

Investor Presentation

November 2023



RECLAIMED
REFRIGERANT



ON-SITE
REFRIGERANT
SERVICE



REFRIGERANT
END OF LIFE
MANAGEMENT

SAFE HARBOR STATEMENT



Statements contained herein which are not historical facts constitute forward-looking statements. 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 existing credit facilities, 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, the impact of the current COVID-19 pandemic, and other risks detailed in the Company's 10-K for the year ended December 31, 2022 and other subsequent filings with the Securities and Exchange Commission. 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.

INVESTMENT CONSIDERATIONS



Solid Nine-Month 2023 Performance



- Revenues of \$244.2M in first nine months of 2023
- Strong profitability: \$1.02 per diluted share
- Remaining term loan debt paid off in third quarter 2023; Company has no debt
- Benefitting from implementation of AIM Act limiting virgin HFC refrigerant production

Unprecedented Industry Disruption



- Refrigeration and cooling systems are integral to operating residential and commercial buildings
- Installed base of >125M HFC units will be required to transition to next gen equipment
- Hudson reclamation technology and service capabilities to facilitate the transition
- AIM Act compliance likely to cause industry consolidation

Reclaim Capability



- Federal and state mandates phasing out environmentally harmful refrigerants create reclamation market opportunity
- Hudson's proprietary reclamation technology recovers all refrigerant; positioned to fill the demand gap
- ~35% share of U.S. reclamation
- Achieved carbon neutrality at reclamation facilities

Solutions to support circular economy



- Reclamation: Net zero Global Warming Potential (GWP) solution that displaces virgin production
- On-site Service & SMARTenergyOPS® optimize chiller performance to reduce energy consumption
- End-of-Life Management: Reuse or environmentally safe destruction

MANDATED HFC PHASE DOWN DRIVING CURRENT MOMENTUM



Nine-Months 2023

Revenue: \$244.2M

Operating Income: \$73.4M

Free Cash Flow: \$41.0M*

Total Debt: \$0

2025 Targets

Revenue: >\$400M

Gross Margin: ~35%

Current EV (11.1.23)/EBITDA (TTM): ~6.5X

HISTORICAL FINANCIAL SUMMARY



	Nine-Months Ended September 30, 2023	Full Year Ended December 31, 2022*	Full Year Ended December 31, 2021
Revenue	\$244.2M	\$325.2M	\$192.7M
Gross Margin %	40%	50%	37%
Operating Income	\$73.4M	\$131.5M	\$42.3M
Free Cash Flow**	\$41.0M	\$59.2M	\$(3.2)M

*FY2022 revenue & margin benefitted from substantial sales price increases without corresponding increase in inventory price.

Revenue growth and free cash flow generation provide financial flexibility for long-term growth

STRATEGICALLY POSITIONED IN REFRIGERANT SUPPLY CHAIN



- **Largest independent source for refrigerants (CFC, HCFC, HFC, HFOs)**
 - Broadest product range: Legacy CFCs, HCFCs, HFCs and next generation HFOs
 - Longstanding customer and supplier relationships
- **DoD contract with maximum value of \$400 million over 10 years**
 - Prime contractor of refrigerants, compressed gases, cylinders & related items to U.S. military compounds, federal civilian agencies & foreign ministries
- **Embedded at two key points in supply chain:**



NATIONAL PRESENCE



- **Diverse customer base:**
 - 7,000+ customers
- **40+ facilities and stocking points**
- **3 reclamation facilities**
- **One of few companies with AHRI certified laboratories**



