



# ► 2Q 2025 EARNINGS

August 7, 2025



# Disclosures

## Safe Harbor

Statements contained herein and in the accompanying oral presentation contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may be identified by the use of words such as “intend,” “expect”, and “may”, and other similar expressions that predict or indicate future events or that are not statements of historical matters. Forward-looking statements are based on current information available at the time the statements are made and on management’s reasonable belief or expectations with respect to future events, and are subject to risks and uncertainties, many of which are beyond Montrose Environmental Group, Inc.’s (“Montrose,” “we,” “us” and “our”) control, that could cause actual performance or results to differ materially from the belief or expectations expressed in or suggested by the forward-looking statements. Additional factors or events that could cause actual results to differ may also emerge from time to time, and it is not possible for us to predict all of them. Forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update any forward-looking statement to reflect future events, developments or otherwise, except as may be required by applicable law. Investors are referred to Montrose’s filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2024, as supplemented by its Quarterly Reports on Form 10-Q for the quarter ended March 31, 2025, for additional information regarding the risks and uncertainties that may cause actual results to differ materially from those expressed in any forward-looking statement.

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

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

# ► Key Updates





# Continued Execution Drives Strong Performance



## Another record quarter

2Q25 compared to 2Q24:

- 35.3% Revenue growth
- 280.5% Net income growth
- 69.8% Consolidated Adjusted EBITDA<sup>1</sup> growth
- 340 bps improvement in Consolidated Adjusted EBITDA<sup>1</sup> as a percentage of Revenue



## Delivering on strategic priorities

- Delivered above target organic revenue & Consolidated Adjusted EBITDA<sup>1</sup> growth
- \$48.5M increase in operating cash flow 1H25 versus to 1H24
- Strong cash flow facilitated deleveraging to 2.5x leverage<sup>2</sup>, a 0.3x reduction from 1Q25
- Simplified balance sheet with full redemption of Series A-2 Preferred Shares on July 1
  - Pro forma leverage<sup>3</sup> 2.99x



## Increasing guidance for 2<sup>nd</sup> consecutive quarter

- Increased expected FY25 Revenue range, 17%<sup>4</sup> growth expected over FY24
- Increased expected Consolidated Adjusted EBITDA<sup>1</sup> range, 19%<sup>4</sup> growth expected over FY24
- Significant cash flow generation expected in 2H25

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

2) Calculated in accordance with the Company's leverage ratio under its credit facility, as of June 30, 2025.

3) Calculated in accordance with the Company's leverage ratio under its credit facility, as of June 30, 2025, proforma for the Series A-2 redemption.

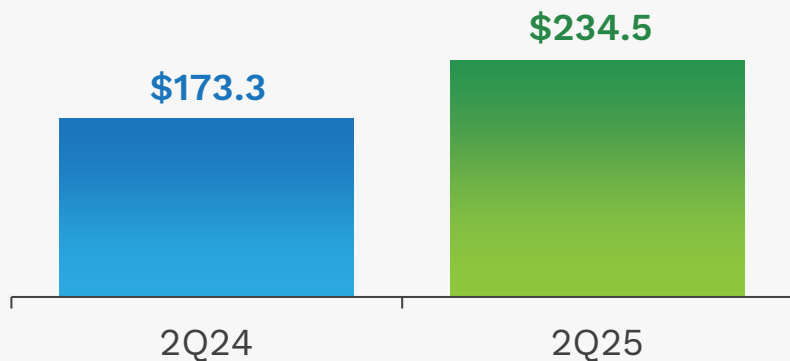
4) Calculated as FY24 actual results versus the midpoint of FY25 guidance ranges.

## Strong Revenue Growth: 2Q and YTD

**35.3% increase** in revenue, compared to 2Q24, to **\$234.5M**

### 2Q 2025 Revenue

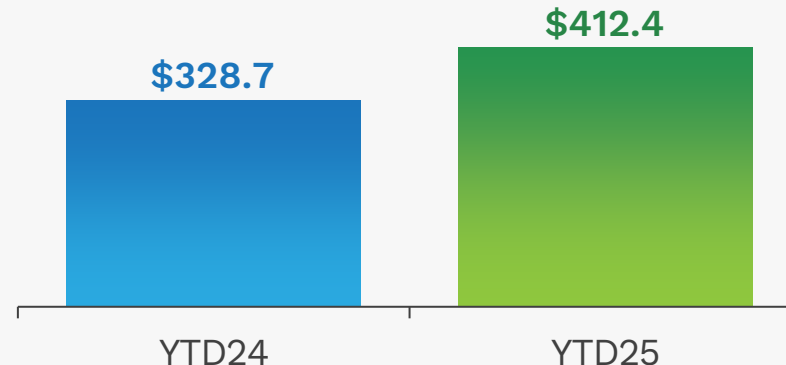
(\$ in millions)



**25.5% increase** in YTD25 revenue, over YTD24 period, to **\$412.4M**

### YTD 2025 Revenue

(\$ in millions)



### Key drivers of growth included:

**Increase in environmental emergency response revenue**, drove incremental revenue of \$35.6M and \$33.8M in 2Q25 and YTD25, respectively

**Strong organic growth across all segments**, drove incremental revenue of \$17.1M and \$28.4M in 2Q25 and YTD25, respectively

