Q1 2025 Earnings Presentation

05.12.2025

FORWARD-LOOKING STATEMENTS & NON-GAAP FINANCIAL MEASURES

Forward-Looking Statements Disclosure. *Certain information in this presentation contains "forward-looking" statements. You should not place undue reliance on these statements. Forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategies. These statements often include words such as "believe", "expect", "approximately", "anticipate", "intend", "plan", "estimate", "seek", "will", "should", "could", "may" or the negative thereof or variations thereon or similar expressions that are predictions of or indicate future events or trends. These statements are based on certain assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate in these circumstances. As you read and consider this presentation, you should understand that these statements are not guarantees of performance or results and that actual future results may vary materially. They involve risks, uncertainties and assumptions. Many factors could affect our actual financial results and could cause actual results to differ materially from those expressed in the forward-looking statements, including among other things, our ability to leverage our competitive advantages to achieve or exceed market growth rates; our ability to successfully implement our business strategies, improve margins, and execute our long-term value creation strategy; risks and expenses associated with our international operations, tariff policies, trade sanctions and other trade restrictions and currency fluctuations; our customer or therapeutic area concentrations; any further deterioration in the macroeconomic environment or further changes in government regulations and funding, which could lead to defaults or cancellations by our customers; the risk that our backlog and net new business may not be indicative of our future revenues and we might not realize all of the anticipated future revenue reflected in our backlog; our ability to generate sufficient net new business awards, or if net new business awards are delayed, terminated, reduced in scope, or fail to go to contract; the risk that we may underprice our contracts, overrun our cost estimates, or fail to receive approval for, or experience delays in documentation of change orders; risks related to executive transition, including the duration and results of the search for a new chief executive officer and other factors described from time to time in documents that we file with the U.S. Securities and Exchange Commission (the "SEC"), including any updates or amendments thereof. For a further discussion of the risks relating to our business, see the "Risk Factors" Section of our Annual Report on Form 10-K (the "Form 10-K"), as filed with the SEC, as such factors may be amended or updated from time to time in our subsequent periodic and other filings with the SEC which are accessible on the SEC's website at www.sec.gov.*

In light of these risks, uncertainties and assumptions, the forward-looking statements contained in this presentation might not prove to be accurate and you should not place undue reliance upon them. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures. *This presentation contains discussions of certain financial measures, such as EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Net Debt, Net Leverage and Free Cash Flow, which are non-GAAP financial measures. Non-GAAP financial measures are presented only as a supplement to the Company's financial statements based on GAAP. Non-GAAP financial information is provided to enhance understanding of the Company's financial and operational performance and cash flow, but none of these non-GAAP financial measures are recognized terms under GAAP, and non-GAAP measures should not be considered in isolation from, or as a substitute analysis for, the Company's results of operations as determined in accordance with GAAP. The Company believes these adjusted measures are useful to investors as a supplement to, but not as a substitute for, GAAP measures, in evaluating the Company's operational performance and cash-flow. The Company further believes that the use of these non-GAAP financial measures provides an additional tool for investors in evaluating operating results and trends, growth, indebtedness, cash-flow and shareholder returns, as well as in comparing the Company's financial results with the financial results of other companies. However, the Company notes that these adjusted measures may be different from and not directly comparable to the measures presented by other companies. Because not all companies use identical calculations, our presentation of these non-GAAP financial measures may not be comparable to other similarly titled measures of other companies. For example, in calculating Adjusted EBITDA, the Company excludes all the amortization of intangible assets associated with acquired customer relationships and backlog, databases, non-compete agreements and trademarks, trade names and other from non-GAAP expense and income measures as such amounts can be significantly impacted by the timing and size of acquisitions.*

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Fortrea's Q1 2025 Highlights

Book-to-Bill of 1.02x in Q1 with key wins in both Large Pharma and Biotech
Trailing 12 months Book-to-Bill of 1.14x

Q1 Revenue and Adj. EBITDA in-line
Q1 Adj. EBITDA increased 11.8% year over year
Reaffirming 2025 Guidance

Shifting from transition to transformation post successful exit of TSA* services
SG&A and Operations restructuring initiatives on track

*TSA – Transition Services Agreement with former parent, Labcorp

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Q1'25– Key Financial Highlights
Continuing Operations

($ in millions, except per share data)	Q1 2024	Q1 2025	% Change
Revenue	$662.1	$651.3	(1.6)%
Adj. EBITDA [1]	$27.1	$30.3	11.8%
% Adj. EBITDA Margin [1]	*4.1%*	*4.7%*	
Net (Loss)	$(79.8)	$(562.9) [2]	605.4%
Net (Loss) / diluted share	$(0.89)	$(6.25)	602.2%
Adj. Net Income (Loss) [1]	$(4.9)	$1.9	(138.8)%
Adj. Net Income (Loss) / diluted share [1]	$(0.05)	$0.02	(140.0)%
Ending Backlog	$7,425	$7,721	4.0%

1 Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income (Loss) and Adjusted Net Income (Loss)/diluted share are non-GAAP financial measures. Please see slides 8 and 9 for a reconciliation to the most comparable GAAP number.
2 Inclusive of a non-cash goodwill impairment charge of $488.8 million.

