Hydrofarm Eliminates $109 Million in Debt, Becoming Debt-Free

November 3, 2026

SHOEMAKERSVILLE, Pa., Nov. 03, 2026 (GLOBE NEWSWIRE) -- Hydrofarm Holdings Group, Inc. (“Hydrofarm” or the “Company”) (Nasdaq: HYFM), a leading independent manufacturer and distributor of branded supplies and equipment for controlled environment agriculture (“CEA”), today provides additional detail on its debt elimination[(i)].

The Recapitalization:

Prior to these actions, the Company had a $109 million Term Loan, with approximately $12 million of annual debt service. In the recapitalization, the Term Loan was eliminated, and the former Term Loan Lenders received $27.5 million of a newly created class of Series 1 Non-Voting Convertible Preferred Stock, convertible to common stock at $1.00 per share, and warrants to purchase 27.5 million shares of common stock at an exercise price of $0.78 per share. In addition, Hydrofarm sold common stock and warrants to investors in a registered direct offering and concurrent private placement (the “Offering”), raising approximately $8.3 million in gross proceeds. Officers and directors of the Company participated in the Offering on the same terms as other investors. Following the Offering and conversion of the Preferred Stock, the Company will have approximately 41.8 million common shares outstanding.

Hydrofarm now has no outstanding debt[(i)] and enhanced liquidity, providing the Company with flexibility to support strategic initiatives and capitalize on market opportunities.

“This is a monumental time for Hydrofarm,” said Bill Toler, Chairman and Chief Executive Officer. “With no debt on our balance sheet, we enter our 50th year in 2027 independent and built to scale. We are also excited about the opportunity to sell our cultivation products directly to commercial cannabis growers, removing a long-standing market access barrier and creating a more robust channel for our products.”

Strategic Priorities:

Hydrofarm remains committed to drive high-quality revenue streams, improve profit margins and strengthen its financial position. The Company’s proprietary and partner brands span the CEA, gardening and agriculture markets. The Company has reduced costs and improved productivity within the organization. Now with the recapitalization complete, Hydrofarm is focused on sustainable growth through commercial direct offerings, organic brands, international expansion, ecommerce, and logistics services.

“The recapitalization reflects the commitment of our organization, former lenders, and investors to build a stronger financial foundation to scale the Hydrofarm platform,” said Eric Ceresnie, Senior Vice President of Corporate Development and International Markets. “We are a lean and focused organization with a capital structure to support growth. We are excited about expanding the direct commercial sales channel, scaling our logistics services platform, and pursuing additional growth opportunities. I'm proud of the resilience of our organization, investors, customers, and vendor partners have shown to get us here. Now we can execute and build.”

Nasdaq Listing Compliance and Other Information:

As previously disclosed, the Company was not in compliance with Nasdaq Listing Rule 5550(b)(1), which requires a minimum of $2.5 million in stockholders’ equity (the “Equity Rule”). Giving effect to the recapitalization and offering, the Company believes that the Company’s pro-forma stockholders’ equity exceeds the $2.5 million minimum, and that the Company has regained compliance with the Equity Rule. As previously disclosed, the Company was also not in compliance with Nasdaq Listing Rule 5550(a)(2), which requires a minimum closing bid price of $1 per share (the “Bid Price Rule”). The Company remains subject to Nasdaq’s continued monitoring of its compliance with the Equity Rule and the other Nasdaq Listing Rules, including the Bid Price Rule, and there can be no assurance that Nasdaq will find that the Company has regained compliance with the Equity Rule or the Bid Price Rule, or that the Company will remain in compliance with the Nasdaq Listing Rules.

Additional information regarding the recapitalization is set forth in the Company’s Current Reports on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on October 27, 2026, and in the Company’s press releases dated October 27 and October 28, 2026.

The registered direct offering was made pursuant to an effective shelf registration statement on Form S-3 previously filed with the SEC and declared effective on December 10, 2025, the base prospectus dated December 10, 2025 thereunder and a prospectus supplement to the base prospectus filed on October 29, 2026 with the SEC. Copies of the final prospectus may be obtained from ThinkEquity, 17 State Street, 41st Floor, New York, New York 10004. The final prospectus was filed with the SEC and is available on the SEC’s website located at http://www.sec.gov.

