UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2024

OR

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

For the transition period from to

Commission file number 1-13412

Hudson Technologies, Inc.

(Exact name of registrant as specified in its charter)

New York (State or other jurisdiction of incorporation or organization)	**13-3641539** (I.R.S. Employer Identification No.)
300 Tice Boulevard **Suite 290** **Woodcliff Lake, New Jersey** (Address of principal executive offices)	**07677** (Zip Code)

Registrant’s telephone number, including area code **(845) 735-6000**

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, $0.01 par value	HDSN	NASDAQ Capital Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ **Yes** ☐ **No**

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files.) ☒ **Yes** ☐ **No**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date:

Common stock, $0.01 par value	45,198,507 shares
Class	**Outstanding at October 10, 2024**

Hudson Technologies, Inc.

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PART I – FINANCIAL INFORMATION

Item 1 - Financial Statements

Hudson Technologies, Inc. and Subsidiaries
Consolidated Balance Sheets
(Amounts in thousands, except for share and par value amounts)

	September 30, 2024 (unaudited)	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 56,487	$ 12,446
Trade accounts receivable – net	28,547	25,169
Inventories	103,523	154,450
Income tax receivable	3,645	5,438
Prepaid expenses and other current assets	11,308	7,492
Total current assets	203,510	204,995
Property, plant and equipment, less accumulated depreciation	20,075	19,375
Goodwill	62,420	47,803
Intangible assets, less accumulated amortization	14,982	14,771
Right of use asset	5,217	6,591
Other assets	3,224	3,137
Total Assets	$ 309,428	$ 296,672
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade accounts payable	$ 11,060	$ 23,399
Accrued expenses and other current liabilities	31,595	31,537
Accrued payroll	3,908	3,615
Total current liabilities	46,563	58,551
Deferred tax liability	3,538	4,558
Long-term lease liabilities	3,832	4,790
Other long-term liabilities	1,600	—
Total Liabilities	55,533	67,899
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, shares authorized 5,000,000: Series A Convertible preferred stock, $ 0.01 par value ($100 liquidation preference value); shares authorized 150,000; none issued or outstanding	—	—
Common stock, $0.01 par value; shares authorized 100,000,000; issued and outstanding: 45,198,507 and 45,502,380, respectively	452	455
Additional paid-in capital	116,263	118,091
Retained earnings	137,180	110,227
Total Stockholders' Equity	253,895	228,773
Total Liabilities and Stockholders' Equity	$ 309,428	$ 296,672

See Accompanying Notes to the Consolidated Financial Statements.

Hudson Technologies, Inc. and Subsidiaries
Consolidated Statements of Income
(unaudited)
(Amounts in thousands, except for share and per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenues	$ 61,943	$ 76,496	$ 202,475	$ 244,169
Cost of sales	46,001	45,916	142,541	146,632
Gross profit	15,942	30,580	59,934	97,537
Operating expenses:				
Selling, general and administrative	8,059	6,760	25,019	22,010
Amortization	910	698	2,368	2,095
Total operating expenses	8,969	7,458	27,387	24,105
Operating income	6,973	23,122	32,547	73,432
Other (income) expense:				
Interest expense (income)	(315)	4,358	51	8,106
Other income	(2,250)	—	(2,250)	—
Total other (income) expense	(2,565)	4,358	(2,199)	8,106
Income before income taxes	9,538	18,764	34,746	65,326
Income tax expense	1,732	5,182	7,793	17,024
Net income	$ 7,806	$ 13,582	$ 26,953	$ 48,302
Net income per common share – Basic	$ 0.17	$ 0.30	$ 0.59	$ 1.07
Net income per common share – Diluted	$ 0.17	$ 0.29	$ 0.57	$ 1.02
Weighted average number of shares outstanding – Basic	45,435,458	45,404,963	45,486,263	45,348,072
Weighted average number of shares outstanding – Diluted	47,135,443	47,345,380	47,278,638	47,319,464

See Accompanying Notes to the Consolidated Financial Statements.

Hudson Technologies, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(unaudited)
(Amounts in thousands, except for share amounts)

Three Months Ended September 30,

	Common Stock		Additional Paid-in	Retained	
	Shares	Amount	Capital	Earnings	Total
Balance at July 1, 2023	**45,375,598**	**$ 454**	**$ 118,296**	**$ 92,700**	**$ 211,450**
Issuance of common stock upon exercise of stock options	108,727	1	1	—	2
Excess tax benefits from exercise of stock options	—	—	(690)	—	(690)
Share – based compensation	—	—	240	—	240
Net income	—	—	—	13,582	13,582
Balance at September 30, 2023	**45,484,325**	**$ 455**	**$ 117,847**	**$ 106,282**	**$ 224,584**
Balance at July 1, 2024	**45,516,146**	**$ 455**	**$ 118,839**	**$ 129,374**	**$ 248,668**
Issuance of common stock upon exercise of stock options	8,389	—	—	—	—
Retirement of common shares	(326,028)	(3)	(2,632)	—	(2,635)
Excess tax benefits from exercise of stock options	—	—	(1)	—	(1)
Share – based compensation	—	—	57	—	57
Net income	—	—	—	7,806	7,806
Balance at September 30, 2024	**45,198,507**	**$ 452**	**$ 116,263**	**$ 137,180**	**$ 253,895**

Nine Months Ended September 30,

	Common Stock		Additional Paid-in	Retained	
	Shares	Amount	Capital	Earnings	Total
Balance at January 1, 2023	**45,287,619**	**$ 453**	**$ 116,442**	**$ 57,980**	**$ 174,875**
Issuance of common stock upon exercise of stock options	196,706	2	37	—	39
Excess tax benefits from exercise of stock options	—	—	(693)	—	(693)
Share - based compensation	—	—	2,061	—	2,061
Net income	—	—	—	48,302	48,302
Balance at September 30, 2023	**45,484,325**	**$ 455**	**$ 117,847**	**$ 106,282**	**$ 224,584**
Balance at January 1, 2024	**45,502,380**	**$ 455**	**$ 118,091**	**$ 110,227**	**$ 228,773**
Issuance of common stock upon exercise of stock options	22,155	—	—	—	—
Retirement of common shares	(326,028)	(3)	(2,632)	—	(2,635)
Excess tax benefits from exercise of stock options	—	—	(4)	—	(4)
Share - based compensation	—	—	808	—	808
Net income	—	—	—	26,953	26,953
Balance at September 30, 2024	**45,198,507**	**$ 452**	**$ 116,263**	**$ 137,180**	**$ 253,895**

See Accompanying Notes to the Consolidated Financial Statements

Hudson Technologies, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(unaudited)
(Amounts in thousands)

	Nine month-period ended September 30, 2024	Nine month-period ended September 30, 2023
Cash flows from operating activities:		
Net income	$ 26,953	$ 48,302
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	2,274	2,213
Amortization of intangible assets	2,368	2,095
Impairment of long lived assets	441	—
Lower of cost or net realizable value inventory adjustment	3,811	(2,195)
Allowance for credit losses	14	800
Share based compensation	808	2,061
Amortization of deferred finance costs	171	669
Loss on extinguishment of debt	—	3,427
Deferred tax expense	(1,020)	4,280
Changes in assets and liabilities:		
Trade accounts receivable	(733)	(24,863)
Inventories	52,189	8,341
Prepaid and other assets	(6,732)	(684)
Lease obligations	(6)	1
Income taxes receivable	1,794	(4,212)
Accounts payable and accrued expenses	(11,229)	3,283
Cash provided by operating activities	71,103	43,518
Cash flows from investing activities:		
Payments for acquisition	(20,670)	—
Additions to property, plant, and equipment	(3,752)	(2,215)
Cash used in investing activities	(24,422)	(2,215)
Cash flows from financing activities:		
Proceeds from issuance of common stock	—	39
Repurchase of common shares	(2,636)	—
Excess tax benefits from exercise of stock options	(4)	(693)
Borrowing of short-term debt – net	—	5,000
Repayment of long-term debt	—	(47,161)
Cash used in financing activities	(2,640)	(42,815)
Increase (decrease) in cash and cash equivalents	44,041	(1,512)
Cash and cash equivalents at beginning of period	12,446	5,295
Cash and cash equivalents at end of period	$ 56,487	$ 3,783
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 529	$ 4,232
Cash paid for income taxes – net	$ 7,042	$ 16,955

See Accompanying Notes to the Consolidated Financial Statements

Hudson Technologies, Inc. and Subsidiaries

Notes to the Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies

Business

Hudson Technologies, Inc. ("Hudson" or the "Company"), incorporated under the laws of New York on January 11, 1991, is a refrigerant services company providing innovative solutions to recurring problems within the refrigeration industry. Hudson has proven, reliable programs that meet customer refrigerant needs by providing environmentally sustainable solutions from initial sale of refrigerant gas through recovery, reclamation and reuse, peak operating performance of equipment through energy efficiency and emergency air conditioning and refrigeration system repair, to final refrigerant disposal and carbon credit trading.

The Company's operations consist of one reportable segment. The Company's products and services are primarily used in commercial air conditioning, industrial processing and refrigeration systems, and include refrigerant and industrial gas sales, refrigerant management services consisting primarily of reclamation of refrigerants and RefrigerantSide® Services performed at a customer's site. RefrigerantSide® Services consist of system decontamination to remove moisture, oils and other contaminants intended to restore systems to designed capacity. As a component of the Company's products and services, the Company also participates in the generation of carbon offset projects. The Company operates principally through its wholly-owned subsidiary, Hudson Technologies Company. Unless the context requires otherwise, references to the "Company", "Hudson", "we", "us", "our", or similar pronouns refer to Hudson Technologies, Inc. and its subsidiaries.

In preparing the accompanying consolidated financial statements, and in accordance with Accounting Standards Codification ("ASC") 855-10 "Subsequent Events", the Company's management has evaluated subsequent events through the date that the financial statements were filed.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial statements and with the instructions of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. The financial information included in this quarterly report should be read in conjunction with the Company's audited financial statements and related notes thereto for the year ended December 31, 2023. Operating results for the nine-month period ended September 30, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

In the opinion of management, all estimates and adjustments considered necessary for a fair presentation have been included and all such adjustments were normal and recurring.

Recent Acquisition

On June 6, 2024, the Company's subsidiary Hudson Technologies Company completed the acquisition of substantially all the business assets of USA United Suppliers of America, Inc. (d/b/a USA Refrigerants) ("USA Refrigerants") and B&B Jobber Services, Inc. (collectively, the "USA Refrigerants Acquisition"). The consideration for the USA Refrigerants Acquisition was approximately $ 20.7 million in cash, paid at the closing, and provides for a further contingent payment of up to $2.0 million payable, to the extent earned, approximately 18 months from the closing date.

