UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): **November 16, 2026**

Hydrofarm Holdings Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**001-39773**	**81-4895761**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

1510 Main Street
Shoemakersville, PA 19555

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(707) 765-9990**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value per share	HYFM	Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On November 16, 2026, Hydrofarm Holdings Group, Inc. (the "Company") issued a press release announcing its financial results for the third quarter ended September 30, 2026. The full text of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information in this Item 2.02 (including Exhibit 99.1) shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

Exhibit No.	Description
99.1	Press Release, dated November 16, 2026.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Hydrofarm Holdings Group, Inc.

Date: November 16, 2026

By: /s/ William Toler

Name: William Toler

Title: Chief Executive Officer & Chairman of the Board of Directors (Principal Executive Officer)

Hydrofarm Announces Third Quarter 2026 Results and Subsequent Elimination of Term Loan

Shoemakersville, PA — November 16, 2026 — Hydrofarm Holdings Group, Inc. (“Hydrofarm” or the “Company”) (Nasdaq: HYFM), a leading independent manufacturer and distributor of branded supplies and equipment for controlled environment agriculture ("CEA"), today announced financial results for its third quarter ended September 30, 2026.

Third Quarter Events and Comparison vs. Prior Year Period:

- Net sales decreased to $14.5 million compared to $29.4 million.
- Gross Profit Margin increased to 17.7% of net sales compared to 11.6%.
- Adjusted Gross Profit Margin[(1)] increased to 23.6% of net sales compared to 18.8%.
- SG&A expense and Adjusted SG&A[(1)] expense decreased by 51.4% and 54.1%, respectively.
- Net loss decreased to $7.8 million compared to $16.4 million.
- Adjusted EBITDA[(1)] of $(1.1) million compared to $(4.4) million.
- Cash used in operating activities and Free Cash Flow[(1)] were each $(7.5) million which included a $4.4 million cash interest payment on the now terminated Term Loan debt facility, and $2.8 million of debt and restructuring related payments; compared to cash used in operating activities and Free Cash Flow[(1)] of less than $(0.1) million and $(0.2) million, respectively.

(1) Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted SG&A, Adjusted SG&A as a percent of net sales, Adjusted EBITDA, and Free Cash Flow are non-GAAP measures. For a description of our non-GAAP measures see the “Non-GAAP Measures” section accompanying this release; and for reconciliations of GAAP to non-GAAP measures see the “Reconciliation of Non-GAAP Measures” accompanying this release.

Hydrofarm also recently completed the following transactions:

- Sold Aurora Peat Products in the third quarter of 2026 for $16 million gross proceeds, reducing debt and simplifying operating footprint.
- Subsequent to the third quarter, Hydrofarm recapitalized the business, eliminating $109 million of Term Loan debt and raising $8.3 million in gross proceeds.

"In the third quarter, our higher margin proprietary brand sales exceeded two-thirds of total sales and contributed to our highest Adjusted Gross Profit margin percentage since Q3 2024. We also reduced Adjusted SG&A expense by over 50% compared to last year. We implemented meaningful cost reductions and grew our logistics services business, realizing our 17th consecutive quarter of year-over-year expense reductions. In July, we sold our Aurora Peat Products business for $16 million, a key strategic step in optimizing our portfolio and reducing our Term Loan debt," said William Toler, Chief Executive Officer of Hydrofarm. "Then in October, we completed the recapitalization of our Company, eliminated the Term Loan debt facility and raised additional equity for the next chapter of our business. Backed by a stronger financial foundation, we are well-positioned to invest in sustainable growth as we expect to transition to positive Adjusted EBITDA in the next year."

Third Quarter 2026 Financial Results

Net sales decreased 50.7% to $14.5 million compared to $29.4 million in the prior year period. This was due to a decline in volume/mix related to the discontinuation of certain distributed brands, the Company's business divestitures in Canada, and constrained working capital leading up to the Company's recapitalization transaction.

