Q3 2025 Earnings Presentation

11.05.2025

Nasdaq: FTRE

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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 establishment of our accounting and other management systems, and our efforts to improve them, could cost more than anticipated or impact internal controls; 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; 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, Adjusted Basic and Diluted EPS, 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 Q3 2025 Highlights

CEO Anshul Thakral's first 100 days: Driving global client & colleague engagement

Q3 2025 Results

- ✓ Revenue & Adj. EBITDA in line with expectations
- ✓ Solid Q3 Book-to-Bill of 1.13x; Trailing 12-months Book-to-Bill of 1.07x in line with CRO peers
- ✓ Win rate reached highest level in 6 quarters
- ✓ Strong Q3 operating and free cash flow; DSO improvement of 13 days vs prior quarter
- ✓ YTD $95M gross savings and $53M net savings achieved toward targets provided

Market environment showing early signs of improvement

Strategy focused on commercial, operational and financial excellence

Raising FY2025 Revenue guidance & narrowing Adj. EBITDA guidance

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Key Pillars to Drive Revenue Growth & Margin Expansion

Commercial Excellence

- Expand **reach** to grow pipeline and new clients
- Expand therapeutic and scientific expertise that **resonates** with clients
- Grow **repeat** business through predictable delivery and account management

Operational Excellence

- Optimize **project management** and enhance **biotech operating model**
- Strengthen culture of **empowerment** and **innovation**
- Expand access to **tools, technology, training and infrastructure** to accelerate studies

Financial Excellence

- Ongoing **right-sizing** to match resources to demand
- Drive further SG&A effectiveness and **improve operating margins**
- Regular review of capital structure **optimization strategy**

Leverage Innovation & Scientific Expertise to Accelerate Delivery for Clients and Drive Shareholder Value

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William Sharbaugh Appointed to the Board of Directors

Effective September 22, 2025

Background Highlights

- 30 + years in Pharma, CRO and executive leadership
- Current board roles include Ora LLC and Launch Therapeutics
- Executive leadership experience from Bristol-Myers Squibb, Merck & Co. and PPD
- Served as an officer in the U.S. Army
- Education: U.S. Military Academy at West Point (B.S.), Wharton School at University of Pennsylvania (M.S.), Boston University School of Arts and Sciences (M.S.)

Quote from Anshul Thakral, CEO:

"Bill's experience and leadership acumen will be valuable as we execute on our strategic plans. His track record of success demonstrates his dedication to our purpose of delivering life-changing treatments to patients faster."

Q3'25– Key Financial Highlights
Continuing Operations

($ in millions, except per share data)	Q3 2025	Q3 2024	% Change (Y/Y)
Revenue	$701.3	$674.9	3.9%
Adj. EBITDA [1]	$50.7	$64.2	(21.0)%
% Adj. EBITDA Margin [1]	*7.2%*	*9.5%*	
Net Loss	$(15.9)	$(18.5)	14.1% improvement
Net Loss / diluted share	$(0.17)	$(0.21)	19.0% improvement
Adj. Net Income [1]	$11.7	$20.7	(43.5)%
Adj. Net Income / diluted share [1]	$0.12	$0.23	(47.8)%
Ending Backlog	$7,644	$7,571	1.0%

1 Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income and Adjusted Net Income/diluted share are non-GAAP financial measures. Please see slides 10 and 11 for a reconciliation to the most comparable GAAP number.

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Cash Flow and Liquidity Profile

Cash Flow *($ in millions)*	**QTD Q3 2025**	**YTD Q3 2025**
Operating Cash Flow	$86.8	$(15.6)
Less: CAPEX	$(7.3)	$(17.7)
Free Cash Flow [1]	$79.5	$(33.3)

Debt, Leverage and Liquidity *($ in millions)*	**September 30 2025**
Gross Debt [2]	$1,142.0
Cash and cash equivalents	$131.3
Net Debt [3]	$1,010.7
Net Leverage [4]	5.3x
Net DSO [5]	33 days
Liquidity [6]	$579.0

1 Free Cash Flow, a non-GAAP measure, is equal to Operating Cash Flow less Capital Expenditures.
2 Gross Debt includes long-term and current notes, term loans and revolving credit facility balance, excluding debt issuance discount and fees.
3 Net Debt, a non-GAAP measure, is defined as Gross Debt less Cash.
4 Net Leverage, a non-GAAP measure, is defined as Net Debt divided by TTM Adj. EBITDA. Adj. EBITDA for the TTM ended September 30, 2025, was $191.9 million. Please see slide 10 for a reconciliation to the most comparable GAAP number for Q3 2025.
5 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.
6 Liquidity equals cash plus available borrowing capacity under the $450M revolving credit facility.