USA Refrigerants is a leading refrigerant distributor and distributes, reclaims and packages refrigerant gases for a variety of end uses. Potential benefits of the USA Refrigerants Acquisition include (i) providing a broader customer network which will provide the Company with increased access to refrigerant for reclamation and strengthen the Company's refrigerant distribution capabilities; (ii) adding incremental access to recovered pounds of refrigerants for sale for future periods to support the growth in reclamation; and (iii) enhancing the Company's geographic footprint in the United States.

AIM Act

The United States Environmental Protection Agency ("EPA") issued several final rules establishing the framework to allocate allowances for virgin production and consumption of hydrofluorocarbon refrigerants ("HFCs") that currently provide allowances through 2029. The EPA is responsible for the administration of the HFC phase down enacted by Congress under the AIM Act.

The AIM Act directs the EPA to address the reduction in virgin HFCs and provides authority to do so in three respects:

1) phase down the production and consumption of listed HFCs,
2) manage these HFCs and their substitutes including reclamation of refrigerants, and
3) facilitate the transition to next-generation technologies.

Congress required that the EPA consider ways to promote reclamation in all phases of its implementation of the AIM Act. The AIM Act introduced a stepdown of 10% from baseline levels in 2022 and 2023, and establishes a cumulative 40% reduction in the baseline for 2024 through 2029. Hudson received allocation allowances for calendar years 2023 and 2024 equal to approximately 1% of the total HFC consumption allowances, with allowances for future periods to be determined at a later date. In addition, the EPA has finalized its technology transition rule, requiring the manufacturing and installation of lower GWP systems commencing in 2025 and beyond.

Reclamation will be critical to maintaining necessary HFC supply levels for the installed base of operating systems to ensure an orderly phasedown so that systems owners are able to recognize the full economic value of their systems through end of life. Reclamation is not subject to the allowance system or restricted from use.

On September 20, 2024, the EPA announced the latest actions to phase down HFCs under the AIM Act:

1) Final Refrigerant Management Rule – The rule requires better management and reuse of existing HFCs, including by reducing wasteful leaks from equipment and supporting HFC recycling and reclamation. The rule includes requirements for repairing leaky equipment, use of automatic leak detection systems on large refrigeration systems, mandating the use of reclaimed HFCs for certain applications, recovery of HFCs from cylinders before their disposal, and a container tracking system.

Consolidation

The consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, represent all companies of which Hudson directly or indirectly has majority ownership or otherwise controls. Significant intercompany accounts and transactions have been eliminated. The Company's consolidated financial statements include the accounts of wholly-owned subsidiaries Hudson Holdings, Inc. and Hudson Technologies Company. The Company does not present a statement of comprehensive income as its comprehensive income is the same as its net income.

Fair Value of Financial Instruments

The carrying values of financial instruments including cash, trade accounts receivable and accounts payable approximate fair value at September 30, 2024 and December 31, 2023, because of the relatively short maturity of these instruments. See Note 2 for further details.

Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of temporary cash investments and trade accounts receivable. The Company maintains its temporary cash investments in highly-rated financial institutions and, at times, the balances exceed FDIC insurance coverage. The Company's trade accounts receivable are primarily due from companies throughout the United States. The Company reviews each customer's credit history before extending credit.

The Company establishes an allowance for credit losses. In accordance with the "expected credit loss" model, the carrying amount of accounts receivable is reduced by a valuation allowance that reflects the Company's best estimate of the amounts that it does not expect to collect. In addition to reviewing delinquent accounts receivable, the Company considers many factors in estimating its reserve, including types of customers and their credit worthiness, experience and historical data adjusted for current conditions.

The carrying value of the Company's accounts receivable is reduced by the established allowance for credit losses. The allowance for credit losses includes any accounts receivable balances that are determined to be uncollectible, along with a general reserve for the remaining accounts receivable balances. The Company adjusts its reserves based on factors that affect the collectability of the accounts receivable balances.

For the nine month period ended September 30, 2024 there was one customer accounting for greater than 10% of the Company's revenues and at September 30, 2024 there were $4.9 million of accounts receivable from this customer. For the nine month period ended September 30, 2023 there was one customer accounting for greater than 10% of the Company's revenues and at September 30, 2023 there were $19.7 million of accounts receivable from this customer.

The loss of a principal customer or a decline in the economic prospects of and/or a reduction in purchases of the Company's products or services by any such customer could have a material adverse effect on the Company's operating results and financial position.

Cash and Cash Equivalents

Temporary investments with original maturities of ninety days or less are included in cash and cash equivalents.

Inventories

Inventories, consisting primarily of refrigerant products available for sale, are stated at the lower of cost, on a first-in first-out basis, or net realizable value. Where the market price of inventory is less than the related cost, the Company may be required to write down its inventory through a lower of cost or net realizable value adjustment, the impact of which would be reflected in cost of sales on the Consolidated Statements of Income. Any such adjustment would be based on management's judgment regarding future demand and market conditions and analysis of historical experience.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, including internally manufactured equipment. The cost to complete equipment that is under construction is not considered to be material to the Company's financial position. Provision for depreciation is recorded (for financial reporting purposes) using the straight-line method over the useful lives of the respective assets. Leasehold improvements are amortized on a straight-line basis over the shorter of economic life or terms of the respective leases. Costs of maintenance and repairs are charged to expense when incurred.

Due to the specialized nature of the Company's business, it is possible that the Company's estimates of equipment useful life periods may change in the future.

Goodwill

The Company has made acquisitions that included a significant amount of goodwill and other intangible assets. The Company applies the purchase method of accounting for acquisitions, which among other things, requires the recognition of goodwill (which represents the excess of the purchase price of the acquisition over the fair value of the net assets acquired and identified intangible assets). The Company tests its goodwill for impairment annually on a qualitative or quantitative basis (on the first day of the fourth quarter) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of an asset below its carrying value. Goodwill is tested for impairment at the reporting unit level. When performing the annual impairment test, the Company has the option of first performing a qualitative assessment, which requires management to make assumptions affecting a reporting unit, to determine the existence of events and circumstances that would lead to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If such a conclusion is reached, the Company is then required to perform a quantitative impairment assessment of goodwill. The Company has one reporting unit at September 30, 2024. Other intangible assets that meet certain criteria are amortized over their estimated useful lives.

An impairment charge is recorded based on the excess of a reporting unit's carrying amount over its fair value. An impairment charge would be recognized when the carrying amount exceeds the estimated fair value of a reporting unit. These impairment evaluations use many assumptions and estimates in determining an impairment loss, including certain assumptions and estimates related to future earnings. If the Company does not achieve its earnings objectives, the assumptions and estimates underlying these impairment evaluations could be adversely affected, which could result in an asset impairment charge that would negatively impact operating results. During the fourth quarter of 2023, the Company completed its annual impairment test as of October 1 and determined in its qualitative assessment it is more likely than not that the fair value of the reporting unit is greater than its carrying amount, resulting in no goodwill impairment. There can be no assurances that future sustained declines in macroeconomic or business conditions affecting the Company's industry will not occur, which could result in goodwill impairment charges in future periods.

There were no goodwill impairment losses recognized in 2023 or the nine months ended September 30, 2024.

Leases

The Company determines if an arrangement contains a lease at inception. An arrangement contains a lease if it implicitly or explicitly identifies an asset to use and conveys the right to control the use of the identified asset in exchange for consideration. As a lessee, the Company includes operating leases in operating lease right-of-use ("ROU") assets, operating lease liabilities, and non-current operating lease liabilities in its consolidated balance sheets.

Finance leases are included in property and equipment in the consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized upon commencement of the lease based on the present value of the lease payments over the lease term. As most of the Company's leases do not provide an implicit interest rate, the Company generally uses its incremental borrowing rate based on the estimated rate of interest for fully collateralized and fully amortizing borrowings over a similar term of the lease payments and commencement date to determine the present value of lease payments. When readily determinable, the Company uses the implicit rate. The Company's lease terms include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Expenses associated with operating leases and finance leases are included in selling, general and administrative expense within the consolidated statement of income.

Cylinder Deposit Liability

The cylinder deposit liability, which is included in accrued expenses and other current liabilities on the Company's Consolidated Balance Sheet, represents the amount due to customers for the return of refillable cylinders. The Company charges its customers cylinder deposits upon the shipment of refrigerant gases that are contained in refillable cylinders. The amount charged to the customer by the Company approximates the cost of a new cylinder of the same size. Upon return of a cylinder, this liability is reduced. The cylinder deposit liability balance was $19.3 million and $17.2 million at September 30, 2024 and December 31, 2023, respectively.

Revenues and Cost of Sales

The Company's products and services are primarily used in commercial air conditioning, industrial processing and refrigeration systems. Most of the Company's revenues are realized from the sale of refrigerant and industrial gases and related products. The Company also generates revenue from refrigerant management services performed at a customer's site and in-house. The Company conducts its business primarily within the US.

The Company applies the FASB's guidance on revenue recognition, which requires the Company to recognize revenue in an amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services transferred to its customers. In most instances, the Company's contract with a customer is the customer's purchase order and the sales price to the customer is fixed. For certain customers, the Company may also enter into a sales agreement outlining a framework of terms and conditions applicable to future purchase orders received from that customer. Because the Company's contracts with customers are typically for a single customer purchase order, the duration of the contract is usually less than one year. The Company's performance obligations related to product sales are satisfied at a point in time, which may occur upon shipment of the product or receipt by the customer, depending on the terms of the arrangement. The Company's performance obligations related to reclamation and RefrigerantSide® services are generally satisfied at a point in time when the service is performed. Accordingly, revenues are recorded upon the shipment of the product, or in certain instances upon receipt by the customer, or the completion of the service.

In July 2016 the Company was awarded, as prime contractor, a five-year contract, including a five-year renewal option, which has been exercised through July 2026, by the United States Defense Logistics Agency ("DLA") for the management, supply, and sale of refrigerants, compressed gases, cylinders, and related services. Due to the contract containing multiple performance obligations, the Company assessed the arrangement in accordance with ASC 606-10-25-14. The Company determined that the sale of refrigerants and the management services provided under the contract each have stand-alone value. Accordingly, the performance obligation related to the sale of refrigerants is satisfied at a point in time, mainly when the customer receives and obtains control of the product. The performance obligation related to management service revenue is satisfied over time and revenue is recognized on a straight-line basis over the term of the arrangement as the management services are provided. For both the nine month periods ended September 30, 2024 and 2023 management services revenue was $1.8 million.

