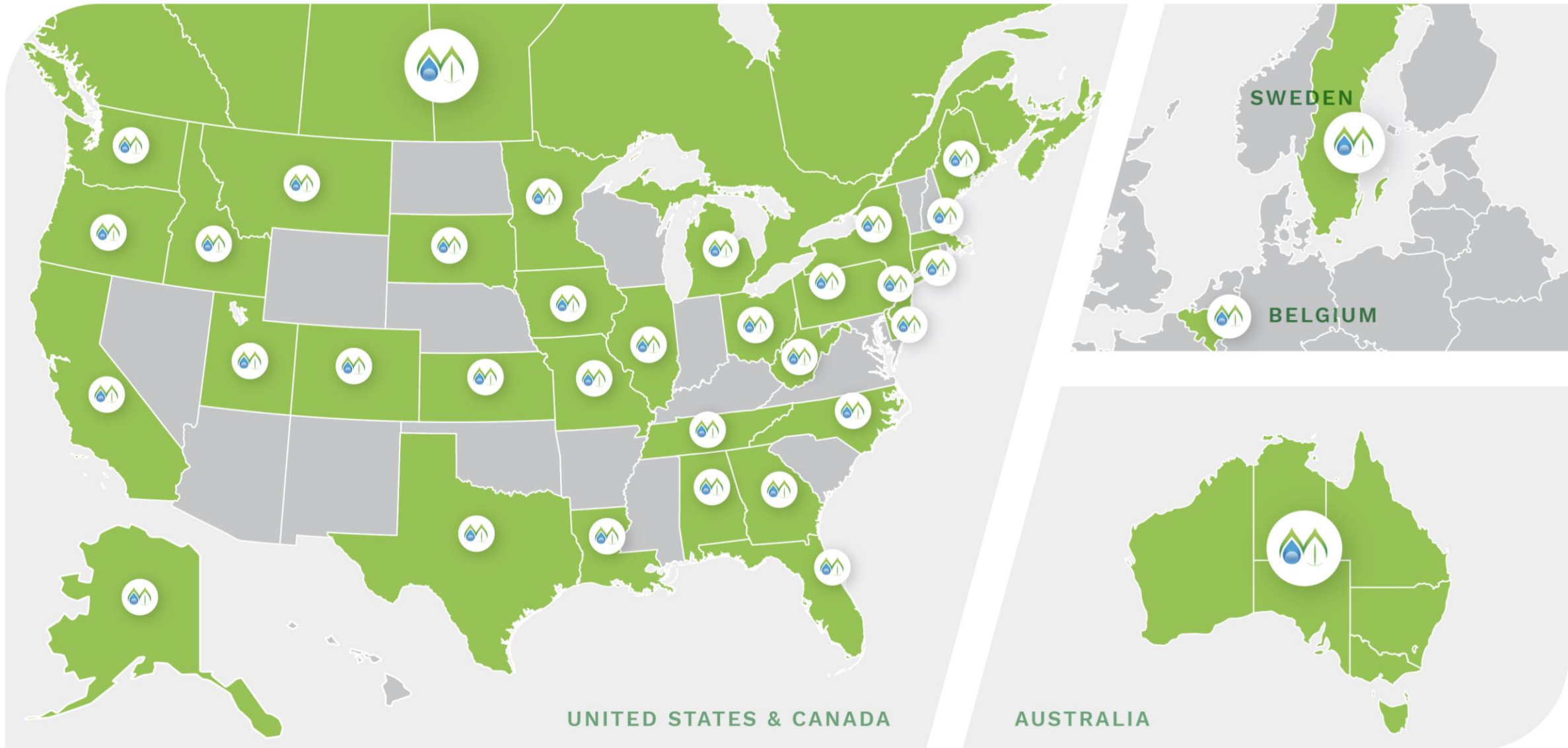


Examples of Recent U.S. Regulatory Tailwinds

| Rule | Summary | Assessment, Permitting & Response | Measurement & Analysis | Remediation & Reuse |
|---|--|---|---|---|
| PFAS Hazardous Substance Designation Legislation | Would cause PFOA and PFOS to be eligible for clean up under the recently refunded Superfund Program and require companies to report any spills that could trigger additional contamination actions. |  |  |  |
| Toxic Release Inventory - PFAS | Adds certain per- and polyfluoroalkyl substances to the list of chemicals covered by the Toxics Release Inventory and provides a framework for additional PFAS to be added to this list on an annual basis. |  |  | |
| Methane New Source Performance Standard | Proposes to expand and strengthen emissions reduction requirements that are currently on the books for new, modified and reconstructed oil and natural gas sources, and would require states to reduce methane emissions from hundreds of thousands of existing sources nationwide for the first time. |  |  | |



Recent Examples of Incremental Client Demand for Projects Driven by Regulatory Tailwinds



