

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): **March 31, 2023**

Hydrofarm Holdings Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

001-39773

(Commission
File Number)

81-4895761

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

**1510 Main Street
Shoemakersville, PA 19555**

(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 March 31, 2023, Hydrofarm Holdings Group, Inc. (the “Company”) and certain of its subsidiaries entered into an amendment (the “Fifth Amendment”) to that certain Senior Secured Revolving Credit Facility (the “Revolving Credit Facility”) with JPMorgan Chase Bank, N.A., as administrative agent, issuing bank and swingline lender, and the lenders from time to time party thereto. The Fifth Amendment (i) extended the maturity date to June 30, 2026, (ii) reduced the maximum commitment amount under the Revolving Credit Facility to \$55 million, and (iii) revised the interest rate on borrowings to various spreads which are based on the Company's Fixed Charge Coverage Ratio, as defined within the Revolving Credit Facility, and including the interest rate options of Adjusted Term SOFR Rate, the Adjusted REVSOFR30 Rate, the CB Floating Rate, the Adjusted Daily Simple SOFR, the CBR, the Canadian Prime Rate, or the CDOR Rate.

As of December 31, 2022, the Company's borrowing base assets supported availability of approximately \$40 million under the Revolving Credit Facility. Accordingly, the Company does not expect the reduction of the maximum commitment amount to \$55 million under the Fifth Amendment to have any material immediate impact on its overall liquidity position. Furthermore, as of March 31, 2023, the Company had no borrowings outstanding under the Revolving Credit Facility. The Fifth Amendment did not modify the existing financial covenant relating to the applicability of the Company's Fixed Charge Coverage Ratio.

The foregoing description of the Fifth Amendment does not purport to be complete and is qualified in its entirety by reference to the provisions of the Fifth Amendment, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On March 31, 2023, the compensation committee of the board of directors of the Company (the “Compensation Committee”) approved a retention grant of 173,411 restricted stock units (“RSUs”) to William Toler, Chairman of the Board of Directors and Chief Executive Officer of the Company, under the Company's 2020 Equity Incentive Plan. The RSUs will vest 50% on October 31, 2023 and 50% on October 31, 2024, subject to his continued service on the applicable vesting date.

On March 31, 2023, the Compensation Committee also approved the payment of a \$250,000 cash retention bonus to B. John Lindeman, Executive Vice President and Chief Financial Officer of the Company. The retention bonus will be paid to Mr. Lindeman, subject to his continued service, 50% in April 2023, 25% in October 2023 and 25% in October 2024.

Item 9.01 Financial Statements and Exhibits.

Exhibit No.	Description
10.1	Fifth Amendment to Credit Agreement, dated March 31, 2023, by and among Hydrofarm Holdings Group, Inc., Hydrofarm, LLC, Field 16, LLC, Innovative Growers Equipment, Inc., Manufacturing & Supply Chain Services, Inc., Hydrofarm Investment Corp., Hydrofarm Holdings LLC, EHH Holdings, LLC, Sunblaster LLC, Hydrofarm Canada, LLC, Sunblaster Holdings ULC, Eddi's Wholesale Garden Supplies Ltd., House & Garden Holdings, LLC, Gotham Properties LLC, Aurora International, LLC, Aurora Peat Products ULC, Greenstar Plant Products Inc., Innovative AG Installation, Inc., Innovative Racking Systems, Inc., Innovative Shipping Solutions, Inc., Innovative Growers Equipment Canada, Inc., JPMorgan Chase Bank, N.A., as lender, and JPMorgan Chase Bank, N.A., as administrative agent.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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 6, 2023