Cost of sales is recorded based on the cost of products shipped or services performed and related direct operating costs of the Company's facilities. In general, the Company performs shipping and handling services for its customers in connection with the delivery of refrigerant and other products. The Company elected to implement ASC 606-10-25-18B, whereby the Company accounts for such shipping and handling as activities to fulfill the promise to transfer the good. To the extent that the Company charges its customers shipping fees, such amounts are included as a component of revenue and the corresponding costs are included as a component of cost of sales.

The Company's revenues are derived from Product and related sales and RefrigerantSide (R) Services revenues. The revenues for each of these lines are as follows:

	Three Months ended September 30,		Nine Months ended September 30,	
	2024	2023	2024	2023
(in thousands)				
Product and related sales	$ 60,130	$ 74,915	$ 196,928	$ 238,811
RefrigerantSide ® Services	$ 1,813	$ 1,581	$ 5,547	$ 5,358
Total	$ 61,943	$ 76,496	$ 202,475	$ 244,169

Income Taxes

The Company is taxed at statutory corporate income tax rates after adjusting income reported for financial statement purposes for certain items. Current income tax expense reflects the tax results of revenues and expenses currently taxable or deductible. The Company utilizes the asset and liability method of accounting for deferred income taxes, which provides for the recognition of deferred tax assets or liabilities, based on enacted tax rates and laws, for the differences between the financial and income tax reporting bases of assets and liabilities. The tax benefit associated with the Company's net operating loss carry forwards ("NOLs") is recognized to the extent that the Company expects to realize future taxable income.

As of September 30, 2024, the Company had no federal NOLs, as the Company utilized all of its remaining federal NOLs during the year ended December 31, 2022. As of September 30, 2024, the Company had state tax NOLs of approximately $1.3 million, expiring in various years. The Company reviews the likelihood that it will realize the benefit of its deferred tax assets on a quarterly basis.

The Company evaluates uncertain tax positions, if any, by determining if it is more likely than not to be sustained upon examination by the taxing authorities. As of September 30, 2024 and December 31, 2023, the Company believes it had no uncertain tax positions.

Income per Common and Equivalent Shares

If dilutive, common equivalent shares (common shares assuming exercise of options) utilizing the treasury stock method are considered in the presentation of diluted income per share. The reconciliation of shares used to determine net income per share is as follows (dollars in thousands, unaudited):

	Three Months ended September 30,		Nine Months ended September 30,	
	2024	2023	2024	2023
Net income	$ 7,806	$ 13,582	$ 26,953	$ 48,302
Weighted average number of shares – basic	45,435,458	45,404,963	45,486,263	45,348,072
Shares underlying options	1,699,985	1,940,417	1,792,375	1,971,392
Weighted average number of shares – diluted	47,135,443	47,345,380	47,278,638	47,319,464

During the three month periods ended September 30, 2024 and 2023, certain options aggregating 692,092 and 7,444 shares, respectively, have been excluded from the calculation of diluted shares, due to the fact that their effect would be anti-dilutive.

During the nine month periods ended September 30, 2024 and 2023, certain options aggregating 59,963 and 7,444 shares, respectively, have been excluded from the calculation of diluted shares, due to the fact that their effect would be anti-dilutive.

Estimates and Risks

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires the use of estimates and assumptions that affect the amounts reported in these financial statements and footnotes. The Company considers these accounting estimates to be critical in the preparation of the accompanying consolidated financial statements. The Company uses information available at the time the estimates are made. However, these estimates could change materially if different information or assumptions were used. Additionally, these estimates may not ultimately reflect the actual amounts of the final transactions that occur. The Company utilizes both internal and external sources to evaluate potential current and future liabilities for various commitments and contingencies. In the event that the assumptions or conditions change in the future, the estimates could differ from the original estimates.

Several of the Company’s accounting policies involve significant judgments, uncertainties, and estimates. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. To the extent that actual results differ from management’s judgments and estimates, there could be a material adverse effect on the Company. On a continuous basis, the Company evaluates its estimates, including, but not limited to, those estimates related to its allowance for credit losses, inventory reserves, goodwill and commitments and contingencies. With respect to trade accounts receivable, the Company estimates the necessary allowance for credit losses based on both historical and anticipated trends of payment history and the ability of the customer to fulfill its obligations. For inventory, the Company evaluates both current and anticipated sales prices of its products to determine if a write down of inventory to net realizable value is necessary.

The Company participates in an industry that is highly regulated, and changes in the regulations affecting its business could affect its operating results. Currently the Company purchases virgin hydrofluorocarbon (“HFC”) and hydrofluroolefin (“HFO”) refrigerants and reclaimable, primarily hydrochlorofluorocarbons (“HCFC”), HFC and chlorofluorocarbon (“CFC”), refrigerants from suppliers and its customers. To the extent that the Company is unable to source sufficient quantities of refrigerants or is unable to obtain refrigerants on commercially reasonable terms or experiences a decline in demand and/or price for refrigerants sold by the Company, the Company could realize reductions in revenue from refrigerant sales, which could have a material adverse effect on its operating results and its financial position. The process of sourcing refrigerants includes various procurement costs, such as freight, processing, insurance, and other costs, relating to the delivery of refrigerants. These costs represent the Company’s initial estimate that are possibly subject to finalization in future periods and are recorded in accrued expenses and other current liabilities on the consolidated balance sheet as of September 30, 2024.

The Company is subject to various legal proceedings. The Company assesses the merit and potential liability associated with each of these proceedings. In addition, the Company estimates potential liability, if any, related to these matters. To the extent that these estimates are not accurate, or circumstances change in the future, the Company could realize liabilities, which could have a material adverse effect on its operating results and its financial position.

Impairment of Long-lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less the cost to sell.

Capitalized Software Development Costs

Capitalized internal - use software costs consist of costs to purchase and develop software. For software to be used solely to meet internal needs and for cloud - based applications used to deliver services, the Company capitalizes costs incurred during the application development stage and includes such costs within property and equipment, net within the consolidated balance sheets.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023 - 09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures,” which requires public business entities to disclose additional information in specified categories with respect to the reconciliation of the effective tax rate to the statutory rate for federal, state, and foreign income taxes. It also requires greater detail about individual reconciling items in the rate reconciliation to the extent the impact of those items exceeds a specified threshold. In addition to new disclosures associated with the rate reconciliation, the ASU requires information pertaining to taxes paid (net of refunds received) to be disaggregated for federal, state, and foreign taxes and further disaggregated for specific jurisdictions to the extent the related amounts exceed a quantitative threshold. The ASU also describes items that need to be disaggregated based on their nature, which is determined by reference to the item’s fundamental or essential characteristics, such as the transaction or event that triggered the establishment of the reconciling item and the activity with which the reconciling item is associated. The ASU eliminates the historic requirement that entities disclose information concerning unrecognized tax benefits having a reasonable possibility of significantly increasing or decreasing in the 12 months following the reporting date. This ASU is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. This ASU should be applied on a prospective basis; however, retrospective application is permitted. The Company is currently evaluating the impact that ASU 2023 - 09 will have on its consolidated financial statements.

In November 2023, the FASB issued ASU 2023 - 07, “Segment Reporting (Topic 280): Improvements to Reportable Segments,” which aims to improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision - useful financial analyses. Currently, Topic 280 requires that a public entity disclose certain information about its reportable segments. For example, a public entity is required to report a measure of segment profit or loss that the CODM uses to assess segment performance and make decisions about allocating resources. Topic 280 also requires other specified segment items and amounts, such as depreciation, amortization, and depletion expense, to be disclosed under certain circumstances. The amendments in this ASU do not change or remove those disclosure requirements and do not change how a public entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company does not expect that the requirements of ASU 2023 - 07 will have a material impact on its consolidated financial statements other than incremental disclosures required for single segment companies.

Note 2 - Fair Value

ASC Subtopic 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated, or generally unobservable inputs. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based upon observable inputs used in the valuation techniques, the Company is required to provide information according to the fair value hierarchy.

The fair value hierarchy ranks the quality and reliability of the information used to determine fair values into three broad levels as follows:

Level 1: Valuations for assets and liabilities traded in active markets from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3: Valuations for assets and liabilities include certain unobservable inputs in the assumptions and projections used in determining the fair value assigned to such assets or liabilities.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Note 3 - Inventories

Inventories consist of the following:

(in thousands)	September 30, 2024 (unaudited)	December 31, 2023
Refrigerants and cylinders	$ 112,538	$ 159,654
Less: net realizable value adjustments	(9,015)	(5,204)
Total	$ 103,523	$ 154,450

Note 4 - Property, plant and equipment

Elements of property, plant and equipment are as follows:

(in thousands)	September 30, 2024 (unaudited)	December 31, 2023	Estimated Lives
Property, plant and equipment			
- Land	$ 1,255	$ 1,255	
- Land improvements	319	319	6-10 years
- Buildings	1,446	1,446	25-39 years
- Building improvements	3,559	3,467	25-39 years
- Cylinders	13,023	13,220	15-30 years
- Equipment	30,501	29,397	3-10 years
- Equipment under capital lease	315	315	5-7 years
- Vehicles	2,081	1,790	3-5 years
- Lab and computer equipment, software	3,233	3,233	2-8 years
- Furniture & fixtures	1,125	933	5-10 years
- Leasehold improvements	865	865	3-5 years
- Construction-in-progress	4,140	2,844	
Subtotal	61,862	59,084	
Less: Accumulated depreciation	(41,787)	(39,709)	
Total	$ 20,075	$ 19,375	

Depreciation expense for the nine months ended September 30, 2024 and 2023 was $ 2.3 million and $2.2 million, respectively.

Note 5 - Leases

The Company has various lease agreements with terms up to 11 years, including leases of buildings and various equipment. Some leases include options to purchase, terminate or extend for one or more years. These options are included in the lease term when it is reasonably certain that the option will be exercised.

At inception, the Company determines if an arrangement contains a lease and whether that lease meets the classification criteria of a finance or operating lease. Some of the Company’s lease arrangements contain lease components (e.g. minimum rent payments) and non-lease components (e.g. common area maintenance, charges, utilities and property taxes). The Company elected the package of practical expedients permitted under the transition guidance, which allows it to carry forward its historical lease classification, its assessment on whether a contract contains a lease, and its initial direct costs for any leases that existed prior to the adoption of the new standard. The Company also elected to combine lease and non-lease components and to keep leases with an initial term of 12 months or less off the balance sheet and recognize the associated lease payments in the consolidated income statements on a straight line basis over the lease term. The Company’s lease agreements do not contain any material residual value, guarantees or material restrictive covenants.

