

May Investor Presentation

A Leading End-to-End
Environmental Solutions Company



Safe Harbor

Statements contained herein and in the accompanying oral presentation contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may be identified by the use of words such as “intend,” “expect”, and “may”, and other similar expressions that predict or indicate future events or that are not statements of historical matters. Forward-looking statements are based on current information available at the time the statements are made and on management’s reasonable belief or expectations with respect to future events, and are subject to risks and uncertainties, many of which are beyond Montrose Environmental Group, Inc.’s (“Montrose,” “we,” “us” and “our”) control, that could cause actual performance or results to differ materially from the belief or expectations expressed in or suggested by the forward-looking statements. Additional factors or events that could cause actual results to differ may also emerge from time to time, and it is not possible for us to predict all of them. Forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update any forward-looking statement to reflect future events, developments or otherwise, except as may be required by applicable law. Investors are referred to Montrose’s filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2023, for additional information regarding the risks and uncertainties that may cause actual results to differ materially from those expressed in any forward-looking statement.

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

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

Who We Are



Montrose at a Glance



Attractive, growing market with secular long-term tailwinds



Differentiated as an integrated player - unique combination of services and proprietary technology



Long-standing and diversified customer base



Proven ability to execute organically (R&D; cross-sell³) and through M&A

Montrose At A Glance

~3,200
Employees

120+
Locations
Worldwide

17
Patents
Issued

~15%
2020 – 2023
Avg. Annual Organic
Growth¹

~96%
Revenue Repeated
From Prior Year
Customers²

~51%
2023 Revenue
From Cross-Selling
Activity³

\$690 - 740M
2024E Revenue⁴

\$95 - \$100M
2024E Consolidated
Adj. EBITDA^{4,5}

\$56M
2023 Op. Cash Flow

¹) Excludes discontinued services, which generated revenues of \$51.5 million in 2020, \$36.0 million in 2021, \$20.6 million in 2022, and \$8.8 million in 2023
²) Customer revenue retention defined as the percentage of revenue excluding emergency response revenue from customers in 2022 that recurred in 2023. Emergency Environmental Response revenue is excluded from the calculation in light of episodic nature of emergency response work.
³) Cross selling activity defined as the percentage of total revenue from customers purchasing two or more Montrose services within the same fiscal year
⁴) Represents 2024E outlook range for Revenue and Consolidated Adjusted Adj. EBITDA of \$690-\$740M and \$95-\$100M, respectively
⁵) Consolidated Adjusted EBITDA is a non-GAAP measure. See the appendix to this presentation for a discussion of this measure, including how it is calculated and the reasons why we believe it provides useful information to investors, and a reconciliation for historical periods to the most directly comparable GAAP measure

Our Integrated Solutions Are Unique

Assessment, Permitting and Response

Identify

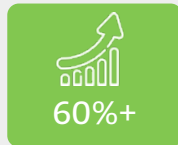


- Environmental Assessments
- Environmental Emergency Response
- Toxicology Consulting
- Environmental Audits & Permitting
- NRDA, NEBA and other Advisory Services

KEY CAPABILITIES



Annual responses by premier response brand



Segment Revenue Growth Rate¹



Ranked among top Environment Management firms²

HIGHLIGHTS

Measurement and Analysis

Quantify



- Multi-Media Laboratory Services
- Data Solutions (Sensible EDP)
- Source & Ambient Air Testing
- Leak Detection / OGI



Customer facilities using our methane emissions testing teams & software



Operates 2 of the 28 DOD NELAC accredited PFAS labs³



Nine dedicated laboratory locations

Remediation & Reuse

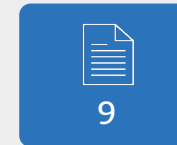
Remediate



- Consulting, Engineering, Design, & Implementation Services
- Water Treatment (e.g., PFAS & Selenium Water Removal)
- Biogas Generation From Waste



Patents issued for proprietary innovations



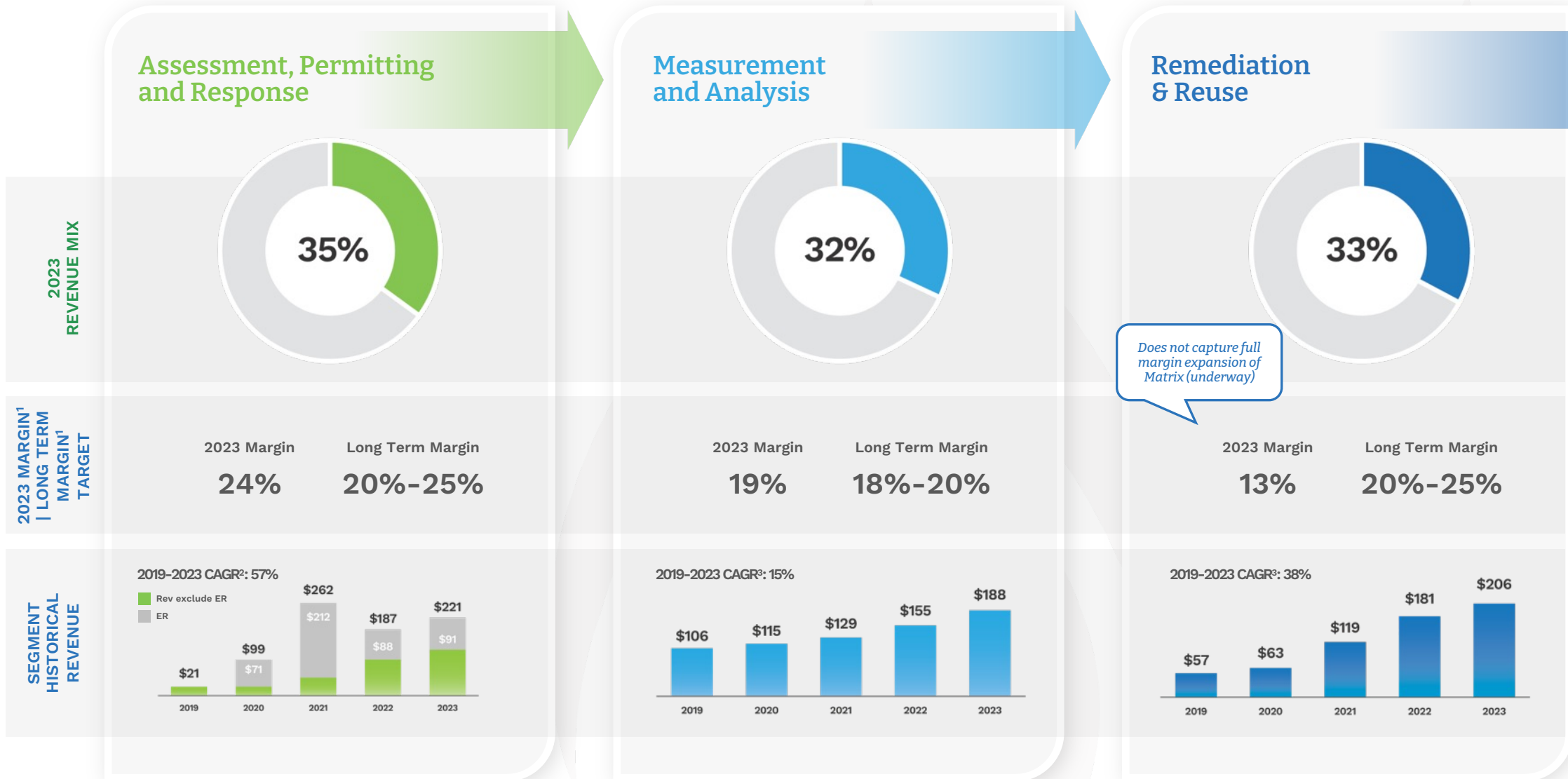
Additional patents submitted in 2023



Total addressable market⁴

¹ Segment CAGR from 2020 to 2023, excluding Emergency Response ("ER") revenue of \$71M in 2020, \$212M in 2021, \$88M in 2022 and \$91M in 2023
² ENR The Top 200 Environmental Firms
³ "Accredited Labs," Defense Environmental Network & Information Exchange, accessed March 4, 2024, <https://www.denix.osd.mil/edqw/accreditation/accreditedlabs/>
⁴ 2021 EBJ Environmental Services data set

Our Integrated Solutions Are Unique (cont.)