By: /s/ William Toler

Name: William Toler

Title: Chief Executive Officer

FIFTH AMENDMENT TO CREDIT AGREEMENT

THIS FIFTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of March 31, 2023, is entered into by and among HYDROFARM HOLDINGS GROUP, INC., a Delaware corporation ("Company"), HYDROFARM, LLC, a California limited liability company ("HYD"), FIELD 16, LLC, a Delaware limited liability company ("F16"), INNOVATIVE GROWERS EQUIPMENT, INC., an Illinois corporation ("IGE"), MANUFACTURING & SUPPLY CHAIN SERVICES, INC., a Delaware corporation ("MSCSI", and together with the Company, HYD, F16, IGE, and any other Person incorporated under the laws of a jurisdiction located in the U.S. who is joined as a Borrower in accordance with the terms of the Credit Agreement referred to below is referred to hereinafter, each individually, as a "Borrower", and individually and collectively, jointly and severally, as the "Borrowers"), HYDROFARM INVESTMENT CORP., a Delaware corporation ("HIC"), HYDROFARM HOLDINGS LLC, a Delaware limited liability company ("HHL"), EHH HOLDINGS, LLC, a Delaware limited liability company ("EHH"), SUNBLASTER LLC, a Delaware limited liability company ("Sunblaster"), HYDROFARM CANADA, LLC, a Delaware limited liability company ("HCL"), SUNBLASTER HOLDINGS ULC, an unlimited liability corporation existing under the laws of the Province of British Columbia ("SUN"), EDDI'S WHOLESALE GARDEN SUPPLIES LTD., a corporation organized under the laws of the Province of British Columbia ("EDDI"), HOUSE & GARDEN HOLDINGS, LLC, a Delaware limited liability company ("H&G Holdings"), GOTHAM PROPERTIES LLC, an Oregon limited liability company ("Gotham"), AURORA INTERNATIONAL, LLC, an Oregon limited liability company ("Aurora International"), AURORA PEAT PRODUCTS ULC, an unlimited liability corporation existing under the laws of the Province of Alberta ("APP"), GREENSTAR PLANT PRODUCTS INC., a federal corporation organized under the laws of Canada ("GPP"), INNOVATIVE AG INSTALLATION, INC., an Illinois corporation ("Innovative AG"), INNOVATIVE RACKING SYSTEMS, INC., an Illinois corporation ("Innovative Racking"), INNOVATIVE SHIPPING SOLUTIONS, INC., an Illinois corporation ("Innovative Shipping"), INNOVATIVE GROWERS EQUIPMENT CANADA, INC., a corporation incorporated under the laws of the Province of Ontario ("Innovative Canada" and together with HIC, HHL, EHH, Sunblaster, HCL, SUN, EDDI, H&G Holdings, Gotham, Aurora International, APP, Innovative AG, Innovative Racking and Innovating Shipping, and any other Person who is joined as a Loan Guarantor in accordance with the terms of the Credit Agreement referred to below is referred to hereinafter, each individually, as a "Loan Guarantor", and individually and collectively, jointly and severally, as the "Loan Guarantors", and the Borrowers and the Loan Guarantors are collectively referred to herein as the "Loan Parties" and each individually, a "Loan Party"), the Lenders (as defined below) party hereto, and JPMORGAN CHASE BANK, N.A., in its capacity as administrative agent for the Lenders (in such capacity, the "Administrative Agent").

RECITALS

A. Reference is hereby made to that certain Credit Agreement, dated as of March 29, 2021 (as amended by (i) that First Amendment and Joinder to Credit Agreement, dated as of August 31, 2021, (ii) that Second Amendment to Credit Agreement, dated as of October 25, 2021, (iii) that Third Amendment and Joinder to Credit Agreement dated as of August 23, 2022, (iv) that Fourth Amendment to Credit Agreement and Limited Consent and Waiver, dated as of December 22, 2022, and (v) as may be further amended, amended and restated, restated, supplemented, modified or otherwise in effect from time to time prior to the date hereof, the "Existing Credit Agreement"; the Existing Credit Agreement as amended by this Amendment is hereinafter referred to as the "Credit Agreement"), by and among the Borrowers, the other Loan Parties from time to time party thereto, the Administrative Agent, and the financial institutions from time to time party thereto (collectively, the "Lenders"), pursuant to which the Lenders have made certain loans and financial accommodations available to Borrowers.

B. The Loan Parties have requested that the Administrative Agent and the Lenders make certain amendments to the Credit Agreement, and the Administrative Agent and the Lenders are willing to make such amendments, subject to and pursuant to the terms and conditions set forth herein.

C. The Loan Parties are entering into this Amendment with the understanding and agreement that, except as specifically provided herein, neither the Administrative Agent's nor any Lender's rights or remedies as set forth in the Credit Agreement and the other Loan Documents are being waived or modified by the terms of this Amendment.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

1. Defined Terms. Unless otherwise specifically defined herein, each capitalized term used herein has the meaning assigned to such term in the Credit Agreement.

