

# The Future of Environmental Solutions



**MONTROSE**  
ENVIRONMENTAL

Investor Presentation  
March 2022

# 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. Further, many of these factors are, and may continue to be, amplified by the COVID-19 pandemic. 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, 2021, 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, and reconciliations thereof to the most directly comparable GAAP measures.

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.

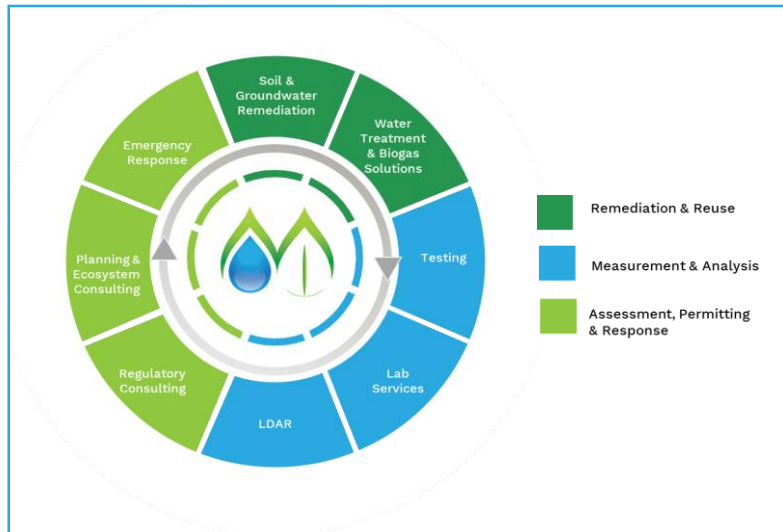
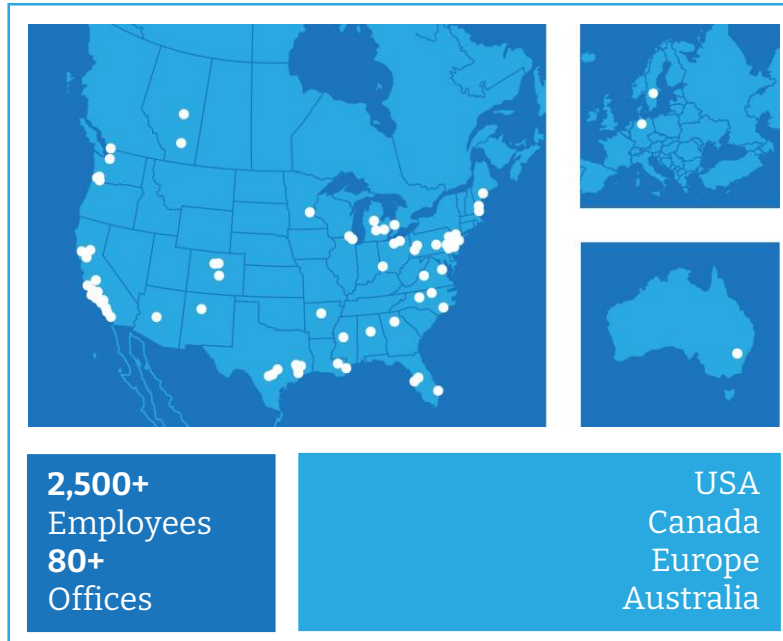


# Operating Overview



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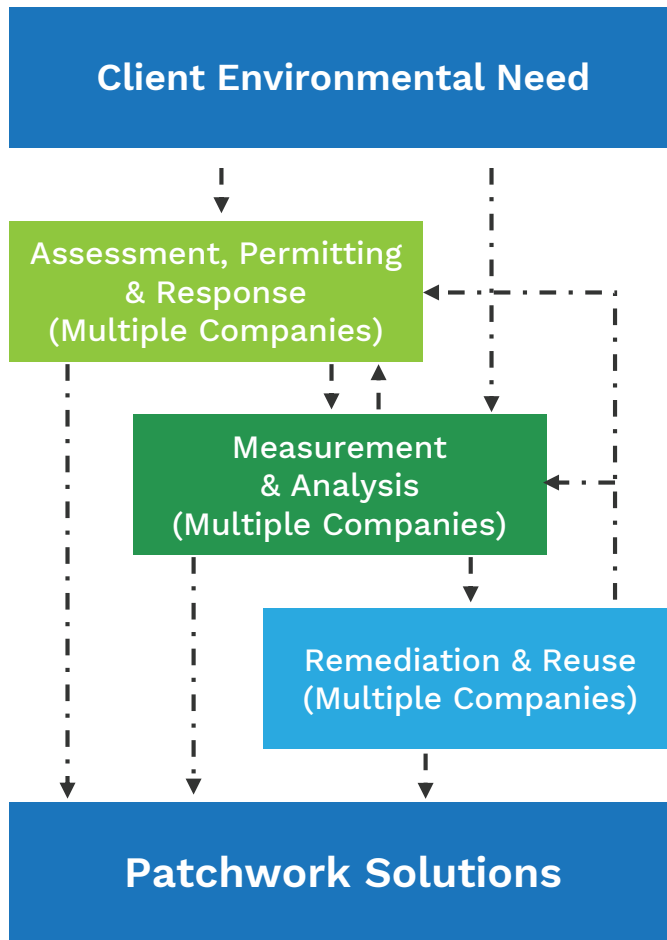
# Montrose Environmental at a Glance



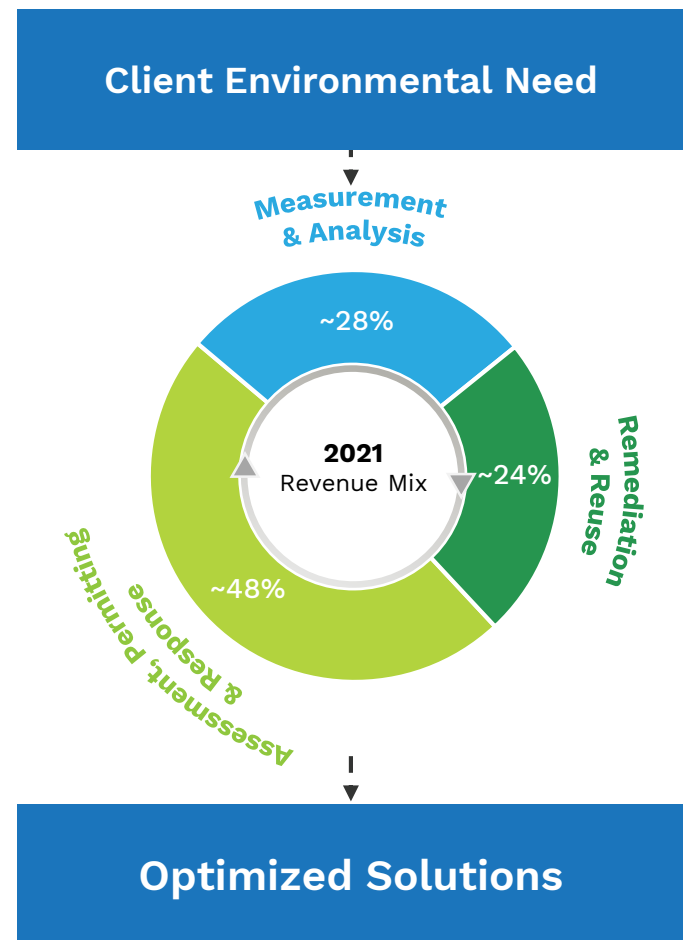
- Unique, high growth environmental solutions company with a focus on ESG excellence
- Large and growing addressable market
- Resilient revenue with repeat client base and diverse end markets
- Strong record of organic growth and innovation, even during Covid-19 pandemic
- Consistent record of strategically and financially accretive acquisitions
- Strong cash flow profile and balance sheet