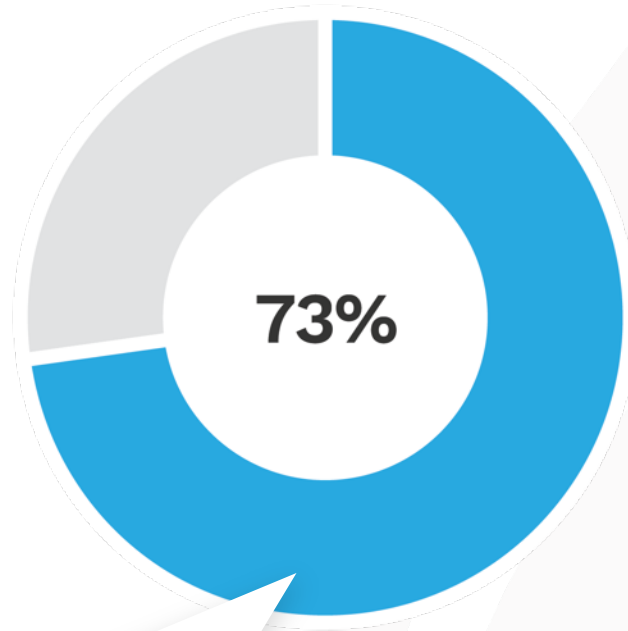


Does not capture full margin expansion of Matrix (underway)

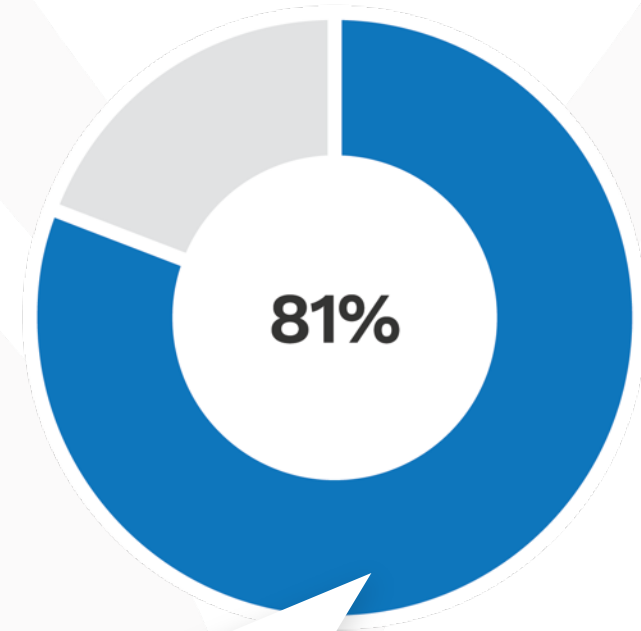
1) Operating Segment Adjusted EBITDA margin
 2) Reflects revenue excluding Emergency Response ("ER") revenue of zero in 2019, \$71M in 2020, \$212M in 2021, \$88M in 2022 and \$91M in 2023.
 3) Excludes discontinued services, which generated
 4) Measurement & Analysis excludes discontinued services revenues of \$29.4M in 2019, \$36.8M in 2020, \$23.9M in 2021, \$17.0M in 2022 and \$8.8M in 2023. Remediation & Reuse excludes discontinued services revenues of \$20.3M in 2019, \$14.7M in 2020, \$12.1M in 2021, \$3.6M in 2022 and zero in 2023.

Our Integrated Offering Matters to Clients

A third party study¹ conducted of over 500 companies indicated that there was significant demand for integrated environmental solutions



Extremely interested in an integrated solution...



...unaware or unsure of where to find one

1) Conducted by KS&R Research from January 26 to February 15, 2023, this study surveyed 505 respondents online to assess awareness and associations with Montrose Environmental Group's brands versus competitors. It explored the buying journey for environmental services and solutions, and gauged reactions to an integrated service model concept, focusing on interest and potential usage.

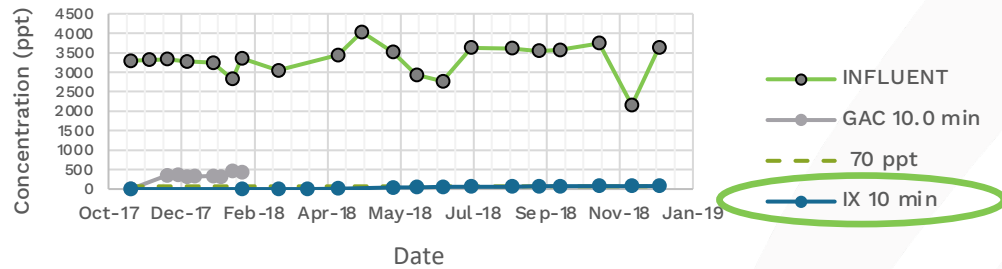


Leading with Science: Using R&D to Address Unmet Client Needs

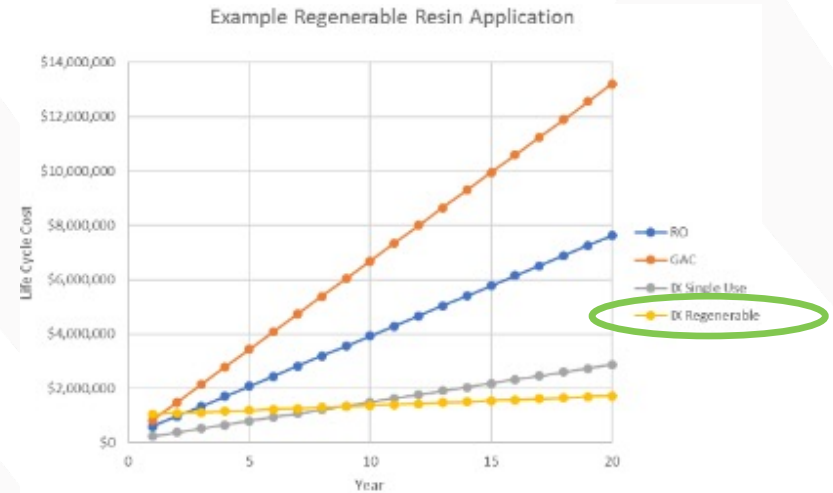
Our client asked us for a PFAS removal system with better efficacy, lower cost and less waste generation, so our scientists created a novel alternative that continues to achieve non-detect after billions of gallons treated

Superior efficacy (breakthrough curve)

Total PFAS

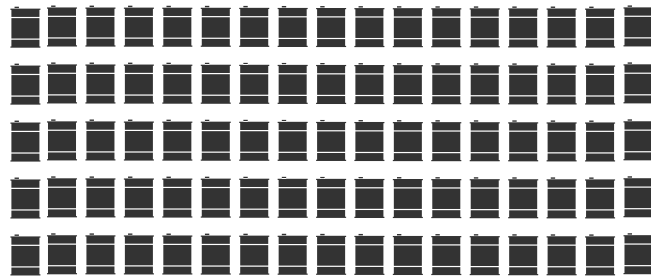


Lower Lifecycle Cost



Less Waste

(More sustainable and safer to operate)



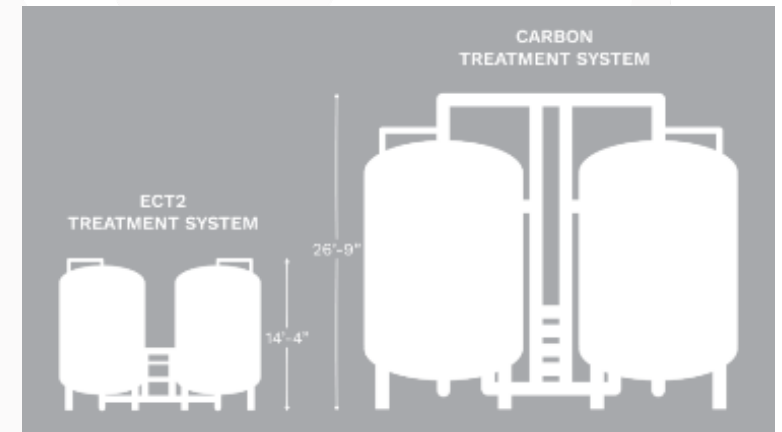
Single use GAC – 185 Barrels



Regenerable IEX - < 1 Barrel

Smaller Footprint

(More sustainable and safer to operate)