**Acquisitions** contributed incremental revenue of \$9.1M and \$22.5M in 2Q25 and YTD25, respectively

## 2Q25 Delivering Positive Net Income and Earnings Per Share

**\$18.4M**  
**2Q25 Net Income**

**\$0.42**  
**2Q25 EPS<sup>1</sup>**

### 2Q25 compared to 2Q24

- **\$28.5M improvement** in net income to **\$18.4M**, due to revenue growth, including strong organic growth, and margin expansion, and a \$10.0M fair value gain related to the Series A-2 redemption
- **\$0.42 EPS<sup>1</sup>**, an \$0.81 increase, due to strong revenue growth, margin expansion, and the Series A-2 redemption, partially offset by an increase in weighted average diluted common shares outstanding

**\$1.0M**  
**2Q25 Net Loss**

**\$0.15**  
**2Q25 LPS<sup>2</sup>**

### YTD25 compared to YTD24

- **\$22.5M improvement** in net loss to **\$1.0M**, due to revenue growth, including strong organic growth, and margin expansion, and a \$9.7M fair value gain related to the Series A-2 redemption
- **\$0.15 LPS<sup>2</sup>**, a \$0.77 increase, due to strong revenue growth, margin expansion, and the Series A-2 redemption, partially offset by an increase in weighted average diluted common shares outstanding

1) Net income per diluted share attributable to common stockholders (EPS)  
2) Net loss of loss per diluted share attributable to common stockholders (LPS)

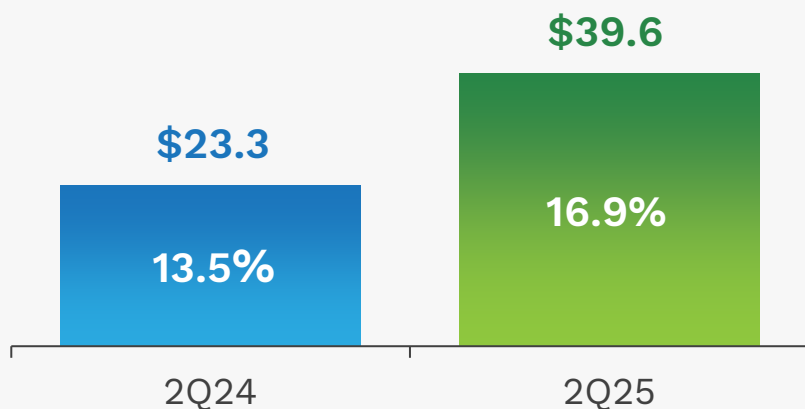
# Significant Consolidated Adjusted EBITDA<sup>1</sup> Growth: 2Q and YTD 2025

## 2Q25 compared to 2Q24

- **69.8% increase** in Consolidated Adjusted EBITDA<sup>1</sup> to **\$39.6M**, due to revenue growth, including strong organic growth, and improved operating margins
- **340 bps increase** in Consolidated Adjusted EBITDA<sup>1</sup> as a percentage of revenue to **16.9%** driven by improved operating performance across all three segments

### 2Q 2025 Consolidated Adj. EBITDA<sup>1</sup>

(\$ in millions, % as a percentage of revenue)

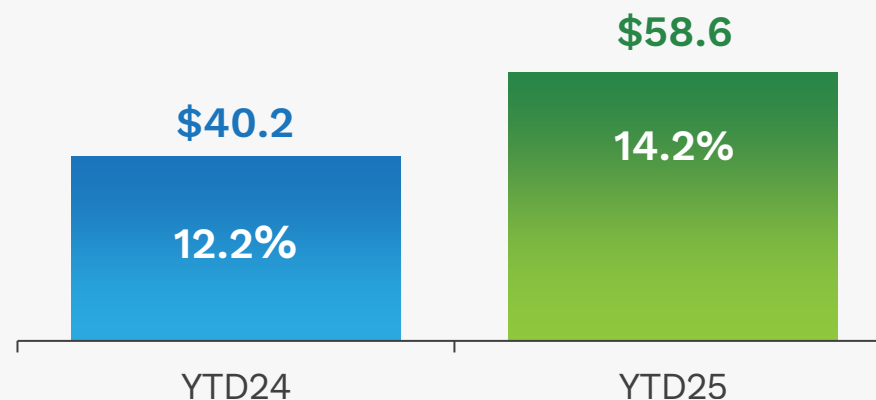


## YTD25 compared to YTD24

- **45.7% increase** in Consolidated Adjusted EBITDA<sup>1</sup> to **\$58.6M**, due to revenue growth, including strong organic growth, and improved operating margins
- **200 bps increase** in Consolidated Adjusted EBITDA<sup>1</sup> as a percentage of revenue to **14.2%** reflecting improved operating performance

### YTD 2025 Consolidated Adj. EBITDA<sup>1</sup>

(\$ in millions, % as a percentage of revenue)



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

# Six-Months Ahead of Plan: Delivering on Strategic Financial Priorities

**<3.0x**

## 1. Prioritize balance sheet simplification, redeem Series A-2 prior to YE25, and subsequently deliver

- ✓ Remaining \$122M Series A-2 Preferred Stock (Series A-2) - **fully redeemed six-months early**
- ✓ Committed to fund redemption via cash flow generation and incremental borrowing under line of credit, *and* committed not to issue equity as a source of funds – **redeemed in cash & borrowings**
- ✓ Stated objective: deliver leverage below 3.0x leverage by YE25 - **achieved six-months early**