# Montrose Focus and Integration Optimizes Environmental Solutions

## Standard Industry Approach



## Montrose Value-Add



# Three Integrated Business Segments

Montrose provides holistic environmental solutions to clients

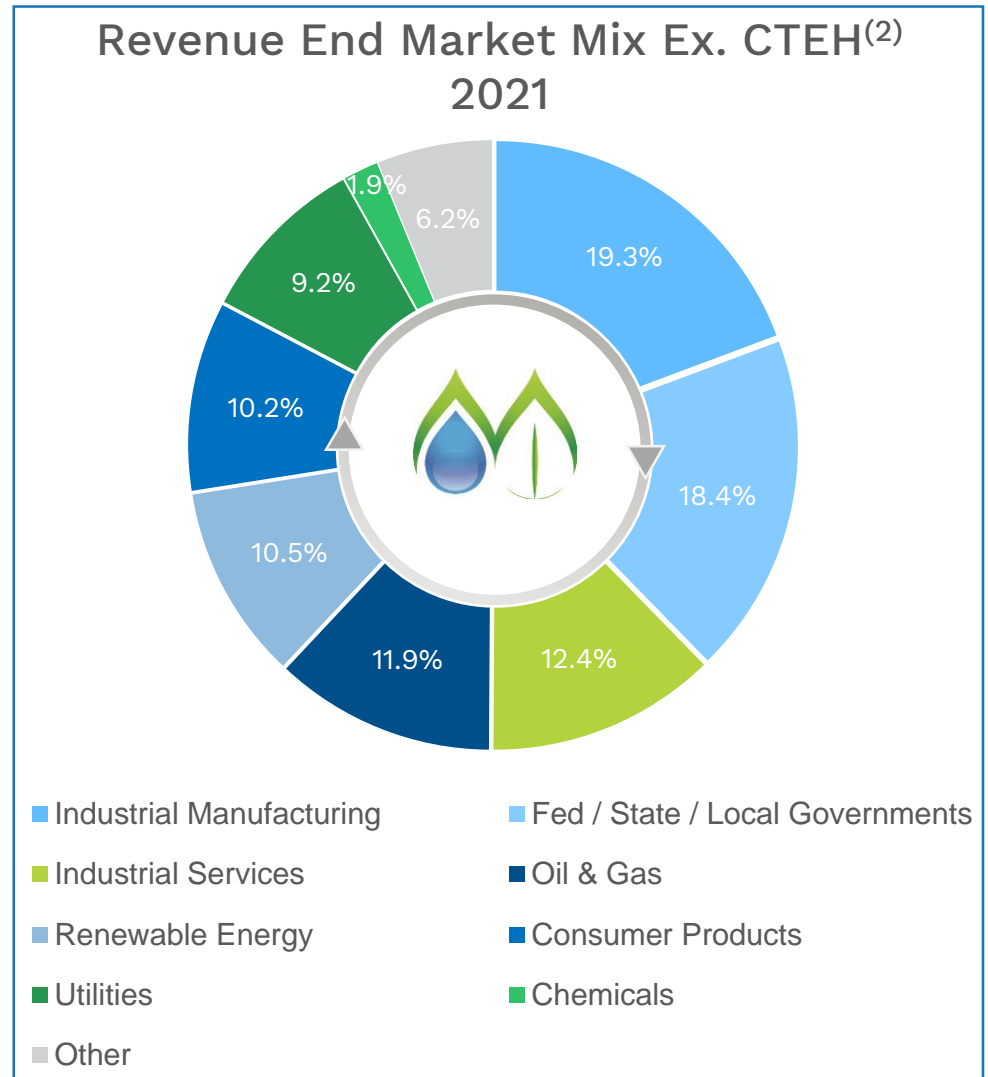
18% of Revenue Sourced From Multiple Service Lines in 2021

	Assessment, Permitting & Response	Measurement & Analysis	Remediation & Reuse
Exemplary Services	<p><b>Emergency Response (CTEH):</b></p> <ul style="list-style-type: none"> <li>Environmental Incident Response</li> <li>Risk Assessment &amp; Mitigation</li> </ul> <p><b>Regulatory Consulting:</b></p> <ul style="list-style-type: none"> <li>Air Quality</li> <li>Water Quality</li> </ul> <p><b>Planning and Ecosystems Consulting:</b></p> <ul style="list-style-type: none"> <li>NEPA Compliance Documents</li> <li>Natural Resource Damage Assessment (NRDA)</li> <li>Net Environmental Benefit Analysis (NEBA)</li> </ul>	<p><b>Air Testing:</b></p> <ul style="list-style-type: none"> <li>Source Emissions</li> <li>Ambient Air Monitoring</li> <li>Fenceline Monitoring</li> </ul> <p><b>Lab Services:</b></p> <ul style="list-style-type: none"> <li>Air, Soil, Water, Sediment Analysis</li> <li>Ultratrace Analysis and PFAS</li> <li>Environmental Toxicology</li> </ul> <p><b>Leak Detection and Repair (LDAR):</b></p> <ul style="list-style-type: none"> <li>Detection &amp; Measurement</li> <li>Consulting &amp; Support Services</li> <li>Data Management and Reporting</li> </ul>	<p><b>Water Treatment and Renewable Energy (Biogas) Solutions:</b></p> <ul style="list-style-type: none"> <li>Initial Project Assessments and Feasibility Studies</li> <li>Integrated System Engineering and Design, Installation, Start-up and Commissioning and O&amp;M</li> </ul> <p><b>Soil and Groundwater Remediation:</b></p> <ul style="list-style-type: none"> <li>Site Investigations and Assessments</li> <li>Remediation System Engineering and Design, Installation and O&amp;M</li> <li>Underground Storage Tank Closure and Management</li> </ul>
Revenue Model	Primarily time & materials	Primarily fixed price and, for out of scope work, time & materials	Primarily fixed price and, for out of scope work, time & materials



# Long Term Relationships Across Diverse Customers and End Markets

- 5,300+ clients with largest client representing ~10% of FY2021 Revenue
- Long-standing relationships with a number of Fortune 1000 companies and government entities
- 90%/10% revenue split between private and public clients
- Clients generating **90%+** revenue in FY 2020 repeated in FY2021 (and in FY2020 from FY2019 and in FY2019 from FY2018)<sup>(1)</sup>



(1) Excludes CTEH

(2) See the appendix to this presentation for a breakdown of revenue by industry including CTEH revenues.

