As filed with the Securities and Exchange Commission on April 26, 2021.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

Hydrofarm Holdings Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**5191**	**81-4895761**
(State or other jurisdiction of Classification Code Number)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

290 Canal Road
Fairless Hills, Pennsylvania 19030
(707) 765-9990

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Cogency Global Inc.
850 New Burton Road, Suite 201
Dover, Delaware 19904
(800) 483-1140

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Kenneth R. Koch, Esq.	**Byron B. Rooney**
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.	**Davis Polk & Wardwell LLP**
Chrysler Center, 666 Third Avenue	**450 Lexington Avenue**
New York, New York 10017	**New York, New York 10017**
Tel: (212) 935-3000	**Tel: (212) 450-4000**

Approximate date of commencement of proposed sale to the public:
As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐
Non-accelerated filer ☒ Smaller reporting company ☐
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 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered[1]	Proposed Maximum Offering Price Per Share[2]	Proposed Maximum Aggregate Offering Price[1][2]	Amount of Registration Fee
Common stock, par value $0.0001 per share	4,600,000	$59.44	$273,424,000	$29,830.56

(1) Includes shares of common stock issuable upon exercise of the underwriters' option to purchase additional shares of common stock.

(2) Estimated solely for purpose of calculating the registration fee according to Rule 457(a) under the Securities Act of 1933, as amended (the "Securities Act"). The proposed maximum offering price per share and the proposed maximum aggregate offering price are calculated on the basis of the average high and low prices per share of the Registrant's common stock reported on the Nasdaq Global Select Market on April 19, 2021, pursuant to Rule 457(c) under the Securities Act.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

SUBJECT TO COMPLETION, DATED APRIL 26, 2021

Preliminary Prospectus

Hydrofarm Holdings Group, Inc.

4,000,000 Shares of Common stock

We are offering 4,000,000 shares of our common stock in this offering.

Our common stock is listed on the Nasdaq Global Select Market under the symbol "HYFM." On April 23, 2021, the last reported sale price of our common stock as reported on the Nasdaq Global Select Market was $61.63 per share.

We are an "emerging growth company" as defined under the federal securities laws and, as such, have elected to comply with certain reduced reporting requirements for this prospectus and may elect to do so in future filings.

Investing in our common stock is highly speculative and involves a high degree of risk. See "*Risk Factors*" beginning on page 23 of this prospectus and the risk factors in the documents incorporated by reference in this prospectus to read about factors you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of the disclosures in this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions[(1)]	$	$
Proceeds, before expenses, to Hydrofarm Holdings Group, Inc.	$	$

(1) See the section titled "*Underwriting*" for a description of the compensation payable to the underwriters.

We have granted the underwriters an option for a period of 30 days from the date of this prospectus to purchase up to 600,000 additional shares of our common stock.

The underwriters expect to deliver the shares against payment in New York, New York, on or about , 2021.

J.P. Morgan **Stifel**

Deutsche Bank Securities **Truist Securities** **William Blair**

The date of this prospectus is , 2021

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission (the "SEC"). You should not assume that the information contained in this prospectus is accurate on any date subsequent to the date set forth on the front cover of this prospectus even though this prospectus is delivered or shares of common stock are sold or otherwise disposed of on a later date. It is important for you to read and consider all information contained in this prospectus and in the documents incorporated by reference in this prospectus in making your investment decision. You should also read and consider the information in the documents to which we have referred you under "*Where You Can Find More Information*" in this prospectus.

Neither we nor any of the underwriters have authorized anyone to give any information or to make any representation to you other than those contained in this prospectus. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any of our shares of common stock other than the shares of our common stock covered hereby, nor does this prospectus constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the U.S. are required to inform themselves about, and to observe, any restrictions as to the offering and the distribution of this prospectus applicable to those jurisdictions.

Emerging Growth Company

We are an emerging growth company, as defined under the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). The JOBS Act provides that an emerging growth company can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Subject to certain conditions set forth in the JOBS Act, if, as an "emerging growth company," we choose to rely on such exemptions we may not be required to, among other things, (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that may be adopted by the Public Company Accounting Oversight Board ("PCAOB") regarding mandatory audit firm rotation or a supplement to the auditor's reporting providing additional information about the audit and the financial statements (auditor discussion and analysis), and (iv) disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the CEO's compensation to median employee compensation.

We could remain an "emerging growth company" for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed $1.07 billion, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), which would occur if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than $1.07 billion in non-convertible debt during the preceding three-year period.

Industry and Market Data

This prospectus includes statistical and other industry and market data that we obtained from industry publications and research, surveys and studies conducted by third parties. Industry publications and third-party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information.

Trademarks

Our primary trademarks include "Hydrofarm," "PHANTOM BALLAST," "ACTIVEAQUA," "ACTIVE AIR" and "PhotoBio" and all of which are registered in the U.S. with the U.S. Patent and Trademark Office.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus or incorporated by reference in this prospectus from our filings with the SEC listed under the section of this prospectus titled "Incorporation by reference." This summary does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including the sections of this prospectus titled "Special note regarding forward-looking statements" and "Risk factors" and the sections titled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and our consolidated financial statements and related notes in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed on March 30, 2021 (our "Annual Report"), which is incorporated by reference in this prospectus. Unless the context otherwise requires, we use the terms "Hydrofarm," the "Company," "we," "our," "us," or similar terms in this prospectus to refer to Hydrofarm Holdings Group, Inc. and, where appropriate, our consolidated subsidiaries. Unless we specifically state otherwise, the information in this prospectus assumes a 1-for-3.3712 reverse stock split of our common stock effected on November 24, 2020.

Introduction

We are a leading independent distributor and manufacturer of controlled environment agriculture ("CEA", principally hydroponics) equipment and supplies, including a broad portfolio of our own innovative portfolio of proprietary branded products. We primarily serve the U.S. and Canadian markets, and believe we are one of the leading competitors by market share in these markets in an otherwise highly fragmented industry. For over 40 years, we have helped growers make growing easier and more productive. Our mission is to empower growers, farmers and cultivators with products that enable greater quality, efficiency, consistency and speed in their grow projects. For the trailing twelve months ended December 31, 2020, we had net sales of $342.2 million; from 2005 to 2020, we generated a net sales compound annual growth rate ("CAGR") of approximately 17%.

Hydroponics is the farming of plants using soilless growing media and often artificial lighting in a controlled indoor or greenhouse environment. Hydroponics is the primary category of CEA and we use the terms CEA and hydroponics interchangeably. Our products are used to grow, farm and cultivate cannabis, flowers, fruits, plants, vegetables, grains and herbs in controlled environment settings that allow end users to control key farming variables including temperature, humidity, CO2, light intensity spectrum, nutrient concentration and pH. Through CEA, growers are able to be more efficient with physical space, water and resources, while enjoying year-round and more rapid grow cycles as well as more predictable and abundant grow yields, when compared to other traditional growing methods.

We reach commercial farmers and consumers through a broad and diversified network of over 2,000 wholesale customer accounts, who we connect with primarily through our proprietary eCommerce marketplace. Over 80% of our net sales are into the specialty hydroponic retailers, through which growers are able to enjoy specialized merchandise assortments and knowledgeable staff. We also distribute our products across the U.S. and Canada to a diversified range of retailers of commercial and home gardening equipment and supplies that include garden centers, hardware stores, eCommerce retailers, commercial greenhouse builders, and commercial resellers.

How We Serve Our Customers

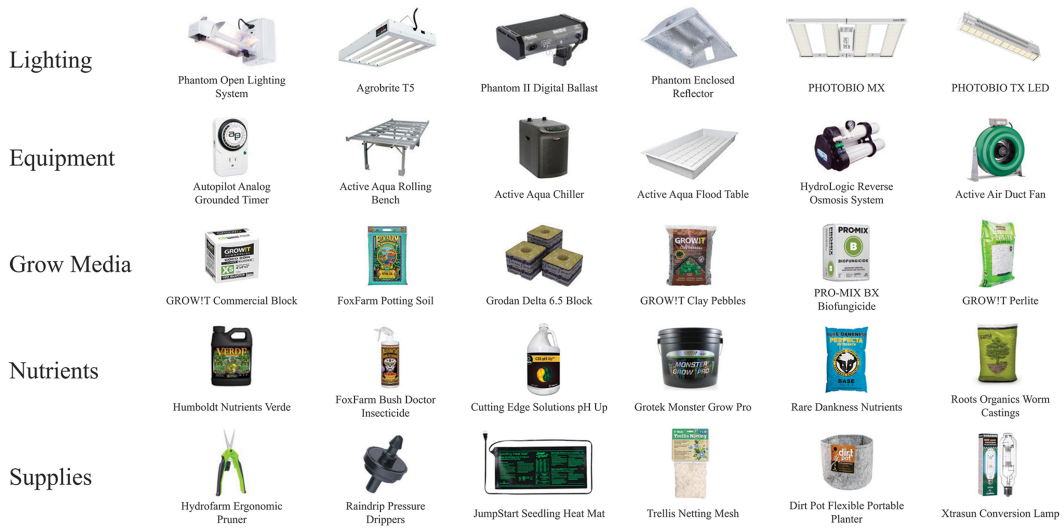
Our customer value proposition is centered on two pillars. First, we strive to offer *the best selection* by being a branded provider of all CEA needs. Second, we seek to be *the gold standard in distribution and service*, leveraging our infrastructure and reach to provide customers with just-in-time ("JIT") delivery capabilities and exceptional service across the U.S. and Canada.

Complete Range of Innovative CEA Products

We offer thousands of innovative, branded CEA products that are supported by 24 patents and 60 registered trademarks. Our product offerings span lighting solutions, growing media (i.e., premium soils and soil alternatives), nutrients, equipment and supplies and includes more than 6,000 stock-keeping-units ("SKUs") sold under leading proprietary, exclusive/preferred brands or non-exclusive/distributed brands.

Some of our most well-known proprietary brands include Phantom, PhotoBio, Active Aqua and Active Air. We estimate that approximately two-thirds of our net sales relate to recurring consumable products, including growing media, nutrients and supplies that require regular replenishment. The remaining portion of our sales relate to durable products such as hydroponic lighting and equipment. The majority of products we offer are produced by us or are supplied to us under exclusive/preferred brand relationships providing for attractive margins and a significant competitive advantage as we offer retailers and resellers a breadth of products that cannot be purchased elsewhere.

The following graphic illustrates a representative set of our market-leading products across key CEA product categories:

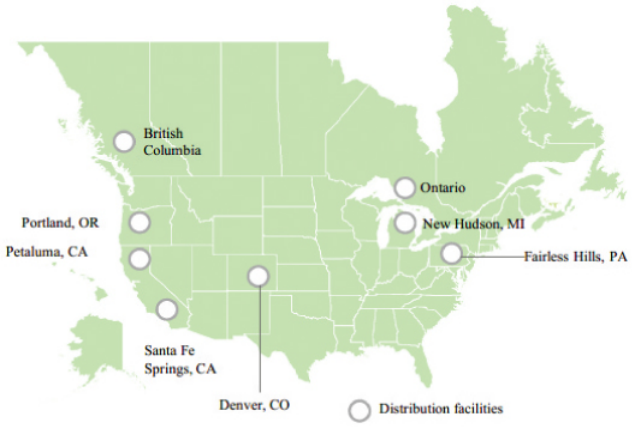


Infrastructure and Reach for Fast Delivery, High In-Stock Availability and Exceptional Service

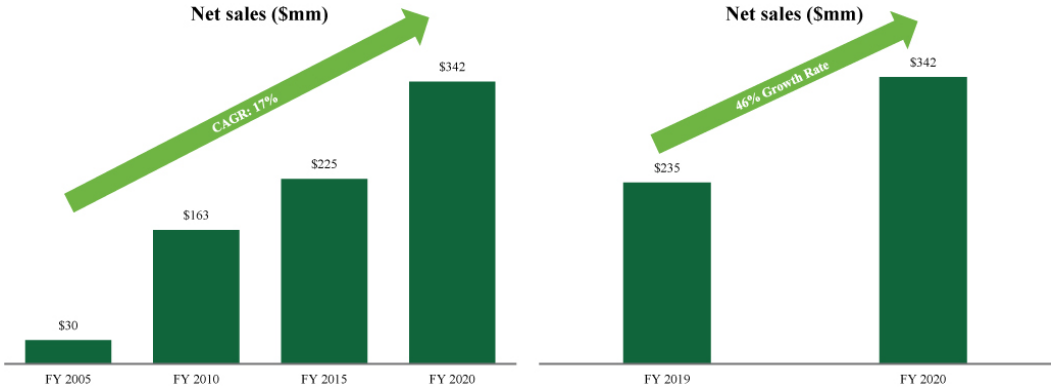
Our infrastructure and reach enable us to provide delivery and service capabilities to a highly diverse group of customers across the U.S. and Canada. We believe that our six U.S.-based distribution centers can reach approximately 90% of the U.S. population within 24 to 48 hours and that our two Canadian distribution centers can provide timely coverage to the full Canadian market.

In the U.S., we operate distribution centers in Petaluma, California; Santa Fe Springs, California; Fairfield, California; Fontana, California; Portland, Oregon; Denver, Colorado; Fairless Hills, Pennsylvania; and New Hudson, Michigan. In Canada, we have distribution centers in Langley, British Columbia and Cambridge, Ontario. Outside of North America, we operate a distribution center in Zaragoza, Spain, and we have an office for product quality assurance and supply chain management in Shenzhen, China. We partner with a network of third-party logistics companies that facilitate expeditious delivery to our customers across the globe. The majority of customer orders are received through our business-to-business e-commerce platform. Through our differentiated Distributor Managed Inventory (“DMI”) Program, we partner with our network of retailers and resellers to create customized, JIT supply chain solutions for large commercial end users.

The following illustration provides an overview of our operating footprint.



Over the past fifteen years, we have grown our net sales at an approximate 17% CAGR. This historical growth is largely due to the growth in CEA growing across several end-markets, including cannabis, and our ability to continuously develop, manufacture and distribute innovative branded products on timely basis.



We believe our industry is poised to grow significantly. Expanding populations, limited natural resources and a focus on the environment and the security of our agricultural systems have illuminated the benefits of CEA compared to traditional outdoor agriculture. We believe the adoption of CEA will continue to accelerate, particularly in the commercial agriculture industry, where CEA can be deployed to achieve grows that are simultaneously more efficient for the planet and profitable for growers. Furthermore, certain of our end-markets are experiencing significant growth, including cannabis. The global cannabis industry is a rapidly developing business opportunity for us, particularly as the legal market in the U.S. continues to expand.

To support this significant growth opportunity and to improve our profit margin profile, we recruited a new Chairman and Chief Executive Officer, William (“Bill”) Toler, in early 2019. Mr. Toler has recruited over five new executives and quickly put in place several management initiatives intended to support growth and improve our profit margins. These initiatives include, but are not limited to, further developments of proprietary brands, freight cost management and distribution network optimization, and the expansion of our commercial segment and DMI.

Given our strong historical net sales growth, the accelerating growth in our primary end-markets, and the strength of our new management team, we believe that we are well positioned for significant and sustained net sales and earnings growth.

Our Industry is Large and Rapidly Growing

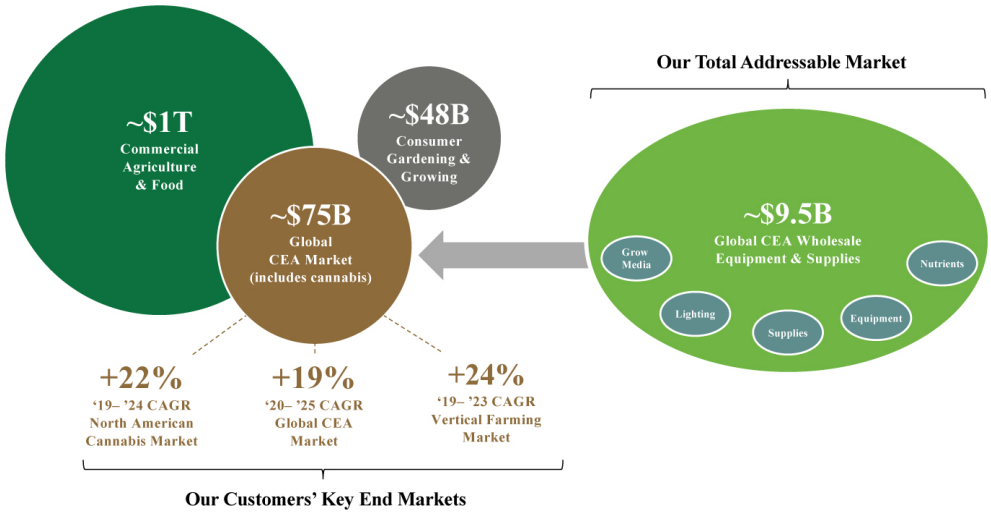
The Expanding Controlled Environment Agriculture Market

Our principal industry opportunity is in the wholesale distribution of CEA equipment and supplies, which generally include grow light systems; advanced heating, ventilation, and air conditioning ("HVAC") systems; humidity and carbon dioxide monitors and controllers; water pumps, heaters, chillers, and filters; nutrient and fertilizer delivery systems; and various growing media typically made from soil, rock wool or coconut fiber, among others. Today, we believe that a majority of our products are sold for use in CEA applications.

Pictured: PHOTOBIO LED Light, Active Aqua Grow Flow 5 gal system, Active Aqua Flexible Air Stone, OxyCLONE 20 Site System with Timer and Light Kit, Active Air CO2 System with Timer

CEA is an increasingly significant and fast-growing component of the expansive global commercial agriculture and consumer gardening sectors. According to the USDA and National Gardening Survey, the agriculture, food, and related industries sector produced more than $1 trillion worth of goods in the U.S. alone in 2017, and U.S. households spent a record of approximately $48 billion at retail stores on gardening and growing supplies and equipment.

According to industry publications, the global CEA industry totaled approximately $75 billion in 2020, and is expected to grow at a CAGR of 19% from 2020 to 2025. The rapid growth of CEA crop output will subsequently drive growth in the wholesale CEA equipment and supplies industry. According to industry publications, the global wholesale CEA equipment and supplies industry totaled approximately $9.5 billion in 2020 and is expected to grow at a CAGR of 11% from 2020 to 2026.[1]



1 Markets and Markets. "Hydroponics Market by Type (Aggregate Systems, Liquid Systems), Crop Type (Vegetables, Fruits, Flowers), Equipment (HVAC, LED Grow Lights, Irrigation Systems, Material Handling Equipment, Control Systems), Input Type, and Region — Global Forecast to 2026." *Hydroponics Market.* (Jan. 2021).

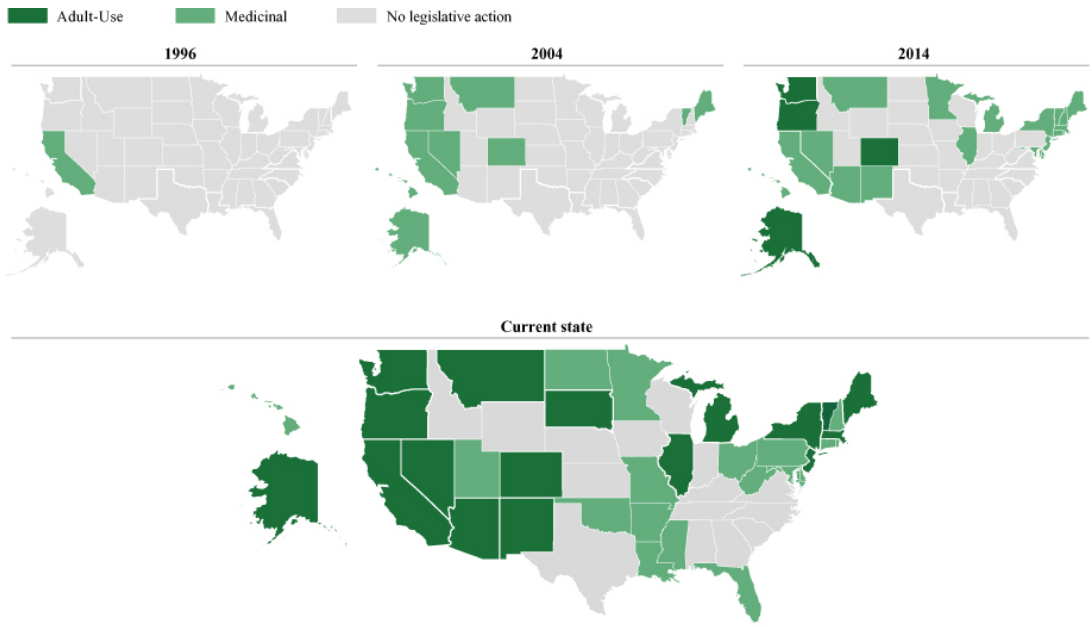
Powerful Trends are Driving Significant Industry Growth

We believe that the growth in the wholesale distribution of CEA equipment and supplies is driven by a broad array of factors including:

Significant Growth in the Cannabis Industry

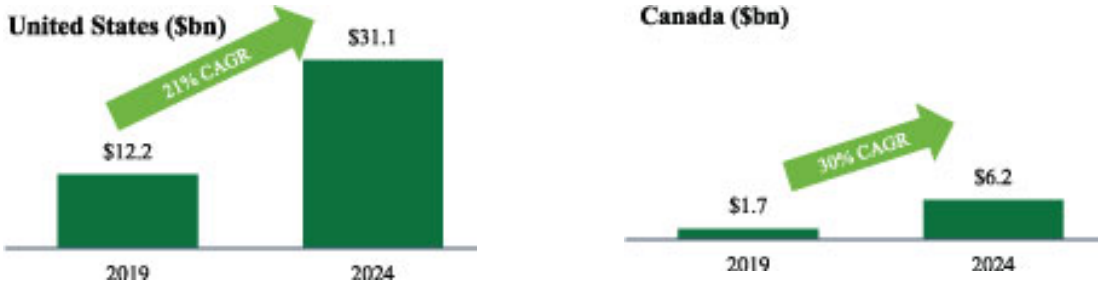
Today, we believe that a majority of the CEA equipment and supplies we sell to our customers is ultimately purchased by participants in the cannabis industry, though we do not sell to participants in the cannabis industry directly. The North American cannabis industry is massive and growing rapidly, driven largely by state-level legalization efforts in the U.S. and federal-level legalization in Canada. The current and expected growth in the size of the cannabis market has and will continue to have a very significant, positive impact on our business.

The following map illustrates the state-level progression of cannabis legalization in the U.S., differentiating states that have fully legalized cannabis for medical and adult-use purposes and states that have partially legalized cannabis for medical purposes only. Importantly, though Canada and several U.S. states have taken significant steps towards cannabis legalization, we believe the North American legal cannabis market is still in the nascent stages of realizing its growth potential. As of the date of this prospectus, only 17 U.S. states and the District of Columbia had legalized cannabis for adult-use. The aggregate population of those states is approximately 40% of the total U.S. population. Furthermore, in U.S. states that have passed cannabis laws, many such laws remain restrictive to consumer access. As an example, we believe significant suppressed demand would be unlocked in Texas, should the state adopt a medical cannabis law that more closely resembles that of their neighboring state, Oklahoma, where we have seen significant growth since cannabis was legalized for medical use in 2018. In Canada, the governments of every province and territory have enacted laws allowing for the distribution and sale of cannabis for adult-use purposes; however the market remains in early stages of market development.



According to industry publications, the U.S. cannabis market is projected to reach approximately $31.1 billion by 2024, up from approximately $12.2 billion in 2019, representing a 21% CAGR. In Canada, the cannabis market is projected to reach approximately $6.2 billion by 2024, up from approximately $1.7 billion

in 2019, representing a 30% CAGR. The following chart illustrates the forecasted growth of the cannabis industry in the U.S. and Canada:



This significant growth in the U.S. cannabis market is expected due to (i) state initiatives for new adult-use and/or medical-use programs in additional U.S. states, (ii) expanded access for patients or consumers in existing state medical or adult-use cannabis programs, and (iii) increased consumption driven by greater product diversity and choice, reduced stigma, and real and perceived health benefits in states with existing adult-use or medical use programs.

- **State initiatives for new adult-use or medical-use programs**. We believe support for cannabis legalization in the U.S. is gaining momentum. According to a November 2019 poll by Pew Research Center, public support for the legalization of cannabis in the U.S. increased from approximately 41% in 2010 to approximately 67% in 2019.[2] According to a 2019 poll by Quinnipiac University, 93% of Americans support patient access to medical-use cannabis if recommended by a doctor. Furthermore, due to the recent socio-economic changes across the U.S. since early 2020, many state government budgets are increasingly under pressure to identify additional revenue sources, such as the potential revenue streams from the taxation and job creation that state legalized adult-use cannabis may offer. Accordingly, a number of states are at various stages of considering implementing laws permitting cannabis use or further liberalizing their existing laws permitting such use. Our sales per capita in U.S. states with legalized adult-use programs are on average several multiples higher than our sales per capita in states without adult-use programs. We believe this fact points to the significant opportunity available to us if or when additional U.S. states legalize adult-use programs.
- **Expanded access for patients and consumers in existing state medical and adult-use programs**. The cannabis business in states with existing cannabis laws is in nascent stages in many cases and will continue to grow, creating jobs and opportunities for workers and entrepreneurs. Cultivators, manufacturers, dispensaries, delivery providers, labs and other cannabis-related businesses will continue to grow in these regions. As these businesses proliferate, consumers will benefit from easier access to cannabis products.
- **Greater product diversity and choice, reduced stigma and real and perceived health benefits in states with existing adult-use or medical use programs**. Several key developments have contributed to an increase in cannabis product availability and breadth, including the proliferation of CBD and other cannabis-infused products, including edibles, oils, tinctures, and topical treatments. We believe that the historical stigmatization of cannabis use has diminished significantly, driven by a more supportive legislative environment, a rise in progressive sociopolitical views and greater consumer awareness of the potential health benefits of cannabis consumption. According to industry publications, real and perceived health benefits extend into areas including cancer treatment, pain management, the treatment of neurological and mental conditions, and sleep management. According to industry publications, the use of cannabis

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2 Daniller, Andrew. “Two-thirds of Americans Support Marijuana Legalization.” *Pew Research Center*, Washington, D.C. (Nov. 14, 2019).

in the U.S. by adults aged 65+ has increased sharply in recent years from 0.4% in 2006 and 2.9% in 2015 to 4.2% in 2018 (JAMA Internal Medicine).[3]

Acceleration of CEA Adoption

Both the commercial agriculture and cannabis industries are increasingly adopting more advanced agricultural technologies in order to enhance the productivity and efficiency of operations. The benefits of CEA include:

- Greater product safety, quality and consistency;
- More reliable, climate-agnostic year-round crop supply from multiple, faster harvests per year as opposed to a single, large harvests with outdoor cultivation;
- Lower risk of crop loss from pests (and subsequently lower need for pesticides) and plant disease;
- Lower required water and pesticide use compared to conventional farming, offering incremental benefits in the form of reduced chemical runoff and lower labor requirements; and
- Potentially lower operating expenses from resource-saving technologies such as high-efficiency LED lights, precision nutrient and water systems and automation.

CEA implementation continues to increase globally, driven by the factors listed above as well as growth in fruit and vegetable farming, consumer gardening and the continued adoption of vertical farming. Vertical farming, a subsector of CEA, has gained popularity mainly due to its unique advantage of maximizing yield by growing crops in layers. Industry publications project that the global vertical farming market will reach approximately $6 billion in 2023, up from $3 billion in 2019 and representing a 24% CAGR from 2019 to 2023.[4]

While a small portion of cannabis cultivation may be grown in non-CEA settings, given the multitude of benefits of CEA cultivation, we believe CEA will continue to be the primary method of growing cannabis, driving demand for our products. The movement towards the legalization of cannabis in the U.S. and its legalization in Canada also comes with a corresponding increase in regulatory oversight and statutory requirements for growers and their products. These regulations enhance product safety and transparency to consumers but usually necessitate the use of CEA in cannabis cultivation in order to meet mandated THC content or impurity tolerances.

Increased Consumer Home Growing

We perceive consumer gardening to be a significant driver of future CEA growth. According to the National Gardening Survey, in 2017, 77% of U.S. households participated in lawn and garden activities, spending on average a record of $503 per household. We expect this growth in consumer gardening and growing spending to continue, driven by both increased participation by millennials and strong continued participation by married households, adults over age 55, and adults without children. We believe that these demographic dynamics will result in an increase in the number of consumer gardening category participants, resulting in the purchase of more CEA products.

Strong Demand for Hemp for CBD Production

Hemp cultivation in North America has grown significantly since the passage of the U.S. Farm Bill in December 2018. Consumers are increasingly using hemp-derived products such as CBD for their therapeutic benefits. According to industry publications, the U.S. hemp-derived CBD market is expected to grow from $1.2 billion in 2019 to $6.9 billion in 2025, representing a six-year CAGR of 33.8%. We have experienced strong demand for our products from growers that solely harvest hemp and from cannabis growers who are adding hemp to their offerings. We are very well positioned to continue to capitalize on the growth of industrial

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[3] Reproduced with permission from *JAMA Intern Med*. 2020. 180(4):609-611. Copyright © 2020 American Medical Association. All rights reserved.

[4] Sinnarkar, Makarand. *Allied Market Research Reports*. “Green Technology and Sustainability Market is Expected to Reach $44.61 Billion by 2026.” (Feb. 2020).

hemp cultivation in North America especially as cultivation is increasingly done indoors. Both our current product portfolio and our pipeline of new products tailored to the needs of hemp cultivators will help us serve this burgeoning market.

Increased Focus on Environmental, Social, and Governance ("ESG") Issues

We believe the growth and change in our end-markets is in part driven by a variety of ESG trends aimed at preserving resources and enhancing the transparency and safety of our food supply chains. Overall, CEA delivers superior performance characteristics versus traditional agriculture when compared on select key ESG performance criteria:

- **More efficient land usage**. CEA allows for greater crop production per square foot, reducing the amount of land needed to grow crops. Certain types of vertical farming are 20 times more productive than traditional farming per acre.
- **More efficient fresh water usage**. CEA allows for the management and recycling of water inside of a closed-loop system and therefore generally require less water than traditional outdoor agriculture. In certain instances, CEA can grow plants with up to 98% less water than soil based agriculture.
- **Decreased use of fertilizer and pesticides**. As CEA takes place in a controlled, often indoor environments, the need for pesticides application is reduced, allowing growers to apply less pesticide with more precise application compared to traditional outdoor agriculture.
- **Reduced carbon emissions**. CEA, especially vertical farming, allows large farming operations to be located significantly closer to end-users, thereby reducing the transportation distance of ready-to-use crops.
- **Reduced food waste**. Similar to the above, since CEA allows for food production significantly closer to end-user, there is less time between production and consumption and therefore reduced product spoilage, damage and waste.
- **Chemical runoff prevention**. Due to closed-loop nature of CEA systems, CEA significantly decreases the risk of chemical runoff, which is generally more difficult to control in traditional outdoor agriculture.
- **Supports organic farming**. CEA is well suited for organic farming, the produce of which has been in increasing demand by consumers.

COVID-19

The COVID-19 ("COVID-19") pandemic has caused significant shifts in consumer sentiment and behavior thereby altering the dynamics of the CEA industry. While the rollout of vaccines has begun, the timing of vaccinations, herd immunity, and the lifting of shelter in place and similar restrictions and movement restrictions is unknown. Its effect on the cannabis industry may also drive a greater volume of sales by our customers, increasing demand for our CEA equipment and supplies. We believe that these changes, as outlined below, will benefit our industry in the long-term:

- **New entrants into the consumer gardening and growing market**. We believe that a meaningful portion of consumer gardening and growing product spending following the COVID-19 outbreak was driven by first-time users. We expect this to be a tailwind for the consumer gardening and growing market going forward as a portion of these consumers opt to work-from-home more.
- **Increased focus on food security and sustainable sourcing**. The COVID-19 pandemic has intensified consumer focus on food security and transparency of food production around the world. CEA offers a more sustainable and secure alternative to traditional outdoor agriculture, allowing food to be grown closer to where it is ultimately consumed, thereby reducing supply chain-related risks and food waste.
- **Pressure on governments to identify additional revenue streams, such as tax revenue from state legalized cannabis industries**. The COVID-19 pandemic has put a significant strain on government budgets, increasing pressure to find revenue from previously unexplored streams including state legalized medicinal or adult-use cannabis.

- **Home-centric lifestyle increasing use occasion opportunities for cannabis use**. The COVID-19 pandemic is expected to foster a long-term increase in at-home activity. This lifestyle shift may foster growth in the cannabis market by increasing potential occasions for cannabis use as cannabis is often consumed at home.
- **Essential service designation**. During lockdowns related to the COVID-19 pandemic, our manufacturing and distribution operations and a great majority of our key suppliers, retailers and resellers were designated as essential and remained open. This sets a key precedent about the vital importance of our operations and end-markets. Although our key suppliers experienced significant demands in 2020, we believe this precedent will benefit the CEA industry in the long-term.

Our Competitive Strengths

We attribute our success to the following competitive strengths.

Leading Market Positions in Attractive Growing Markets

We are a leading independent distributor and manufacturer of CEA equipment and supplies in the U.S. and Canada and one of the two major consolidators in the CEA industry. The broader market is comprised of a fragmented group of smaller competitors. We serve several attractive end-markets, including hemp and indirectly, the cannabis industry. Favorable trends in CEA, including increased adoption of vertical farming methods to increase yields, are projected to drive a 24% CAGR for the vertical farming market through 2023 according to industry publications. Similarly, growers' increasing preference to reduce water and energy usage, limit pesticide use and risk of environmental runoff, and reduce labor costs coupled with growing consumer demand for fruits and vegetables are expected to drive significant growth in CEA methods. Furthermore, CEA allows farms to be located closer to their consumers, greatly reducing the costs and waste (namely CO2 and spoiled food) related to transportation resulting in an overall smaller carbon footprint. However, we will likely see the most significant growth in cannabis. Increased support for cannabis legalization at the federal level in the U.S., an increase in U.S. states' implementation of adult-use and medical cannabis programs, continued growth in the Canadian cannabis market following the implementation of the Cannabis Act in 2018, and consumer and commercial awareness of the benefits associated with hemp-derived products will serve as significantly favorable tailwinds that will drive continued growth.

New, Experienced Management Team with Proven Track Record

Our management team possesses significant public market experience, a history of driving long-term organic growth and a track record of successful business consolidations. Bill Toler, Chairman and Chief Executive Officer, has over 35 years of executive leadership experience in supply chain and consumer packaged goods, most recently serving as President and Chief Executive Officer of Hostess Brands from April 2014 to March 2018. Under his leadership, Hostess Brands transitioned from a private to public company, regained a leading market position within the sweet baked goods category and returned to profitability. Bill also previously served as Chief Executive Officer of AdvancePierre Foods and President of Pinnacle Foods, in addition to holding executive roles at Campbell Soup Company, Nabisco and Procter & Gamble. Terence Fitch, President, possesses significant relevant business experience including more than 20 years of management experience with the Coca-Cola Company and Coke Enterprises, where he was responsible for manufacturing, supply chain, and sales and marketing for the multi-billion-dollar Refreshment Direct and Independent Bottlers business units. For the past six years, Terence has been working on building, managing and designing large CEA operations in Colorado and Arkansas. B. John Lindeman, Chief Financial Officer brings us more than 25 years of finance and leadership experience. Most recently he served as Chief Financial Officer and Corporate Secretary at Calavo Growers, Inc. (Nasdaq-GS: CVGW), a fresh food company, where he was responsible for the finance, accounting, IT and human resource functions. Prior to joining Calavo, he held various leadership positions within the finance and investment banking industries at Janney Montgomery Scott, Stifel Nicolaus, Legg Mason and PricewaterhouseCoopers LLP.

Broad Portfolio with Innovative Proprietary Offerings and Recurring Consumables Sales

We have one of the largest equipment and consumable product offerings in the industry. From lighting solutions to nutrients to grow mediums, we offer nearly everything growers need to ensure their operations are

maximizing efficiency, output and quality. We maintain an extensive portfolio of products which includes 26 internally developed, proprietary brands across approximately 900 SKUs with 24 patents and 60 registered trademarks as well as over 40 exclusive/preferred brands across approximately 900 SKUs. We maintain inventory across over 6,000 SKUs, and approximately 60% of our sales relate to proprietary and exclusive/ preferred brands. Our proprietary and exclusive/preferred brands include lighting, equipment, grow media, nutrients and supplements. Our proprietary products command a significant gross margin premium relative to general distributed brands. Our revenue mix continues to shift towards proprietary brands as we continue to innovate, improving overall margins. Further, our revenue stream is highly consistent as, in our estimation, we believe that approximately two-thirds of our net sales are generated from the sale of recurring consumable products including growing media, nutrients and supplies. Our top 20 customers buy over 3,000 SKUs in the aggregate.