Gross Profit decreased to $2.6 million, or 17.7% of net sales, compared to $3.4 million, or 11.6% of net sales, in the prior year period. Adjusted Gross Profit [(1)] decreased to $3.4 million, or 23.6% of net sales, compared to $5.5 million, or 18.8% of net sales, in the prior year period. The decreases in Gross Profit and Adjusted Gross Profit [(1)] were primarily due to lower net sales. Gross Profit Margin and Adjusted Gross Profit Margin [(1)] increased primarily due to selling a higher proportion of proprietary brand products, partially offset by higher labor and freight costs as a percentage of net sales.

Selling, general and administrative ("SG&A") expense improved to $8.0 million, compared to $16.4 million in the prior year period, and Adjusted SG&A [(1)] expense improved to $4.5 million compared to $9.9 million in the prior year period. SG&A declined due to lower amortization expense and the Company's cost-saving initiatives, partially offset by costs associated with the Company's strategic alternatives and debt transactions, certain legal and restructuring expenses. In addition, Adjusted SG&A [(1)] expenses decreased $5.3 million from the Company's cost-saving initiatives, including a $1.5 million decrease in employee compensation costs, a $1.3 million decrease in facility expenses, and other general and administrative costs.

Net loss was $7.8 million, or $(1.61) per diluted share, compared to net loss of $16.4 million, or $(3.51) per diluted share in the prior year period. Net loss decreased primarily due to lower SG&A expense and a $1.5 million gain on the sale of the Company's Aurora Peat Products business in Canada.

Adjusted EBITDA [(1)] improved to $(1.1) million, compared to $(4.4) million in the prior year period. The improvement was related to Adjusted SG&A [(1)] expense reductions, partially offset by lower net sales and Adjusted Gross Profit [(1)].

Balance Sheet, Liquidity, and Aurora Peat Products Sale

As of September 30, 2026, the Company had $3.9 million in cash and restricted cash, compared to $6.6 million as of June 30, 2026. Cash used in operating activities was $(7.5) million and the Company invested less than $0.1 million in capital expenditures, yielding $(7.5) million Free Cash Flow [(1)] during the three months ended September 30, 2026. During the third quarter, the Company paid $4.4 million in cash interest, in connection with the sale of Aurora Peat Products, and $2.8 million related to its debt and strategic alternatives transactions, and restructuring. As of September 30, 2026, the Company had $109 million in principal balance on its Term Loan outstanding, $7.5 million in finance leases, and $0.1 million in other debt outstanding.

As previously disclosed, on February 4, 2026, the Company elected to defer making the interest payment on its Term Loan, resulting in an event of default. The Term Loan was classified as current debt on the September 30, 2026 balance sheet. On July 31, 2026, the Company sold its Aurora Peat Products business in Canada for total consideration of $16 million, a portion of which was represented by a promissory note in the amount of $5 million. The sale proceeds were applied to reduce outstanding Term Loan debt and interest. The sale represented a key strategic milestone, simplifying Hydrofarm's platform into a leaner and more focused organization, and reducing the capital spend of owning and operating peat harvesting assets.

October 2026 Recapitalization

In October 2026, the Company completed its recapitalization, whereby the $109 million Term Loan was eliminated and the former Term Loan lenders received $27.5 million of a newly created class of Series 1 Non-Voting Convertible Preferred Stock, convertible to common stock based on a stated value of $1.00 per share, and warrants to purchase 27.5 million shares of common stock at an exercise price of $0.78 per share. In addition, Hydrofarm sold common stock and warrants to investors in a registered direct offering and concurrent private placement, raising approximately $8.3 million in gross proceeds (the “Offering”). Following the Offering and conversion of the Series 1 Non-Voting Convertible Preferred Stock, the Company expects that it will have approximately 41.8 million common shares outstanding. After the recapitalization, the Company has enhanced liquidity and flexibility to support its strategic initiatives and capitalize on market opportunities, including expanding the direct commercial sales channel, which currently comprises approximately one-third of its business. Hydrofarm is committed to its strategic priorities to drive high-quality revenue streams, improve profit margins and strengthen its financial position.

