

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): November 4, 2021

Farmer Bros. Co.

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other Jurisdiction
of Incorporation)

001-34249

(Commission File
Number)

95-0725980

(I.R.S. Employer
Identification No.)

1912 Farmer Brothers Drive,

Northlake, Texas 76262
(Address of Principal Executive Offices) (Zip Code)

888 301-0489

(Registrant's Telephone Number, Including Area Code)

None

(Former Address, if Changed Since Last Report)

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

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$1.00 par value	FARM	NASDAQ Global Select Market

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

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

Item 2.02. Results of Operations and Financial Condition.

On November 4, 2021, Farmer Bros. Co., a Delaware corporation (the "Company"), issued an earnings release announcing its financial results for its first fiscal quarter ended September 30, 2021. A copy of the earnings release is furnished herewith as Exhibit 99.1 and incorporated herein by reference.

The Company will host an investor conference call at 5:00 p.m. Eastern time (4:00 pm Central time) on November 4, 2021 to review the Company's results for its first fiscal quarter ended September 30, 2021. The call will be open to all interested investors through a live audio web broadcast via the Internet at <https://edge.media-server.com/mmc/p/fjhai8vo> and at the Company's website www.farmerbros.com under "Investor Relations." The call also will be available to investors and analysts by dialing Toll Free: (844) 423-9890. The passcode/ID is 8071699.

The webcast replay will be available approximately two hours after the end of the live webcast and will be available for at least 30 days on the Investor Relations section of the Farmer Bros. Co. website.

Item 7.01. Regulation FD Disclosure.

The information set forth in Item 2.02 above is hereby incorporated herein by reference.

As provided in General Instruction B.2. of Form 8-K, the information and exhibit furnished pursuant to Item 2.02 and 7.01 of this report are being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, shall not be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, regardless of any general incorporation language in such filing. In addition, the exhibit furnished herewith contains statements intended as "forward-looking statements" that are subject to the cautionary statements about forward-looking statements set forth in such exhibit.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits**

Exhibit No.	Description
99.1	Earnings Release of Farmer Bros. Co. dated November 4, 2021.
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document

SIGNATURE

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

Dated: November 4, 2021

FARMER BROS. CO.

By:

/s/ Scott R. Drake

Scott R. Drake
Chief Financial Officer
(principal financial officer)



Farmer Bros. Co. Reports Fiscal First Quarter 2022 Financial Results

NORTHLAKE, Texas, November 4, 2021 (GLOBE NEWSWIRE) - Farmer Bros. Co. (NASDAQ: FARM) (the "Company") today reported financial results for its first fiscal quarter ended September 30, 2021.

First Quarter Fiscal 2022 Highlights:

- Net sales were \$108.4 million, an increase of \$11.1 million, or 11.4%, from the prior year period due to continued improvement in the direct-store-delivery ("DSD") channel compared to the prior year period
- Gross margin increased to 29.0% from 23.0% in the prior year period
- Net loss was \$2.4 million compared to a net loss of \$6.3 million in the prior year period
- Adjusted EBITDA was \$3.5 million compared to \$5.7 million in the prior year period*
- As of September 30, 2021, total debt outstanding was \$89.0 million and cash and cash equivalents was \$6.0 million

(*Adjusted EBITDA, a non-GAAP financial measure, is reconciled to its corresponding GAAP measure at the end of this press release.)

Deverl Maserang, Chief Executive Officer, commented, "We're pleased to see the efficiencies that we've built into the business over the past twelve months continue to materialize, and we're encouraged by the continued sequential improvement in sales trends. These factors are resulting in continued gross margin expansion and these benefits are beginning to flow through our improved operating cost structure. We experienced our highest DSD volume during the quarter since the onset of COVID, and our DSD sales volumes have continued to trend favorably in recent weeks. As sales continue to rebound, we've been ramping up our inventory, adding roasting capacity, and continuing our optimization efforts across our distribution and production network. While there continue to be lingering challenges associated with the pandemic, we're excited to see how the business responds as we enter our busy season and look to the balance of the year."