Proprietary Sourcing and Supplier Relationships Create Barriers to Entry

Our scale presents a significant barrier to entry as we have developed exclusive distribution relationships, proprietary brands and a geographic footprint that enables us to efficiently service customers across North America. We maintain approximately 900,000 square feet of distribution space across six distribution centers in the U.S. and two distribution centers in Canada. Furthermore, we have cultivated over the last 40 years long-term relationships with a network of approximately 400 suppliers, giving us access to a best-in-class products portfolio and allowing us to provide a full range of CEA solutions to our customers. We source individual components from our diverse supplier base to assemble our products, including utilizing a dedicated on-the-ground purchasing team in China to maintain and develop relationships with suppliers. To maintain competitive pricing, we implement cost sharing with certain of our suppliers. No single supplier makes up more than 10% of our total supplier costs.

Unique Ability to Serve Our Strong Customer Base

We maintain long-standing relationships with a diversified range of leading hydroponic retailers, retailers of commercial and home gardening equipment and supplies that include garden centers, hardware stores, eCommerce retailers, commercial greenhouse builders, and commercial resellers. We serve over 2,000 business-to-business customers across multiple channels in North America, providing customers with the capability to purchase their entire product range from us. Our commercial sales and DMI programs further enhance our customer capabilities, offering consultation, technical expertise, facilitated order fulfillment and JIT delivery of consumables. Our unique distribution capabilities allow us to provide JIT delivery across North America, utilizing six strategically located distribution centers in the U.S. and our two distribution centers in Canada. Our distribution footprint in the U.S. can reach approximately 90% of the population in 24 to 48 hours and our two distribution centers in British Colombia and Ontario can provide timely coverage to the fully Canadian market. We maintain coverage of industry trends and consumer preferences via thirteen sales managers complemented by teams made up of specialized product category experts. Given our ability to provide a comprehensive product offering and excellent customer service, we maintain over seven-year relationships with the majority of our largest customers.

Proven Mergers and Acquisitions ("M&A") Track Record

Our management team has extensive experience with execution and integration of M&A opportunities. In November 2017, we acquired Eddi's Wholesale Garden Supplies, Ltd. ("Eddi's") and the distribution division of Greenstar Plant Products, Inc. ("GSD"), which we believe were two of the leading CEA and lawn and garden distributors in Canada at the time of the acquisitions. Those acquisitions, combined with our existing infrastructure and experience, have enabled us to become one of the leading CEA equipment distributors in Canada. Additionally, we maintain relationships throughout our markets to identify specific product categories of interest for M&A activity. Our robust understanding of commercial growers' needs coupled with our experienced M&A team has prepared us to make additional acquisitions in the hydroponics industry, which will help us to continue to grow our market share. We view M&A as a significant driver of potential growth as the hydroponics industry is fragmented and primed for consolidation.

Our Growth and Productivity Strategies

We are well positioned to capitalize on the growth of our underlying markets through the following strategies.

Capitalizing on Rapidly Growing Markets

Our customers benefit from macroeconomic factors driving the growth of CEA, including expanded adoption of CEA and vertical farming by commercial growers and consumers, as well as the growth in cannabis, hemp and other end-markets. As the world population grows and urbanizes, vertical farming is increasingly being used to meet the demand for food crops. Industry publications estimate that the global vertical farming market will expand at a 24% CAGR from 2019 to 2023. In addition, the U.S. and Canadian cannabis markets had an estimated value of approximately $14 billion in 2019, and are projected to grow to $37 billion by 2024. The hemp market has benefited from consumer adoption of hemp-derived CBD products. According to industry publications, the U.S. hemp-derived CBD market is expected to grow from $1.2 billion in 2019 to $6.9 billion in 2025, representing a six-year CAGR of 33.8%. We expect to capitalize on favorable cannabis and hemp growth trends by continuing to expand our operations globally.

Expanding our Proprietary Product Offering

We are expanding the breadth of our product assortment through continued development of our own proprietary brands. Our proprietary brands command a meaningful gross margin premium to our distributed products. Our core competency in new product innovation is in lighting, consumable and equipment categories, and we are enhancing research and development in our other product categories to expand our brand portfolio's value and further enhance our margins. We have launched several new product lines over the past year, including PhotoBio LED lighting equipment and Phantom Core HID lighting equipment. We also maintain a pipeline of next generation proprietary products and occasionally make investments in suppliers to create strategic relationships around the development of specific products and enhanced distribution agreements.

Adding Strategic Distribution Relationships and Exclusive/Preferred Brands

We can increase revenue with significant cross-selling activity to our current installed customer base by offering a more comprehensive assortment of products required by commercial growers to engage in cultivation. We have identified key suppliers with product solutions that are well established in the grower community for exclusive/preferred brand relationships. Although select key suppliers experienced significant volume demands for the year 2020, exclusive/preferred brand relationships with leading brands continue to drive sales and margin improvement. We believe we are a highly attractive distribution partner due to our scale and independence in growing media and nutrient categories. We have established sixteen new exclusive/preferred distribution relationships over the past two years including with established equipment and nutrient suppliers.

Enabling Wholesaler Network to Effectively Serve Commercial Growers

Working with our wholesale network, we are leveraging our sophisticated technical sales team to provide our wholesale network the ability to address the needs, demanding requirements and higher volume of their larger-scale commercial customers. Establishing these relationships with our channel provides us with insight and access to growers' evolving demands, leading to both increased equipment sales and recurring sales of consumables through our wholesale network. Our commercial grower outreach program, our analytically driven supply chain function and DMI capabilities enable our wholesaler network to anticipate customer demand for products and ensure their availability. The goal of these efforts is to maintain long-term relationships with our wholesalers by helping them be successful in providing cultivation square footage savings and access to JIT inventory to their customer base. We believe this can result in profitability for our wholesalers' customers on consumables and equipment. We also believe that increasing the value to our wholesale network will allow us to grow within key accounts and expand sales of our products and services to new accounts.

Expand our Operating Margins

We have developed and begun to implement specific productivity initiatives across our business as a means of funding growth. Our initiatives include the following:

- **Enhance Our Brand Mix**. We will continue to increase the percentage of proprietary and exclusive/ preferred brands in our product portfolio. Our innovative proprietary and exclusive/preferred brands offer us a significant margin benefit compared to distributed brands.
- **Drive Supply Chain Efficiencies**. We are implementing multiple supply chain efficiency initiatives, including the review of our carrier sourcing relationships and intra-warehouse shipments for optimization opportunities, reducing the active SKU count by eliminating non-core SKUs, and the deployment enhanced inventory planning tools. For example, we have reduced our SKU count from 5,400 in 2019 to 3,700 in 2020. Additionally, we continually review our distribution network for optimization opportunities, and in doing so consolidated two warehouses to one in 2019. Service levels are improving as the global supply chain continues to stabilize.
- **Optimize the Customer Investment Program**. We have segmented our client accounts to improve our discounting decisions in order to maximize net sales as a percent of gross sales.
- **Leveraging G&A**. Additional areas of cost savings will come from more efficiently leveraging corporate overhead as our business continues to grow and scale.

Acquiring Value-Enhancing Businesses

The hydroponics industry is highly fragmented which we believe presents a significant opportunity for growth through M&A. Management is continually evaluating M&A targets and we believe, in this fragmented market, there will be continued opportunities for M&A. M&A provides us an opportunity to significantly increase distribution with independent brands and to add new products based on identified needs of commercial growers. We utilize clear investment criteria to make disciplined M&A decisions that will accelerate sales and EBITDA growth, increase competitive strength and market share and expand our proprietary brand portfolio.

We regularly pursue opportunities to grow our business through acquisitions of strategically complementary businesses and typically have a pipeline of numerous acquisition opportunities at differing stages of evaluation. We aim primarily to acquire companies that have a competitive market position with the potential to increase market share, a strong brand, high recurring revenue and strong margin potential. In the ordinary course of our business, we continually seek acquisition targets that can accelerate our growth and generate significant cash flows over time. We are evaluating numerous opportunities for such acquisitions in the near term. Although the most advanced opportunities in our pipeline would not individually or in the aggregate constitute "significant" acquisitions as defined by the SEC's Regulation S-X, any of these acquisitions could have a material effect on our results of operations and financial condition.

The status of opportunities in our pipeline varies from early evaluation through preliminary discussions and varying levels of due diligence and negotiation of potential transaction terms. Other than the agreement to acquire HEAVY 16, discussed more fully under "— *Recent Developments — Recent Transactions — HEAVY 16 Acquisition*," we are not party to any definitive agreements in respect of such acquisition targets as of the date of this prospectus and the timing and our desire to consummate any such acquisition depends, among other things, on the results of our continuing due diligence, which may include, in each case, a quality of earnings report from a third party provider and, in each case, audited financial statements, which we are requiring even though we do not expect the acquisitions to be "significant" and to require us to include such audits in our public filings under the SEC's Regulation S-X. Even if our due diligence efforts lead us to desire to consummate acquisitions, there is no assurance that we will consummate the acquisition of any of the targets in our pipeline. In addition to the continuing diligence efforts outlined above, we will still need to enter into definitive agreements with the targets in a dynamic market which may impact corresponding valuation metrics and multiples and, even if an agreement is entered into, both parties would need to satisfy any applicable closing conditions. There are a number of other factors that could impact our ability to successfully complete these acquisitions, including competition for targets, sometimes from competitors with greater available resources for acquisitions. However, negotiations and diligence relating to one or more of these

potential acquisitions could advance rapidly in the near future, and, accordingly, it is also possible that we could enter into and close under agreements to acquire one or more businesses consistent with our acquisition strategy described above, shortly after the date of this prospectus.

Our more advanced negotiations contemplate a purchase price consisting of both cash and our common stock or of cash only. We would be able to consummate the most advanced of our potential acquisitions from available cash and our credit line. It should be noted that acquisitions involve a number of risks and may not achieve our expectations; and therefore we could be adversely affected by any such acquisition. There are a number of risks inherent in assessing the value, strengths, weaknesses, contingent or other liabilities, and potential profitability of acquisition candidates, as well as the challenges of integrating acquired companies and achieving potential synergies once an acquisition is consummated, that may cause an acquisition to fail.

Recent Developments

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. Our consolidated financial statements as of, and for, the three months ended March 31, 2021 are not yet available. The following information reflects our preliminary estimates based on currently available information. We have provided ranges, rather than specific amounts, for the preliminary results described below primarily because our financial closing procedures for the three months ended March 31, 2021 are not yet complete and, as a result, our final results upon completion of our closing procedures may vary from the preliminary estimates within the ranges described below. We expect to complete our closing procedures with respect to the quarter ended March 31, 2021 after the completion of this offering. The estimates were prepared by our management, based upon a number of assumptions, in connection with preparation of our financial statements and completion of our 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, our 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 we undertake 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. Our 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, we expect 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 our brand segments (our 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 our proprietary brands which we believe grew faster than our 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 our selling, general and administrative expenses which we expect 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, we estimate that we had cash, cash equivalents and restricted cash of approximately $62.0 million and an aggregate principal amount of debt outstanding of $1.1 million. We also estimate that we had $50 million of available borrowing capacity under the JPMorgan Credit Facility (as defined below).

Non-GAAP Financial Presentation

We report our 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 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.

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, acquisition-related expenses, loss on debt extinguishment and other income, net), which we do not consider in our 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**

New Distribution Centers

In April 2021, we entered into leases for two new distribution centers aggregating approximately 322,000 square feet. One is located in Fairfield, California and is the distribution center that we will relocate to from our Petaluma, California distribution facility in connection with the pending sale of that building. The other distribution center is located in Fontana, California which we will relocate to from our Sante Fe Springs, California distribution facility.

Initial Public Offering

On December 14, 2020, we completed our initial public offering ("IPO"), in which we issued and sold 9,966,667 shares of our common stock, including the full exercise by the underwriters of their option to purchase 1,300,000 additional shares of our common stock, at a public offering price of $20.00 per share, which resulted in net proceeds of $182.3 million after deducting underwriting discounts and commissions and offering expenses. The proceeds from the IPO were used to (i) repay amounts outstanding under the Term Loan Credit Agreement by and among our Subsidiary Obligors (defined below), Brightwood Loan Services, LLC ("Brightwood") and the other lenders party thereto of $76.6 million (includes accrued interest and fees of $0.3 million), (ii) to paydown certain amounts outstanding under the Encina Credit Facility (defined below) of $33.4 million, (iii) to repay $3.3 million under the promissory note to JPMorgan Chase, N.A. through the U.S. Small Business Administrative Paycheck Protection Program (the "PPP Loan"), and (iv) to pay $2.6 million to settle the Series A Preferred Stock dividend. Our common stock began trading on the Nasdaq Global Select Market on December 10, 2020.

Effects of Coronavirus on Our Business

The World Health Organization recognized COVID-19 as a public health emergency of international concern on January 30, 2020 and as a global pandemic on March 11, 2020. Public health responses have included national pandemic preparedness and response plans, travel restrictions, quarantines, curfews, event postponements and cancellations and closures of facilities including local schools and businesses. While the rollout of vaccines has begun, the timing of vaccinations, herd immunity, and the lifting of shelter in place and similar restrictions and movement restrictions is unknown. The global pandemic and actions taken to contain COVID-19 have adversely affected the global economy and financial markets.

In response to the COVID-19 pandemic, we implemented business continuity plans designed to address the impact of the COVID-19 pandemic on our business, such as restrictions on non-essential business travel, the institution of work-from-home practices and the implementation of strategies for workplace safety at our facilities. In March 2020, the majority of the employees at our headquarters transitioned to working remotely. For several weeks following the initial outbreak of COVID-19, we experienced a material impact to our supply chain that inhibited growth and results of operations. And from time-to-time during the COVID-19 pandemic, we experienced delays in the receipt of goods from international and domestic suppliers as well as a general slowdown in freight processing times resulting in shipping delays and higher periodic freight costs. It is difficult

to predict the extent to which COVID-19 may continue to spread. As of the date of this prospectus, manufacturers in China and in North America are generally back in operation; however, new waves of the COVID-19 pandemic could result in the re-closure of factories in China and/or in North America. Quarantine orders and travel restrictions within the U.S. and other countries may also adversely impact our supply chains, the manufacturing of our own products and our ability to obtain necessary materials. Consequently, we may be unable to obtain adequate inventory to fill purchase orders or manufacture our own products, which could adversely affect our business, results of operations and financial condition. Furthermore, potential suppliers or sources of materials may pass the increase in sourcing costs due to the COVID-19 pandemic to us through price increases, thereby impacting our potential future profit margins.

Our customers reside in countries, primarily the U.S. and Canada, that are currently affected by the COVID-19 pandemic. Many of these customers have experienced shelter-in-place measures in attempts to contain the spread of COVID-19, including general lockdowns, closure of schools and non-essential businesses, bans on gatherings and travel restrictions. Although we cannot precisely quantify in absolute or relative terms, our accelerated rate of growth in net sales for the twelve months ended December 31, 2020 correlates with shelter-in-place orders issued in many locations in March 2020 in response to the COVID-19 pandemic. Our sales growth for the twelve months ended December 31, 2020 was approximately 46% higher than the same period in 2019. A portion of our net sales during this period could be due to pull-through demand for our products due to higher consumption of CEA products from individuals spending more time at home due to shelter-in-place measures. Although uncertainty created by the COVID-19 pandemic remains, and various state budgets remain under economic pressure creating a greater chance of further cannabis legalization, we cannot assure you that such a rate of growth will continue.

Our business has remained resilient during the COVID-19 pandemic. As of December 31, 2020, our manufacturing and distribution operations were viewed as essential services and continued to operate. Our key suppliers, retailers and resellers have been designated as essential services and remain open at this time; however, in certain places they are operating under reduced hours and capacity limitations. The majority of U.S. and Canadian cannabis businesses have been designated as essential by U.S. states and Canadian government authorities.

The extent to which the COVID-19 pandemic will ultimately impact our business, results of operations, financial condition and cash flows depends on future developments that are highly uncertain, rapidly evolving and difficult to predict at this time. Depending on the length and severity of COVID-19, we may experience an increase or decrease in customer orders driven by volatility in consumer shopping and consumption behavior. It is difficult to assess or quantify with precision the impact COVID-19 has directly had on our business since we cannot precisely quantify the impacts, if any, that the various effects (e.g. possible positive demand impact from shelter-in-place orders in the U.S., possible negative supply chain impact from workforce disruption at international and domestic suppliers and domestic ports and the possible negative impact on transportation costs) have had on the overall business. And so, while we do not believe that we are experiencing net material adverse impacts at this time, given the global economic slowdown, the overall disruption of global supply chains and distribution systems and the other risks and uncertainties associated with the COVID-19 pandemic, our business, financial condition, results of operations and growth prospects could be materially and adversely affected. While we believe that we are well positioned for the future as we navigate the crisis and prepare for an eventual return to a more normal operating environment, we continue to closely monitor the COVID-19 pandemic as we evolve our business continuity plans and response strategy.

Recent Transactions

HEAVY 16 Acquisition

On April 26, 2021, we 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 we will acquire 100% of the issued and outstanding membership interests of HEAVY 16 (the "Acquisition"). Pursuant to the terms of the Purchase Agreement, we have agreed to pay a purchase price of up to $78.1 million, consisting of $63.1 million in cash and $15 million of our 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, we intend 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. We believe that the strategic combination of our leading distribution capabilities and HEAVY 16's branded nutrient capabilities will enable the HEAVY 16 brand to rapidly grow across our existing customer base. In addition, we believe there will be an opportunity to use our distribution platform outside the U.S. to offer the HEAVY 16 products internationally. Moreover, by broadening our proprietary branded offerings into the plant nutrients category, we anticipate that the Acquisition will also enable us to further serve the needs of our retail partners and commercial growers as we continue to penetrate the market. Subject to the consummation of the Acquisition, we 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 our 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 our 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.

Below are certain of HEAVY 16's core products.

Heavy Veg-A&B *Heavy Bud-A&B* *Heavy Prime* *Heavy Fire* *Heavy Foliar* *Heavy Roots* *Heavy Finish*

JPMorgan Credit Facility

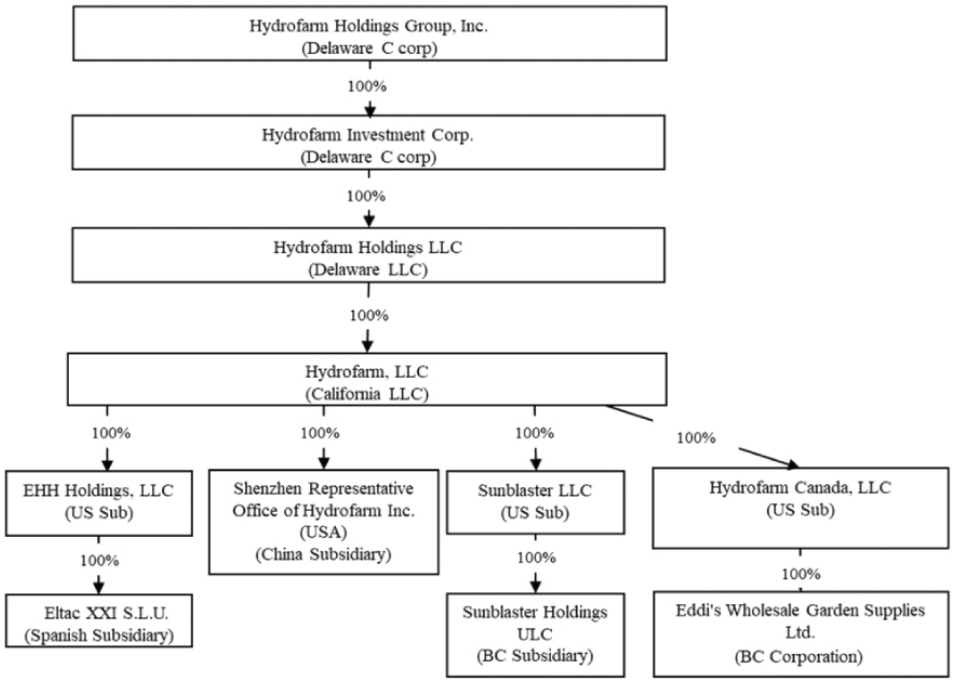
On March 29, 2021, we and certain of our subsidiaries entered into a Senior Secured Revolving Credit Facility (the "JPMorgan Credit Facility") with JPMorgan Chase Bank, N.A., as administrative agent, issuing bank and swingline lender ("JPMorgan"), and the lenders from time to time party thereto. The JPMorgan Credit Facility replaces the Loan and Security Agreement with Encina Business Credit, LLC (as amended to date, the "Encina Credit Facility"). There was no outstanding indebtedness under the Encina Credit Facility when it was replaced. The JPMorgan Credit Facility, among other things, provides for an asset based senior revolving credit line (the "Senior Revolver") with JPMorgan as the initial lender. The three-year Senior Revolver has a borrowing limit of $50 million. We have the right to increase the amount of the Senior Revolver in an amount up to $25 million by obtaining commitments from JPMorgan or from other lenders. Our and our subsidiaries' obligations under the JPMorgan Credit Facility are secured by a first priority lien (subject to certain permitted liens) in substantially all of our and our subsidiaries' respective personal property assets pursuant to the terms of a U.S. and a Canadian Pledge and Security Agreement, dated March 29, 2021 and the other security documents.

Reverse Stock Split

Our board of directors and stockholders approved an amendment to our amended and restated certificate of incorporation effecting a 1-for-3.3712 reverse stock split of our issued and outstanding shares of common stock. The reverse split was effected on November 24, 2020 without any change in the par value per share.

Corporate Structure

We have been in the business of indoor gardening since Hydrofarm, LLC, (originally, Applied Hydroponics, Inc.), one of our wholly-owned subsidiaries, was formed in the State of California on May 4, 1977. We conduct our business through our wholly-owned, direct and indirect subsidiaries. Hydrofarm Holdings LLC is a shell entity and a subsidiary of Hydrofarm Holdings Group, Inc.; Hydrofarm Holdings LLC's subsidiary is Hydrofarm, LLC, our primary operating entity. The chart below depicts our current organizational structure:



Corporate Information

We were incorporated in Delaware in January 2017 under the name Innovation Acquisition One Corp. Our predecessor company, originally called Applied Hydroponics, Inc., was founded in 1977 in Northern California. We changed our name to Hydrofarm Holdings Group, Inc. on August 3, 2018. Our principal executive offices are located at 290 Canal Road, Fairless Hills, Pennsylvania 19030 (the "HQ") and our telephone number is (707) 765-9990. Our website address is www.hydrofarm.com. The information contained on, or that can be accessed through, our website is not, and shall not be deemed to be part of, this prospectus. We have included our website address in this prospectus solely as an inactive textual reference. Investors should not rely on any such information in deciding whether to purchase our common stock.

THE OFFERING

Common stock offered by us	4,000,000 shares of common stock.
Option to purchase additional shares	The underwriters have an option, exercisable within 30 days of the date of this prospectus, to purchase up to 600,000 additional shares of our common stock.
Common stock to be outsanding after this offering	37,971,257 shares (or 38,571,257 shares if the underwriters exercise in full their option to purchase additional shares).
Use of Proceeds	We estimate the net proceeds from this offering will be approximately $234.1 million (or approximately $269.3 million if the underwriters exercise their option to purchase additional shares in full), after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. We expect to use the proceeds from this offering for acquisitions, working capital and other general corporate purposes. See "*Use of Proceeds.*"
Dividend Policy	We have never declared nor paid cash dividends on our common stock. We currently intend to retain any future earnings for use in the operation and expansion of our business. We do not expect to pay any dividends to holders of our common stock in the foreseeable future.
Risk Factors	Investing in our common stock involves a high degree of risk. See "*Risk Factors*" beginning on page 23 of this prospectus and the other information included, and incorporated by reference, in this prospectus for a discussion of certain factors to consider carefully before deciding to invest in our common stock.
Nasdaq Global Select Market Symbol	"HYFM"

The number of shares of our common stock to be outstanding after this offering is based on 33,971,257 shares of common stock outstanding as of April 15, 2021 and excludes as of such date:

- 3,516,086 shares of common stock issuable upon exercise of outstanding warrants to purchase our common stock at a weighted average exercise price of $16.54 per share;
- 899,669 shares of common stock underlying options to purchase our common stock at a weighted average exercise price of $8.98 per share;
- 1,582,817 shares of common stock underlying restricted stock awards which have not yet vested;
- 2,182,998 shares of common stock reserved for future issuance under our 2020 Employee, Director and Consultant Equity Incentive Plan (the "2020 Plan");
- 255,945 shares of our common stock to be issued as consideration to finance the Acquisition; and
- 600,000 shares of our common stock exercisable at the underwriters' option.

In addition, unless we specifically state otherwise, the information in this prospectus assumes a 1-for-3.3712 reverse stock split of our common stock effected on November 24, 2020.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents our summary of consolidated financial and other data for the years ended December 31, 2020 and 2019. We have derived the following consolidated financial and other data for the years ended December 31, 2020 and 2019 from our audited consolidated financial statements and the notes thereto included elsewhere in this prospectus. Our historical results are not necessarily indicative of future results of operations. You should read the following summary consolidated financial and other data together with our audited consolidated financial statements and the related notes incorporated by reference in this prospectus and the information in the section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations" incorporated by reference in this prospectus from our Annual Report.* You should also read "*Prospectus Summary — Recent Developments — Initial Public Offering*" for a summary of our IPO and related debt repayments.

	Years ended December 31,	
	2020	2019
	(In thousands, except per share amounts)	
Income statement data for period ended:		
Net sales	$342,205	$235,111
Gross profit	63,633	27,086
Selling, general and administrative	58,492	43,784
Impairment, restructuring and other[(a)]	860	10,035
Income (loss) from operations	4,281	(26,733)
Interest expense	10,141	13,467
Net loss	(7,273)	(40,083)
Net loss attributable to common stockholders	(9,870)	(40,083)
Net loss per share attributable to common stockholders – diluted	$ (0.46)	$ (1.94)
Cash flows (used in) provided by:		
Operating activities	$ (44,825)	$ (13,302)
Investing activities	546	(3,818)
Financing activities	88,145	19,900
Net increase in cash, cash equivalents and restricted cash	44,098	4,934
Other data:		
Adjusted EBITDA[(b)]	$ 21,076	$ (9,495)
Adjusted EBITDA as a percent of net sales[(b)]	6.2%	-4.0%
Gross profit margin (gross profit as % of net sales)	18.6%	11.5%
Capital expenditures[(c)]	1,447	768
Federal net operating loss carryforwards	62,500	58,000

	As of December 31,	
	2020	2019
	(In thousands)	
Balance sheet data as of end of period:		
Cash, cash equivalents and restricted cash	$ 76,955	$ 32,857
Working capital[(d)]	151,217	40,547
Total assets[(e)]	275,795	185,651
Long-term debt[(f)]	1,036	107,932
Total liabilities	64,877	154,471
Convertible preferred stock	—	21,802
Stockholders' equity	210,918	9,378

(a) Impairment, restructuring and other expenses primarily relate to impairment on intangible assets; restructuring costs; fees for various statutory filings; severance costs for a reduction-in-force; and, costs to early terminate several leases. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Impairment, restructuring and other*" in our Annual Report.

(b) For information regarding our use of adjusted EBITDA and its reconciliation to net loss and adjusted EBITDA as a percent of net sales, see "*Summary Consolidated Financial and Other Data*" under "*Non-GAAP financial measures*" following this table.

(c) Capital expenditures relate to purchases of property, equipment and computer software.

(d) Working capital represents current assets less current liabilities.

(e) Total assets and total liabilities for 2020 and 2019 include operating lease right-of-use assets and lease liabilities, respectively, upon the adoption of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases*, adopted as of January 1, 2019.

(f) Long-term debt represents current and long-term portions of interest bearing debt, net of issuance costs.

Non-GAAP financial measures

We report our financial results in accordance with GAAP. However, management believes that certain non-GAAP financial measures provide investors of our financial information 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" and "Adjusted EBITDA as a percent of sales" which are non-GAAP financial measures (collectively referred to as "Adjusted EBITDA"). 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:

- Adjusted EBITDA does not reflect the significant interest expense, or the amounts necessary to service interest or principal payments on our indebtedness;
- Adjusted EBITDA excludes depreciation and amortization, and although these are non-cash expenses, the assets being depreciated and amortized may have to be replaced in the future;
- Adjusted EBITDA does not reflect our tax provision that adjusts cash available to us;
- Adjusted EBITDA excludes the non-cash component of share-based compensation;
- Adjusted EBITDA excludes the amount of employer payroll taxes on share-based compensation; and

- Adjusted EBITDA does not reflect the impact of earnings or charges resulting from matters we consider not to be reflective, on a recurring basis, of our ongoing operations.

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, which we do not consider in our evaluation of ongoing operating performance. The following table presents a reconciliation of net loss, the most comparable GAAP financial measure, to Adjusted EBITDA for each of the years ended December 31, 2020 and 2019:

	Years ended December 31,	
	2020	2019
	(In thousands)	
Net loss	$ (7,273)	$(40,083)
Interest expense	10,141	13,467
Income tax expense (benefit)	576	(691)
Depreciation and amortization	6,779	6,995
Impairment, restructuring and other	860	10,035
Other income, net	(70)	(105)
Stock-based compensation[(1)]	9,156	208
Loss on debt extinguishment	907	679
Adjusted EBITDA	$21,076	$ (9,495)
Adjusted EBITDA as a percent of net sales	6.2%	-4.0%

(1) Includes the amount of employer payroll taxes on share-based compensation.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, as well as the other information included or incorporated by reference in this prospectus, including our consolidated financial statements and notes thereto and the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report, which is incorporated by reference, before deciding whether to invest in our common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect us. If any of the following risks occur, our business, operating results and prospects could be materially harmed. In that event, the price of our common stock could decline, and you could lose part or all of your investment.

Risks Relating to this Offering and Our Capital Stock

Our common stock has only recently become publicly traded, and the market price of our common stock may be volatile.

The market price of our common stock may fluctuate substantially depending on a number of factors, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our common stock since you might be unable to sell your shares at or above the price you paid. Factors that could cause fluctuations in the trading price of our common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the trading prices and trading volumes of stocks in our industry;
- changes in operating performance and stock market valuations of other companies generally, or those in our industry in particular;
- sales of shares of our common stock by us or our stockholders;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow our company or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, any changes in those projections or our failure to meet those projections;
- announcements by us or our competitors of new offerings or platform features;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our results of operations or fluctuations in our results of operations;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses, services or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any significant change in our management; and
- general economic conditions and slow or negative growth of our markets.

In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these

companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

The market price of our common stock could be negatively affected by future sales of our common stock.

If our existing stockholders, our directors, their affiliates, or our executive officers, sell a substantial number of shares of our common stock in the public market, the market price of our common stock could decrease significantly. The perception in the public market that these stockholders might sell our common stock could also depress the market price of our common stock and could impair our future ability to obtain capital, especially through an offering of equity securities.

Pre-IPO holders of our capital stock and securities convertible into our capital stock are subject to lock-up agreements or market stand-off provisions that expire on June 7, 2021 and we, along with our directors and executive officers, are subject to lock-up agreements that expire 90 days after the date of this prospectus. Accordingly, approximately 23,728,882 shares of our common stock will become eligible for sale upon such expirations. Such lock-up expirations could adversely affect the market for our common stock.

We have also agreed to file a registration statement for the resale of certain shares of our common stock held by certain of our stockholders. All of our common stock sold pursuant to an offering covered by such registration statement will be freely transferable.

If you purchase our common stock in this offering, you will incur immediate and substantial dilution as a result of this offering.

If you purchase our common stock in this offering, you will incur immediate and substantial dilution of $51.16 per share, representing the difference between the assumed public offering price of $61.63 per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, and our as adjusted net tangible book value per share after giving effect to the issuance and sale of shares of common stock by us in this offering. As of April 15, 2021, there were 3,516,086 shares of our common stock subject to outstanding warrants with a weighted-average exercise price of $16.54 per share, 899,669 shares of our common stock subject to outstanding stock options with a weighted-average exercise price of $8.98 per share and 1,582,817 shares of our common stock subject to outstanding restricted stock awards issuable upon the settlement of such restricted stock awards. To the extent that these outstanding warrants and stock options are ultimately exercised, that these restricted stock units ultimately settle or the underwriters exercise their option to purchase additional shares of our common stock, you will incur further dilution. See "*Dilution.*"

We may incur indebtedness or issue capital stock that ranks senior or equally to our common stock as to liquidation preference and other rights and which may dilute our stockholders' ownership interest.

Shares of our common stock are common equity interests in us and, as such, will rank junior to all of our existing and future indebtedness and other liabilities. Additionally, our amended and restated certificate of incorporation, as amended (the "Certificate of Incorporation"), does not prohibit us from issuing any series of preferred stock that would rank senior or equally to our common stock as to dividend payments and liquidation preference. Our Certificate of Incorporation allows for our board of directors to create new series of preferred stock without further approval by our stockholders, which could adversely affect the rights of the holders of our common stock. We have the authority to issue up to 50,000,000 shares of our preferred stock without further stockholder approval. The issuances of any series of preferred stock could have the effect of reducing the amounts available to our holders of common stock in the event of our liquidation. In addition, if we issue preferred stock with voting rights that dilute the voting power of our common stock, the market price of our common stock could decrease. Additional issuances and sales of preferred stock, or the perception that such issuances and sales could occur, may cause prevailing market prices for our common stock to decline and may adversely affect our ability to raise additional capital in the financial markets at times and prices favorable to us. In addition, any additional capital raised through the sale of equity or equity-backed securities may dilute our stockholders' ownership percentages and could also result in a decrease in the market value of our common stock.

Provisions in our corporate charter documents and under Delaware law could make an acquisition of our company, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

These provisions might discourage, delay or prevent a change in control of our company or a change in our management. The existence of these provisions could adversely affect the voting power of holders of common stock and limit the price that investors might be willing to pay in the future for shares of our common stock. Furthermore, we have the authority to issue up to 50,000,000 shares of our preferred stock without further stockholder approval, the rights of which will be determined at the discretion of the board of directors and that, if issued, could operate as a "poison pill" to dilute the stock ownership of a potential hostile acquirer to prevent an acquisition that our board of directors does not approve. In addition, our Certificate of Incorporation and amended and restated bylaws (the "Bylaws") contain provisions that may make the acquisition of our company more difficult, including the following:

- our authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise;
- our board of directors is classified into three classes of directors with staggered three-year terms and directors are only able to be removed from office for cause;
- our stockholders will only be able to take action at a meeting of stockholders and will not be able to take action by written consent for any matter, except in certain circumstances;
- a special meeting of our stockholders may only be called by the chairperson of our board of directors or a majority of our board of directors;
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders; and
- certain amendments to our Certificate of Incorporation and any amendments to our Bylaws by our stockholders will require the approval of at least two-thirds of our then-outstanding voting power entitled to vote generally in an election of directors, voting together as a single class.

Various provisions of our lending agreements with JPMorgan, in addition to our Certificate of Incorporation, Bylaws and other corporate documents, could delay or prevent a change of control.

The JPMorgan Credit Facility prohibits us from undergoing a change of control. Any takeover attempt could be delayed, or prevented, if an amendment or waiver is not provided by the respective lenders. See "*—Risks Relating to Our Indebtedness*" and "*Description of Our Indebtedness*." Moreover, certain provisions of our Certificate of Incorporation and Bylaws and provisions of Delaware General Corporation Law could delay or prevent a change of control or may impede the ability of the holders of our common stock to change our management. In particular, our Certificate of Incorporation and Bylaws, among other things will regulate how stockholders may present proposals or nominate directors for election at stockholders' meetings and authorize our board of directors to issue preferred stock in one or more series, without stockholder approval. See "*Description of Capital Stock — Anti-Takeover Provisions.*"

We are a holding company and rely on dividends and other payments, advances and transfers of funds from our subsidiaries to meet our obligations and pay dividends, if any, and we may never pay any dividends to the holders of our common stock and capital appreciation, if any, of our common stock may be your sole source of gain on your investment.

