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): **April 26, 2021**

Hydrofarm Holdings Group, Inc.

(Exact name of registrant as specified in its charter)

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

290 Canal Road
Fairless Hills, PA 190300
(Address of Principal Executive Offices) (Zip Code)

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

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

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

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

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

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

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value per share	HYFM	NASDAQ 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 1.01 Entry into a Material Definitive Agreement.

On April 26, 2021, Hydrofarm Holdings Group, Inc., (the "Company") entered into a unit purchase and contribution agreement (the "Purchase Agreement") with Field 16, LLC, a Delaware limited liability company ("HEAVY 16"), F16 Holding LLC, a California limited liability company (the "Seller"), and the members of the Seller, pursuant to which the Company will acquire 100% of the issued and outstanding membership interests of HEAVY 16 (the "Acquisition"). Pursuant to the terms of the Purchase Agreement, the Company has agreed to pay a purchase price of up to $78.1 million, consisting of $63.1 million in cash and $15 million of its common stock, subject to customary adjustments at closing for cash, working capital, transaction expenses and indebtedness of HEAVY 16. The purchase price includes a potential earn out payment of up to $2.5 million based on achievement of certain performance metrics. In connection with the Acquisition, the Company intends to enter into employment agreements with certain key employees of HEAVY 16.

HEAVY 16 is a leading manufacturer and supplier of branded plant nutritional products, with nine core products that are currently sold to approximately 300 retail stores across the U.S. The HEAVY 16 products feature a full line of premium nutrients with nine core products used in all stages of plant growth, helping to increase the yield and quality of crops. The Company believes that the strategic combination of its leading distribution capabilities and HEAVY 16's branded nutrient capabilities will enable the HEAVY 16 brand to rapidly grow across the Company's existing customer base. In addition, the Company believes there will be an opportunity to use its distribution platform outside the U.S. to offer the HEAVY 16 products internationally. Moreover, by broadening the Company's proprietary branded offerings into the plant nutrients category, the Company anticipates that the Acquisition will also enable it to further serve the needs of its retail partners and commercial growers as it continues to penetrate the market. Subject to the consummation of the Acquisition, the Company will acquire approximately 70 SKUs in the nutrient category and a new 25,000 square foot manufacturing facility in Paramount, California with cutting edge blending, bottling and filling equipment. Approximately 15 employees are expected to join the Company upon consummation of the Acquisition.

The Acquisition is expected to close in May 2021, subject to customary closing conditions. The Purchase Agreement also includes customary representations, warranties and covenants of the Company and the Seller. The Purchase Agreement also contains post-closing indemnification obligations pursuant to which the parties have agreed to indemnify each other against losses resulting from certain events, including breaches of representations and warranties, covenants and certain other matters.

The foregoing description of the Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the provisions of the Purchase Agreement, a copy of which is filed as Exhibit 10.38 to the registration statement on Form S-1 (File No. 333-255510) relating to the Equity Offering (as defined below).

Item 2.02 Results of Operations and Financial Condition.

The information set forth in Item 7.01 below is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

HEAVY 16 Acquisition

On April 26, 2021, the Company issued a press release announcing the Acquisition. A copy of the press release is attached as Exhibit 99.1 and incorporated herein by reference.

This Current Report on Form 8-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These statements include statements made about the Acquisition described above. Such statements are based on current assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially. These risks and uncertainties, many of which are beyond the Company's control, include risks described in the section entitled "Risk Factors" and elsewhere in the Company's Annual Report on Form 10-K filing made with the Securities and Exchange Commission on March 30, 2021. These forward-looking statements speak only as of the date hereof and should not be unduly relied upon. The Company disclaims any obligation to update these forward-looking statements. All forward-looking statements in this document are qualified in their entirety by this cautionary statement.

Equity Offering

On April 26, 2021, the Company issued a press release, which is attached hereto as Exhibit 99.2, to announce that it has commenced a public offering of an aggregate of 4,000,000 shares of its common stock (the "Equity Offering"). In addition, set forth below are certain updates with respect to the Company's business and results of operations included in the preliminary prospectus for the Equity Offering.