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2025 Financial Guidance

Raising FY Revenue & Narrowing Adj. EBITDA

($ in millions)	Q3 25 Actuals	Updated FY 25 Guidance [1]	Previous FY 25 Guidance *as of June 30, 2025*
Revenue	$701.3	$2,700 - $2,750	$2,600 - $2,700
Adj. EBITDA[2]	$50.7	$175 - $195	$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. FY 25 guidance is based on exchange rates in effect as of December 31, 2024.

2 Adjusted EBITDA is a non-GAAP financial measure. Please see slide 10 for a reconciliation to the most comparable GAAP number for Q3 2025.

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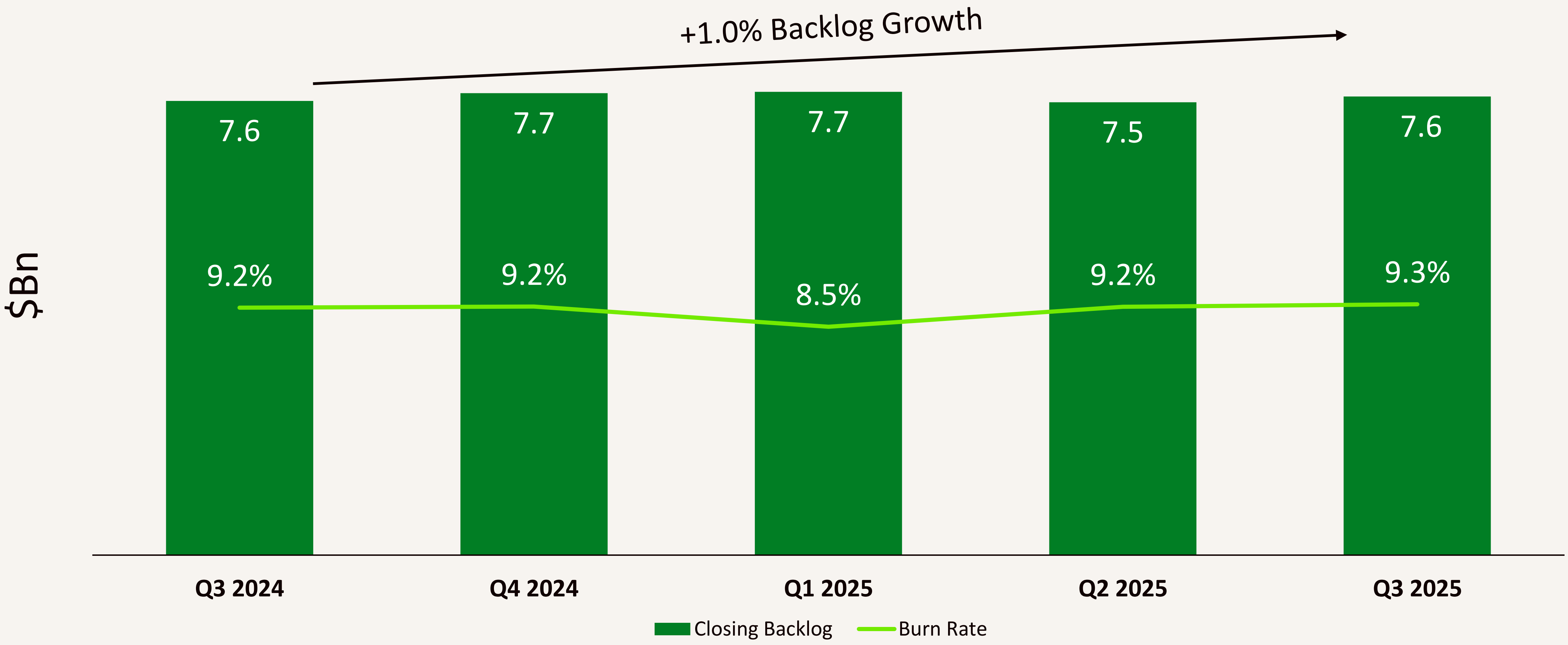
Backlog & Burn Rate Metrics