We have no direct operations and no significant assets other than the ownership of capital stock and equity interests of our subsidiaries. Because we conduct our operations through our subsidiaries, we depend on those entities for dividends and other payments to generate the funds necessary to meet our financial obligations. Legal and contractual restrictions in the JPMorgan Facility and other agreements which may govern future indebtedness of our subsidiaries, as well as the financial condition and operating requirements of our subsidiaries, may limit our ability to obtain cash from our subsidiaries. The earnings from, or other available assets of, our subsidiaries might not be sufficient to pay dividends or make distributions or loans to enable us to pay any dividends on our common stock or other obligations. Any of the foregoing could

materially and adversely affect our business, financial condition, results of operations and cash flows. In addition, our ability to pay dividends is restricted by the terms of the JPMorgan Credit Facility and, in addition, future debt financing, if any, may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on our securities.

We currently intend to retain any future earnings for use in the operation and expansion of our business. Accordingly, we do not expect to pay any dividends to holders of our common stock in the foreseeable future, but will review this policy as circumstances dictate. The declaration and payment of all future dividends to holders of our common stock, if any, will be at the sole discretion of our board of directors, which retains the right to change our dividend policy at any time. In addition, our ability to pay dividends is restricted by the terms of the JPMorgan Credit Facility and, in addition, future debt financing, if any, may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on our securities. Consequently, capital appreciation, if any, of our common stock may be your sole source of gain on your investment for the foreseeable future.

Our largest stockholders will exercise significant influence over our company for the foreseeable future, including the outcome of matters requiring stockholder approval.

Our former directors and their affiliates will collectively own 12,551,042 shares of our common stock, or approximately 33.1% of our outstanding shares of common stock after the consummation of the offering contemplated hereby, assuming no exercise of the underwriters' option to purchase additional shares of our common stock. Accordingly, if these stockholders were to choose to act together, they could have a significant influence over all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or all or a significant percentage of our assets. This concentration of ownership could limit your ability to influence corporate matters and may have the effect of delaying or preventing a third party from acquiring control over us.

We cannot assure you that the interests of our former directors and affiliated persons will coincide with the interests of the investors. So long as our former directors and affiliated persons collectively controls a significant portion of our common stock, these individuals and/or entities controlled by them, will continue to collectively be able to strongly influence or effectively control our decisions. Therefore, you should not invest in reliance on your ability to have any control over our company. See "*Principal Stockholders*," "*Certain Relationships and Related Party Transactions*" and "*Description of Capital Stock.*"

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

We cannot specify with certainty the particular uses of the net proceeds we will receive from this offering. Our management will have broad discretion in the application of the net proceeds, including for any of the purposes described in the section of this prospectus titled "*Use of Proceeds.*" Our management may spend a portion or all of the net proceeds from this offering in ways that our stockholders may not desire or that may not yield a favorable return. The failure by our management to apply these funds effectively could harm our business, financial condition, results of operations and prospects. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

We are an emerging growth company, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

As an emerging growth company, as defined in the JOBS Act, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to obtain an assessment of the effectiveness of our internal controls over financial reporting from our independent registered public accounting firm pursuant to Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. To the extent we avail ourselves of these exemptions, our

financial statements may not be comparable to companies that comply with such new or revised accounting standards. We cannot predict if investors will find our common stock less attractive because we will rely on these.

Our Certificate of Incorporation provides that the doctrine of "corporate opportunity" will not apply with respect to any director or stockholder who is not employed by us or our affiliates.

The doctrine of corporate opportunity generally provides that a corporate fiduciary may not develop an opportunity using corporate resources, acquire an interest adverse to that of the corporation or acquire property that is reasonably incident to the present or prospective business of the corporation or in which the corporation has a present or expectancy interest, unless that opportunity is first presented to the corporation and the corporation chooses not to pursue that opportunity. The doctrine of corporate opportunity is intended to preclude officers or directors or other fiduciaries from personally benefiting from opportunities that belong to the corporation. Our Certificate of Incorporation provides that the doctrine of "corporate opportunity" does not apply with respect to any director or stockholder who is not employed by us or our affiliates. Any director or stockholder who is not employed by us or our affiliates will therefore have no duty to communicate or present corporate opportunities to us, and will have the right to either hold any corporate opportunity for their (and their affiliates') own account and benefit or to recommend, assign or otherwise transfer such corporate opportunity to persons other than us, including to any director or stockholder who is not employed by us or our affiliates.

As a result, certain of our stockholders, directors and their respective affiliates will not be prohibited from operating or investing in competing businesses. We therefore may find ourselves in competition with certain of our stockholders, directors or their respective affiliates, and we may not have knowledge of, or be able to pursue, transactions that could potentially be beneficial to us. Accordingly, we may lose a corporate opportunity or suffer competitive harm, which could negatively impact our business or prospects.

If securities or industry analysts do not publish research or reports about our business, or they publish negative reports about our business, our share price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business, our market and our competitors. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

Our Certificate of Incorporation and our Bylaws provide that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our Certificate of Incorporation and our Bylaws provide that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our Certificate of Incorporation or our Bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. Notwithstanding the foregoing, the exclusive forum provision does not apply to suits brought to enforce any liability or duty created by the Exchange Act, the Securities Act or any other claim for which the federal courts have exclusive jurisdiction. Unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by applicable law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our Certificate of Incorporation and our Bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially and adversely affect our business, financial condition, and results of operation.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents we incorporate by reference herein contain certain statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and releases issued by the SEC and within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. You can generally identify forward-looking statements by our use of forward-looking terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "potential," "predict," "seek," "will" or "should," or the negative thereof or other variations thereon or comparable terminology. In particular, statements about the markets in which we operate, including growth of our various markets, and statements about our expectations, beliefs, plans, strategies, objectives, prospects, assumptions or future events or performance contained in this prospectus under the headings "*Prospectus Summary*" and "*Risk Factors*" and in our Annual Report under the headings "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*" are forward-looking statements.

We have based these forward-looking statements on our current expectations, assumptions, estimates and projections. While we believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond our control. These and other important factors, including those discussed in this prospectus under the headings "*Prospectus Summary*" and "*Risk Factors*" and in our Annual Report under the headings "*Risk Factors*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*," may cause our actual results, levels of activity, performance or events and circumstances to differ materially from any future results, levels of activity, performance or events and circumstances expressed or implied by these forward-looking statements. Some of the factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include:

- general economic and financial conditions, specifically in the U.S. and Canada;
- the adverse effects of public health epidemics, including the recent COVID-19 outbreak, on our business, results of operations and financial condition;
- federal and state legislation and regulations pertaining to the use and cultivation of cannabis in the U.S., and such laws and regulations in Canada;
- the costs of being a public company;
- our ability to keep pace with technological advances;
- our ability to successfully identify appropriate acquisition targets, successfully acquire identified targets or successfully integrate the business of acquired companies;
- the success of our marketing activities;
- a disruption of breach of our information technology systems;
- our current level of indebtedness;
- our dependence on third parties;
- the performance of third parties on which we depend;
- the fluctuation in the prices of the products we distribute;
- competitive industry pressures;
- the consolidation of our industry;
- compliance with environmental, health and safety laws;
- our ability to obtain and maintain protection for our intellectual property and proprietary rights;
- our ability to protect and defend against litigation, including claims related to intellectual property and proprietary rights;
- product shortages and relationships with key suppliers;

- our ability to attract key employees;
- the volatility of the price of our common stock;
- the marketability of our common stock; and
- other risks and uncertainties, including those listed in "*Risk Factors*."

Moreover, we operate in a highly competitive and rapidly changing environment. New risks emerge from time to time and it is not possible for us to predict all risk factors, nor can we address the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual results to differ materially from those contained in any forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus to conform these statements to new information, actual results or to changes in our expectations, except as required by law.

You should read this prospectus, our Annual Report, which is incorporated by reference in the prospectus, and the documents that we reference in this prospectus and have filed with the SEC as exhibits to the registration statement of which this prospectus is a part with the understanding that our actual future results, levels of activity, performance, and events and circumstances may be materially different from what we expect.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately $234.1 million from the sale of the shares of our common stock in this offering, based on an assumed public offering price of $61.63 per share, which was the last reported sale price of our common stock on the Nasdaq Global Select Market on April 23, 2021, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their option to purchase additional shares in full, we estimate that our net proceeds will be approximately $269.3 million, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

We expect to use the proceeds from this offering for acquisitions, working capital and other general corporate purposes. Additionally, we may use a portion of the net proceeds to acquire or invest in businesses, products, services, or technologies. However, currently we do not have binding agreements or commitments for any material acquisitions or investments.

DIVIDEND POLICY

We have no direct operations and no significant assets other than ownership of capital stock and equity interests of our subsidiaries. Because we conduct operations through our subsidiaries, we depend on our subsidiaries for dividends and other payments to generate the funds necessary to meet our financial obligations. Legal and contractual restrictions in our credit facility and other agreements which may govern future indebtedness of our subsidiaries, as well as the financial condition and operating requirements of our subsidiaries, may limit our ability to obtain cash from our subsidiaries. The earnings from, or other available assets of, our subsidiaries might not be sufficient to pay dividends or make distributions or loans to enable us to pay any dividends on our common stock or other obligations.

We have never declared nor paid any cash dividends to holders of our common stock. Except as described herein, we currently intend to retain any future earnings for use in the operation and expansion of our business. Accordingly, we do not expect to pay any dividends to holders of our common stock in the foreseeable future, but will review this policy as circumstances dictate. The declaration and payment of all future dividends to holders of our common stock, if any, will be at the sole discretion of our board of directors, which retains the right to change our dividend policy at any time. In addition, our ability to pay dividends is currently restricted by the terms of the JPMorgan Credit Facility and, in addition, future debt or other financings, if any, may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on our securities.

CAPITALIZATION

The following table sets forth cash, cash equivalents and restricted cash, as well as our capitalization, as of December 31, 2020 as follows:

- on an actual basis; and
- on an as adjusted basis to reflect the issuance and sale of 4,000,000 shares of common stock by us in this offering at the assumed public offering price of $61.63 per share, which was the last sale price of our common stock as reported by the Nasdaq Global Select Market on April 23, 2021, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The as adjusted information set forth in the table below is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering determined at pricing. This table should be read in conjunction with the section titled "*Management's Discussion and Analysis of Financial Condition and results of operations*" and our consolidated financial statements and related notes in our Annual Report, which is incorporated by reference in the prospectus.

	As of December 31, 2020	
	Actual	As adjusted
	(in thousands, except share and per share data)	
Cash, cash equivalents and restricted cash	$ 76,955	$ 311,019
Stockholders' equity:		
Preferred stock, $0.0001 par value: 50,000,000 shares authorized, no shares issued and outstanding, actual; 50,000,000 shares authorized, no shares issued and outstanding, as adjusted	—	—
Common stock, $0.0001 par value: 300,000,000 shares authorized, 33,499,953 shares issued and outstanding, actual; 300,000,000 shares authorized, 37,499,953 shares issued and outstanding, as adjusted	3	4
Additional paid-in-capital	364,248	598,311
Accumulated other comprehensive income	599	599
Accumulated deficit	(153,932)	(153,932)
Total stockholders' equity	210,918	444,982
Total capitalization	$ 210,918	$ 444,982

If the underwriters' option to purchase additional shares of our common stock from us were exercised in full, as adjusted cash, cash equivalents and restricted cash and total capitalization would each be increased by $35.2 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, and. the as adjusted number of shares of common stock outstanding would be increased by 600,000.

The number of shares of our common stock to be outstanding after this offering is based on 33,971,257 shares of common stock outstanding as of April 15, 2021 and excludes as of such date:

- 3,516,086 shares of common stock issuable upon exercise of outstanding warrants to purchase our common stock at a weighted average exercise price of $16.54 per share;
- 899,669 shares of common stock underlying options to purchase our common stock at a weighted average exercise price of $8.98 per share;
- 1,582,817 shares of common stock underlying restricted stock awards which have not yet vested;
- 2,182,998 shares of common stock reserved for future issuance under our 2020 Plan;
- 255,945 shares of our common stock to be issued as consideration to finance the Acquisition; and
- 600,000 shares of our common stock exercisable at the underwriters' option.

DILUTION

If you invest in our common stock in this offering, your ownership interest will be diluted immediately to the extent of the difference between the public offering price per share of our common stock in this offering and the as adjusted net tangible book value (deficit) per share of our common stock immediately after this offering.

As of December 31, 2020, our historical net tangible book value surplus was $158.5 million, or $4.73 per share of common stock, based on 33,499,953 shares of our common stock outstanding. Our historical net tangible book value deficit per share is equal to our total tangible assets (excludes intangible assets), less total liabilities, divided by the number of outstanding shares of our common stock.

After giving further effect to the sale of 4,000,000 shares of common stock in this offering at an assumed public offering price of $61.63 per share, which is the last reported sale price of our common stock on the Nasdaq Global Select Market on April 23, 2021, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, our as adjusted net tangible book value as of December 31, 2020, would have been approximately $392.6 million, or approximately $10.47 per share. This amount represents an immediate increase in as adjusted net tangible book value of $5.74 per share to our existing stockholders and an immediate dilution in net tangible book value of approximately $51.16 per share to new investors purchasing shares of common stock in this offering.

Dilution per share to new investors is determined by subtracting as adjusted net tangible book value per share after this offering from the public offering price per share paid by new investors. The following table illustrates this dilution (without giving effect to any exercise by the underwriters of their option to purchase additional shares):

Assumed public offering price per share		$61.63
Historical net tangible book value per share as of December 31, 2020	$4.73	
Increase in as adjusted net tangible book value per share attributable to new investors in this offering	5.74	
As adjusted net tangible book value per share after this offering		10.47
Dilution per share to new investors in this offering		$51.16

Each $1.00 increase (decrease) in the assumed public offering price of $61.63 per share, which was the last reported sale price of our common stock on the Nasdaq Global Select Market on April 23, 2021, would increase (decrease) the net proceeds to us from this offering, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, by approximately $3.8 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same. We may also increase or decrease the number of shares we are offering. An increase (decrease) of 1.0 million in the number of shares offered by us at the assumed public offering price would increase (decrease) the net proceeds to us from this offering, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, by approximately $58.7 million.

If the underwriters exercise their option in full to purchase additional shares, our as adjusted net tangible book value per share after this offering would be $11.23 per share, and the dilution in net tangible book value per share to new investors in this offering would be $50.40 per share.

The number of shares of our common stock to be outstanding after this offering is based on 33,971,257 shares of common stock outstanding as of April 15, 2021 and excludes as of such date:

- 3,816,086 shares of common stock issuable upon exercise of outstanding warrants to purchase our common stock at a weighted average exercise price of $16.54 per share;
- 899,669 shares of common stock underlying options to purchase our common stock at a weighted average exercise price of $8.98 per share;
- 1,582,817 shares of common stock underlying restricted stock awards which have not yet vested;
- 2,182,998 shares of common stock reserved for future issuance under our 2020 Plan;
- 255,945 shares of our common stock to be issued as consideration to finance the Acquisition; and
- 600,000 shares of our common stock exercisable at the underwriters' option.

MANAGEMENT

Executive Officers and Directors

The table below contains information regarding our directors and executive officers as of the date hereof:

Name	Age	Position
William Toler	61	Chief Executive Officer and Chairman of the Board
Terence Fitch	61	President
B. John Lindeman	50	Chief Financial Officer
Susan P. Peters	67	Director
Patrick Chung	31	Director
Renah Persofsky	62	Director
Richard D. Moss	63	Director
Melisa Denis	57	Director

William Toler — Chief Executive Officer and Chairman of the Board

Mr. Toler has served as our Chief Executive Officer and Chairman of our board of directors since January 1, 2019. Prior to joining Hydrofarm in 2019, Mr. Toler was the Chief Executive Officer of Hostess Brands, Inc. (Nasdaq: TWNK) ("Hostess"), a food and beverage company, from May 2014 to March 2018. Under his leadership, Hostess successfully re-established the iconic Hostess brand as a leader within the sweet baked goods category, returned the company to profitability and transitioned Hostess from a private to public company. Mr. Toler has over 35 years of executive leadership experience in supply chain management and consumer packaged goods, including previously having served as Chief Executive Officer of AdvancePierre Foods, from September 2008 to August 2013, and President of Pinnacle Foods. He has also held executive roles at Campbell Soup Company, Nabisco and Procter & Gamble. Mr. Toler served on the board of directors of Collier Creek Holdings from September 2018 to September 2020, Hostess Brands from May 2014 to March 2018, AdvancePierre Foods from 2008 to 2013 and Pinnacle Foods from 2007 to 2008. In addition, Mr. Toler has also served as a senior advisor at Oaktree Capital Management, an investment management firm, from September 2013 to April 2014. Mr. Toler holds a B.A. in Business Management and Economics from North Carolina State University. Mr. Toler was selected to serve as Chairman of our board of directors because of his 35 years of executive leadership experience in supply chain management and consumer packaged goods.

Terence Fitch — President

Mr. Fitch has served as our President since March 4, 2019. Mr. Fitch has more than 30 years of marketing, sales, finance, manufacturing, supply chain, media and supervisory experience in the beverage industry. Prior to joining Hydrofarm in 2019, Mr. Fitch spent 18 years in Coca Cola's senior management beginning in 1994, first as Regional Vice President of Sales and Marketing of the Gulf States, then as Division Vice President and General Manager, and finally as Senior Vice President and General Manager of the Western Region, responsible for a team of 13,500 sales, strategy, marketing, operations, manufacturing, supply chain, and analytical professionals, and accountable for annual sales in excess of $4.2 billion. Mr. Fitch also served as Senior Vice President and General Manager of the Western Region of Coca Cola Refreshments from 2010 to 2013. In 2013, Mr. Fitch founded Drink Teck, LLC, a functional beverage company, where he served as its Chief Executive Officer. Mr. Fitch has also served on the board of directors of the Harold Pump Foundation, on the C-5 Youth Foundation, on the USC Food Management Council, and on the Coca Cola Scholars Foundation. Mr. Fitch holds a B.S. in finance and marketing from Arizona State University.

B. John Lindeman — Chief Financial Officer

Mr. Lindeman has served as our Chief Financial Officer since March 2020. From August 2015 until assuming his current role at Hydrofarm Holdings in March 2020, Mr. Lindeman served as Chief Financial Officer and Corporate Secretary at Calavo Growers, Inc. (Nasdaq-GS: CVGW) ("Calavo"), a global avocado-industry leader and expanding provider of valued-added fresh food, where he was responsible for the finance,

accounting, IT and human resource functions. Prior to joining Calavo, Mr. Lindeman held various leadership positions within the finance and investment banking industries, including serving as managing director at Sageworth Trust Company, a family office and private trust company, from March 2015 to July 2015, managing director and co-head of the consumer and retail group at Janney Montgomery Scott from August 2009 to March 2015, managing director at Stifel Nicolaus from December 2005 to August 2009 and principal at Legg Mason from October 1999 to December 2005. Prior to joining Legg Mason, he was a Manager at PricewaterhouseCoopers LLP from August 1996 to October 1999. Mr. Lindeman has also served as a director of Utz Brands, Inc. (NYSE: UTZ) since September 2020. Mr. Lindeman is a Chartered Financial Analyst and holds a B.S. in Business Administration from the University of Mary Washington.

Susan P. Peters — Director

Ms. Peters has served as our director since November 10, 2020. Previously, she was the Senior Vice President of Human Resources for General Electric Company ("GE") from July 2013 until December 2017 after which she retired following 38 years of service. In her role as Chief Human Resource Officer ("CHRO"), Ms. Peters was a member of GE's senior leadership team. From 2001 to 2007 Ms. Peters served as GE's Vice President of Executive Development and served as Chief Learning Officer since 2007. In her role as the CHRO, Ms. Peters oversaw all aspects of the Human Resource function for GE's workforce of approximately 325,000 employees in 175 countries. She was responsible for all of GE's talent acquisition, talent development, learning, compensation and benefits, payroll, union relations, and security. Approximately 5,000 human resource employees worked under her leadership. Ms. Peters was first appointed as an officer at GE in 1997. Ms. Peters was a founding member of the GE Women's Network and was also a member of the GE Foundation Board and the GE Pension Board. Ms. Peters also served on the National Board of Directors of Girl Scouts of the USA from 2008 until 2017. She is currently a member of the Loews Corporation (NYSE) board of directors. Ms. Peters received her B.A. from St. Mary's College, Notre Dame and her Masters in Education from the University of Virginia. Ms. Peters was selected to serve on our board of directors because of her expertise in leadership and development and her experience serving as an officer of a global industrial company.

Patrick Chung — Director

Mr. Chung has served as our director since November 10, 2020. Mr. Chung currently serves as the Vice President of Finance at Serruya Private Equity Inc., which he joined in March 2018. In his role as Vice President, Mr. Chung oversees financial reporting and asset management for the fund, leads the real estate investments team, and plays a strategic role in the growth of investee companies. Previously, Mr. Chung was the Director of Finance for Inside Edge Properties Ltd. from March 2017 to March 2018. From January 2015 to March 2017, Mr. Chung served as the Assistant Manager of Finance Advisory for Deloitte. Prior to January 2015, Mr. Chung served as an Associate of Risk Assurance Services at PricewaterhouseCoopers Canada. In December 2015, Mr. Chung was designated as a Chartered Professional Accountant ("CPA") by the Chartered Professional Accountants of Ontario. Mr. Chung received his Bachelor of Accounting and Finance and Minor in Economics from the University of Waterloo in December 2011 and his Masters of Accounting from the University of Waterloo in August 2012. Mr. Chung was selected to serve on our board of directors because of his expertise in financial accounting and investment management.

Renah Persofsky — Director

Ms. Persofsky has served as our director since November 10, 2020. Ms. Persofsky has over 40 years of business experience. Ms. Persofsky has served as the Chief Executive Officer of Strajectory Corp. since 2010 and as an executive consultant of Canadian Imperial Bank of Commerce since 2011. Ms. Persofsky has also served as the Chairwoman of BookJane Inc. since October 2016, a director of Aphria Inc. since October 2017 and the Vice Chairwoman and Lead Director since October 2019, the Chairwoman of Green Gruff Inc. since July 2019 and a director of Alkemy since April 2021. Ms. Persofsky has also previously served as an executive consultant to many iconic brands including Tim Hortons, Canadian Tire, Canada Post and Interac, and was an executive officer of the Bank of Montreal. Ms. Persofsky previously co-chaired the Canadian Minister's Advisory Committee on Electronic Commerce, as well as served as a special advisor to the Minister of Foreign Affairs and Trade. Ms. Persofsky received her degree from the Rotman School of Management at the University of Toronto. Ms. Persofsky was selected to serve on our board of directors because of her global business, e-commerce expertise, and her experience with the cannabis industry.

Richard D. Moss — Director

Mr. Moss has served as our director since November 10, 2020. Mr. Moss served as Chief Financial Officer of Hanesbrands Inc., a leading Fortune 500 apparel company, from October 2011 until October 2017, after which he served in an advisory role at Hanesbrands until his retirement on December 31, 2017. Prior to his appointment as Chief Financial Officer, Mr. Moss led several key financial functions, including treasury and tax, at Hanesbrands from 2006 to 2011. From 2002 to 2005, Mr. Moss served as Vice President and Chief Financial Officer of Chattem Inc., a leading marketer and manufacturer of branded over-the-counter health-care products, toiletries and dietary supplements. Since January 2018, Mr. Moss has also served as a senior advisor to Nexo Capital Partners. Mr. Moss has served as a director of Winnebago Industries, Inc., a leading U.S. recreational vehicle manufacturer, since February 2017 and has served as a director of Nature's Sunshine Products, Inc. since May 2018. Mr. Moss received a B.A. and an M.B.A from Brigham Young University. Mr. Moss was selected to serve on our board of directors because of his significant financial and corporate governance experience, including experience with public, consumer-oriented companies.

Melisa Denis — Director

Ms. Denis has served as our director since November 20, 2020. Ms. Denis is currently President of Miracle Pointe Development, a real estate development company. Ms. Denis previously served as a partner at KPMG from 1998 to October 2020, including as National Tax Leader for Consumer Goods and as the leader of the Consumer and Industrial Market for Dallas. Ms. Denis has served as a member of the Board of Regents for the University of North Texas System since January 2020, an advisory board member of Women Corporate Directors since 2011, and a board member of Enactus, a global non-profit, since 2019. Ms. Denis is a Certified Public Accountant and received her degree in accounting and her Masters of Accounting and Tax from the University of North Texas. Ms. Denis was selected to serve on our board of directors because of her significant financial and tax experience, including experience with companies in the consumer goods industry.

Family Relationships

There are no family relationships between any of our directors or executive officers.

Placement Agent Agreement

In connection with the Private Placement, we entered into a placement agent agreement (the "Placement Agent Agreement") with A.G.P./Alliance Global Partners and SternAegis Ventures (the "Placement Agents"). The Placement Agent Agreement provides the Placement Agents with the right to appoint a director to our board of directors (the "PA Director"). Adam Stern, one of our former directors, was the PA Director pursuant to the Placement Agents' rights under the Placement Agent Agreement. We have agreed to engage the Placement Agents as our warrant solicitation agent in the event the Investor Warrants are called for redemption and shall pay a warrant solicitation fee to the Placement Agents equal to five (5%) percent of the amount of net cash proceeds solicited by the Placement Agents upon the exercise of the Investor Warrants following such call for redemption.

Board Leadership Structure and Role in Risk Oversight

Our board of directors has responsibility for establishing broad corporate policies and reviewing our overall performance rather than day-to-day operations. The primary responsibility of our board of directors is to oversee our management and, in doing so, serve our best interests and the best interests of our stockholders. Our board of directors selects, evaluates and provides for the succession of executive officers and, subject to stockholder election, directors. It reviews and approves corporate objectives and strategies, and evaluates significant policies and proposed major commitments of corporate resources. Our board of directors also participates in decisions that have a potential major economic impact on us. Management keeps the directors informed of company activity through regular communication, including written reports and presentations at board of directors and committee meetings.

Our board of directors is currently chaired by Mr. William Toler, who also serves as our Chief Executive Officer. We have not adopted a formal policy on whether the Chairman and Chief Executive Officer positions

should be separate or combined. However, we have determined that it is in our best interest and the best interest of our stockholders to appoint Mr. Toler as our Chairman and Chief Executive Officer.

Effective risk oversight is an important priority of the board of directors. Because risks are considered in virtually every business decision, the board of directors discusses risk throughout the year generally or in connection with specific proposed actions. The board of directors' approach to risk oversight includes understanding the critical risks in our business and strategy, evaluating our risk management processes, allocating responsibilities for risk oversight among the full board of directors, and fostering an appropriate culture of integrity and compliance with legal responsibilities.

Our officers are appointed by our board of directors and hold office until they resign or are removed from office by the board of directors. Ms. Peters, Ms. Persofsky, Mr. Chung, Mr. Moss and Ms. Denis qualify as independent directors.

Classified Board of Directors

Our Certificate of Incorporation provides for our board of directors to be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of stockholders, with the other classes continuing for the remainder of their respective three-year terms. Our current directors are divided among the three classes as follows:

- the Class I directors are Mr. Toler and Mr. Chung and their terms will expire at the annual meeting of stockholders to be held in 2021;
- the Class II directors are Ms. Persofsky and Ms. Denis and their terms will expire at the annual meeting of stockholders to be held in 2022; and
- the Class III directors are Mr. Moss and Ms. Peters and their terms will expire at the annual meeting of stockholders to be held in 2023.

Each director's term will continue until the election and qualification of their successor, or their earlier death, resignation or removal. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors.

This classification of our board of directors may have the effect of delaying or preventing changes in control of our company. See the section titled "*Description of Capital Stock — Anti-Takeover Provisions — Classified Board of Directors*."

Committees of the Board of Directors

Our board of directors has four standing committees: an audit committee, a compensation committee, a nominating and corporate governance committee and a mergers and acquisitions committee. Subject to phase-in rules and a limited exception, the rules of Nasdaq and Rule 10A-3 of the Exchange Act require that the audit committee of a listed company be comprised solely of independent directors, and the rules of Nasdaq require that the compensation committee of a listed company be comprised solely of independent directors.

Audit Committee

Our board of directors has established an audit committee of the board of directors. Mr. Moss (Chair), Ms. Persofsky and Ms. Denis serve as members of our audit committee. Under the Nasdaq listing standards and applicable SEC rules, we are required to have at least three members of the audit committee, all of whom must be independent.

Each member of the audit committee is financially literate and our board of directors has determined that each member qualifies as an "audit committee financial expert" as defined in applicable SEC rules.

Our audit committee charter details the principal functions of the audit committee, including:

- the appointment, compensation, retention, replacement, and oversight of the work of the independent auditors and any other independent registered public accounting firm engaged by us;

- resolving any disagreements between management and the independent auditor regarding financial reporting;
- pre-approving all audit and permitted non-audit services to be provided by the independent auditors or any other registered public accounting firm engaged by us, and establishing pre-approval policies and procedures;
- reviewing and discussing with the independent auditors all relationships the auditors have with us in order to evaluate their continued independence;
- setting clear hiring policies for employees or former employees of the independent auditors;
- setting clear policies for audit partner rotation in compliance with applicable laws and regulations;
- seeking information that we require from employees or any of our direct or indirect subsidiaries (each, a "Subsidiary"), all of whom are directed to cooperate with the audit committee's requests, or external parties;
- meeting with any of our officers or employees (or officers or employees of any Subsidiary), the independent auditor or outside counsel, as necessary, or request that any such persons meet with any members of, or advisors or consultants to, the audit committee;
- obtaining and reviewing a report, at least annually, from the independent auditors describing (i) the independent auditor's internal quality-control procedures and (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm and any steps taken to deal with such issues;
- reviewing and approving any related party transaction required to be disclosed pursuant to Item 404 of Regulation S-K promulgated by the SEC prior to us entering into such transaction;
- overseeing that management has established and maintained processes to assure compliance by us with applicable laws, regulations and corporate policy; and
- reviewing with management, the independent auditors, and our legal advisors, as appropriate, any legal, regulatory or compliance matters, including any correspondence with regulators or government agencies and any employee complaints or published reports that raise material issues regarding our financial statements or accounting policies and any significant changes in accounting standards or rules promulgated by the Financial Accounting Standards Board, the SEC or other regulatory authorities.

Compensation Committee

Our board of directors has established a compensation committee of the board of directors. Ms. Peters (Chair) and Mr. Chung serve as members of our compensation committee. Under the Nasdaq listing standards and applicable SEC rules, we are required to have at least two members of the compensation committee, all of whom must be independent. Ms. Peters and Mr. Chung are independent.

Our compensation committee charter details the principal functions of the compensation committee, including:

- discharging the responsibilities of the board of directors relating to compensation of our directors and executive officers;
- reviewing and approving on an annual basis the corporate goals and objectives relevant to our Chief Executive Officer's compensation, evaluating our Chief Executive Officer's performance in light of such goals and objectives and determining and approving the remuneration (if any) of our Chief Executive Officer based on such evaluation;
- reviewing and approving on an annual basis the compensation of all of our other officers;
- reviewing on an annual basis our executive compensation policies and practices;
- implementing and administering our incentive compensation equity-based remuneration plans;

- assisting management in complying with our proxy statement and annual report disclosure requirements;
- periodically review executive supplementary benefits and, as appropriate, our retirement, benefit, and special compensation programs;
- overseeing the annual process of evaluation of the performance of our management;
- if required, producing a report on executive compensation to be included in our annual proxy statement; and
- reviewing and recommending compensation of the directors, including with respect to any equity-based plans.

The compensation committee charter also provides that the compensation committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser and will be directly responsible for the appointment, compensation and oversight of the work of any such adviser. However, before engaging or receiving advice from a compensation consultant, external legal counsel or any other adviser, the compensation committee will consider the independence of each such adviser, including the factors required by Nasdaq and the SEC.

Nominating and Corporate Governance Committee

Our board of directors has established a nominating and corporate governance committee of the board of directors. Ms. Persofsky (Chair) and Mr. Chung serve as members of our nominating and corporate governance committee. Ms. Persofsky and Mr. Chung meet the requirements for independence under the listing standards of the Nasdaq and SEC rules and regulations.

Our nominating and corporate governance committee charter details the principal functions of the nominating and corporate governance committee, including:

- evaluating the current composition, organization and governance of the board of directors and its committees, and making recommendations to the board of directors for approval;
- annually reviewing for each director and nominee to the board of directors, the particular experience, qualifications, attributes or skills that contribute to the conclusion that the person should serve or continue to serve as our director, as well as how the directors' skills and background enable them to function well together as a board of directors;
- determining desired board member skills and attributes and conducting searches for prospective directors whose skills and attributes reflect those desired;
- evaluating and proposing nominees for election to the board of directors with a view to establishing a well-rounded, diverse, knowledgeable, and experienced board of directors;
- administering the annual board of directors performance evaluation process, including conducting surveys of director observations, suggestions and preferences;
- evaluating and making recommendations to the board of directors concerning the appointment of directors to our committees, the selection of our committee chairs, and proposal of the slate of directors for election to the board of directors;
- overseeing the process of succession planning for the Chief Executive Officer and, as warranted, other senior officers;
- developing, adopting and overseeing the implementation of our code of business conduct and ethics for all of our directors, executive officers and employees;
- reviewing and maintaining oversight of matters relating to the independence of board of directors and committee members, keeping in mind the independence standards of the Sarbanes-Oxley Act of 2002 and the rules of Nasdaq;
- overseeing and assessing the effectiveness of the relationship between the board of directors and our management; and

- overseeing our environmental, social and governance ("ESG") strategy, initiatives and policies, which will include receiving periodic reports from management regarding our ESG efforts and periodically providing reports to the board of directors on ESG matters.

Mergers and Acquisitions (M&A) Committee

Our board of directors has established an M&A committee of the board of directors. Mr. Moss (Chair), Ms. Persofsky and Ms. Denis serve as members of our M&A committee. Our M&A committee is responsible for (i) reviewing our strategy regarding mergers, acquisitions, investments and dispositions of material assets with our management, (ii) reviewing, approving or making recommendations to our board of directors to approve, as appropriate, proposed mergers, acquisitions, investments or dispositions of material assets, and (iii) overseeing the post-closing analysis of such transactions.

Board Diversity

Our nominating and corporate governance committee is responsible for reviewing with the board of directors, on an annual basis, the appropriate characteristics, skills and experience required for the board of directors as a whole and its individual members. Although our board of directors does not have a formal written diversity policy with respect to the evaluation of director candidates, in its evaluation of director candidates, our nominating and corporate governance committee will consider factors including, without limitation, issues of character, integrity, judgment, potential conflicts of interest, other commitments and diversity, and with respect to diversity, such factors as gender, race, ethnicity and experience, area of expertise, as well as other individual qualities and attributes that contribute to the total diversity of viewpoints and experience represented on the board of directors.

Code of Conduct and Ethics

Our board of directors has adopted a code of conduct and ethics and whistle blower policy that applies to all of our employees, officers and directors. The full text of our code of conduct and ethics and whistle blower policy is posted on the investor relations page on our website. We intend to disclose any amendments to our code of business conduct and ethics, or waivers of its requirements, on our website or in filings under the Exchange Act. Our code of conduct and ethics and whistle blower policy also addresses conflicts of interest that may arise between our business and the future business activities of our directors, executive officers or employees.

EXECUTIVE AND DIRECTOR COMPENSATION

Summary Compensation Table

The following table contains information concerning the compensation during each of the two years ended December 31, 2020 and 2019 to our named executive officers (the "Named Executive Officers").

Name and Principal Position	Year ($)	Salary ($)	Bonus ($)	Stock Awards ($)[1]	Option Awards ($)	Nonequity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)[2]	Total ($)
William Toler, Chief Executive Officer and Chariman of the Board[3]	2020	519,231	—	—	—	—	—	16,881	536,112
	2019	475,243	—	7,497,636	—	—	—	14,308	7,987,187
Terence Fitch, President[4]	2020	311,539	—	—	—	—	—	23,947	335,486
	2019	237,945	—	1,795,242	—	—	—	16,715	2,049,902
B. John Lindeman, Chief Financial Officer[5]	2020	374,519	100,000	2,440,327	—	—	—	16,412	2,931,258
	2019	—	—	—	—	—	—	—	—

(1) The amounts reported in the "Stock Awards" column represent grant date fair value of the restricted stock units ("RSUs") granted to the Named Executive Officers during the fiscal years ended December 31, 2020 and December 31, 2019 as computed in accordance with FASB Accounting Standards Codification Topic 718. Note that the amounts reported in this column reflect the accounting cost for these stock options and do not correspond to the actual economic value that may be received by the Named Executive Officers from the RSUs.

(2) "Other Compensation" consists of health insurance premiums.

(3) Mr. Toler joined the Company as Chief Executive Officer and Chairman of the Board in January 2019. Mr. Toler was granted 1,034,431 and 413,772 RSUs in January 2019 and December 2019, respectively.