Preliminary First Quarter 2021 Financial Results

The following presents selected preliminary unaudited financial results as of, and for, the three months ended March 31, 2021. The Company's consolidated financial statements as of, and for, the three months ended March 31, 2021, are not yet available. The following information reflects the Company's preliminary estimates based on currently available information. The Company has provided ranges, rather than specific amounts, for the preliminary results described below primarily because its financial closing procedures for the three months ended March 31, 2021, are not yet complete and, as a result, its final results upon completion of its closing procedures may vary from the preliminary estimates within the ranges described below. The Company expects to complete its closing procedures with respect to the quarter ended March 31, 2021 after the completion of the Equity Offering. The estimates were prepared by the Company's management, based upon a number of assumptions, in connection with preparation of its financial statements and completion of its preliminary review for the quarter ended March 31, 2021. Additional items that would require material adjustments to the preliminary financial information may yet be identified. In addition, the Company's estimated range of Adjusted EBITDA for the three months ended March 31, 2021 excludes the impact of certain income and expense items which have not been fully reviewed by management and are subject to further adjustments, some of which may be material.

Estimates of results are inherently uncertain and subject to change, and the Company undertakes no obligation to update this information. These estimates and non-GAAP measures, including Adjusted EBITDA, should not be viewed as a substitute for interim financial statements prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP" or "GAAP"). In addition, the preliminary results are not necessarily indicative of the results that may be reported for the remainder of fiscal 2021 or any future periods. The Company's independent registered public accounting firm has not conducted a review of, and does not express an opinion or any other form of assurance with respect to, these preliminary estimates.

For the three months ended March 31, 2021, the Company expects to report:

- Net sales in the range of $109 million to $111 million, as compared to $66.9 million for the three months ended March 31, 2020, an increase of approximately 65% calculated using the midpoint of the range. The growth in net sales was broad and diverse, with higher net sales expected across multiple geographies, product categories and its brand segments (its proprietary, preferred and distributed brands).

- Net income in the range of $4.1 million to $4.9 million, as compared to net loss of ($3.1) million for the three months ended March 31, 2020.

- Adjusted EBITDA in the range of $8.9 million to $9.9 million, as compared to $1.6 million for the three months ended March 31, 2020, an increase of approximately 490% calculated using the midpoint of the range.

The expected increases in net income and Adjusted EBITDA are due in part to (i) anticipated higher sales driven in part by the Company's proprietary brands which it believes grew faster than its preferred and distributed brands in the first quarter of 2021 versus the same period in the prior year, (ii) anticipated higher gross profit resulting from the higher sales referenced above and a higher gross profit margin in the first quarter of 2021 versus the same period in the prior year primarily as a result of more favorable sales mix, and (iii) anticipated leverage on the Company's selling, general and administrative expenses which it expects were lower as a percentage of net sales in the first quarter of 2021 versus the same period in the prior year.

Additionally, as of March 31, 2021, the Company estimates that it had cash, cash equivalents and restricted cash of approximately $62.0 million and an aggregate principal amount of debt outstanding of $1.1 million. The Company also estimates that it had $50.0 million of available borrowing capacity under the Senior Secured Revolving Credit Facility with JPMorgan Chase Bank, N.A., as administrative agent, issuing bank and swingline lender.

Non-GAAP Financial Presentation

The Company reports its financial results in accordance with U.S. GAAP. However, management believes that certain non-GAAP financial measures provide investors with additional useful information in evaluating the Company's performance and that excluding certain items that may vary substantially in frequency and magnitude period-to-period from net income (loss) provides useful supplemental measures that assist in evaluating its ability to generate earnings and to more readily compare these metrics between past and future periods. These non-GAAP financial measures may be different than similarly titled measures used by other companies.

The Company defines Adjusted EBITDA as net income (loss) excluding interest expense, income taxes, depreciation and amortization, share-based compensation, employer payroll taxes on share-based compensation and other unusual and/or infrequent costs (i.e., impairment, restructuring and other expenses, acquisition-related expenses, loss on debt extinguishment and other income, net), which the Company does not consider in its evaluation of ongoing operating performance.