2. Amendments to Existing Credit Agreement. Subject to the satisfaction in full of the conditions precedent set forth in Section 3 hereof, effective as of the Effective Date (as defined below), the Existing Credit Agreement is hereby amended as follows:

a. The definition of "Aggregate Revolving Commitment" set forth in Section 1.01 of the Existing Credit Agreement is hereby amended and restated in its entirety to read as follows:

“Aggregate Revolving Commitment” means, at any time, the aggregate of the Revolving Commitments of all of the Lenders, as increased or reduced from time to time pursuant to the terms and conditions hereof. As of the Fifth Amendment Effective Date, the Aggregate Revolving Commitment is \$55,000,000.”

b. The definition of "Applicable Rate" set forth in Section 1.01 of the Existing Credit Agreement is hereby amended and restated in its entirety to read as follows:

“Applicable Rate” means, for any day, (a) in the case of CBFR Borrowings, a per annum rate equal to if clause (y) to the proviso to the definition of Adjusted REVSOFR30 Rate is applicable, the applicable rate per annum set forth below under the caption “CBFR/CPR Spread”, but if not, the applicable rate per annum set forth below under the caption “Term Benchmark/RFR/CDOR Spread”, (b) with respect to CPR Borrowings, the applicable rate per annum set forth below under the caption “CBFR/CPR Spread” and (c) with respect to any Term Benchmark Borrowings, RFR Borrowings and CDOR Borrowings, the applicable rate per annum set forth below under the caption “Term Benchmark/RFR/CDOR Spread”, as the case may be, based upon the Fixed Charge Coverage Ratio as of the most recent determination date, provided that the “Applicable Rate” shall be the applicable rates per annum set forth below in Category 1 during the period from the Fifth Amendment Effective Date to, and including, the last day of the fiscal quarter of the Company ending on or about May 1, 2023.

Fixed Charge Coverage Ratio	Term Benchmark/RFR/CDOR Spread	CBFR/CPR Spread
<u>Category 1</u> <1.1 to 1.0	3.50%	2.50%
<u>Category 2</u> ≥ 1.1 to 1.0 but < 1.50 to 1.0	2.75%	1.75%
<u>Category 3</u> ≥ 1.50 to 1.00	2.00%	1.00%

For purposes of the foregoing, (a) the Applicable Rate shall be determined as of the end of each fiscal quarter of the Company based upon the Company’s annual or quarterly consolidated financial statements delivered pursuant to Section 5.01 and (b) each change in the Applicable Rate resulting from a change in the Fixed Charge Coverage Ratio shall be effective during the period commencing on and including the first Business Day of the following month after the date of delivery to the Administrative Agent of such consolidated financial statements indicating such change and ending on the date immediately preceding the effective date of the next such change, provided that the Fixed Charge Coverage Ratio shall be deemed to be in Category 1 at the option of the Administrative Agent or at the request of the Required Lenders if the Borrowers fail to deliver the annual or quarterly consolidated financial statements required to be delivered by it pursuant to Section 5.01, during the period from the expiration of the time for delivery thereof until such consolidated financial statements are delivered.”

- c. The definition of “Maturity Date” set forth in Section 1.01 of the Existing Credit Agreement is hereby amended and restated in its entirety to read as follows:

“ “Maturity Date” means June 30, 2026, or any earlier date on which the Revolving Commitments are reduced to zero or otherwise terminated pursuant to the terms above.”

- d. The definition of “Canadian Prime Rate” set forth in Section 1.01 of the Existing Credit Agreement is hereby amended and restated in its entirety to read as follows:

“ “Canadian Prime Rate” means, on any day, the rate determined by the Administrative Agent to be the higher of (i) the rate equal to the PRIMCAN Index rate that appears on the Bloomberg screen at 10:15 a.m. Toronto time on such day (or, in the event that the PRIMCAN Index is not published by Bloomberg, any other information services that publishes such index from