**7% to 9%**

## 2. Strategic capital allocation shift to temporarily deemphasize acquisitions

- ✓ Continued focus on organic revenue growth - **organic growth at or above 7% to 9% range in 2025**
- ✓ Announced inaugural stock repurchase program of up to \$40M in May 2025

**50%+**

## 3. Increase in Operating Cash Flow Generation & Attractive Capital Structure

- Target 50%+ of Operating Cash Flow as a percentage of Consolidated Adjusted EBITDA<sup>1</sup> on an annual basis
  - Well on track to achieve in FY25
- Strong free cash flow<sup>2</sup> generation expected in FY25

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

2) Free cash flow is defined as operating cash flow minus capital expenditures minus software development.

Note: the full \$182M of Series A-2 was redeemed within an 18-month period that ended July 1, 2025.

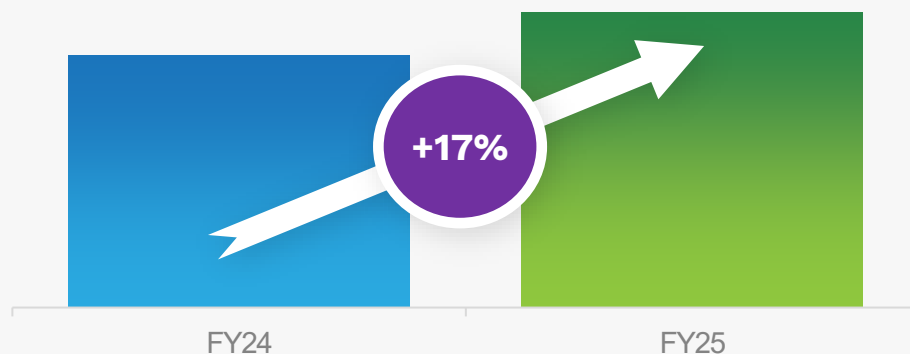


# Full-Year 2025 Guidance Strengthened

**2025 Revenue range of \$795M to \$835M,**  
from \$735M to \$785M

- Strong broad-based demand outlook, more tailwinds than headwinds, particularly for private-sector clients
- Reiterated organic revenue growth expectations, at or above the 7% to 9% long-term range
- 2025 environmental emergency response<sup>1</sup> revenue expected \$70M to \$90M, an increase from \$50M to \$70M

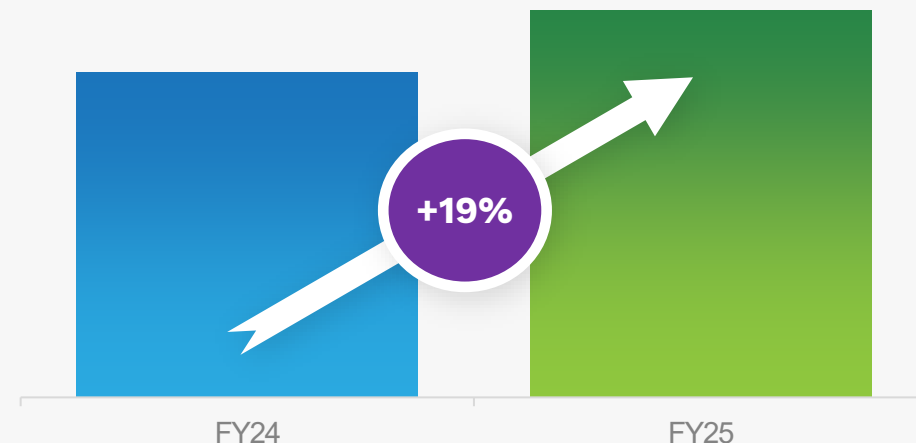
**17% Revenue Growth Expected<sup>2</sup>**



**2025 Consolidated Adjusted EBITDA<sup>3</sup> range of \$111M to \$117M,** from \$103M to \$110M

- Expect year-over-year expansion in Consolidated Adjusted EBITDA<sup>1</sup> as a percentage of revenue due to operating leverage from solid organic growth and operating efficiency

**19% Consolidated Adj. EBITDA<sup>3</sup> Growth Expected<sup>2</sup>**



1) Environmentally emergency responses are event-driven, not backlog-driven, and therefore may vary significantly.  
2) Calculated as FY24 actual results versus the midpoint of FY25 guidance ranges.  
3) Consolidated Adjusted EBITDA is a non-GAAP measure. See the Appendix to this presentation for a discussion of this measure.