Recent M&A Overview

- Successfully completed a number of value-enhancing acquisitions to start 2023
- Consistently target additive services, geographies, clients and technologies
- Demonstrated ability to successfully integrate, cross-sell and create revenue synergies over time
- Acquisition pipeline remains robust
- Strong balance sheet and ample liquidity to execute M&A strategy



Financial Overview

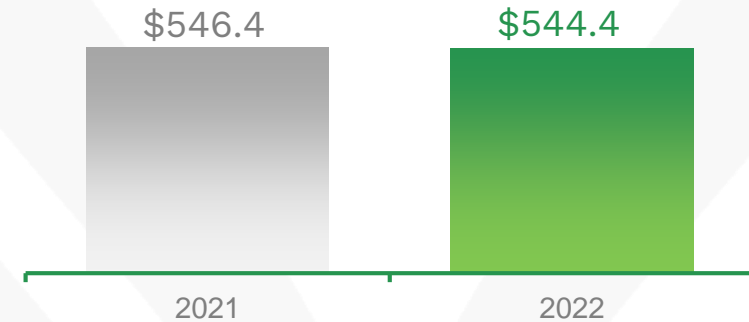


Full Year and Q4 2022 Revenue Performance

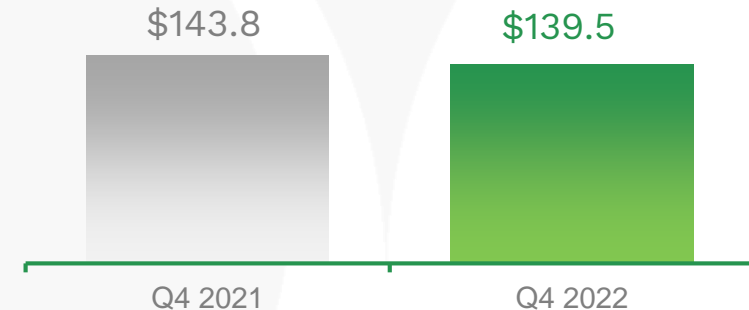
Full Year included (i) 26% organic revenue growth across most service lines (ex CTEH) plus small, strategic acquisitions and (ii) a decline in CTEH COVID-19 related services

- Full Year down 0.4% YoY to \$544.4 million due to lower CTEH COVID-19 related revenues and exit from legacy wastewater treatment and biogas O&M contracts, partially offset by organic growth in nearly all other business lines and acquisitions; Full Year up 1.2% excluding discontinued services⁽¹⁾
- Q4 down 3.0% YoY to \$139.5 million due to lower demand for COVID-19 related services provided by CTEH, and partially offset by organic growth in M&A segment and, excluding CTEH, most other businesses in our AP&R segment and acquisitions

Full Year 2022 Revenue
(\$ in Millions)



Q4 2022 Revenue
(\$ in Millions)



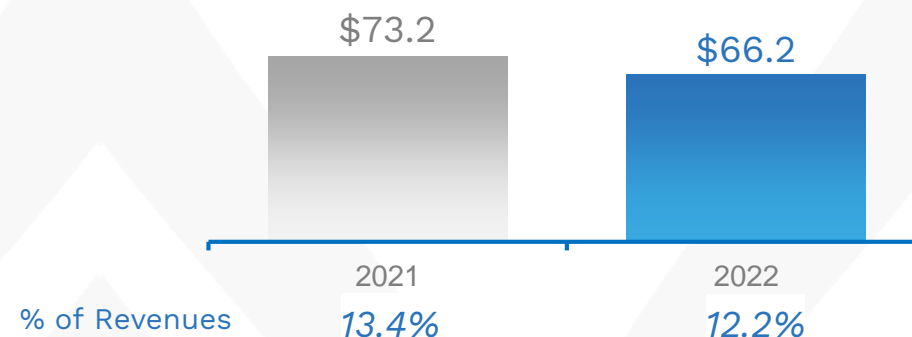
⁽¹⁾ Excludes discontinued service lines, which generated revenues of \$12.1 million in 2021 and \$3.6 million in 2022.

Full Year and Q4 2022 Consolidated Adjusted EBITDA⁽¹⁾ Performance

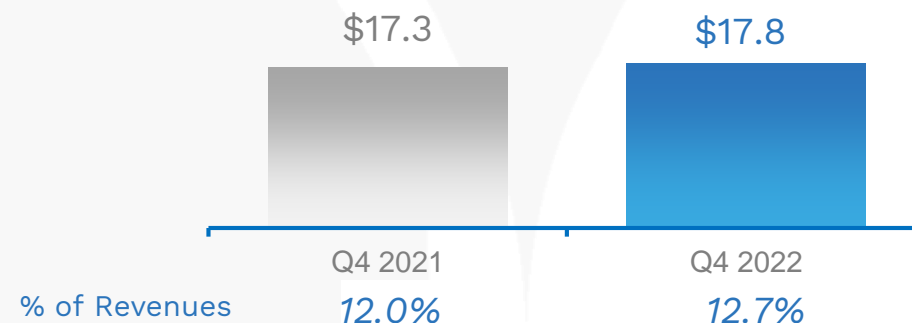
Full Year and Q4 Consolidated Adjusted EBITDA⁽¹⁾ reflects strong organic momentum in core business lines