The Montrose Model is Increasingly Recurring, Predictable and Scalable

The Montrose Advantage



~96%
(Revenue Retention)¹
+
~6,000
(Unique Clients)

1. Business Grounded on Recurring Revenue

The depth of our relationships and the breadth of our portfolio enables us to expand market share organically and helps insulate the business from political and economic cycles

15%
(Avg. annual organic growth)²
+
~51%
(Cross Sales)³

2. Integration Fuels Cross-Selling – It’s a Flywheel

Cross-selling can increase recurrence and fuels growth; it also lowers the cost of customer acquisition

~\$200B
(PFAS TAM)⁴
+
>\$150B
(Annual Weather-Related Disasters Cost)⁵

3. Significant, Sustained Tailwinds

Emerging contaminants, public sentiment, and climate change add to an already large and growing opportunity

30-40%
(Growth from Next-Gen Solutions)
+
17
(Patents Granted)

4. Technology Innovation Supports Accelerated Growth & Expands Moat

~20%
(Revenue Increase)⁶
+
~6.5
(Average Acquisitions Per Year)⁷

5. Targeted M&A in a Highly Fragmented Market

¹ Customer revenue retention defined as the percentage of revenue excluding emergency response revenue from customers in 2022 that recurred in 2023. Emergency Environmental Response revenue is excluded from the calculation in light of episodic nature of emergency response work.
² From 2020 to 2023, excludes discontinued services, which generated revenues of \$51.5 million in 2020, \$36.0 million in 2021, \$20.6 million in 2022, and \$8.8 million in 2023
³ Cross selling activity defined as the percentage of total revenue from customers purchasing two or more Montrose services within the same fiscal year
⁴ Environmental Business Journal, Volume XXXV, Numbers 7/8, 2022, TAM over next 20-30 years
⁵ NCEI, 2022: U.S. Billion-Dollar Weather and Climate Disasters. National Oceanic and Atmospheric Administration, National Environmental Satellite, Data, and Information Service, National Centers for Environmental Information. <https://www.ncei.noaa.gov/access/billions/>
⁶ Acquisition performance for transactions closed on or after Q3 2021, to enable a full 2-year look back. Calculated using the latest full year revenue compared to revenue acquired.
⁷ Since the Company's first acquisition in 2013.

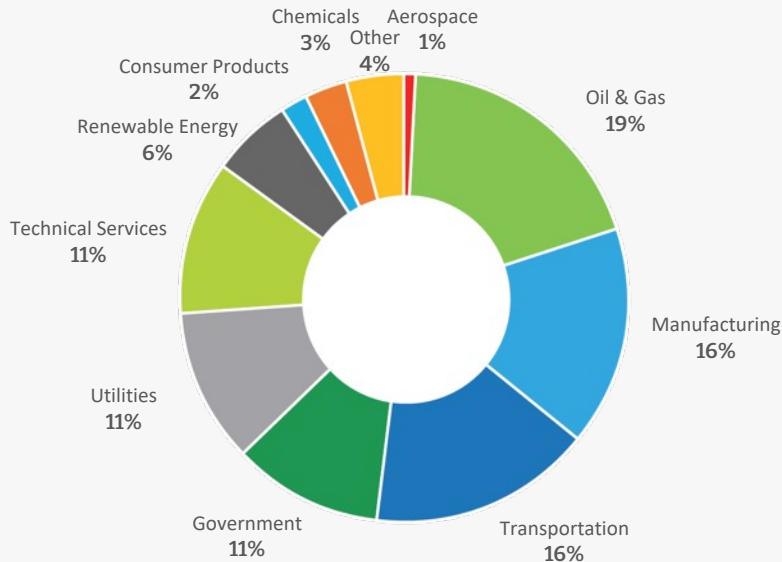
1. Business Grounded on Recurring Revenue

High Quality and Diverse Customer Base With Recurring Revenue

Diversified Customer Base & End Markets

- ~6,000 unique clients in 2023; 200+ of Fortune 500 companies
- Highly diverse customer base across multiple end markets