(1) Adjusted Gross Profit, Adjusted Gross Profit Margin, Adjusted SG&A, Adjusted SG&A as a percent of net sales, Adjusted EBITDA, and Free Cash Flow are non-GAAP measures. For a description of our non-GAAP measures see the "Non-GAAP Measures" section accompanying this release; and for reconciliations of GAAP to non-GAAP measures see the "Reconciliation of Non-GAAP Measures" accompanying this release.

About Hydrofarm Holdings Group, Inc.

Hydrofarm is a leading independent manufacturer and distributor of supplies and equipment for controlled environment agriculture, including plant nutrition, growing media, horticultural lighting and climate control solutions, spanning a portfolio of proprietary and select partner brands. The Company manufactures its proprietary plant nutrition and growing media brands in Eugene, Oregon, and, through its logistics services platform, provides third-party warehousing, fulfillment and distribution services across a wide range of industries. For nearly 50 years, Hydrofarm has helped growers make growing easier and more productive. The Company's mission is to empower growers, farmers and cultivators with products that enable greater quality, efficiency, consistency and speed.

Cautionary Note Regarding Forward-Looking Statements

Statements contained in this press release, other than statements of historical fact, which address activities, events and developments that the Company expects or anticipates will or may occur in the future, including, but not limited to, information regarding the future economic performance and financial condition of the Company, including its return to positive Adjusted EBITDA, the expansion of the direct commercial sales channel, the plans and objectives of the Company's management, and the Company's assumptions regarding such performance and plans are "forward-looking statements" within the meaning of the U.S. federal securities laws that are subject to risks and uncertainties. These forward-looking statements generally can be identified as statements that include phrases such as "guidance," "outlook," "projected," "believe," "target," "predict," "estimate," "forecast," "strategy," "may," "goal," "expect," "anticipate," "intend," "plan," "foresee," "likely," "will," "should" or other similar words or phrases. Actual results could differ materially from the forward-looking information in this release due to a variety of factors, including, but not limited to:

The Company's ability to continue as a going concern; The Company's ability to effect strategic changes to its business including the expansion of the logistics services business and direct commercial sales channel; The market in which the Company operates has been substantially adversely impacted by conditions of the agricultural and cannabis industries, including oversupply and decreasing prices of the products the Company's end customers sell, which, in turn, has materially adversely impacted the Company's sales and other results of operations and which may continue to do so in the future; If industry conditions worsen or are sustained for a lengthy period, the Company could be forced to take additional impairment charges and/or inventory and accounts receivable reserves, which could be substantial, and, ultimately, the Company may face liquidity challenges; The Company's ability to resolve claims from unsecured creditors in the ordinary course of business; The Company's future debt facilities may limit the operation of the Company's business including restricting its ability to sell products directly to the cannabis industry; Although equity financing may be available, the Company's current stock prices are at depressed levels and any such financing would be dilutive; Interruptions in the Company's supply chain could adversely impact expected sales growth and operations; Increased prices and inflation could adversely impact the Company's performance and financial results; Global political and economic conditions including the imposition of potential tariffs could increase the costs of the Company's products and adversely impact the competitiveness of the Company's products and the Company's financial results; The Company may be unable to regain compliance and continue to meet the continued listing standards of Nasdaq; The Company's restructuring activities may increase our expenses and cash expenditures, and may not have the intended cost saving effects; The highly competitive nature of the Company's markets could adversely affect its ability to maintain or grow revenues; Certain of the Company's products may be purchased for use in new or emerging industries or segments, including the cannabis industry, and/or be subject to varying, inconsistent, and rapidly changing laws, regulations, administrative and enforcement approaches, and consumer perceptions which may adversely impact the market for the Company's products; The market for the Company's products has been impacted by conditions impacting its customers, including related crop prices, climate change, and other factors impacting growers; Compliance with government laws and regulations including environmental and other public health regulations or changes in such regulations or regulatory enforcement priorities could increase the Company's costs of doing business or limit the Company's ability to market all of its products; Damage to the Company's reputation or the reputation of its products or products it markets on behalf of third parties could have an adverse effect on its business; If the Company is unable to effectively execute its e-commerce business, its reputation and operating results may be harmed; The Company's operations may be impaired if its information technology systems fail to perform adequately or if it is the subject of a data breach or cyber-attack; The Company may not be able to adequately protect its intellectual property and other proprietary rights that are material to the Company's business; Acquisitions, other strategic alliances and investments could result in operating and integration difficulties, dilution and other harmful consequences that may adversely impact the Company's business and results of operations. Additional detailed information concerning a number of the important factors that could cause actual results to differ materially from the forward-looking information contained in this release is readily available in the Company's annual, quarterly and other reports. The Company disclaims any obligation to update developments of these risk factors or to announce publicly any revision to any of the forward-looking statements contained in this release, or to make corrections to reflect future events or developments except as otherwise required by law.