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

($ in millions)	Trailing Twelve Months Ended September 30, 2025	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Adjusted EBITDA from continuing operations:					
Net loss from continuing operations	**$(1,027.6)**	**$(15.9)**	**$(18.5)**	**$(953.7)**	**$(197.6)**
Income tax expense (benefit)	5.3	(12.8)	(17.3)	6.3	(2.5)
Interest expense, net	90.1	22.6	22.4	68.2	101.9
Depreciation and amortization [1]	79.5	19.6	21.2	58.7	64.5
EBITDA from continuing operations	**(852.7)**	**13.5**	**7.8**	**(820.5)**	**(33.7)**
Foreign exchange loss	31.7	2.6	0.2	28.1	7.0
Goodwill and other asset impairments [2]	797.9	-	-	797.9	-
Restructuring and other charges [3]	51.7	6.3	8.9	23.8	23.3
Stock based compensation	74.9	22.3	13.0	59.6	41.9
Disposition-related costs [4]	15.0	2.3	5.9	8.9	7.3
One-time spin related costs [5]	55.5	3.0	27.0	23.4	97.9
Customer matter [6]	0.8	-	0.9	-	5.2
Enabling Services Segment costs [7]	-	-	-	-	7.3
CEO transition related costs	5.1	0.3	-	5.1	-
Other [8]	12.0	0.4	0.5	9.6	(9.7)
Adjusted EBITDA from continuing operations	**$191.9**	**$50.7**	**$64.2**	**$135.9**	**$146.5**
Adjusted EBITDA Margin from continuing operations:					
Revenue from continuing operations	$2,759.9	$701.3	$674.9	$2,062.9	$1,999.4
Adjusted EBITDA Margin from continuing operations	7.0%	7.2%	9.5%	6.6%	7.3%

Refer to slide 12 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, except per share data)	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Adjusted net income from continuing operations:				
Net loss from continuing operations	$(15.9)	$(18.5)	$(953.7)	$(197.6)
Foreign exchange loss	2.6	0.2	28.1	7.0
Amortization [1]	14.8	15.2	43.9	45.6
Goodwill and other asset impairments [2]	-	-	797.9	-
Restructuring and other charges [3]	6.3	8.9	23.8	23.3
Stock based compensation	22.3	13.0	59.6	41.9
Disposition-related costs [4]	2.3	5.9	8.9	7.3
One-time spin related costs [5]	3.0	27.0	23.4	97.9
Customer matter [6]	-	0.9	-	5.2
Enabling Services Segment costs [7]	-	-	-	7.3
CEO transition related costs	0.3	-	5.1	-
Other [8]	0.4	0.5	9.6	(9.7)
Income tax impact of adjustments [9]	(24.4)	(32.4)	(15.4)	(14.7)
Adjusted net income from continuing operations	**$11.7**	**$20.7**	**$31.2**	**$13.5**
Basic shares	91.2	89.6	90.6	89.4
Adjusted basic earnings per share from continuing operations	$0.13	$0.23	$0.34	$0.15
Diluted shares	93.8	90.1	92.0	90.3
Adjusted diluted earnings per share from continuing operations	$0.12	$0.23	$0.34	$0.15

Refer to slide 12 for the notes related to the Net Income to Adjusted Net Income Reconciliation.

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Reconciliation of Non-GAAP Measures Notes (slides 10 and 11)

1. Includes amortization of intangible assets acquired as part of business acquisitions.
2. The goodwill impairments primarily resulted from declines in the Company’s share price. The second quarter was also impacted by a market-driven increase to the discount rate.
3. 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.
4. Disposition-related costs are short-term incremental costs to support the transition services agreement associated with the sale of the Enabling Services Segment.
5. Represents one-time or incremental costs required to implement capabilities to exit the Transition Services Agreement with former parent.
6. 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 2025 as the agreed upon amounts had been satisfied.
7. 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.
8. 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.
9. Income tax impact of adjustments represents the amount of additional tax expense that the Company estimates it would record if it used Non-GAAP results instead of GAAP results in the calculation of its provision.

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