time to time, as selected by the Administrative Agent in its reasonable discretion) and (ii) the average rate for thirty (30) day Canadian Dollar-denominated bankers' acceptances identified as such by Refinitiv (or, in the event such rate is not so displayed and identified on any successor or substitute page or screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time, as selected by the Administrative Agent in its reasonable discretion) as of 10:15 a.m. Toronto local time on such day and, if such day is not a Business Day, then on the immediately preceding Business Day (as adjusted by the Administrative Agent after 10:15 a.m. Toronto local time to reflect any error in the posted rate of interest or in the posted average annual rate of interest), plus 1% per annum; provided, that if any the above rates shall be less than 0.00%, such rate shall be deemed to be 0.00% for purposes of this Agreement. Any change in the Canadian Prime Rate due to a change in the PRIMCAN Index or in the average rate for 30 day Canadian Dollar-denominated bankers' acceptances displayed and identified as such by Refinitiv shall be effective from and including the effective date of such change in the PRIMCAN Index or in the 30 day Canadian Dollar-denominated bankers' acceptances displayed and identified as such by Refinitiv, respectively."

- e. The definition of "CDOR Rate" set forth in Section 1.01 of the Existing Credit Agreement is hereby amended and restated in its entirety to read as follows:

" "CDOR Rate" means, for the relevant Interest Period, the Canadian dollar offered rate which, in turn means on any day the annual rate of interest determined with reference to the arithmetic average of the discount rate quotations of all institutions listed in respect of the relevant Interest Period for Canadian dollar-denominated bankers' acceptances displayed and identified as such by Refinitiv (the "CDOR Screen Rate"), as of approximately 10:15 a.m. Toronto local time on such day and, if such day is not a Business Day, then on the immediately preceding Business Day (as adjusted by the Administrative Agent after 10:15 a.m. Toronto local time to reflect any error in the posted rate of interest or in the posted average annual rate of interest); provided, that, (x) if the CDOR Rate shall be less than 0.00%, such rate shall be deemed to be 0.00% for purposes of this Agreement and (y) if the CDOR Screen Rate is not available on any particular day, then the Canadian deposit offered rate for such date shall be the rate per annum equivalent to the annual discount rate as of approximately 10:15 a.m. Toronto local time on such day at which a Canadian chartered bank listed on Schedule 1 of the Bank Act (Canada) as selected by the Administrative Agent is then offering to purchase Canadian dollar-denominated bankers' acceptances accepted by it having such specified term (or a term as closely as possible comparable to such specified term)."

- f. Section 2.12(a) of the Existing Credit Agreement is hereby amended by deleting the reference to "0.25%" therein and substituting in lieu thereof "0.40%".
- g. Section 6.01(e) of the Existing Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Indebtedness of any Loan Party or any Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets

(whether or not constituting purchase money Indebtedness), including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness in accordance with clause (f) below (other than any Capital Lease Obligations incurred in connection with any Sale and Leaseback Transaction permitted by Section 6.06; provided, that (A) the aggregate principal amount of Indebtedness in respect of any Capital Lease shall not exceed the fair market value of any such facility subject to a Sale and Leaseback Transaction (determined in good faith by the board of directors of the Company (or similar governing body)), (B) no such Indebtedness shall be refinanced for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing, (C) such Indebtedness shall be secured only by the facility which is the subject of such Capital Lease and (D) the Loan Parties shall provide to the Administrative Agent (x) a certificate of a Responsible Officer certifying as to the foregoing conditions in (A), (B), and (C) and (y) a duly executed Collateral Access Agreement with respect to such facility in accordance with Section 6.06, which Capital Lease Obligations shall be permitted hereunder subject to the foregoing conditions and not subject to the cap described below); provided that (i) such Indebtedness is incurred prior to or within ninety (90) days after such acquisition or the completion of such construction or improvement and (ii) the aggregate principal amount of all such Indebtedness shall not exceed the greater of (x) \$10,000,000 at any time outstanding and (y) 10% of EBITDA of the Loan Parties at any one time outstanding, calculated on a trailing 12 month pro forma basis after giving effect to any such Indebtedness recomputed for the most recent fiscal month for which financial statements have been or were required to be delivered to the Administrative Agent pursuant to Section 5.01(a)-(c);”

h. The Commitment Schedule to the Credit Agreement is hereby amended and restated in its entirety by Annex A attached hereto.