First Quarter Fiscal 2022 Results:

Selected Financial Data

The selected financial data presented below under the captions “Income statement data,” “Operating data” and “Other data” summarizes certain performance measures for the three months ended September 30, 2021 and 2020 (unaudited).

	Three Months Ended September 30,	
	2021	2020
(In thousands, except per share data)		
<u>Income statement data:</u>		
Net sales	\$ 108,362	\$ 97,270
Gross margin	29.0 %	23.0 %
Loss from operations	\$ (1,780)	\$ (11,443)
Net loss	\$ (2,424)	\$ (6,270)
Net loss available to common stockholders per common share—diluted	\$ (0.14)	\$ (0.37)
<u>Operating data:</u>		
Total Green Coffee pounds sold		
Sold through DSD and Other	6,164	4,773
Sold through Direct Ship	13,712	16,160
EBITDA (1)	\$ 6,089	\$ 2,906
EBITDA Margin (1)	5.6 %	3.0 %
Adjusted EBITDA (1)(2)	\$ 3,489	\$ 5,693
Adjusted EBITDA Margin (1)	3.2 %	5.9 %
<u>Other data:</u>		
Capital expenditures related to maintenance	\$ 2,243	\$ 1,595
Total capital expenditures	\$ 2,542	\$ 4,366
Depreciation and amortization expense	\$ 6,279	\$ 7,041

(1) EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures; a reconciliation of these non-GAAP measures to their corresponding GAAP measures is included at the end of this press release.

(2) Adjusted EBITDA for the three months ended September 30, 2020 includes \$7.2 million of higher amortized gains resulting from the curtailment of the postretirement medical plan in March 2020, which is further described in our consolidated financial statements in the 2021 Form 10-K.

Net sales in the first quarter of fiscal 2022 were \$108.4 million, an increase of \$11.1 million, or 11.4%, from the prior year period. The increase in net sales was driven primarily by continued recovery from the COVID-19 pandemic as local governments across the country eased restrictions and vaccines were distributed and rolled out successfully. During the quarter ended September 30, 2021, our average weekly DSD sales were down 25% compared to pre-COVID levels, which represents continued improvement from the quarter ended June 30, 2021 and quarter ended September 30, 2020 when sales were down 27% and 41%, respectively. Although we experienced improvement in several markets during the first fiscal quarter, the recovery in certain regions and markets was negatively impacted by the recent increase in COVID-19 cases which caused certain government restrictions to be reimplemented.

Our direct ship channel sales declined 5.7% during the three months ended September 30, 2021 compared to the prior year period. This was due to accounts we decided to exit during fiscal 2021 because they resulted in lower or negative profit due to the impacts from COVID-19 on their business. These declines were partially offset by the recovery from the COVID-19 impact of some of our other direct ship customers.

Gross profit in the first quarter of fiscal 2022 was \$31.5 million, an increase of \$9.1 million, or 40.3% from the prior year gross profit of \$22.4 million, and gross margin increased 6.0% to 29.0% compared to 23.0% a year ago. This improvement was mostly due to the effect of the continued recovery from COVID-19 on our DSD channel sales since our DSD channel has higher margins. The increase was also attributable to a decline in our unfavorable production variances and inventory scrap write-downs due to the closure of our aged Houston, Texas plant during fiscal 2021.

Operating expenses in the first quarter of fiscal 2022 decreased \$0.6 million, or 1.9%, to \$33.2 million, from \$33.9 million in the prior year period, and decreased as a percentage of net sales to 30.7% compared to 34.8% in the prior year period. The decrease in operating expenses was driven by a \$5.2 million increase in net gains from the sales of assets primarily due to the sale of two branch properties during the quarter ended September 30, 2021. This decline was largely offset by a \$2.5 million increase in selling expenses and a \$2.1 million increase in general and administrative expenses. The increase in selling expenses was primarily due to variable costs, including payroll, associated with the higher sales volumes, as well as operating costs associated with our new distribution center in Rialto, California. The increase in general and administrative expenses was primarily due to payroll and third party costs related to several supply chain optimization initiatives. The increase in payroll in both selling and general and administrative expenses was predominately due to the return of the 15% temporary decline in base salaries and of the 401(k) cash match suspension that were both cost saving actions implemented in fiscal 2020 due to the COVID-19 pandemic.