- Full Year down 9.6% YoY to \$66.2 million due to lower CTEH COVID-19 revenue, business mix, continued investments in operating infrastructure in biogas and water businesses, and higher variable costs, partially offset by pricing initiatives and organic growth in most businesses other than CTEH
- Q4 up 3.0% YoY to \$17.8 million primarily due to strong organic growth across most services and acquisitions, which collectively more than offset decreased CTEH revenue, higher costs and growth investments

Full Year 2022 Consolidated Adjusted EBITDA⁽¹⁾ (\$ in Millions)



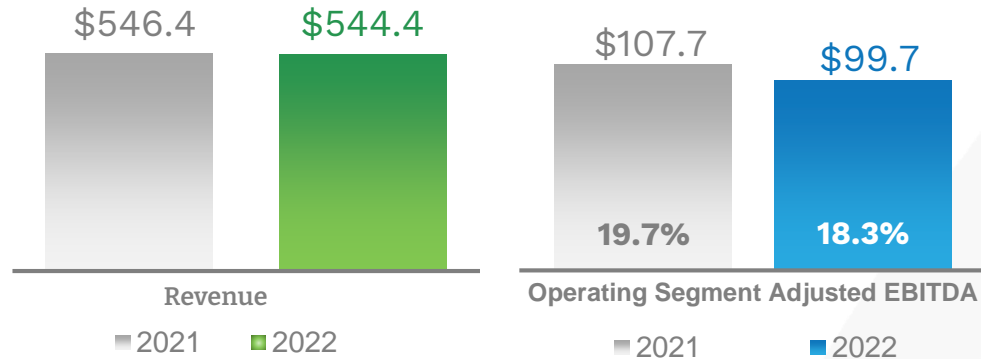
Q4 2022 Consolidated Adjusted EBITDA⁽¹⁾ (\$ in Millions)



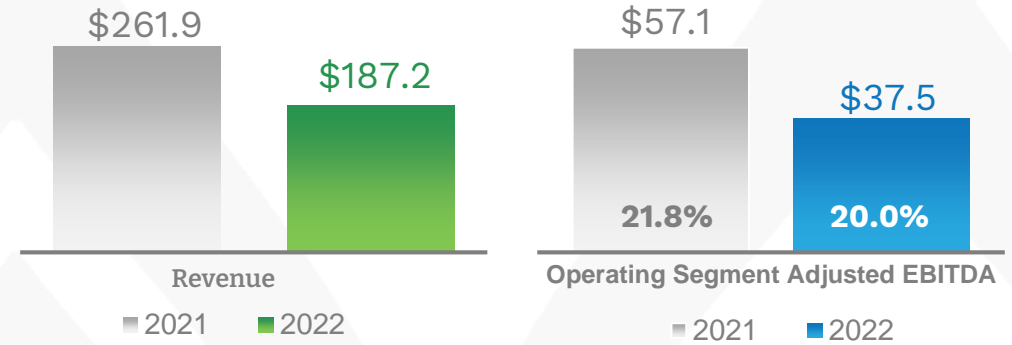
⁽¹⁾ Consolidated Adjusted EBITDA is a non-GAAP measure. See the appendix to this presentation for a discussion of this measure, including how it is calculated and the reasons why we believe it provides useful information to investors, and a reconciliation for historical periods to the most directly comparable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

Full Year 2022 Segment Performance

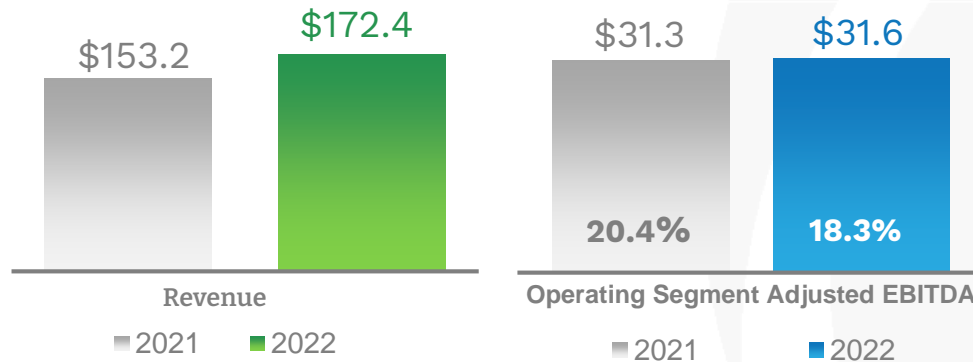
Total Operating Segments (\$ in mm; % of revenue)