Operating leases are included in Right of use asset, Accrued expenses and other current liabilities, and Long-term lease liabilities on the consolidated balance sheets. These assets and liabilities are recognized at the commencement date based on the present value of remaining lease payments over the lease term using the Company’s secured incremental borrowing rates or implicit rates, when readily determinable. Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the balance sheet. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Variable lease expense is recognized in the period in which the obligation for those payments is incurred.

Operating lease expense of $1.4 million and $2.1 million, for the nine months ended September 30, 2024 and 2023, respectively, is included in Selling, general and administrative expenses on the consolidated statements of income.

The following table presents information about the amount and timing of cash flows arising from the Company's operating leases as of September 30, 2024.

Maturity of Lease Payments	**September 30, 2024**
(in thousands)	**(unaudited)**
2024 (remaining)	$ 1,155
-2025	1,668
-2026	1,500
-2027	1,043
-2028	656
-Thereafter	823
Total undiscounted operating lease payments	6,845
Less imputed interest	(1,546)
Present value of operating lease liabilities	$ 5,299

Balance Sheet Classification

	September 30, 2024	**December 31, 2023**
(in thousands)	**(unaudited)**	
Current lease liabilities (recorded in Accrued expenses and other current liabilities)	$ 1,467	$ 1,898
Long-term lease liabilities	3,832	4,790
Total operating lease liabilities	$ 5,299	$ 6,688

Other Information

	September 30, 2024	**December 31, 2023**
Weighted-average remaining term for operating leases	2.45 years	2.92 years
Weighted-average discount rate for operating leases	8.36 %	8.27 %

Supplemental cash flow and non-cash information related to leases

	September 30, 2024	**December 31, 2023**
(in thousands)	**(unaudited)**	
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flow from operating leases	$ 1,408	$ 1,782
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 28	$ 1,020

Note 6 - Goodwill and intangible assets

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired in business combinations accounted for under the purchase method of accounting.

There were no goodwill impairment losses recognized for the nine-month period ended September 30, 2024, and year ended December 31, 2023.

Based on the results of the impairment assessments of goodwill and intangible assets performed, management concluded that the fair value of the Company's goodwill exceeds the carrying value and that there are no impairment indicators related to intangible assets.

At September 30, 2024 the Company had $ 62.4 million of goodwill, of which $14.6 million is attributable to the acquisition of USA Refrigerants on June 6, 2024.

The Company's other intangible assets consist of the following:

		September 30, 2024 (unaudited)			December 31, 2023		
(in thousands)	Amortization Period (in years)	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Intangible assets with determinable lives							
Covenant not to compete	5 – 10	920	866	54	870	$ 798	72
Customer relationships	2 – 12	32,670	19,327	13,343	31,560	17,151	14,409
Above market leases	13	567	310	257	567	277	290
Trade name	5	1,420	92	1,328	—	—	—
Total identifiable intangible assets		$ 35,577	$ 20,595	$ 14,982	$ 32,997	$ 18,226	$ 14,771

Amortization expense for the nine months ended September 30, 2024 and 2023 was $ 2.4 million and $2.1 million, respectively. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable.

Note 7 - Share-based compensation

Share-based compensation represents the cost related to share-based awards, typically stock options or stock grants, granted to employees, non-employees, officers and directors. Share-based compensation is measured at grant date, based on the estimated aggregate fair value of the award on the grant date, and such amount is charged to compensation expense on a straight-line basis (net of estimated forfeitures) over the requisite service period. For the nine month periods ended September 30, 2024 and 2023, share-based compensation expense of $0.8 million and $2.1 million, respectively, is reflected in Selling, general and administrative expenses in the consolidated Income Statements.

Share-based awards have historically been made as stock options, and recently also as stock grants, issued pursuant to the terms of the Company's stock option and stock incentive plans (collectively, the "Plans"), described below. The Plans may be administered by the Board of Directors or the Compensation Committee of the Board or by another committee appointed by the Board from among its members as provided in the Plans. Presently, the Plans are administered by the Company's Compensation Committee of the Board of Directors. As of September 30, 2024 there were an aggregate of 7,187,790 shares of the Company's common stock available under the Plans for issuance pursuant to future stock option grants or other stock based awards.

Stock option awards, which allow the recipient to purchase shares of the Company's common stock at a fixed price, are typically granted at an exercise price equal to the Company's stock price at the date of grant. Typically, the Company's stock option awards have vested from immediately to two years from the grant date and have had a contractual term ranging from three to ten years. ISOs granted under the Plans may not be granted at a price less than the fair market value of the common stock on the date of grant (or 110% of fair market value in the case of persons holding 10% or more of the voting stock of the Company). Nonqualified options granted under the Plans may not be granted at a price less than the fair market value of the common stock. Options granted under the Plans expire not more than ten years from the date of grant (five years in the case of ISOs granted to persons holding 10% or more of the voting stock of the Company).

Effective June 7, 2018, the Company adopted its 2018 Stock Incentive Plan ("2018 Plan") pursuant to which 4,000,000 shares of common stock were reserved for issuance (i) upon the exercise of options, designated as either ISOs under the Code or nonqualified options, or (ii) as stock, deferred stock or other stock-based awards. ISOs may be granted under the 2018 Plan to employees and officers of the Company. Non-qualified options, stock, deferred stock or other stock-based awards may be granted to consultants, directors (whether or not they are employees), employees or officers of the Company. Stock appreciation rights may also be issued in tandem with stock options. Unless the 2018 Plan is sooner terminated, the ability to grant options or other awards under the 2018 Plan will expire on June 7, 2028.

Effective June 11, 2020, the Company adopted its 2020 Stock Incentive Plan ("2020 Plan") pursuant to which 3,000,000 shares of common stock were reserved for issuance (i) upon the exercise of options, designated as either ISOs under the Code or nonqualified options, or (ii) as stock, deferred stock or other stock-based awards. ISOs may be granted under the 2020 Plan to employees and officers of the Company. Non-qualified options, stock, deferred stock or other stock-based awards may be granted to consultants, directors (whether or not they are employees), employees or officers of the Company. Stock appreciation rights may also be issued in tandem with stock options. Unless the 2020 Plan is sooner terminated, the ability to grant options or other awards under the 2020 Plan will expire on June 11, 2030.

Effective June 12, 2024, the Company adopted its 2024 Stock Incentive Plan ("2024 Plan") pursuant to which 3,000,000 shares of common stock were reserved for issuance (i) upon the exercise of options, designated as either ISOs under the Code or nonqualified options, or (ii) as stock, deferred stock or other stock-based awards. ISOs may be granted under the 2024 Plan to employees and officers of the Company. Non-qualified options, stock, deferred stock or other stock-based awards may be granted to consultants, directors (whether or not they are employees), employees or officers of the Company. Stock appreciation rights may also be issued in tandem with stock options. Unless the 2024 Plan is sooner terminated, the ability to grant options or other awards under the 2024 Plan will expire on June 12, 2034.

All stock options have been granted to employees and non-employees at exercise prices equal to or in excess of the market value on the date of the grant.

The Company determines the fair value of share-based awards at the grant date by using the Black-Scholes option-pricing model, and has utilized the simplified method to compute expected lives of share-based awards. There were options to purchase 133,371 and 592,798 shares of common stock granted during the nine – month periods ended September 30, 2024 and 2023, respectively.

A summary of the activity for stock options issued under the Company's Plans for the indicated periods is presented below:

Stock Options and Stock Appreciation Rights	**Shares**		**Weighted Average Exercise Price**
Outstanding at December 31, 2022	**2,390,150**	**$**	**1.51**
-Cancelled	(48,268)	$	5.67
-Exercised	(296,973)	$	2.68
-Granted (1)	602,526	$	10.02
Outstanding at December 31, 2023	**2,647,435**	**$**	**3.31**
-Cancelled	(9,726)	$	4.27
-Exercised	(34,902)	$	7.63
-Granted (2)	133,371	$	10.85
Outstanding at September 30, 2024	**2,736,178**	**$**	**3.63**

(1) Options to purchase 584,826 shares were granted in 2023, of which options to purchase 337,727 shares vested immediately in 2023 and the remainder vested 50% immediately and 50% one year after the date of the grants. In addition, 17,700 stock appreciation rights were granted in January 2023 with a six- month vesting period.

(2) Options to purchase 133,371 shares were granted in 2024, of which options to purchase 111,975 shares vested immediately in 2024 and the remainder vested 50% immediately and 50% one year after the date of the grants.

The following is the weighted average contractual life in years and the weighted average exercise price at September 30, 2024 of:

	Number of Options	**Weighted Average Remaining Contractual Life**		**Weighted Average Exercise Price**
Options outstanding and vested	2,705,055	3.50 years	$	3.50

The intrinsic value of options outstanding at September 30, 2024 and December 31, 2023 was $ 14.2 million and $26.9 million, respectively.

The intrinsic value of options unvested at September 30, 2024 and December 31, 2023 was $ 0.0 million and $0.8 million, respectively.

The intrinsic value of options exercised during the nine months ended September 30, 2024 and 2023 were $ 0.2 million and $2.3 million, respectively.

Note 8 - Short-term and Long-term debt

Revolving Credit Facility

On March 2, 2022, Hudson Technologies Company ("HTC") and Hudson Holdings, Inc. ("Holdings"), as borrowers (collectively, the "Borrowers"), and Hudson Technologies, Inc. (the "Company") as a guarantor, entered into an Amended and Restated Credit Agreement (the "Amended Wells Fargo Facility") with Wells Fargo Bank, National Association, as administrative agent and lender ("Agent" or "Wells Fargo") and such other lenders as have or may thereafter become a party to the Amended Wells Fargo Facility. The Amended Wells Fargo facility amended and restated the prior Wells Fargo Facility entered into on December 19, 2019.

Under the terms of the Amended Wells Fargo Facility, the Borrowers: (i) immediately borrowed $ 15 million in the form of a "first in last out" term loan (the "FILO Tranche") and (ii) may borrow from time to time, up to $75 million at any time consisting of revolving loans (the "Revolving Loans") in a maximum amount up to the lesser of $75 million and a borrowing base that is calculated based on the outstanding amount of the Borrowers' eligible receivables and eligible inventory, as described in the Amended Wells Fargo Facility. The Amended Wells Fargo Facility also contains a sublimit of $9 million for swing line loans and $2 million for letters of credit. The Company currently has a $0.9 million letter of credit outstanding. The FILO Tranche was repaid in full in July 2023 and may not be reborrowed.

Amounts borrowed under the Amended Wells Fargo Facility may be used for working capital needs, certain permitted acquisitions, and to reimburse drawings under letters of credit.