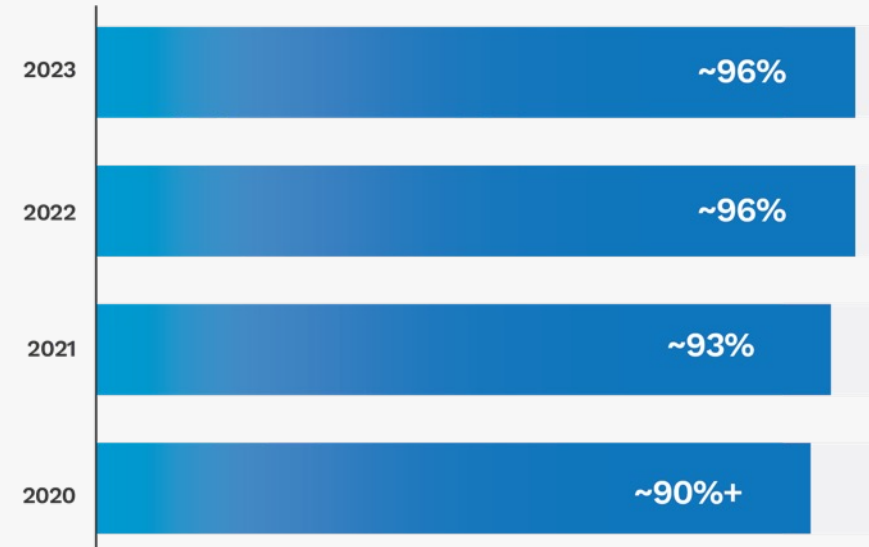
2023 Revenue by End Market



89% Private / 11% Public

Percentage of Recurring Revenue¹ Has Increased Over Time

Revenue Retention¹ Remains Strong

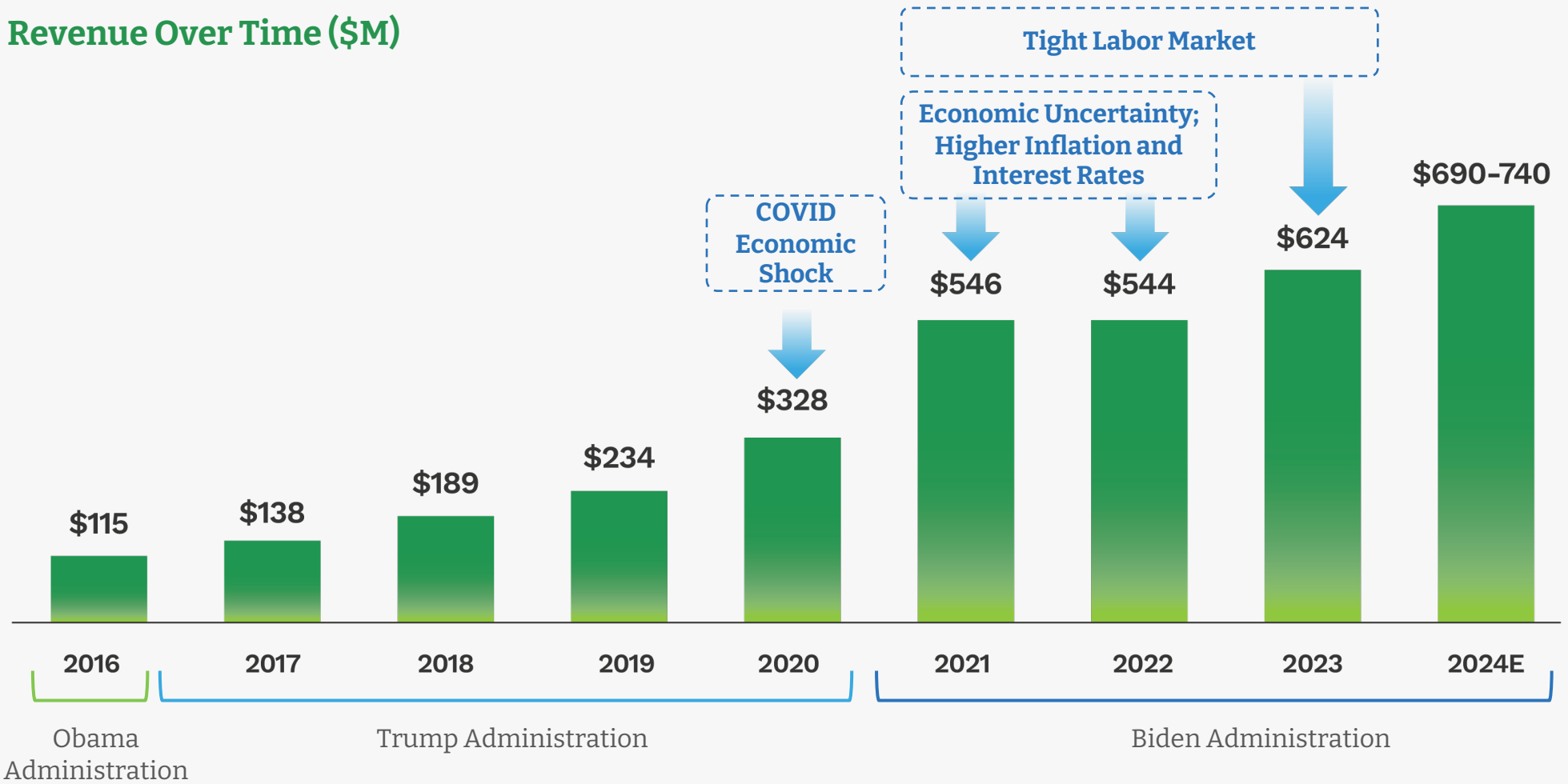


¹) Customer revenue retention defined as the percentage of revenue excluding emergency response revenue from customers in one year that recurred in the following year. Emergency Environmental Response revenue is excluded from the calculation in light of episodic nature of emergency response work.

1. Business Grounded on Recurring Revenue

Customer and Revenue Diversity Insulates from Political and Economic Shifts

Revenue Over Time (\$M)



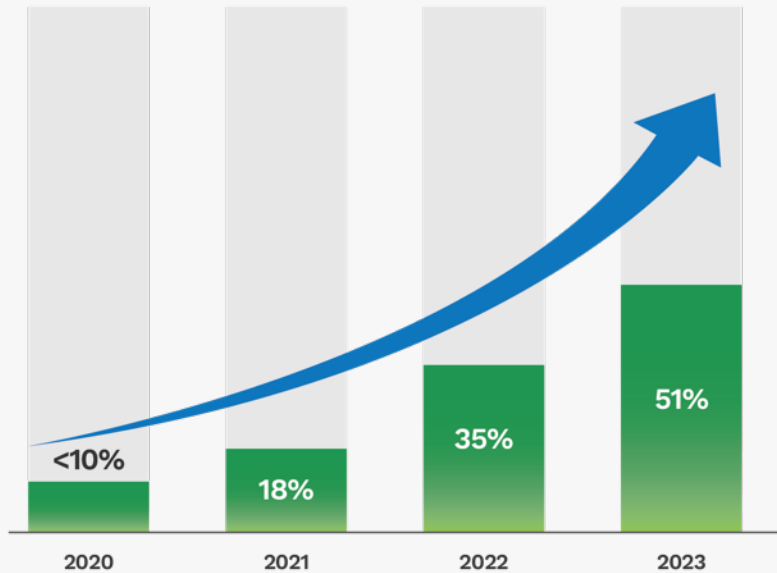
Note: Customer revenue retention defined as the percentage of revenue excluding emergency response revenue from customers in 2022 that recurred in 2023. Emergency Environmental Response revenue is excluded from the calculation in light of episodic nature of emergency response work. Cross selling activity defined as the percentage of total revenue from customers purchasing two or more Montrose services within the same fiscal year

2. Integration Fuels Cross-Selling

Integration Fuels The Cross-Sell Flywheel

Percentage of revenue from cross-sell¹ has increased...

Proven ability to cross-sell solutions *Cross-sell revenue has increased **over 40 percentage points in 3 years***



... due to the strong Flywheel effect

Client identifies a challenge that Montrose can solve

Montrose designs a solution

The more touchpoints we have, the more we can identify unmet client needs... and the Flywheel continues

Additional Montrose services are brought in

Montrose implements the solution

A new client need is identified (e.g., change in regulation, public sentiment, etc.)

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

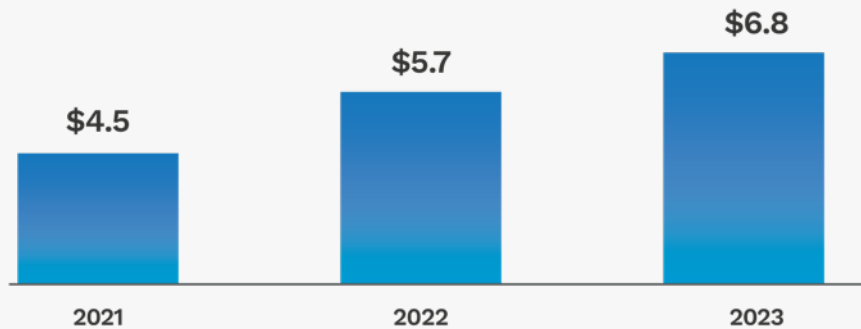
2. Integration Fuels Cross-Selling

Case Study – Go To Market Strategy and Leveraging Cross-Selling¹

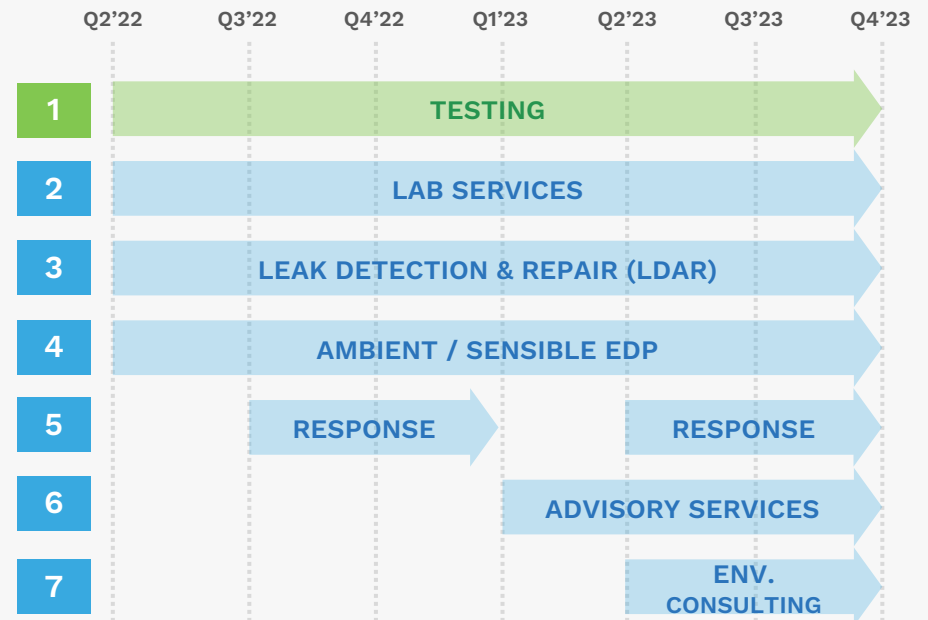
Expanding Client Touchpoints

One example of Montrose's cross-selling¹ success is our performance with a major American multinational energy company. Ranking in the top half of the S&P 500, revenue generated from this customer has grown 19% YoY from 2022 to 2023 because of “the flywheel” effect.

Case Study Revenue from One Customer (\$M)



A Truly Integrated Service Approach



The image illustrates the strategic expansion of Montrose's services, starting with testing and adding layers of services over time, such as lab services, leak detection and repair, and environmental consulting, increasing overall client spend through an expanded, integrated service offering.