# Creating Long-term Shareholder Value

## ➤ Strategically allocate capital, long-term strategy unchanged

- Invest in organic growth capital (R&D, patents, technology)
- Evaluate strategic, accretive acquisitions
- Opportunistic share repurchases
- Optimize leverage

## ➤ Leverage integrated operating model to deliver compelling organic growth, long-term outlook remains 7% to 9% annually

- Cross-selling engine: percentage of revenue from cross-selling +40 percentage points in 4 years
- Recurring revenue: 96%+ customer retention in each of past three fiscal years
- Beyond PFAS: Growth increasingly driven by opportunities beyond PFAS, though PFAS remains an exciting long-term opportunity

## ➤ Continue increasing cash flow generation

- Target 50%+ of Operating Cash Flow as a % of Consolidated Adjusted EBITDA<sup>2</sup> on an annual basis
- Continued focus on free cash flow<sup>3</sup> generation

## ➤ Drive continued margin expansion

- Increase market position, optimize operating structure, and achieve scale in key business lines
- YTD25 Consolidated Adjusted EBITDA<sup>1</sup> as a percentage of revenue **improved 200 bps** year-over-year to 14.2%, reflecting stronger operating performance across all three segments, and progress toward long-term margin targets
- Reported **\$18.4M GAAP net income** and **\$0.42 GAAP EPS<sup>1</sup>**—evidence of organizational growth & maturity

1) Net income per diluted share attributable to common stockholders (EPS)

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

3) Free cash flow is defined as operating cash flow minus capital expenditures minus software development.

# Investment Highlights



Uniquely **integrated** across environmental consulting, testing, and treatment science



**Large TAM** and secular **tailwinds** backed by regulatory and corporate initiatives



**Consistent** financial **performance** across political and economic cycles



**Patent protected technology** provides significant competitive advantages in a highly fragmented industry



**Global scale** and **diverse recurring** customer base supports cross-selling upside



Strong organic **growth** coupled with opportunistic **accretive** acquisitions



**Strong** balance sheet, **demonstrated** cash flow generation, & path to margin **enhancement**



**Experienced** management team & a team-centric **culture**

# ► Segment Overview





## Unique Integration Model: The Montrose Flywheel

Montrose fills a gap in the market — as few firms can integrate consulting, testing, and remediation under one roof

Remediation & Reuse

Measurement & Analysis

Assessment Permitting & Response





# The Montrose Flywheel: A Landfill Remediation Case Study

*Bringing Value to Our Clients Through Integrated Services*



It all started with an air quality study...



...strategic expansion of Montrose's services, starting with testing and adding services over time, increasing overall client share of wallet



## Air Quality Testing

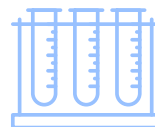
Collected & analyzed ambient air samples to quantify VOCs and nuisance compounds

2023



## Emergency Response, Exposure & Health

Performed toxicology evaluations, risk assessments & risk communication to enhance public safety



## Laboratory Analysis

Provided ambient testing, industrial hygiene & community monitoring, and lab analysis to ensure regulatory compliance



## Water Treatment Technology

Designed, engineered, built and operated treatment systems for VOC removal from leachate



## Environmental Consulting Environmental Compliance

2024

2025

# Energy Case Study: Building Scalable, Long-Term Relationship

## *Bringing Value to Our Clients Through Integrated Services*



A long-standing relationship further expands with a site-specific compliance challenge...

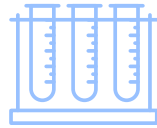


### **Environmental Compliance & Regulatory Support**

Client sought a new environmental partner in Colorado. Montrose was engaged to provide a fresh, credible approach that would restore trust with state regulators



Montrose Flywheel in Action: Compliance support scaled into a strategic, multi-touchpoint relationship. This case study illustrates how Montrose's integrated model unlocks long-term client value.



### **Laboratory Analysis**

Client's needs drove increased demand for lab testing services. Montrose provided immediate & long-term support through one of its local labs



### **Emergency Response, Exposure & Health**

Following an environmental incident, our environmental rapid response team mobilized



### **Remediation & Restoration**

Following the emergency phase, Montrose teams transitioned into longer-term site work providing environmental remediation, advisory, and compliance support



### **Looking Ahead – Expanded Services in Motion**

With trust established, our work is expanding and includes air monitoring, lab services, remediation, technology deployment, environmental consulting...

2020 - 2024

2025

# Assessment, Permitting & Response Segment Performance

(compared to prior year period)

## | Significant revenue growth:

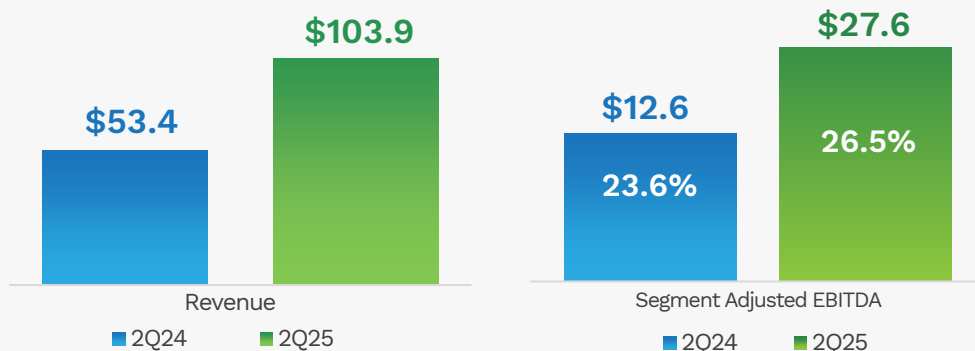
- 2Q25: Environmental emergency response increased \$35.6M, organic revenue growth of \$12.0M in non-response consulting and advisory services, and incremental contributions from acquisitions of \$2.8M
- YTD25: Environmental emergency response growth of \$33.8M, organic growth of \$5.4M in non-response consulting and advisory services, and additional contributions from acquisitions of \$5.8M

## | Segment Adjusted EBITDA margins reflect:

- Favorable revenue mix in 2Q25, including higher-margin emergency response services. YTD25 150 bps margin decline due to 1Q25 project mix.