3. Conditions Precedent to Effectiveness of this Amendment. This Amendment shall become effective as of the date on which each of the following conditions precedent has been satisfied in full (the “Effective Date”):

a. Amendment. Each of the Borrowers, the other Loan Parties, the Administrative Agent and the Lenders shall have duly executed and delivered this Amendment, and the Administrative Agent shall have received a fully executed counterpart hereof.

b. No Default Certificate. The Administrative Agent shall have received a certificate, signed by a Financial Officer of each Borrower and each other Loan Party, dated as of the Effective Date (i) stating that no Default has occurred and is continuing, (ii) stating that the representations and warranties contained in this Amendment and the other Loan Documents are true and correct as of such date and (iii) certifying as to any other factual matters as may be reasonably requested by the Administrative Agent.

c. Representations and Warranties. The representations and warranties of the Loan Parties set forth herein and in the Loan Documents must be true and correct in all material respects with the same effect as though made on the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as

of a specified date shall be required to be true and correct in all material respects only as of such specified date, and that any representation or warranty which is subject to any materiality qualifier shall be required to be true and correct in all respects).

d. Secretary's Certificate. The Administrative Agent shall have received (i) a certificate of each Loan Party, dated the date hereof and executed by its Secretary, Assistant Secretary or other Responsible Officer, which shall (A) certify the resolutions of its Board of Directors, members or other body authorizing the execution, delivery and performance of this Amendment and the other Loan Documents, as amended by this Amendment, to which it is a party, (B) identify by name and title and bear the signatures of the officers of such Loan Party authorized to sign this Amendment and the other Loan Documents to which it is a party and, in the case of each Borrower, its Financial Officers or certify that the officers whose signatures appear on the officer's certificate most recently delivered to the Administrative Agent remain duly authorized and empowered to execute this Amendment and each other Loan Document, (C) contain either (x) appropriate attachments, including the certificate, constitution or articles of incorporation or organization ("Charter") of each Loan Party certified by the relevant authority of the jurisdiction of organization or incorporation of such Loan Party and a true and correct copy of its memorandum and articles of association, bylaws, constitution or operating, management or partnership agreement, or other organizational or governing documents ("Bylaws") or (y) certify that (x) no action for any amendment, modification or other change to the Charter of each Loan Party and all amendments thereto has been taken since the prior delivery of such Charter to the Administrative Agent, or is pending, and each Charter previously delivered by each Loan Party to the Lenders and Administrative Agent remains in full force and effect as of the date hereof and (y) no action for any amendment, modification or other change to the Bylaws of each Loan Party and all amendments thereto has been taken since the prior delivery of such Bylaws to the Administrative Agent, or is pending, and the Bylaws previously delivered by each Loan Party to the Lenders and Administrative Agent remain in full force and effect as of the date hereof; and (ii) a good standing certificate for each Loan Party from its jurisdiction of organization or the substantive equivalent available in the jurisdiction of organization for each Loan Party from the appropriate governmental officer in such jurisdiction.

e. Legal Opinions. Each Loan Party shall have delivered a written opinion of each Loan Party's counsel, addressed to the Administrative Agent, Issuing Bank, the Lenders and the other Secured Parties, each in form and substance satisfactory to the Administrative Agent and its counsel.

f. Amendment Fee. Borrowers shall have paid to the Administrative Agent, for the pro rata benefit of the Lenders (including Administrative Agent in its capacity as a Lender), an amendment fee in an amount equal to \$55,000, which amendment fee shall be fully earned as of and payable on the date hereof.

g. Lien Searches. The Administrative Agent shall have received the results of a recent lien search in each jurisdiction where the Loan Parties are organized and where the assets of the Loan Parties are located, and such search shall reveal no Liens on any of the assets of such Loan Parties except for Liens permitted by Section 6.02 of the Credit Agreement or discharged on or prior to the date hereof pursuant to a pay-off letter or other documentation satisfactory to the Administrative Agent.

h. Fees and Expenses. The Lenders and the Administrative Agent shall have received all fees required to be paid, and all expenses for which invoices have been presented (including the reasonable fees and expenses of legal counsel), on or before the Effective Date.

i. Other Required Documentation. The Administrative Agent shall have received such other documents as the Administrative Agent, the Issuing Bank, any Lender or their respective counsel may have reasonably requested.