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

3. Large, Sustained Tailwinds

Capabilities Aligned With Strong Secular Tailwinds in Large Addressable Markets



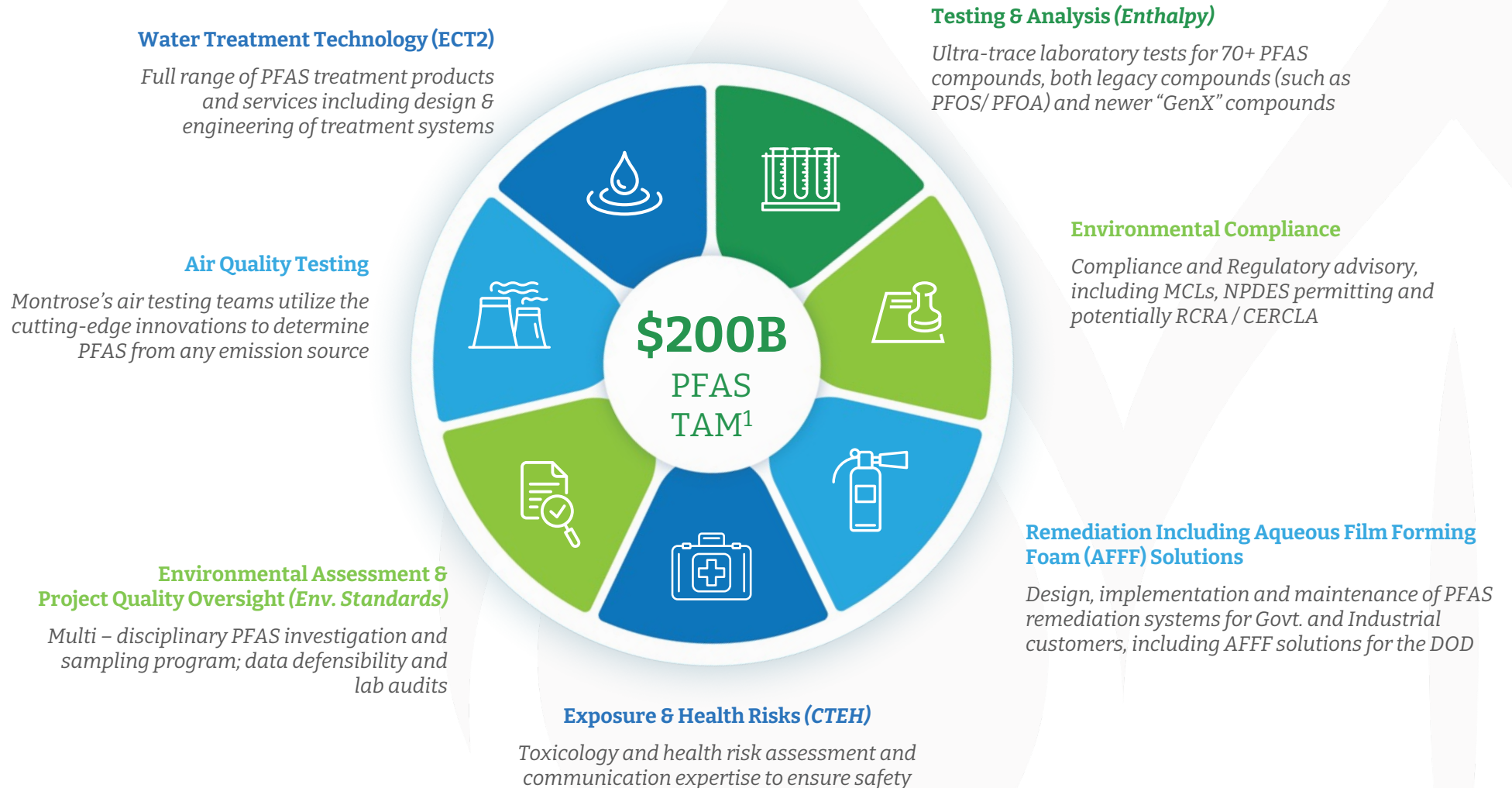
	Advisory	Response	Testing	Water, Renewable, GHG Technology	Soil & Groundwater Remediation
Climate Change & Event Driven Response	✓	✓	✓	✓	✓
Emerging Contaminant Regulation (e.g., PFAS)	✓	✓	✓	✓	✓
Infrastructure and Defense Spending	✓	✓	✓		✓
Greenhouse Gas Mitigation & Air Quality	✓	✓	✓	✓	
Increased Regulatory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



3. Sustained Tailwinds - Growth From Emerging Contaminants

We Provide Integrated Solutions for PFAS Management

We offer a unique suite of PFAS capabilities that can be integrated or provided a la carte, based on client needs



1) Environmental Business Journal, Volume XXXV, Numbers 7/8, 2022, TAM over next 20-30 years

3. Sustained Tailwinds - Growth From Greenhouse Gas Mitigation and Air Quality Management

Methane Monitoring – Technology Disruption Brings a New Age

Montrose Offers The Full Solution Stack



OGI Detection Cameras



Software Solution: Sensible EDP

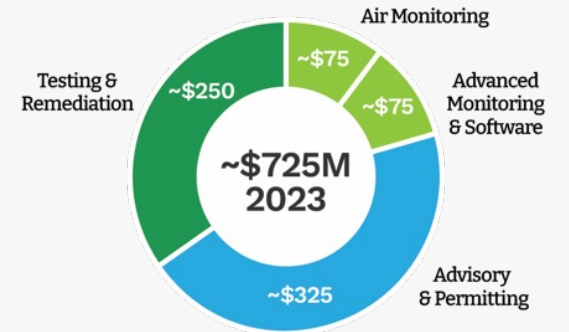


Sensor Network Monitoring

Large Market- ~\$725M Annual Serviceable Addressable Market (SAM) from 20 Clients

Montrose’s **top 20** energy customers represent a **~\$725M SAM** of which **~20% is air and advanced monitoring**

They also represent a **\$500 – \$600M SAM in other services** that Montrose can provide

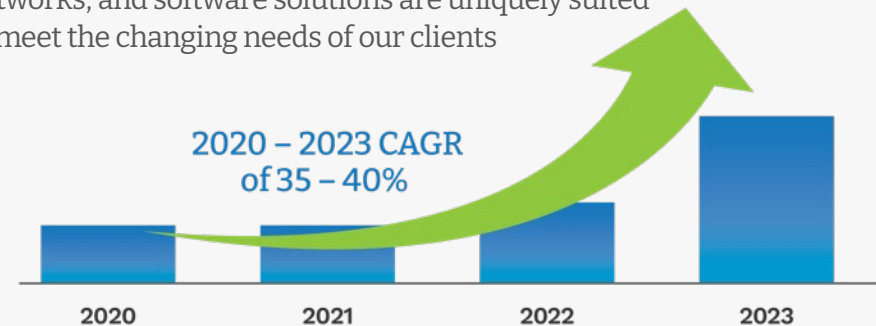


Regulations Now Accept Use of Advanced Technology

The introduction of new EPA regulations, including 40 CFR Part 60, Subpart OOOOa & OOOOb standards, the updated Hazardous Organic NESHAP (HON) MACT, and the Alternative Means of Emission Limitation (AMEL) process, presents an unprecedented opportunity for innovation within our industry. For the first time, these regulations encourage companies to pursue innovative solutions for emissions monitoring. By leveraging the opportunity provided by these new regulations and the AMEL process, Montrose can implement cutting-edge technologies for our clients.

Next-Generation Emissions Monitoring Revenue

Montrose’s integrated solution of OGI testing, sensor networks, and software solutions are uniquely suited to meet the changing needs of our clients