Interest under the Amended Wells Fargo Facility is payable in arrears on the first day of each month. Interest charges with respect to Revolving Loans are computed on the actual principal amount of Revolving Loans outstanding at a rate per annum equal to (A) with respect to Base Rate loans, the sum of (i) a rate per annum equal to the higher of (1) 1.0%, (2) the federal funds rate plus 0.5%, (3) one month term SOFR plus 1.0%, and (4) the prime commercial lending rate of Wells Fargo, plus (ii) between 1.25% and 1.75% depending on average monthly undrawn availability and (B) with respect to SOFR loans, the sum of the applicable SOFR rate plus between 2.36% and 2.86% depending on average quarterly undrawn availability. Interest charges with respect to the FILO Tranche were computed on the actual principal amount of FILO Tranche loans outstanding at a rate per annum equal to (A) with respect to Base Rate FILO Tranche loans, the sum of (i) a rate per annum equal to the higher of (1) 1.0%, (2) the federal funds rate plus 0.5%, (3) one month term SOFR plus 1.0%,and (4) the prime commercial lending rate of Wells Fargo, plus (ii) 6.5% and (B) with respect to SOFR FILO Tranche loans, the sum of the applicable SOFR rate plus 7.50%. The Amended Wells Fargo Facility also includes a monthly unused line fee ranging from 0.35% to 0.75% per annum determined based upon the level of average Revolving Loans outstanding during the immediately preceding month measured against the total Revolving Loans that may be borrowed under the Amended Wells Fargo Facility.

In connection with the closing of the Amended Wells Fargo Facility, the Company also entered into a First Amendment to Guaranty and Security Agreement, dated as of March 2, 2022 (the "Amended Revolver Guaranty and Security Agreement"), pursuant to which the Company and certain subsidiaries are continuing to unconditionally guarantee the payment and performance of all obligations owing by Borrowers to Wells Fargo, as Agent for the benefit of the revolving lenders. Pursuant to the Amended Revolver Guaranty and Security Agreement, Borrowers, the Company and certain other subsidiaries are continuing to grant to the Agent, for the benefit of the Wells Fargo Facility lenders, a security interest in substantially all of their respective assets, including receivables, equipment, general intangibles (including intellectual property), inventory, subsidiary stock, real property, and certain other assets.

The Amended Wells Fargo Facility contains a financial covenant requiring the Company to maintain at all times minimum liquidity (defined as availability under the Amended Wells Fargo Facility plus unrestricted cash) of at least $5 million, of which at least $3 million must be derived from availability. The Amended Wells Fargo Facility also contains a springing covenant, which takes effect only upon a failure to maintain undrawn availability of at least $11.25 million or upon an election by the Borrowers to increase the inventory component of the borrowing base, requiring the Company to maintain a Fixed Charge Coverage Ratio (FCCR) of not less than 1.00 to 1.00, as of the end of each trailing period of twelve consecutive months commencing with the month prior to the triggering of the covenant. The FCCR (as defined in the Wells Fargo Facility) is the ratio of (a) EBITDA for such period, minus unfinanced capital expenditures made during such period, to (b) the aggregate amount of (i) interest expense required to be paid (other than interest paid-in-kind, amortization of financing fees, and other non-cash interest expense) during such period, (ii) scheduled principal payments (but excluding principal payments relating to outstanding Revolving Loans under the Amended Wells Fargo Facility), (iii) all net federal, state, and local income taxes required to be paid during such period (provided, that any tax refunds received shall be applied to the period in which the cash outlay for such taxes was made), (iv) all restricted payments paid (as defined in the Amended Wells Fargo Facility) during such period, and (v) to the extent not otherwise deducted from EBITDA for such period, all payments required to be made during such period in respect of any funding deficiency or funding shortfall with respect to any pension plan. The FCCR covenant ceases after the Borrowers have been in compliance therewith for two consecutive months.

The Amended Wells Fargo Facility also contains customary non-financial covenants relating to the Company and the Borrowers, including limitations on Borrowers' ability to pay dividends on common stock or preferred stock, and also includes certain events of default, including payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to other obligations, events of bankruptcy and insolvency, certain ERISA events, judgments in excess of specified amounts, impairments to guarantees and a change of control.

On June 6, 2024, the Borrowers and the Company entered into a First Amendment to Amended and Restated Credit Agreement and Limited Consent (the "First Amendment") with Wells Fargo and the lenders under the Amended Wells Fargo Facility. Pursuant to the First Amendment, Wells Fargo and the other lenders consented to the consummation of the USA Refrigerants Acquisition and made certain other technical amendments to the existing Amended Wells Fargo Facility, including the calculation of the borrowing base thereunder. The First Amendment also provided for permitted stock repurchases by the Company in an amount not to exceed $5 million per calendar year, and $15 million in aggregate over the term of the Amended Wells Fargo Facility, upon satisfaction of certain conditions.

The Company evaluated the Amended Wells Fargo Facility in accordance with the provisions of ASC 470 to determine if the amendment was a modification or an extinguishment of debt and concluded that the amendment was a modification of the original revolving credit facility for accounting purposes. As a result, the Company capitalized an additional $0.9 million of deferred financing costs in connection with the amendment, which, along with the $0.2 million of remaining deferred financing costs of the original revolving facility, is being amortized over the five year term of the Amended Wells Fargo Facility.

On October 23, 2024, the Borrowers and the Company entered into a Second Amendment to Amended and Restated Credit Agreement dated October 23, 2024 (the "Second Amendment") with Wells Fargo and the lenders under the Amended Wells Fargo Facility. Please see Note 12 – Subsequent Events for the detail of the amendment.

The commitments under the Amended Wells Fargo Facility will expire and the full outstanding principal amount of the loans, together with accrued and unpaid interest, are due and payable in full on March 2, 2027, unless the commitments are terminated and the outstanding principal amount of the loans are accelerated sooner following an event of default or in the event of certain other cross-defaults.

Termination of 2022 Term Loan Facility

On March 2, 2022, Hudson Technologies Company ("HTC"), an indirect subsidiary of Hudson Technologies, Inc. (the "Company"), and the Company's subsidiary Hudson Holdings, Inc., as borrowers (collectively, the "Borrowers"), and the Company, as guarantor, became obligated under a Credit Agreement (the "Term Loan Facility") with TCW Asset Management Company LLC, as administrative agent ("Term Loan Agent") and the lender parties thereto (the "Term Loan Lenders").

Under the terms of the Term Loan Facility, the Borrowers immediately borrowed $ 85 million pursuant to a term loan (the "Term Loan"), which had a maturity date in March 2027. Amounts borrowed under the Term Loan Facility were used by the Borrowers to repay the outstanding principal amount and related fees and expenses under a prior term loan facility and for other corporate purposes. The Company paid approximately $4.3 million of term loan deferred financing costs.

During the third quarter of 2023, the Company repaid in full the remaining principal balance outstanding under the Term Loan Facility and the FILO Tranche.

The Company was in compliance with all covenants under the Amended Wells Fargo Facility as of September 30, 2024.

The Company's ability to comply with these covenants in future quarters may be affected by events beyond the Company's control, including general economic conditions, weather conditions, regulations and refrigerant pricing. Therefore, the Company cannot make any assurance that it will continue to be in compliance during future periods.

The Company believes that it will be able to satisfy its working capital requirements for the foreseeable future from anticipated cash flows from operations and available funds under the Amended Wells Fargo Facility. Any unanticipated expenses, including, but not limited to, an increase in the cost of refrigerants purchased by the Company, an increase in operating expenses or failure to achieve expected revenues from the Company's RefrigerantSide(R) Services and/or refrigerant sales or additional expansion or acquisition costs that may arise in the future would adversely affect the Company's future capital needs. There can be no assurance that any of the Company's proposed or future plans will be successful, and as such, the Company may require additional capital sooner than anticipated, which capital may not be available on acceptable terms, or at all.

Note 9 – Accrued expenses and other current liabilities

Elements of Accrued expenses and other current liabilities are as follows:

(in thousands)	September 30, 2024 (unaudited)	December 31, 2023
Accrued expenses	$ 10,728	$ 12,256
Cylinder deposits	19,328	17,225
Lease obligations	1,471	1,893
Other current liabilities	68	163
Total	$ 31,595	$ 31,537

Note 10 – Acquisition

On June 6, 2024, the Company's subsidiary Hudson Technologies Company completed the acquisition of substantially all the business assets of USA United Suppliers of America, Inc. (d/b/a USA Refrigerants) ("USA Refrigerants") and B&B Jobber Services, Inc. (collectively, the "USA Refrigerants Acquisition"). The consideration for the USA Refrigerants Acquisition was approximately $ 20.7 million in cash, paid at the closing, and provides for a further contingent payment of up to $2.0 million payable, to the extent earned, approximately 18 months from the closing date. The Company estimated the fair value of this contingent earn-out liability to be $ 1.6 million as of June 6, 2024 and September 30, 2024. The Company is in the process of finalizing its allocation for the Customer relationships, Tradename, Earnout liability and Goodwill and this may result in potential adjustments to the carrying value of the respective recorded assets and liabilities, establishment of certain additional intangible assets, revisions of useful lives of intangible assets, and the determination of any residual amount that will be allocated to goodwill.

The following table summarizes the fair values of the assets acquired and liabilities assumed from the USA Refrigerants Acquisition:

	Amortization life (in months)	Fair Value (in thousands)
Inventories		$ 5,073
Covenant not to compete	60	50
Customer relationships	24	1,110
Tradename	60	1,420
Earn-out liability		(1,600)
Goodwill		14,617
Total purchase price		**$ 20,670**

The fair values of the acquired intangibles were determined using discounted cash flow models using a discount factor based on an estimated risk-adjusted weighted average cost of capital. The customer relationships were valued using the multi-period excess-earnings method, a form of the income approach.

The acquisition resulted in the recognition of $14.6 million of goodwill, which will be deductible for tax purposes. Goodwill largely consists of expected growth in revenue from new customer acquisitions over time.

The Company reflected revenue and net income in its consolidated statement of income related to the USA Refrigerants Acquisition for one hundred fifteen days as follows:

Nine months ended September 30,	2024
(in thousands)	
Revenues	$ 5,463
Net income	$ 1,738

The following table provides unaudited pro forma total revenues and results of operations for the three and nine months ended September 30, 2024 and 2023 as if USA Refrigerants had been acquired on January 1, 2023. The unaudited pro forma results reflect certain adjustments related to the acquisition, such as a step-up in basis in inventory, and amortization expense on intangible assets arising from the acquisition. The pro forma results do not include any anticipated cost synergies or other effects of any planned integration. Accordingly, such pro forma amounts are not necessarily indicative of the results that actually would have occurred had the USA Refrigerants Acquisition been completed at the beginning of 2023, nor are they indicative of the future operating results of the combined companies (dollars in thousands):

	Three Months ended September 30,		Nine Months ended September 30,	
	2024	2023	2024	2023
Revenues	$ 61,943	$ 78,142	$ 211,408	$ 252,649
Net income	$ 7,806	$ 13,090	$ 29,297	$ 50,393

In relation to the USA Refrigerants Acquisition, the Company incurred $ 0.3 million of acquisition costs which are included in selling, general and administrative expenses within the consolidated statement of income for the periods ended September 30, 2024.