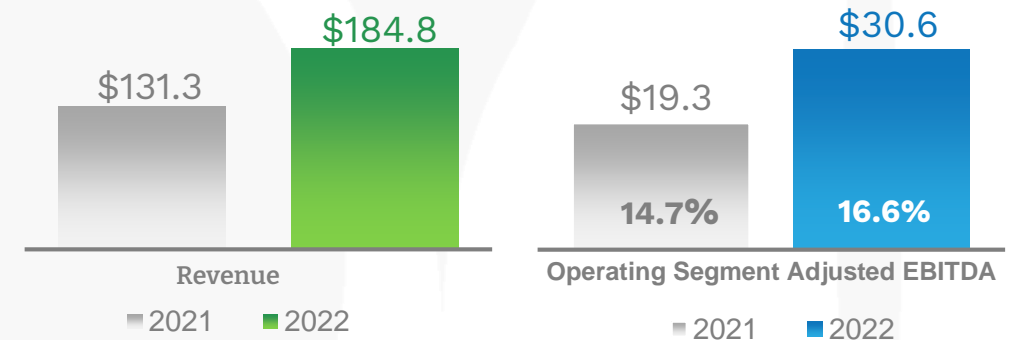
Assessment, Permitting and Response (\$ in mm; % of revenue)



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



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



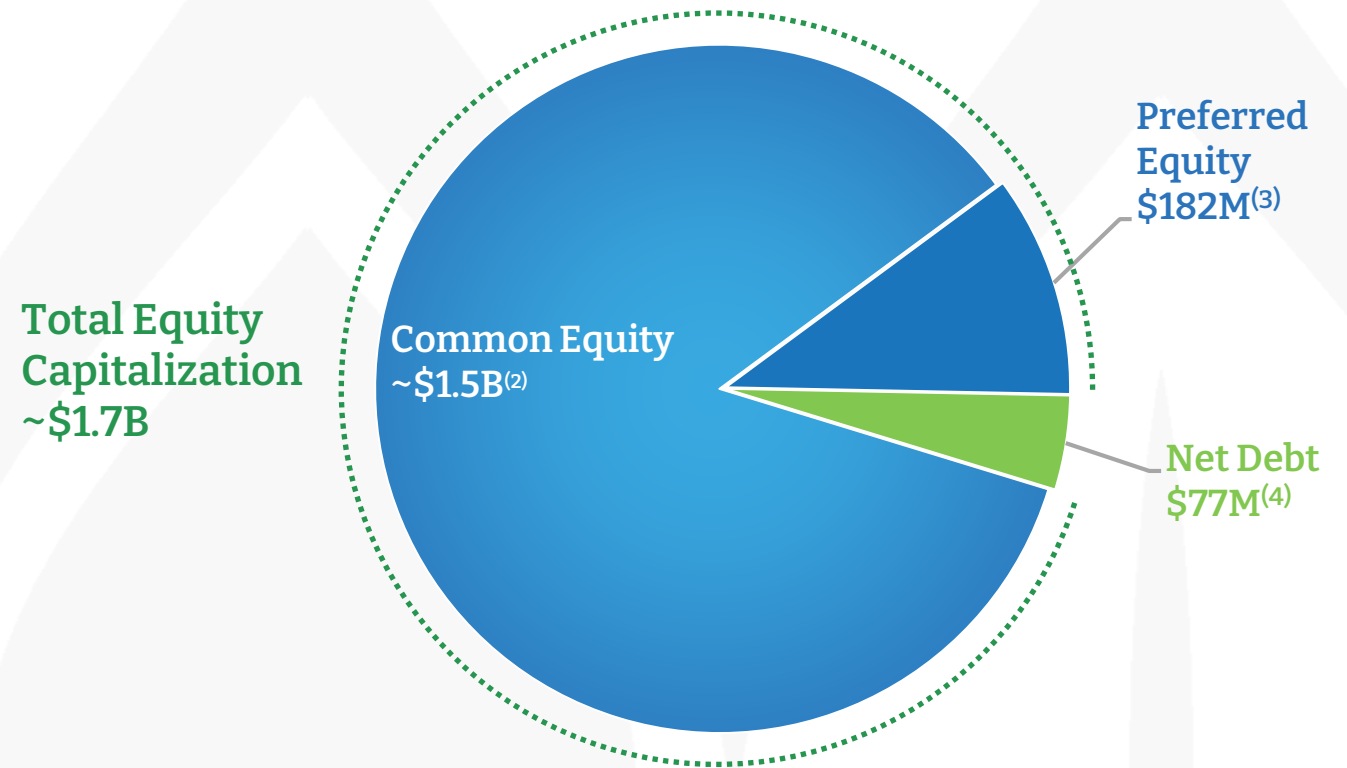
Note: For purposes of evaluating segment profit, the Company's chief operating decision maker reviews Operating Segment Adjusted EBITDA as a basis for making the decisions to allocate resources and assess performance. See Note 21 to our consolidated financial statements included in our Form 10-K for the year ended December 31, 2022.