# Key Drivers of Environmental Solutions Industry For Montrose



## Regulatory & Compliance

- Multimedia compliance audits and reporting in response to regulatory programs continue to generate ongoing consulting support needs.
- Regulatory focus on greenhouse gas reduction and other emissions concerns have led to expanding emissions inventories and air toxics impact assessments.
- Emerging contaminants (e.g., PFAS) are spurring a new generation of testing, site assessment, remedial design, and groundwater remediation and water treatment opportunities.
- Transition to a lower-carbon economy is leading to market shifts (e.g., coal to gas to solar) that create next compliance and remediation needs (e.g., CCR).



## Infrastructure

- Record-setting U.S. Government infrastructure bill funding will energize project development, including engineering & consulting services, across multiple sectors.
- Large development projects are triggering environmental impact (NEPA/CEQA) assessment needs.
- Expansion of construction activity has led to permitting, laboratory, geotechnical, and stormwater pollution control opportunities.
- Aging infrastructure and shifts to newer technologies have led to plant decommissioning and redevelopment opportunity.
- National defense complex continues to address legacy environmental impacts as part of ongoing installation modernization.



## Global Public Demands

- Service opportunities are emerging in response to clients' ESG needs for sustainability, resiliency, environmental justice, and corporate assurance.
- Emergency response, industrial hygiene, and toxicology support continue to increase for clients with safety consulting and adverse climate event needs.
- Public concern for drinking water quality and ecological impacts have led clients to implement PFAS water treatment projects.
- Renewable energy programs can create opportunities for biogas development as well as permitting services to support next-generation energy production.

# Capabilities Aligned with Emerging Political & Regulatory Priorities

Focus on Environmental Matters Creates Tailwinds for Montrose

	Assessment, Permitting & Response			Measurement & Analysis			Remediation & Reuse	
	Ecosystem	Regulatory	Response	Testing	Lab	LDAR	Biogas	Soil/Water
Climate Change & Event Driven Response	✓	✓	✓	✓	✓	✓		✓
Greenhouse Gas Mitigation & Air Quality	✓	✓		✓	✓	✓	✓	
Emerging Contaminant Regulation	✓	✓	✓	✓	✓			✓
Renewable Energy and Reduced Carbon Intensity	✓	✓					✓	
Increased EPA Regulatory Enforcement	✓	✓		✓	✓	✓		✓
Infrastructure and Defense Spending	✓	✓		✓	✓	✓		✓

# Working Across Montrose to Solve the Global PFAS Problem



## 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<sup>(1)</sup> 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

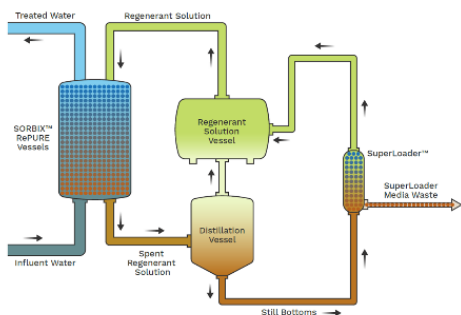
**Our Team of Engineers, Geologists, Chemists, Scientists, Toxicologists, Risk Assessors, and Field Technicians Provide an Integrated, Cross-functional Continuum of Services to Address the Complexities Surrounding PFAS**

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



# Distinguishing Features of Montrose PFAS Solutions

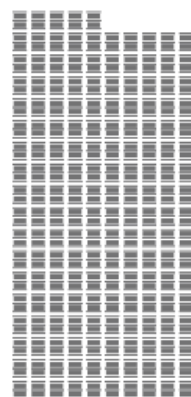
## Patented Technology\*



A sustainable system for removing and concentrating PFAS from water allows PFAS-saturated resin to be regenerated onsite and reused

- \*SORBIX™ RePURE (10,287,185)
- \*SuperLoading™ (US 10,913,668 B2)

## Less Waste, Smaller Footprint

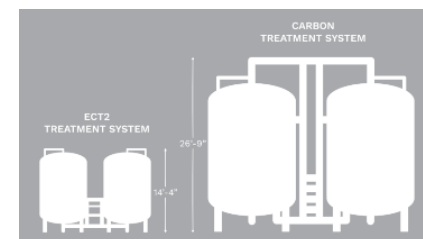


Single use GAC - 185 Barrels

For every million gallons of water treated, only ~ 1 gallon of solid waste is generated



Regenerable IEX - <1 Barrel



Approximately 10x the capacity of Granular Activated Carbon (GAC)

## Compelling Case Studies



Montrose Regenerable Resin Solution Before & After PFAS Plume

For ~\$6m, in ~18 months with our proprietary technology, Montrose created a PFAS treatment solution for the community & our client

## PFAS Destruction – The Future



Plasma Technology, Clarkson University - YouTube

The high concentration of PFAS in the recovered waste from the Montrose treatment solution has broad applicability in emerging PFAS destruction technologies

Both Electrochemical Oxidation and Plasma Destruction in combination with Montrose solutions have demonstrated efficacy in field applications

# Working Across Montrose to Solve the Global GHG Problem

## Montrose Roadmap to Our O&G Clients' ESG Success



**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.<sup>(1)</sup>

### Remediation outlook:

The drive towards low-carbon and low-cost is the industry paradigm and those who are able to achieve it will enjoy a competitive advantage.<sup>(2)</sup> **OGCI members invest over \$7B each year in low carbon solutions.**<sup>(3)</sup>

### 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/)

# Consistent Creation of Economic Value

## Organic Earnings Growth (+)

- Consistent growth since 2016:
  - Adjusted EBITDA<sup>(1)</sup> has grown at more than 2x the rate of our revenue
  - Since 2016, organic revenue growth averaging ~9% per year. With CTEH, our combined organic revenue growth is averaging ~14% per year<sup>(2)</sup> since 2016
- Revenue synergies have been more impactful than cost synergies
- Positioned to continue growing organic revenue at a mid-to-high single digit rate over the next several years

## Strategically Additive Acquisitions (+)

- Acquisitions represent a core part of growth strategy within a highly fragmented environmental market
  - Environmental services industry comprised of thousands of firms
- Strategic acquisitions purchased at attractive values can generate significant shareholder value over time given Montrose's unique platform with scale, differentiation and technology.
- M&A objective to acquire an expected \$10-15 million of annualized EBITDA per year at attractive multiples

## Continued Investments (-)

- Investments in corporate infrastructure and in new business lines and R&D offsets near term profits
  - Infrastructure is highly additive and enables (i) rapid integration of companies, (ii) better risk management, (iii) improved data management and security, and (iv) enhanced employee safety and development. Operating leverage from scale over corporate costs is a medium term opportunity and is evident in recent Adjusted EBITDA margin<sup>(1)</sup> trends
  - New business lines and R&D have helped create differentiation and competitive advantages for Montrose

(1) Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. Adjusted EBITDA adds back non-recurring expenses. Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of revenue. See the appendix to this presentation for a discussion of these measures and a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure.

(2) We define organic growth as the change in revenues excluding revenues from acquisitions for the first twelve months following the date of acquisition. CTEH revenues exclude CTEH's revenues generated from major environmental events resulting in one or more projects contributing more than \$4.0 million of revenue in any year.