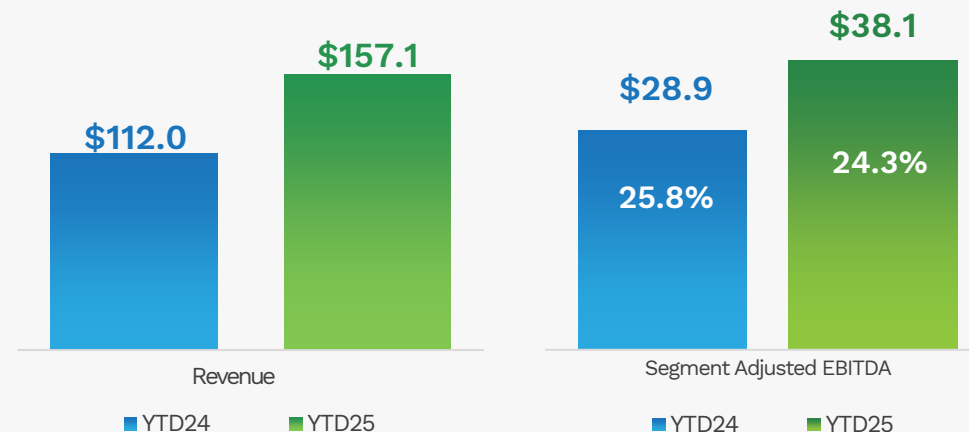
### 2Q 2025 Revenue and Segment Adj. EBITDA

(\$ in millions, % as a percent of segment revenue)



### YTD 2025 Revenue and Segment Adj. EBITDA

(\$ in millions, % as a percent of segment revenue)



**Note:** For purposes of evaluating segment profit, the Company's chief operating decision maker reviews Segment Adjusted EBITDA as a basis for making the decisions to allocate resources and assess performance. See Note 19 to our consolidated financial statements included in our Form 10-Q for the period ended June 30, 2025.

# Measurement & Analysis Segment Performance

(compared to prior year period)

## | Strong revenue growth:

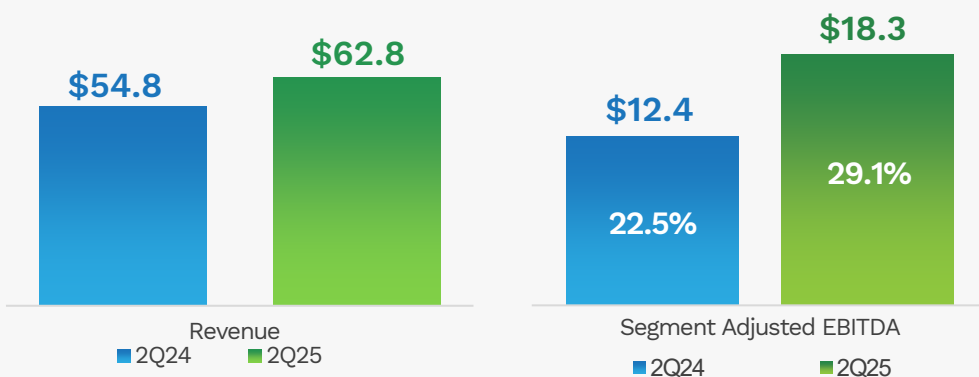
- Organic growth of \$4.9M in 2Q25 and \$13.4M YTD25
- Additional contributions from acquisitions of \$3.7M in 2Q25 and \$9.2M YTD25

## | Significant margin expansion reflects:

- Higher revenue, including acquisitions
- Improved operating performance

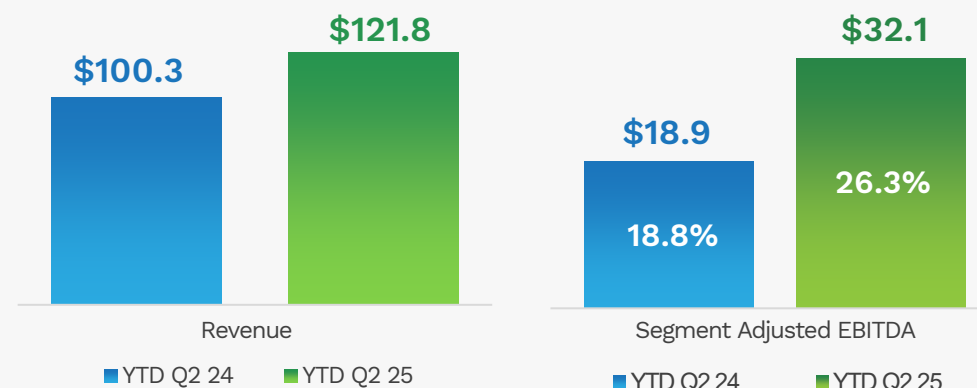
### 2Q 2025 Revenue and Segment Adj. EBITDA

(\$ in Millions, % as a Percent of Segment Revenue)



### YTD 2025 Revenue and Segment Adj. EBITDA

(\$ in Millions, % as a Percent of Segment Revenue)



**Note:** For purposes of evaluating segment profit, the Company's chief operating decision maker reviews Segment Adjusted EBITDA as a basis for making the decisions to allocate resources and assess performance. See Note 19 to our consolidated financial statements included in our Form 10-Q for the period ended June 30, 2025.