Attractive Capital Structure

Commentary

- Flexible balance sheet to pursue investments in innovation and acquisitions in highly fragmented industry
- Montrose has \$214.8 million of liquidity, including \$89.8 million of cash and \$125.0 million of availability under its revolving credit facility as of 12/31/22
- Net leverage⁽¹⁾ of 1.3x as of 12/31/22
- Equity capitalization of ~\$1.7 billion⁽²⁾ consisting of 1) 29.9 million shares of common stock outstanding plus 2) \$182.2 million of A-2 Preferred Equity held by Oaktree⁽³⁾

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 February 23, 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 \$166.3 million less cash on hand of \$89.8 million as of December 31, 2022. See the appendix to this presentation for a discussion of Net Debt.

Outlook

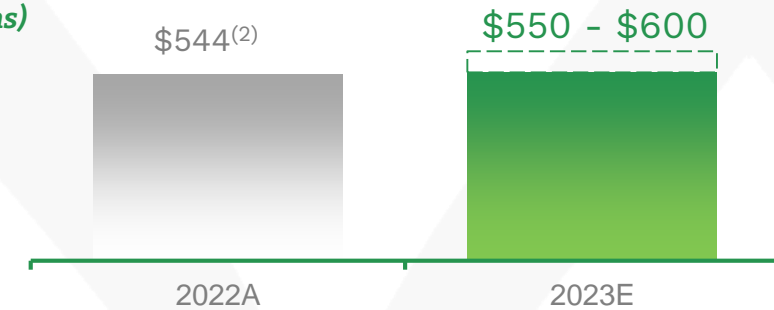


2023E Outlook

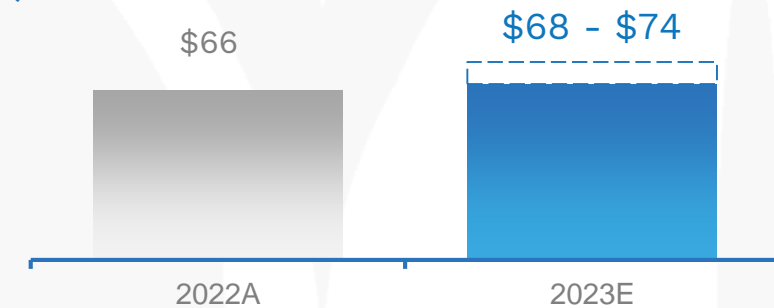
Current Outlook Aligned With Expectation for Attractive Long-Term Organic Growth for Foreseeable Future

- 2023E revenue assumes double digit organic growth (excluding CTEH).
- Including CTEH, 2023E organic growth is expected to be low-to-mid single digits. CTEH revenue expected to be within the range of estimated \$75 - \$95 million run-rate, approximately \$20 - \$40 million lower than 2022, given expected wind down of COVID-19 services.
- 2023E consolidated Adjusted EBITDA⁽¹⁾ reflects mid-to-high single digit growth and margin expansion.
- Business is better assessed on yearly results as demand for environmental services is not driven by specific or predictable patterns in one or more fiscal quarters.

Revenue (\$ in Millions)



Consolidated Adjusted EBITDA⁽¹⁾ (\$ in Millions)



(1) Consolidated Adjusted EBITDA is a non-GAAP measure. See the appendix to this presentation for a discussion of this measure, including how it is calculated and the reasons why we believe it provides useful information to investors, and a discussion of certain matters related to forward-looking non-GAAP information.

(2) Includes discontinued service lines, which generated revenues of \$3.6 million in 2022.

Investment Highlights



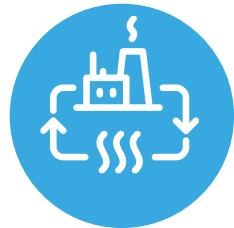
ESG is who we are – the environment is our business



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



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



Differentiated technology, processes and applications



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



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



Experienced management team coupled with a team-centric culture

Appendix



Working Across Montrose to Help Solve the Global GHG Problem



**Detection + Data + Integrated Solutions
= Achieving 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/)

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

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 and the CTEH acquisition

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 year 4, 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

- One Oaktree representative remains 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, 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 Adjusted Net Income (Loss) as net income (loss) before amortization of intangible assets, stock-based compensation expense, fair value changes to financial instruments and contingent earnouts, and other gain or losses, as set forth in greater detail in this appendix. Adjusted Net Income (Loss) per Share represents Adjusted Net Income (Loss) attributable to stockholders divided by the weighted average number of shares of common stock outstanding during the applicable period.

Consolidated Adjusted EBITDA is one of the primary metrics used by management to evaluate our financial performance and compare it to that of our peers, evaluate the effectiveness of our business strategies, make budgeting and capital allocation decisions and in connection with our executive incentive compensation. Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Share are useful metrics to evaluate ongoing business performance after interest and tax. These measures are also frequently used by analysts, investors and other interested parties to evaluate companies in our industry. Further, we believe they are helpful in highlighting trends in our operating results because they allow for more consistent comparisons of financial performance between periods by excluding gains and losses that are non-operational in nature or outside the control of management, and, in the case of Consolidated Adjusted EBITDA, by excluding items that may differ significantly depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which we operate and capital investments.