(4) Mr. Fitch joined the Company as President in March 2019. Mr. Fitch was granted 372,395 RSUs in April 2019.

(5) Mr. Lindeman joined the Company as Chief Financial Officer in March 2020. Mr. Lindeman was granted 402,151 RSUs in March 2020.

Narrative Disclosure to Summary Compensation Table

Executive Employment Agreements

The following description relates to employment agreements between us and our executive officers.

William Toler — Chief Executive Officer

In February 2019, we entered into an employment agreement with Mr. Toler, to serve as Chairman and Chief Executive Officer. Mr. Toler's employment agreement provides for, among other things, base salary, annual performance and retention bonus, severance payments and the continuation of certain benefits following certain terminations of employment by us under specified circumstances or the termination of employment for good reason (as defined in the employment agreement) by Mr. Toler. Under the provisions of the agreement, Mr. Toler's base salary was $500,000 per year which was voluntarily reduced to $150,000 per year through September 30, 2019, at which time Mr. Toler's base salary reset to $500,000. The agreement also includes an annual performance and retention bonus of up to fifty percent of his base salary rate based upon our board of directors' assessment of his performance and our attainment of goals as mutually agreed between him and our board of directors. Effective April 1, 2021, Mr. Toler's base salary increased to $600,000 and his annual performance bonus increased to one hundred percent of his base salary rate. Under the agreement, if Mr. Toler's employment is terminated by us without cause (as defined in the employment agreement), or Mr. Toler resigns for good reason (as defined in the employment agreement), Mr. Toler will (i) have the right

to receive an amount equal to the greater of $250,000 or six months of his base salary and the reimbursement of health premiums until the earlier of six months following termination, the date on which healthcare coverage is obtained from another source or until he ceases to be entitled to continuing coverage under our health plan, (ii) receive a salary true-up bonus if his employment terminates before September 30, 2019, which will be equal to a pro-rated payment of $350,000 based upon his length of service and (iii) have all unvested equity awards held by him which vest over the twelve month period following his termination immediately vest and forfeit all other unvested equity awards. If Mr. Toler resigns without good reason or if his employment is terminated by us for cause, all of his vested equity awards previously granted to him will be forfeited. Mr. Toler's employment agreement also provides that if his employment is terminated by him due to resignation without good reason, or by us for cause, or by either party as a result of his death or disability, he will receive (i) his base salary accrued through his last day of employment, (ii) any unused vacation (if applicable) accrued through his last day of employment, (ii) any earned but unpaid annual bonus for the calendar year ended immediately prior to his last day of employment and (iv) reimbursement of any reimbursed business expenses. Under these circumstances, he will not be entitled to any other form of compensation from us, including any severance benefits, other than any rights to which he is entitled our benefit programs, stock option plan or equity grant documents between him and us.

Mr. Toler's employment agreement also contains a mutual non-disparagement covenant, intellectual property covenants and confidentiality covenants prohibiting Mr. Toler from, among other things, disclosing confidential information relating to us. The employment agreement also contains non-solicitation restrictions, pursuant to which Mr. Toler will not be permitted to solicit our employees in certain circumstances for a period of 12 months following his termination of employment for any reason.

Terence Fitch — President

In March 2019, we entered into an employment agreement with Mr. Fitch, to serve as President. Mr. Fitch's employment agreement provides for, among other things, base salary, annual performance and retention bonus, severance payments and the continuation of certain benefits following certain terminations of employment by us under specified circumstances or the termination of employment for good reason (as defined in the employment agreement) by Mr. Fitch. Under the provisions of the agreement, Mr. Fitch's base salary was $300,000 per year which was voluntarily reduced to $150,000 per year until September 30, 2019, at which time Mr. Fitch's base salary reset to $300,000. The agreement also includes an annual performance and retention bonus of up to fifty percent of his base salary rate based upon our board of directors' assessment of his performance and our attainment of goals as mutually agreed between him and our board of directors. Under the agreement, if Mr. Fitch's employment is terminated by us without cause (as defined in the employment agreement), or Mr. Fitch resigns for good reason (as defined in the employment agreement), Mr. Fitch will (i) have the right to receive an amount equal to the greater of $150,000 or six months of his base salary and the reimbursement of health premiums until the earlier of six months following termination, the date on which healthcare coverage is obtained from another source or until he ceases to be entitled to continuing coverage under our health plan, (ii) receive a salary true-up bonus if his employment terminates before September 30, 2019, which will be equal to a pro-rated payment of $150,000 based upon his length of service and (iii) have all unvested equity awards held by him which vest over the twelve month period following his termination immediately vest and forfeit all other unvested equity awards. If Mr. Fitch resigns without good reason or if his employment is terminated by us for cause, all of his vested equity awards previously granted to him will be forfeited. Mr. Fitch's employment agreement also provides that if his employment is terminated by him due to resignation without good reason, or by us for cause, or by either party as a result of his death or disability, he will receive (i) his base salary accrued through his last day of employment, (ii) any unused vacation (if applicable) accrued through his last day of employment, (ii) any earned but unpaid annual bonus for the calendar year ended immediately prior to his last day of employment and (iv) reimbursement of any reimbursed business expenses. Under these circumstances, he will not be entitled to any other form of compensation from us, including any severance benefits, other than any rights to which he is entitled our benefit programs, stock option plan or equity grant documents between him and us.

Mr. Fitch's employment agreement also contains a mutual non-disparagement covenant, intellectual property covenants and confidentiality covenants prohibiting Mr. Fitch from, among other things, disclosing confidential information relating to us. The employment agreement also contains non-solicitation restrictions,

pursuant to which Mr. Fitch will not be permitted to solicit our employees in certain circumstances for a period of 12 months following his termination of employment for any reason.

B. John Lindeman — Chief Financial Officer

In February 2020, we entered into an offer letter with Mr. Lindeman, to serve as Chief Financial Officer. Mr. Lindeman's offer letter provides for, among other things, base salary, annual performance bonus and severance payments. Under the provisions of the offer letter, Mr. Lindeman's base salary is $475,000 per year. The offer letter also includes an annual performance bonus of up to fifty percent of Mr. Lindeman's base salary rate based upon our board of directors' assessment of his performance and our attainment of goals as determined by our board of directors and guarantees fifty percent of the pro-rated amount of the annual performance bonus for his first year of employment. The offer letter also includes an award of restricted stock units equal to 1.75% of the Company which vests over four years as follows: 25% vest after a 12-month service period following the award, and the balance vest in equal monthly installments over the next 36 months of service. Under the offer letter, Mr. Lindeman's employment is at will. If Mr. Lindeman's employment is terminated, Mr. Lindeman will (i) be paid cash severance of an amount equal to the greater of (x) $237,500 or (y) six months of his base salary in effect as of the date of separation and (ii) have all unvested equity awards held by him which vest over the twelve month period following his termination immediately vest and forfeit all other unvested equity awards.

Outstanding equity awards at 2020 fiscal year end

Outstanding Equity Awards at Fiscal Year-End

	Option Awards					Stock Awards			
Name and Principal Position	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Exercise Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)[1]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
William Toler, Chief Executive Officer and Chairman of the	—	—	—	—	—	892,197	46,911,718	—	—
Terence Fitch, President[3]	—	—	—	—	—	209,473	11,014,090	—	—
B. John Lindeman, Chief Financial Officer[4]	—	—	—	—	—	402,151	21,145,100	—	—

(1) Represents the fair market value of shares that were unvested as of December 31, 2020. The fair market value is based on the closing price on December 31, 2020 of $52.58 per share.

(2) These restricted stock units ("RSUs") vest over four years, with 25% vesting on the first anniversary of the respective grant date and the remainder vesting in 12 equal quarterly installments thereafter. 1,034,431 RSUs were granted in January 2019 and 413,772 RSUs were granted in December 2019.

(3) These RSUs vest over four years, with 25% vesting on the first anniversary of the grant date and the remainder vesting in 12 equal quarterly installments thereafter. 372,395 RSUs were granted in April 2019.

(4) These RSUs vest over four years, with 25% vesting on the first anniversary of the grant date and the remainder vesting in 36 equal monthly installments thereafter. Mr. Lindeman joined the Company as Chief Financial Officer in March 2020. 402,151 RSUs were granted in March 2020.

Equity Awards during fiscal 2020

During the year ending December 31, 2020, we made awards of 829,926 RSUs and options to purchase up to 150,119 shares of common stock. Of such awards, awards in the aggregate of 74,152 shares of common stock without any continued vesting or performance conditions were made to certain executive officers and former directors (some of who were also our principal stockholders) and their affiliates: 14,831 RSUs each to Mr. Adam Stern, Mr. Chris Payne, Mr. John Tomes and a former employee of Serruya Private Equity and 3,707 RSUs each to Mr. Jack Serruya, Mr. Aaron Serruya, Mr. Michael Serruya and Mr. Simon Serruya. In addition, an award of 296,630 RSUs was made to Mr. Michael Rapoport which vests over time and only vests if certain trading price objectives are met.

Aggregated Option Exercises and Fiscal Year-End Option Value

No options were exercised during the year ended December 31, 2020.

Director Compensation

The following table shows the total compensation paid or accrued during the fiscal year ended December 31, 2020, to each of our non-employee directors. Directors who are employed by us are not compensated for their service on our board of directors.

Name	Fees Earned or Paid in Cash ($)	Stock Awards[(1)] ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Patrick Chung	—	50,000	—	—	—	—	50,000
Susan P. Peters	—	50,000	—	—	—	—	50,000
Renah Persofsky	—	50,000	—	—	—	—	50,000
Richard D. Moss	—	50,000	—	—	—	—	50,000
Melisa Denis	—	50,000	—	—	—	—	50,000

(1) These amounts represent the aggregate grant date fair value of the stock awards granted to each director during the fiscal year ended December 31, 2020, computed in accordance with FASB Accounting Standards Codification Topic 718. We granted 2,500 RSUs as initial annual equity awards to each of our non-employee directors. Such awards vest on June 14, 2021 after six months of service.

As of December 31, 2020, the aggregate number of shares subject to outstanding equity awards held by our non-employee directors were:

Name	Number of Shares of Underlying Outstanding Stock Awards
Patrick Chung	2,500
Susan P. Peters	2,500
Renah Persofsky	2,500
Richard D. Moss	2,500
Melisa Denis	2,500

Narrative to Director Compensation Table

In October 2020, our board of directors adopted a new compensation policy for our directors. This policy was developed with input from our independent compensation consultant, Korn Ferry, regarding practices and compensation levels at comparable companies. It is designed to attract, retain and reward nonemployee directors.

Under this director compensation policy, each non-employee director receives an annual director fee of $50,000. The chair of our audit committee is paid an additional fee of $25,000, the chair of our compensation committee is paid an additional fee of $15,000, and the chair of our nominating and corporate governance committee is paid an additional fee of $10,000. Each director also receives annual equity awards on the date of each annual meeting of our stockholders with a grant date value of $100,000 which will vest after one year of service, provided that the initial grant value is $50,000 which will vest after six months of service.

Board Observers

The Placement Agent Agreement provides the Placement Agents with the right to nominate one person to act as an observer on our board of directors and to attend all meetings of the board of directors in a nonvoting observer capacity and, in this respect, we are obligated to give such persons a copy of all notices, minutes, consents, and other materials that the board of directors provides to its directors at the same time and in the same matter provided to such directors.

Director and Officer Indemnification Agreements and Insurance

We have entered into indemnification agreements with each of our directors and executive officers (the "Indemnification Agreements"). Such Indemnification Agreements provide for indemnification against expenses, judgments, fines and penalties actually and reasonably incurred by an indemnitee in connection with threatened, pending or completed actions, suits or other proceedings, subject to certain limitations. The Indemnification Agreements also provide for the advancement of expenses in connection with a proceeding prior to a final, non-appealable judgment or other adjudication, provided that the indemnitee provides an undertaking to repay to us any amounts advanced if the indemnitee is ultimately found not to be entitled to indemnification by us. The Indemnification Agreements set forth procedures for making and responding to requests for indemnification or advancement of expenses, as well as dispute resolution procedures that will apply to any dispute between us and an indemnitee arising under the Indemnification Agreements.

We maintain directors' and officers' liability insurance coverage for our directors and officers in their capacities as our directors and officers.

Equity Incentive Plans

Our 2018 Equity Incentive Plan (the "2018 Plan"), 2019 Employee, Director and Consulant Equity Incentive Plan (the "2019 Plan") and 2020 Plan (collectively, the "Plans") were established to attract, retain and motivate our employees, officers, directors, consultants, agents, advisors and independent contractors by providing them with the opportunity to acquire a proprietary interest in us and to their interests and efforts to the long-term interests of our stockholders. On August 22, 2018, the board of directors adopted our 2018 Plan, on December 19, 2019, the board of directors adopted the 2019 Plan and on November 10, 2020, the board of directors adopted the 2020 Plan. The Plans provide for, among other things, grants of restricted stock units, stock options, restricted stock and other stock-based awards to employees, directors, consultants and other individuals who provide services to us and our affiliates. As of December 31, 2020, we have 2,197,396 shares of our common stock reserved for issuance under the 2020 Plan. Since our 2020 Plan has been approved by our stockholders, we do not intend to make any additional grants under the 2018 Plan and the 2019 Plan.

Administration. The Plans are administered by the board of directors. Notwithstanding the foregoing, the board of directors may delegate concurrent responsibility for administering each plan, including with respect to designated classes of persons eligible to receive an award under each plan, to a committee or committees (which term shall include subcommittees) consisting of one or more members of the board of directors, subject to such limitations as the board of directors deems appropriate.

Authorized Shares. Subject to the provisions of our 2020 Plan, the number of shares available for issuance under the 2020 Plan will be increased on January 1 of each year, beginning on January 1, 2021, and ending on January 2, 2030, in an amount equal to the lesser of (i) 4% of the outstanding shares of our common stock on such date or (ii) such number of shares determined by the plan administrator.

Plan Term. The 2018 Plan, the 2019 Plan, and the 2020 Plan will terminate on August 22, 2028, December 19, 2029, and November 10, 2030, respectively.

Types of Awards. The Plans permit the award of options, stock appreciation rights, stock awards, restricted stock, stock units, performance shares, performance units, cash-based awards or other incentives payable in cash or in shares of common stock, as may be designated by the plan administrator.

Evidence of Awards. Awards under the Plans shall be evidenced by a written, including an electronic, instrument that shall contain such terms, conditions, limitations and restrictions as the plan administrator shall deem advisable and that are not inconsistent with the plan.

Dividends and Distributions. Participants may, if the plan administrator so determines, be credited with dividends or dividend equivalents paid with respect to shares of common stock underlying an award in a manner determined by the plan administrator in its sole discretion in accordance with the Plans.

Eligibility. Under the 2018 Plan, an award may be granted to any of our employees, officers or directors or any entity that, directly or indirectly, is in control of, is controlled by, or is under common control with us (a "related company"), whom the plan administrator from time to time selects. Certain awards may also be granted to any consultant, agent, advisor or independent contractor for bona fide services rendered to us or a related company. Under each of the 2019 Plan and the 2020 Plan, an award may be granted to any of our employees, directors or consultants or of any corporation or other entity which, for the purposes of Section 424 of the Code, is our parent or subsidiary, direct or indirect (an "affiliate").

Option Exercise Price. Options shall be granted with an exercise price per share not less than 100% of the fair market value of the common stock on the grant date and, with an exercise price per share not less than 110% of the fair market value of the common stock on the grant date, for options granted to a 10% stockholder).

Term of Options. Subject to earlier termination in accordance with the terms of the Plans and the instrument evidencing the option, the maximum term of the option shall be ten years from the grant date.

Exercise of Options. The plan administrator shall establish and set forth in each instrument that evidences the option the time at which, or the installments in which, the option shall vest and become exercisable. To the extent an option becomes exercisable, the option may be exercised in whole or from time to time in part by delivery to or as directed or approved by us of a properly executed stock option exercise agreement or notice, in a form and in accordance with procedures established by the plan administrator. An option may be exercised only for whole shares and may not be exercised for less than a reasonable number of shares at any one time, as determined by the plan administrator.

Stock Appreciation Rights. The plan administrator may grant stock appreciation rights to participants at any time on such terms and conditions as the plan administrator shall determine in its sole discretion. A stock appreciation right may be granted in tandem with an option or alone. The grant price of a tandem stock appreciation right shall be equal to the exercise price of the related option. The grant price of a freestanding stock appreciation right shall be established in accordance with the procedures for options set forth in the plan. A stock appreciation right may be exercised upon such terms and conditions and for the term as the plan administrator determined in its sole discretion.

Term of Stock Appreciation Rights. The maximum term for a freestanding stock appreciation right shall be ten years. The maximum term for a tandem stock appreciation right shall be the term of the related option.

Payment of Stock Appreciation Right Amount. Upon the exercise of the stock appreciation right, a participant shall be entitled to receive payment in an amount determined by multiplying (i) the difference between the fair market value of the common stock on the date of exercise over the grant price of the stock appreciation right by (ii) the number of shares with respect to the which the stock appreciation right is exercised.

Stock Awards, Restricted Stock and Stock Units. The plan administrator may grant stock awards, restricted stock and stock units on such terms and conditions and subject to such repurchase or forfeiture restrictions, if any, which may be based on continuous service with us or a related company or the achievement of any performance goals, as the plan administrator shall determine in its sole discretion, which terms, conditions and restrictions shall be set forth in the instrument evidencing the award.

Vesting of Restricted Stock and Stock Units. Upon satisfaction of any terms, conditions and restrictions prescribed with respect to restricted stock or stock units, or upon a participant's release from any terms, conditions and restrictions on restricted stock or stock units, as determined by the plan administrator, (i) the shares covered by each award of restricted stock shall become freely transferable by the participant subject to the terms and conditions of the plan, the instrument evidencing the award, and applicable securities laws, and (ii) stock units shall be paid in shares of common stock or, if set forth in the instrument evidencing the awards, in cash or a combination of cash and shares of common stock.

Performance Shares. The plan administrator may grant awards of performance shares, designate to whom the performance shares are to be awarded and determine the number of performance shares and the terms and conditions of each such award. Performance shares shall consist of a unit valued by reference to a designated number of shares of common stock, the value of which may be paid to the participant by delivery of shares of common stock, or, if set forth in the instrument evidencing the awards, of such property as the plan administrator shall determine, including, without limitation, cash, shares of common stock, other property, or any combination thereof, upon the attainment of performance goals, as established by the plan administrator.

Performance Units. The plan administrator may grant awards of performance units, designate the participants to whom performance units are to be awarded and determine the number of performance units and the terms and conditions of each such award. performance units shall consist of a unit valued by reference to a designated amount of property other than shares of common stock, which value may be paid to the participant by delivery of such property as the plan administrator shall determine, including, without limitation, cash, shares of common stock, other property, or any combination thereof, upon the attainment of performance goals, as established by the plan administrator, and other terms and conditions specified by the plan administrator.

Other Stock or Cash-Based Awards. Subject to the terms of the plan and such other terms and conditions as the plan administrator deems appropriate, the plan administrator may grant other incentives payable in cash of shares of common stock under the applicable plan.

Restrictions on Transfer. No award or interest in an award may be sold, assigned, pledged (as collateral for a loan or as security for the performance of an obligation or for any other purpose) or transferred by a participant or made subject to attachment or similar proceedings otherwise than by will or by the applicable laws of descent and distribution, except to the extent the participant designates one or more beneficiaries on our approved form who may exercise the award or receive payment under the award after the participant's death. During a participant's lifetime, an award may be exercised only by the participant. Notwithstanding the foregoing, and to the extent permitted by Section 422 of the U.S. Internal Revenue Code of 1986, as amended, with respect to incentive stock options, the plan administrator, in its sole discretion, may permit a participant to assign or transfer an award, subject to such terms and conditions as the plan administrator shall specify.

Adjustment of Shares. In the event that, at any time or from time to time, a stock dividend, stock split, spin-off, combination or exchange of shares, recapitalization, merger, consolidation, distribution to stockholders other than a normal cash dividend, or other change in our corporate or capital structure results in (a) outstanding shares of common stock, or any securities exchanged therefor or received in their place, being exchanged for a different number or kind of our securities or any other company or (b) new, different or additional securities of ours or any other company being received by the holders of shares of common stock, then the plan administrator shall make proportional adjustments in (i) the maximum number and kind of securities available for issuance under the plan; (ii) the maximum number and kind of securities issuable as incentive stock options; and (iii) the number and kind of securities that are subject to any outstanding award and the per share price of such securities, without any change in the aggregate price to be paid therefor.

Amendment, Suspension or Termination. The board of directors or an authorized committee thereof may amend, suspend or terminate the plan or any portion of the plan at any time and in such respects as it shall deem advisable; provided, however, that, to the extent required by applicable law, regulation or stock exchange rule, stockholder approval shall be required for any amendment to the plan; and provided, further, that the board of directors shall be required to approve any amendment that requires stockholder approval. Subject to the terms of the plan, the board of directors or an authorized committee thereof may amend the terms of any outstanding award, prospectively or retroactively.

Change in Control. Under the 2018 Equity Incentive Plan, upon a merger or other reorganization event, the board of directors may, it its sole discretion, take any one or more of the following actions pursuant to the plan, as to some or all outstanding awards:

- provide that all outstanding options shall be assumed or substituted by the successor corporation, in the event that such outstanding options are not assumed or substituted by the successor corporation, such options shall become fully vested and exercisable or payable and all applicable restrictions or forfeiture provisions shall lapse;
- all performance based awards earned and outstanding shall be payable in full in accordance with the payout schedule in the award instrument; and
- in lieu of the foregoing, all performance based awards may also be terminated by the board of directors, its is sole discretion, and the holder shall receive a cash payment equal to the consideration payable upon consummation of such transaction to a holder of the number of shares of common stock comprising such award.

Under each of the 2019 Plan and 2020 Plan, upon a merger or other reorganization event, the board of directors may, it its sole discretion, take any one or more of the following actions pursuant to the plans, as to some or all outstanding awards:

- provide that all outstanding options shall be assumed or substituted by the successor corporation;
- upon written notice to a participant provide that the participant's unexercised options will terminate immediately prior to the consummation of such transaction unless exercised by the participant;
- in the event of a merger pursuant to which holders of our common stock will receive a cash payment for each share surrendered in the merger, make or provide for a cash payment to the participants equal to the difference between the merger price times the number of shares of our common stock subject to such outstanding options, and the aggregate exercise price of all such outstanding options, in exchange for the termination of such options;
- provide that outstanding awards shall be assumed or substituted by the successor corporation, become realizable or deliverable, or restrictions applicable to an award will lapse, in whole or in part, prior to or upon the merger or reorganization event; and
- with respect to stock grants and in lieu of any of the foregoing, the board of directors or an authorized committee may provide that, upon consummation of the transaction, each outstanding stock grant shall be terminated in exchange for payment of an amount equal to the consideration payable upon consummation of such transaction to a holder of the number of shares of common stock comprising such award (to the extent such stock grant is no longer subject to any forfeiture or repurchase rights then in effect or, at the discretion of our board of directors or an authorized committee, all forfeiture and repurchase rights being waived upon such transaction).

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a description of transactions since January 1, 2018, to which we were a party in which the amount involved exceeded or will exceed the lesser of $120,000 or one percent of the average of our total assets at year end for the last two completed fiscal years, and in which any of our executive officers, directors or holders of more than 5% of any class of our voting securities, or an affiliate or immediate family member thereof, had or will have a direct or indirect material interest. We believe the terms obtained or the consideration that we paid or received, as applicable, in connection with the transactions described below are comparable to terms available or amounts that would be paid or received, as applicable, in arms'-length transactions with parties unrelated to us.

McDowell Lease Agreement

Our former headquarters in Petaluma, California ("Petaluma HQ") was leased, in part, from one of our former directors and one of our principal stockholders, Peter Wardenburg through his ownership interests in McDowell Group, LLC ("McDowell Group"). Mr. Wardenburg owns 50% of McDowell Group. We leased the Petaluma HQ on a month-to-month basis. In 2020, 2019 and 2018, aggregate rent expense totaled approximately $1.3 million, $1.4 million and $1.2 million, respectively. In March 2020, we relocated our headquarters to 290 Canal Road, Fairless Hills, Pennsylvania 19030.

Management Agreements

On May 12, 2017, we entered into management agreements (the "Management Agreements") with Hawthorn Equity Partners Inc. ("Hawthorn Equity"), an affiliate of our 5% shareholder, Hawthorn LP and JAMS Holdings LLC ("JAMS") an affiliate of our greater than 5% shareholder, Serruya Private Equity. Pursuant to the Management Agreements, Hawthorn Equity and JAMS provided us with various management services, including transaction advisory, financial and management consulting services. In consideration for these services, the management fees payable to Hawthorn Equity and JAMS annually were approximately $139,000 and $711,000, respectively, in addition to certain costs and expenses incurred while rendering the services stipulated in the Management Agreements. Pursuant to the Management Agreements, we incurred aggregate management fees and reimbursable expenses of nil, nil and $271,000 for the years ended December 31, 2020, 2019 and 2018, respectively. Certain of our current directors, Chris Payne and John Tomes, are affiliates of Hawthorn LP, and certain of our former directors, Michael Serruya, Arron Serruya and Simon Serruya are affiliates of Serruya Private Equity. Total management fees paid to Hawthorn Equity for the year ended December 31, 2018 was $35,000. Total management fees paid to JAMS for the year ended December 31, 2018 was $178,000. The Management Agreements were terminated in October 2018.

Cader Sublease

The Cader Lane Warehouse is leased, in part, from Mr. Peter Wardenburg, one of our former directors and one of our principal stockholders, through his ownership interests in Cader Lane, LLC. Mr. Wardenburg is 50% owner of Cader Lane, LLC. We lease 31,000 square feet. The lease's monthly payments ranged from approximately $31,000 to $73,000 per month, and terminated on June 30, 2019. Our total rent payments for fiscal years 2020, 2019 and 2018 were nil, $0.1 million and $0.6 million, respectively.

Investor Rights Agreement

We previously entered into the investor rights agreement (the "Investor Rights Agreement") with the Serruya Private Equity, HF I Investments LLC, HF II Investments LLC, HF III Investments LLC, Hawthorn LP, Hydrofarm Co-Investment Fund I, LP, Arch Street Holdings I, LLC, Payne Capital Corp., the Wardenburg Family Trust and A.G.P./Alliance Global Partners and SternAegis Ventures (collectively, the "Sponsors"), which was amended in November 2020 to eliminate most rights, except for certain piggyback registration rights (as amended, the "Amended Investor Rights Agreement"). See "— *Registration Rights*."

The Merger and Concurrent Offering

Concurrently with the closing of the Private Placement, one of our wholly-owned subsidiaries merged with and into HIC, with HIC becoming our wholly-owned subsidiary and continuing its and its subsidiaries' existing business operations, including those of Hydrofarm, LLC, a subsidiary of HIC (the "Merger").

In connection with the Private Placement and Merger, (i) HIC raised $15.2 million from its existing stockholders through the Concurrent Offering and (ii) Hydrofarm Holdings LLC, a subsidiary of HIC, and its affiliates entered into the Loan Transactions. The consideration in the Concurrent Offering consisted of $11.1 million in cash from existing stockholders of HIC and the conversion of $4.1 million of an aggregate principal amount plus interest outstanding under an outstanding note. As part of the Merger, the securities of HIC issued in the Concurrent Offering were exchanged into shares of our common stock and warrants to purchase our common stock having the same terms and conditions as the securities included in the Units issued in the Private Placement. In addition, the investors in the Concurrent Offering received the same registration rights as the investors in the Private Placement with respect to our securities that they received in connection with the Merger.

In connection with the Private Placement, we entered into a placement agent agreement (the "Placement Agent Agreement") with A.G.P./Alliance Global Partners and SternAegis Ventures (the "Placement Agents"). We have agreed to engage the Placement Agents as our warrant solicitation agent in the event the Investor Warrants are called for redemption and shall pay a warrant solicitation fee to the Placement Agents equal to five (5%) percent of the amount of net cash proceeds solicited by the Placement Agents upon the exercise of the Investor Warrants following such call for redemption.

The principal stockholders listed in the *"Principal Stockholders"* section of this prospectus acquired their shares of common stock in connection with HIC's May 2017 acquisition of Hydrofarm, LLC and the Concurrent Offering and Merger. Mr. Wardenburg, one of our former directors and one of our principal stockholders previously held equity interests in Hydrofarm, LLC, and rolled over all or a portion of such equity interests into shares of common stock of HIC in connection with HIC's May 2017 acquisition of Hydrofarm, LLC. Mr. Wardenburg held the equity interests in Hydrofarm, LLC, prior to January 1, 2016.

Registration Rights

In addition to the Registration Rights Agreement, the Amended Investor Rights Agreement provides for piggyback registration rights to certain of the Sponsors for the shares of our common stock held by such Sponsors, but not including the securities acquired by such Sponsors in connection with the Concurrent Offering and subsequently converted to our securities pursuant to the Merger. The resale of these additional shares of our common stock will be eligible to be registered through piggyback registration rights, which may be exercised in connection with any future registration statement that is filed with the SEC.

Restricted Stock Unit Award

Certain of our officers, former directors and principal stockholders received stock awards in 2020. See "*Executive and Director Compensation — Equity Awards during fiscal 2020.*"

PBCO Notes

PBCO Note 1

On May 22, 2018, we entered into a subordinated promissory note in favor of PBCO, Inc. ("PBCO"), an entity wholly-owned by Peter Wardenburg, one of our previous directors and one of our principal stockholders, in an aggregate principal amount of $4.0 million ("PBCO Note 1"). Interest on PBCO Note 1 accrued at a rate of 8.24% per annum and PBCO Note 1 was scheduled to mature on November 12, 2022. PBCO Note 1 was subject to the terms of (i) a subordination agreement between PBCO and Bank of America, N.A., dated as of May 22, 2018, and (ii) a subordination agreement between PBCO and Brightwood Loan Services LLC, dated as of May 22, 2018. In connection with the Concurrent Offering, PBCO Note 1 was converted into 484,681 (pre-split: 1,633,958) units in the Concurrent Offering and is of no further force or effect.

PBCO Note 2

On June 29, 2018, Hydrofarm Holdings entered into a subordinated promissory note in favor of PBCO in an aggregate principal amount of $2.0 million ("PBCO Note 2"). Interest on PBCO Note 2 accrued at a rate of 8.24% per annum and PBCO Note 2 was

subject to the terms of (i) a subordination agreement between PBCO and Bank of America, N.A., dated as of June 29, 2018, and (ii) a subordination agreement between PBCO and Brightwood Loan Services LLC, dated as of June 29, 2018. PBCO Note 2 was repaid with proceeds from the Private Placement and is of no further force or effect.

Indemnification agreements

We have entered into indemnification agreements with each of our directors and executive officers. The indemnification agreements, our Certificate of Incorporation and our Bylaws require us to indemnify our directors to the fullest extent not prohibited by Delaware law. Subject to certain limitations, our restated bylaws also require us to advance expenses incurred by our directors and officers. For more information regarding these agreements, see the section titled "*Executive and Director Compensation — Director and Officer Indemnification Agreements and Insurance*" for information on our indemnification arrangements with our directors and executive officers.

PRINCIPAL STOCKHOLDERS

The table below provides information regarding the beneficial ownership of the common stock as of April 15, 2021, and as adjusted to reflect the sale of our common stock in this offering assuming no exercise of the underwriters' option to purchase additional shares of our common stock, of (1) each person or entity who owns beneficially 5% or more of the shares of our outstanding common stock, (2) each of our directors, (3) each of our Named Executive Officers and (4) our directors and officers as a group. Beneficial ownership is determined based on the rules and regulations of the SEC. A person has beneficial ownership of shares if such individual has the power to vote and/or dispose of shares. This power may be sole or shared and direct or indirect. Except as otherwise indicated, and subject to applicable community property laws, we believe the persons named in the table have sole voting and investment power with respect to all shares of common stock held by them. Beneficial ownership prior to this offering is based on 33,971,257 shares of our common stock and 3,516,086 shares of our common stock underlying warrants outstanding as of April 15, 2021. Unless otherwise indicated below, the address for each beneficial owner listed is Hydrofarm Holdings Group, Inc., 290 Canal Road, Fairless Hills, Pennsylvania 19030.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned Before This Offering	Percentage of Shares Beneficially Owned After This Offering
5% Stockholders			
Chris Payne[(1)]	2,299,331	6.7%	6.0%
John Tomes[(2)]	2,239,784	6.6%	5.9%
Peter Wardenburg[(3)]	2,320,118	6.8%	6.1%
Directors and Named Executive Officers:			
William Toler[(4)]	890,606	2.6%	2.3%
Terence Fitch[(5)]	142,350	*	*
B. John Lindeman[(6)]	69,699	*	*
Susan Peters[(7)]	3,000	*	*
Patrick Chung[(7)]	2,500	*	*
Renah Persofsky[(7)]	4,500	*	*
Richard D. Moss[(7)]	5,000	*	*
Melisa Denis[(7)]	3,700	*	*
All directors and current executive officers as a group (eight persons)	1,121,355	3.3%	3.0%

* Less than one percent

(1) Represents (i) 1,378,775 shares of our common stock and 74,293 shares of common stock underlying warrants to purchase shares of our common stock held of record in Hawthorn Limited Partnership, (ii) 628,448 shares of our common stock and 30,697 shares of common stock underlying warrants to purchase shares of our common stock held of record by Hydrofarm Co-Investment Fund, LP, (iii) 68,694 shares of our common stock and 3,593 shares of common stock underlying warrants to purchase shares of our common stock held of record in Payne Capital Corp. Hydrofarm Co-Investment Fund, LP is an affiliate of Hawthorn, LP, (iv) 14,831 shares of our common stock held of record by Mr. Payne, and (v) 100,000 shares of our common stock held of record in Hydrofarm Co-Investment Fund II. Mr. Chris Payne is an affiliate of Hawthorn LP, Hydrofarm Co-Investment Fund LP, Payne Capital Corp and Hydrofarm Co-Investment Fund II. Messrs. Payne and Tomes may be deemed to beneficially own the shares and each share voting and investment power over the shares held by Hawthorn Limited Partnership, Hydrofarm Co-Investment Fund, LP, and Hydrofarm Co-Investment Fund II. Mr. Chris Payne is the natural person with voting and investment power over the shares held by Payne Capital Corp and by Mr. Payne. The stockholder's address is 240 Richmond Street West, Toronto, ON, Canada M5V 1V6.

(2) Represents (i) 1,378,775 shares of our common stock and 74,296 shares of common stock underlying warrants to purchase shares of our common stock held of record in Hawthorn Limited Partnership, (ii) 628,448 shares of our common stock and 30,697 shares of common stock underlying warrants to purchase shares of our common stock held of record by Hydrofarm Co-Investment Fund, LP, (iii) 27,571 shares of our common stock held of record by Mr. Tomes and (v) 100,000 shares of our common stock held of record in Hydrofarm Co-Investment Fund II. Hydrofarm Co-Investment Fund, LP is an affiliate of Hawthorn Limited Partnership. Mr. John Tomes is an affiliate of Hawthorn LP, Hydrofarm Co-Investment Fund LP and Hydrofarm Co-Investment Fund II. Messrs. Tomes and Payne may be deemed to beneficially own the shares and each share voting and investment power over the shares held by Hawthorn Limited Partnership, Hydrofarm Co-Investment Fund, LP, and Hydrofarm Co-Investment Fund II. The stockholder's address is 240 Richmond Street West, Toronto, ON, Canada M5V 1V6.

(3) Represents 2,077,777 shares of our common stock and 242,341 shares of common stock underlying warrants to purchase shares of our common stock held of record by Wardenburg 2009 Family Trust. Mr. Peter Wardenburg is the natural person with voting and investment power over the shares held by Wardenburg 2009 Family Trust. The stockholder's address is 2249 S. McDowell Ext., Petaluma, CA 94954.

(4) Represents 851,395 shares of our common stock and 39,211 shares of common stock that will vest within 60 days of April 15, 2021.

(5) Represents 142,350 shares of our common stock.

(6) Represents 52,942 shares of our common stock and 16,757 shares of common stock that will vest within 60 days of April 15, 2021.

DESCRIPTION OF OUR INDEBTEDNESS

The following summarizes the principal terms of the agreements that govern our existing indebtedness. See also "*Risk Factors — Risks Relating to Our Indebtedness*" incorporated by reference in this prospectus from our Annual Report.

JPMorgan Credit Facility

On March 29, 2021, we and certain of our subsidiaries entered into a Senior Secured Revolving Credit Facility (the "JPMorgan Credit Facility") with JPMorgan Chase Bank, N.A., as administrative agent, issuing bank and swingline lender ("JPMorgan"), and the lenders from time to time party thereto. The JPMorgan Credit Facility replaces the Encina Credit Facility. There was no outstanding indebtedness under the Encina Credit Facility when it was replaced.