Note 11 – Share repurchases

In August 2024, the Company's board of directors authorized the repurchase of up to $ 10 million of outstanding common stock during 2024 and 2025. Purchases will be funded from the Company's available cash and cash flow. The Company may purchase shares of its common stock on a discretionary basis from time to time through open market repurchases or privately negotiated transactions or through other means, including by entering into Rule 10b5-1 trading plans, in each case, during an "open window" and when the Company does not possess material non-public information. The timing and actual number of shares repurchased under the repurchase program will depend on a variety of factors, including stock price, trading volume, market conditions, corporate and regulatory requirements and other general business considerations. The repurchase program may be modified, suspended or discontinued at any time without prior notice. During the quarter ended September 30, 2024, the Company repurchased 326,028 shares, totaling $2,629,168, at an average price of $ 8.06 per share. These repurchased shares were retired during the quarter ended September 30, 2024. Please see Note 12 – Subsequent Events for a recent for recent update to authorized share repurchases.

Note 12 – Subsequent events

On October 23, 2024, the Borrowers and the Company entered into a Second Amendment to Amended and Restated Credit Agreement dated October 23, 2024 (the "Second Amendment") with Wells Fargo and the lenders under the Amended Wells Fargo Facility. The Second Amendment amends the provision relating to permitted stock repurchases by the Company, to permit stock repurchases in an amount not to exceed $10 million per calendar year in each of 2024 and 2025 and $ 5 million in any calendar year thereafter during the term of the Amended Wells Fargo Facility, upon satisfaction of certain conditions, subject to an aggregate cap of $25 million.

In October 2024, the Company's Board of Directors approved an increase to its previously disclosed repurchase program pursuant to which the Company may now purchase up to $20 million in shares of the Company's common stock (consisting of up to $ 10 million in shares during each of calendar year 2024 and 2025) (as amended, the "Repurchase Program").

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain statements, contained in this section and elsewhere in this Form 10-Q, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, changes in the laws and regulations affecting the industry, changes in the demand and price for refrigerants (including unfavorable market conditions adversely affecting the demand for, and the price of refrigerants), the Company's ability to source refrigerants, regulatory and economic factors, seasonality, competition, litigation, the nature of supplier or customer arrangements that become available to the Company in the future, adverse weather conditions, possible technological obsolescence of existing products and services, possible reduction in the carrying value of long-lived assets, estimates of the useful life of its assets, potential environmental liability, customer concentration, the ability to obtain financing, the ability to meet financial covenants under our financing facility, any delays or interruptions in bringing products and services to market, the timely availability of any requisite permits and authorizations from governmental entities and third parties as well as factors relating to doing business outside the United States, including changes in the laws, regulations, policies, and political, financial and economic conditions, including inflation, interest and currency exchange rates, of countries in which the Company may seek to conduct business, the Company's ability to successfully integrate any assets it acquires from third parties into its operations, and other risks detailed in the Company's Form 10-K for the year ended December 31, 2023, and in the Company's other subsequent filings with the Securities and Exchange Commission ("SEC"). The words "believe", "expect", "anticipate", "may", "plan", "should" and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made.

Critical Accounting Estimates

The Company's discussion and analysis of its financial condition and results of operations are based upon its consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Several of the Company's accounting policies involve significant judgments, uncertainties and estimates. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. To the extent that actual results differ from management's judgments and estimates, there could be a material adverse effect on the Company. On a continuous basis, the Company evaluates its estimates, including, but not limited to, those estimates related to its inventory reserves, goodwill and intangible assets.

Inventory

For inventory, the Company evaluates both current and anticipated sales prices of its products to determine if a write down of inventory to net realizable value is necessary. Net realizable value represents the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion and disposal. The determination if a write-down to net realizable value is necessary is primarily affected by the market prices for the refrigerant gases we sell. Commodity prices generally are affected by a wide range of factors beyond our control, including weather, seasonality, the availability and adequacy of supply, government regulation and policies and general political and economic conditions. At any time, our inventory levels may be substantial and fluctuate, which will materially impact our estimates of net realizable value.

Goodwill

The Company has made acquisitions that included a significant amount of goodwill and other intangible assets. The Company applies the purchase method of accounting for acquisitions, which among other things, requires the recognition of goodwill (which represents the excess of the purchase price of the acquisition over the fair value of the net assets acquired and identified intangible assets). We test our goodwill for impairment on an annual basis (on the first day of the fourth quarter) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of an asset below its carrying value. Other intangible assets that meet certain criteria are amortized over their estimated useful lives.

An impairment charge is recorded based on the excess of a reporting unit's carrying amount over its fair value. An impairment charge would be recognized when the carrying amount exceeds the estimated fair value of a reporting unit. These impairment evaluations use many assumptions and estimates in determining an impairment loss, including certain assumptions and estimates related to future earnings. If the Company does not achieve its earnings objectives, the assumptions and estimates underlying these impairment evaluations could be adversely affected, which could result in an asset impairment charge that would negatively impact operating results. During the fourth quarter of 2023, we completed our annual impairment test as of October 1 and determined in our qualitative assessment that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount, resulting in no goodwill impairment. There can be no assurances that future sustained declines in macroeconomic or business conditions affecting our industry will not occur, which could result in goodwill impairment charges in future periods.

There were no goodwill impairment losses recognized in 2023 or the nine months ended September 30, 2024.

Overview

The Company is a leading provider of sustainable refrigerant products and services to the Heating Ventilation Air Conditioning and Refrigeration ("HVACR") industry. For nearly three decades, we have demonstrated our commitment to our customers and the environment by becoming one of the United States' largest refrigerant reclaimers through multimillion dollar investments in the plants and advanced separation technology required to recover a wide variety of refrigerants and restoring them to Air-Conditioning, Heating, and Refrigeration Institute ("AHRI") standard for reuse as certified EMERALD Refrigerants™.

The Company's products and services are primarily used in commercial air conditioning, industrial processing and refrigeration systems, and include refrigerant and industrial gas sales, refrigerant management services consisting primarily of reclamation of refrigerants and RefrigerantSide® Services performed at a customer's site, which include system decontamination to remove moisture, oils and other contaminants.

Sales of refrigerants continue to represent a significant majority of the Company's revenues.

The Company also sells industrial gases to a variety of industry customers, including to users in, or involved with, the US Military. In July 2016, the Company was awarded, as prime contractor, a five-year fixed price contract, including a five-year renewal option which has been exercised, awarded to it by the United States Defense Logistics Agency ("DLA") for the management and supply of refrigerants, compressed gases, cylinders and related items to US Military commands and installations, Federal civilian agencies and foreign militaries. Primary users include the US Army, Navy, Air Force, Marine Corps and Coast Guard. Our contract with DLA expires in July 2026.

Recent Acquisition

On June 6, 2024, the Company's subsidiary Hudson Technologies Company completed the acquisition of substantially all the business assets of USA United Suppliers of America, Inc. (d/b/a USA Refrigerants) ("USA Refrigerants") and B&B Jobber Services, Inc. (collectively, the "USA Refrigerants Acquisition"). The consideration for the USA Refrigerants Acquisition was approximately $20.7 million in cash, paid at the closing, and provides for a further contingent payment of up to $2.0 million payable, to the extent earned, approximately 18 months from the closing date.

USA Refrigerants is a leading refrigerant distributor and distributes, reclaims and packages refrigerant gases for a variety of end uses. Potential benefits of the USA Refrigerants Acquisition include (i) providing a broader customer network which will provide the Company with increased access to refrigerant for reclamation and strengthen the Company's refrigerant distribution capabilities; (ii) adding incremental access to recovered pounds of refrigerants for sale for future periods to support the growth in reclamation; and (iii) enhancing the Company's geographic footprint in the United States.

Results of Operations

Three-month period ended September 30, 2024 as compared to the three-month period ended September 30, 2023

Revenues for the three-month period ended September 30, 2024 were $61.9 million, a decrease of $14.6 million or 19% from the $76.5 million reported during the comparable 2023 period. The decrease was primarily attributable to 14% lower selling prices and 7% lower volume of refrigerants sold.

Cost of sales for the three-month period ended September 30, 2024 was $46.0 million or 74% of sales. The cost of sales for the three-month period ended September 30, 2023 was $45.9 million or 60% of sales. The increase in the cost of sales percentage from 60% to 74% is primarily due to higher cost of sales during the third quarter of 2024, driven by the sale of inventory held at higher price and corresponding reduction in sales price of refrigerants.

Selling, general and administrative ("SG&A") expenses for the three-month period ended September 30, 2024 were $8.1 million, an increase of $1.3 million from the $6.8 million reported during the comparable 2023 period due to an increase in personnel costs and professional fees.

Amortization expense for the three-month periods ended September 30, 2024 and 2023 was $0.9 million and $0.7 million, respectively.

Interest expense (income) for the three-month period ended September 30, 2024 was ($0.3) million compared to the $4.4 million of interest expense reported during the comparable 2023 period. During the third quarter of 2023, the Company repaid in full the remaining $32.5 million principal balance outstanding under its term loan facility. In conjunction with this payoff, the Company recorded a non-cash write off of $3.1 million of deferred financing costs in the third quarter of 2023.

Other income for the three-month period ended September 30, 2024 was $2.3 million. This amount includes proceeds from a litigation settlement of $1.8 million and $0.5 million from the lease opt-out related to the Atlanta facility lease.

The income tax expense for the three-month period ended September 30, 2024 was $1.7 million compared to income tax expense of $5.2 million for the three month period ended September 30, 2023. Income tax expense for federal and state income tax purposes was determined by applying statutory income tax rates to pre-tax income after adjusting for certain items.

The net income for the three-month period ended September 30, 2024 was $7.8 million, a decrease of $5.8 million from the $13.6 million of net income reported during the comparable 2023 period, primarily due to lower sale prices of certain refrigerant sold and higher SG&A costs, as described above.

Nine month period ended September 30, 2024 as compared to the nine month period ended September 30, 2023

Revenues for the nine month period ended September 30, 2024 were $202.5 million, a decrease of $41.7 million or 17% from the $244.2 million reported during the comparable 2024 period. The decrease was primarily attributable to lower selling prices which decreased by 18% offset by 2% higher volume of refrigerants sold.