Contacts:
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Hydrofarm Holdings Group, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(In thousands, except share and per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Net sales	$ 14,455	$ 29,350	$ 66,190	$ 109,129
Cost of goods sold	11,897	25,941	59,161	96,049
Gross profit	2,558	3,409	7,029	13,080
Operating expenses:				
Selling, general and administrative	7,955	16,365	28,585	50,368
Gain on sale of business	(1,491)	—	(1,491)	—
Loss from operations	(3,906)	(12,956)	(20,065)	(37,288)
Interest expense	(3,385)	(3,331)	(12,704)	(10,099)
Other (expense) income, net	(367)	22	(464)	(140)
Loss before tax	(7,658)	(16,265)	(33,233)	(47,527)
Income tax (expense) benefit	(121)	(125)	212	(109)
Net loss	$ (7,779)	$ (16,390)	$ (33,021)	$ (47,636)
Net loss per share:				
Basic	$ (1.61)	$ (3.51)	$ (6.90)	$ (10.26)
Diluted	$ (1.61)	$ (3.51)	$ (6.90)	$ (10.26)
Weighted-average shares of common stock outstanding:				
Basic	4,817,377	4,663,422	4,786,133	4,641,522
Diluted	4,817,377	4,663,422	4,786,133	4,641,522

Hydrofarm Holdings Group, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In thousands, except share and per share amounts)

	September 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 3,421	$ 6,309
Restricted cash	460	—
Accounts receivable, net	7,408	8,186
Inventories	19,080	33,324
Prepaid expenses and other current assets	2,167	3,622
Total current assets	32,536	51,441
Property, plant and equipment, net	12,212	30,334
Operating lease right-of-use assets	27,692	37,765
Intangible assets, net	2,801	2,801
Other assets	821	1,463
Total assets	$ 76,062	$ 123,804
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 10,166	$ 9,752
Accrued expenses and other current liabilities	10,068	7,688
Deferred revenue	727	2,742
Current portion of operating lease liabilities	7,562	7,543
Current portion of finance lease liabilities	471	455
Current portion of long-term debt	108,898	111,853
Total current liabilities	137,892	140,033
Long-term operating lease liabilities	24,728	32,800
Long-term finance lease liabilities	7,021	7,381
Long-term debt	33	50
Deferred tax liabilities	—	2,130
Other long-term liabilities	273	4,706
Total liabilities	169,947	187,100
Commitments and contingencies		
Stockholders' deficit		
Common stock ($0.0001 par value; 300,000,000 shares authorized; 4,819,323 and 4,667,004 shares issued and outstanding at September 30, 2026, and December 31, 2025, respectively)	—	—
Additional paid-in capital	791,595	791,227
Accumulated other comprehensive loss	(5,208)	(7,272)
Accumulated deficit	(880,272)	(847,251)
Total stockholders' deficit	(93,885)	(63,296)
Total liabilities and stockholders' deficit	$ 76,062	$ 123,804