# Key Organic Growth Initiatives

1

Expand existing local relationships into **national and international** relationships

2

Sell additional **environmental services** to existing clients

3

Deploy **innovative technologies**, processes and applications to address unmet client needs

4

Provide sales training and build a targeted sales team to **drive growth** and **acquire new clients**

5

Build Montrose **brand awareness** and **marketing capabilities**

6

**Recruit and retain** industry leaders

7

Capture environmental service opportunities arising from **government investment, regulation and enforcement**

8

**Agile and diverse expertise** to address emerging situations for clients, such as natural disasters and COVID-19 related matters

**Consistent, Steady, Stable Growth**



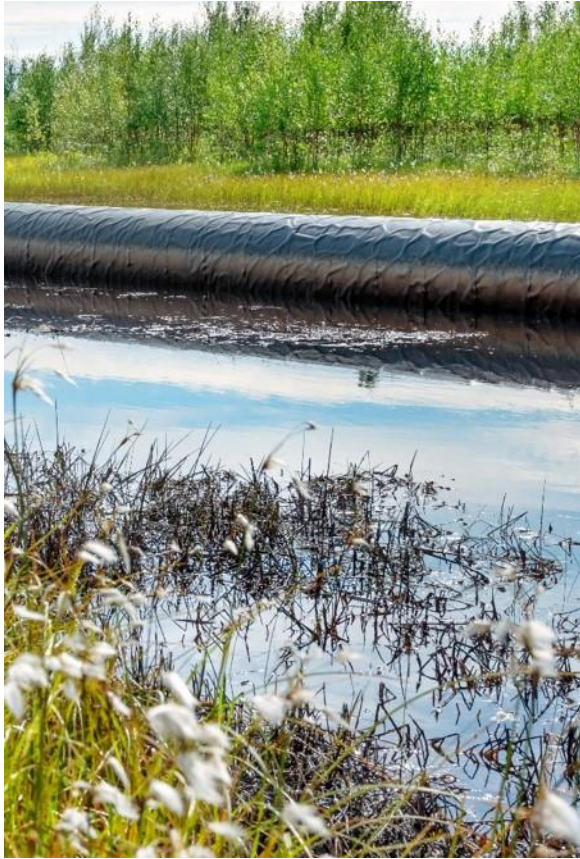
# Recent M&A Success

- Successfully completed a number of value-enhancing acquisitions in 2021 and 2022
- 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

MEG Acquisitions and New Business		
Acquisition	Date	Rationale
	<b>FY22 Q1</b>	<ul style="list-style-type: none"> <li>• Internationally recognized environmental consulting firm providing services across diverse end markets</li> <li>• Further strengthens chemistry and auditing services in the US East Coast</li> </ul>
	<b>FY21 Q4</b>	<ul style="list-style-type: none"> <li>• Environmental consulting firm specializing in planning, watershed science, and environmental compliance</li> <li>• Supplemented consulting presence in the US West Coast and deepened water resource knowledge</li> </ul>
	<b>FY21 Q4</b>	<ul style="list-style-type: none"> <li>• Full-service environmental laboratory</li> <li>• Augmented testing and analytical service capabilities in Texas and US Gulf Coast region</li> </ul>
	<b>FY21 Q3</b>	<ul style="list-style-type: none"> <li>• Technology platform that connects sensors and sources of environmental data to a central, proprietary database that enables real-time client interaction</li> <li>• Advanced ability to integrate environmental services and enhance environmental data analytics for clients</li> </ul>
	<b>FY21 Q3</b>	<ul style="list-style-type: none"> <li>• Environmental consulting company recognized for its innovative work in wildfire mitigation, biological assessments, and other environmental services</li> <li>• Enhanced ecological planning and service capabilities in California and the US West Coast</li> </ul>
	<b>FY21 Q2</b>	<ul style="list-style-type: none"> <li>• Premier environmental laboratory for the testing and analysis of polyfluoroalkyl substances (PFAS), dioxins and other persistent organic pollutants</li> <li>• Enhanced service capabilities (including PFAS accreditations) in California and the US West Coast</li> </ul>

# Investment Highlights





# Financial Overview



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# Strong Record of Profitable Growth

## Multiple Levers to Drive Growth

### ORGANIC GROWTH

Continued market share gains through business development and technology innovation

### STRATEGIC ACQUISITIONS

Strategic acquisition opportunities in highly fragmented markets

### MARKET GROWTH

Regulations & compliance, investor priorities, infrastructure investment and global public awareness related to environmental stewardship drove outperformance of the estimated ~2% market growth rate<sup>(2)</sup>

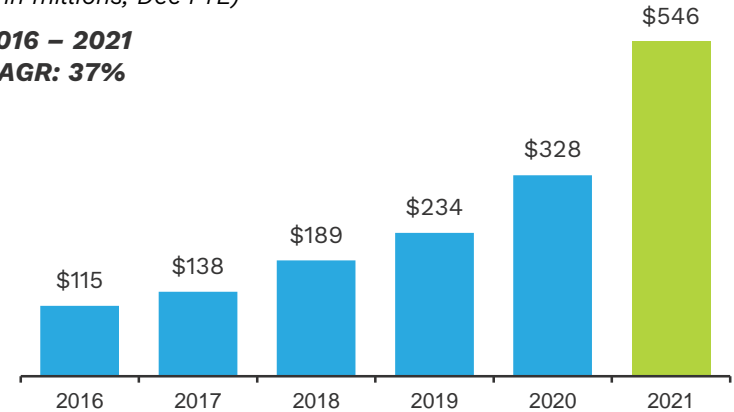
### MARGIN EXPANSION

Revenue Growth  
Operating Leverage

### Revenue

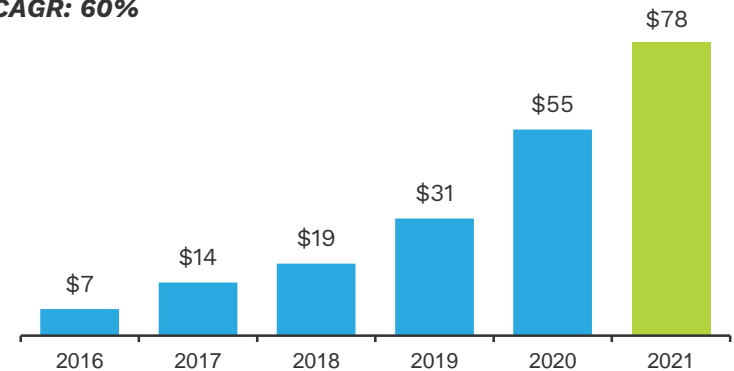
(\$ in millions, Dec FYE)

**2016 – 2021**  
**CAGR: 37%**



### Adjusted EBITDA<sup>(1)</sup>

**2016 – 2021**  
**CAGR: 60%**



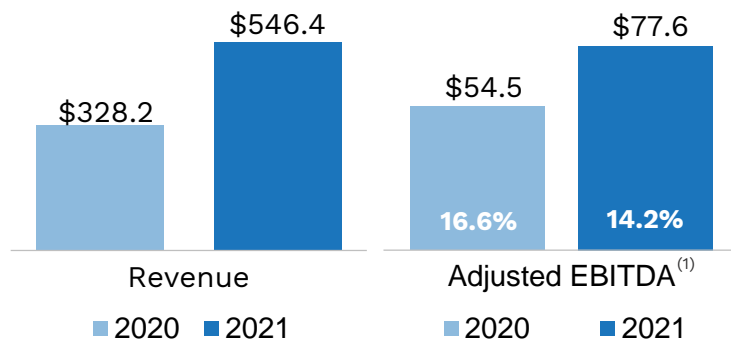
(1) Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA adds back non-recurring expenses. See the appendix to this presentation for a discussion of this measure and a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure.