The reconciliation below is to preliminary net income and management has not completed its review of these items; therefore, actual results could differ significantly. The following table reconciles the preliminary Adjusted EBITDA range of $8.9 million to $9.9 million to the preliminary net income range of $4.1 million to $4.9 million for the three months ended March 31, 2021:

	Range Three Months Ended March 31, 2021 (in millions)			
Net Income Range	**$**	**4.1**	**$**	**4.9**
Interest expense		0.1		0.1
Income taxes		0.6		0.8
Depreciation and amortization		1.6		1.6
Impairment, restructuring and other		0.0		0.0
Acquisition expenses (1)		0.6		0.6
Other income, net		(0.1)		(0.1)
Stock-based compensation (2)		1.3		1.3
Loss on debt extinguishment		0.7		0.7
Adjusted EBITDA Range	**$**	**8.9**	**$**	**9.9**

(1) Acquisition expenses includes consulting, transaction services and legal fees incurred for the signed and pending HEAVY 16 acquisition and certain potential acquisitions.
(2) Stock-based compensation also includes the amount of employer payroll taxes on stock-based compensation.

The following table reconciles Adjusted EBITDA to the net loss of $3.1 million for the three months ended March 31, 2020:

	Three Months Ended March 31, 2020 (in millions)	
Net Loss	**$**	**(3.1)**
Interest expense		2.8
Income taxes		0.1
Depreciation and amortization		1.8
Impairment, restructuring and other		0.0
Acquisition expenses		0.0
Other income, net		0.0
Stock-based compensation		0.0
Loss on debt extinguishment		0.0
Adjusted EBITDA	**$**	**1.6**

Item 9.01 Financial Statements and Exhibits.

Exhibit No.	Description
2.01	Unit Purchase and Contribution Agreement, dated as of April 26, 2021, by and among Hydrofarm Holdings Group, Inc., Field 16, LLC, F16 Holding LLC and the members of F16 Holding LLC (incorporated by reference to Exhibit 10.38 to the Company's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on April 26, 2021).
99.1	Press Release, dated April 26, 2021, announcing the Acquisition and Preliminary Financial Results for First Quarter 2021.
99.2	Press Release, dated April 26, 2021, announcing launch of the Equity Offering.

SIGNATURES

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

Hydrofarm Holdings Group, Inc.

Date: April 26, 2021	By:	/s/ William Toler
		Name: William Toler
		Title: Chief Executive Officer

Exhibit 99.1

Hydrofarm Enters into Agreement to Acquire Premium Nutrient Maker HEAVY 16, Announces Preliminary Financial Results for First Quarter 2021

Hydroponics Market Leader to Acquire High-Growth Nutrient Manufacturer to Expand Proprietary Brand Portfolio

Fairless Hills, Pa. (Monday, April 26, 2021) – Hydrofarm Holdings Group, Inc. (“Hydrofarm”) (Nasdaq: HYFM), a leading distributor and manufacturer of hydroponics equipment and supplies, announced it has entered into an agreement to acquire Field 16, LLC, the manufacturer and distributor of HEAVY 16, a line of premium plant nutrients (collectively “HEAVY 16”). The company’s first acquisition since its December 2020 initial public offering, the move further enhances Hydrofarm’s already robust portfolio of high-performance, innovative and proprietary branded products in the lighting, climate control, nutrients and growing media categories.

“As a leading hydroponics company, a key component of our growth strategy is to bring dynamic brands like HEAVY 16 under the Hydrofarm umbrella and continue to solidify our position as the acquirer of choice in this highly fragmented and fast-growing industry,” said Bill Toler, Chairman and Chief Executive Officer of Hydrofarm. “Controlled environment agriculture is in the midst of a revolution and poised to be the most significant new market category to emerge in a generation.”

Subject to customary closing conditions, the transaction is expected to be completed in May 2021. Upon completion of the transaction. HEAVY 16 CEO Aaron Berkowitz will join the Hydrofarm senior management team as he continues to lead the HEAVY 16 business. In addition, HEAVY 16 Founder and Chief Agronomist Bryce Patterson will continue to work alongside Mr. Berkowitz as Chief Agronomist, focusing on research and development, customer experience, and integration efforts.

“Since HEAVY 16’s inception, our innovation has been driven by listening to local farmers and using the highest-grade ingredients to formulate a potent and streamlined nutrient regimen to help them achieve their goals. As the first line of nutrients to be manufactured under the Hydrofarm umbrella, we now have the opportunity to further accelerate the development and introduction of solutions that empower growers to operate more effectively and sustainably as this transformative industry continues to evolve,” said Mr. Berkowitz. “We are thrilled to join the Hydrofarm family of brands as we explore new frontiers in the CEA space together.”

Paramount, Calif.-based HEAVY 16 delivers a full line of premium nutrients with nine core products used in all stages of plant growth, helping to increase the yield and quality of crops. Available across the U.S. in more than 300 retail stores, HEAVY 16 products provide a streamlined system for achieving even the most demanding agricultural goals.