Cost of sales for the nine-month period ended September 30, 2024 was $142.5 million or 70% of sales. The cost of sales for the nine-month period ended September 30, 2023 was $146.6 million or 60% of sales. The increase in the cost of sales percentage from 60% to 70% is primarily due to higher cost of sales during the first nine months of 2024, driven by the sale of inventory held at higher price and corresponding reduction in sales price of refrigerants.

Selling, general and administrative ("SG&A") expenses for the nine-month period ended September 30, 2024 were $25.0 million, an increase of $3.0 million from the $22.0 million reported during the comparable 2023 period. The increase in SG&A was primarily due to increased personnel cost, professional fees, IT Expenses and acquisition costs with approximately $0.7 million considered non-recurring charges.

Amortization expense for the nine-month periods ended September 30, 2024 and 2023 was $2.4 million and $2.1 million, respectively.

Interest expense (income) for the nine-month period ended September 30, 2024 was ($0.1) million, compared to the $8.1 million reported during the comparable 2023 period. During the third quarter of 2023, the Company repaid in full the remaining $32.5 million principal balance outstanding under its term loan facility.

Other income for the nine-month period ended September 30, 2024 was $2.3 million. This amount includes proceeds from a litigation settlement of $1.8 million and $0.5 million from the lease opt-out related to the Atlanta facility lease.

The income tax expense for the nine-month period ended September 30, 2024 was $7.8 million compared to income tax expense of $17.0 million for the nine-month period ended September 30, 2023. Income tax expense for federal and state income tax purposes was determined by applying statutory income tax rates to pre-tax income after adjusting for certain items.

Net income for the nine-month period ended September 30, 2024 was $27.0 million, a decrease of $21.3 million from the $48.3 million of net income reported during the comparable 2023 period, primarily due to lower sale price of certain refrigerant sold and higher SG&A costs, as described above.

Liquidity and Capital Resources

At September 30, 2024, the Company had working capital, which represents current assets less current liabilities, of $156.9 million, an increase of $10.5 million from the working capital of $146.4 million at December 31, 2023. The increase in working capital is primarily attributable to accounts receivable and inventory.

Inventories and trade receivables are principal components of current assets. At September 30, 2024, the Company had inventories of $103.5 million, a decrease of $51.0 million from $154.5 million at December 31, 2023. The Company's ability to sell and replace its inventory on a timely basis and the prices at which it can be sold are subject, among other things, to current market conditions and the nature of supplier or customer arrangements and the Company's ability to source CFC and HCFC based refrigerants (which are no longer being produced) and HFC refrigerants (virgin production currently in the process of being phased down) and HFO refrigerants.

At September 30, 2024, the Company had trade receivables, net of allowance for credit losses, of $28.5 million, an increase of $3.3 million from $25.2 million at December 31, 2023, mainly due to seasonal timing. The Company typically generates its most significant revenue during the second and third quarters of any given year. The Company's trade receivables are concentrated with various wholesalers, brokers, contractors and end-users within the refrigeration industry that are primarily located in the continental United States. The Company has historically financed its working capital requirements through cash flows from operations, debt, and the issuance of equity securities.

Net cash provided by operating activities for the nine-month period ended September 30, 2024 was $71.1 million, when compared to net cash provided by operating activities of $43.5 million for the comparable 2023 period. As discussed above, selling prices of certain refrigerants declined in 2024. The increase is largely due to the recent acquisition of USA Refrigerants. Another contributory factor was the timing of accounts receivable, accounts payable and accrued expenses.

Net cash used in investing activities for the nine-month period ended September 30, 2024 was $24.4 million compared with net cash used in investing activities of $2.2 million for the comparable 2023 period, mainly due to the recent acquisition of USA Refrigerants as previously discussed and timing of capital expenditures related to capitalization of its ERP system.

Net cash used in financing activities for the nine-month period ended September 30, 2024 was $2.6 million compared with net cash used in financing activities of $42.8 million for the comparable 2023 period. The change is primarily because in 2023, the Company paid off $42.8 million of its debt as compared to no debt in 2024. During the quarter ended September 30, 2024, the Company repurchased 326,028 shares, totaling $2.6 million.

At September 30, 2024, cash and cash equivalents were $56.5 million, or approximately $44.1 million higher than the $12.4 million of cash and cash equivalents at December 31, 2023.

Revolving Credit Facility

On March 2, 2022, Hudson Technologies Company ("HTC") and Hudson Holdings, Inc. ("Holdings"), as borrowers (collectively, the "Borrowers"), and Hudson Technologies, Inc. (the "Company") as a guarantor, entered into an Amended and Restated Credit Agreement (the "Amended Wells Fargo Facility") with Wells Fargo Bank, National Association, as administrative agent and lender ("Agent" or "Wells Fargo") and such other lenders as have or may thereafter become a party to the Amended Wells Fargo Facility. The Amended Wells Fargo facility amended and restated the prior Wells Fargo Facility entered into on December 19, 2019.

Under the terms of the Amended Wells Fargo Facility, the Borrowers: (i) immediately borrowed $15 million in the form of a "first in last out" term loan (the "FILO Tranche") and (ii) may borrow from time to time, up to $75 million at any time consisting of revolving loans (the "Revolving Loans") in a maximum amount up to the lesser of $75 million and a borrowing base that is calculated based on the outstanding amount of the Borrowers' eligible receivables and eligible inventory, as described in the Amended Wells Fargo Facility. The Amended Wells Fargo Facility also contains a sublimit of $9 million for swing line loans and $2 million for letters of credit. The Company currently has a $0.9 million letter of credit outstanding. The FILO Tranche was repaid in full in July 2023 and may not be reborrowed.

Amounts borrowed under the Amended Wells Fargo Facility may be used for working capital needs, certain permitted acquisitions, and to reimburse drawings under letters of credit.

Interest under the Amended Wells Fargo Facility is payable in arrears on the first day of each month. Interest charges with respect to Revolving Loans are computed on the actual principal amount of Revolving Loans outstanding at a rate per annum equal to (A) with respect to Base Rate loans, the sum of (i) a rate per annum equal to the higher of (1) 1.0%, (2) the federal funds rate plus 0.5%, (3) one month term SOFR plus 1.0%, and (4) the prime commercial lending rate of Wells Fargo, plus (ii) between 1.25% and 1.75% depending on average monthly undrawn availability and (B) with respect to SOFR loans, the sum of the applicable SOFR rate plus between 2.36% and 2.86% depending on average quarterly undrawn availability. Interest charges with respect to the FILO Tranche were computed on the actual principal amount of FILO Tranche loans outstanding at a rate per annum equal to (A) with respect to Base Rate FILO Tranche loans, the sum of (i) a rate per annum equal to the higher of (1) 1.0%, (2) the federal funds rate plus 0.5%, (3) one month term SOFR plus 1.0%, and (4) the prime commercial lending rate of Wells Fargo, plus (ii) 6.5% and (B) with respect to SOFR FILO Tranche loans, the sum of the applicable SOFR rate plus 7.50%. The Amended Wells Fargo Facility also includes a monthly unused line fee ranging from 0.35% to 0.75% per annum determined based upon the level of average Revolving Loans outstanding during the immediately preceding month measured against the total Revolving Loans that may be borrowed under the Amended Wells Fargo Facility.

In connection with the closing of the Amended Wells Fargo Facility, the Company also entered into a First Amendment to Guaranty and Security Agreement, dated as of March 2, 2022 (the “Amended Revolver Guaranty and Security Agreement”), pursuant to which the Company and certain subsidiaries are continuing to unconditionally guarantee the payment and performance of all obligations owing by Borrowers to Wells Fargo, as Agent for the benefit of the revolving lenders. Pursuant to the Amended Revolver Guaranty and Security Agreement, Borrowers, the Company and certain other subsidiaries are continuing to grant to the Agent, for the benefit of the Wells Fargo Facility lenders, a security interest in substantially all of their respective assets, including receivables, equipment, general intangibles (including intellectual property), inventory, subsidiary stock, real property, and certain other assets.

The Amended Wells Fargo Facility contains a financial covenant requiring the Company to maintain at all times minimum liquidity (defined as availability under the Amended Wells Fargo Facility plus unrestricted cash) of at least $5 million, of which at least $3 million must be derived from availability. The Amended Wells Fargo Facility also contains a springing covenant, which takes effect only upon a failure to maintain undrawn availability of at least $11.25 million or upon an election by the Borrowers to increase the inventory component of the borrowing base, requiring the Company to maintain a Fixed Charge Coverage Ratio (FCCR) of not less than 1.00 to 1.00, as of the end of each trailing period of twelve consecutive months commencing with the month prior to the triggering of the covenant. The FCCR (as defined in the Wells Fargo Facility) is the ratio of (a) EBITDA for such period, minus unfinanced capital expenditures made during such period, to (b) the aggregate amount of (i) interest expense required to be paid (other than interest paid-in-kind, amortization of financing fees, and other non-cash interest expense) during such period, (ii) scheduled principal payments (but excluding principal payments relating to outstanding Revolving Loans under the Amended Wells Fargo Facility), (iii) all net federal, state, and local income taxes required to be paid during such period (provided, that any tax refunds received shall be applied to the period in which the cash outlay for such taxes was made), (iv) all restricted payments paid (as defined in the Amended Wells Fargo Facility) during such period, and (v) to the extent not otherwise deducted from EBITDA for such period, all payments required to be made during such period in respect of any funding deficiency or funding shortfall with respect to any pension plan. The FCCR covenant ceases after the Borrowers have been in compliance therewith for two consecutive months.

The Amended Wells Fargo Facility also contains customary non-financial covenants relating to the Company and the Borrowers, including limitations on the Borrowers’ ability to pay dividends on common stock or preferred stock, and also includes certain events of default, including payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to other obligations, events of bankruptcy and insolvency, certain ERISA events, judgments in excess of specified amounts, impairments to guarantees and a change of control.

The Company evaluated the Amended Wells Fargo Facility in accordance with the provisions of ASC 470-50 to determine if the amendment was a modification or an extinguishment of debt and concluded that the amendment was a modification of the original revolving credit facility for accounting purposes. As a result, the Company capitalized an additional $0.9 million of deferred financing costs in connection with the amendment, which, along with the $0.2 million of remaining deferred financing costs of the original revolving facility, is being amortized over the five year term of the Amended Wells Fargo Facility.