4. Representations and Warranties. Each Borrower and each other Loan Party represents and warrants as follows:

a. Authority; Enforceability. The transactions contemplated by this Amendment are within each Loan Party's corporate or other organizational powers and have been duly authorized by all necessary corporate or other organizational actions and approvals and, if required, actions and approvals by equity holders. This Amendment and each other Loan Document (as amended or modified hereby) to which each Loan Party is a party has been duly executed and delivered by such Loan Party and constitutes a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable Insolvency Laws, examinership, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

b. Representations and Warranties. After giving effect to this Amendment, the representations and warranties of the Loan Parties set forth in the Loan Documents shall be true and correct in all material respects with the same effect as though made on and as of the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date, and that any representation or warranty which is subject to any materiality qualifier shall be required to be true and correct in all respects).

c. No Default. At the time of and immediately after giving to this Amendment, no Default has occurred and is continuing.

5. Governing Law; Waiver of Jury Trial. This Amendment shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the State of New York, but giving effect to federal laws applicable to national banks. The other terms of Section 9.09 and 9.10 of the Credit Agreement shall apply hereto as if fully set forth herein, *mutatis mutandis*.

6. Counterparts; Electronic Execution. This Amendment may be executed in any number of counterparts and by different parties and separate counterparts, each of which when so executed and delivered, shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by telecopy, emailed pdf. or any other electronic means that complies with the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, or any other relevant and applicable electronic signatures law shall be effective as delivery of a manually executed counterpart of this Amendment. Each party agrees that this Amendment may be electronically signed, and that any electronic signatures appearing on this Amendment are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility. As used herein, "electronic signatures" mean any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record. Notwithstanding the foregoing, the Loan Parties shall promptly deliver original signatures of this Amendment to the Administrative Agent.

7. Reference to and Effect on the Loan Documents.

a. Upon and after the effectiveness of this Amendment, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to “the Credit Agreement”, “hereunder”, “thereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as modified and amended hereby.

b. Except as specifically set forth in this Amendment, the Credit Agreement and all other Loan Documents are and shall continue to be in full force and effect and are hereby in all respects ratified, and confirmed and shall constitute the legal, valid, binding, and enforceable obligations of the Borrowers and the other Loan Parties to Administrative Agent and the Lenders without defense, offset, claim, or contribution.

c. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power, or remedy of Administrative Agent or any Lender under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

8. Ratification. Each Borrower and each other Loan Party hereby restates, ratifies and reaffirms each and every term and condition set forth in the Credit Agreement, as amended hereby, and the Loan Documents effective as of the date hereof.

9. Release; Covenant Not to Sue.

a. Each Loan Party hereby absolutely and unconditionally releases and forever discharges Administrative Agent and each Lender, and any and all participants, parent corporations, subsidiary corporations, affiliated corporations, insurers, indemnitors, successors and assigns thereof, together with all of the present and former directors, officers, agents and employees of any of the foregoing (each a “Released Party”), from any and all claims, demands or causes of action of any kind, nature or description, whether arising in law or equity or upon contract or tort or under any state or federal law or otherwise, which any Loan Party has had, now has or has made claim to have against any such person for or by reason of any act, omission, matter, cause or thing whatsoever arising under or related to the Loan Documents from the beginning of time to and including the date of this Amendment, whether such claims, demands and causes of action are matured or unmatured or known or unknown. It is the intention of each Loan Party in providing this release that the same shall be effective as a bar to each and every claim, demand and cause of action specified.

b. Each Loan Party acknowledges that it may hereafter discover facts different from or in addition to those now known or believed to be true with respect to such claims, demands, or causes of action and agree that this instrument shall be and remain effective in all respects notwithstanding any such differences or additional facts. Each Loan Party understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

c. Each Loan Party, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favor of each Released Party above that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Released Party on the basis of any claim released, remised and discharged by Borrower pursuant to the above release. If any Loan Party or any of its successors, assigns or other legal representatives violates the

foregoing covenant, each Loan Party for itself and its successors, assigns and legal representatives, agree to pay, in addition to such other damages as any Released Party may sustain as a result of such violation, all attorneys' fees and costs incurred by such Released Party as a result of such violation.

10. Estoppel. To induce Administrative Agent and Lenders to enter into this Amendment and to induce Administrative Agent and the Lenders to continue to make advances to Borrowers under the Credit Agreement, each Borrower and each other Loan Party hereby acknowledges and agrees that, as of the date hereof, there exists no Default or Event of Default and no right of offset, defense, counterclaim, or objection in favor of any Borrower or any other Loan Party as against Administrative Agent or any Lender with respect to the Obligations.