Stock Point, Reclamation Center,
or Government Fulfillment Center



Corporate Office

HFC OPPORTUNITY BEGINS

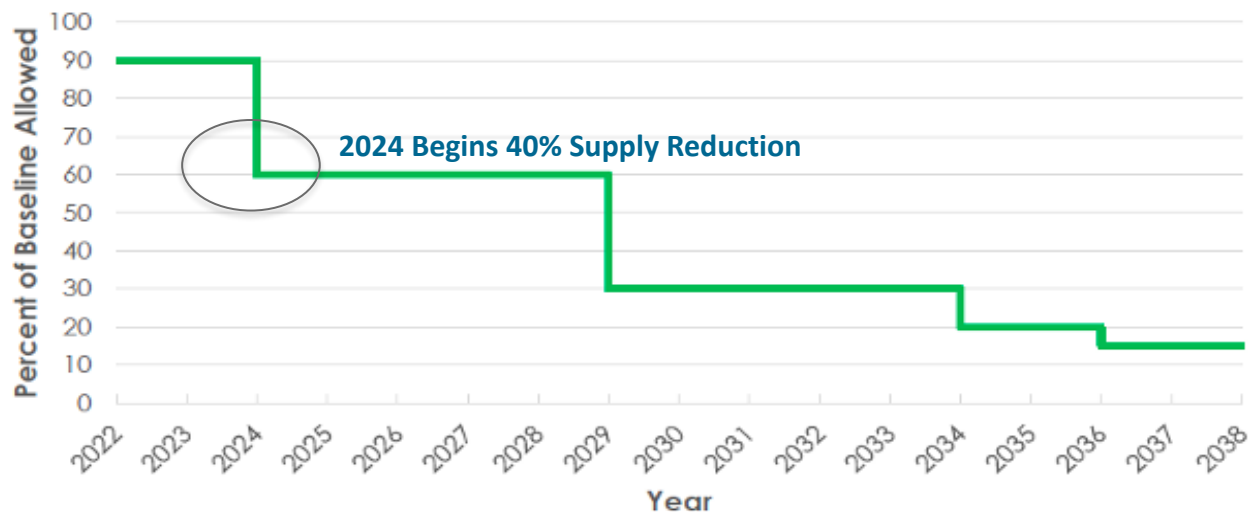


- **AIM Act* implemented in December 2020 created Virgin HFC phase down to combat climate change**
 - The Act promotes use of reclamation to meet industry demand
- **AIM Act creates HFC shortage in just over 2 years**
 - As mandated by AIM Act, EPA published final rule allocating allowances for the production and consumption of HFCs
 - Notably, 40% reduction in virgin supply in 2024
 - HDSN's allocation allowance for calendar year 2023 is equal to ~3 million metric tons exchange value equivalents or 1% of total HFC consumption allocation

AIM ACT MANDATES VIRGIN HFC PHASE DOWN; DRIVING DEMAND FOR RECLAIMED HFCS



EPA to Implement Unprecedented Virgin Production Step Down



BENEFITS OF HFC PHASE DOWN VS. R-22 PHASE DOWN



HFC Phase Down

- Accelerated phase down process
 - Refrigerants phased out ~5 years ahead of equipment
- EPA has legislated mandate to support reclamation
- Environmental organizations support growth of reclamation
- OEMs need reclaim growth to ensure supply
- Chemical manufacturers may need reclaim to produce HFOs

R-22 Phase Down

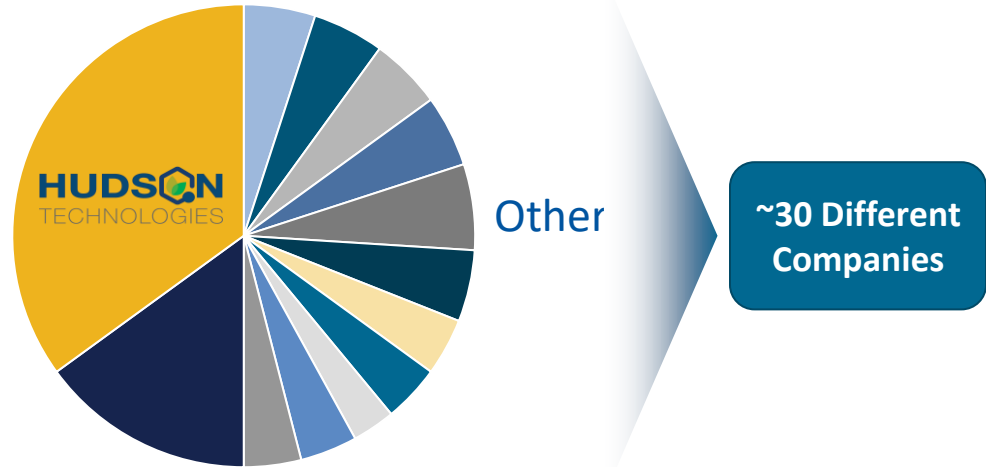
- Lengthy phase down process
 - Equipment banned in 2010
 - Refrigerant banned in 2019
 - Allowance holders had more than 12 years to build a stockpile
- No legislative support for reclamation
- No support from environmental organizations
- No support from chemical producers and OEMs

