



ELEVATE
Your Harvest



Third Quarter 2025
Earnings Presentation

November 12th, 2025

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Non-GAAP Financial Information. This presentation contains financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Management uses these "non-GAAP" measures in its analysis of the Company's performance. Management believes these non-GAAP financial measures allow for evaluating the Company's ability to generate earnings and better comparability of period-to-period operating performance by excluding certain items that may vary substantially in frequency and magnitude from net loss. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to similarly titled non-GAAP performance measures that may be presented by other companies. A reconciliation of the non-GAAP measures used in this presentation to the most directly comparable GAAP measures is provided in the Appendix to this presentation, and in our related press release attached as an exhibit to our Current Report on Form 8-K filing available online at www.sec.gov.




HYDROFARM®

Business Overview

Focusing on our Strategic Priorities

✓ Drive Diverse, High-Quality Revenue Streams

- Improve Proprietary Brand Mix
- Targeted Investments and New Proprietary Product Innovations
- Expand Non-U.S./Canada and Non-Cannabis Sales

✓ Improve Profit Margins

- Increase Production Efficiency in our Manufacturing Operations
- Further Optimize our Distribution Center Network
- Reduce SG&A Expenses

✓ Strengthen Financial Position

- Improve Free Cash Flow
- Maintain Strong Liquidity



Third Quarter 2025 Highlights

Restructuring execution yielding improvements

- Product portfolio optimization improved proprietary brand mix sequentially and working capital
- Reduced distribution center footprint in Q3, and reduced headcount and other facility costs
- On track for the previously announced \$3M of estimated annual cost reductions, plus new action to consolidate U.S. manufacturing facilities which is expected to generate incremental \$2M annual savings
- Line of sight to ~\$4M in further annual cost savings

Significant Reductions in Adjusted SG&A

- 13th consecutive quarter of year-over-year reductions
- Additional savings expected related to the 2025 restructuring plan

Free Cash Flow nearly break even in Q3 '25

- Free Cash Flow of (\$0.2M) represents a \$5.1M improvement vs. Q3 '24
- Significant inventory reductions



FY2025 Expectations

Industry Headwinds and Tariff Uncertainty Continue

- High tariffs on imported products from China, or new tariffs on or from other countries, could impact the cost of certain products and may negatively impact performance

Full Year 2025 Outlook

- Now expect Adjusted Gross Profit Margin of approximately ~20%
- Lower year-over-year Adjusted SG&A expense vs. full year 2024, consistent with previous expectations
- Reduction in Inventory and positive Free Cash Flow for the final nine months of 2025, consistent with previous expectations