# Remediation & Reuse Segment Performance

## | Strong revenue growth driven by:

- Organic growth of \$0.2M in 2Q25 and \$9.6M YTD25
- Additional contributions from acquisitions of \$2.5M and \$7.6M in 2Q25 and YTD25

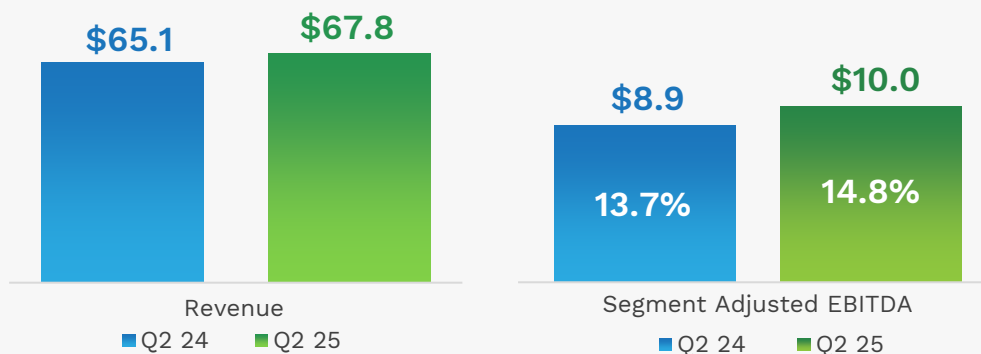
## | Segment margin expanded in 2Q25, as expected

- Favorable revenue mix in 2Q25, was with flat YTD25 margin due to 1Q25 project mix

(compared to prior year period)

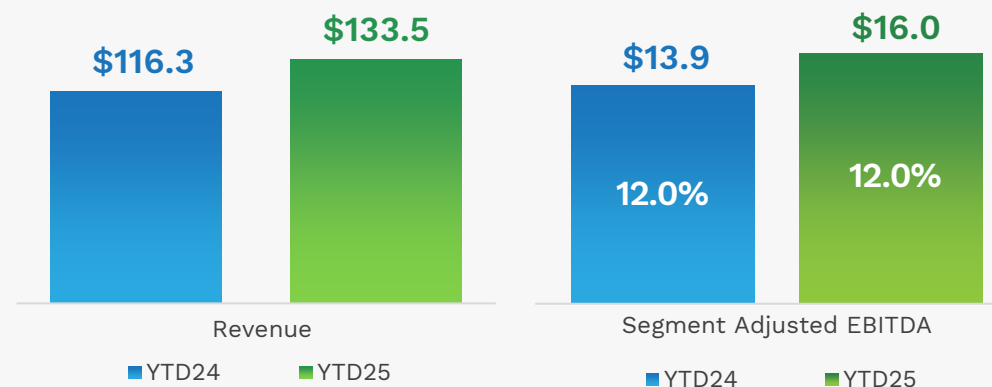
### 2Q 2025 Revenue and Segment Adj. EBITDA

(\$ in Millions, % as a Percent of Segment Revenue)



### YTD 2025 Revenue and Segment Adj. EBITDA

(\$ in Millions, % as a Percent of Segment Revenue)



**Note:** For purposes of evaluating segment profit, the Company's chief operating decision maker reviews Segment Adjusted EBITDA as a basis for making the decisions to allocate resources and assess performance. See Note 19 to our consolidated financial statements included in our Form 10-Q for the period ended June 30, 2025.