A LEADER IN THE FRAGMENTED RECLAMATION INDUSTRY



Hudson Captures Approximately 35% of U.S. Reclaim Activity

Ability to Reclaim
and Recycle ALL
Types of Refrigerants



HUDSON RECLAIM SOLUTIONS & LEADERSHIP



- **Developed the industry:** One of the first companies to pay for recovered refrigerant
 - First purchased refrigerants in 1990
- **Size:** Largest reclaimer ~35% market share of U.S. reclaim
 - Handle in excess of 300,000 cylinders per year
- **Quality:** Own 2 of the only 4 AHRI certified laboratories in the country
 - Reliability and accuracy of results and certification
 - Verifiable reclaimed refrigerant
- **Standards setting:** Recognized as industry experts



"With three state-of-the art reclamation facilities, Hudson Technologies' is the largest EPA-certified refrigerant reclaimer in the nation. Our certified laboratories ensure all our reclaimed refrigerants meet or exceed strict quality control and purity standards."

IMPLICATIONS TO SUPPLY CHAIN

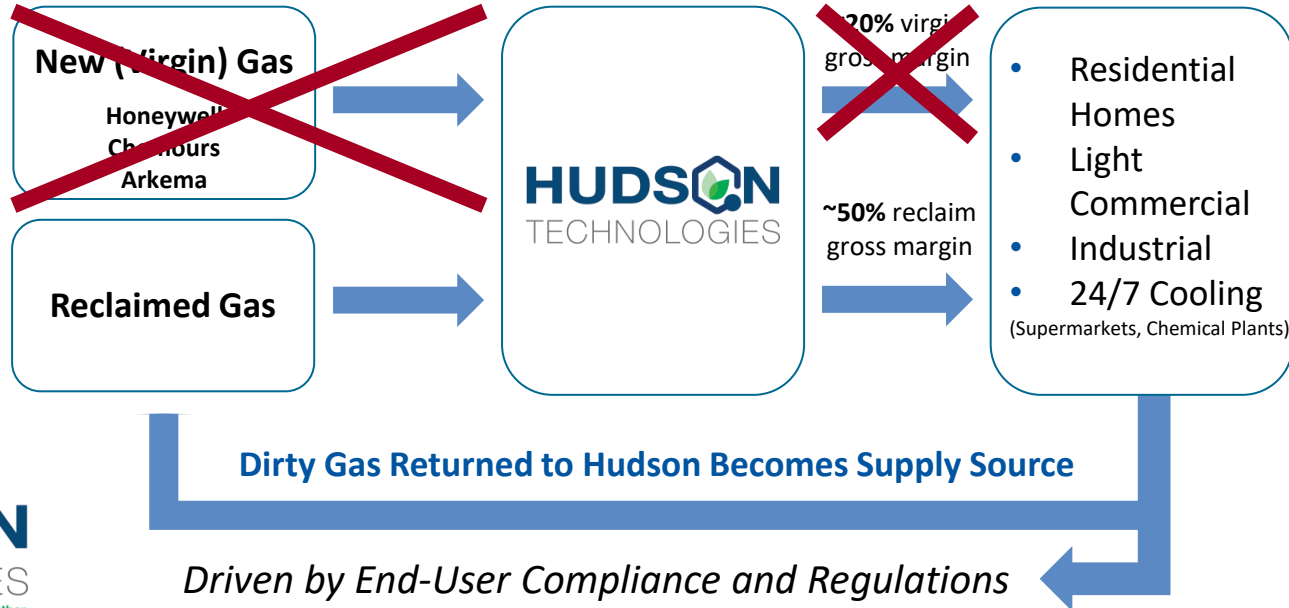


Limited by Allowances

Limited by End-Use Restrictions

Supply

End Customer



RECENT EPA RULING – OCTOBER 2023



- **Long-Awaited Refrigerant Management Rule Promotes Reclaim Growth**
 - Supports better management and reuse of existing HFCs:
 - Reducing wasteful leaks from equipment
 - Mandating the use of reclaim refrigerant by OEMS in new systems and servicing facilities
 - Currently in commentary period
- **Unprecedented legislative support for growth in reclamation growth**

RECLAIM REQUIREMENTS & OEMs



- **Proposed federal and state legislation promotes the use of reclaimed refrigerants by OEMs**
- **Hudson well-suited to assist OEM compliance**
 - Customer base provides source to harvest and reclaim refrigerants
 - Extensive industry relationships and network for distribution of reclaimed refrigerants
 - Onsite services and end-of-life management capabilities enhances supply of recovered refrigerants