The JPMorgan Credit Facility, among other things, provides for an asset based senior revolving credit line (the "Senior Revolver") with JPMorgan as the initial lender. The three-year Senior Revolver has a borrowing limit of $50 million. We have the right to increase the amount of the Senior Revolver in an amount up to $25 million by obtaining commitments from JPMorgan or from other lenders. The loans are available in both U.S. and Canadian dollars. Loans denominated in U.S. dollars bear interest at the Eurodollar Rate plus 1.95% and those denominated in Canadian dollars bear interest at the CDOR rate plus 1.95%. Both rates are ultimately based on LIBOR and there is a floor of 0.0% for each rate. Because the LIBOR rate may no longer be an appropriate reference rate commencing in 2022, the JPMorgan Credit Facility contains benchmark replacement terms pursuant to which the LIBOR-based rates will convert to SOFR based rates or other alternative rates upon the occurrence of certain events. Interest is payable monthly. Any outstanding principal is due at the end of the term.

Our and our subsidiaries' obligations under the JPMorgan Credit Facility are secured by a first priority lien (subject to certain permitted liens) in substantially all of our and our subsidiaries' respective personal property assets pursuant to the terms of a U.S. and a Canadian Pledge and Security Agreement, dated March 29, 2021 and the other security documents.

Furthermore, until full payment of all obligations required under the JPMorgan Credit Facility, the Subsidiary Obligors shall not, among other things, take any of the following actions, except as permitted by the JPMorgan Credit Facility:

- merge, divide or consolidate, form any new subsidiary, acquire any interest in any Person (as defined therein), or wind-up or cease operations, dissolve or liquidate;
- create, assume, incur issue, guarantee or otherwise become or remain obligated in respect of, or permit to be outstanding, any indebtedness (as such term is defined therein);
- make acquisitions other than acquisitions that meet the criteria for "Permitted Acquisition" (as defined in the JPMorgan Credit Facility);
- change its jurisdiction of formation;
- dispose of any assets;
- make loans or investments;
- create, incur, assume or suffer to exist any lien;
- authorize, enter into, or execute any agreements giving a Secured Party (as defined in the Uniform Commercial Code) control of a Deposit Account (as defined in the Uniform Commercial Code) or Securities Accounts (as defined in the Uniform Commercial Code);
- enter into any covenant or agreement that restricts the Subsidiary Obligors from pledging or granting a security interest in, mortgaging, assigning, encumbering or otherwise creating a lien on any of its property in favor of a Lender (as defined therein);
- guaranty or become liable for the obligations of another party;

- make a restricted payment, including paying dividends, repaying indebtedness or purchasing, redeeming or retiring our capital stock stock unless certain availability and other tests are met;
- redeem, retire, purchase or otherwise acquire any of a Subsidiary Obligors' capital stock or other equity interests; or
- engage, directly or indirectly, in a business other than the business which is being conducted on the date hereof and businesses reasonably related thereto.

In addition, during any period when Excess Availability (as defined in the JPMorgan Credit Facility) is less than 10%, the Company and its subsidiaries must maintain a Fixed Charge Coverage Ratio (as defined in the JPMorgan Credit Facility) of not less than 1.10 to 1.0.

Under the JPMorgan Credit Facility, the following actions, among others, could be deemed to be an "event of default" that may result in the acceleration of the due date, payment of all obligations and termination of all revolver commitments, without any action by JPMorgan or notice of any kind.

- Failure to pay obligations when due;
- Any representation, warranty, statement, report or certificate made or delivered is untrue or misleading in any material respect;
- A default in the performance and observance of certain covenants;
- A guarantor repudiates, revokes or attempts to revoke its guaranty;
- The actual or attempted revocation or termination of, or limitation or denial of liability under, any guaranty of any of the Obligations (as defined therein), or any security document securing any of the Obligations;
- The commencement of an involuntary case or other proceeding against any Subsidiary Obligor; or
- The occurrence of a change of control (defined as the acquisition by a person or group of more than 35% of the equity or a change of the composition of the board of directors not approved by the then-existing board).

As of the date of this prospectus, we have no borrowings outstanding under the JPMorgan Credit Facility.

Other Indebtedness

We have other indebtedness of approximately $1.0 million as of December 31, 2020, related to financing leases and term debt.

DESCRIPTION OF CAPITAL STOCK

Our Certificate of Incorporation authorizes us to issue:

- 300,000,000 shares of common stock, par value $0.0001 per share; and
- 50,000,000 shares of preferred stock, par value $0.0001 per share.

As of April 15, 2021, we had issued and outstanding 33,971,257 shares of our common stock.

The following statements are summaries only of provisions of our authorized capital stock and are qualified in their entirety by our Certificate of Incorporation. You should review these documents for a description of the rights, restrictions and obligations relating to our capital stock. A copy of our Certificate of Incorporation may be obtained from us upon written request.

Common Stock

Voting. The holders of our common stock are entitled to one vote for each share held of record on all matters on which the holders are entitled to vote (or consent to).

Dividends. The holders of our common stock are entitled to receive, ratably, dividends only if, when and as declared by our board of directors out of funds legally available therefor and after provision is made for each class of capital stock having preference over the common stock. As of the date of this prospectus, we may not declare a dividend in light of the JPMorgan Credit Facility.

Liquidation Rights. In the event of our liquidation, dissolution or winding-up, the holders of our common stock may be entitled to share, ratably, in all assets remaining available for distribution after payment of all liabilities and after provision is made for each class of capital stock having preference over the common stock.

Preemptive and Similar Rights. The holders of our common stock have no preemptive or similar rights.

Preferred Stock

We are authorized to issue up to 50,000,000 shares of “blank check” preferred stock, par value $0.0001 per share, with such designations, rights, and preferences as may be determined from time to time by our board of directors. Accordingly, our board of directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting, or other rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock could have the effect of restricting dividends on our common stock, diluting the voting power of our common stock, impairing the liquidation rights of our common stock, or delaying or preventing a change in our control, all without further action by our stockholders. We do not have any shares of preferred stock outstanding.

Warrants

As of April 15, 2021, we had issued and outstanding warrants to purchase 3,369,124 and 146,962 shares of our common stock, which are referred to as the “Investor Warrants” and the “Placement Agent Warrants,” respectively.

The Investor Warrants

General Terms. The Investor Warrants are exercisable for common stock at an initial exercise price equal to $16.86 per share. The exercise price and the number of securities issued upon exercise of the Investor Warrants are subject to adjustment for stock splits, stock dividends and similar events.

Exercisability. The Investor Warrants became exercisable upon the closing of our IPO on December 14, 2020. The Investor Warrants will expire on December 14, 2023.

The Investor Warrants may be exercised at any time in whole or in part upon payment of the applicable exercise price until expiration of the Investor Warrants. No fractional shares will be issued upon the exercise of the Investor Warrants. The Investor Warrants may only be exercised on a “cashless” basis if at any time after 180 days following the date that a resale registration statement is publicly filed with the commission, the

registration statement covering the resale of the shares of our common stock issuable upon exercise of the Investor Warrants by the investors is not effective with the SEC.

Redemption. The Investor Warrants may be called by us upon not less than thirty (30) days' nor more than sixty (60) days' prior written notice at any time provided that, at the time of delivery of such notice (i) there is an effective registration statement covering the resale of the shares of common stock underlying the Investor Warrants, and (ii) the VWAP of our common stock for twenty (20) consecutive trading days prior to the date of the notice of redemption is at least $25.28, as proportionately adjusted to reflect any stock splits, stock dividends, combination of shares or like events. We have agreed to engage the Placement Agents as our warrant solicitation agent in the event the Investor Warrants are called for redemption and shall pay a warrant solicitation fee to the Placement Agents equal to five (5%) percent of the amount of net cash proceeds solicited by the Placement Agents upon the exercise of the Investor Warrants following such call for redemption.

If we elect to call the Investor Warrants (or any other warrant) for redemption, we must also call all other warrants (other than the Placement Agent Warrants) for redemption on the terms described above.

The Placement Agent Warrants

The Placement Agent Warrants have substantially similar terms to the Investor Warrants except that (i) the exercise price for 344,716 and 172,351 of the Placement Agent Warrants is equal to $8.43 per share and $16.86 per share, respectively, (ii) the Placement Agent Warrants may be exercised on a "cashless basis," (iii) there is no optional redemption feature allowing us to redeem the Placement Agent Warrants prior to the expiration date of the Placement Agent Warrants and (iv) there is a change of control provision providing the holders of the Placement Agent Warrants, upon a change of control (as defined in the Placement Agent Warrants), with the right to acquire and receive upon exercise of the Placement Agent Warrant in lieu of the shares of our common stock underlying the Placement Agent Warrants, such shares of stock, securities of assets (including cash) that a holder of shares of our common stock deliverable upon exercise of the Placement Agent Warrants would have been entitled to receive in a such transaction as if the Placement Agent Warrants had been exercised immediately prior to the transaction constituting such change of control.

Warrant Holder Not a Stockholder

The Investor Warrants and Placement Agent Warrants do not confer upon the holders thereof any voting, dividend or other rights as our stockholders.

Equity Incentive Plans

2020 Equity Incentive Plan

As of December 31, 2020, we had 12,500 shares of common stock issuable upon vesting of restricted stock units under our 2020 Plan. As of December 31, 2020, we issued 74,157 shares of common stock underlying options issuable upon the exercise of stock options at a weighted average exercise price of $11.06 per share under our 2020 Plan and 2,197,396 shares of common stock authorized for future issuance under the 2020 Plan.

2019 Equity Incentive Plan

As of December 31, 2020, we had 756,973 shares of common stock issuable upon vesting of restricted stock units under our 2019 Plan and 137,798 shares of common stock authorized for future issuance under the 2019 Plan. Since our 2020 Plan has been approved by our stockholders, we do not expect to make new grants under the 2019 Plan.

2018 Equity Incentive Plan

As of December 31, 2020, we had 791,341 shares of common stock issuable upon vesting of restricted stock units and 848,639 shares of common stock issuable upon the exercise of stock options at a weighted average exercise price of $ 8.61 per share under our 2018 Plan, and 532,382 shares of common stock authorized

for future issuance under the 2018 Plan. Since our 2020 Plan has been approved by our stockholders, we do not expect to make new grants under the 2018 Plan.

Registration Rights Agreement

In connection with our Private Placement, we entered into a Registration Rights Agreement pursuant to which we are obligated to register with the SEC the shares of our common stock that were acquired by certain stockholders in the Private Placement as well as the shares of common stock issuable upon exercise of the Investor Warrants. The following description is a summary only of material provisions of the Registration Rights Agreement.

The Registration Rights Agreement contains certain holdback provisions relating to Transfers (as defined in the Registration Rights Agreement) of Registrable Securities (as defined therein) by holders of such securities. Pursuant to such provisions, a holder of Registrable Securities will be not be able to fully Transfer all Registrable Securities until such date that is three (3) months from the date of effectiveness of the Resale Registration Statement. Specifically, a holder shall be permitted to transfer up to 50% of Registrable Securities held at any time on or after the effectiveness of the Resale Registration Statement and following such date, a holder shall be entitled to Transfer the balance of all Registrable Securities held by such holder on or after the end of three (3) months following the effectiveness of the Resale Registration Statement. The foregoing holdback provisions shall be terminated in the event the closing price of our common stock is $10.00 or above for 20 consecutive trading days; provided, however, in the event that there is an initial public offering engagement, such holders will not Transfer any of the Registrable Securities or Investor Warrants until the date that is six (6) months after the effective date of the registration statement filed in connection with such initial public offering engagement.

Forum Selection

Our Certificate of Incorporation and our Bylaws provide that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our Certificate of Incorporation or our Bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. Notwithstanding the foregoing, the exclusive forum provision does not apply to suits brought to enforce any liability or duty created by the Exchange Act, the Securities Act or any other claim for which the federal courts have exclusive jurisdiction. Unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by applicable law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees.

Anti-Takeover Provisions

Our Certificate of Incorporation and Bylaws contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give our board of directors the power to discourage acquisitions that some stockholders may favor.

Authorized but unissued shares. The authorized but unissued shares of our common stock and our preferred stock are available for future issuance without stockholder approval, subject to the requirements of any national securities exchange on which our common stock is listed, should we so qualify for listing. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Stockholder action by written consent. Our Certificate of Incorporation and Bylaws provide that no action shall be taken by our stockholders except at an annual or special meeting of our stockholders called in accordance with our Bylaws and no action shall be taken by our stockholders by written consent, subject to the rights of any series of preferred stock permitting the holders of such series of preferred stock to act by written consent; provided, however, that, for so long as S5 Enterprises Inc. (formerly 2118769 Ontario Inc.), Fruzer Inc., Indulge Inc. (formerly 2208742 Ontario Inc.), Jackpot Inc. (formerly 2208744 Ontario Inc.), HF I Investments LLC, HF II Investments LLC, HF III Investments LLC, Hawthorn LP, Hydrofarm Co-Investment Fund, LP, Arch Street Holdings I, LLC and Payne Capital Corp., together with their respective affiliates or successors, collectively beneficially own (directly or indirectly), in the aggregate, at least fifty percent (50%) of our then issued and outstanding common stock, any action required or permitted to be taken by our stockholders at an annual meeting or special meeting of stockholders called in accordance with our Bylaws may be taken by our stockholders by written consent.

Special meetings of stockholders. Our Certificate of Incorporation and Bylaws provide that, except as otherwise required by law or provided by the resolution or resolutions adopted by our board of directors designating the rights, powers and preferences of any series of preferred stock, special meetings of our stockholders may be called only by (a) our board of directors pursuant to a resolution approved by a majority of the total number of our directors that we would have if there were no vacancies or (b) the chair of our board of directors, and any power of our stockholders to call a special meeting is specifically denied.

Advance notice requirements for stockholder proposals and director nominations. Our Bylaws provide for an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of candidates for election to our board of directors. In order for any matter to be "properly brought" before a meeting, a stockholder must comply with advance notice and duration of ownership requirements and provide us with certain information. Stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our board of directors or by a qualified stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of the stockholder's intention to bring such business before the meeting. These provisions could have the effect of delaying stockholder actions that are favored by the holders of a majority of our outstanding voting securities until the next stockholder meeting.

Amendment of Certificate of Incorporation or Bylaws. The Delaware General Corporation Law ("DGCL") provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation, unless a corporation's certificate of incorporation requires a greater percentage. Our Certificate of Incorporation provides that certain provisions of our Certificate of Incorporation (namely, those provisions relating to (i) directors; (ii) limitation of director liability, indemnification and advancement of expenses and renunciation of corporate opportunities; (iii) meetings of stockholders; and (iv) amendments to our Certificate of Incorporation and Bylaws) may not be altered, amended or repealed in any respect (including by merger, consolidation or otherwise), nor may any provision inconsistent therewith be adopted, unless such alteration, amendment, repeal or adoption is approved by the affirmative vote of the holders of at least sixty-six and two-thirds percent (662/3%) of the voting power of all of our then-outstanding shares then entitled to vote generally in an election of directors, voting together as a single class. Our Certificate of Incorporation and Bylaws also provide that approval of stockholders holding sixty-six and two-thirds percent (662/3%) of the voting power of all of our then-outstanding shares entitled to vote generally in an election of directors, voting together as a single class, is required for stockholders to make, alter, amend, or repeal any provision of our Bylaws. Our board of directors retains the right to alter, amend or repeal our Bylaws.

Classified Board of Directors. Our amended and restated certificate of incorporation provides for a classified board of directors consisting of three classes of approximately equal size, each serving staggered three-year terms. Only the directors in one class will be subject to election by a plurality of the votes cast at each annual meeting of stockholders, with the directors in the other classes continuing for the remainder of their respective three-year terms. Stockholders do not have the ability to cumulate votes for the election of directors.

Limitations on Liability and Indemnification of Officers and Directors

Our Certificate of Incorporation and Bylaws provides indemnification for our directors and officers to the fullest extent permitted by the DGCL. We have entered into indemnification agreements with each of our directors that may be, in some cases, broader than the specific indemnification provisions contained under the DGCL. In addition, as permitted by the DGCL, our Certificate of Incorporation and Bylaws includes provisions that eliminate the personal liability of our directors for monetary damages resulting from breaches of certain fiduciary duties as a director. The effect of this provision is to restrict our rights and the rights of our stockholders in derivative suits to recover monetary damages against a director for breach of fiduciary duties as a director. These provisions may be held not to be enforceable for violations of the federal securities laws of the U.S.

Corporate Opportunity Doctrine

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors or stockholders. Under our Certificate of Incorporation, to the maximum extent permitted by the laws of the State of Delaware, (a) we have renounced all interest and expectancy that we otherwise would be entitled to have in, and all rights to be offered an opportunity to participate in, any business opportunity that from time to time may be presented to (i) any of our directors, (ii) any of our stockholders, officers or agents, or (iii) any Affiliate (as defined in our Certificate of Incorporation) of any person or entity identified in the preceding clause (i) or (ii), but in each case excluding any such person in its capacity as an employee or director of us or our subsidiaries; (b) no stockholder and no director, in each case, that is not an employee of us or our subsidiaries, has any duty to refrain from (x) engaging in a corporate opportunity in the same or similar lines of business in we or our subsidiaries from time to time are engaged or propose to engage or (y) otherwise competing, directly or indirectly, with us or any of our subsidiaries; and (c) if any stockholder or any director, in each case, that is not an employee of us or our subsidiaries, acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity both for such stockholder or such director or any of their respective affiliates, on the one hand, and for us or our subsidiaries, on the other hand, such stockholder or director has no duty to communicate or offer such transaction or business opportunity to us or our subsidiaries and such stockholder or director may take any and all such transactions or opportunities for itself or offer such transactions or opportunities to any other person or entity. The preceding sentence shall not apply to any potential transaction or business opportunity that is expressly offered to a director or employee of our or our subsidiaries, solely in his or her capacity as a director or employee of us or our subsidiaries.

Furthermore, to the fullest extent permitted by the laws of the State of Delaware, no potential transaction or business opportunity may be deemed to be a corporate opportunity of ours or our subsidiaries unless (a) we or our subsidiaries would be permitted to undertake such transaction or opportunity in accordance with our Certificate of Incorporation, (b) we or our subsidiaries at such time have sufficient financial resources to undertake such transaction or opportunity, (c) we or our subsidiaries have an interest or expectancy in such transaction or opportunity and (d) such transaction or opportunity would be in the same or similar line of business in which we or our subsidiaries are then engaged or a line of business that is reasonably related to, or a reasonable extension of, such line of business.

Section 203 of the Delaware General Corporation Law

We are subject to the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a three-year period following the time that such stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes, among other things, a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns, or did own within three years prior to the determination of interested stockholder status, 15% or more of the corporation's voting stock.

Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

- before the stockholder became interested, the board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances; or
- at or after the time the stockholder became interested, the business combination was approved by the board of directors of the corporation and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

A Delaware corporation may “opt out” of these provisions with an express provision in its original certificate of incorporation or an express provision in its amended and restated certificate of incorporation or by-laws resulting from a stockholders’ amendment approved by at least a majority of the outstanding voting shares. We have not opted out of these provisions. As a result, mergers or other takeover or change in control attempts of us may be discouraged or prevented.

Transfer Agent and Registrar

The transfer agent and registrar of our common stock is Continental Stock Transfer & Trust Company. They are located at 1 State Street, 30th Floor, New York, New York 10004. Their telephone number is (212)-509-4000.

SHARES ELIGIBLE FOR FUTURE SALE

Sales of our common stock in the public market in this offering or in future offerings, or the availability of such shares for sale in the public market, could adversely affect the market price of our common stock prevailing from time to time and could impair our ability to raise equity capital in the future. Furthermore, because only a limited number of shares of our common stock will be available for sale shortly after this offering due to certain contractual and legal restrictions on resale described below, sales of substantial amounts of our common stock in the public market after such restrictions lapse, or the anticipation of such sales, could adversely affect the prevailing market price of our common stock and our ability to raise equity capital in the future.

All of the shares sold in this offering or in the IPO will be freely tradable unless purchased by our affiliates. The remaining shares of common stock outstanding after this offering are restricted as a result of securities laws or lock-up agreements as described below. Following the expiration of the lock-up period, all shares will be eligible for resale, subject to compliance with Rule 144 or Rule 701 of the Securities Act.

We may issue shares of common stock from time to time as consideration for future acquisitions, investments or other corporate purposes. In the event that any such acquisition, investment or other transaction is significant, the number of shares of common stock that we may issue may in turn be significant. We may also grant registration rights covering those shares of common stock issued in connection with any such acquisition and investment.

In addition, 3,082,667 shares of common stock that are either subject to outstanding stock options or reserved for future issuance under our equity incentive plans will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules, the lock-up agreements and Rule 144 and Rule 701 of the Securities Act.

Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who is not one of our affiliates and who is not deemed to have been one of our affiliates at any time during the three months preceding a sale and who has beneficially owned shares of our common stock that are deemed restricted securities for at least six months would be entitled after such six-month holding period to sell the common stock held by such person, subject to the continued availability of current public information about us (which current public information requirement is eliminated after a one-year holding period).

Beginning 90 days after the date of this prospectus, a person who is one of our affiliates, or has been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned shares of our common stock that are deemed restricted securities for at least six months would be entitled after such six-month holding period to sell his or her securities, provided that he or she sells an amount that does not exceed 1% of the number of shares of our common stock then outstanding (or, if our common stock is listed on a national securities exchange, the average weekly trading volume of the shares during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale), subject to the continued availability of current public information about us, compliance with certain manner of sale provisions, and the filing of a Form 144 notice of sale if the sale is for an amount in excess of 5,000 shares or for an aggregate sale price of more than $50,000 in a three-month period.

Upon expiration of the lock-up periods described below, 23,728,882 shares of our common stock will be eligible for sale under Rule 144. We cannot estimate the number of shares of our common stock that our existing stockholders will elect to sell under Rule 144.

Lock-Up Agreements

In connection with the IPO, we, along with our directors and executive officers and substantially all of our other pre-IPO stockholders agreed with the underwriters that, during the period ending 180 days after December 9, 2020, we or they will not offer, sell, contract to sell, pledge, grant any stock option to purchase, make any short sale or otherwise dispose of any shares of our common stock (including any shares issued in the IPO or other issuer-directed shares), or any stock options or warrants to purchase any shares of our common stock, or any securities convertible into, exchangeable for or that represent the right to receive shares

of our common stock, whether now owned or later acquired, owned directly or with respect to which we or they have beneficial ownership within the rules and regulations of the SEC, subject to specified exceptions. The underwriters may, in their sole discretion, at any time without prior notice, release all or any portion of the shares from the restrictions in any such agreement.

In addition, we and all of our directors and executive officers have agreed with the underwriters that, during the period ending 90 days following the date of this prospectus, we or they will not offer, sell, contract to sell, pledge, grant any stock option to purchase, make any short sale or otherwise dispose of any shares of our common stock (including any shares issued in this offering) or any stock options or warrants to purchase any shares of our common stock or any securities convertible into, exchange for or that represent the right to receive shares of our common stock, whether now owned or later acquired, owned directly or with respect to which we or they have beneficial ownership within the rules and regulations of the SEC, subject to specified exceptions. J.P. Morgan Securities LLC, on behalf of the underwriters, may, in their sole discretion, at any time without prior notice, release all or any portion of the shares from the restrictions in any such agreement. See "*Underwriting*."

Upon the expiration of the applicable lock-up periods, substantially all of the shares subject to such lock-up restrictions will become eligible for sale, subject to the limitations discussed above.

Rule 701

In general, under Rule 701 of the Securities Act, any of an issuer's employees, directors, officers, consultants or advisors who purchases shares from the issuer in connection with a compensatory stock or stock option plan or other written agreement before the effective date of a registration statement under the Securities Act, is entitled to sell such shares 90 days after such effective date in reliance on Rule 144. An affiliate of the issuer can resell shares in reliance on Rule 144 without having to comply with the holding period requirement, and non-affiliates of the issuer can resell shares in reliance on Rule 144 without having to comply with the current public information and holding period requirements.

Registration Rights

Pursuant to our Investor Rights Agreement, after the completion of this offering, the holders of up to 23,728,882 shares of our common stock, including 3,516,086 shares underlying outstanding warrants, or certain transferees, will be entitled to certain rights with respect to the registration of the offer and sale of those shares under the Securities Act. See the section titled "*Description of Capital Stock — Registration Rights Agreement*" for a description of these registration rights. If the offer and sale of these shares of our common stock are registered, the shares will be freely tradable without restriction under the Securities Act, subject to the Rule 144 limitations applicable to affiliates, and a large number of shares may be sold into the public market.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS OF COMMON STOCK

The following discussion is a summary of certain material U.S. federal income tax considerations applicable to non-U.S. holders (as defined below) with respect to their ownership and disposition of shares of our common stock issued pursuant to this offering. For purposes of this discussion, a non-U.S. holder means a beneficial owner of our common stock that is for U.S. federal income tax purposes:

- a non-resident alien individual;
- a foreign corporation or any other foreign organization taxable as a corporation for U.S. federal income tax purposes; or
- a foreign estate or trust, the income of which is not subject to U.S. federal income tax on a net income basis.

This discussion does not address the tax treatment of partnerships or other entities that are pass-through entities for U.S. federal income tax purposes or persons that hold their common stock through partnerships or other pass-through entities. A partner in a partnership or other pass-through entity that will hold our common stock should consult his, her or its tax advisor regarding the tax consequences of acquiring, holding and disposing of our common stock through a partnership or other pass-through entity, as applicable.

This discussion is based on current provisions of the U.S. Internal Revenue Code of 1986, as amended, which we refer to as the Code, existing and proposed U.S. Treasury Regulations promulgated thereunder, current administrative rulings and judicial decisions, all as in effect as of the date of this prospectus and, all of which are subject to change or to differing interpretation, possibly with retroactive effect. Any such change or differing interpretation could alter the tax consequences to non-U.S. holders described in this prospectus. There can be no assurance that the Internal Revenue Service, which we refer to as the IRS, will not challenge one or more of the tax consequences described herein. We assume in this discussion that a non-U.S. holder holds shares of our common stock as a capital asset within the meaning of Section 1221 of the Code, which is generally property held for investment.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular non-U.S. holder in light of that non-U.S. holder's individual circumstances nor does it address any U.S. state, local or non-U.S. taxes, or any other aspect of any U.S. federal tax other than the income tax. This discussion also does not consider any specific facts or circumstances that may apply to a non-U.S. holder and does not address the special tax rules applicable to particular non-U.S. holders, such as:

- insurance companies;
- tax-exempt or governmental organizations;
- financial institutions;
- brokers or dealers in securities;
- regulated investment companies;
- pension plans;
- "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax;
- "qualified foreign pension funds," or entities wholly owned by a "qualified foreign pension fund";
- persons that elect to apply Section 1400Z-2 of the Code to gains recognized with respect to shares of our common stock;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation; and
- certain U.S. expatriates.

This discussion is for general information only and is not tax advice. Accordingly, all prospective non-U.S. holders of our common stock should consult their tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences of the purchase, ownership and disposition of our common stock.

Distributions on Our Common Stock

As indicated in the "Dividend Policy" section of this prospectus, we have never declared or paid cash dividends on any of our capital stock and currently intend to retain all available funds and any future earnings to fund the development and growth of our business.

In the event that we do make distributions, subject to the discussions below under the sections titled "Backup Withholding and Information Reporting" and "Withholding and Information Reporting Requirements — FATCA", distributions paid on our common stock will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax-free return of the non-U.S. holder's investment, up to such holder's tax basis in the common stock. Any remaining excess will be treated as capital gain, subject to the tax treatment described below in "Gain on Sale or Other Taxable Disposition of Our Common Stock."

Subject to the discussion in the following two paragraphs in this section, dividends paid to a non-U.S. holder generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the U.S. and such holder's country of residence.

Dividends that are treated as effectively connected with a trade or business conducted by a non-U.S. holder within the U.S. and, if an applicable income tax treaty so provides, that are attributable to a permanent establishment or a fixed base maintained by the non-U.S. holder within the U.S., are generally exempt from the 30% withholding tax if the non-U.S. holder satisfies applicable certification and disclosure requirements. However, such U.S. effectively connected income, net of specified deductions and credits, is taxed at the same graduated U.S. federal income tax rates applicable to United States persons (as defined in the Code). Any U.S. effectively connected income received by a non-U.S. holder that is a corporation may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the U.S. and such holder's country of residence.

A non-U.S. holder of our common stock who claims the benefit of an applicable income tax treaty between the U.S. and such holder's country of residence generally will be required to provide a properly executed IRS Form W-8BEN or W-8BEN-E (or successor form) to the applicable withholding agent and satisfy applicable certification and other requirements. Non-U.S. holders are urged to consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty. A non-U.S. holder that is eligible for such lower rate of U.S. withholding tax as may be specified under an income tax treaty may obtain a refund or credit of any excess amounts withheld by timely filing a U.S. tax return with the IRS.

Gain on Sale or Other Taxable Disposition of Our Common Stock

Subject to the discussions below under "Backup Withholding and Information Reporting" and "Withholding and Information Reporting Requirements — FATCA," a non-U.S. holder generally will not be subject to any U.S. federal income or withholding tax on any gain realized upon such holder's sale or other taxable disposition of shares of our common stock unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business and, if an applicable income tax treaty so provides, is attributable to a permanent establishment or a fixed-base maintained by such non-U.S. holder in the U.S., in which case the non-U.S. holder generally will be taxed on a net income basis at the graduated U.S. federal income tax rates applicable to United States persons (as defined in the Code) and, if the non-U.S. holder is a foreign corporation, the branch profits tax described above in "Distributions on Our Common Stock" also may apply;
- the non-U.S. holder is a nonresident alien individual who is present in the U.S. for a period or periods aggregating 183 days or more in the taxable year of the disposition and certain other conditions are met, in which case the non-U.S. holder will be subject to a 30% tax (or such lower rate as may be specified by an applicable income tax treaty between the U.S. and such holder's country of residence)

on the net gain derived from the disposition, which may be offset by certain U.S. source capital losses of the non-U.S. holder, if any (even though the individual is not considered a resident of the U.S.), provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses; or

- we are, or have been, at any time during the five-year period preceding such sale or other taxable disposition (or the non-U.S. holder's holding period, if shorter) a "U.S. real property holding corporation," unless our common stock is regularly traded on an established securities market, as defined by applicable U.S. Treasury Regulations, and the non-U.S. holder holds no more than 5% of our outstanding common stock, directly or indirectly, actually or constructively, during the shorter of the 5-year period ending on the date of the disposition or the period that the non-U.S. holder held our common stock. Generally, a corporation is a U.S. real property holding corporation only if the fair market value of its U.S. real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. Although there can be no assurance, we do not believe that we are, or have been, a U.S. real property holding corporation, or that we are likely to become one in the future. No assurance can be provided that our common stock will be regularly traded on an established securities market for purposes of the rules described above. Non-U.S. holders should consult their own tax advisors about the consequences that could result if we are, or become, a U.S. real property holding corporation.

Backup Withholding and Information Reporting

We must report annually to the IRS and to each non-U.S. holder the gross amount of the distributions on our common stock paid to such holder and the tax withheld, if any, with respect to such distributions. Non-U.S. holders may have to comply with specific certification procedures to establish that the holder is not a United States person (as defined in the Code) in order to avoid backup withholding at the applicable rate with respect to dividends on our common stock. Dividends paid to non-U.S. holders subject to withholding of U.S. federal income tax, as described above in "Distributions on Our Common Stock," generally will be exempt from U.S. backup withholding.

Information reporting and backup withholding will generally apply to the proceeds of a disposition of our common stock by a non-U.S. holder effected by or through the U.S. office of any broker, U.S. or foreign, unless the holder certifies its status as a non-U.S. holder and satisfies certain other requirements, or otherwise establishes an exemption. Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds to a non-U.S. holder where the transaction is effected outside the U.S. through a non-U.S. office of a broker. However, for information reporting purposes, dispositions effected through a non-U.S. office of a broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker.

Non-U.S. holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules to them. Copies of information returns may be made available to the tax authorities of the country in which the non-U.S. holder resides or is incorporated under the provisions of a specific treaty or agreement. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder can be refunded or credited against the non-U.S. holder's U.S. federal income tax liability, if any, provided that an appropriate claim is filed with the IRS in a timely manner.

Withholding and Information Reporting Requirements — FATCA

Provisions of the Code commonly referred to as the Foreign Account Tax Compliance Act, or FATCA, generally impose a U.S. federal withholding tax at a rate of 30% on payments of dividends on our common stock paid to a foreign entity unless (i) if the foreign entity is a "foreign financial institution," such foreign entity undertakes certain due diligence, reporting, withholding, and certification obligations, (ii) if the foreign entity is not a "foreign financial institution," such foreign entity identifies certain of its U.S. investors, if any, or (iii) the foreign entity is otherwise exempt under FATCA. Such withholding may also apply to payments of gross proceeds of sales or other dispositions of our common stock, although under proposed U.S. Treasury Regulations (the preamble to which specifies that taxpayers are permitted to rely on such proposed U.S. Treasury Regulations pending finalization), no withholding will apply to such payments of gross proceeds.

Under certain circumstances, a non-U.S. holder may be eligible for refunds or credits of this withholding tax. An intergovernmental agreement between the U.S. and an applicable foreign country may modify the requirements described in this paragraph. Non-U.S. holders should consult their tax advisors regarding the possible implications of this legislation on their investment in our common stock and the entities through which they hold our common stock, including, without limitation, the process and deadlines for meeting the applicable requirements to prevent the imposition of the 30% withholding tax under FATCA.

UNDERWRITING

We are offering the shares of common stock described in this prospectus through a number of underwriters. J.P. Morgan Securities LLC and Stifel, Nicolaus & Company, Incorporated are acting as representatives. We will enter into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we will agree to sell to the underwriters and each underwriter will severally agree to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of common stock listed next to its name in the following table:

Name	Number of Shares
J.P. Morgan Securities LLC	
Stifel, Nicolaus & Company, Incorporated	
Deutsche Bank Securities Inc.	
Truist Securities, Inc.	
William Blair & Company, L.L.C.	
Total	4,000,000

The underwriters will be committed to purchase all the shares of common stock offered by us if they purchase any shares. The underwriting agreement will also provide that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or this offering may be terminated.

The underwriters propose to offer the shares of common stock directly to the public at the public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share. After the initial offering of the shares to the public, if all of the shares of common stock are not sold at the public offering price, the underwriters may change the offering price and other selling terms. Sales of shares made outside of the U.S. may be made by affiliates of the underwriters.

The underwriters will have an option to buy up to 600,000 additional shares of common stock from us to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters will have 30 days from the date of this prospectus to exercise this option to purchase additional shares. If any shares are purchased with this option to purchase additional shares, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per share of common stock less the amount paid by the underwriters to us per share of common stock. The underwriting fee is $ per share. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Without option to purchase additional shares exercise	With full option to purchase additional shares exercise
Per Share	$	$
Total	$	$

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately $.

We have agreed to reimburse the underwriters for certain expenses of up to $ related to clearance of this offering with FINRA. The underwriters have also agreed to reimburse us for certain of our expenses incurred by us with respect to this offering.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The underwriters may agree to

allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

We have agreed that we will not (i) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, or submit to, or file, with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, loan disposition or filing or (ii) enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any shares of common stock or any such other securities (regardless of whether any of these transactions are to be settled by the delivery of shares of common stock or such other securities, in cash or otherwise), in each case without the prior written consent of J.P. Morgan Securities LLC for a period of 90 days after the date of this prospectus, other than the shares of our common stock to be sold hereunder and certain other exceptions.

Our directors, our executive officers and holders of substantially all of our capital stock and securities convertible into our capital stock (such persons, the “lock-up parties”) have entered into lock-up agreements with the underwriters prior to the commencement of this offering (the “lock-up agreements”) or are subject to the market standoff provisions in the Registration Rights Agreement pursuant to which each holder shall not transfer, sell, offer, pledge, contract to sell, grant any option or contract to purchase, purchase any option or contract to sell, grant any right or warrant to purchase, lend or otherwise transfer or encumber any Registrable Securities (as defined in the Registration Rights Agreement) until the date that is six months after the effective date of our initial public offering registration statement.