The securities sold in the concurrent private placement, and the Series 1 Non-Voting Convertible Preferred Stock and warrants issued to the former Term Loan lenders, have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), or state securities laws, and may not be offered or sold in the United States absent registration with the SEC or an applicable exemption from such registration requirements. Hydrofarm has agreed to file registration statements with the SEC covering the resale of those securities and the shares of common stock issuable upon their exercise or conversion. Any such resale will be made only by means of a prospectus.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of any 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. This press release is not a solicitation of a proxy. Stockholders are urged to read the Company’s proxy statement, when it becomes available, because it will contain important information.

Hydrofarm intends to file a proxy statement seeking among other things, shareholder approval of the conversion of the Series 1 Non-Voting Convertible Preferred Stock and the exercise of the warrants issued to the former Term Loan lenders, and to hold a shareholder meeting as promptly as practicable. The Company also intends to file registration statements covering the resale of securities issued in the private placement and to the former Term Loan lenders.

(i) Hydrofarm maintains an immaterial amount of 'Other debt' comprised of a foreign subsidiary's revolving line of credit and mortgage.

About Hydrofarm Holdings Group, Inc.

Hydrofarm is a leading independent manufacturer and distributor of supplies and equipment for controlled environment agriculture, including plant nutrition, growing media, horticultural lighting and climate control solutions, spanning a portfolio of proprietary and select partner brands. The Company manufactures its proprietary plant nutrition and growing media brands at its manufacturing center of excellence in Eugene, Oregon, and, through its logistics services platform, provides third-party warehousing, fulfillment and distribution services across a wide range of industries. For nearly 50 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.

www.Hydrofarm.com

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. Forward-looking statements may be identified by words such as "believe," "expect," "intend," "anticipate," "plan," "will," "project," "potential" and similar expressions. They include, among others, statements regarding: the receipt of stockholder approval for the conversion of the Series 1 Non-Voting Convertible Preferred Stock and the exercise of the warrants issued to the former Term Loan lenders, and the timing of the related proxy statement and stockholder meeting; whether any warrants will be exercised and the amount of any additional proceeds therefrom; the timing of the filing and effectiveness of resale registration statements, if at all; the Company's pro forma capitalization and stockholders' equity; the Company's belief that it has regained compliance with the Equity Rule and its ability to regain or maintain compliance with Nasdaq continued listing requirements, including the Bid Price Rule; the Company's competitive position and the strength of its brand portfolio; the expected benefits of the consolidation of manufacturing into the Company's Eugene, Oregon manufacturing center of excellence, including productivity and cost improvements; the ability to generate future growth, revenue and commercial opportunities from direct-to-cannabis grower sales following the elimination of restrictions under the Term Loan; the objectives, scope and anticipated results of Project Agility, including growth of the Company's logistics services platform; the timing of the Company's third quarter 2026 results; and the Company's future financial performance, margins, liquidity and capital allocation plans.

These statements are based on management's current expectations and assumptions. They are subject to risks and uncertainties that could cause actual results to differ materially, including: the risk that stockholders do not approve the conversion of the Series 1 Non-Voting Convertible Preferred Stock or the exercise of the warrants issued to the former Term Loan lenders, or that approval is delayed; the risk that the Company does not regain or maintain compliance with Nasdaq continued listing requirements, including the Equity and Bid Price Rules, and the risk that its securities could be delisted; the potential dilution to existing stockholders from the issuance of common stock, pre-funded warrants and common warrants to investors in the registered direct offering and concurrent private placement, and the issuance of the Series 1 Non-Voting Convertible Preferred Stock and common warrants to the former Term Loan lenders, and from any later conversion or exercise thereof; the impact on the market price of the common stock of future sales of shares; the risk that the Company cannot file or obtain effectiveness of the required resale registration statements; the final accounting treatment of the Series 1 Non-Voting Convertible Preferred Stock and the warrants issued in the transactions; the Company's history of operating losses; demand conditions in the CEA and hydroponics markets; the Company's ability to execute on Project Agility and its other growth initiatives including direct-to-cannabis grower sales; and the other factors described under "Risk Factors" in the Company's Annual Report on Form 10-K and subsequent periodic reports filed with the SEC. Pro forma figures are unaudited and illustrative and are not necessarily indicative of the Company's actual financial position. Forward-looking statements speak only as of the date of this release, and the Company undertakes no obligation to update them except as required by law.

Contact: ir@hydrofarm.com