Cash Flow and Liquidity Profile

Cash Flow and Liquidity *($ in millions)*	Q1 2025
Operating Cash Flow	$(124.2)
Less: CAPEX	($2.9)
Free Cash Flow [1]	$(127.1)
Liquidity [2]	$462.6

Debt and Leverage *($ in millions)*	March 31 2025
Gross Debt [3]	$1,231.0
Cash and cash equivalents	$101.6
Net Debt [4]	$1,129.4
Net Leverage [5]	5.5x
Net DSO [6]	51 days

1 Free Cash Flow, a non-GAAP measure, is equal to Operating Cash Flow less Capital Expenditures.
2 Liquidity equals cash plus available borrowing capacity under the $450M revolving credit facility.
3 Gross Debt includes long-term and current notes, term loans and revolving credit facility balance, excluding debt issuance discount and fees.
4 Net Debt, a non-GAAP measure, is defined as Gross Debt less Cash.
5 Net Leverage, a non-GAAP measure, is defined as Net Debt divided by TTM Adj. EBITDA. Adj. EBITDA for the TTM ended March 31, 2025, was $205.7 million. Please see slide 8 for a reconciliation to the most comparable GAAP number for Q1 2025.
6 Net Days Sales Outstanding (DSO) is based on accounts receivable and unbilled services, less allowance for credit losses, and unearned revenue. Includes impact of accounts receivable sale under A/R Securitization facility signed in Q2 2024.

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2025 Financial Guidance
Continuing Operations

($ in millions)	Q1'25 Actuals	FY'25 Guidance [1] *FX as of December 31, 2024*
Revenue	$651.3	$2,450 - $2,550
Adj. EBITDA[2]	$30.3	$170 - $200

1 Full-year 2025 guidance measures (other than revenue) are provided on a non-GAAP basis without a reconciliation to the most directly comparable GAAP measure because Fortrea is unable to predict with a reasonable degree of certainty certain items contained in the GAAP measures without unreasonable efforts. Such items include, but are not limited to, acquisition-related expenses, restructuring and related expenses, stock-based compensation and other items not reflective of Fortrea's ongoing operations.
2 Adjusted EBITDA is a non-GAAP financial measure. Please see slide 8 for a reconciliation to the most comparable GAAP number for Q1 2025.

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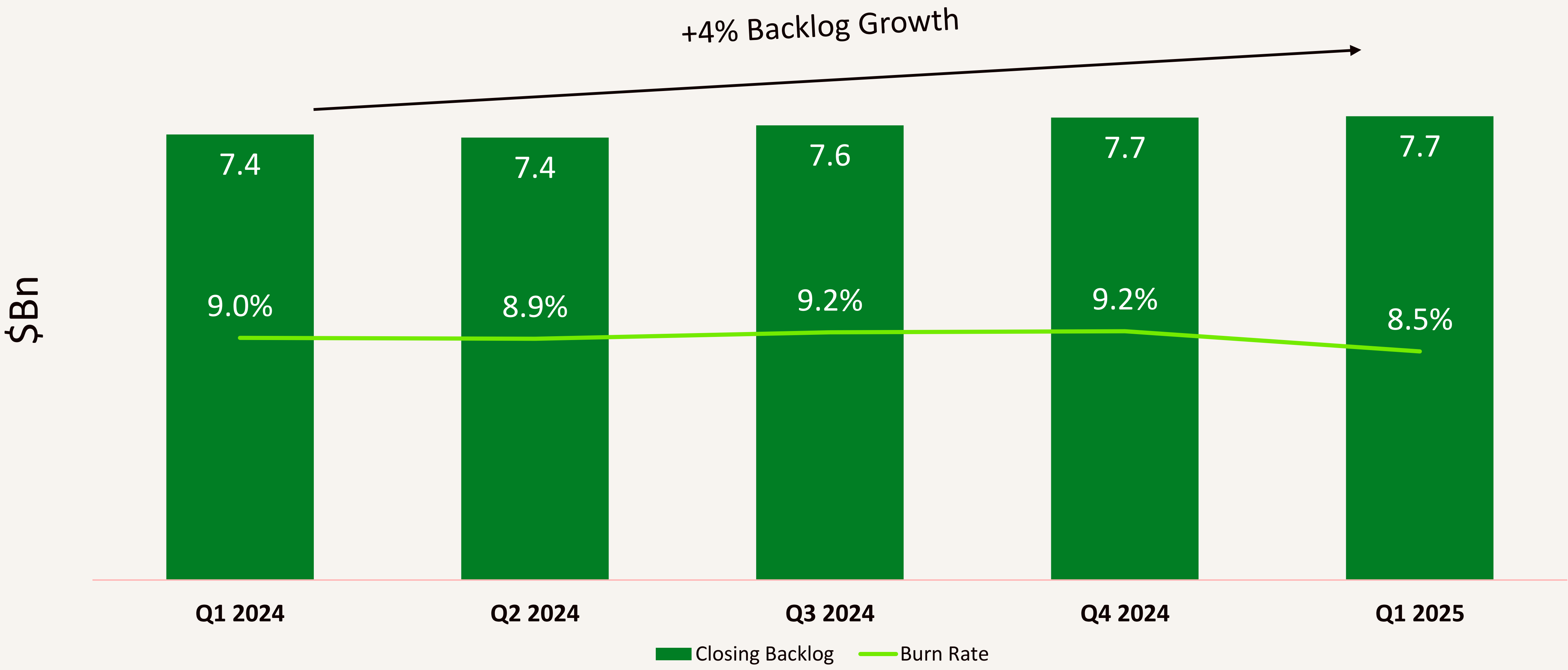
Backlog & Burn Rate Metrics