(2) 2021-2024 U.S. revenue CAGR sourced from 2021 EBI Environmental Services data set.

# Full Year 2021 Performance

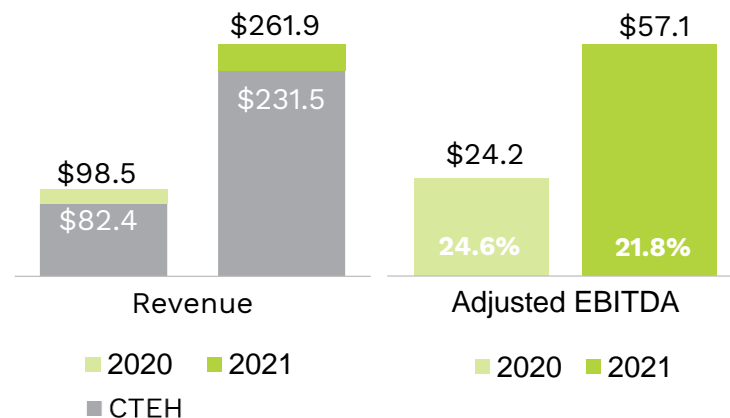
## Total

(\$ in mm; % of revenue)



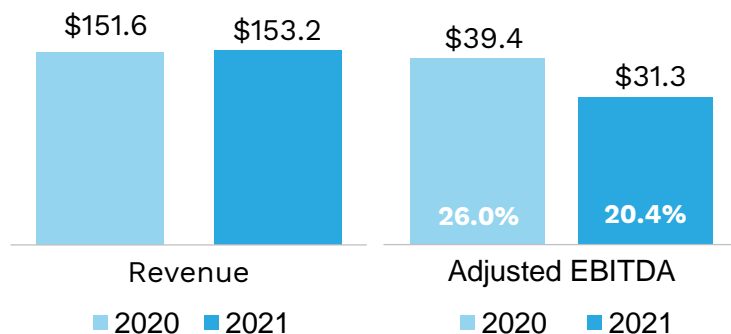
## Assessment, Permitting and Response

(\$ in mm; % of revenue)



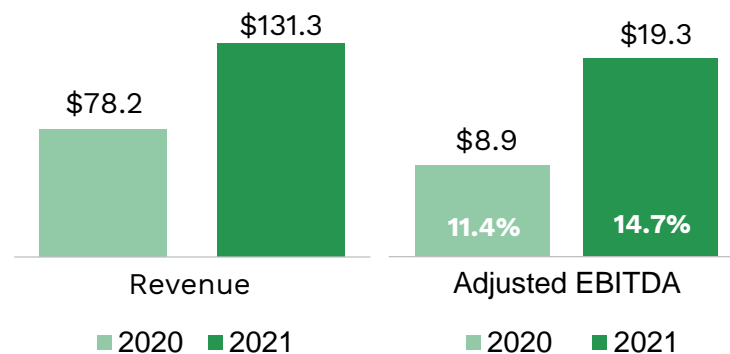
## Measurement & Analysis

(\$ in mm; % of revenue)



## Remediation & Reuse

(\$ in mm; % of revenue)



(1) Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. Adjusted EBITDA adds back non-recurring expenses. Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of revenue. See the appendix to this presentation for a discussion of these measures and a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure.

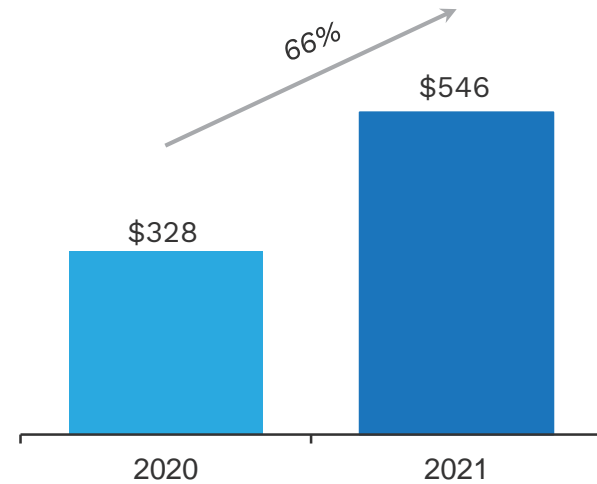
Note: For purposes of evaluating segment profit, the Company's chief operating decision maker reviews Adjusted EBITDA as a basis for making the decisions to allocate resources and assess performance. See Note 21 to our consolidated financial statements included in our Form 10-K for the year ended December 31, 2021.

# Full Year and Q4 2021 Revenue Performance

- Solid revenue growth of 66% YoY in 2021 and 32% YoY during Q4
- Excluding discontinued service lines<sup>(1)</sup>, revenue increased 68% YoY in 2021
- Annual and quarterly growth in all segments
- Exceptional organic growth in 2021 reflects strong execution and success of business initiatives

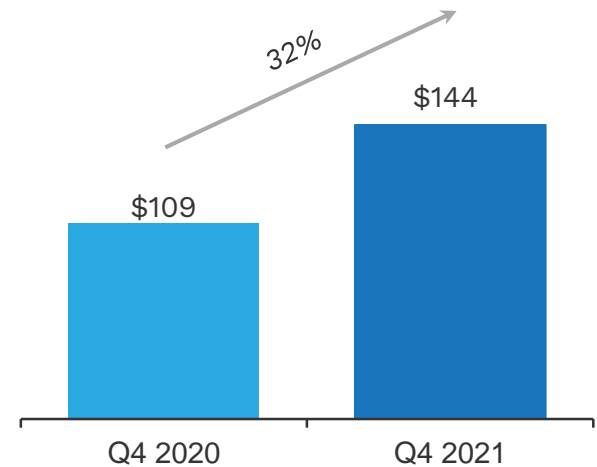
## Full Year 2021 Revenue

(\$ in mm)



## Q4 2021 Revenue

(\$ in mm)



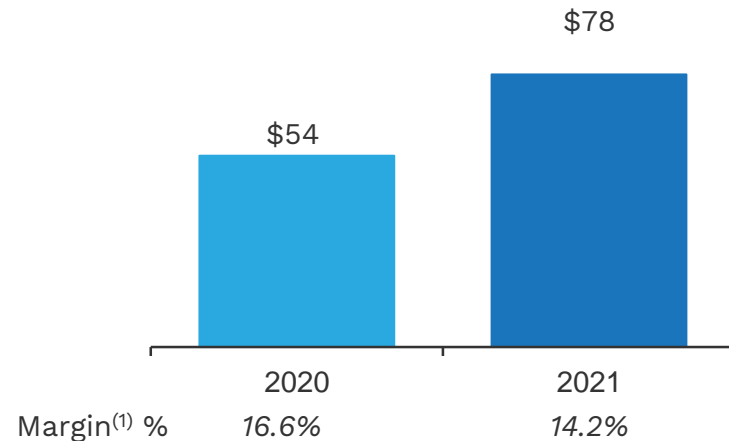
(1) Excluding discontinued services, which generated revenues of \$3.8 million in 2020.