The strategic combination of Hydrofarm’s leading distribution capabilities and HEAVY 16’s branded nutrient manufacturing capabilities will enable the highly respected HEAVY 16 brand to grow more rapidly across the combined company’s customer base. The acquisition also fits squarely with Hydrofarm’s strategy to acquire branded manufacturers in key CEA product categories, such as plant nutrients. Hydrofarm expects HEAVY 16 to generate approximately $23 million in net sales across the full calendar year 2021, representing significant growth from the prior year. HEAVY 16’s profit margin profile will be accretive to Hydrofarm and as a result, the Company expects the acquisition will enhance the Company’s adjusted EBITDA margin for the 2021 fiscal year.

Hydrofarm will fund the full transaction consideration of up to $78.1 million using a combination of cash, the Company's existing credit facility and $15.0 million in newly issued HYFM common stock. The referenced transaction consideration includes a potential earn out payment of up to $2.5 million based on achievement of certain performance metrics. The Company expects the transaction to be accretive to earnings in 2021 and beyond. The transaction represents an acquisition value of less than 7x HEAVY 16's estimated 2021 Adjusted EBITDA, excluding synergies but including the net present value of tax benefits resulting from the transaction.

Rothschild & Co. is serving as financial advisor and Cozen O'Connor is serving as legal advisor to Hydrofarm.

Preliminary First Quarter 2021 Financial Results

The Company also announced the following preliminary unaudited financial results for its first quarter ended March 31, 2021:

- The Company estimates that net sales will range between $109 million to $111 million, as compared to $66.9 million for the three months ended March 31, 2020, an increase of approximately 65% calculated using the midpoint of the range. The growth in net sales was broad and diverse, with higher net sales expected across multiple geographies, product categories and brand segments, including the Company's proprietary, preferred and distributed brands.

- Net income is expected to range between $4.1 million and $4.9 million, as compared to a net loss of ($3.1) million for the three months ended March 31, 2020.

- Adjusted EBITDA is estimated to be between $8.9 million to $9.9 million, as compared to $1.6 million for the three months ended March 31, 2020, an increase of approximately 490% calculated using the midpoint of the range.

- As of March 31, 2021, the Company estimates that it had cash, cash equivalents and restricted cash of approximately $62.0 million and an aggregate principal amount of debt outstanding of $1.1 million, as well as $50.0 million of available borrowing capacity under its revolving credit agreement.

The expected increases in net income and Adjusted EBITDA are due in part to (i) anticipated higher sales driven in part by the Company's proprietary brands which it believes grew faster than its preferred and distributed brands in the first quarter of 2021 versus the same period in the prior year, (ii) anticipated higher gross profit resulting from the higher sales referenced above and a higher gross profit margin in the first quarter of 2021 versus the same period in the prior year primarily as a result of more favorable sales mix, and (iii) anticipated leverage on the Company's selling, general and administrative expenses which it expects were lower as a percentage of net sales in the first quarter of 2021 versus the same period in the prior year.

Preliminary results remain subject to the completion of normal quarter-end accounting procedures and adjustments and are subject to change.

Non-GAAP Financial Presentation

The Company reports its financial results in accordance with U.S. GAAP. However, management believes that certain non-GAAP financial measures provide investors with additional useful information in evaluating the Company's performance and that excluding certain items that may vary substantially in frequency and magnitude period-to-period from net income (loss) provides useful supplemental measures that assist in evaluating its ability to generate earnings and to more readily compare these metrics between past and future periods. These non-GAAP financial measures may be different than similarly titled measures used by other companies.

The Company defines Adjusted EBITDA as net income (loss) excluding interest expense, income taxes, depreciation and amortization, share-based compensation, employer payroll taxes on share-based compensation and other unusual and/or infrequent costs (i.e., impairment, restructuring and other expenses, acquisition-related expenses, loss on debt extinguishment and other income, net), which the Company does not consider in its evaluation of ongoing operating performance.