4. Technology Innovation Bolsters Organic Growth and Barriers to Entry

R&D and Innovation Help Address Client Needs and Are Core to Montrose's Approach

Montrose's R&D Advantage

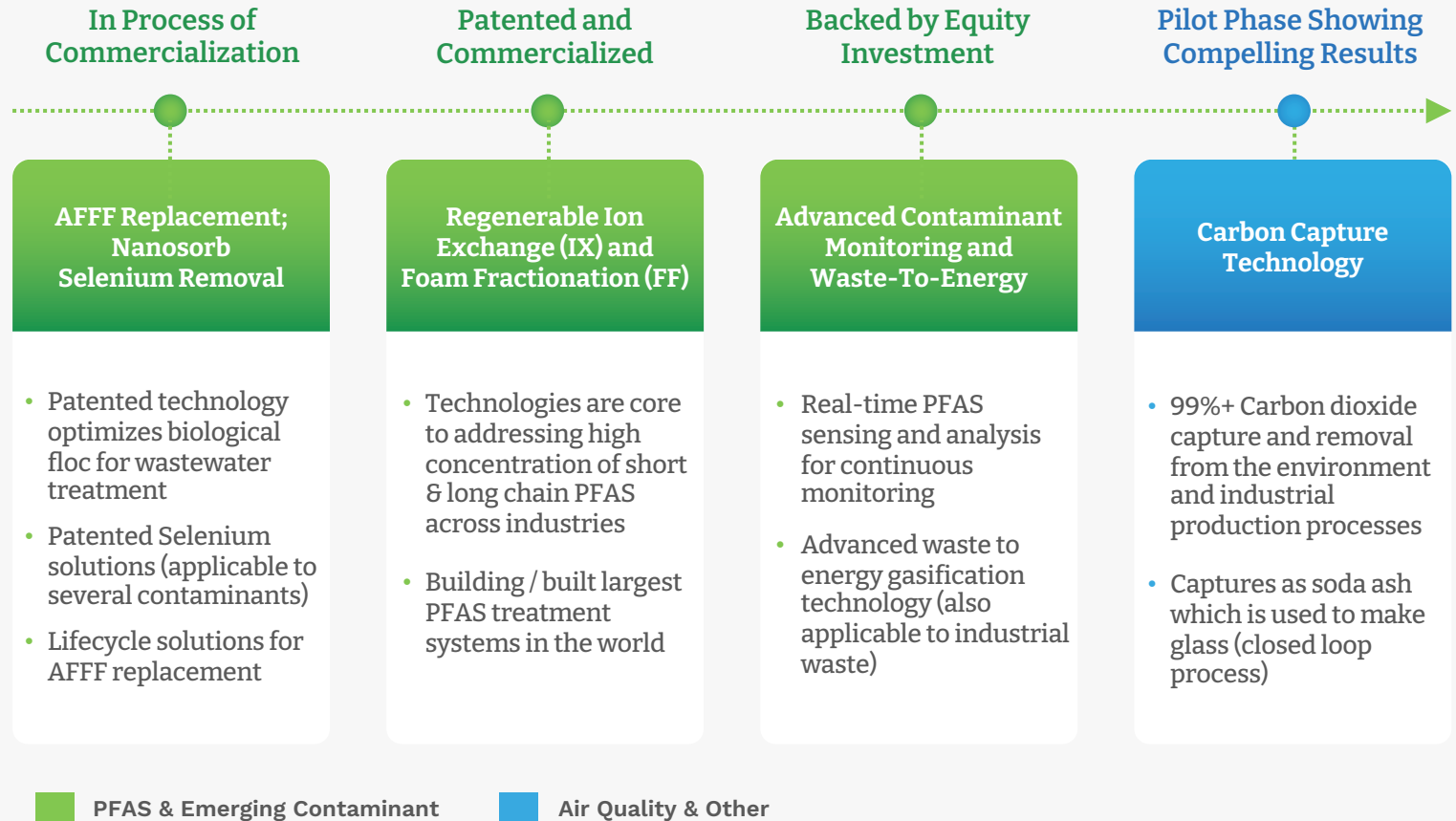
Solutions are quickly commercialized. **20% of 2023 revenue generated from technology solutions developed internally**

Dedicated unit – 12 PhDs and scientists; 3 labs

Focused expertise maintains the pipeline of **patents (17 granted, 9 unique patents pending)**

R&D supported by technology partnerships and investments

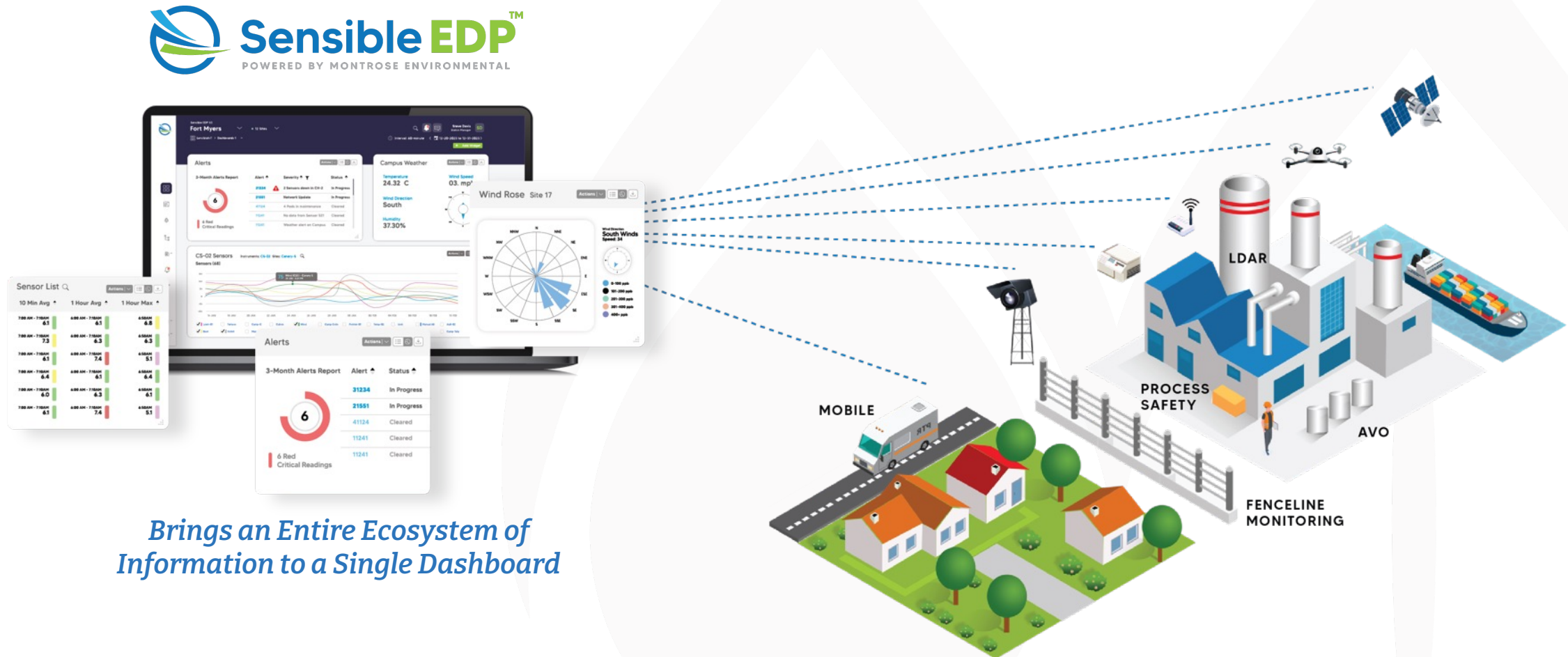
Select Showcase of Existing and Future Technologies Aligned With Long-Term Megatrends



4. Technology Innovation Bolsters Organic Growth and Barriers to Entry

Real-Time Monitoring and Software Innovation Core To Our Future

The scale, complexity and regulatory requirements of the environmental contamination challenges today require **real-time monitoring through platform solutions - like Sensible EDP**



5. Disciplined M&A in a Highly Fragmented Market

M&A Strategy – Disciplined and a Core Growth Engine

Key Pillars of M&A Strategy

IDENTIFY

- **Pipeline of assets** that bring new talent, technology, and /or geographic expansion
- In a massively fragmented market, at **attractive multiples**
- Primarily sourced by **word of mouth / reputation**

INTEGRATE

- Completed **72 acquisitions** since 2013
- Integrated back end – **single CRM, ERP, payroll** and policies
- Strong customer retention
- Strong talent retention

IMPROVE

- Revenue synergies are driven by an **integrated service model**
- **Margin improvement** from revenue growth, pricing discipline

Proven Ability to Create Value from M&A One Year from Acquisition

Revenue

Cross-Selling¹
+
Pricing

~18%
Revenue
Growth²

Margins

Revenue
Increases
+
Operating
Discipline

~1.1%
Margin
Increase²

Montrose grows revenue and margins of acquired companies

¹) Cross selling activity defined as the percentage of total revenue from customers purchasing two or more Montrose services within the same fiscal year
²) For all acquisitions since February 2021 (3-year look back). Revenue and Margin increase in first twelve months post-acquisition from trailing twelve months pre-acquisition.