# Enhancing Profitability – Road to Margin Improvement Across Segments

## Remediation & Reuse Segment

Target Long-Term Margins: **20% to 25%**

## Measurement & Analysis Segment

Target Long-Term Margins: **18% to 22%**

## Assessment Permitting & Response Segment

Target Long-Term Margins: **20% to 25%**

### 1. **Operating Leverage Driven by Organic Growth:**

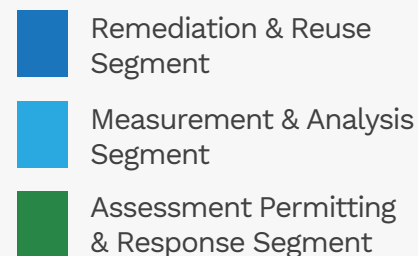
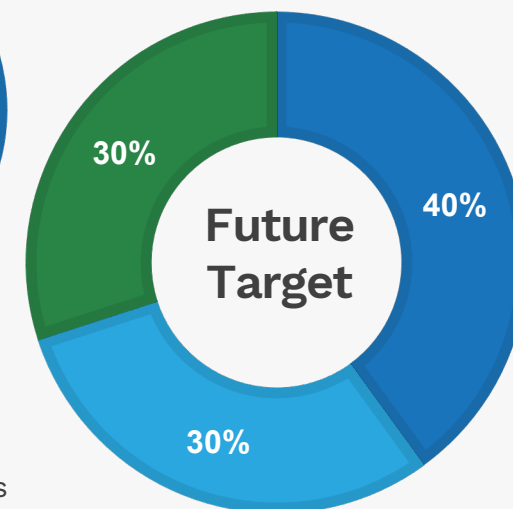
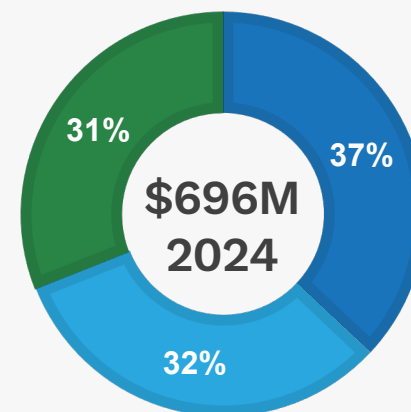
Existing back-office infrastructure supports scale

### 2. **Operating Efficiency:** Process optimization and automation to create incremental operating effectiveness

### 3. **Business Maturity:** Normalizing to target long-term segment margins, with scale expected to continue benefitting the Remediation & Reuse Segment

### 4. **Segment Revenue Mix:** Remediation & Reuse Segment expected to $\geq 40\%$ of total Company, due to differentiated IP, largest addressable market, and PFAS tailwinds

## Segment Revenue Mix



# ► Appendix



# Shareholder Friendly Actions in 2025

## Board composition changed

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

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

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

## Executive compensation changed (CEO, CFO, General Counsel)

- ✓ 2025 short-term incentives (STI) tied to progress against several key strategic efforts, in addition to Consolidated Adjusted EBITDA<sup>1</sup>
- ✓ M&A incentives removed from STI

## Continue to Enhance Governance

- ✓ Annual Stockholder Meeting held May 6, 2025—all proposals passed with at least 80% support from shares voted for each proposal
- ✓ Proposal to declassify board and to phase in annual director elections approved
- ✓ ISS and Glass Lewis recommended voting in support of all measures

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

# Non-GAAP Financial Information

In addition to our results under GAAP, in this presentation we also present certain other supplemental financial measures of financial performance that are not required by, or presented in accordance with, GAAP, including, Consolidated Adjusted EBITDA, Consolidated Adjusted EBITDA margin, Adjusted Net Income and Diluted Adjusted Net Income per Share. We calculate Consolidated Adjusted EBITDA as net income (loss) before interest expense, income tax expense (benefit) and depreciation and amortization, adjusted for the impact of certain other items, including stock-based compensation expense and acquisition-related costs, as set forth in greater detail in this Appendix. We calculate Consolidated Adjusted EBITDA margin as Consolidated Adjusted EBITDA divided by revenue. We calculate Adjusted Net Income as net income (loss) before amortization of intangible assets, stock-based compensation expense, fair value changes to financial instruments and contingent earnouts, and other gain or losses, as set forth in greater detail in this Appendix. Diluted Adjusted Net Income per Share represents Adjusted Net Income attributable to stockholders divided by the fully diluted number of shares of common stock outstanding during the applicable period.

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

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

Additionally, we have provided estimates regarding Consolidated Adjusted EBITDA for 2025. These projections account for estimates of revenue, operating margins and corporate and other costs. However, we cannot reconcile our projection of Consolidated Adjusted EBITDA to net income (loss), the most directly comparable GAAP measure, without unreasonable efforts because of the unpredictable or unknown nature of certain significant items excluded from Consolidated Adjusted EBITDA and the resulting difficulty in quantifying the amounts thereof that are necessary to estimate net income (loss). Specifically, we are unable to estimate for the future impact of certain items, including income tax (expense) benefit, stock-based compensation expense, fair value changes and the accounting for the Series A-2 preferred stock. We expect the variability of these items could have a significant impact on our reported GAAP financial results.

## Non-GAAP Financial Information (Continued)

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 results, impact the Company's liquidity as a whole, and should therefore not be considered as an alternative to or in isolation from cash flow provided by (used in) operating activities or any other liquidity measure calculated in accordance with GAAP. Other companies, including other companies in our industry, may not use this measure in the same way or we may calculate it differently than as presented herein.

In this presentation we also reference our organic growth. We define organic growth as the change in revenues excluding revenues from i) our environmental emergency response business, ii) acquisitions for the first twelve months following the date of acquisition, and iii) businesses held for sale, disposed of or discontinued. Management uses organic growth as one of the means by which it assesses our results of operations. Organic growth is not, however, a measure of revenue growth calculated in accordance with U.S. generally accepted accounting principles, or GAAP, and should be considered in conjunction with revenue growth calculated in accordance with GAAP. We have grown organically over the long term and expect to continue to do so.

In a given reporting period, when we refer to revenue changes driven by acquisitions, we are referring to the revenue contribution from any acquisition from its closing date through the first 12 months of that acquisition, at which point any subsequent contribution therefrom would be organic.