The reconciliation below is to preliminary net income and management has not completed its review of these items; therefore, actual results could differ significantly. The following table reconciles the preliminary Adjusted EBITDA range of $8.9 million to $9.9 million to the preliminary net income range of $4.1 million to $4.9 million for the three months ended March 31, 2021:

	Range Three Months Ended March 31, 2021 (in millions)	
Net Income Range	**$ 4.1**	**$ 4.9**
Interest expense	0.1	0.1
Income taxes	0.6	0.8
Depreciation and amortization	1.6	1.6
Impairment, restructuring and other	0.0	0.0
Acquisition expenses (1)	0.6	0.6
Other income, net	(0.1)	(0.1)
Stock-based compensation (2)	1.3	1.3
Loss on debt extinguishment	0.7	0.7
Adjusted EBITDA Range	**$ 8.9**	**$ 9.9**

(1) Acquisition expenses includes consulting, transaction services and legal fees incurred for the signed and pending HEAVY 16 acquisition and certain potential acquisitions.

(2) Stock-based compensation also includes the amount of employer payroll taxes on stock-based compensation.

The following table reconciles Adjusted EBITDA to the net loss of $3.1 million for the three months ended March 31, 2020:

		Three Months Ended March 31, 2020
		(in millions)
Net Loss	**$**	**(3.1)**
Interest expense		2.8
Income taxes		0.1
Depreciation and amortization		1.8
Impairment, restructuring and other		0.0
Acquisition expenses		0.0
Other income, net		0.0
Stock-based compensation		0.0
Loss on debt extinguishment		0.0
Adjusted EBITDA	**$**	**1.6**

Non-GAAP Financial Measures

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

To supplement our audited consolidated financial statements which are prepared in accordance with GAAP, we use “Adjusted EBITDA”, “Adjusted EBITDA as a percent of net sales”, “Pro Forma Adjusted Net Income” and “Pro Forma Adjusted Net Income per Diluted Share” which are non-GAAP financial measures. Our non-GAAP financial measures should not be considered in isolation from, or as substitutes for, financial information prepared in accordance with GAAP. There are several limitations related to the use of our non-GAAP financial measures as compared to the closest comparable GAAP measures. Some of these limitations include:

We define **Adjusted EBITDA** as net income (loss) excluding interest expense, income taxes, depreciation and amortization, share-based compensation, employer payroll taxes on share-based compensation and other unusual and/or infrequent costs (i.e., impairment, restructuring and other expenses, loss on debt extinguishment and other income, net), which we do not consider in our evaluation of ongoing operating performance.

Conference Call

The Company plans to release full financial results for its first quarter ended March 31, 2021 on May 13, 2021 at 5:00 PM ET. The conference call can be accessed live over the phone by dialing 201-389-0879. A replay will be available after the call until Thursday, May 20, 2021 and can be accessed by dialing 412-317-6671. The passcode is 13718921. The conference call will also be webcast live and archived on the corporate website at www.hydrofarm.com, under the “Investors” section.

About Hydrofarm Holdings Group, Inc.
Hydrofarm is a leading distributor and manufacturer of controlled environment agriculture equipment and supplies, including high-intensity grow lights, climate control solutions, and growing media, as well as a broad portfolio of innovative and proprietary branded products. For more than 40 years, Hydrofarm has helped growers in the U.S. and Canadian markets make growing easier and more productive. The Company's mission is to empower growers, farmers and cultivators with products that enable greater quality, efficiency, consistency and speed in their grow projects. For additional information, please visit: www.hydrofarm.com

About HEAVY 16
HEAVY 16 is a California-based plant nutrient company specialized in blending professional-grade, artisan-quality formulations for the world's most discerning growers. HEAVY 16 utilizes the highest-grade ingredients, concentrated into complex blends, to create a streamlined plant nutrient regimen that drives quality results on every harvest. Visit www.HEAVY16.com for information about our grower-preferred line of nutrients.