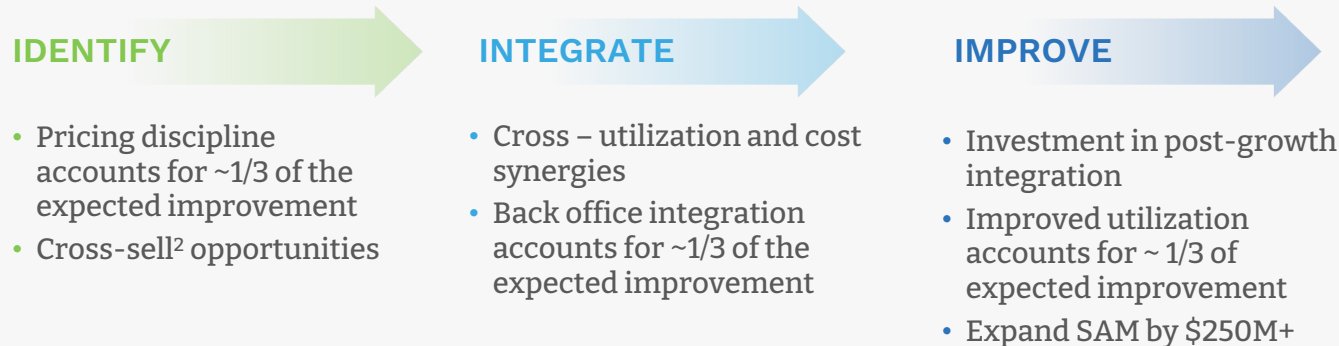
5. Disciplined M&A in a Highly Fragmented Market

Matrix Solutions Acquisition: An Example of Value Creation in Action

Transaction Overview

- In June 2023, we completed a **\$48.6M acquisition** of Matrix Solutions, one of Canada’s leading environmental engineering and consulting companies
- With approximately **570 employees, 19 office locations** and a blue-chip client base, Matrix is **unique in its size**, environmental focus and quality brand recognition in North America
- Matrix **complements our existing environmental services portfolio** with substantive opportunities for cross-selling, best practices sharing and operational efficiencies

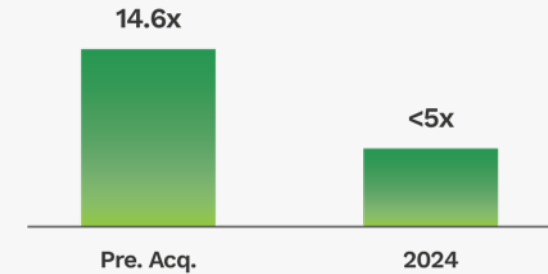
M&A Playbook Applied – Adj. EBITDA Margin¹ expected to triple from 2022



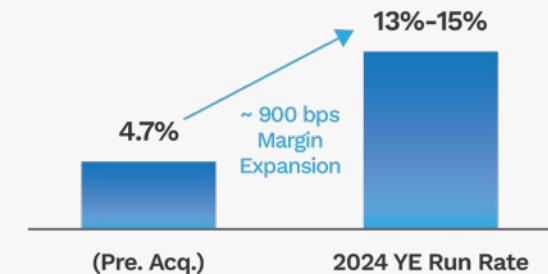
2-year return on capital³ is expected to be ~30%

Key Outcomes

Implied Purchase Multiple



Adj. EBITDA Margin¹ Expansion



¹ Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. See the appendix to this presentation for a discussion of these measures, including how it is calculated and the reasons why we believe they provide useful information to investors, and a reconciliation for historical periods to the most directly comparable GAAP measures.

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

³ Return on capital is defined as Adjusted EBITDA divided by purchase price

Financial Overview

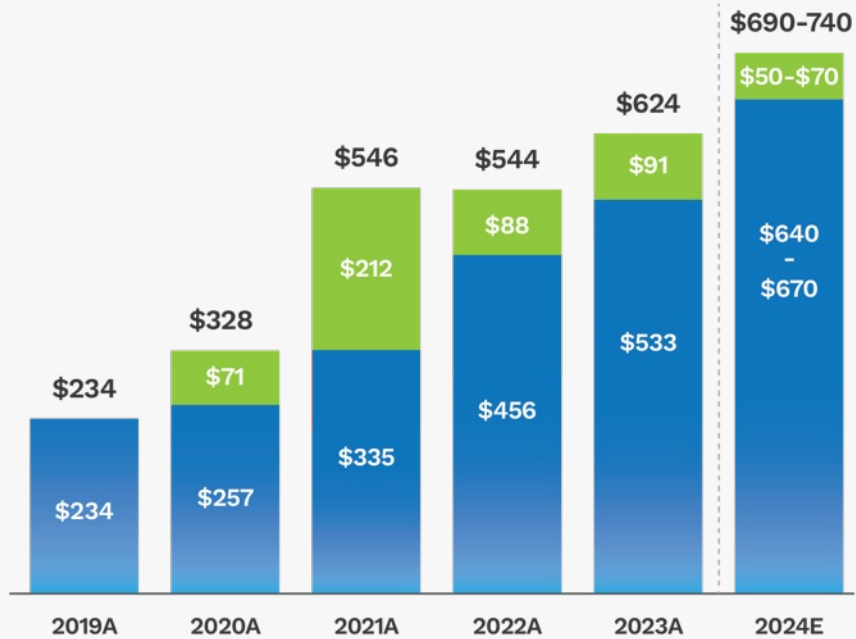


Strong Record of Long-Term Growth

Consolidated Revenue² (\$M)

- Montrose (Core)¹
- Emergency Response

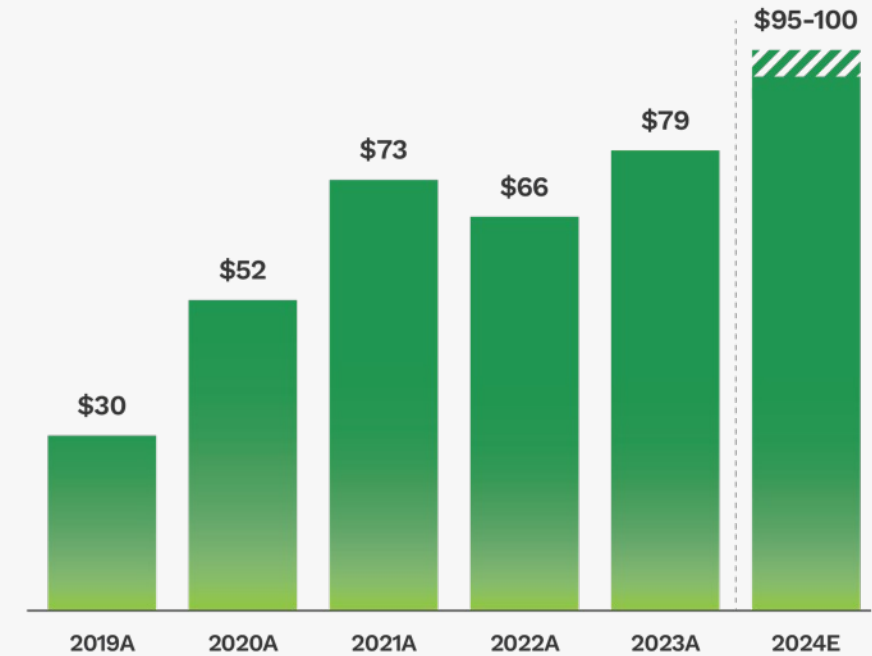
2019 – 2023 CAGR²: 35.2% and Core only: 29.9%



Consolidated Adjusted EBITDA^{3,4} (\$M)

- Consolidated Adjusted EBITDA³

2019 – 2023 CAGR: 27.0%



¹ Montrose (Core) excludes emergency response revenue

² Excludes discontinued services, which generated revenues of \$49.7M in 2019, \$51.5M in 2020, \$36.0M in 2021, \$20.6M in 2022 and \$8.8M in 2023

³ 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

⁴ Consolidated Adj. EBITDA excludes Start-up Losses of \$1.0M in 2019, \$2.2M in 2020, \$4.4M in 2021 and \$2.3M in 2022, respectively.