The lock-up agreements provide that each lock-up party, for a period of up to 90 days after the date of this prospectus (such period, the “restricted period”), may not, without the prior written consent of J.P. Morgan Securities LLC, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock (including, without limitation, the lock-up securities which may be deemed to be beneficially owned by such lock-up parties in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant) (collectively with the common stock, the “lock-up securities”) (ii) enter into any hedging, swap or other agreement or transaction that transfers, in whole or in part, any of the economic consequences of ownership of the lock-up securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of the lock-up securities, in cash or otherwise, (iii) make any demand for or exercise any right with respect to the registration of any lock-up securities or (iv) publicly disclose the intention to do any of the foregoing. Such persons or entities have further acknowledged that these undertakings preclude them from engaging in any hedging or other transactions or arrangements (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option, or combination thereof, forward, swap or any other derivative transaction or instrument, however described or defined) designed or intended, or which could reasonably be expected to lead to or result in, a sale or disposition or transfer (by any person or entity, whether or not a signatory to such agreement) of any economic consequences of ownership, in whole or in part, directly or indirectly, of any lock-up securities, whether any such transaction or arrangement (or instrument provided for thereunder) would be settled by delivery of lock-up securities, in cash or otherwise.

The lock-up agreements are subject to specified exceptions. In the case of our directors and officers and holders subject to the lock-up restrictions, such restrictions described in the paragraph above do not apply, subject in certain cases to various conditions, to transfers or dispositions:

(a) as a bona fide gift or gifts, or for bona fide estate planning purposes,

(b) by will, other testamentary document or intestacy,

(c) to any trust for the direct or indirect benefit of the undersigned or the immediate family of the lock-up party, or if the lock-up party is a trust, to a trustor or beneficiary of the trust or to the estate of a beneficiary of such trust,

(d) to a corporation, partnership, limited liability company, trust or other entity of which the lock-up party and/or one or more members of the immediate family of the lock-up party are, directly or indirectly, the legal and beneficial owner of all of the outstanding equity securities or similar interests,

(e) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under clauses (a) through (d) above,

(f) if the lock-up party is a corporation, partnership, limited liability company, trust or other business entity, (i) to another corporation, partnership, limited liability company, trust or other business entity that is an affiliate (as defined in Rule 405 promulgated under the Securities Act of 1933, as amended) of the lock-up party, or to any investment fund or other entity controlling, controlled by, managing or managed by or under common control with the lock-up party or affiliates of the lock-up party or (ii) as part of a distribution or other transfer to general or limited partners to members or shareholders, or other holders of equity in, of the lock-up party,

(g) by operation of law, such as pursuant to a qualified domestic order, divorce settlement, divorce decree, separation agreement or court order,

(h) to us from an employee or other service provided of us upon death, disability or termination of employment or service, in each case, of such employee or other service provider,

(i) as part of a sale of the lock-up party's lock-up securities acquired in open market transactions after the closing date for this offering,

(j) to us in connection with the vesting, settlement, or exercise of restricted stock units, options, warrants or other rights to purchase shares of common stock (including, in each case, by way of "net" or "cashless" exercise), including for the payment of exercise price and tax and remittance payments due as a result of the vesting, settlement, or exercise of such restricted stock units, options, warrants or rights, or

(k) pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction that is approved by our board of directors and made to all holders of our capital stock involving a change of control of us;

provided that (1) in the case of any transfer, disposition or distribution pursuant to clause (a)-(g), such transfer shall not involve a disposition for value and each donee, devisee, transferee or distributee shall execute and deliver to the representatives a lock-up letter, (B) in the case of any transfer or distribution pursuant to clause (a)-(f) and (i)-(j), no filing by any party (donor, donee, devisee, transferor, transferee, distributer or distributee) under the Exchange Act, or other public announcement shall be required or shall be made voluntarily in connection with such transfer or distribution (other than a filing on a Form 5 made after the expiration of the restricted period referred to above) and (C) in the case of any transfer or distribution pursuant to clause (g) and (h), it shall be a condition to such transfer that no public filing, report or announcement shall be voluntarily made and if any filing under Section 16(a) of the Exchange Act, or other public filing, report or announcement reporting a reduction in beneficial ownership of shares of common stock in connection with such transfer or distribution shall be legally required during the restricted period, such filing, report or announcement shall clearly indicate in the footnotes thereto the nature and conditions of such transfer.

We will agree to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

Our common stock is listed on the Nasdaq Global Select Market under the symbol "HYFM."

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling shares of common stock in the open market for the purpose of preventing or retarding a decline in the market price of the common stock while this offering is in progress. These stabilizing transactions may include making short sales of the common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering and purchasing shares of common stock on the open market to cover positions created by short sales. Short sales may be "covered" shorts, which are short positions in an amount not greater than the underwriters'

option to purchase additional shares referred to above, or may be "naked" shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their option to purchase additional shares, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the common stock, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase common stock in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the common stock or preventing or retarding a decline in the market price of the common stock and, as a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the Nasdaq Global Select Market in the over-the-counter market or otherwise.

Other Relationships

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or other customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

Selling Restrictions

Other than in the U.S., no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to this offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Notice to Prospective Investors in Canada

The shares of common stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal, that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario) and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares of common stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit

prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts*, or NI 33-105, the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the European Economic Area and the United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom (each, a "Relevant State"), no shares of common stock have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

A. to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

B. to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the bookrunner for any such offer; or

C. in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares of common stock shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any shares of common stock or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the underwriters and us that it is a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation.

In the case of any shares of common stock being offered to a financial intermediary as that term is used in the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares of common stock acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares of common stock to the public other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of the bookrunner have been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons") or otherwise in circumstances which have not resulted and will not result in an offer to the public of the shares of common stock in the United Kingdom within the meaning of the Financial Services and Markets Act 2000.

Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this prospectus or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this prospectus relates to may be made or taken exclusively by relevant persons.

Notice to Prospective Investors in Switzerland

The shares of common stock may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made to admit the common stock to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this prospectus nor any other offering or marketing material relating to the common stock constitutes a prospectus pursuant to the FinSA, and neither this prospectus nor any other offering or marketing material relating to the common stock may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to this offering, us or the shares of common stock have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with and the offer of shares of common stock will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre ("DIFC")

This document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority (the "DFSA"). This document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for this prospectus. The securities to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

In relation to its use in the DIFC, this prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

Notice to Prospective Investors in Hong Kong

The shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"), and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "CO") or which do not constitute an offer to the public within the meaning of the CO. No advertisement, invitation or document relating to the shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

Notice to Prospective Investors in Japan

The shares have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the shares nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any "resident" of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws

of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each underwriter has represented and agreed that it has not offered or sold any shares of common stock or caused the shares of common stock to be made the subject of an invitation for subscription or purchase and will not offer or sell any shares of common stock or cause the shares of common stock to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this prospectus or any other document or material in connection with the offer or sale,or invitation for subscription or purchase, of the shares of common stock, whether directly or indirectly, to any person in Singapore other than:

(i) to an institutional investor (as defined in Section 274A of the Securities and Futures Act, (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA") pursuant to Section 274 of the SFA);

(ii) to a relevant person (as defined in Section 275(1) of the SFA) or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or

(iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares of common stock are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares of common stock pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

This prospectus is not intended to constitute an offer or solicitation to purchase or invest in the shares of common stock.

Notice to Prospective Investors in Australia

This document:

- does not constitute a disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) (the "Corporations Act");

- has not been, and will not be, lodged with the Australian Securities and Investments Commission ("ASIC"), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document for the purposes of the Corporations Act; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors available under section 708 of the Corporations Act ("Exempt Investors").

The shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of shares under this document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the shares you undertake to us that you will not, for a period of 12 months from the date of issue of the shares, offer, transfer, assign or otherwise alienate those shares to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

LEGAL MATTERS

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., New York, New York, which has acted as our counsel in connection with this offering, will pass upon the validity of the shares of our common stock being offered by this prospectus. The underwriters have been represented by Davis Polk & Wardwell LLP, New York, New York.

EXPERTS

The 2020 and 2019 consolidated financial statements, and the related financial statement schedule, incorporated in this Prospectus by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2020, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report (which report expresses an unqualified opinion on the 2020 and 2019 financial statements and the financial statement schedule and includes an explanatory paragraph referring to the adoption of FASB ASC Topic 842, Leases), which report is incorporated herein by reference. Such consolidated financial statements and financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of Hydrofarm Holdings Group, Inc., and the related financial statement schedule, for the year ended December 31, 2018 incorporated in this prospectus by reference from the Company's Annual Report on Form 10-K for fiscal year ended December 31, 2020, have been audited by MNP LLP, an independent registered public accounting firm, as stated in their report which is incorporated herein by reference. Such financial statements and financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1, including exhibits and schedules, under the Securities Act that registers the shares of our common stock to be sold in this offering. This prospectus does not contain all the information contained in the registration statement and the exhibits and schedules filed as part of the registration statement. For further information with respect to us and our common stock, we refer you to the registration statement, including all amendments, supplements, schedules and exhibits thereto. Statements contained in this prospectus as to the contents of any contract or other document are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. If a contract or document has been filed as an exhibit to the registration statement, we refer you to the copies of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit.

We are subject to the reporting requirements of the Exchange Act and file annual, quarterly and current reports, proxy statements and other information with the SEC. SEC filings are available at the SEC's web site at http://www.sec.gov.

Our website address is www.hydrofarm.com. The information contained in, and that can be accessed through, our website is not incorporated into and shall not be deemed to be part of this prospectus. We have included our website address in this prospectus solely as an inactive textual reference.

INCORPORATION BY REFERENCE

The rules of the SEC allow us to incorporate by reference into this prospectus the information we file with the SEC. This means that we are disclosing important information to you by referring to other documents. The information incorporated by reference is considered to be part of this prospectus, except for any information superseded by information contained directly in this prospectus. We incorporate by reference the documents listed below (other than any portions thereof, which under the Exchange Act, and applicable SEC rules, are not deemed "filed" under the Exchange Act):

- our Annual Report on Form 10-K for fiscal year ended December 31, 2020, filed on March 30, 2021; and

- our Current Report on Form 8-K filed on March 23, 2021.

If we have incorporated by reference any statement or information in this prospectus and we subsequently modify that statement or information with information contained in this prospectus, the statement or information previously incorporated in this prospectus is also modified or superseded in the same manner.

HYDROFARM HOLDINGS GROUP, INC.

4,000,000 shares of Common stock

Prospectus

J.P. Morgan **Stifel**

Deutsche Bank Securities **Truist Securities** **William Blair**

, 2021

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other expenses of issuance and distribution.

The following table sets forth all costs and expenses, other than underwriting discounts and commissions, paid or payable by the Registrant in connection with the sale of the shares of common stock being registered hereby. All amounts shown are estimates except for the SEC registration fee:

SEC registration fee	$ 29,831
FINRA filing fee	41,514
Accounting fees and expenses	120,000
Legal fees and expenses	500,000
Printing expenses	50,000
Transfer agent and registrar fees and expenses	5,000
Miscellaneous fees and expenses	3,655
Total	$750,000

Item 14. Indemnification of directors and officers.

Section 145(a) of the Delaware General Corporation Law provides, in general, that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), because he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 145(b) of the Delaware General Corporation Law provides, in general, that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor because the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made with respect to any claim, issue or matter as to which he or she shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, he or she is fairly and reasonably entitled to indemnity for such expenses that the Court of Chancery or other adjudicating court shall deem proper.

Section 145(g) of the Delaware General Corporation Law provides, in general, that a corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify the person against such liability under Section 145 of the Delaware General Corporation Law.

Our amended and restated by-laws (the "Bylaws"), provide that we will indemnify each of our directors and officers to the fullest extent permitted by the Delaware General Corporation Law as the same may be

amended (except that in the case of amendment, only to the extent that the amendment permits us to provide broader indemnification rights than the Delaware General Corporation Law permitted us to provide prior to such the amendment) against expenses, liability and loss (including attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by the director or officer or on the director's or officer's behalf in connection with any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director of an officer of the Company, while a director or officer of the Company, is or was serving at the request of the Company as a director, officer or trustee of another corporation, or of a partnership, joint venture, trust, employee benefit plan or other enterprise. The Bylaws also provides for the advancement of expenses (including attorney's fees) to each of our directors and officers. As permitted by the Delaware General Corporation Law, our amended and restated certificate of incorporation, as amended (the "Certificate of Incorporation"), and Bylaws includes provisions that eliminate the personal liability of our directors for monetary damages resulting from breaches of certain fiduciary duties as a director. The Bylaws further provides that we may, at the discretion of the board of directors, grant rights of indemnification and to the advancement of expenses to any employee or agent of the Company to the fullest extent of the provisions of our Certificate of Incorporation with respect to the indemnification and advancement of expenses of our directors and officers.

In addition, the Bylaws provide that the right of each of our directors and officers to indemnification and advancement of expenses shall be a contract right and shall not be exclusive of any other right now possessed or hereafter acquired under any statute, provision of our Certificate of Incorporation or Bylaws, agreement, vote of stockholders or otherwise. Furthermore, the Bylaws authorizes us to provide insurance for our directors, officers and employees, against any liability, whether or not we would have the power to indemnify such person against such liability under the Delaware General Corporation Law or the provisions of the Bylaws.

We have entered into indemnification agreements with each of our directors and our executive officers. These agreements provide that we will indemnify each of our directors and such officers to the fullest extent permitted by law and the Certificate of Incorporation and Bylaws. In addition, such agreements may be, in some cases, broader than the specific indemnification provisions contained under the Delaware General Corporation Law.

We also maintain a directors and officers liability insurance policy, which covers certain liabilities of directors and officers of our company arising out of claims based on acts or omissions in their capacities as directors or officers.

Item 15. Recent sales of unregistered securities.

In the three years preceding the filing of this registration statement, the Company has issued the following securities that were not registered under the Securities Act of 1933, as amended, or the Securities Act:

Private Placement and Merger

In October 2018, we consummated a private placement offering of 4,929,725 (pre-split: 16,619,616) units (each a "Unit," and collectively, the "Units") for gross proceeds of approximately $41.5 million. Each Unit consisted of (i) one (1) share of our common stock and (ii) a warrant (each a "Investor Warrant," and collectively, the "Investor Warrants"), expiring three years after the earliest of (x) the effectiveness of a resale registration statement, (y) the closing of an initial public offering of the Company's common stock or (z) the closing of any other transaction or set of events that results in the Company being subject to the requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), entitling the holder to purchase one-half (1/2) share of our common stock at an initial exercise price of $16.86 per full share (the "Private Placement"). As part of the Private Placement, we issued A.G.P./Alliance Global Partners and SternAegis Ventures warrants to purchase 517,068 shares of our common stock.

Concurrently with the closing of the Private Placement, one of our wholly-owned subsidiaries merged with and into Hydrofarm Investment Corp. ("HIC"), with HIC becoming our wholly-owned subsidiary and continuing its and its subsidiaries' existing business operations, including those of Hydrofarm, LLC, a subsidiary of HIC (the "Merger").

In connection with the Private Placement and Merger, (i) HIC raised $15.2 million from its existing stockholders through the issuance of 1,807,838 (pre-split: 6,094,617) units (the "Concurrent Offering") and (ii) Hydrofarm Holdings, LLC ("Hydrofarm Holdings"), a subsidiary of HIC, and its affiliates entered into certain amendments to Hydrofarm Holdings' credit facilities to amend certain covenants and other provisions under such credit facilities. The consideration in the Concurrent Offering consisted of $11.1 million in cash from existing stockholders of HIC and the conversion of $4.1 million of an aggregate principal amount plus interest outstanding under an outstanding note. As part of the Merger, the securities of HIC issued in the Concurrent Offering were exchanged into shares of our common stock and warrants to purchase our common stock having the same terms and conditions as the securities included in the Units issued in this Private Placement.

On December 31, 2019, we entered into a securities purchase agreement with certain investors named therein, pursuant to which we issued and sold, in a private placement offering between December 2019 and February 2020, 7,725,045 shares of our Series A Convertible Preferred Stock, par value $0.0001 per share, at an offering price of $3.50. We received gross proceeds of approximately $27 million (which includes proceeds of approximately $8 million raised from the issuances of convertible unsecured subordinated promissory notes in September and October 2019 which converted into shares of our Series A Preferred Stock), before deducting fees and related offering expenses.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. We believe the offers, sales and issuances of the above securities were exempt from registration under the Securities Act (or Regulation D or Regulation S promulgated thereunder) by virtue of Section 4(a)(2) of the Securities Act because the issuance of securities to the recipients did not involve a public offering. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

Plan-Related Issuances

From April 1, 2018 through the filing date of this registration statement, we granted to our directors, officers, employees, consultants and other service providers options to purchase an aggregate of 1,108,689 shares of our common stock under our equity compensation plans at an exercise price of $8.75 per share.

From April 1, 2018 through the filing date of this registration statement, we granted to our directors, officers, employees, consultants and other service providers an aggregate of 2,650,524 restricted stock units to be settled in shares of our common stock under our equity compensation plans.

The offers, sales and issuances of the securities described above were deemed to be exempt from registration either under Rule 701 promulgated under the Securities Act, in that the transactions were under compensatory benefit plans and contracts relating to compensation, or under Section 4(a)(2) in that the transactions were between an issuer and members of its senior executive management and did not involve any public offering within the meaning of Section 4(a)(2). The recipients of such securities were our employees, directors, or consultants and received the securities under our equity incentive plans. Appropriate legends were affixed to the securities issued in these transactions.

Item 16. Exhibits and financial statement schedules.

(a) Exhibits.

Exhibit	Description
1.1	Form of Underwriting Agreement.
2.1*	Amended and Restated Agreement and Plan of Merger, dated August 28, 2018, by and among Hydrofarm Holdings Group, Inc., Hydrofarm Merger Sub, Inc. and Hydrofarm Investment Corp (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
3.1*	Amended and Restated Certificate of Incorporation of Hydrofarm Holdings Group, Inc. (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
3.2*	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Hydrofarm Holdings Group, Inc. (Incorporated by reference to the Company's Registration Statement on Form S-1/A (File No. 333-250037), filed with the SEC on December 1, 2020).
3.3*	Certificate of Designations, Preferences and Rights of the Series A Convertible Preferred Stock of Hydrofarm Holdings Group, Inc. (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
3.4*	Amended and Restated Bylaws (Incorporated by reference to the Company's Registration Statement on Form S-1/A (File No. 333-250037), filed with the SEC on December 1, 2020).
4.1*	Specimen Common Stock Certificate of the Hydrofarm Holdings Group, Inc. (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
4.2*	Form of Warrant To Purchase Common Stock (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
4.3*	Form of Placement Agent Warrant to Purchase Common Stock (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
4.4*	Form of Registration Rights Agreement from Private Placement (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
4.5*	Investor Rights Agreement, dated August 28, 2018, by and among Hydrofarm Holdings LLC and certain of its stockholders identified on the signature pages thereto (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
4.6*	Amendment No. 1 to Investor Rights Agreement, dated November 10, 2020, by and among Hydrofarm Holdings LLC and certain of its stockholders identified on the signature pages thereto. (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
5.1	Opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
10.1#*	Loan And Security Agreement, dated May 12, 2017, by and between Hydrofarm Holdings LLC, Hydrofarm, LLC, WJCO LLC, EHH Holdings, LLC, SunBlaster LLC, and Bank of America, N.A. (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.2#*	Amended and Restated Loan and Security Agreement, dated November 8, 2017, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, WJCO LLC, EHH Holdings, LLC, SunBlaster LLC, GS Distribution Inc., SunBlaster Holdings ULC, EWGS Distribution Inc., Eddi's Wholesale Garden Supplies Ltd., and Bank of America, N.A. (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).

Exhibit	Description
10.3#*	Forbearance Agreement and First Amendment to Amended and Restated Loan and Security Agreement, dated May 18, 2018, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, WJCO, LLC, Hydrofarm Canada, LLC, GS Distribution Inc., Eddi's Wholesale Garden Supplies Ltd., SunBlaster Holdings ULC, and Bank of America, N.A. (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.4#*	First Amendment To Forbearance Agreement And Second Amendment To Amended And Restated Loan And Security Agreement, dated July 16, 2018, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, WJCO LLC, Hydrofarm Canada, LLC, GS Distribution Inc., Eddi's Wholesale Garden Supplies Ltd., SunBlaster Holdings ULC, and Bank of America, N.A. (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.5#*	Waiver And Third Amendment To Amended And Restated Loan And Security Agreement, dated August 24, 2018, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, Hydrofarm Canada, LLC, GS Distribution Inc., Eddi's Wholesale Garden Supplies Ltd., SunBlaster Holdings ULC, and Bank of America, N.A. (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.6#*	Fourth Amendment To Amended And Restated Loan And Security Agreement, dated March 15, 2019, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, Hydrofarm Canada, LLC, Eddi's Wholesale Garden Supplies Ltd., SunBlaster Holdings ULC, and Bank of America, N.A. (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.7#*	Fifth Amendment To Amended And Restated Loan And Security Agreement, dated May 31, 2019, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, Hydrofarm Canada, LLC, Eddi's Wholesale Garden Supplies Ltd., SunBlaster Holdings ULC, and Bank of America, N.A. (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.8#*	Sixth Amendment To Amended And Restated Loan And Security Agreement, dated June 10, 2019, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, Hydrofarm Canada, LLC, Eddi's Wholesale Garden Supplies Ltd., SunBlaster Holdings ULC, and Bank of America, N.A. (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.9#*	Seventh Amendment To Amended And Restated Loan And Security Agreement, dated June 27, 2020, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, Hydrofarm Canada, LLC, Eddi's Wholesale Garden Supplies Ltd., SunBlaster Holdings ULC, and Bank of America, N.A. (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.10#*	Payoff Letter, dated July 11, 2019, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, WJCO LLC, GS Distribution, Inc., EWGS Distribution, Inc., Eddi's Wholesale Garden Supplies Ltd., SunBlaster Holdings ULC, and Bank of America, N.A. (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).

Exhibit	Description
10.11#*	Credit Agreement, dated March 12, 2017, by and between Hydrofarm Holdings LLC (to be succeeded as Borrower by Hydrofarm, LLC, WJCO, LLC, EHH Holdings, LLC, and SunBlaster LLC) and Brightwood Loan Services LLC (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.12#*	Forbearance Agreement and Amendment to Credit Agreement, dated March 18, 2018, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, Hydrofarm Canada, LLC, WJCO, LLC, EHH Holdings, LLC, SunBlaster LLC, and Brightwood Loan Services LLC (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.13#*	Amendment No. 1 to Forbearance Agreement, dated July 16, 2018, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, Hydrofarm Canada, LLC, WJCO, LLC, EHH Holdings, LLC, SunBlaster LLC, and Brightwood Loan Services LLC (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.14#*	Waiver and Amendment No. 1 to Credit Agreement, dated September 21, 2017, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, WJCO, LLC, EHH Holdings, LLC, SunBlaster LLC, and Brightwood Loan Services LLC (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.15#*	Amendment No. 2 to Credit Agreement, dated November 8, 2017, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, WJCO, LLC, EHH Holdings, LLC, SunBlaster LLC, and Brightwood Loan Services LLC (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.16#*	Waiver and Amendment No. 3 to Credit Agreement, dated August 24, 2018, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, and Brightwood Loan Services LLC (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.17#*	Amendment No. 4 to Credit Agreement, dated March 15, 2019, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, and Brightwood Loan Services LLC (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.18+*	Amendment No. 5 to Credit Agreement, dated July 11, 2019, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, and Brightwood Loan Services LLC (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.19+*	Amendment No. 6 to Credit Agreement, dated October 15, 2019, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, and Brightwood Loan Services LLC (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.20+*	Loan And Security Agreement, dated July 11, 2019, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, Hydrofarm Canada, LLC, Eddi's Wholesale Garden Supplies Ltd., SunBlaster Holdings ULC and Encina Business Credit, LLC (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.21+*	First Amendment to Loan And Security Agreement, dated October 15, 2019, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, Hydrofarm Canada, LLC, Eddi's Wholesale Garden Supplies Ltd., SunBlaster Holdings ULC and Encina Business Credit, LLC (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).

Exhibit	Description
10.22+*	Second Amendment to Loan And Security Agreement, dated November 26, 2019, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, Hydrofarm Canada, LLC, Eddi's Wholesale Garden Supplies Ltd., SunBlaster Holdings ULC and Encina Business Credit, LLC (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.23+*	Third Amendment to Loan And Security Agreement, dated April 3, 2020, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, Hydrofarm Canada, LLC, Eddi's Wholesale Garden Supplies Ltd., SunBlaster Holdings ULC and Encina Business Credit, LLC (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.24+*	Fourth Amendment to Loan And Security Agreement, dated May 29, 2020, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, Hydrofarm Canada, LLC, Eddi's Wholesale Garden Supplies Ltd., SunBlaster Holdings ULC and Encina Business Credit, LLC (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.25+*	Fifth Amendment to Loan And Security Agreement, dated May 30, 2020, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, Hydrofarm Canada, LLC, Eddi's Wholesale Garden Supplies Ltd., SunBlaster Holdings ULC and Encina Business Credit, LLC (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.26+*	Sixth Amendment to Loan And Security Agreement, dated September 30, 2020, by and among Hydrofarm Holdings LLC, Hydrofarm, LLC, EHH Holdings, LLC, SunBlaster LLC, Hydrofarm Canada, LLC, Eddi's Wholesale Garden Supplies Ltd., SunBlaster Holdings ULC and Encina Business Credit, LLC (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.27+*	Employment Agreement, dated January 1, 2019, by and between Hydrofarm Holdings Group, Inc. and William Toler (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.28+*	Employment Agreement, dated March 4, 2019, by and between Hydrofarm Holdings Group, Inc. and Terence Fitch (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.29+*	Offer Letter, dated February 26, 2020, by and between Hydrofarm Holdings Group, Inc. and B. John Lindeman (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.30*	Hydrofarm Holdings Group, Inc. 2018 Equity Incentive Plan (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.31*	Form of Hydrofarm Holdings Group, Inc. 2018 Equity Incentive Plan Stock Option Grant Notice (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.32+*	Hydrofarm Holdings Group, Inc. 2019 Equity Incentive Plan (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.33+*	Form of Hydrofarm Holdings Group, Inc. 2019 Equity Incentive Plan Stock Option Grant Notice (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.34+*	Hydrofarm Holdings Group, Inc. 2020 Equity Incentive Plan (Incorporated by reference to the Company's Registration Statement on Form S-1/A (File No. 333-250037), filed with the SEC on December 1, 2020).

Exhibit	Description
10.35+*	Form of Hydrofarm Holdings Group, Inc. 2020 Equity Incentive Plan Stock Option Notice (Incorporated by reference to the Company's Registration Statement on Form S-1/A (File No. 333-250037), filed with the SEC on December 1, 2020).
10.36*	Form of Indemnification Agreement (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
10.37*	Credit Agreement, dated March 29, 2021, by and among Hydrofarm Holdings Group, Inc., Hydrofarm, LLC, and JPMorgan Chase Bank, N.A. (Incorporated by reference to the Company's Annual Report on Form 10-K, filed with the SEC on March 30, 2021).
10.38#	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.
16.1*	Letter from MNP LLP regarding statements made in the registration statement concerning its dismissal (Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-250037), filed with the SEC on November 12, 2020).
21.1*	Subsidiaries of Hydrofarm Holdings Group, Inc. (Incorporated by reference to the Company's Registration Statement on Form S-1/A (File No. 333-250037), filed with the SEC on December 1, 2020).
23.1	Consent of Deloitte & Touche LLP, independent registered public accounting firm.
23.2	Consent of MNP, LLP, independent registered public accounting firm.
23.3	Consent of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page to this registration statement).

* Previously filed.

\+ Indicates a management contract or compensatory plan.

\# Certain schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the Securities and Exchange Commission upon request.

(b) Financial Statement Schedules.

See Schedule II — Valuation and Qualifying Accounts to our audited consolidated financial statements for the years ended December 31, 2020 and 2019.

Item 17. Undertakings.

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

i. To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Securities Act");

ii. To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement; and

iii. To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

provided, however, that paragraphs (1)(i), (1)(ii) and (1)(iii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are incorporated by reference in this Registration Statement.

(2) That, for the purposes of determining any liability under the Securities Act, each post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser,

i. Each prospectus filed by the Registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

ii. Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(6) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this registration statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in Fairless Hills, Pennsylvania, on the day of April 26, 2021.

Hydrofarm Holdings Group, Inc.

/s/ William Toler

William Toler
Chief Executive Officer
(Principal Executive Officer)

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints William Toler and B. John Lindeman, and each of them, as his or her true and lawful attorneys-in-fact and agents, each with the full power of substitution, for him or her and in his or her name, place or stead, in any and all capacities, to sign any and all amendments to this registration statement (including post-effective amendments), and to sign any registration statement for the same offering covered by this registration statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act, and all post-effective amendments thereto, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

Name	Title	Date
/s/ William Toler William Toler	Chief Executive Officer and Chairman of the Board (*Principal Executive Officer*)	April 26, 2021
/s/ B. John Lindeman B. John Lindeman	Chief Financial Officer (*Principal Financial and Accounting Officer*)	April 26, 2021
/s/ Susan P. Peters Susan P. Peters	Director	April 26, 2021
/s/ Patrick Chung Patrick Chung	Director	April 26, 2021
/s/ Renah Persofsky Renah Persofsky	Director	April 26, 2021
/s/ Richard D. Moss Richard D. Moss	Director	April 26, 2021
/s/ Melisa Denis Melisa Denis	Director	April 26, 2021

Exhibit 1.1

Hydrofarm Holdings Group, Inc.

[●] shares of common stock

Underwriting Agreement

April [●], 2021

J.P. Morgan Securities LLC
Stifel, Nicolaus & Company, Incorporated
As Representatives of the
several Underwriters listed
in Schedule 1 hereto

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

c/o Stifel, Nicolaus & Company, Incorporated
One South Street, 15th Floor
Baltimore, Maryland 21202

Ladies and Gentlemen:

Hydrofarm Holdings Group, Inc., a Delaware corporation (the "Company"), proposes to issue and sell to the several underwriters listed in Schedule 1 hereto (the "Underwriters"), for whom you are acting as representatives (the "Representatives"), an aggregate of [●] shares of common stock, par value $0.0001 per share, of the Company (the "Underwritten Shares") and, at the option of the Underwriters, up to an additional [●] shares of common stock, par value $0.0001 per share, of the Company (the "Option Shares"). The Underwritten Shares and the Option Shares are herein referred to as the "Shares". The shares of common stock of the Company to be outstanding after giving effect to the sale of the Shares are referred to herein as the "Stock".

The offering of the Shares is being conducted in connection with the acquisition contemplated by the Purchase Agreement dated as of April [●], 2021, among the Company, Field 16, LLC and F16 Holding LLC (the "Acquisition Agreement"), pursuant to which Field 16, LLC will become a wholly-owned subsidiary of the Company (the "Acquisition").

The Company hereby confirms its agreement with the several Underwriters concerning the purchase and sale of the Shares, as follows:

1. Registration Statement. The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively, the "Securities Act"), a registration statement on Form S-1 (File No. 333-[●]), including a prospectus, relating to the Shares. Such registration statement, as amended at the time it became effective, including the information, if any, deemed pursuant to Rule 430A, 430B or 430C under the Securities Act to be part of the registration statement at the time of its effectiveness ("Rule 430 Information"), is referred to herein as the "Registration Statement"; and as used herein, the term "Preliminary Prospectus" means each prospectus included in such registration statement (and any amendments thereto) before effectiveness, any prospectus filed with the Commission pursuant to Rule 424(a) under the Securities Act and the prospectus included in the Registration Statement at the time of its effectiveness that omits Rule 430 Information, and the term "Prospectus" means the prospectus in the form first used (or made available upon request of purchasers pursuant to Rule 173 under the Securities Act) in connection with confirmation of sales of the Shares. If the Company has filed an abbreviated registration statement pursuant to Rule 462(b) under the Securities Act (the "Rule 462 Registration Statement"), then any reference herein to the term "Registration Statement" shall be deemed to include such Rule 462 Registration Statement. Any reference in this underwriting agreement (this "Agreement") to the Registration Statement, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-1 under the Securities Act, as of the effective date of the Registration Statement or the date of such Preliminary Prospectus or the Prospectus, as the case may be. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Registration Statement and the Prospectus.

At or prior to the Applicable Time (as defined below), the Company had prepared the following information (collectively with the pricing information set forth on Annex A, the "Pricing Disclosure Package"): a Preliminary Prospectus dated April [●], 2021 and each "free-writing prospectus" (as defined pursuant to Rule 405 under the Securities Act) listed on Annex A hereto.

"Applicable Time" means [●] P.M., New York City time, on April [●], 2021.

2. Purchase of the Shares.

(a) The Company agrees to issue and sell the Underwritten Shares to the several Underwriters as provided in this underwriting agreement, and each Underwriter, on the basis of the representations, warranties and agreements set forth herein and subject to the conditions set forth herein, agrees, severally and not jointly, to purchase at a price per share of $[●] (the "Purchase Price") from the Company the respective number of Underwritten Shares set forth opposite such Underwriter's name in Schedule 1 hereto.

In addition, the Company agrees to issue and sell the Option Shares to the several Underwriters as provided in this Agreement, and the Underwriters, on the basis of the representations, warranties and agreements set forth herein and subject to the conditions set forth herein, shall have the option to purchase, severally and not jointly, from the Company the Option Shares at the Purchase Price less an amount per share equal to any dividends or distributions declared by the Company and payable on the Underwritten Shares but not payable on the Option Shares.

If any Option Shares are to be purchased, the number of Option Shares to be purchased by each Underwriter shall be the number of Option Shares which bears the same ratio to the aggregate number of Option Shares being purchased as the number of Underwritten Shares set forth opposite the name of such Underwriter in Schedule 1 hereto (or such number increased as set forth in Section 10 hereof) bears to the aggregate number of Underwritten Shares being purchased from the Company by the several Underwriters, subject, however, to such adjustments to eliminate any fractional Shares as the Representatives in their sole discretion shall make.

The Underwriters may exercise the option to purchase Option Shares at any time in whole, or from time to time in part, on or before the thirtieth day following the date of the Prospectus, by written notice from the Representatives to the Company. Such notice shall set forth the aggregate number of Option Shares as to which the option is being exercised and the date and time when the Option Shares are to be delivered and paid for, which may be the same date and time as the Closing Date (as hereinafter defined) but shall not be earlier than the Closing Date nor later than the tenth full business day (as hereinafter defined) after the date of such notice (unless such time and date are postponed in accordance with the provisions of Section 10 hereof). Any such notice shall be given at least two business days prior to the date and time of delivery specified therein.

(b) The Company understands that the Underwriters intend to make a public offering of the Shares, and initially to offer the Shares on the terms set forth in the Pricing Disclosure Package. The Company acknowledges and agrees that the Underwriters may offer and sell Shares to or through any affiliate of an Underwriter.

(c) Payment for the Shares shall be made by wire transfer in immediately available funds to the account specified by the Company to the Representatives in the case of the Underwritten Shares, at the offices of Davis Polk & Wardwell LLP at [●] A.M. New York City time on [●], 2021, or at such other time or place on the same or such other date, not later than the fifth business day thereafter, as the Representatives and the Company may agree upon in writing or, in the case of the Option Shares, on the date and at the time and place specified by the Representatives in the written notice of the Underwriters' election to purchase such Option Shares. The time and date of such payment for the Underwritten Shares is referred to herein as the "Closing Date", and the time and date for such payment for the Option Shares, if other than the Closing Date, is herein referred to as the "Additional Closing Date".

Payment for the Shares to be purchased on the Closing Date or the Additional Closing Date, as the case may be, shall be made against delivery to the Representatives for the respective accounts of the several Underwriters of the Shares to be purchased on such date or the Additional Closing Date, as the case may be, with any transfer taxes payable in connection with the sale of such Shares duly paid by the Company. Delivery of the Shares shall be made through the facilities of The Depository Trust Company ("DTC") unless the Representatives shall otherwise instruct. The certificates for the Shares will be made available for inspection and packaging by the Representatives at the office of DTC or its designated custodian not later than [●] P.M., New York City time, on the business day prior to the Closing Date or the Additional Closing Date, as the case may be.

(d) The Company acknowledges and agrees that the Representatives and the other Underwriters are acting solely in the capacity of an arm's length contractual counterparty to the Company with respect to the offering of Shares contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the Company or any other person. Additionally, neither the Representatives nor any other Underwriter is advising the Company or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and neither the Representatives nor the other Underwriters shall have any responsibility or liability to the Company with respect thereto. Any review by the Representatives and the other Underwriters of the Company, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Underwriters and shall not be on behalf of the Company.