# Full Year and Q4 2021 Adjusted EBITDA<sup>(1)</sup> Performance

- Strong 2021 Adjusted EBITDA<sup>(1)</sup>
  - Up 43% YoY to \$77.6 million
- Q4 Adjusted EBITDA<sup>(1)</sup> in-line with expectations
  - Flat YoY to \$18.4 million given higher corporate costs
- Margin decline as a result of unfavorable business mix, including lower margin pandemic response services from CTEH, a full year of public company costs in 2021, reversal of cost mitigation actions taken at onset of COVID-19 pandemic, and investments in corporate infrastructure

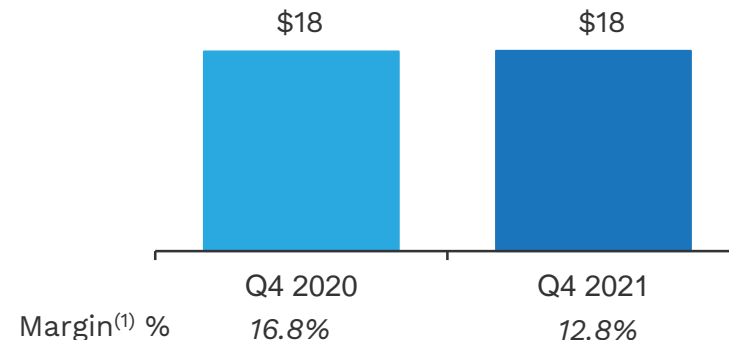
## Full Year 2021 Adjusted EBITDA<sup>(1)</sup>

(\$ in mm)



## Q4 2021 Adjusted EBITDA<sup>(1)</sup>

(\$ in mm)



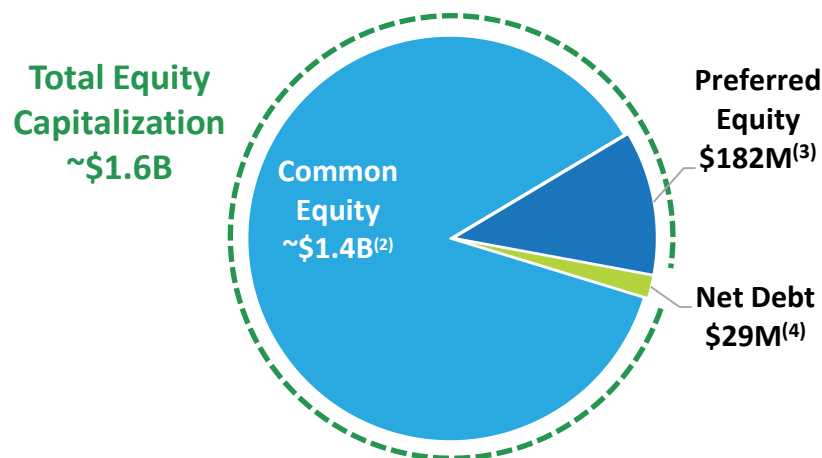
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# Attractive Capital Structure

## Commentary

- Flexible balance sheet to pursue investments in innovation and acquisitions in highly fragmented industry
- Montrose has \$271.3 million of liquidity, including \$146.3 million of cash and \$125.0 million of availability under its revolving credit facility as of 12/31/21
- In October, completed follow-on equity offering, raising net proceeds of \$169.8 million
- Net leverage<sup>(1)</sup> of 0.8x as of 12/31/21
- Equity capitalization of ~\$1.6 billion<sup>(2)</sup> consisting of 1) 26.7 million shares of common stock outstanding plus 2) \$182.2 million of A-2 Preferred Equity held by Oaktree<sup>(3)</sup>

## Market Capitalization



(1) The Company's leverage ratio under its current credit facility is consistent with the calculation methodology under the prior credit facility and includes the impact of acquisition-related contingent earnout payments that may become payable in cash.

(2) As of March 25, 2022.

(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 \$175.0 million less cash on hand of \$146.3 million as of December 31, 2021. See the appendix to this presentation for a discussion of Net Debt.