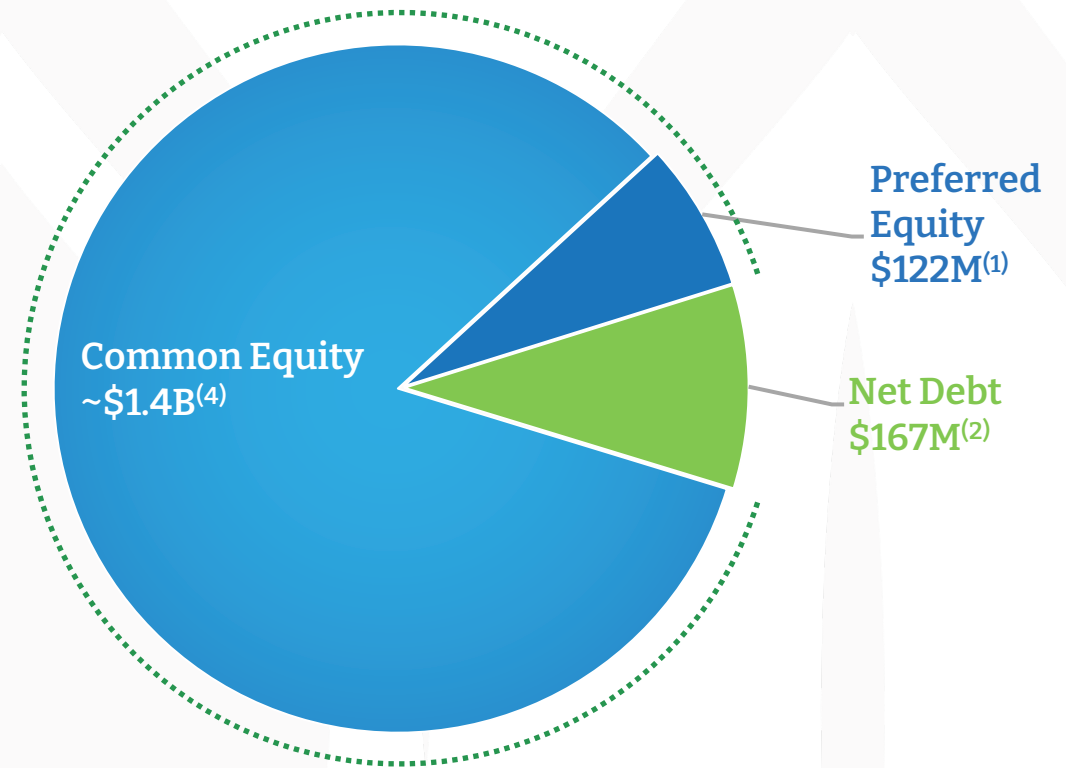
Attractive Capital Structure

Commentary

- Flexible balance sheet to further invest in innovation and acquisitions in highly fragmented industry
- In January 2024 voluntarily redeemed \$60 million of Convertible and Redeemable Series A-2 Preferred Stock⁽¹⁾ in cash
- In February 2024 increased revolver by \$50 million to \$175 million and added \$50 million to term loan
- In April 2024 completed a public offering of common stock, raising approximately \$122.4 million of net proceeds
- Pro forma net debt⁽²⁾ and net leverage⁽³⁾ of \$167 million and 2.1x, respectively, reflecting the equity offering

Equity Market Capitalization

Total Equity Capitalization
~\$1.5B



¹⁾ Includes Initial \$175M stated value and accrued interest through July 27, 2020 less \$60M redeemed by Montrose in January 2024.
²⁾ Net debt is a non-GAAP measure and is calculated as total debt (excluding deferred debt issuance costs) of \$299.2 million less cash on hand of \$9.6 million as of March 31, 2024. See the appendix to this presentation for a discussion of Net Debt. As of March 31, 2024 and pro forma for the public offering of shares of its common stock in April 2024.
³⁾ The Company's leverage ratio under its credit facility includes the impact of acquisition-related contingent earnout payments that may become payable in cash.
⁴⁾ As of April 30, 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 (Loss) and Adjusted Net Income (Loss) per Share. We calculate Consolidated Adjusted EBITDA as net income (loss) before interest expense, income tax expense (benefit) and depreciation and amortization, adjusted for the impact of certain other items, including stock-based compensation expense and acquisition-related costs, as set forth in greater detail in this appendix. We calculate Consolidated Adjusted EBITDA margin as Consolidated Adjusted EBITDA divided by revenue. We calculate Adjusted Net Income (Loss) as net income (loss) before amortization of intangible assets, stock-based compensation expense, fair value changes to financial instruments and contingent earnouts, and other gain or losses, as set forth in greater detail in this appendix. Adjusted Net Income (Loss) per Share represents Adjusted Net Income (Loss) attributable to stockholders divided by the weighted average number of shares of common stock outstanding during the applicable period.

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

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

Additionally, we have provided estimates regarding Consolidated Adjusted EBITDA for 2024. These projections account for estimates of revenue, operating margins and corporate and other costs. However, we cannot reconcile our projection of Consolidated Adjusted EBITDA to net income (loss), the most directly comparable GAAP measure, without unreasonable efforts because of the unpredictable or unknown nature of certain significant items excluded from Consolidated Adjusted EBITDA and the resulting difficulty in quantifying the amounts thereof that are necessary to estimate net income (loss). Specifically, we are unable to estimate for the future impact of certain items, including income tax (expense) benefit, stock-based compensation expense, fair value changes and the accounting for the issuance of the Series A-2 preferred stock. We expect the variability of these items could have a significant impact on our reported GAAP financial results.

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

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

In this presentation we also reference our organic growth. We define organic growth as the change in revenues excluding revenues from i) our environmental emergency response business, ii) acquisitions for the first twelve months following the date of acquisition, and iii) businesses held for sale, disposed of or discontinued. As a result of the growth in CTEH non-emergency response work, which is similar to services provided in our advisory businesses, we are including CTEH revenues from non-emergency response work in organic growth. This change did not impact previously reported organic growth. Management uses organic growth as one of the means by which it assesses our results of operations. Organic growth is not, however, a measure of revenue growth calculated in accordance with 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.

Montrose Environmental Group, Inc.

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

	For the Year Ended December 31,				
	2023	2022 ^(a)	2021 ^(a)	2020 ^(a)	2019 ^(a)
Net loss	\$ (30,859)	\$ (31,819)	\$ (25,325)	\$ (57,949)	\$ (23,557)
Interest expense	7,793	5,239	11,615	13,819	6,755
Income tax (benefit) expense	(980)	2,250	1,709	851	(3,121)
Depreciation and amortization	45,780	47,479	44,810	37,274	27,705
EBITDA	\$ 21,734	\$ 23,149	\$ 32,809	\$ (6,005)	\$ 7,782
Stock-based compensation ⁽¹⁾	47,267	43,290	10,321	4,849	4,345
Acquisition costs ⁽²⁾	6,930	1,891	2,088	4,344	3,474
Fair value changes in financial instruments ⁽³⁾	(4,129)	(3,396)	2,195	20,319	11,160
Expenses related to financing transactions ⁽⁴⁾	35	7	50	378	—
Fair value changes in business acquisition contingencies ⁽⁵⁾	84	(3,227)	24,372	12,942	1,392
Short term purchase accounting fair value adjustment to deferred revenue ⁽⁶⁾	—	—	—	243	858
Public offering expenses ⁽⁷⁾	—	—	—	7,657	610
Discontinued Specialty Lab ⁽⁸⁾	6,112	—	—	—	—
Other losses or expenses ⁽⁹⁾	543	4,459	1,400	7,567	577
Consolidated Adjusted EBITDA	\$ 78,576	\$ 66,173	\$ 73,235	\$ 52,294	\$ 30,198

(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) Purchase accounting fair value adjustment to deferred revenue represents the impact of the fair value adjustment to the carrying value of deferred revenue as of the date of acquisition of ECT2.

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

(8) Amounts consist of operating losses before depreciation related to the Discontinued Specialty Lab, which include \$2.2 million current expected credit losses on the promissory note receivable issued upon the sale and a \$1.8 million gain on the sale of its assets.

(9) In 2023, amounts are primarily comprised of lease abandonment charges and expenses related to an aircraft accident, partially offset by a gain on the surrender of a lease and an aircraft insurance gain.

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 the Company's soil remediation business. In 2021, amounts include non-operational charges incurred due to the remeasurement of finance leases as a result of the adoption of ASC 842 and costs related to the implementation of a new ERP. In 2020 and 2019, amounts represent loss from the Discontinued Service Lines and the Berkeley Lab.

Matrix Solutions

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

Matrix Solutions	2022
Purchase price	\$48,582
Revenue	\$69,912
Net Income	\$2,293
Add Back Taxes	(1,160)
Add Back Depreciation	1,260
Add Back Interest	268
Acquisition costs	61
Other non-recurring	598
Adjusted EBITDA	\$3,321
Adjusted EBITDA Margin	4.7%
Purchase price multiple	14.6