Financial Overview

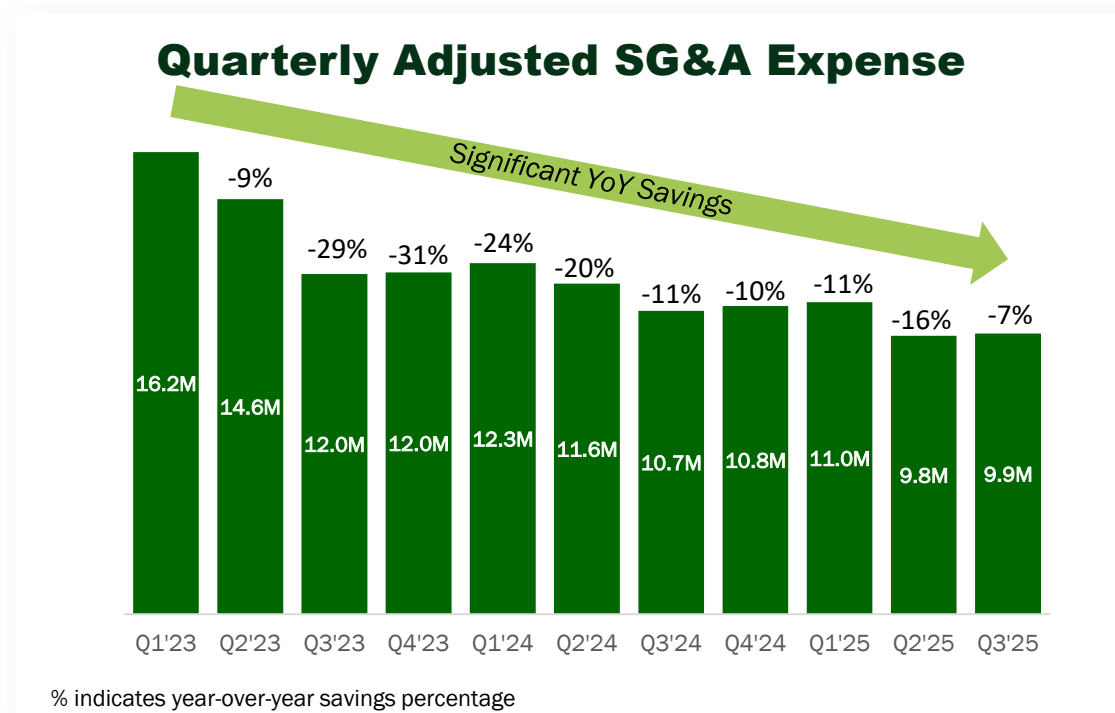
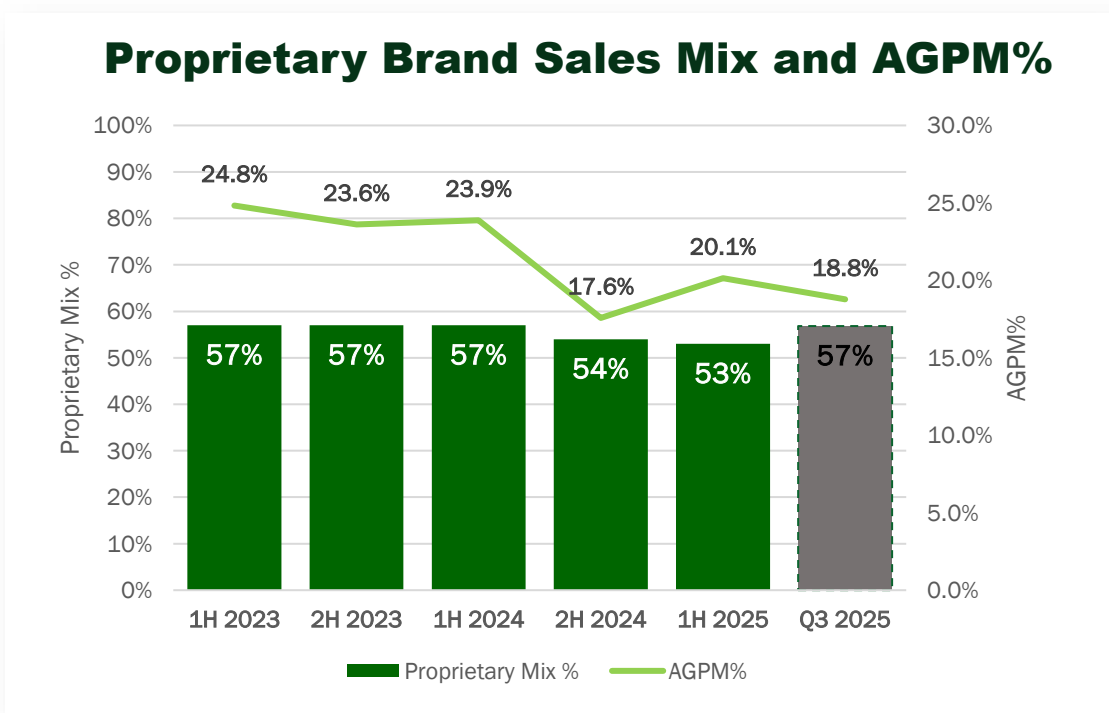
Financial Summary

	2024	2025
<i>Three months ending (\$ in thousands)</i>	Q3	Q3
Net Sales	44,009	29,350
Adjusted Gross Profit	10,699	5,508
<i>% of Net Sales</i>	<i>24.3%</i>	<i>18.8%</i>
Adjusted SG&A	10,679	9,886
<i>% YoY change</i>	<i>-10.7%</i>	<i>-7.4%</i>
Adjusted EBITDA	20	(4,378)



Adjusted Gross Profit, Adjusted SG&A, Adjusted EBITDA, and Free Cash Flow are non-GAAP measures. AGPM% refers to 'Adjusted Gross Profit Margin'. Please see appendix for reconciliation of GAAP to non-GAAP measures.

Trend in AGPM% and Adjusted SG&A



Q3'25 Proprietary Brand Mix Improvement

- Proprietary Brand Mix increased in Q3 compared to the first half of 2025, offset by lower manufacturing production volume negatively impacting AGPM%
- Taking action to consolidate our two remaining U.S. manufacturing facilities to increase combined throughput and extract savings

Continued Favorable Adjusted SG&A Savings

- Significant year-over year reductions in headcount, facility costs, insurance, professional & outside services over the past two years
- Expecting significant incremental savings in 2026 from Restructuring Plan and related cost saving initiatives

Cash and Liquidity

Balance Sheet Highlights as of September 30, 2025 *USD millions*

Cash	\$10.7
Liquidity	\$14.7
Total Debt	\$122.5
Net Debt	\$111.8

Cash Flow Highlights 3 months ended September 30, 2025 *USD millions*

Net Cash Used in Operations	\$(0.0)
Capital Expenditures	\$(0.2)
Free Cash Flow	\$(0.2)



'Liquidity' is defined as Cash plus Available Borrowing Capacity on our Revolving Credit Facility.

'Total Debt' is defined as Term Loan debt principal outstanding plus finance leases and other debt. Net Debt, Liquidity and Free Cash Flow are non-GAAP measures.

Please see appendix for reconciliation of GAAP to non-GAAP measures.