Interest expense in the first quarter of fiscal 2022 decreased \$0.2 million to \$3.0 million from \$3.2 million in the prior year period. The decrease in interest expense was principally due to the lower interest rate on our Credit Facilities, and fewer losses on our interest rate swap.

Other, net in the three months ended September 30, 2021 decreased by \$6.1 million to income of \$2.4 million compared to income of \$8.6 million in the prior year period. The decrease was primarily a result of lower amortized gains on our terminated postretirement medical benefit plan, partially offset by higher mark-to-market net gains on coffee-related derivative instruments not designated as accounting hedges.

As a result of the foregoing factors, net loss was \$2.4 million in the first quarter of fiscal 2022 as compared to a net loss of \$6.3 million in the prior year period.

Our capital expenditures for the three months ended September 30, 2021 were \$2.5 million, a decline of \$1.9 million compared to the prior year period. This was due to lower investment spending of \$2.5 million for several strategic initiatives completed during fiscal 2021, partially offset by higher maintenance capital spend of \$0.6 million compared to the prior year period. The higher maintenance capital was due to coffee brewing equipment purchased for our DSD customers as volumes have improved. Several key initiatives, including a focus on refurbished coffee brewing equipment to drive cost savings, have helped reduce our purchases as DSD sales volumes return.

As of September 30, 2021, the outstanding principal on our Revolver and Term Loan Credit Facilities was \$89.0 million, a decrease of \$2.0 million since June 30, 2021. Our cash balance decreased by \$4.3 million, from \$10.3 million as of June 30, 2021, to \$6.0 million as of September 30, 2021. These changes were due to higher inventory, as we increased purchases for our peak season during our second fiscal quarter, and payment of our fiscal 2021 employee incentive program. These uses of cash were partially offset by cash proceeds from the sale of two branch properties during the current quarter.

Non-GAAP Financial Measures:

EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP (U.S. generally accepted accounting principles) financial measures within the meaning of the rules of the Securities and Exchange Commission (“SEC”). See the Non-GAAP Financial Measures section on why the Company believes these supplemental measures are useful, reconciliations to the most directly comparable GAAP measure, and the limitations on the use of these supplemental measures.

Adjusted EBITDA was \$3.5 million in the first quarter of fiscal 2022, as compared to \$5.7 million in the prior year period, and Adjusted EBITDA Margin was 3.2% in the first quarter of fiscal 2022, as compared to 5.9% in the prior year period.

About Farmer Bros. Co.

Founded in 1912, Farmer Bros. Co. is a national coffee roaster, wholesaler and distributor of coffee, tea and culinary products. The Company’s product lines include organic, Direct Trade and sustainably-produced coffee. With a robust line of coffee, hot and iced teas, cappuccino mixes, spices, and baking/biscuit mixes, the Company delivers extensive beverage planning services and culinary products to its U.S. based customers. The Company serves a wide variety of customers, from small independent restaurants and foodservice operators to large institutional buyers like restaurant, department and convenience store chains, hotels, casinos, healthcare facilities, and gourmet coffee houses, as well as grocery chains with private brand coffee and consumer branded coffee and tea products, and foodservice distributors.

Headquartered in Northlake, Texas, Farmer Bros. Co. generated net sales of \$397.8 million in fiscal 2021. The Company’s primary brands include Farmer Brothers®, Artisan Collection by Farmer Brothers™, Superior®, Metropolitan™, China Mist® and Boyds®.

Investor Conference Call

Deverl Maserang, Chief Executive Officer, and Scott Drake, Chief Financial Officer, will host an audio-only investor conference call today, November 4, 2021, at 5:00 p.m. Eastern time (4:00 p.m. Central time) to review the Company’s financial results for the first quarter ended September 30, 2021. The Company’s earnings press release will be available on the Company’s website at www.farmerbros.com under “Investor Relations.”