Hydrofarm Holdings Group, Inc.
RECONCILIATION OF NON-GAAP MEASURES
(In thousands, except share and per share amounts)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
Reconciliation of Adjusted Gross Profit:				
Gross Profit (GAAP)	$ **2,558**	$ **3,409**	$ **7,029**	$ **13,080**
Depreciation, depletion and amortization	736	1,346	2,673	4,075
Restructuring expenses[1]	102	753	2,859	4,416
Other	10	—	10	—
Adjusted Gross Profit (Non-GAAP)	$ **3,406**	$ **5,508**	$ **12,571**	$ **21,571**
As a percent of net sales:				
Gross Profit Margin (GAAP)	**17.7%**	**11.6%**	**10.6%**	**12.0%**
Adjusted Gross Profit Margin (Non-GAAP)	**23.6%**	**18.8%**	**19.0%**	**19.8%**

	Three months ended September 30,		Nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
Reconciliation of Adjusted SG&A:				
Selling, general and administrative (GAAP)	$ **7,955**	$ **16,365**	$ **28,585**	$ **50,368**
Depreciation, depletion and amortization	33	5,990	115	17,982
Restructuring expenses[1]	758	142	3,863	162
Other[2]	1,243	130	1,325	359
Stock-based compensation[3]	73	207	389	971
Debt transactions and strategic alternatives[4]	1,306	10	3,600	225
Adjusted SG&A (Non-GAAP)	$ **4,542**	$ **9,886**	$ **19,293**	$ **30,669**
As a percent of net sales:				
SG&A (GAAP)	**55.0%**	**55.8%**	**43.2%**	**46.2%**
Adjusted SG&A (Non-GAAP)	**31.4%**	**33.7%**	**29.1%**	**28.1%**

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Reconciliation of Adjusted EBITDA:				
Net loss (GAAP)	$ **(7,779)**	$ **(16,390)**	$ **(33,021)**	$ **(47,636)**
Interest expense	3,385	3,331	12,704	10,099
Income tax expense (benefit)	121	125	(212)	109
Depreciation, depletion and amortization	769	7,336	2,788	22,057
Restructuring expenses[1]	860	895	6,722	4,578
Other[2]	1,253	130	1,335	359
Stock-based compensation[3]	73	207	389	971
Debt transactions and strategic alternatives[4]	1,306	10	3,600	225
Gain on sale of business[5]	(1,491)	—	(1,491)	—
Other expense (income), net[6]	367	(22)	464	140
Adjusted EBITDA (Non-GAAP)	$ **(1,136)**	$ **(4,378)**	$ **(6,722)**	$ **(9,098)**
As a percent of net sales:				
Net loss (GAAP)	**(53.8)%**	**(55.8)%**	**(49.9)%**	**(43.7)%**
Adjusted EBITDA (Non-GAAP)	**(7.9)%**	**(14.9)%**	**(10.2)%**	**(8.3)%**

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Reconciliation of Free Cash Flow:				
Net cash from (used in) operating activities (GAAP):	$ **(7,486)**	$ **(37)**	$ **(8,193)**	$ **(10,084)**
Capital expenditures of Property, plant and equipment (GAAP)	(9)	(170)	(89)	(695)
Free Cash Flow (Non-GAAP):	$ **(7,495)**	$ **(207)**	$ **(8,282)**	$ **(10,779)**

Notes to GAAP to Non-GAAP reconciliations presented above (Adjusted Gross Profit, Adjusted SG&A, Adjusted EBITDA, and Free Cash Flow):

1. For the three and nine months ended September 30, 2026, non-cash restructuring expenses were primarily associated with the write-down of certain right of use assets which were recorded in selling, general and administrative expenses, and inventory write-downs which were recorded in cost of goods sold. Cash charges were primarily comprised of costs incurred to relocate and terminate certain facilities. For the three and nine months ended September 30, 2025, Restructuring expenses primarily related to non-cash inventory markdowns.

2. For the nine months ended September 30, 2026, other charges were primarily comprised of accrued legal charges for certain matters. For the nine months ended September 30, 2025, other charges primarily related to legal costs related to the 1-for-10 reverse stock split effected on February 12, 2025, as well as severance charges.