Debt Details

Un-utilized Revolving Credit facility and Covenant-light Term Loan that does not mature until 2028

Revolving Line of Credit

- \$22 million maximum commitment
- Zero borrowed and \$4 million available as of September 30, 2025
- Adjusted Term SOFR Rate + grid-based spread
- Availability varies with borrowing base
- Matures June 30, 2027

Senior Secured Term Loan

- \$114.5 million in principal outstanding as of September 30, 2025
- Adjusted Term SOFR Rate + 5.50%
- No financial maintenance covenants
- Hydrofarm made \$4.5 million prepayment of principal in Q2' 25 in accordance with IGE Asset Sale reinvestment provision
- Principal amortizes 0.25% per quarter until maturity; with no remaining quarterly amortization payments due to the Q2'25 prepayment
- 0% call premium
- Matures October 25, 2028





Appendix

Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures

(\$ in thousands)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Reconciliation of Adjusted Gross Profit:				
Gross Profit (GAAP)	\$ 3,409	\$ 8,519	\$ 13,080	\$ 30,295
Depreciation, depletion and amortization	1,346	1,603	4,075	4,860
Restructuring expenses ¹	753	577	4,416	1,558
Adjusted Gross Profit (Non-GAAP)	<u>\$ 5,508</u>	<u>\$ 10,699</u>	<u>\$ 21,571</u>	<u>\$ 36,713</u>
<i>As a percent of net sales:</i>				
Gross Profit Margin (GAAP)	11.6 %	19.4 %	12.0 %	19.8 %
Adjusted Gross Profit Margin (Non-GAAP)	18.8 %	24.3 %	19.8 %	24.0 %

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Reconciliation of Adjusted SG&A:				
Selling, general and administrative (GAAP)	\$ 16,365	\$ 17,556	\$ 50,368	\$ 55,836
Depreciation, depletion and amortization	5,990	6,060	17,982	18,464
Restructuring expenses ¹	142	79	162	163
Severance and other ²	130	69	359	264
Stock-based compensation ³	207	669	971	2,306
Acquisition and integration expenses ⁴	10	—	225	—
Adjusted SG&A (Non-GAAP)	<u>\$ 9,886</u>	<u>\$ 10,679</u>	<u>\$ 30,669</u>	<u>\$ 34,639</u>

<i>As a percent of net sales:</i>				
SG&A (GAAP)	55.8 %	39.9 %	46.2 %	36.5 %
Adjusted SG&A (Non-GAAP)	33.7 %	24.3 %	28.1 %	22.6 %

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Reconciliation of Adjusted EBITDA:				
Net loss (GAAP)	\$ (16,390)	\$ (13,146)	\$ (47,636)	\$ (49,204)
Interest expense	3,331	3,910	10,099	11,652
Income tax expense	125	279	109	865
Depreciation, depletion and amortization	7,336	7,663	22,057	23,324
Restructuring expenses ¹	895	656	4,578	1,721
Severance and other ²	130	69	359	264
Stock-based compensation ³	207	669	971	2,306
Acquisition and integration expenses ⁴	10	—	225	—
Other expense (income), net ⁵	(22)	(80)	140	(374)
Loss on asset disposition ⁶	—	—	—	11,520
Adjusted EBITDA (Non-GAAP)	<u>\$ (4,378)</u>	<u>\$ 20</u>	<u>\$ (9,098)</u>	<u>\$ 2,074</u>

<i>As a percent of net sales:</i>				
Net loss (GAAP)	(55.8)%	(29.9)%	(43.7)%	(32.2)%
Adjusted EBITDA (Non-GAAP)	(14.9)%	0.0 %	(8.3)%	1.4 %

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Reconciliation of Free Cash Flow:				
Net cash used in operating activities (GAAP):	(37)	(4,467)	\$ (10,084)	\$ (2,980)
Capital expenditures of Property, plant and equipment (GAAP)	(170)	(812)	(695)	(2,622)
Free Cash Flow (Non-GAAP):	<u>\$ (207)</u>	<u>\$ (5,279)</u>	<u>\$ (10,779)</u>	<u>\$ (5,602)</u>

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, 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 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 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 **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, plus available borrowing capacity on our Revolving Credit Facility.

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.

- For the three and nine months ended September 30, 2025, Restructuring expenses primarily related to non-cash inventory markdowns, and cash charges incurred to relocate and terminate certain facilities. For the three and nine months ended September 30, 2024, Restructuring expenses related primarily to manufacturing facility consolidations, and the charges incurred to relocate and terminate certain facilities.
- For the three months ended September 30, 2025, Severance and other charges was primarily comprised of certain legal charges. For the nine months ended September 30, 2025, Severance and other charges also included legal costs related to the 1-for-10 reverse stock split effected on February 12, 2025. For the nine months ended September 30, 2024, Severance and other charges primarily related to estimated legal costs related to certain litigation and severance charges.
- Includes stock-based compensation and related employer payroll taxes on stock-based compensation for the periods presented.
- For the three and nine months ended September 30, 2025, Acquisition and integration expenses includes consulting, transaction services and legal fees for potential acquisitions, divestitures, or strategic combinations.
- For the nine months ended September 30, 2025, Other expense (income), net related primarily to a loss on debt extinguishment recorded in conjunction with the Term Loan prepayment.
- Loss on asset disposition for the nine months ended September 30, 2024, relates to the loss on the sale of assets relating to the production of Innovative Growers Equipment durable equipment products (the "IGE Asset Sale").