The call will be open to all interested investors through a live audio web broadcast via the Internet at <https://edge.media-server.com/mmc/p/fjhai8vo> and at the Company’s website www.farmerbros.com under “Investor Relations.” The call also will be available to investors and analysts by dialing Toll Free: (844) 423-9890. The passcode/ID is 8071699.

The audio-only webcast will be archived for at least 30 days on the Investor Relations section of the Farmer Bros. Co. website, and will be available approximately two hours after the end of the live webcast.

Forward-Looking Statements

This Quarterly Report on Form 10-Q and other documents we file with the Securities and Exchange Commission (“SEC”) contain forward-looking statements that are based on current expectations, estimates, forecasts and projections about us, our future performance, our financial condition, our products, our business strategy, our beliefs and our management’s assumptions. In addition, we, or others on our behalf, may make forward-looking statements in press releases or written statements, or in our communications and discussions with investors and analysts in the normal course of business through meetings, webcasts, phone calls and conference calls. These forward-looking statements can be identified by the use of words like “anticipates,” “estimates,” “projects,” “expects,” “plans,” “believes,” “intends,” “will,” “could,” “may,” “assumes” and other words of similar meaning. These statements are based on management’s beliefs, assumptions, estimates and observations of future events based on information available to our management at the time the statements are made and include any statements that do not relate to any historical or current fact. These statements are not guarantees of future performance and they involve certain risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from what is expressed, implied or forecast by our forward-looking statements due in part to the risks, uncertainties and assumptions set forth in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended June 30, 2021 filed with the SEC on September 9, 2021 (the “2021 Form 10-K”) and Part II, Item 1A of this Quarterly Report on Form 10-Q, as well as those discussed elsewhere in this report and other factors described from time to time in our filings with the SEC.

Factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, duration of the disruption to our business and customers from the COVID-19 pandemic and severe winter weather,

levels of consumer confidence in national and local economic business conditions, the duration and magnitude of the pandemic's impact on unemployment rates, the success of our strategy to recover from the effects of the pandemic, the success of our turnaround strategy, the execution of our five strategic initiatives, the impact of capital improvement projects, the adequacy and availability of capital resources to fund our existing and planned business operations and our capital expenditure requirements, the relative effectiveness of compensation-based employee incentives in causing improvements in our performance, the capacity to meet the demands of our large national account customers, the extent of execution of plans for the growth of our business and achievement of financial metrics related to those plans, our success in retaining and/or attracting qualified employees, our success in adapting to technology and new commerce channels, the effect of the capital markets as well as other external factors on stockholder value, fluctuations in availability and cost of green coffee, competition, organizational changes, the effectiveness of our hedging strategies in reducing price and interest rate risk, changes in consumer preferences, our ability to provide sustainability in ways that do not materially impair profitability, changes in the strength of the economy, business conditions in the coffee industry and food industry in general, our continued success in attracting new customers, variances from budgeted sales mix and growth rates, weather and special or unusual events, as well as other risks described in this Quarterly Report on Form 10-Q and other factors described from time to time in our filings with the SEC.

Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results. Any or all of the forward-looking statements contained in this Quarterly Report on Form 10-Q and any other public statement made by us, including by our management, may turn out to be incorrect. We are including this cautionary note to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for forward-looking statements. We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise, except as required under federal securities laws and the rules and regulations of the SEC.

FARMER BROS. CO.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(In thousands, except share and per share data)

	Three Months Ended September 30,	
	2021	2020
Net sales	\$ 108,362	\$ 97,270
Cost of goods sold	76,908	74,851
Gross profit	31,454	22,419
Selling expenses	26,009	23,498
General and administrative expenses	11,807	9,746
Net (gains) losses from sales of assets	(4,582)	618
Operating expenses	33,234	33,862
Loss income from operations	(1,780)	(11,443)
Other (expense) income:		
Interest expense	(3,026)	(3,244)
Other, net	2,444	8,559
Total other (expense) income	(582)	5,315
Loss before taxes	(2,362)	(6,128)
Income tax expense	62	142
Net loss	(2,424)	\$ (6,270)
Less: Cumulative preferred dividends, undeclared and unpaid	147	142
Net loss available to common stockholders	\$ (2,571)	\$ (6,412)
Net loss available to common stockholders per common share—basic	\$ (0.14)	\$ (0.37)
Net loss available to common stockholders per common share—diluted	\$ (0.14)	\$ (0.37)
Weighted average common shares outstanding—basic	17,969,694	17,420,442
Weighted average common shares outstanding—diluted	17,969,694	17,420,442