3. Representations and Warranties of the Company. The Company represents and warrants to each Underwriter that:

(a) *Preliminary Prospectus*. No order preventing or suspending the use of any Preliminary Prospectus has been issued by the Commission, and each Preliminary Prospectus included in the Pricing Disclosure Package, at the time of filing thereof, complied in all material respects with the Securities Act, and no Preliminary Prospectus, at the time of filing thereof, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in any Preliminary Prospectus, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 7(b) hereof.

(b) *Pricing Disclosure Package*. The Pricing Disclosure Package as of the Applicable Time did not, and as of the Closing Date and as of the Additional Closing Date, as the case may be, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in such Pricing Disclosure Package, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 7(b) hereof. No statement of material fact included in the Prospectus has been omitted from the Pricing Disclosure Package and no statement of material fact included in the Pricing Disclosure Package that is required to be included in the Prospectus has been omitted therefrom.

(c) *Issuer Free Writing Prospectus.* Other than the Registration Statement, the Preliminary Prospectus and the Prospectus, the Company (including its agents and representatives, other than the Underwriters in their capacity as such) has not prepared, made, used, authorized, approved or referred to and will not prepare, make, use, authorize, approve or refer to any "written communication" (as defined in Rule 405 under the Securities Act) that constitutes an offer to sell or solicitation of an offer to buy the Shares (each such communication by the Company or its agents and representatives (other than a communication referred to in clause (i) below) an "Issuer Free Writing Prospectus") other than (i) any document not constituting a prospectus pursuant to Section 2(a)(10)(a) of the Securities Act or Rule 134 under the Securities Act or (ii) the documents listed on Annex A hereto, each electronic road show and any other written communications approved in writing in advance by the Representatives, such approval not to be unreasonably withheld or delayed. Each such Issuer Free Writing Prospectus complies in all material respects with the Securities Act, has been or will be (within the time period specified in Rule 433) filed in accordance with the Securities Act (to the extent required thereby) and does not conflict with the information contained in the Registration Statement or the Pricing Disclosure Package, and, when taken together with the Preliminary Prospectus accompanying, or delivered prior to delivery of, such Issuer Free Writing Prospectus, did not, and as of the Closing Date and as of the Additional Closing Date, as the case may be, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation or warranty with respect to any statements or omissions made in each such Issuer Free Writing Prospectus or Preliminary Prospectus in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in such Issuer Free Writing Prospectus or Preliminary Prospectus, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 7(b) hereof.

(d) *Emerging Growth Company*. From the time of initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly or through any person authorized to act on its behalf in any Testing-the-Waters Communication (as defined below) undertaken in reliance on Section 5(d) of the Securities Act) through the date hereof, the Company has been and is an "emerging growth company," as defined in Section 2(a) of the Securities Act (an "Emerging Growth Company"). "Testing-the-Waters Communication" means any oral or written communication with potential investors undertaken in reliance on either Section 5(d) of, or Rule 163B under, the Securities Act.

(e) *Testing-the-Waters Materials.* The Company (i) has not alone engaged in any Testing-the-Waters Communications other than Testing-the-Waters Communications with the consent of the Representatives (x) with entities that are qualified institutional buyers ("QIBs") within the meaning of Rule 144A under the Securities Act or institutions that are accredited investors within the meaning of Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act ("IAIs") and otherwise in compliance with the requirements of Section 5(d) of the Securities Act or (y) with entities that the Company reasonably believed to be QIBs or IAIs and otherwise in compliance with the requirements of Rule 163B under the Securities Act and (ii) has not authorized anyone other than the Representatives to engage in Testing-the-Waters Communications. The Company reconfirms that the Representatives have been authorized to act on its behalf in undertaking Testing-the-Waters Communications by virtue of a writing substantially in the form of Exhibit A hereto. The Company has not distributed or approved for distribution any Written Testing-the-Waters Communications other than those listed on Annex B hereto. "Written Testing-the-Waters Communication" means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act. Any individual Written Testing-the-Waters Communication does not conflict with the information contained in the Registration Statement or the Pricing Disclosure Package, complied in all material respects with the Securities Act, and when taken together with the Pricing Disclosure Package as of the Applicable Time, did not, and as of the Closing Date and as of the Additional Closing Date, as the case may be, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) Incorporated Documents. The documents incorporated by reference in the Registration Statement, the Prospectus and the Pricing Disclosure Package, when they were filed with the Commission conformed in all material respects to the requirements of the Exchange Act, and none of such documents contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(g) *Registration Statement and Prospectus.* The Registration Statement has been declared effective by the Commission. No order suspending the effectiveness of the Registration Statement has been issued by the Commission, and no proceeding for that purpose or pursuant to Section 8A of the Securities Act against the Company or related to the offering of the Shares has been initiated or, to the knowledge of the Company, threatened by the Commission; as of the applicable effective date of the Registration Statement and any post-effective amendment thereto, the Registration Statement and any such post-effective amendment complied and will comply in all material respects with the applicable requirements of the Securities Act, and did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading; and as of the date of the Prospectus and any amendment or supplement thereto and as of the Closing Date and as of the Additional Closing Date, as the case may be, the Prospectus will comply in all material respects with the Securities Act and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in the Registration Statement and the Prospectus and any amendment or supplement thereto, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 7(b) hereof.

(h) *Financial Statements.* The financial statements (including the related notes thereto) of the Company and its consolidated subsidiaries included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus comply in all material respects with the applicable requirements of the Securities Act and the Exchange Act, as applicable, and present fairly in all material respects the financial position of the Company and its consolidated subsidiaries as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; such financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") in the United States applied on a consistent basis throughout the periods covered thereby, and any supporting schedules included or incorporated by reference in the Registration Statement present fairly in all material respects the information required to be stated therein; and the other financial information included in the Registration Statement, the Pricing Disclosure Package and the Prospectus has been derived from the accounting records of the Company and its consolidated subsidiaries and presents fairly in all material respects the information shown thereby; all disclosures included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of Commission) comply with Regulation G of the Exchange Act and Item 10 of Regulation S-K of the Securities Act, to the extent applicable.

(i) *No Material Adverse Change.* Since the date of the most recent financial statements of the Company included or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (i) there has not been any change in the capital stock (other than the issuance of shares of common stock upon exercise of stock options and warrants described as outstanding in, and the grant of options and awards under existing equity incentive plans described in, the Registration Statement, the Pricing Disclosure Package and the Prospectus), short-term debt or long-term debt of the Company or any of its subsidiaries, or any dividend or distribution of any kind declared, set aside for payment, paid or made by the Company on any class of capital stock, or any material adverse change, or any development that would reasonably be expected to result in a material adverse change, in or affecting the business, properties, management, financial position, stockholders' equity, results of operations or prospects of the Company and its subsidiaries taken as a whole; (ii) neither the Company nor any of its subsidiaries has entered into any transaction or agreement (whether or not in the ordinary course of business) (x) that is material to the Company and its subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries taken as a whole, or (y) with marijuana growers or retailers that sell only to the marijuana industry (a "Marijuana-Related Business"); and (iii) neither the Company nor any of its subsidiaries has sustained any loss or interference with its business that is material to the Company and its subsidiaries taken as a whole and that is either from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority, except in each case as otherwise disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(j) *Organization and Good Standing.* The Company and each of its subsidiaries have been duly organized and are validly existing and in good standing under the laws of their respective jurisdictions of organization, are duly qualified to do business and are in good standing in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification, and have all power and authority necessary to own or hold their respective properties and to conduct the businesses in which they are engaged, except where the failure to be so qualified or in good standing or have such power or authority would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the business, properties, management, financial position, stockholders' equity, results of operations or prospects of the Company and its subsidiaries taken as a whole or on the performance by the Company of its obligations under this Agreement (a "Material Adverse Effect"). The subsidiaries listed in Schedule 2 to this Agreement are the only significant subsidiaries of the Company as such term is defined in Rule 1-02 of Regulation S-X.

(k) *Capitalization.* The Company has an authorized capitalization as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus under the heading "Capitalization"; all the outstanding shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and are not subject to any pre-emptive or similar rights that have not been duly waived or satisfied; except as described in or expressly contemplated by the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no outstanding rights (including, without limitation, pre-emptive rights that have not been duly waived or satisfied), warrants or options to acquire, or instruments convertible into or exchangeable for, any shares of capital stock or other equity interest in the Company or any of its subsidiaries, or any contract, commitment, agreement, understanding or arrangement of any kind relating to the issuance of any capital stock of the Company or any such subsidiary, any such convertible or exchangeable securities or any such rights, warrants or options; the capital stock of the Company conforms in all material respects to the description thereof contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus; and all the outstanding shares of capital stock or other equity interests of each subsidiary owned, directly or indirectly, by the Company have been duly and validly authorized and issued, are fully paid and non-assessable (except as otherwise described in the Registration Statement, the Pricing Disclosure Package and the Prospectus) and are owned directly or indirectly by the Company, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party.

(l) *Stock Options.* With respect to the stock options (the "Stock Options") granted pursuant to the stock-based compensation plans of the Company and its subsidiaries (the "Company Stock Plans"), (i) each Stock Option intended to qualify as an "incentive stock option" under Section 422 of the Code so qualifies, (ii) each grant of a Stock Option was duly authorized no later than the date on which the grant of such Stock Option was by its terms to be effective (the "Grant Date") by all necessary corporate action, including, as applicable, approval by the board of directors of the Company (or a duly constituted and authorized committee thereof) and any required stockholder approval by the necessary number of votes or written consents, and, to the knowledge of the Company (other than with respect to due execution and delivery by the Company) the award agreement governing such grant (if any) was duly executed and delivered by each party thereto, (iii) each such grant was made, in all material respects, in accordance with the terms of the Company Stock Plans, the applicable provisions of the Exchange Act and all other applicable laws and regulatory rules or requirements, including the applicable rules of the Nasdaq Global Market (the "Nasdaq Market") and any other exchange on which Company securities are traded, and (iv) each such grant was properly accounted for in accordance with GAAP in the financial statements (including the related notes) of the Company. The Company has not knowingly granted, and there is no and has been no policy or practice of the Company of granting, Stock Options prior to, or otherwise coordinating the grant of Stock Options with, the release or other public announcement of material information regarding the Company or its subsidiaries or their results of operations or prospects.

(m) *Due Authorization.* The Company has full right, power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and all action required to be taken for the due and proper authorization, execution and delivery by it of this Agreement and the consummation by it of the transactions contemplated hereby has been duly and validly taken.

(n) *Underwriting Agreement.* This Agreement has been duly authorized, executed and delivered by the Company.

(o) *The Shares.* The Shares to be issued and sold by the Company hereunder have been duly authorized by the Company and, when issued and delivered and paid for as provided herein, will be duly and validly issued, will be fully paid and nonassessable and will conform to the descriptions thereof in the Registration Statement, the Pricing Disclosure Package and the Prospectus; and the issuance of the Shares is not subject to any preemptive or similar rights that have not been waived or satisfied.

(p) *Descriptions of the Underwriting Agreement.* This Agreement conforms in all material respects to the description thereof contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(q) *No Violation or Default.* Neither the Company nor any of its subsidiaries is (i) in violation of its charter or by-laws or similar organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any property or asset of the Company or any of its subsidiaries is subject; (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority; or (iv) in violation of any applicable federal, state, local and foreign laws (including common law), rules, regulations, requirements, decisions, judgments, decrees, orders and other legally enforceable requirements regarding the legality of Marijuana-Related Businesses, except, in the case of clauses (ii) and (iii) above, for any such default or violation that would not, individually or in the aggregate, have a Material Adverse Effect.

(r) *No Conflicts.* The execution, delivery and performance by the Company of this Agreement, the issuance and sale of the Shares and the consummation of the transactions contemplated by this Agreement or the Pricing Disclosure Package and the Prospectus will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, result in the termination, modification or acceleration of, or result in the creation or imposition of any lien, charge or encumbrance upon any property, right or asset of the Company or any of its subsidiaries pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any property, right or asset of the Company or any of its subsidiaries is subject, (ii) result in any violation of the provisions of the charter or by-laws or similar organizational documents of the Company or any of its subsidiaries or (iii) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority having jurisdiction over the Company, except, in the case of clauses (i) and (iii) above, for any such conflict, breach, violation, default, lien, charge or encumbrance that would not, individually or in the aggregate, have a Material Adverse Effect.

(s) *No Consents Required.* No consent, approval, authorization, order, registration or qualification of or with any court or arbitrator or governmental or regulatory authority is required for the execution, delivery and performance by the Company of this Agreement, the issuance and sale of the Shares and the consummation of the transactions contemplated by this Agreement, except for the registration of the Shares under the Securities Act and such consents, approvals, authorizations, orders and registrations or qualifications as may be required by the Financial Industry Regulatory Authority, Inc. ("FINRA") and under applicable state securities laws in connection with the purchase and distribution of the Shares by the Underwriters.

(t) *Legal Proceedings.* Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no legal, governmental or regulatory investigations, actions, demands, claims, suits, arbitrations, inquiries or proceedings ("Actions") pending to which the Company or any of its subsidiaries is or may reasonably be expected to become a party or to which any property of the Company or any of its subsidiaries is or may reasonably be expected to become the subject that, individually or in the aggregate, if determined adversely to the Company or any of its subsidiaries, could have a Material Adverse Effect; to the knowledge of the Company, no such Actions are threatened or, contemplated by any governmental or regulatory authority or threatened by others; and (i) there are no current or pending Actions that are required under the Securities Act to be described in the Registration Statement, the Pricing Disclosure Package or the Prospectus that are not so described in the Registration Statement, the Pricing Disclosure Package and the Prospectus and (ii) there are no statutes, regulations or contracts or other documents that are required under the Securities Act to be filed as exhibits to the Registration Statement or described in the Registration Statement, the Pricing Disclosure Package or the Prospectus that are not so filed as exhibits to the Registration Statement or described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(u) *Independent Accountants*. Deloitte & Touche LLP, who have certified certain financial statements of the Company and its subsidiaries for the years ended December 31, 2020 and December 31, 2019, and MNP LLP, who have certified certain financial statements of the Company and its subsidiaries for the year ended December 31, 2018, is each an independent registered public accounting firm with respect to the Company and its subsidiaries within the applicable rules and regulations adopted by the Commission and the Public Company Accounting Oversight Board (United States) and as required by the Securities Act.

(v) *Title to Real and Personal Property*. The Company and its subsidiaries have good and marketable title in fee simple (in the case of real property) to, or have valid rights to lease or otherwise use, all items of real and personal property that are material to the respective businesses of the Company and its subsidiaries, in each case free and clear of all liens, encumbrances, claims and defects and imperfections of title except those that (i) do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries or (ii) could not, individually or in the aggregate, have a Material Adverse Effect.

(w) *Intellectual Property.* Except as would not, individually or in the aggregate, have a Material Adverse Effect: (i) the Company and its subsidiaries own or have a valid and enforceable written license to use any and all patents, trademarks, service marks, trade names, domain names, other source indicators, copyrights, copyrightable works, software, know-how, trade secrets, systems, procedures, proprietary information, confidential information and any and all other worldwide intellectual property, industrial property and proprietary rights, including any and all registrations and applications for registration thereof and any and all goodwill associated therewith (collectively, "Intellectual Property"), in each case used in or otherwise necessary for the conduct of their respective businesses as currently conducted and as proposed to be conducted by them as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus (the "Company Intellectual Property"); (ii) to the knowledge of the Company, the Company's and its subsidiaries' conduct of their respective businesses as currently conducted and as proposed to be conducted by them as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus does not infringe, misappropriate or otherwise violate, and has not infringed, misappropriated or otherwise violated, any Intellectual Property of any person; (iii) all Company Intellectual Property is valid and enforceable, and all Company Intellectual Property owned or purported to be owned by the Company or any of its subsidiaries is owned solely and exclusively by the Company or one of its subsidiaries, in each case, free and clear of all liens, encumbrances, defects or other restrictions; (iv) neither the Company nor any of its subsidiaries have received any written notice of any claim relating to Intellectual Property; (v) to the knowledge of the Company, the Company Intellectual Property is not being and has not been infringed, misappropriated or otherwise violated by any person; (vi) there is no pending or, to the Company's knowledge, threatened, action, suit, proceeding or claim by any third party (A) challenging the ownership, validity, enforceability or scope of any Company Intellectual Property or (B) alleging that the Company or any of its subsidiaries has infringed, misappropriated or otherwise violated any Intellectual Property of any third party, and, in each case, the Company is not aware of any facts that would form the basis for any such action, suit, proceeding or claim; and (vii) the Company and its subsidiaries have taken commercially reasonably steps consistent with prevalent industry practices to (A) secure interests in any Company Intellectual Property developed by their employees, consultants, agents and contractors in the course of their service to the Company or any of its subsidiaries, including the execution of valid assignment agreements for the benefit of the Company and/or its subsidiaries by such employees, consultants, agents and contractors under which they have assigned to the Company or one of its subsidiaries all of their right, title and interest in and to any Company Intellectual Property and (B) maintain the confidentiality of all Company Intellectual Property the value of which to the Company or any of its subsidiaries is contingent upon maintaining the confidentiality thereof, including any trade secrets and confidential information owned, used or held for use by the Company or any of its subsidiaries.

(x) *No Undisclosed Relationships*. No relationship, direct or indirect, exists between or among the Company or any of its subsidiaries, on the one hand, and the directors, officers, stockholders, customers, suppliers or other affiliates of the Company or any of its subsidiaries, on the other, that is required by the Securities Act to be described in each of the Registration Statement and the Prospectus and that is not so described in such documents and in the Pricing Disclosure Package.

(y) *Investment Company Act*. The Company is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, will not be required to register as an "investment company" or an entity "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder (collectively, the "Investment Company Act").

(z) *Taxes.* The Company and its subsidiaries have paid all federal, state, local and foreign taxes and filed all tax returns required to be paid (except for taxes being contested in good faith) or filed (taking into account any duly requested extension thereof) through the date hereof, except in each case as would not, individually or in the aggregate, have a Material Adverse Effect; and except as otherwise disclosed in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, there is no tax deficiency that has been, or could reasonably be expected to be, asserted against the Company or any of its subsidiaries or any of their respective properties or assets that would have, individually or in the aggregate, a Material Adverse Effect.

(aa) *Licenses and Permits.* The Company and its subsidiaries possess all licenses, sub-licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as currently conducted and described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, except where the failure to possess or make the same would not, individually or in the aggregate, have a Material Adverse Effect; and except as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, neither the Company nor any of its subsidiaries has received notice of any revocation or modification of any such license, sub-license, certificate, permit or authorization or has any reason to believe that any such license, sub-license, certificate, permit or authorization will not be renewed in the ordinary course, except where such revocation, modification or renewal would not, individually or in the aggregate, have a Material Adverse Effect.

(bb) *No Labor Disputes.* No labor disturbance by or dispute with employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is contemplated or threatened, and the Company is not aware of any existing or imminent labor disturbance by, or dispute with, the employees of any of its or its subsidiaries' principal suppliers, contractors or customers, except as would not have a Material Adverse Effect. Neither the Company nor any of its subsidiaries has received any notice of cancellation or termination with respect to any collective bargaining agreement to which it is a party.

(cc) *Compliance with Marijuana Laws.* The Company and its subsidiaries are in compliance with all, and have not violated any, applicable federal, state, local and foreign laws (including common law), rules, regulations, requirements, decisions, judgments, decrees, orders and other legally enforceable requirements regarding the legality of Marijuana-Related Businesses;

(dd) *Certain Environmental Matters*. (i) The Company and its subsidiaries (x) are in compliance with all, and have not violated any, applicable federal, state, local and foreign laws (including common law), rules, regulations, requirements, decisions, judgments, decrees, orders and other legally enforceable requirements relating to pollution or the protection of human health or safety, the environment, natural resources, hazardous or toxic substances or wastes, pollutants or contaminants (collectively, "Environmental Laws"); (y) have received and are in compliance with all, and have not violated any, permits, licenses, certificates or other authorizations or approvals required of them under applicable Environmental Laws to conduct their respective businesses; and (z) have not received notice of any actual or potential liability or obligation under or relating to, or any actual or potential violation of, any Environmental Laws, including for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, and have no knowledge of any event or condition that would reasonably be expected to result in any such notice; (ii) there are no costs or liabilities associated with Environmental Laws of or relating to the Company or its subsidiaries other than in the ordinary course of business, except in the case of each of (i) and (ii) above, for any such matter as would not, individually or in the aggregate, have a Material Adverse Effect; and (iii) except as described in each of the Pricing Disclosure Package and the Prospectus, (x) there is no proceeding that is pending, or that is known by the Company to be contemplated, against the Company or any of its subsidiaries under any Environmental Laws in which a governmental entity is also a party, other than such proceeding regarding which it is reasonably believed no monetary sanctions of $100,000 or more will be imposed, (y) the Company and its subsidiaries are not aware of any facts or issues regarding compliance with Environmental Laws, or liabilities or other obligations under Environmental Laws or concerning hazardous or toxic substances or wastes, pollutants or contaminants, that could have a Material Adverse Effect, and (z) none of the Company or its subsidiaries anticipates material capital expenditures relating to any Environmental Laws.

(ee) *Compliance with ERISA*. (i) Each employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), for which the Company or any member of its "Controlled Group" (defined as any entity, whether or not incorporated, that is under common control with the Company within the meaning of Section 4001(a)(14) of ERISA or any entity that would be regarded as a single employer with the Company under Section 414(b),(c),(m) or (o) of the Internal Revenue Code of 1986, as amended (the "Code")) would have any liability (each, a "Plan") has been maintained in compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Code, except for noncompliance that would not reasonably be expected to result in material liability to the Company or its subsidiaries; (ii) no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has, to the knowledge of the Company, occurred with respect to any Plan, excluding transactions effected pursuant to a statutory or administrative exemption that would reasonably be expected to result in a material liability to the Company or its subsidiaries; (iii) for each Plan that is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA, no Plan has failed (whether or not waived), or is reasonably expected to fail, to satisfy the minimum funding standards (within the meaning of Section 302 of ERISA or Section 412 of the Code) applicable to such Plan; (iv) no Plan is, or is reasonably expected to be, in "at risk status" (within the meaning of Section 303(i) of ERISA) and no Plan that is a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA is in "endangered status" or "critical status" (within the meaning of Sections 304 and 305 of ERISA) (v) the fair market value of the assets of each Plan exceeds the present value of all benefits accrued under such Plan (determined based on those assumptions used to fund such Plan); (vi) no "reportable event" (within the meaning of Section 4043(c) of ERISA and the regulations promulgated thereunder) has occurred or is reasonably expected to occur; (vii) each Plan that is intended to be qualified under Section 401(a) of the Code is so qualified, and to the knowledge of the Company, nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification; (viii) neither the Company nor any member of the Controlled Group has incurred, nor reasonably expects to incur, any liability under Title IV of ERISA (other than contributions to the Plan or premiums to the Pension Benefit Guarantee Corporation, in the ordinary course and without default) in respect of a Plan (including a "multiemployer plan" within the meaning of Section 4001(a)(3) of ERISA); and (ix) none of the following events has occurred or is reasonably likely to occur: (A) a material increase in the aggregate amount of contributions required to be made to all Plans by the Company or its Controlled Group affiliates in the current fiscal year of the Company and its Controlled Group affiliates compared to the amount of such contributions made in the Company's and its Controlled Group affiliates' most recently completed fiscal year; or (B) a material increase in the Company and its subsidiaries' "accumulated post-retirement benefit obligations" (within the meaning of Accounting Standards Codification Topic 715-60) compared to the amount of such obligations in the Company and its subsidiaries' most recently completed fiscal year, except in each case with respect to the events or conditions set forth in (i) through (ix) hereof, as would not, individually or in the aggregate, have a Material Adverse Effect.

(ff) *Disclosure Controls*. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company and its subsidiaries maintain an effective system of "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Exchange Act) that complies with the applicable requirements of the Exchange Act and that has been designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, including controls and procedures designed to ensure that such information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. The Company and its subsidiaries have carried out evaluations of the effectiveness of their disclosure controls and procedures as required by Rule 13a-15 of the Exchange Act.

(gg) *Accounting Controls.* The Company and its subsidiaries have established systems of "internal control over financial reporting" (as defined in Rule 13a-15(f) of the Exchange Act) that are designed to comply with the applicable requirements of the Exchange Act and have been designed by, or under the supervision of, their respective principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company and its subsidiaries maintain internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences and (v) interactive data in eXtensible Business Reporting Language included or incorporated by reference in the Registration Statement, the Prospectus and the Pricing Disclosure Package fairly presents the information called for in all material respects and is prepared in accordance with the Commission's rules and guidelines applicable thereto. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no material weaknesses in the Company's internal controls. The Company's auditors and the Audit Committee of the Board of Directors of the Company have been advised of: (i) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which have adversely affected or are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

(hh) eXtensible Business Reporting Language. The interactive data in eXtensible Business Reporting Language included or incorporated by reference in the Registration Statement fairly presents the information called for in all material respects and has been prepared in accordance with the Commission's rules and guidelines applicable thereto.

(ii) *Insurance.* The Company and its subsidiaries have insurance covering their respective properties, operations, personnel and businesses, including business interruption insurance, which insurance is in amounts and insures against such losses and risks as the Company reasonably believes are adequate to protect the Company and its subsidiaries and their respective businesses; and neither the Company nor any of its subsidiaries has (i) received notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance or (ii) any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business.

(jj) *IT Systems; Cybersecurity.* The Company and its subsidiaries' respective information technology assets, equipment, computers, systems, networks, hardware, software, websites, applications, and databases, including any and all data and information stored thereon or transmitted thereby (collectively, "IT Systems") are adequate for, and operate and perform in all material respects as required in connection with, the operation of the respective businesses of the Company and its subsidiaries as currently conducted and as proposed to be conducted by them as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, in each case, to the knowledge of the Company, free and clear of all material bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants. The Company and its subsidiaries have implemented and maintained all reasonably necessary controls, policies, procedures and safeguards, consistent with prevalent industry practices for similarly situated companies, to maintain and protect the integrity, continuous operation, redundancy and security of all material IT Systems, and there have been no breaches, violations, outages or unauthorized uses or disclosures of, accesses to, or malfunctions or failures of, the same.

(kk) *Data Protection*. With regard to their receipt, collection, handling, processing, sharing, transfer, usage, disclosure, interception, security, storage and disposal of any and all personal, personally identifiable, household, sensitive, confidential or regulated data (collectively, "Personal Data"), (i) the Company and its subsidiaries currently comply and at all times have complied with, and have implemented reasonably necessary policies and procedures consistent with prevalent industry practices for similarly situated companies to ensure compliance with, all applicable laws, regulations, rules, judgments, orders, internal and external policies and contractual obligations (including the California Consumer Privacy Act and the European Union General Data Protection Regulation) ("Privacy Legal Obligations"); (ii) the Company and its subsidiaries have required and do require all third parties to which they provide any Personal Data to maintain the privacy and security of such Personal Data and to comply with applicable Privacy Legal Obligations, including by contractually requiring such third parties to protect such Personal Data from unauthorized access, use and/or disclosure; (iii) to the Company's knowledge, there has been no unauthorized access to, or use or disclosure of, any such Personal Data collected, maintained, handled, stored, transferred, used, disclosed or otherwise processed by or for the Company or any of its subsidiaries; (iv) neither the Company nor any of its subsidiaries have received any notification of or complaint regarding, or is aware of any other facts that would reasonably indicate, non-compliance with any Privacy Legal Obligation; and (v) to the Company's knowledge, there is no pending or threatened action, suit, proceeding or claim by or before any court or governmental agency, authority or body alleging non-compliance by the Company or any of its subsidiaries with any Privacy Legal Obligation.

(ll) *No Unlawful Payments.* Neither the Company nor any of its directors, officers or subsidiaries nor, to the knowledge of the Company, any employee, agent, affiliate or other person associated with or acting on behalf of the Company or any of its subsidiaries has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made or taken an act in furtherance of an offer, promise or authorization of any direct or indirect unlawful payment or benefit to any foreign or domestic government official or employee, including of any government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offence under the Bribery Act 2010 of the United Kingdom or any other applicable anti-bribery or anti-corruption law; or (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit. The Company and its subsidiaries have instituted, maintain and enforce, and will continue to maintain and enforce policies and procedures designed to promote and ensure compliance with all applicable anti-bribery and anti-corruption laws.

(mm) *Compliance with Anti-Money Laundering Laws*. The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements, including those of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the applicable money laundering statutes of all jurisdictions where the Company or any of its subsidiaries conducts business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the "Anti-Money Laundering Laws") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(nn) *No Conflicts with Sanctions Laws.* Neither the Company nor any of its director, officer, employee or subsidiaries, nor, to the knowledge of the Company, any agent, affiliate or other person associated with or acting on behalf of the Company or any of its subsidiaries is currently the subject or the target of any sanctions administered or enforced by the U.S. government, (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC") or the U.S. Department of State and including, without limitation, the designation as a "specially designated national" or "blocked person"), the United Nations Security Council ("UNSC"), the European Union, Her Majesty's Treasury ("HMT") or other relevant sanctions authority (collectively, "Sanctions"), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject or target of Sanctions, including, without limitation, Crimea, Cuba, Iran, North Korea and Syria (each, a "Sanctioned Country"); and the Company will not directly or indirectly use the proceeds of the offering of the Shares hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person that, at the time of such funding or facilitation, is the subject or target of Sanctions, (ii) to fund or facilitate any activities of or business in any Sanctioned Country or (iii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions. For the past five years, the Company and its subsidiaries have not knowingly engaged in and are not now knowingly engaged in any dealings or transactions with any person that at the time of the dealing or transaction is or was the subject or the target of Sanctions or with any Sanctioned Country.

(oo) *No Restrictions on Subsidiaries*. Subject to any restrictions under any applicable laws, no subsidiary of the Company is currently prohibited, directly or indirectly, under any agreement or other instrument to which it is a party or is subject, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock or similar ownership interest, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary's properties or assets to the Company or any other subsidiary of the Company.

(pp) *No Broker's Fees.* Neither the Company nor any of its subsidiaries is a party to any contract, agreement or understanding with any person (other than this Agreement) that would give rise to a valid claim against any of them or any Underwriter for a brokerage commission, finder's fee or like payment in connection with the offering and sale of the Shares.

(qq) *No Registration Rights*. Except as described in the Registration Statement, the Pricing Disclosure Package, and the Prospectus relating to the resale registration rights on any future registration statement other than the Registration Statement, no person has the right to require the Company or any of its subsidiaries to register any securities for sale under the Securities Act by reason of the filing of the Registration Statement with the Commission or the issuance and sale of the Shares.

(rr) *No Stabilization.* Neither the Company nor, to the Company's knowledge, any of its subsidiaries or affiliates has taken, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Shares.

(ss) *Margin Rules*. Neither the issuance, sale and delivery of the Shares nor the application of the proceeds thereof by the Company as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus will violate Regulation T, U or X of the Board of Governors of the Federal Reserve System or any other regulation of such Board of Governors.

(tt) *Forward-Looking Statements.* No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) included in any of the Registration Statement, the Pricing Disclosure Package or the Prospectus has been made without a reasonable basis or has been disclosed other than in good faith.

(uu) *Statistical and Market Data.* Nothing has come to the attention of the Company that has caused the Company to believe that the statistical and market-related data included in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus is not based on or derived from sources that are reliable and accurate in all material respects.

(vv) *Sarbanes-Oxley Act*. There is and has been no failure on the part of the Company or, to the knowledge of the Company, any of the Company's directors or officers, in their capacities as such, to comply with any applicable provision of the Sarbanes-Oxley Act of 2002, as amended and the rules and regulations promulgated in connection therewith (the "Sarbanes-Oxley Act"), with which the Company is required to comply, including Section 402 related to loans and Sections 302 and 906 related to certifications.

(ww) *Status under the Securities Act*. At the time of filing the Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or any offering participant made a *bona fide* offer (within the meaning of Rule 164(h)(2) under the Securities Act) of the Shares and at the date hereof, the Company was not and is not an "ineligible issuer" as defined in Rule 405 under the Securities Act.

(xx) *No Ratings*. There are (and prior to the Closing Date, will be) no debt securities, convertible securities or preferred stock issued or guaranteed by the Company or any of its subsidiaries that are rated by a "nationally recognized statistical rating organization", as such term is defined in Section 3(a)(62) under the Exchange Act

(yy) *Acquisition.* The Acquisition Agreement has been duly authorized, executed and delivered by, and is a valid and binding agreement of, the Company, enforceable in accordance with its terms, and, to the knowledge of the Company, the Acquisition Agreement has been duly authorized, executed and delivered by, and is a valid and binding agreement of Field 16, LLC and F16 Holding LLC, enforceable in accordance with its terms. The Company has not received any notice of breach or termination of the Acquisition Agreement. The Company expects that the Acquisition will be consummated in all material respects on the terms contemplated by the Acquisition Agreement, except for any modification thereof that is not materially adverse to the interest of the holders of the Shares. The representations and warranties of Field 16, LLC in the Acquisition Agreement that are qualified by materiality or "material adverse effect" or words to similar effect, to the Company's knowledge, are true and correct in all respects (after giving effect to such qualifications) as of the date hereof (except for such representations and warranties that speak as of a specific date, which, to the Company's knowledge, are true and correct as of such date). The representations and warranties of Field 16, LLC in the Acquisition Agreement that are not qualified by materiality or "material adverse effect" or words to similar effect, to the Company's knowledge, are true and correct in all material respects as of the date hereof (except for such representations and warranties that speak as of a specific date, which, to the Company's knowledge, are true and correct as of such date).

4. Further Agreements of the Company. The Company covenants and agrees with each Underwriter that:

(a) *Required Filings.* The Company will file the final Prospectus with the Commission within the time periods specified by Rule 424(b) and Rule 430A, 430B or 430C under the Securities Act, will file any Issuer Free Writing Prospectus to the extent required by Rule 433 under the Securities Act; and the Company will furnish copies of the Prospectus and each Issuer Free Writing Prospectus (to the extent not previously delivered) to the Underwriters in New York City prior to 10:00 A.M., New York City time, on the business day next succeeding the date of this Agreement in such quantities as the Representatives may reasonably request.

(b) *Delivery of Copies.* Upon written request of the Representatives, the Company will deliver, without charge, (i) to the Representatives, two signed copies of the Registration Statement as originally filed and each amendment thereto, in each case including all exhibits and consents filed therewith and documents incorporated by reference therein; and (ii) to each Underwriter (A) a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) and (B) during the Prospectus Delivery Period (as defined below), as many copies of the Prospectus (including all amendments and supplements thereto and documents incorporated by reference therein and each Issuer Free Writing Prospectus) as the Representatives may reasonably request. As used herein, the term "Prospectus Delivery Period" means such period of time after the first date of the public offering of the Shares as in the opinion of counsel for the Underwriters a prospectus relating to the Shares is
required by law to be delivered (or required to be delivered but for Rule 172 under the Securities Act) in connection with sales of the Shares by any Underwriter or dealer.

(c) *Amendments or Supplements, Issuer Free Writing Prospectuses.* Before making, preparing, using, authorizing, approving, referring to or filing any Issuer Free Writing Prospectus, and before filing any amendment or supplement to the Registration Statement, the Pricing Disclosure Package or the Prospectus, the Company will furnish to the Representatives and counsel for the Underwriters a copy of the proposed Issuer Free Writing Prospectus, amendment or supplement for review and will not make, prepare, use, authorize, approve, refer to or file any such Issuer Free Writing Prospectus or file any such proposed amendment or supplement to which the Representatives reasonably object in a timely manner.

(d) *Notice to the Representatives.* The Company will advise the Representatives promptly, and confirm such advice in writing (which may be by electronic mail), (i) when the Registration Statement has become effective; (ii) when any amendment to the Registration Statement has been filed or becomes effective; (iii) when any supplement to the Pricing Disclosure Package, the Prospectus, or any Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication or any amendment to the Prospectus has been filed or distributed; (iv) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or the receipt of any comments from the Commission relating to the Registration Statement or any other request by the Commission for any additional information including, but not limited to, any request for information concerning any Testing-the-Waters Communication; (v) of the issuance by the Commission or any other governmental or regulatory authority of any order suspending the effectiveness of the Registration Statement or preventing or suspending the use of any Preliminary Prospectus, any of the Pricing Disclosure Package, the Prospectus or any Written Testing-the-Waters Communication or, to the knowledge of the Company, the initiation or threatening of any proceeding for that purpose or pursuant to Section 8A of the Securities Act; (vi) of the occurrence of any event or development within the Prospectus Delivery Period as a result of which the Prospectus, any of the Pricing Disclosure Package, any Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication as then amended or supplemented would include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Prospectus, the Pricing Disclosure Package, any such Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication is delivered to a purchaser, not misleading; and (vii) of the receipt by the Company of any notice with respect to any suspension of the qualification of the Shares for offer and sale in any jurisdiction or, to the knowledge of the Company, the initiation or threatening of any proceeding for such purpose; and the Company will use its reasonable best efforts to prevent the issuance of any such order suspending the effectiveness of the Registration Statement, preventing or suspending the use of any Preliminary Prospectus, any of the Pricing Disclosure Package or the Prospectus or any Written Testing-the-Waters Communication or suspending any such qualification of the Shares and, if any such order is issued, will use its reasonable best efforts to obtain as soon as possible the withdrawal thereof.