These non-GAAP measures do, however, have certain limitations and should not be considered as an alternative to net income (loss), earnings (loss) per share or any other performance measure derived in accordance with GAAP. Our presentation of Consolidated Adjusted EBITDA, Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Share should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items for which we may make adjustments. In addition, Consolidated Adjusted EBITDA, Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Share may not be comparable to similarly titled measures used by other companies in our industry or across different industries, and other companies may not present these or similar measures. Management compensates for these limitations by using these measures as supplemental financial metrics and in conjunction with our results prepared in accordance with GAAP. We encourage investors and others to review our financial information in its entirety, not to rely on any single measure and to view Consolidated Adjusted EBITDA, Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Share in conjunction with the related GAAP measures.

Additionally, we have provided estimates regarding Consolidated Adjusted EBITDA for 2023. These projections account for estimates of revenue, operating margins and corporate and other costs. However, we cannot reconcile our projection of Consolidated Adjusted EBITDA to net income (loss), the most directly comparable GAAP measure, without unreasonable efforts because of the unpredictable or unknown nature of certain significant items excluded from Consolidated Adjusted EBITDA and the resulting difficulty in quantifying the amounts thereof that are necessary to estimate net income (loss). Specifically, we are unable to estimate for the future impact of certain items, including income tax (expense) benefit, stock-based compensation expense, fair value changes and the accounting for the issuance of the Series A-2 preferred stock. We expect the variability of these items could have a significant impact on our reported GAAP financial results.

This presentation also includes Net debt, a non-GAAP measure which represents total debt (excluding deferred debt issuance costs) less cash and restricted cash. Management uses Net debt as one of the means by which it assesses financial leverage and capitalization, and it is therefore useful to investors in evaluating our business using the same measures as management. This measure is also useful to investors because it is often used by securities analysts and other interested parties in evaluating our business. The measure does, however, have certain limitations and should not be considered as an alternative to or in isolation from gross debt and cash or any other measure calculated in accordance with GAAP. Other companies, including other companies in our industry, may not use Net debt in the same way or may calculate it differently than as presented herein.

This presentation also includes Adjusted Operating Cash Flow, a non-GAAP measure which represents cash flow provided by (used in) operating activities less amounts paid for acquisition-related contingent consideration. Payments for acquisition-related consideration are not part of the Company's day-to-day operations and management uses this measure to assess the Company's operating cash flow without the impact of these unique, non-operational payments. This measure does, however, have certain limitations as the excluded acquisition-related payments are typically paid in cash and, as a result, impact the Company's liquidity as a whole, and should therefore not be considered as an alternative to or in isolation from cash flow provided by (used in) operating activities or any other liquidity measure calculated in accordance with GAAP. Other companies, including other companies in our industry, may not use this measure in the same way or may calculate it differently than as presented herein.

In this presentation we also reference our organic growth. We define organic growth as the change in revenues excluding revenues from acquisitions for the first twelve months following the date of acquisition and excluding revenues from businesses disposed of or discontinued. As a result of the significance of CTEH to Montrose, and the potential annual volatility in CTEH's revenues due to the emergency response aspect of their business, we also disclose organic growth without the annual organic revenue growth of CTEH. We expect to continue to disclose organic revenue growth with and without CTEH. 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 and expect to continue to do so.

Montrose Environmental Group, Inc.

Reconciliation of Net (Loss) Income to Adjusted Net Income and Adjusted EPS (In thousands)

Reconciliation Tables

| | For the Quarter Ended December 31, | | For the Year Ended December 31, | |
|---|---------------------------------------|------------------------------|------------------------------------|------------------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net loss | \$ (10,812) | \$ (1,472) | \$ (31,819) | \$ (25,325) |
| Amortization of intangible assets ⁽¹⁾ | 8,474 | 9,216 | 36,053 | 35,154 |
| Stock-based compensation ⁽²⁾ | 10,915 | 3,734 | 43,290 | 10,321 |
| Acquisition costs ⁽³⁾ | 537 | 432 | 1,891 | 2,088 |
| Fair value changes in financial instruments ⁽⁴⁾ | 1,268 | 544 | (3,396) | 2,195 |
| Expenses related to financing transactions ⁽⁵⁾ | — | — | 7 | 50 |
| Fair value changes in business acquisition contingencies ⁽⁶⁾ | 245 | 337 | (3,227) | 24,372 |
| Other losses and expenses ⁽⁷⁾ | 2,494 | 553 | 4,459 | 1,400 |
| Tax effect of adjustments ⁽⁸⁾ | (6,701) | (4,148) | (22,142) | (21,161) |
| Adjusted Net Income | \$ 6,420 | \$ 9,196 | \$ 25,116 | \$ 29,094 |
| Preferred Dividend Series A-2 | (4,100) | (4,100) | (16,400) | (16,400) |
| Adjusted Net Income attributable to stockholders | \$ 2,320 | \$ 5,096 | \$ 8,716 | \$ 12,694 |
| Net loss per share attributable to stockholders | \$ (0.50) | \$ (0.19) | \$ (1.62) | \$ (1.56) |
| Adjusted Net Income per share⁽⁹⁾ | \$ 0.08 | \$ 0.17 | \$ 0.29 | \$ 0.48 |
| Diluted Adjusted Net Income per share⁽¹⁰⁾ | \$ 0.07 | \$ 0.14^(a) | \$ 0.24 | \$ 0.38^(a) |
| Weighted average common shares outstanding | 29,720 | 29,503 | 29,688 | 26,724 |
| Fully diluted shares | 35,686 | 35,422 ^(a) | 35,997 | 33,139 ^(a) |