FARMER BROS. CO.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In thousands, except share and per share data)

	September 30, 2021	June 30, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,014	\$ 10,263
Restricted cash	175	175
Accounts receivable, net of allowance for doubtful accounts of \$334 and \$325, respectively	43,377	40,321
Inventories	83,862	76,791
Short-term derivative assets	8,798	4,351
Prepaid expenses	6,024	5,594
Assets held for sale	90	1,591
Total current assets	148,340	139,086
Property, plant and equipment, net	146,703	150,091
Intangible assets, net	17,649	18,252
Right-of-use operating lease assets	29,133	26,254
Other assets	3,911	4,323
Total assets	\$ 345,736	\$ 338,006
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	52,816	45,703
Accrued payroll expenses	10,749	15,345
Operating leases liabilities - current	6,908	6,262
Term loan - current	1,900	950
Short-term derivative liabilities	1,730	1,555
Other current liabilities	7,717	6,425
Total current liabilities	81,820	76,240
Long-term borrowings under revolving credit facility	41,500	43,500
Term loan - noncurrent	43,432	44,328
Accrued pension liabilities	39,179	39,229
Accrued postretirement benefits	958	960
Accrued workers' compensation liabilities	3,649	3,649
Operating lease liabilities - noncurrent	22,455	20,049
Other long-term liabilities	4,710	5,092
Total liabilities	\$ 237,703	\$ 233,047
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$1.00 par value, 500,000 shares authorized; Series A Convertible Participating Cumulative Perpetual Preferred Stock, 21,000 shares authorized; 14,700 shares issued and outstanding as of September 30, 2021 and June 30, 2021; liquidation preference of \$16,899 and \$16,752 as of September 30, 2021 and June 30, 2021, respectively	15	15
Common stock, \$1.00 par value, 25,000,000 shares authorized; 17,998,797 and 17,852,793 shares issued and outstanding as of September 30, 2021 and June 30, 2021, respectively	17,999	17,853
Additional paid-in capital	67,355	66,109
Retained earnings	63,740	66,311
Accumulated other comprehensive loss	(41,076)	(45,329)
Total stockholders' equity	\$ 108,033	\$ 104,959
Total liabilities and stockholders' equity	\$ 345,736	\$ 338,006

FARMER BROS. CO.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In thousands)

	Three Months Ended September 30,	
	2021	2020
Cash flows from operating activities:		
Net loss	\$ (2,424)	\$ (6,270)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	6,279	7,041
Net (gains) losses from sales of assets	(4,582)	618
Net (gains) losses on derivative instruments	(3,192)	807
Other adjustments	1,497	958
Change in operating assets and liabilities:		
Accounts receivable	(3,160)	(1,046)
Inventories	(7,753)	(4,321)
Derivative assets (liabilities), net	2,946	(7,553)
Other assets	(19)	1,181
Accounts payable	6,863	12,880
Accrued expenses and other	(3,190)	4,690
Net cash (used in) provided by operating activities	\$ (6,735)	\$ 8,985
Cash flows from investing activities:		
Purchases of property, plant and equipment	(2,542)	(4,366)
Proceeds from sales of property, plant and equipment	7,297	226
Net cash provided (used) in investing activities	\$ 4,755	\$ (4,140)
Cash flows from financing activities:		
Proceeds from Credit Facilities	2,000	3,000
Repayments on Credit Facilities	(4,000)	(55,200)
Payments of finance lease obligations	(48)	(9)
Payment of financing costs	(221)	(1,624)
Net cash used in financing activities	(2,269)	\$ (53,833)
Net decrease in cash and cash equivalents and restricted cash	(4,249)	\$ (48,988)
Cash and cash equivalents and restricted cash at beginning of period	10,438	60,013
Cash and cash equivalents and restricted cash at end of period	\$ 6,189	\$ 11,025

Non-GAAP Financial Measures

In addition to net loss determined in accordance with U.S. generally accepted accounting principles (“GAAP”), we use the following non-GAAP financial measures in assessing our operating performance:

“*EBITDA*” is defined as net loss excluding the impact of:

- income taxes;
- interest expense; and
- depreciation and amortization expense.