PURSUING STRATEGIC OEM PARTNERSHIPS



Sustainability Partnerships Focused on Recovering, Reclaiming and Reusing Refrigerants to Reduce Waste and Greenhouse Gas Emissions

- **Lennox International**

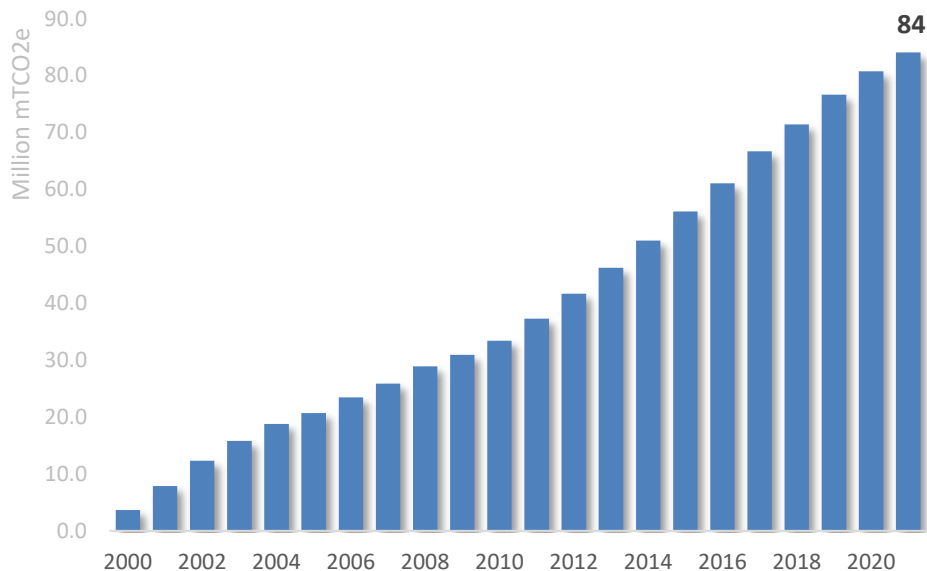
- Global leader in sustainability
- With Lennox's endorsement, Hudson supports the company's extensive dealer network in recovery and reclamation of used refrigerant
- Hudson will serve as exclusive supplier of reclaimed refrigerants for the aftermarket support of Lennox residential HVAC systems

- **AprilAire**

- Leading provider of healthy air solutions for homes
- Transitioned to 100% reclaimed refrigerants effective for its range of healthy indoor air quality solutions effective November 2022; Hudson is exclusive supplier

WORKING TOGETHER TO RECLAIM THE FUTURE

Cumulative Impact of Hudson Reclaimed Refrigerant



Since 2000, Hudson has reclaimed more than **72 million pounds** of refrigerant
or
84 million tons of CO2 equivalent GHG emissions



Every pound of reclaimed refrigerant sold avoids the environmental impact of new refrigerant production

DISCIPLINED ACQUISITION STRATEGY



- Focused on complementary acquisitions to expand product and service offerings
 - $1+1 = >2$
- Target multiple of ~6X EBITDA

Case Study: Airgas Refrigerant Acquisition

Airgas Business Model

- Different customer base and product lines
- HFC EBITDA contribution of <\$0.50/lb
- No service offering
- Little reclaim activity



Today

- HFC EBITDA contribution of ~\$5/lb
- Enhanced penetration of Airgas customer base
 - Introduced HDSN services
 - Expanding reclamation activity
- Ongoing HFC phase down expected to drive profitability from demand for and sales of reclaimed HFCs

POSITIONED FOR GROWTH



Market Leader in Refrigerant Sales and Reclamation

- AIM Act mandates reduction of virgin HFC production and requires EPA to promote reclamation opportunities
- Hudson reclamation efforts support infrastructure needs for installed base of HFC systems
- Capabilities to address the conversion of the >125M installed base of HFC units

Circular Economy of Refrigerants Provides Opportunities to Grow Market Share

- On-site Service and SmartEnergyOPS® service conversions of >125 million units
- Responsible end-of-life management via reuse or safe destruction

Market Fragmentation Offers Strategic Acquisition Opportunities

- Stricter regulatory environment, more detailed compliance reporting and mandate for use of reusable cylinders expected to strain smaller refrigerant and reclamation operations

2025 Financial Targets

- Revenue: >\$400M
- Gross margin: ~35%