(1) Represents amortization of intangible assets.

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

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

(4) Amounts relate to the change in fair value of the interest rate swap instrument and the embedded derivative attached to the Series A-2 preferred stock.

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

(6) 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.

(7) 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 Berkley, 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.

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

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

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

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

Montrose Environmental Group, Inc.

Reconciliation of Net (Loss) Income to Adjusted Net Income and Adjusted EPS (In thousands)

| | Quarter Ended | | | | Year Ended | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|--------------------|------------------|------------------|-----------------------|
| | September 30, 2022 | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 | March 31, 2021 | December 31, 2021 |
| Net (loss) income | \$ (5,720) | \$ (7,751) | \$ (7,536) | \$ (1,472) | \$ 2,226 | \$ (13,148) | \$ (12,931) | \$ (25,325) |
| Amortization of intangible assets ⁽¹⁾ | 8,668 | 9,492 | 9,419 | 9,216 | 8,936 | 8,407 | 8,595 | 35,154 |
| Stock-based compensation ⁽²⁾ | 11,018 | 10,932 | 10,425 | 3,734 | 2,365 | 2,417 | 1,805 | 10,321 |
| Acquisition costs ⁽³⁾ | 368 | 519 | 467 | 432 | 913 | 506 | 237 | 2,088 |
| Fair value changes in financial instruments ⁽⁴⁾ | (1,808) | (407) | (2,449) | 544 | 531 | 518 | 602 | 2,195 |
| Expenses related to financing transactions ⁽⁵⁾ | — | — | 7 | — | — | — | 50 | 50 |
| Fair value changes in business acquisition contingencies ⁽⁶⁾ | 59 | (3,510) | (21) | 337 | — | 12,971 | 11,064 | 24,372 |
| Other losses and expenses ⁽⁷⁾ | 482 | 1,216 | 267 | 553 | 171 | 157 | 519 | 1,400 |
| Tax effect of adjustments ⁽⁸⁾ | (5,260) | (5,108) | (5,072) | (4,148) | (3,616) | (6,993) | (6,404) | (21,161) |
| Adjusted Net Income | \$ 7,807 | \$ 5,383 | \$ 5,507 | \$ 9,196 | \$ 11,526 | \$ 4,835 | \$ 3,537 | \$ 29,094 |
| Preferred Dividend Series A-2 | (4,100) | (4,100) | (4,100) | (4,100) | (4,100) | (4,100) | (4,100) | (16,400) |
| Adjusted Net Income (Loss) attributable to stockholders | \$ 3,707 | \$ 1,283 | \$ 1,407 | \$ 5,096 | \$ 7,426 | \$ 735 | \$ (563) | \$ 12,694 |
| Net loss per share attributable to stockholders | \$ (0.33) | \$ (0.40) | \$ (0.39) | \$ (0.19) | \$ (0.07) | \$ (0.66) | \$ (0.68) | \$ (1.56) |
| Adjusted Net Income (Loss) per share⁽⁹⁾ | \$ 0.12 | \$ 0.04 | \$ 0.05 | \$ 0.17 | \$ 0.28 | \$ 0.03 | \$ (0.02) | \$ 0.48 |
| Diluted Adjusted Net Income (Loss) per share⁽¹⁰⁾ | \$ 0.10 | \$ 0.04 | \$ 0.04 | \$ 0.14 | \$ 0.23 | \$ 0.02 | \$ (0.02) | \$ 0.38 |
| Weighted average common shares outstanding | 29,691 | 29,678 | 29,662 | 29,503 | 26,220 | 26,056 | 25,117 | 26,724 |
| Fully diluted shares | 36,147 ^(a) | 36,361 ^(a) | 35,795 ^(a) | 35,422 ^(a) | 32,339 | 32,462 | 32,333 | 33,139 ^(a) |

(1) Represents amortization of intangible assets.

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

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

(4) Amounts relate to the change in fair value of the interest rate swap instrument and the embedded derivative attached to the Series A-2 preferred stock.