“*EBITDA Margin*” is defined as EBITDA expressed as a percentage of net sales.

“*Adjusted EBITDA*” is defined as net loss excluding the impact of:

- income taxes;
- interest expense (benefit);
- (loss) income from short-term investments;
- depreciation and amortization expense;
- ESOP and share-based compensation expense;
- severance costs;
- non-recurring costs associated with the COVID-19 pandemic;
- net gains and losses from sales of assets;
- non-cash pension settlements and postretirement benefits curtailment; and
- acquisition, integration and strategic initiative costs.

“*Adjusted EBITDA Margin*” is defined as Adjusted EBITDA expressed as a percentage of net sales.

For purposes of calculating EBITDA and EBITDA Margin and Adjusted EBITDA and Adjusted EBITDA Margin, we have not adjusted for the impact of interest expense on our pension and postretirement benefit plans.

We believe these non-GAAP financial measures provide a useful measure of the Company’s operating results, a meaningful comparison with historical results and with the results of other companies, and insight into the Company’s ongoing operating performance. Further, management utilizes these measures, in addition to GAAP measures, when evaluating and comparing the Company’s operating performance against internal financial forecasts and budgets.

We believe that EBITDA facilitates operating performance comparisons from period to period by isolating the effects of certain items that vary from period to period without any correlation to core operating performance or that vary widely among similar companies. These potential differences may be caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of facilities and equipment (affecting relative depreciation expense). We also present EBITDA and EBITDA Margin because (i) we believe that these measures are frequently used by securities analysts, investors and other interested parties to evaluate companies in our industry, (ii) we believe that investors will find these measures useful in assessing our ability to service or incur indebtedness, and (iii) we use these measures internally as benchmarks to compare our performance to that of our competitors.

EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin, as defined by us, may not be comparable to similarly titled measures reported by other companies. We do not intend for non-GAAP financial measures to be considered in isolation or as a substitute for other measures prepared in accordance with GAAP.

Set forth below is a reconciliation of reported net loss to EBITDA (unaudited):

(In thousands)	Three Months Ended September 30,	
	2021	2020
Net loss, as reported	\$ (2,424)	\$ (6,270)
Income tax expense	62	142
Interest expense(1)	2,172	1,993
Depreciation and amortization expense	6,279	7,041
EBITDA	<u>\$ 6,089</u>	<u>\$ 2,906</u>
EBITDA Margin	5.6 %	3.0 %

(1) Excludes interest expense related to pension plans and postretirement benefits plan.

Set forth below is a reconciliation of reported net loss to Adjusted EBITDA (unaudited):

(In thousands)	Three Months Ended September 30,	
	2021	2020
Net loss, as reported	\$ (2,424)	\$ (6,270)
Income tax expense	62	142
Interest expense(1)	2,172	1,993
Depreciation and amortization expense	6,279	7,041
ESOP and share-based compensation expense	1,392	1,155
Strategic initiatives	—	341
Net (gains) losses from sales of other assets	(4,582)	618
Non-recurring costs associated with the COVID-19 pandemic	—	111
Severance	590	562
Adjusted EBITDA (2)	<u>3,489</u>	<u>\$ 5,693</u>
Adjusted EBITDA Margin	3.2 %	5.9 %

(1) Excludes interest expense related to pension plans and postretirement benefit plans.

(2) Adjusted EBITDA for the three months ended September 30, 2020 includes \$7.2 million of higher amortized gains resulting from the curtailment of the postretirement medical plan in March 2020, which is further described in our consolidated financial statements in the 2021 Form 10-K.

Contact:
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Jeff Majtyka & Kyle King
646-776-0886