3. Includes stock-based compensation and related employer payroll taxes on stock-based compensation for the periods presented.

4. For the three and nine months ended September 30, 2026, debt transactions and strategic alternatives charges include legal and advisory services associated with debt transactions, including the forbearance agreement. For the three and nine months ended September 30, 2025, debt transactions and strategic alternatives charges include consulting, transaction services and legal fees for potential acquisitions, divestitures, or strategic combinations. Such amounts were previously presented in the line item titled “Acquisition and integration expenses.”

5. For the three and nine months ended September 30, 2026, gain on sale of business reflects the gain recorded for the sale of our Aurora Peat Products business.

6. For the three and nine months ended September 30, 2026 and 2025, other expense (income), net related primarily to foreign currency exchange rate gains and losses and other non-operating income and expenses.

Non-GAAP Financial Measures

We report our financial results in accordance with generally accepted accounting principles in the U.S. (“GAAP”). Management believes that certain non-GAAP financial measures provide investors with additional useful information in evaluating our performance and that excluding certain items that may vary substantially in frequency and magnitude period-to-period from net loss provides useful supplemental measures that assist in evaluating our ability to generate earnings and to more readily compare these metrics between past and future periods. These non-GAAP financial measures may be different than similarly titled measures used by other companies.

To supplement our condensed consolidated financial statements which are prepared in accordance with GAAP, we use "Adjusted EBITDA", "Adjusted Gross Profit", "Adjusted SG&A", "Free Cash Flow", "Net Debt", and "Liquidity" which are non-GAAP financial measures. We also present certain of these non-GAAP metrics as a percentage of net sales. Our non-GAAP financial measures should not be considered in isolation from, or as substitutes for, financial information prepared in accordance with GAAP. There are several limitations related to the use of our non-GAAP financial measures as compared to the closest comparable GAAP measures.

We define **Adjusted EBITDA** (non-GAAP) as net loss (GAAP) excluding interest expense, income taxes, depreciation, depletion and amortization, stock-based compensation including employer payroll taxes on stock-based compensation, restructuring expenses, impairments, severance, loss on asset disposition, other income/expense, net, gain on sale of business, and other non-cash, unusual and/or infrequent costs (i.e., debt transactions and strategic alternatives), which we do not consider in our evaluation of ongoing operating performance.

We define **Adjusted EBITDA** (non-GAAP) **as a percent of net sales** as Adjusted EBITDA (as defined above) divided by net sales in the respective period.

We define **Adjusted Gross Profit** (non-GAAP) as Gross Profit (GAAP) excluding depreciation, depletion, and amortization, restructuring expenses, severance and other expenses, and other non-cash, unusual and/or infrequent costs, which we do not consider in our evaluation of ongoing operating performance.

We define **Adjusted Gross Profit Margin** (non-GAAP) **as a percent of net sales** as Adjusted Gross Profit (as defined above) divided by net sales in the respective period.

We define **Adjusted SG&A** (non-GAAP) as SG&A (GAAP) excluding depreciation, depletion, and amortization, stock-based compensation including employer payroll taxes on stock-based compensation, restructuring expenses, severance and other expenses, and other non-cash, unusual and/or infrequent costs (i.e., acquisition and integration expenses), which we do not consider in our evaluation of ongoing operating performance.

We define **Adjusted SG&A** (non-GAAP) **as a percent of net sales** as Adjusted SG&A (as defined above) divided by net sales in the respective period.

We define **Free Cash Flow** (non-GAAP) as Net cash from (used in) operating activities less capital expenditures for property, plant and equipment. We believe this provides additional insight into the Company's ability to generate cash and maintain liquidity. However, Free Cash Flow does not represent funds available for investment or other discretionary uses since it does not deduct cash used to service our debt or other cash flows from financing activities or investing activities.

We define **Liquidity** as total cash, cash equivalents and restricted cash, if applicable.

We define **Net Debt** as total debt principal outstanding plus finance lease liabilities and other debt, less cash, cash equivalents and restricted cash, if applicable.