On June 6, 2024, the Borrowers and the Company entered into a First Amendment to Amended and Restated Credit Agreement and Limited Consent (the “First Amendment”) with Wells Fargo and the lenders under the Amended Wells Fargo Facility. Pursuant to the First Amendment, Wells Fargo and the other lenders consented to the consummation of the USA Refrigerants Acquisition and made certain other technical amendments to the existing Amended Wells Fargo Facility, including the calculation of the borrowing base thereunder. The First Amendment also provided for permitted stock repurchases by the Company in an amount not to exceed $5 million per calendar year, and $15 million in aggregate over the term of the Amended Wells Fargo Facility, upon satisfaction of certain conditions.

On October 23, 2024, the Borrowers and the Company entered into a Second Amendment to Amended and Restated Credit Agreement dated October 23, 2024 (the “Second Amendment”) with Wells Fargo and the lenders under the Amended Wells Fargo Facility. The Second Amendment amends the provision relating to permitted stock repurchases by the Company, to permit stock repurchases in an amount not to exceed $10 million per calendar year in each of 2024 and 2025 and $5 million in any calendar year thereafter during the term of the Amended Wells Fargo Facility, upon satisfaction of certain conditions, subject to an aggregate cap of $25 million.

The commitments under the Amended Wells Fargo Facility will expire and the full outstanding principal amount of the loans, together with accrued and unpaid interest, are due and payable in full on March 2, 2027, unless the commitments are terminated and the outstanding principal amount of the loans are accelerated sooner following an event of default or in the event of certain other cross-defaults.

Termination of 2022 Term Loan Facility

On March 2, 2022, Hudson Technologies Company (“HTC”), an indirect subsidiary of Hudson Technologies, Inc. (the “Company”), and the Company’s subsidiary Hudson Holdings, Inc., as borrowers (collectively, the “Borrowers”), and the Company, as guarantor, became obligated under a Credit Agreement (the “Term Loan Facility”) with TCW Asset Management Company LLC, as administrative agent (“Term Loan Agent”) and the lender parties thereto (the “Term Loan Lenders”).

Under the terms of the Term Loan Facility, the Borrowers immediately borrowed $85 million pursuant to a term loan (the “Term Loan”), which had a maturity date in March 2027. Amounts borrowed under the Term Loan Facility were used by the Borrowers to repay the outstanding principal amount and related fees and expenses under a prior term loan facility and for other corporate purposes. The Company paid approximately $4.3 million of term loan deferred financing costs.

During the third quarter of 2023, the Company repaid in full the remaining principal balance outstanding under the Term Loan Facility and the FILO Tranche.

The Company was in compliance with all covenants under the Amended Wells Fargo Facility as of September 30, 2024.

The Company’s ability to comply with these covenants in future quarters may be affected by events beyond the Company’s control, including general economic conditions, weather conditions, regulations and refrigerant pricing. Therefore, we cannot make any assurance that we will continue to be in compliance during future periods.

The Company believes that it will be able to satisfy its working capital requirements for the foreseeable future from anticipated cash flows from operations and available funds under the Amended Wells Fargo Facility. Any unanticipated expenses, including, but not limited to, an increase in the cost of refrigerants purchased by the Company, an increase in operating expenses or failure to achieve expected revenues from the Company’s RefrigerantSide® Services and/or refrigerant sales or additional expansion or acquisition costs that may arise in the future would adversely affect the Company’s future capital needs. There can be no assurance that the Company’s proposed or future plans will be successful, and as such, the Company may require additional capital sooner than anticipated, which capital may not be available on acceptable terms, or at all.

Inflation

Inflation, historically or the recent increase, has had an impact on salaries and wages but less so on other aspects of the Company’s operations.

Reliance on Suppliers and Customers

The Company participates in an industry that is highly regulated, and changes in the regulations affecting our business could affect our operating results. Currently the Company purchases virgin HCFC and HFC refrigerants and reclaimable, primarily HCFC and CFC, refrigerants from suppliers and its customers. Under the Clean Air Act the phase-down of future production of certain virgin HCFC refrigerants commenced in 2010 and has been fully phased out by the year 2020, and production of all virgin HCFC refrigerants is scheduled to be phased out by the year 2030. To the extent that the Company is unable to source sufficient quantities of refrigerants or is unable to obtain refrigerants on commercially reasonable terms or experiences a decline in demand and/or price for refrigerants sold by it, the Company could realize reductions in revenue from refrigerant sales, which could have a material adverse effect on the Company’s operating results and financial position.

For the nine month period ended September 30, 2024 there was one customer accounting for greater than 10% of the Company's revenues and at September 30, 2024 there were $4.9 million of accounts receivable from this customer. For the nine month period ended September 30, 2023 there was one customer accounting for greater than 10% of the Company's revenues and at September 30, 2023 there were $19.7 million of accounts receivable from this customer.

The loss of a principal customer or a decline in the economic prospects of and/or a reduction in purchases of the Company's products or services by any such customer could have a material adverse effect on the Company's operating results and financial position.

Seasonality and Weather Conditions and Fluctuations in Operating Results

The Company's operating results vary from period to period as a result of weather conditions, requirements of potential customers, non-recurring refrigerant and service sales, availability and price of refrigerant products (virgin or reclaimable), changes in reclamation technology and regulations, timing in introduction and/or retrofit or replacement of refrigeration equipment, the rate of expansion of the Company's operations, and by other factors. The Company's business is seasonal in nature with peak sales of refrigerants occurring in the first nine months of each year. During past years, the seasonal decrease in sales of refrigerants has resulted in losses particularly in the fourth quarter of the year. In addition, to the extent that there is unseasonably cool weather throughout the spring and summer months, which would adversely affect the demand for refrigerants, there would be a corresponding negative impact on the Company. Delays or inability in securing adequate supplies of refrigerants at peak demand periods, lack of refrigerant demand, increased expenses, declining refrigerant prices and a loss of a principal customer could result in significant losses. There can be no assurance that the foregoing factors will not occur and result in a material adverse effect on the Company's financial position and significant losses. The Company believes that to a lesser extent there is a similar seasonal element to RefrigerantSide® Service revenues as refrigerant sales.

Recent Accounting Pronouncements

See recent accounting pronouncements set forth in Note 1 of the financial statements contained in this report.

Item 3 - Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Sensitivity

We are exposed to market risk from fluctuations in interest rates on the Amended Wells Fargo Facility. The Amended Wells Fargo Facility is a $75 million secured facility with a $0.0 million outstanding balance as of September 30, 2024. Future interest rate changes on our borrowing under the Amended Wells Fargo Facility may have an impact on our consolidated results of operations.

Refrigerant Market

We are also exposed to market risk from fluctuations in the demand, price and availability of refrigerants. To the extent that the Company is unable to source sufficient quantities of refrigerants or is unable to obtain refrigerants on commercially reasonable terms or experiences a decline in demand and/or price for refrigerants sold by the Company, the Company could realize reductions in revenue from refrigerant sales or write-downs of inventory, which could have a material adverse effect on our consolidated results of operations.

Item 4 - Controls and Procedures

Disclosure Controls and Procedures

The Company, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Because of the inherent limitations in all control systems, any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Furthermore, the Company's controls and procedures can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control and misstatements due to error or fraud may occur and not be detected on a timely basis.

Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d) of the Exchange Act, our management, including our principal executive officer and our principal financial officer, conducted an evaluation of the internal control over financial reporting to determine whether any changes occurred during the quarter ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, our principal executive officer and principal financial officer concluded there were no such changes.

PART II – OTHER INFORMATION

Item 1A – Risk Factors

Please refer to the Risk Factors in Part I, Item 1A of the Company's Form 10-K for the year ended December 31, 2023. There have been no material changes to such matters during the quarter ended September 30, 2024.

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

HUDSON TECHNOLOGIES, INC.
ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program (millions of dollars) (2)
July 1-July 31, 2024	—	—	—	—
August 1-August 31, 2024	—	—	—	$ 10.0
September 1-September 30, 2024	326,028	$ 8.06	326,028	$ 7.4
Total	**326,028**	**$ 8.06**	**326,028**	**$ 7.4**

(1) On August 6, 2024, the Company announced that its Board of Directors approved a share repurchase program pursuant to which the Company may purchase up to $10 million in shares of the Company's common stock during 2024 and 2025 (the "Repurchase Program"). Under the terms of the Repurchase Program, the Company may purchase shares of its common stock on a discretionary basis from time to time through open market repurchases or privately negotiated transactions or through other means, including by entering into Rule 10b5-1 trading plans, in each case, during an "open window" and when the Company does not possess material non-public information. The timing and actual number of shares repurchased under the Repurchase Program will depend on a variety of factors, including stock price, trading volume, market conditions, corporate and regulatory requirements and other general business considerations. The Repurchase Program may be modified, suspended or discontinued at any time without prior notice. Repurchases under the Repurchase Program may be funded from the Company's existing cash and cash equivalents, and future cash flow.

(2) On October 25, 2024, the Company announced that its Board of Directors approved an increase to its previously disclosed repurchase program pursuant to which the Company may now purchase up to $20 million in shares of the Company's common stock (consisting of up to $10 million in shares during each of calendar year 2024 and 2025) (as amended, the "Repurchase Program").

Item 5 – Other Information

No director of officer of the Company adopted or terminated a Rule 10b5-1 trading arrangement and/or a non-rule 10b5-1 trading arrangement (as such terms are defined in Item 408(a) of Regulation S-K) during the quarter ended September 30, 2024.

Item 6 - Exhibits

Exhibit Number	Description
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Interactive Data Files Pursuant to Rule 405 of Regulation S-T
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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 thereunto duly authorized.

HUDSON TECHNOLOGIES, INC.

By: /s/ Brian F. Coleman	November 8, 2024
Brian F. Coleman *Chairman of the Board, President and Chief Executive Officer*	**Date**
By: /s/ Brian J. Bertaux	November 8, 2024
Brian J. Bertaux *Chief Financial Officer*	**Date**

Exhibit 31.1

Hudson Technologies, Inc.
Certification of Principal Executive Officer

I, Brian F. Coleman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hudson Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2024

/s/ Brian F. Coleman
Brian F. Coleman
Chief Executive Officer and Chairman of the Board

Exhibit 31.2

Hudson Technologies, Inc.
Certification of Principal Financial Officer

I, Brian J. Bertaux, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hudson Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2024

/s/ Brian J. Bertaux
Brian J. Bertaux
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Hudson Technologies, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Brian F. Coleman, as Chief Executive Officer and Chairman of the Board of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brian F. Coleman
Brian F. Coleman
Chief Executive Officer and Chairman of the Board

November 8, 2024

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Hudson Technologies, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Brian J. Bertaux, as Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brian J. Bertaux
Brian J. Bertaux
Chief Financial Officer

November 8, 2024