11. Integration. This Amendment, together with the other Loan Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

12. Entire Agreement. The Credit Agreement, as amended hereby, and the other Loan Documents constitute the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

13. Severability. In case any provision in this Amendment shall be invalid, illegal, or unenforceable, such provision shall be severable from the remainder of this Amendment and the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

14. Submission of Amendment. The submission of this Amendment to the parties or their agents or attorneys for review or signature does not constitute a commitment by Administrative Agent or any Lender to waive any of their respective rights and remedies under the Loan Documents, and this Amendment shall have no binding force or effect until all of the conditions to the effectiveness of this Amendment have been satisfied as set forth herein.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK; SIGNATURE PAGES FOLLOW.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

BORROWERS:

HYDROFARM HOLDINGS GROUP, INC.,
a Delaware corporation

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Chief Financial Officer

HYDROFARM, LLC,
a California limited liability company

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Chief Financial Officer

FIELD 16, LLC,
a Delaware limited liability company

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Chief Financial Officer

BORROWERS (CONT'D):

INNOVATIVE GROWERS EQUIPMENT, INC.,
an Illinois corporation

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Chief Financial Officer

MANUFACTURING & SUPPLY CHAIN SERVICES, INC.,
a Delaware corporation

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Chief Financial Officer

[Fifth Amendment to Credit Agreement]

LOAN GUARANTORS:

HYDROFARM INVESTMENT CORP.,
a Delaware corporation

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Chief Financial Officer

HYDROFARM HOLDINGS LLC,
a Delaware limited liability company

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Chief Financial Officer

EHH HOLDINGS, LLC,
a Delaware limited liability company

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Chief Financial Officer

SUNBLASTER LLC,
a Delaware limited liability company

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Chief Financial Officer

HYDROFARM CANADA, LLC,
a Delaware limited liability company

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Chief Financial Officer

LOAN GUARANTORS (CONT'D):

SUNBLASTER HOLDINGS ULC,
an unlimited liability corporation existing under the laws of the Province of British
Columbia

By: /s/ William Toler
Name: William Toler
Title: Director

EDDI'S WHOLESALE GARDEN SUPPLIES LTD.,
a corporation organized under the laws of the province of British Columbia

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Secretary

HOUSE & GARDEN HOLDINGS, LLC,
a Delaware limited liability company

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Chief Financial Officer

GOTHAM PROPERTIES LLC,
an Oregon limited liability company

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Chief Financial Officer

LOAN GUARANTORS (CONT'D):

AURORA INTERNATIONAL, LLC,
an Oregon limited liability company

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Chief Financial Officer

AURORA PEAT PRODUCTS ULC,
an unlimited liability corporation existing under the laws of the Province of Alberta

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Secretary

GREENSTAR PLANT PRODUCTS INC.,
a federal corporation organized under the laws of Canada

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Director

INNOVATIVE AG INSTALLATION, INC.,
an Illinois corporation

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Chief Financial Officer

LOAN GUARANTORS (CONT'D):

INNOVATIVE RACKING SYSTEMS, INC.,
an Illinois corporation

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Chief Financial Officer

INNOVATIVE SHIPPING SOLUTIONS, INC.,
an Illinois corporation

By: /s/ B. John Lindeman
Name: B. John Lindeman
Title: Chief Financial Officer

INNOVATIVE GROWERS EQUIPMENT CANADA, INC.,
a corporation incorporated under the laws of Ontario, Canada

By: /s/ Jonathan Himelfarb
Name: Jonathan Himelfarb
Title: Chief Operating Officer

[Fifth Amendment to Credit Agreement]

JPMORGAN CHASE BANK, N.A., as a Lender, Administrative Agent, Issuing Bank and Swingline Lender

By: /s/ Hashim Kamal
Name: Hashim Kamal
Title: Authorized Signer

[Fifth Amendment to Credit Agreement]

JPMORGAN CHASE BANK, N.A., Toronto Branch

By: /s/ Auggie Marchetti
Name: Auggie Marchetti
Title: Authorized Officer

[Fifth Amendment to Credit Agreement]

ANNEX A

**Commitment Schedule
to
Credit Agreement**

Lenders	Amount of Revolving Commitment
JPMORGAN CHASE BANK, N.A.	\$55,000,000
TOTAL	\$55,000,000