Cautionary Note Regarding Forward-Looking Statements

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

The ongoing COVID-19 pandemic could have a material adverse effect on the Company's business, results of operation, financial condition and/or cash flows; Interruptions in the Company's supply chain, whether due to COVID-19 or otherwise could adversely impact expected sales growth and operations; The highly competitive nature of the Company's markets could adversely affect its ability to maintain or grow revenues; Certain of the Company's products may be purchased for use in new or emerging industries or segments, including the cannabis industry, and/or be subject to varying, inconsistent, and rapidly changing laws, regulations, administrative and enforcement approaches, and consumer perceptions and, among other things, such laws, regulations, approaches and perceptions may adversely impact the market for the Company's products; Compliance with environmental and other public health regulations or changes in such regulations or regulatory enforcement priorities could increase the Company's costs of doing business or limit the Company's ability to market all of its products; Damage to the Company's reputation or the reputation of its products or products it markets on behalf of third parties could have an adverse effect on its business; If the Company is unable to effectively execute its e-commerce business, its reputation and operating results may be harmed; The Company's operations may be impaired if its information technology systems fail to perform adequately or if it is the subject of a data breach or cyber-attack; The Company may not be able to adequately protect its intellectual property and other proprietary rights that are material to the Company's business; Acquisitions, other strategic alliances and investments could result in operating and integration difficulties, dilution and other harmful consequences that may adversely impact the Company's business and results of operations. Additional detailed information concerning a number of the important factors that could cause actual results to differ materially from the forward-looking information contained in this release is readily available in the Company's publicly filed Registration Statement on Form S-1 and will also be included in quarterly, annual and other reports. The Company disclaims any obligation to update developments of these risk factors or to announce publicly any revision to any of the forward-looking statements contained in this release, or to make corrections to reflect future events or developments.

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Hydrofarm Holdings Group Announces Launch of Proposed Public Offering of Common Stock

FAIRLESS HILLS, PA —April 26, 2021--Hydrofarm Holdings Group, Inc. (“Hydrofarm” or the “Company”) (Nasdaq: HYFM), a leading independent distributor and manufacturer of hydroponics equipment and supplies for controlled environment agriculture, today announced that it will commence an underwritten public offering of 4.0 million shares of its common stock. All shares of common stock are being offered by Hydrofarm. In connection with the offering, Hydrofarm intends to grant the underwriters a 30-day option to purchase up to approximately 600,000 additional shares of its common stock. The proposed offering is subject to market and other conditions, and there can be no assurances as to whether or when the proposed offering may be completed, or as to the actual size or terms of the proposed offering.

Hydrofarm expects to use the net proceeds from the proposed offering for acquisitions, working capital and other general corporate purposes. Additionally, Hydrofarm may use a portion of the net proceeds to acquire or invest in businesses, products, services, or technologies.

J.P. Morgan and Stifel are acting as lead book-running managers for the offering. Deutsche Bank Securities, Truist Securities and William Blair are acting as book-running managers for the offering.

A registration statement relating to these securities has been filed with the U.S. Securities and Exchange Commission but has not yet become effective. The proposed offering will be made only by means of a prospectus. Copies of the preliminary prospectus, when available, may be obtained from: J.P. Morgan Securities LLC, c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, NY 11717, by email at prospectus-eq_fi@jpmorgan.com or by telephone at (866) 803-9204; or Stifel, Nicolaus & Company, Incorporated, Attention: Prospectus Department, One Montgomery Street, Suite 3700, San Francisco, CA 94104 or by telephone at (415) 364-2720 or by email at syndprospectus@stifel.com.

These securities may not be sold, nor may offers to buy be accepted, prior to the time the registration statement becomes effective. This press release does not constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

About Hydrofarm

Hydrofarm is a leading independent distributor and manufacturer of hydroponics equipment and supplies for controlled environment agriculture, including grow lights, climate control solutions, growing media and nutrients, as well as a broad portfolio of innovative and proprietary branded products. For over 40 years, Hydrofarm has helped growers make growing easier and more productive. The Company’s mission is to empower growers, farmers and cultivators with products that enable greater quality, efficiency, consistency and speed in their grow projects.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect the current beliefs and expectations of management and include, but are not limited to, statements regarding the terms of the proposed public offering, Hydrofarm's expectations with respect to granting the underwriters a 30-day option to purchase additional shares and the completion, timing and size of the proposed public offering. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. Although Hydrofarm believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are subject to risks and uncertainties that may cause Hydrofarm's actual activities or results to differ significantly from those expressed in any forward-looking statement, including, without limitation, risks and uncertainties related to market conditions and the satisfaction of closing conditions related to the proposed public offering, and the risks and uncertainties described under the heading "Risk Factors" in documents Hydrofarm files from time to time with the SEC, including Hydrofarm's Annual Report on Form 10-K filed with the SEC on March 30, 2021, the preliminary prospectus for this offering included as part of the registration statement on Form S-1 related to the proposed offering filed with the SEC on April 26, 2021, and its future periodic reports to be filed with the SEC. These forward-looking statements speak only as of the date of this press release, and Hydrofarm undertakes no obligation to revise or update any forward-looking statements to reflect events or circumstances after the date hereof.

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