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

(6) 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.

(7) In 2022, amounts include costs associated with the closing of a lab and severance costs related to a 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 and net of insurance gains. 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 and net of insurance gains.

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

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

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

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

Montrose Environmental Group, Inc.

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

| | For the Quarter Ended December 31, | | For the Year Ended December 31, | |
|---|---------------------------------------|---------------------|------------------------------------|---------------------|
| | 2022 | 2021 ^(a) | 2022 | 2021 ^(a) |
| Net loss | \$ (10,812) | \$ (1,472) | \$ (31,819) | \$ (25,325) |
| Interest expense | 1,229 | 407 | 5,239 | 11,615 |
| Income tax expense | 358 | 1,061 | 2,250 | 1,709 |
| Depreciation and amortization | 11,551 | 11,665 | 47,479 | 44,810 |
| EBITDA | \$ 2,326 | \$ 11,661 | \$ 23,149 | \$ 32,809 |
| Stock-based compensation ⁽¹⁾ | 10,915 | 3,734 | 43,290 | 10,321 |
| Acquisition costs ⁽²⁾ | 537 | 432 | 1,891 | 2,088 |
| Fair value changes in financial instruments ⁽³⁾ | 1,268 | 544 | (3,396) | 2,195 |
| Expenses related to financing transactions ⁽⁴⁾ | — | — | 7 | 50 |
| Fair value changes in business acquisition contingencies ⁽⁵⁾ | 245 | 337 | (3,227) | 24,372 |
| Other losses and expenses ⁽⁶⁾ | 2,494 | 553 | 4,459 | 1,400 |
| Consolidated Adjusted EBITDA | \$ 17,785 | \$ 17,261 | \$ 66,173 | \$ 73,235 |

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

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

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

(3) Amounts relate to the change in fair value of the interest rate swap instrument and the embedded derivative attached to the Series A-2 preferred stock.

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

(5) Reflects the difference between the expected settlement value of business acquisition contingencies at the time of the closing of acquisitions and the expected (or actual) value of these contingencies at the end of the relevant period.

(6) 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.

Montrose Environmental Group, Inc.

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

| | Quarter Ended | | | | | | | | Year Ended |
|---|-----------------------|------------------|----------------------------------|-------------------------------------|--------------------------------------|---------------------------------|----------------------------------|-------------------------------------|------------|
| | September 30, 2022 | June 30, 2022 | March 31, 2022 ^(a) | December 31, 2021 ^(a) | September 30, 2021 ^(a) | June 30, 2021 ^(a) | March 31, 2021 ^(a) | December 31, 2021 ^(a) | |
| Net (loss) income | \$ (5,720) | \$ (7,751) | \$ (7,536) | \$ (1,472) | \$ 2,226 | \$ (13,148) | \$ (12,931) | \$ (25,325) | |
| Interest expense | 1,400 | 1,518 | 1,092 | 407 | 1,722 | 6,798 | 2,688 | 11,615 | |
| Income tax (benefit) expense | (208) | 831 | 1,269 | 1,061 | 902 | (256) | 2 | 1,709 | |
| Depreciation and amortization | 11,504 | 12,280 | 12,144 | 11,665 | 11,471 | 9,878 | 11,796 | 44,810 | |
| EBITDA | \$ 6,976 | \$ 6,878 | \$ 6,969 | \$ 11,661 | \$ 16,321 | \$ 3,272 | \$ 1,555 | \$ 32,809 | |
| Stock-based compensation ⁽¹⁾ | 11,018 | 10,932 | 10,425 | 3,734 | 2,365 | 2,417 | 1,805 | 10,321 | |
| Acquisition costs ⁽²⁾ | 368 | 519 | 467 | 432 | 913 | 506 | 237 | 2,088 | |
| Fair value changes in financial instruments ⁽³⁾ | (1,808) | (407) | (2,449) | 544 | 531 | 518 | 602 | 2,195 | |
| Expenses related to financing transactions ⁽⁴⁾ | — | — | 7 | — | — | — | 50 | 50 | |
| Fair value changes in business acquisition contingencies ⁽⁵⁾ | 59 | (3,510) | (21) | 337 | — | 12,971 | 11,064 | 24,372 | |
| Other losses and expenses ⁽⁶⁾ | 482 | 1,216 | 267 | 553 | 171 | 157 | 519 | 1,400 | |
| Consolidated Adjusted EBITDA | \$ 17,095 | \$ 15,628 | \$ 15,665 | \$ 17,261 | \$ 20,301 | \$ 19,841 | \$ 15,832 | \$ 73,235 | |

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

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

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

(3) Amounts relate to the change in fair value of the interest rate swap instrument and the embedded derivative attached to the Series A-2 preferred stock.

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

(5) Reflects the difference between the expected settlement value of business acquisition contingencies at the time of the closing of acquisitions and the expected (or actual) value of these contingencies at the end of the relevant period.

(6) 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.