Net Income to Adjusted EBITDA Reconciliation (Non-GAAP)
Continuing Operations

($ in millions)	Trailing Twelve Months Ended March 31, 2025	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Adjusted EBITDA from continuing operations:			
Net loss from continuing operations	**$(754.6)**	**$(562.9)**	**$(79.8)**
Income tax expense	7.3	14.9	4.1
Interest expense, net	111.8	22.3	34.3
Depreciation and amortization [1]	82.9	19.5	21.9
EBITDA from continuing operations	**(552.6)**	**(506.2)**	**(19.5)**
Foreign exchange loss	10.9	5.6	5.3
Goodwill and other asset impairment	488.8	488.8	-
Restructuring and other charges [2]	54.6	6.8	3.4
Stock based compensation	58.3	14.6	13.5
Disposition-related costs [3]	17.2	3.8	-
One-time spin related costs [4]	123.0	10.0	17.0
Customer matter [5]	2.1	-	3.9
Enabling Services Segment costs [6]	2.5	-	4.8
Other [7]	0.9	6.9	(1.3)
Adjusted EBITDA from continuing operations	**$205.7**	**$30.3**	**$27.1**
Adjusted EBITDA Margin from continuing operations:			
Revenue from continuing operations	$2,685.6	$651.3	$662.1
Adjusted EBITDA Margin from continuing operations	7.7%	4.7%	4.1%

Refer to slide 10 for the notes related to the Net Income to Adjusted EBITDA Reconciliation.

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Net Income to Adjusted Net Income Reconciliation (Non-GAAP)
Continuing Operations

($ in millions)	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Adjusted net income (loss) from continuing operations:		
Net loss from continuing operations	$(562.9)	$(79.8)
Foreign exchange loss	5.6	5.3
Amortization [1]	14.5	15.3
Restructuring and other charges [2]	6.8	3.4
Stock based compensation	14.6	13.5
Disposition-related costs [3]	3.8	-
One-time spin related costs [4]	10.0	17.0
Customer matter [5]	-	3.9
Enabling Services Segment costs [6]	-	4.8
Goodwill and other asset impairments	488.8	-
Other [7]	6.9	(1.3)
Income tax impact of adjustments [8]	13.8	13.0
Adjusted net income (loss) from continuing operations	**$1.9**	**$(4.9)**
Basic shares	90.1	89.2
Adjusted basic earnings per share from continuing operations	$0.02	$(0.05)
Diluted shares	91.2	89.2
Adjusted diluted earnings per share from continuing operations	$0.02	$(0.05)

Refer to slide 10 for the notes related to the Net Income to Adjusted Net Income Reconciliation.

Reconciliation of Non-GAAP Measures Notes (slides 8 and 9)

1. Includes amortization of intangible assets acquired as part of business acquisitions.
2. Restructuring and other charges represent amounts incurred in connection with the elimination of redundant positions to reduce overcapacity, align resources and facilities, and restructure certain operations.
3. Disposition-related costs are short-term incremental costs to support the transition services agreement associated with the sale of the Enabling Services Segment.
4. Represents one-time or incremental costs required to implement capabilities to exit the Transition Services Agreement with former parent.
5. As part of working with a customer, the Company agreed to make concessions and provide discounts and other consideration to the customer as part of a multi-party solution. There were no related adjustments during Q1 2025 as the agreed upon amounts had been satisfied.
6. These adjustments remove the impact of certain Enabling Services costs not included in discontinued operations. The Enabling Services Segment was sold in the second quarter of 2024.
7. Includes adjustments to estimated contingent consideration on a sale of a facility, income related to services provided under Transition Services Agreements, settlements related to litigation initiated prior to the Spin, the yield expense incurred on amounts received under the Company's Receivables Securitization Program, and amortization of implementation costs deferred in connection with cloud computing arrangements.
8. Income tax impact of adjustments calculated based on the tax rate applicable to each item.

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