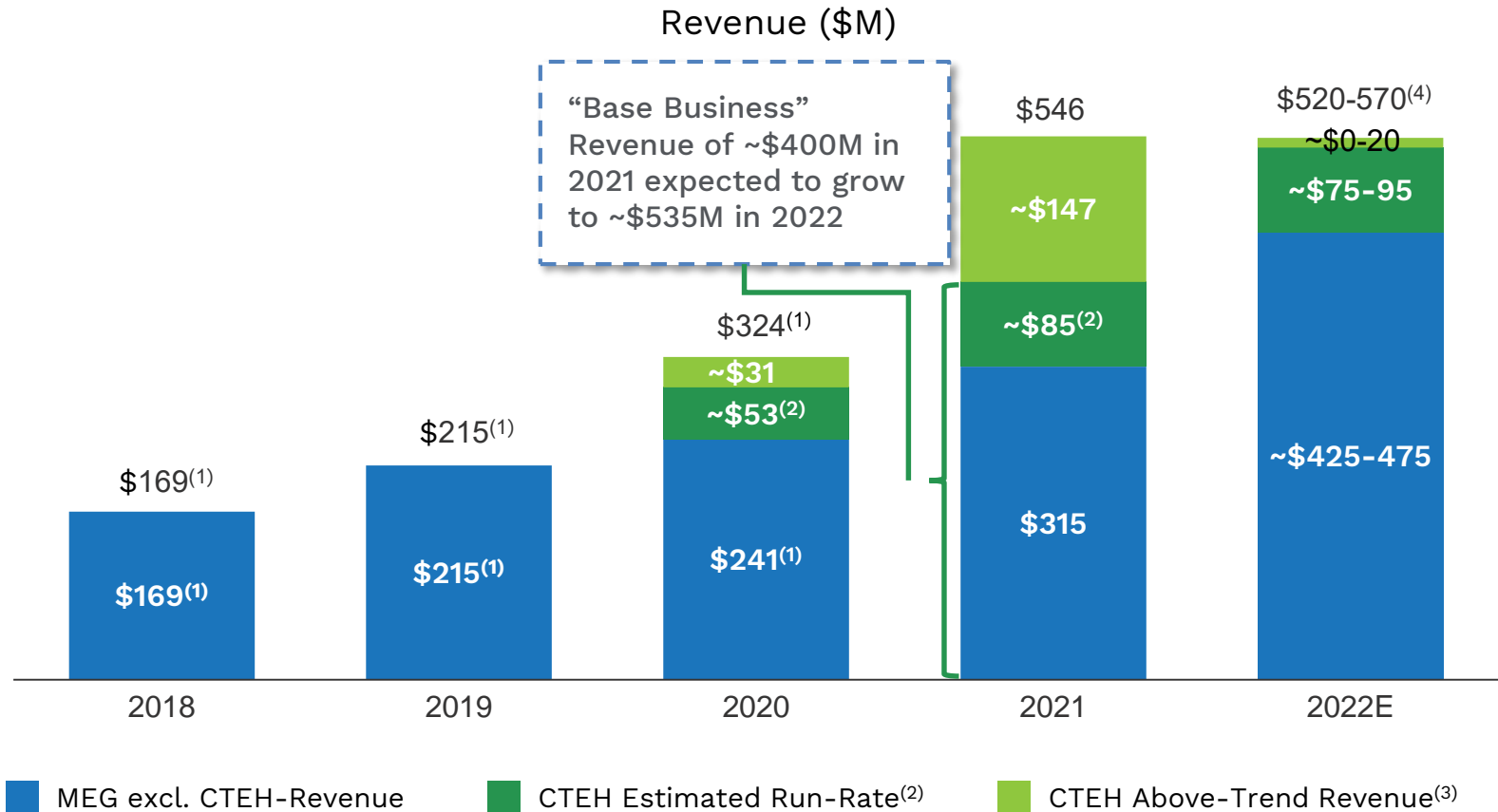
# Outlook



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# Organic Growth Driving Revenue Outlook and Outperformance

Well Positioned for Further Growth in Base Business Revenue into 2022



(1) Excludes discontinued service lines, which generated revenues of \$19.8 million in 2018, \$18.4 million in 2019, and \$3.8 million in 2020.

(2) CTEH run-rate revenue based on management estimates over certain periods of time. CTEH run-rate revenue in 2020 represents the midpoint of an estimated \$60 million to \$80 million full year range, prorated for the 9 month period beginning on the date of the CTEH acquisition on April 1, 2020. CTEH run-rate revenue in 2021 represents the midpoint of an estimated \$75 million to \$95 million full year range.

(3) CTEH above-trend revenue is the difference between CTEH actual revenue and CTEH estimated run-rate revenue, representing, for example, heightened demand for COVID-19 related CTEH services that are expected to taper in future periods.

(4) 2022E outlook range for revenue 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 (other than CTEH) are included in base business revenue.

# 2022 Outlook

**Revenue** expected to be in the range of **\$520-\$570 million**. **Adjusted EBITDA<sup>(1)</sup>** anticipated to be in the range of **\$73-\$78 million**.

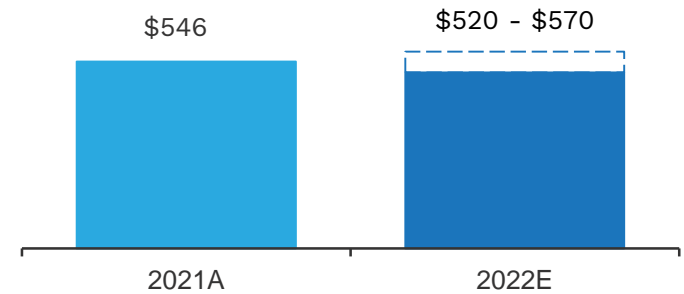
2022E outlook assumes revenue growth comprised of **double digit organic growth excluding CTEH plus** the contribution of **completed acquisitions**. CTEH revenues expected to be above normalized run rate revenue of ~\$75-95 million.

Acquisition pipeline supports expectation for **~\$10-\$15 million of acquired Adjusted EBITDA<sup>(1)</sup>** per year. There are no additional acquisitions after Environmental Standards assumed in our outlook.

**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.

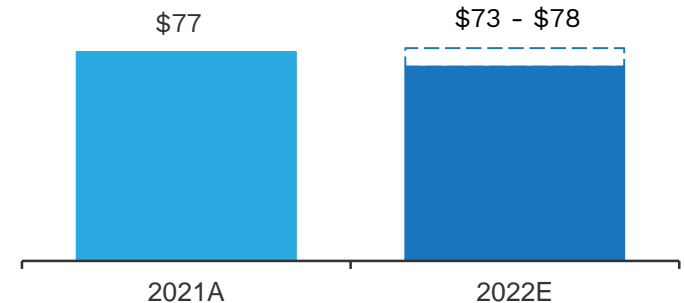
## Revenue

(\$ in mm)



## Adjusted EBITDA<sup>(1)</sup>

(\$ in mm)



**Current Outlook Aligned With Long-term Expectation for Base Business Revenue<sup>(2)</sup>  
Growth on Average in Excess of 20% Per Year For Foreseeable Future**

(1) Adjusted EBITDA is a non-GAAP measure. Adjusted EBITDA adds back non-recurring expenses. See the appendix to this presentation for a discussion of this measure and certain considerations regarding estimates of this non-GAAP measure.  
 (2) Base business revenues represent total revenues less CTEH above-trend revenues in a year, including revenues from acquisitions completed in that year.

# Margin Expansion Plan and Expectations Unchanged

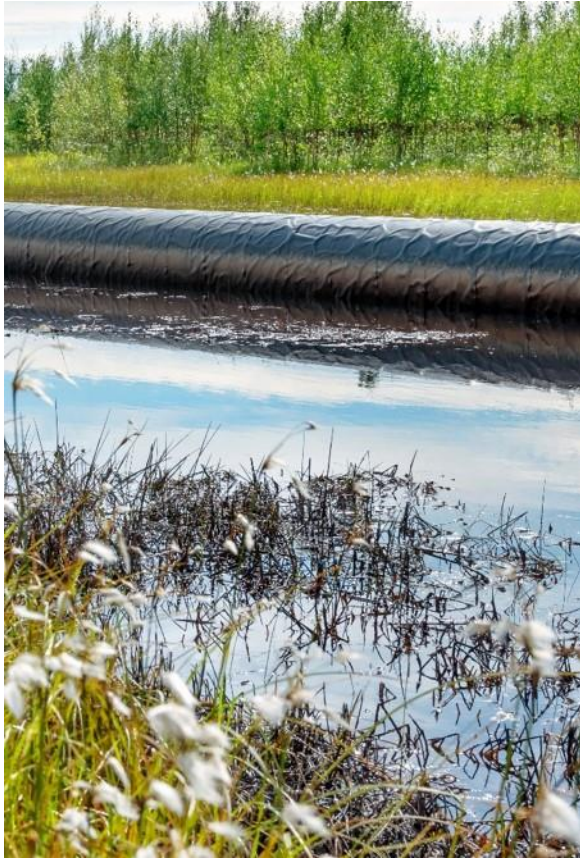
Percent of Revenue	2019	2020	2021	Long-Term Target
Operating Segment Adjusted EBITDA <sup>(1)</sup>	19.3%	22.1%	19.7%	23-25%
Corporate Adjusted EBITDA <sup>(1,2)</sup>	(5.8%)	(5.5%)	(5.5%)	(3-5%)
Adjusted EBITDA <sup>(1)</sup>	13.5%	16.6%	14.2%	~20%

- Long term Adj. EBITDA margin target of ~20% unchanged since IPO
- Operating Segment Adj. EBITDA margin expected to approach 23-25% as service lines mature
  - AP&R segment Adj. EBITDA margin target of 25-30% assumes CTEH pandemic response services normalize at run rate revenue levels over time
  - M&A segment Adj. EBITDA margins are mature and should remain in range of 18-20%
  - R&R segment Adj. EBITDA margins anticipated to be 20-25% as investments to capture market share, particularly in PFAS and biogas, generate scale and incremental margins
  - Excluding 2020 when Adj. EBITDA margin was temporarily expanded due to COVID-related cost containments, margins continue to steadily expand (2019 versus 2021)
- Corporate expenses as a percentage of revenue expected to trend to 3-5%

(1) Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. Adjusted EBITDA adds back non-recurring expenses. Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of revenue. See the appendix to this presentation for a discussion of these measures and a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure. Note: For purposes of evaluating segment profit, the Company's chief operating decision maker reviews 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, 2021.