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

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



# Montrose Environmental Group, Inc.

## Reconciliation of Net Income (Loss) to Adjusted Net Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income (loss)	\$ 18,356	\$ (10,170)	\$ (1,003)	\$ (23,527)
Amortization of intangible assets <sup>(1)</sup>	7,326	7,137	15,716	14,566
Stock-based compensation <sup>(2)</sup>	10,834	11,831	24,557	23,103
Acquisition costs <sup>(3)</sup>	325	1,082	1,036	3,607
Fair value changes in financial instruments <sup>(4)</sup>	(9,256)	1,202	(8,040)	905
Expenses related to financing transactions <sup>(5)</sup>	297	95	274	239
Fair value changes in business acquisition contingencies <sup>(6)</sup>	354	136	831	242
Discontinued Specialty Lab <sup>(7)</sup>	—	—	—	596
Other losses and expenses <sup>(8)</sup>	156	30	1,211	511
Tax effect of adjustments <sup>(9)</sup>	(1,018)	(543)	(1,873)	(922)
Adjusted Net Income	\$ 27,373	\$ 10,800	\$ 32,709	\$ 19,320
Preferred dividends Series A-2	(1,400)	(2,750)	(4,150)	(5,564)
Adjusted Net Income attributable to stockholders	\$ 25,974	\$ 8,050	\$ 28,559	\$ 13,756
Net Income (Loss) per share attributable to stockholders	\$ 0.48	\$ (0.39)	\$ (0.15)	\$ (0.91)
Basic Adjusted Net Income per share <sup>(10)</sup>	\$ 0.74	\$ 0.24	\$ 0.82	\$ 0.43
Diluted Adjusted Net Income per share <sup>(11)</sup>	\$ 0.63	\$ 0.20	\$ 0.73	\$ 0.37
Weighted average common shares outstanding	35,206	33,318	34,855	31,850
Fully diluted shares <sup>(12)</sup>	43,455	39,576	44,664	37,631

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. As of December 31, 2024, the performance-based stock appreciation rights grants granted to the Company's management in 2021 were cancelled and therefore, not included in the stock-based compensation expenses thereafter.

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

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

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

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

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

8) Amounts for the three and six months ended June 30, 2025 consist primarily of non-recurring costs incurred to restructure the Company's renewable energy business, third party expenses associated with the independent review and analysis of assertions in a short seller report regarding the Company, and costs to centralize certain back-office functions. Amounts for the three and six months ended June 30, 2024 consist of costs associated with a lease abandonment.

9) The Company applied the estimated effective tax rate on portions of the adjustments related to our significant foreign entities, and determined the US portion of the adjustments do not have any tax impact since we are in a full deferred tax asset valuation allowance as of June 30, 2025.

10) Represents Adjusted Net Income attributable to stockholders divided by the weighted average number of shares of common stock outstanding.

11) Represents Adjusted Net Income attributable to stockholders divided by fully diluted number of shares of common stock.

12) The fully diluted share count increased primarily due to a higher number of share equivalents related to the Series A-2 Preferred Stock due to lower common stock share price of \$21.89 as of June 30, 2025, compared to \$44.56 as of June 30, 2024, causing a higher conversion rate from the A-2 Preferred Stock to common shares.

# Montrose Environmental Group, Inc.

## Reconciliation of Net Income (Loss) and Consolidated Adjusted EBITDA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income (loss)	\$ 18,356	\$ (10,170)	\$ (1,003)	\$ (23,527)
Interest expense	4,768	3,976	9,833	7,282
Income tax expense	988	2,619	3,859	3,112
Depreciation and amortization	12,763	12,515	26,057	24,168
EBITDA	\$ 36,875	\$ 8,940	\$ 38,746	\$ 11,035
Stock-based compensation <sup>(1)</sup>	10,834	11,831	24,557	23,103
Acquisition costs <sup>(2)</sup>	325	1,082	1,036	3,607
Fair value changes in financial instruments <sup>(3)</sup>	(9,256)	1,202	(8,040)	905
Expenses related to financing transactions <sup>(4)</sup>	297	95	274	239
Fair value changes in business acquisition contingencies <sup>(5)</sup>	354	136	831	242
Discontinued Specialty Lab <sup>(6)</sup>	—	—	—	596
Other losses and expenses <sup>(7)</sup>	156	30	1,211	511
Consolidated Adjusted EBITDA	\$ 39,585	\$ 23,316	\$ 58,615	\$ 40,238

- 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. As of December 31, 2024, the performance-based stock appreciation rights grants granted to the Company's management in 2021 were cancelled and therefore, not included in the stock-based compensation expenses thereafter.
- 2) Includes financial and tax diligence, consulting, legal, valuation, accounting and travel costs and acquisition-related incentives related to our acquisition activity, including direct costs of integration.
- 3) Amounts relate to the change in fair value of the interest rate swap instruments and the embedded derivative attached to the Series A-2 preferred stock.
- 4) Amounts represent non-capitalizable expenses associated with refinancing and amending our debt facilities.
- 5) 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.
- 6) Amounts consist of operating losses before depreciation related to the Discontinued Specialty Lab.
- 7) Amounts for the three and six months ended June 30, 2025 consist primarily of non-recurring costs incurred to restructure the Company's renewable energy business, third-party expenses associated with the independent review and analysis of assertions in a short seller report regarding the Company, and costs to centralize certain back-office functions. Amounts for the three and six months ended June 30, 2024 consist of costs associated with a lease abandonment.