(2) Corporate Adjusted EBITDA represents Corporate and Other expense of \$13.641 million, \$18.056 million and \$30.082 million as a percent of revenue for the full year 2019, 2020 and 2021, respectively.





# Case Studies & Thought Leadership



**MONTROSE**  
ENVIRONMENTAL



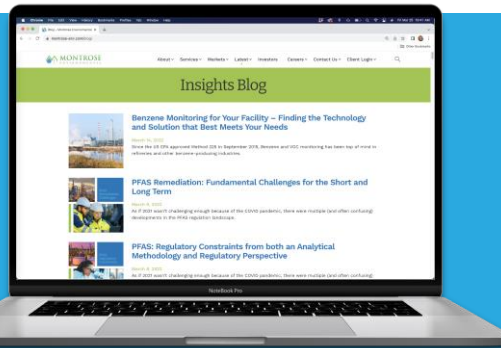
# Case Studies & Thought Leadership



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# Appendix



**MONTROSE**  
ENVIRONMENTAL

# Revenue End Market Mix With and Without CTEH in 2021

End Market	Excluding CTEH	Including CTEH
Industrial Manufacturing	19.3%	9.8%
Fed / State / Local Governments	18.4%	10.0%
Industrial Services	12.4%	5.0%
Oil & Gas	11.9%	6.7%
Renewable Energy	10.5%	5.6%
Consumer Products	10.2%	8.8%
Utilities	9.2%	5.2%
Other	6.2%	5.7%
Chemicals	1.9%	2.0%
Technology, Media and Telecom	0.0%	41.2%



# 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 that are not required by, or presented in accordance with, U.S. GAAP, including Adjusted EBITDA and Adjusted EBITDA margin. We calculate these measures as follows:

- Adjusted EBITDA represents 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
- Adjusted EBITDA margin represents Adjusted EBITDA as a percentage revenue for a given period

Adjusted EBITDA and Adjusted EBITDA margin are some of the primary metrics used by management to evaluate our results and financial position and compare them to those of our peers, evaluate the effectiveness of our business strategies, make budgeting and capital allocation decisions and in connection with our executive incentive compensation. 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 results and financial position because they allow for more consistent comparisons between periods. For example, Adjusted EBITDA excludes gains and losses that are non-operational in nature or outside the control of management, as well as 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 any measure calculated in accordance with GAAP. Our presentation of Adjusted EBITDA and Adjusted EBITDA margin 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, our use of these non-GAAP measures 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 at all. Management compensates for these limitations by using these measures as supplemental 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 non-GAAP measures in conjunction with the related GAAP measures.

Additionally, we have provided estimates regarding Adjusted EBITDA for 2022. These projections account for estimates of revenue, operating margins and corporate and other costs. However, we cannot reconcile our projection of 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 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 the impact of certain items, including income tax (expense) benefit, stock-based compensation expense, fair value changes and the accounting for the issuance of the Series A-2 preferred stock. We expect the variability of these items could have a significant impact on our reported GAAP financial results.

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

In this presentation we also provide information regarding organic growth, which is one of the measures management uses to assess our results of operations. 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 the CTEH acquisition to Montrose, and the potential annual volatility in CTEH's revenues, 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.

# Adjusted EBITDA Reconciliation

(in thousands)	For the Year Ended December 31,						For the Quarter Ended December 31,	
	2021	2020	2019	2018	2017	2016	2021	2020
<b>Net (loss) income</b>	\$ (25,325)	\$ (57,949)	\$ (23,557)	\$ (16,491)	\$ (10,549)	\$ (8,946)	\$ (1,472)	\$ 812
Interest expense	11,615	13,819	6,755	11,085	5,815	3,072	407	2,923
Income tax expense (benefit)	1,709	851	(3,121)	(4,968)	(7,196)	(4,124)	1,061	2,414
Depreciation and amortization	44,810	37,274	27,705	23,915	18,828	15,023	11,665	10,190
<b>EBITDA</b>	<b>32,809</b>	<b>(6,005)</b>	<b>7,782</b>	<b>13,541</b>	<b>6,898</b>	<b>5,025</b>	<b>11,661</b>	<b>16,339</b>
Stock-based compensation <sup>(1)</sup>	10,321	4,849	4,345	5,794	6,490	2,572	3,734	1,410
Start-up losses and investment in new services <sup>(2)</sup>	4,407	2,182	1,044	181	1,534	811	1,131	899
Acquisition costs <sup>(3)</sup>	2,088	4,344	3,474	1,589	1,323	317	432	577
Fair value changes in financial instruments <sup>(4)</sup>	2,195	20,319	11,160	(352)	—	—	544	2,827
Expenses related to financing transactions <sup>(5)</sup>	50	378	—	398	152	110	—	101
Fair value changes in business acquisitions contingent consideration <sup>(6)</sup>	24,372	12,942	1,392	(158)	(1,312)	—	337	(4,445)
Short term purchase accounting fair value adjustment to deferred revenue <sup>(7)</sup>	—	243	858	—	—	—	—	—
Public offering expense <sup>(8)</sup>	—	7,657	610	—	—	—	—	749
Discontinued service lines and closing of Berkley lab <sup>(9)</sup>	—	5,662	577	(1,680)	(352)	(650)	—	(1,864)
Other losses (gains) and expenses <sup>(10)</sup>	1,400	1,905	—	—	(900)	(856)	554	1,726
<b>Adjusted EBITDA</b>	<b>\$ 77,642</b>	<b>\$ 54,476</b>	<b>\$ 31,242</b>	<b>\$ 19,313</b>	<b>\$ 13,833</b>	<b>\$ 7,329</b>	<b>\$ 18,393</b>	<b>\$ 18,319</b>

(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) Represent start-up losses related to losses incurred on (i) the expansion of lab testing methods and lab capacity, including into new geographies, (ii) introduction of new software and consulting service lines (iii) expansion into Europe in advance of projects driven by new regulations.

(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 embedded derivatives and warrant options attached to the Series A-1 preferred stock and 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 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) 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.

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

(9) Represents loss (earnings) from the Discontinued Service Lines and the Berkeley lab. See “—Overview—Key Factors that Affect Our Business and Our Results.”

(10) Represents non-operational charges incurred as a result of lease abandonments, losses related to the shutdown of a lab location, and non-capitalizable costs related to the implementation of a new ERP, net of insurance gains.