(e) *Ongoing Compliance.* (1) If during the Prospectus Delivery Period (i) any event or development shall occur or condition shall exist as a result of which the Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Prospectus is delivered to a purchaser, not misleading or (ii) it is necessary to amend or supplement the Prospectus to comply with law, the Company will promptly notify the Underwriters thereof and forthwith prepare and, subject to paragraph (c) above, file with the Commission and furnish to the Underwriters and to such dealers as the Representatives may designate such amendments or supplements to the Prospectus (or any document to be filed with the Commission and incorporated by reference therein) as may be necessary so that the statements in the Prospectus as so amended or supplemented (or any document to be filed with the Commission and incorporated by reference therein) will not, in the light of the circumstances existing when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus will comply with law and (2) if at any time prior to the Closing Date (i) any event or development shall occur or condition shall exist as a result of which the Pricing Disclosure Package as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Pricing Disclosure Package is delivered to a purchaser, not misleading or (ii) it is necessary to amend or supplement the Pricing Disclosure Package to comply with law, the Company will promptly notify the Underwriters thereof and forthwith prepare and, subject to paragraph (c) above, file with the Commission (to the extent required) and furnish to the Underwriters and to such dealers as the Representatives may designate such amendments or supplements to the Pricing Disclosure Package (or any document to be filed with the Commission and incorporated by reference therein) as may be necessary so that the statements in the Pricing Disclosure Package as so amended or supplemented will not, in the light of the circumstances existing when the Pricing Disclosure Package is delivered to a purchaser, be misleading or so that the Pricing Disclosure Package will comply with law.

(f) *Blue Sky Compliance.* The Company will use commercially reasonable efforts, with the Underwriters' cooperation, if necessary, to qualify the Shares for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Representatives shall reasonably request and will use commercially reasonable efforts, with the Underwriters' cooperation, if necessary, to continue such qualifications in effect so long as required for distribution of the Shares; provided that the Company shall not be required to (i) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (ii) file any general consent to service of process in any such jurisdiction or (iii) subject itself to taxation in any such jurisdiction if it is not otherwise so subject.

(g) *Earnings Statement.* The Company will make generally available to its security holders and the Representatives as soon as reasonably practicable an earnings statement that satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 of the Commission promulgated thereunder covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring after the "effective date" (as defined in Rule 158) of the Registration Statement, it being understood and agreed that such earnings statement will be deemed to have been made available by the Company if the Company is in compliance with its reporting obligations pursuant to the Exchange Act, if such compliance satisfies the conditions of Rule 158 and if such earnings statement is deemed to have been made available on the Commission's Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

(h) *Clear Market.* For a period of 90 days after the date of the Prospectus, the Company will not (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, or submit to, or file with, the Commission a registration statement under the Securities Act relating to, any shares of Stock or any securities convertible into or exercisable or exchangeable for Stock, or publicly disclose the intention to undertake any of the foregoing, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Stock or such other securities, in cash or otherwise, without the prior written consent of J.P. Morgan Securities LLC, other than the Shares to be sold hereunder.

The restrictions described above do not apply to (i) the issuance of shares of Stock or securities convertible into or exercisable for shares of Stock pursuant to the conversion or exchange of convertible or exchangeable securities or the exercise of warrants or options (including net exercise) or the settlement of RSUs (including net settlement), in each case outstanding on the date of this Agreement and described in the Prospectus; (ii) grants of stock options, stock awards, restricted stock, RSUs, or other equity awards and the issuance of shares of Stock or securities convertible into or exercisable or exchangeable for shares of Stock (whether upon the exercise of stock options or otherwise) to the Company's employees, officers, directors, advisors, or consultants pursuant to the terms of an equity compensation plan in effect as of the Closing Date and described in the Prospectus, provided that such recipients enter into a lock-up agreement with the Underwriters; (iii) the issuance of up to ten percent 10% of the outstanding shares of Stock, or securities convertible into, exercisable for, or which are otherwise exchangeable for, Stock, immediately following the Closing Date, in acquisitions or other similar strategic transactions, provided that such recipients enter into a lock-up agreement with the Underwriters; (iv) the filing of any registration statement on Form S-8 relating to securities granted or to be granted pursuant to any plan in effect on the date of this Agreement and described in the Prospectus or any assumed benefit plan pursuant to an acquisition or similar strategic transaction; or (v) the filing of any registration statement on Form S-1 relating to the resale of Registrable Securities (as defined in the Registration Rights Agreement, dated August 28, 2018, by and among the Company and the purchasers party thereto).

(i) *Use of Proceeds.* The Company will apply the net proceeds from the sale of the Shares as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus under the heading "Use of proceeds".

(j) *No Stabilization.* Neither the Company nor its subsidiaries or affiliates will take, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Stock.

(k) *Exchange Listing.* The Company will use its reasonable best efforts to list for quotation the Shares on the Nasdaq Global Select Market.

(l) *Reports.* For a period of three years from the effective date of the Registration Statement (provided that the Company remains subject to the reporting requirements of either Section 13 or 15(d) of the Exchange Act), the Company will furnish to the Representatives, as soon as commercially reasonable after the date that they are available, copies of all reports or other communications (financial or other) furnished to holders of the Shares, and copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange or automatic quotation system; provided the Company will be deemed to have furnished such reports and financial statements to the Representatives to the extent they are filed on EDGAR.

(m) *Record Retention*. The Company will, pursuant to reasonable procedures developed in good faith, retain copies of each Issuer Free Writing Prospectus that is not filed with the Commission in accordance with Rule 433 under the Securities Act for the time required by such rule.

(n) *Filings.* The Company will file with the Commission such reports as may be required by Rule 463 under the Securities Act.

(o) *Emerging Growth Company*. The Company will promptly notify the Representatives if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of Shares within the meaning of the Securities Act and (ii) completion of the 90-day restricted period referred to in Section 4(h) hereof.

5. Certain Agreements of the Underwriters. Each Underwriter hereby represents and agrees that:

(a) It has not and will not use, authorize use of, refer to or participate in the planning for use of, any "free writing prospectus", as defined in Rule 405 under the Securities Act (which term includes use of any written information furnished to the Commission by the Company and not incorporated by reference into the Registration Statement and any press release issued by the Company) other than (i) a free writing prospectus that contains no "issuer information" (as defined in Rule 433(h)(2) under the Securities Act) that was not included (including through incorporation by reference) in the Preliminary Prospectus or a previously filed Issuer Free Writing Prospectus, (ii) any Issuer Free Writing Prospectus listed on Annex A or prepared pursuant to Section 3(c) or Section 4(c) above (including any electronic road show), or (iii) any free writing prospectus prepared by such underwriter and approved by the Company in advance in writing (each such free writing prospectus referred to in clauses (i) or (iii), an "Underwriter Free Writing Prospectus").

(b) It has not and will not, without the prior written consent of the Company, use any free writing prospectus that contains the final terms of the offering of the Shares unless such terms have previously been included in a free writing prospectus filed with the Commission.

(c) It is not subject to any pending proceeding under Section 8A of the Securities Act with respect to the offering (and will promptly notify the Company if any such proceeding against it is initiated during the Prospectus Delivery Period).

6. Conditions of Underwriters' Obligations. The obligation of each Underwriter to purchase the Underwritten Shares on the Closing Date or the Option Shares on the Additional Closing Date, as the case may be, as provided herein is subject to the performance by the Company of its covenants and other obligations hereunder and to the following additional conditions:

(a) *Registration Compliance; No Stop Order.* No order suspending the effectiveness of the Registration Statement shall be in effect, and no proceeding for such purpose or pursuant to Section 8A under the Securities Act shall be pending before or threatened by the Commission; the Prospectus and each Issuer Free Writing Prospectus shall have been timely filed with the Commission under the Securities Act (in the case of an Issuer Free Writing Prospectus, to the extent required by Rule 433 under the Securities Act) and in accordance with Section 4(a) hereof; and all requests by the Commission for additional information shall have been complied with to the reasonable satisfaction of the Representatives.

(b) *Representations and Warranties.* The representations and warranties of the Company contained herein shall be true and correct on the date hereof and on and as of the Closing Date or the Additional Closing Date, as the case may be; and the statements of the Company and its officers made in any certificates delivered pursuant to this Agreement shall be true and correct on and as of the Closing Date or the Additional Closing Date, as the case may be.

(c) *No Material Adverse Change.* No event or condition of a type described in Section 3(i) hereof shall have occurred or shall exist, which event or condition is not described in the Pricing Disclosure Package (excluding any amendment or supplement thereto) and the Prospectus (excluding any amendment or supplement thereto) and the effect of which in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Shares on the Closing Date or the Additional Closing Date, as the case may be, on the terms and in the manner contemplated by this Agreement, the Pricing Disclosure Package and the Prospectus.

(d) *Officers' Certificate.* The Representatives shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, (x) a certificate, on behalf of the Company, of the chief financial officer or chief accounting officer of the Company and one additional senior executive officer of the Company who is satisfactory to the Representatives (i) confirming that such officers have reviewed the Registration Statement, the Pricing Disclosure Package and the Prospectus and, to the knowledge of such officers, the representations set forth in Sections 3(b) and 3(g) hereof are true and correct, (ii) confirming that the other representations and warranties of the Company in this Agreement are true and correct and that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date or the Additional Closing Date, as the case may be, and (iii) to the effect set forth in paragraphs (a) and (c) above and (y) a certificate of the Chief Financial Officer of the Company with respect to certain financial data contained in the Registration Statement in form and substance reasonably satisfactory to the Representatives.

(e) *Comfort Letters.* On the date of this Agreement and on the Closing Date or the Additional Closing Date, as the case may be, each of Deloitte & Touche LLP and MNP LLP shall have furnished to the Representatives, at the request of the Company, letters, dated the respective dates of delivery thereof and addressed to the Underwriters, in form and substance reasonably satisfactory to the Representatives, containing statements and information of the type customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained (or incorporated by reference) in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus; provided, that the letter delivered on the Closing Date or the Additional Closing Date, as the case may be, shall use a "cut-off" date no more than two business days prior to such Closing Date or such Additional Closing Date, as the case may be.

(f) *Opinion and 10b-5 Statement of Counsel for the Company.* Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., counsel for the Company, shall have furnished to the Representatives, at the request of the Company, their written opinion and 10b-5 statement, dated the Closing Date or the Additional Closing Date, as the case may be, and addressed to the Underwriters, in form and substance reasonably satisfactory to the Representatives to the effect set forth in Annex D hereto.

(g) *Opinion and 10b-5 Statement of Counsel for the Underwriters.* The Representatives shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, an opinion and 10b-5 statement, addressed to the Underwriters, of Davis Polk & Wardwell LLP, counsel for the Underwriters, with respect to such matters as the Representatives may reasonably request, and such counsel shall have received such documents and information as they may reasonably request to enable them to pass upon such matters.

(h) *No Legal Impediment to Issuance and Sale.* No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any federal, state or foreign governmental or regulatory authority that would, as of the Closing Date or the Additional Closing Date, as the case may be, prevent the issuance or sale of the Shares; and no injunction or order of any federal, state or foreign court shall have been issued that would, as of the Closing Date or the Additional Closing Date, as the case may be, prevent the issuance or sale of the Shares.

(i) *Good Standing*. The Representatives shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, satisfactory evidence of the good standing of the Company and its subsidiaries in their respective jurisdictions of organization and their good standing in such other jurisdictions as the Representatives may reasonably request, in each case in writing or any standard form of telecommunication from the appropriate governmental authorities of such jurisdictions.

(j) *Exchange Listing.* The Shares to be delivered on the Closing Date or the Additional Closing Date, as the case may be, shall have been approved for listing on the Nasdaq Global Select Market, subject to official notice of issuance.

(k) *Lock-up Agreements*. The "lock-up" agreements, each substantially in the form of Exhibit C hereto, between you and officers and directors of the Company relating to sales and certain other dispositions of shares of Stock or certain other securities, delivered to you on or before the date hereof, shall be full force and effect on the Closing Date or the Additional Closing Date, as the case may be.

(l) *Additional Documents.* On or prior to the Closing Date or the Additional Closing Date, as the case may be, the Company shall have furnished to the Representatives such further certificates and documents as the Representatives may reasonably request.

All opinions, letters, certificates and evidence mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Underwriters.

7. Indemnification and Contribution.

(a) *Indemnification of the Underwriters.* The Company agrees to indemnify and hold harmless each Underwriter, its affiliates, directors and officers and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, reasonable and documented legal fees and other reasonable and documented expenses incurred in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred), joint or several, that arise out of, or are based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, not misleading, or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Prospectus (or any amendment or supplement thereto), any Preliminary Prospectus, any Issuer Free Writing Prospectus, any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Securities Act, any Written Testing-the-Waters Communication, any road show as defined in Rule 433(h) under the Securities Act (a "road show") or any Pricing Disclosure Package (including any Pricing Disclosure Package that has subsequently been amended), or caused by any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case except insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in paragraph (b) below.

(b) *Indemnification of the Company.* Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company and its directors, its officers who signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the indemnity set forth in paragraph (a) above, but only with respect to any losses, claims, damages or liabilities that arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to such Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in the Registration Statement, the Prospectus (or any amendment or supplement thereto), any Preliminary Prospectus, any Issuer Free Writing Prospectus, any Written Testing-the-Waters Communication, any road show or any Pricing Disclosure Package (including any Pricing Disclosure Package that has subsequently been amended), it being understood and agreed upon that the only such information furnished by any Underwriter consists of the following information in the Prospectus furnished on behalf of each Underwriter: the concession and reallowance figures appearing in the third paragraph under the caption "Underwriting" and the information contained in the fifteenth paragraph under the caption "Underwriting".

(c) *Notice and Procedures.* If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnification may be sought pursuant to the preceding paragraphs of this Section 7, such person (the "Indemnified Person") shall promptly notify the person against whom such indemnification may be sought (the "Indemnifying Person") in writing; provided that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have under the preceding paragraphs of this Section 7 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided, further, that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have to an Indemnified Person otherwise than under the preceding paragraphs of this Section 7. If any such proceeding shall be brought or asserted against an Indemnified Person and it shall have notified the Indemnifying Person thereof, the Indemnifying Person shall retain counsel reasonably satisfactory to the Indemnified Person (who shall not, without the consent of the Indemnified Person, be counsel to the Indemnifying Person) to represent the Indemnified Person and any others entitled to indemnification pursuant to this Section that the Indemnifying Person may designate in such proceeding and shall pay the reasonable and documented fees and expenses in such proceeding and shall pay the reasonable and documented fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary; (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person; (iii) the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Indemnifying Person; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood and agreed that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such reasonable and documented fees and expenses shall be paid or reimbursed as they are incurred. Any such separate firm for any Underwriter, its affiliates, directors and officers and any control persons of such Underwriter shall be designated in writing by J.P. Morgan Securities LLC and any such separate firm for the Company, its directors, its officers who signed the Registration Statement and any control persons of the Company shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent, the Indemnifying Person agrees to indemnify each Indemnified Person from and against any loss or liability by reason of such settlement. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested that an Indemnifying Person reimburse the Indemnified Person for reasonable and documented fees and expenses of counsel as contemplated by this paragraph, the Indemnifying Person shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by the Indemnifying Person of such request and (ii) the Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement. No Indemnifying Person shall, without the written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnification could have been sought hereunder by such Indemnified Person, unless such settlement (x) includes an unconditional release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

(d) *Contribution.* If the indemnification provided for in paragraphs (a) or (b) above is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriters, on the other, from the offering of the Shares or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company, on the one hand, and the Underwriters, on the other, in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Underwriters, on the other, shall be deemed to be in the same respective proportions as the net proceeds (before deducting expenses) received by the Company from the sale of the Shares and the total underwriting discounts and commissions received by the Underwriters in connection therewith, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate offering price of the Shares. The relative fault of the Company, on the one hand, and the Underwriters, on the other, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) *Limitation on Liability.* The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to paragraph (d) above were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any reasonable and documented legal or other expenses incurred by such Indemnified Person in connection with any such action or claim. Notwithstanding the provisions of paragraphs (d) and (e), in no event shall an Underwriter be required to contribute any amount in excess of the amount by which the total underwriting discounts and commissions received by such Underwriter with respect to the offering of the Shares exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to paragraphs (d) and (e) are several in proportion to their respective purchase obligations hereunder and not joint.

(f) *Non-Exclusive Remedies*. The remedies provided for in this Section 7 paragraphs (a) through (e) are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Person at law or in equity.

8. Effectiveness of Agreement. This Agreement shall become effective as of the date first written above.

9. Termination. This Agreement may be terminated in the absolute discretion of the Representatives, by notice to the Company, if after the execution and delivery of this Agreement and on or prior to the Closing Date or, in the case of the Option Shares, prior to the Additional Closing Date, (i) trading generally shall have been suspended or materially limited on or by any of the New York Stock Exchange or The Nasdaq Stock Market; (ii) trading of any securities issued or guaranteed by the Company shall have been suspended on any exchange or in any over-the-counter market; (iii) a general moratorium on commercial banking activities shall have been declared by federal or New York State authorities; or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis, either within or outside the United States, that, in the judgment of the Representatives, is material and adverse and makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Shares on the Closing Date or the Additional Closing Date, as the case may be, on the terms and in the manner contemplated by this Agreement, the Pricing Disclosure Package and the Prospectus.

10. Defaulting Underwriter.

(a) If, on the Closing Date or the Additional Closing Date, as the case may be, any Underwriter defaults on its obligation to purchase the Shares that it has agreed to purchase hereunder on such date, the non-defaulting Underwriters may in their discretion arrange for the purchase of such Shares by other persons satisfactory to the Company on the terms contained in this Agreement. If, within 36 hours after any such default by any Underwriter, the non-defaulting Underwriters do not arrange for the purchase of such Shares, then the Company shall be entitled to a further period of 36 hours within which to procure other persons satisfactory to the non-defaulting Underwriters to purchase such Shares on such terms. If other persons become obligated or agree to purchase the Shares of a defaulting Underwriter, either the non-defaulting Underwriters or the Company may postpone the Closing Date or the Additional Closing Date, as the case may be, for up to five full business days in order to effect any changes that in the opinion of counsel for the Company or counsel for the Underwriters may be necessary in the Registration Statement and the Prospectus or in any other document or arrangement, and the Company agrees to promptly prepare any amendment or supplement to the Registration Statement and the Prospectus that effects any such changes. As used in this Agreement, the term "Underwriter" includes, for all purposes of this Agreement unless the context otherwise requires, any person not listed in Schedule 1 hereto that, pursuant to this Section 10, purchases Shares that a defaulting Underwriter agreed but failed to purchase.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the non-defaulting Underwriters and the Company as provided in paragraph (a) above, the aggregate number of Shares that remain unpurchased on the Closing Date or the Additional Closing Date, as the case may be, does not exceed one-eleventh of the aggregate number of Shares to be purchased on such date, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Shares that such Underwriter agreed to purchase hereunder on such date plus such Underwriter's pro rata share (based on the number of Shares that such Underwriter agreed to purchase on such date) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the non-defaulting Underwriters and the Company as provided in paragraph (a) above, the aggregate number of Shares that remain unpurchased on the Closing Date or the Additional Closing Date, as the case may be, exceeds one-eleventh of the aggregate amount of Shares to be purchased on such date, or if the Company shall not exercise the right described in paragraph (b) above, then this Agreement or, with respect to any Additional Closing Date, the obligation of the Underwriters to purchase Shares on the Additional Closing Date, as the case may be, shall terminate without liability on the part of the non-defaulting Underwriters. Any termination of this Agreement pursuant to this Section 10 shall be without liability on the part of the Company, except that the Company and the Underwriters will continue to be liable for the payment of expenses as set forth in Section 11 hereof and except that the provisions of Section 7 hereof shall not terminate and shall remain in effect.

(d) Nothing contained herein shall relieve a defaulting Underwriter of any liability it may have to the Company or any non-defaulting Underwriter for damages caused by its default.

11. Payment of Expenses.

(a) Whether or not the transactions contemplated by this Agreement are consummated or this Agreement is terminated, the Company will pay or cause to be paid all costs and expenses incident to the performance of its obligations hereunder, including without limitation, (i) the costs incident to the authorization, issuance, sale, preparation and delivery of the Shares and any taxes payable in that connection; (ii) the costs incident to the preparation, printing and filing under the Securities Act of the Registration Statement, the Preliminary Prospectus, any Issuer Free Writing Prospectus, any Pricing Disclosure Package and the Prospectus (including all exhibits, amendments and supplements thereto) and the distribution thereof; (iii) the fees and expenses of the Company's counsel and independent accountants; (iv) the reasonable fees and expenses incurred in connection with the registration or qualification and determination of eligibility for investment of the Shares under the laws of such jurisdictions as the Representatives may designate and the preparation, printing and distribution of a Blue Sky Memorandum (including the related fees and expenses of counsel for the Underwriters, not to exceed $5,000); (v) the cost of preparing stock certificates; (vi) the costs and charges of any transfer agent and any registrar; (vii) all expenses and application fees incurred in connection with any filing with, and clearance of the offering by, FINRA (including the reasonable and documented fees and expenses of counsel for the Underwriters, not to exceed $40,000); (viii) all expenses incurred by the Company in connection with any "road show" presentation to potential investors; and (ix) all expenses and application fees related to the listing of the Shares on the Nasdaq Market.

(b) If (i) this Agreement is terminated pursuant to Section 9, (ii) the Company for any reason fails to tender the Shares for delivery to the Underwriters (other than by reason of a default by any Underwriter) or (iii) the Underwriters decline to purchase the Shares for any reason permitted under this Agreement, the Company agrees to reimburse the Underwriters for all reasonable and documented out-of-pocket costs and expenses (including the reasonable and documented fees and expenses of their counsel) reasonably incurred by the Underwriters in connection with this Agreement and the offering contemplated hereby. For the avoidance of doubt, the Company will not pay or reimburse pursuant to this Section 11 any costs, fees or expenses incurred by any Underwriter that defaults on its obligations to purchase the Shares or following termination of this Agreement by the Underwriters pursuant to clauses (i), (iii) or (iv) of Section 9.

12. Persons Entitled to Benefit of Agreement. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and any controlling persons referred to herein, and the affiliates of each Underwriter referred to in Section 7 hereof. Nothing in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein. No purchaser of Shares from any Underwriter shall be deemed to be a successor merely by reason of such purchase.

13. Survival. The respective indemnities, rights of contribution, representations, warranties and agreements of the Company and the Underwriters contained in this Agreement or made by or on behalf of the Company or the Underwriters pursuant to this Agreement or any certificate delivered pursuant hereto shall survive the delivery of and payment for the Shares and shall remain in full force and effect, regardless of any termination of this Agreement or any investigation made by or on behalf of the Company or the Underwriters or the directors, officers, controlling persons or affiliates referred to in Section 7 hereof.

14. Certain Defined Terms. For purposes of this Agreement, (a) except where otherwise expressly provided, the term "affiliate" has the meaning set forth in Rule 405 under the Securities Act; (b) the term "business day" means any day other than a day on which banks are permitted or required to be closed in New York City; (c) the term "subsidiary" has the meaning set forth in Rule 405 under the Securities Act; and (d) the term "significant subsidiary" has the meaning set forth in Rule 1-02 of Regulation S-X under the Exchange Act.

15. Compliance with USA Patriot Act. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

16. Miscellaneous.

(a) *Notices.* All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted and confirmed by any standard form of telecommunication. Notices to the Underwriters shall be given to the Representatives, c/o J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179 (fax: (212) 622-8358); Attention: Equity Syndicate Desk and c/o Stifel, Nicolaus & Company, Incorporated, One South Street, 15th Floor, Baltimore, Maryland 21202; Fax No. (443) 224-1254; Attention: Syndicate Department. Notices to the Company shall be given to it at 290 Canal Road Fairless Hills, Pennsylvania 19030; Attention: John Lindeman.

(b) *Governing Law.* This Agreement and any claim, controversy or dispute arising under or related to this Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(c) *Submission to Jurisdiction*. The Company hereby submits to the exclusive jurisdiction of the U.S. federal and New York state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. The Company waives any objection which it may now or hereafter have to the laying of venue of any such suit or proceeding in such courts. The Company agrees that final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon the Company and may be enforced in any court to the jurisdiction of which Company is subject by a suit upon such judgment.

(d) *Waiver of Jury Trial.* Each of the parties hereto hereby waives any right to trial by jury in any suit or proceeding arising out of or relating to this Agreement.

(e) *Recognition of the U.S. Special Resolution Regimes*.

(i) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(ii) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

As used in this Section 16(g):

"BHC Act Affiliate" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

"Covered Entity" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"U.S. Special Resolution Regime" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

(f) *Counterparts.* This Agreement may be signed in counterparts (which may include counterparts delivered by any standard form of telecommunication), each of which shall be an original and all of which together shall constitute one and the same instrument.

(g) *Amendments or Waivers.* No amendment or waiver of any provision of this Agreement, nor any consent or approval to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto.

(h) *Headings.* The headings herein are included for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

If the foregoing is in accordance with your understanding, please indicate your acceptance of this Agreement by signing in the space provided below.

Very truly yours,

HYDROFARM HOLDINGS GROUP, INC.

By: _____
Name:
Title:

Accepted: As of the date first written above

J.P. MORGAN SECURITIES LLC
STIFEL, NICOLAUS & COMPANY, INCORPORATED

For themselves and on behalf of the
several Underwriters listed
in Schedule 1 hereto.

J.P. MORGAN SECURITIES LLC

By: _____
Authorized Signatory

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____
Authorized Signatory

[*Signature Page to Underwriting Agreement*]

Underwriter	Number of Shares
J.P. Morgan Securities LLC	[●]
Stifel, Nicolaus & Company, Incorporated	[●]
Deutsche Bank Securities Inc.	[●]
Truist Securities, Inc.	[●]
William Blair & Company, L.L.C.	[●]
Total	

Significant Subsidiaries

a. **Pricing Disclosure Package**

[●]

b. **Pricing Information Provided Orally by Underwriters**

1. Price per share: $[●]

2. The number of Underwritten Shares to be sold by the Company: [●]

Written Testing-the-Waters Communications

None.

Pricing Term Sheet

None.

Form of Opinion of Counsel for the Company

Exhibit A

EGC – Testing the waters authorization (to be delivered by the issuer to J.P. Morgan in email or letter form)

In reliance on Section 5(d) of the Securities Act of 1933, as amended (the "Act"), Hydrofarm Holdings Group, Inc. (the "Issuer") hereby authorizes J.P. Morgan Securities LLC ("J.P. Morgan") and Stifel, Nicolaus & Company, Incorporated ("Stifel") and their affiliates and their respective employees, to engage on behalf of the Issuer in oral and written communications with potential investors that are "qualified institutional buyers", as defined in Rule 144A under the Act, or institutions that are "accredited investors", within the meaning of Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Act, to determine whether such investors might have an interest in the Issuer's contemplated initial public offering ("Testing-the-Waters Communications"). A "Written Testing-the Waters Communication" means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Act. Each of J.P. Morgan and Stifel, individually and not jointly, agrees that it shall not distribute any Written Testing-the Waters Communication that has not been approved by the Issuer.

The Issuer represents that it is an "emerging growth company" as defined in Section 2(a)(19) of the Act ("Emerging Growth Company") and agrees to promptly notify J.P. Morgan and Stifel in writing if the Issuer hereafter ceases to be an Emerging Growth Company while this authorization is in effect. If at any time following the distribution of any Written Testing-the-Waters Communication there occurs an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Issuer will promptly notify J.P. Morgan and Stifel and will promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

Nothing in this authorization is intended to limit or otherwise affect the ability of J.P. Morgan and Stifel and their affiliates and their respective employees, to engage in communications in which they could otherwise lawfully engage in the absence of this authorization, including, without limitation, any written communication containing only one or more of the statements specified under Rule 134(a) under the Act. This authorization shall remain in effect until the Issuer has provided to J.P. Morgan and Stifel a written notice revoking this authorization. All notices as described herein shall be sent by email to J.P. Morgan at the attention of [·] at [·] with copies to [·]; and Stifel at the attention of [·] at [·] with copies to [·].

Exhibit B

Form of Waiver of Lock-up

J.P. MORGAN SECURITIES LLC

Hydrofarm Holdings Group, Inc.
Public Offering of Common Stock

[·], 2021

[Name and Address of
Officer or Director
Requesting Waiver]

Dear Mr./Ms. [Name]:

This letter is being delivered to you in connection with the offering by Hydrofarm Holdings Group, Inc. (the "Company") of [·] shares of common stock, $0.0001 par value (the "Common Stock"), of the Company and the lock-up letter dated _____, 20__ (the "Lock-up Letter"), executed by you in connection with such offering, and your request for a [waiver] [release] dated _____, 20__, with respect to [·] shares of Common Stock (the "Shares").

J.P. Morgan Securities LLC hereby agree to [waive] [release] the transfer restrictions set forth in the Lock-up Letter, but only with respect to the Shares, effective _____, 20__; provided, however, that such [waiver] [release] is conditioned on the Company announcing the impending [waiver] [release] by press release through a major news service at least two business days before effectiveness of such [waiver] [release]. This letter will serve as notice to the Company of the impending [waiver] [release].

Except as expressly [waived] [released] hereby, the Lock-up Letter shall remain in full force and effect.

Yours very truly,

cc: Company

Exhibit C

FORM OF LOCK-UP AGREEMENT

[·], 2021

J.P. MORGAN SECURITIES LLC
STIFEL, NICOLAUS & COMPANY, INCORPORATED

As Representatives of
the several Underwriters listed in
Schedule 1 to the Underwriting
Agreement referred to below

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, NY 10179

c/o Stifel, Nicolaus & Company, Incorporated
One South Street, 15th Floor
Baltimore, Maryland 21202

Re: Hydrofarm Holdings Group, Inc. --- Public Offering

Ladies and Gentlemen:

The undersigned understands that you, as Representatives of the several Underwriters (as defined below), propose to enter into an underwriting agreement (the "Underwriting Agreement") with Hydrofarm Holdings Group, Inc., a Delaware corporation (the "Company"), providing for the public offering (the "Public Offering") by the several Underwriters named in Schedule 1 to the Underwriting Agreement (the "Underwriters"), of common stock, par value $0.0001, of the Company (the "Common Stock"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Underwriting Agreement.

In consideration of the Underwriters' agreement to purchase and make the Public Offering of the Securities, and for other good and valuable consideration receipt of which is hereby acknowledged, the undersigned hereby agrees that, without the prior written consent of J.P. Morgan Securities LLC on behalf of the Underwriters, the undersigned will not, and will not cause any direct or indirect affiliate to, during the period beginning on the date of this letter agreement (this "Letter Agreement") and ending at the close of business 90 days after the date of the final prospectus relating to the Public Offering (the "Prospectus") (such period, the "Restricted Period"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock (including without limitation, Common Stock or such other securities which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the Securities and Exchange Commission and securities which may be issued upon exercise of a stock option or warrant) (collectively with the Common Stock, "Lock-Up Securities"), (2) enter into any hedging, swap or other agreement or transaction that transfers, in whole or in part, any of the economic consequences of ownership of the Lock-Up Securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Lock-Up Securities, in cash or otherwise, (3) make any demand for or exercise any right with respect to the registration of any Lock-Up Securities, or (4) publicly disclose the intention to do any of the foregoing. The undersigned acknowledges and agrees that the foregoing precludes the undersigned from engaging in any hedging or other transactions or arrangements (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option, or combination thereof, forward, swap or any other derivative transaction or instrument, however described or defined) designed or intended, or which could reasonably be expected to lead to or result in, a sale or disposition or transfer (whether by the undersigned or any other person) of any economic consequences of ownership, in whole or in part, directly or indirectly, of any Lock-Up Securities, whether any such transaction or arrangement (or instrument provided for thereunder) would be settled by delivery of Lock-Up Securities, in cash or otherwise. The undersigned further confirms that it has furnished J.P. Morgan Securities LLC with the details of any transaction the undersigned, or any of its affiliates, is a party to as of the date hereof, which transaction would have been restricted by this Letter Agreement if it had been entered into by the undersigned during the Restricted Period.

Notwithstanding the foregoing, the undersigned may:

(a) transfer or dispose of the undersigned's Lock-Up Securities:

(i) as a bona fide gift or gifts, or for bona fide estate planning purposes,

(ii) by will, other testamentary document or intestacy,

(iii) to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned, or if the undersigned is a trust, to a trustor or beneficiary of the trust or to the estate of a beneficiary of such trust (for purposes of this Letter Agreement, "immediate family" shall mean any relationship by blood, current or former marriage, domestic partnership or adoption, not more remote than first cousin),

(iv) to a corporation, partnership, limited liability company, trust or other entity of which the undersigned and/or one or more members of the immediate family of the undersigned are, directly or indirectly, the legal and beneficial owner of all of the outstanding equity securities or similar interests,

(v) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under clauses (i) through (iv) above,

(vi) if the undersigned is a corporation, partnership, limited liability company, trust or other business entity, (A) to another corporation, partnership, limited liability company, trust or other business entity that is an affiliate (as defined in Rule 405 promulgated under the Securities Act of 1933, as amended) of the undersigned, or to any investment fund or other entity controlling, controlled by, managing or managed by or under common control with the undersigned or affiliates of the undersigned (including, for the avoidance of doubt, where the undersigned is a partnership, to its general partner or a successor partnership or fund, or any other funds managed by such partnership), or (B) as part of a distribution or other transfer to general or limited partners to members or shareholders, or other holders of equity in, of the undersigned,

(vii) by operation of law, such as pursuant to a qualified domestic order, divorce settlement, divorce decree, separation agreement or court order,

(viii) to the Company from an employee or other service provided of the Company upon death, disability or termination of employment or service, in each case, of such employee or other service provider,

(ix) as part of a sale of the undersigned's Lock-Up Securities acquired in open market transactions after the closing date for the Public Offering,

(x) to the Company in connection with the vesting, settlement, or exercise of restricted stock units, options, warrants or other rights to purchase shares of Common Stock (including, in each case, by way of "net" or "cashless" exercise), including for the payment of exercise price and tax and remittance payments due as a result of the vesting, settlement, or exercise of such restricted stock units, options, warrants or rights, provided that any such shares of Common Stock received upon such exercise, vesting or settlement shall be subject to the terms of this Letter Agreement, and provided further that any such restricted stock units, options, warrants or rights are held by the undersigned pursuant to an agreement or equity awards granted under a stock incentive plan or other equity award plan, each such agreement or plan which is described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, or

(xi) pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction that is approved by the Board of Directors of the Company and made to all holders of the Company's capital stock involving a Change of Control (as defined below) of the Company (for purposes hereof, "Change of Control" shall mean the transfer (whether by tender offer, merger, consolidation or other similar transaction), in one transaction or a series of related transactions, to a person or group of affiliated persons, of shares of capital stock if, after such transfer, such person or group of affiliated persons would hold at least a majority of the outstanding voting securities of the Company (or the surviving entity)); provided that in the event that such tender offer, merger, consolidation or other similar transaction is not completed, the undersigned's Lock-Up Securities shall remain subject to the provisions of this Letter Agreement;

provided that (A) in the case of any transfer, disposition or distribution pursuant to clause (a)(i), (ii), (iii), (iv), (v), (vi) and (vii), such transfer shall not involve a disposition for value and each donee, devisee, transferee or distributee shall execute and deliver to the Representatives a lock-up letter in the form of this Letter Agreement, (B) in the case of any transfer or distribution pursuant to clause (a)(i), (ii), (iii), (iv), (v), (vi), (ix) and (x), no filing by any party (donor, donee, devisee, transferor, transferee, distributer or distributee) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or other public announcement shall be required or shall be made voluntarily in connection with such transfer or distribution (other than a filing on a Form 5 made after the expiration of the Restricted Period referred to above) and (C) in the case of any transfer or distribution pursuant to clause (a)(vii) and (viii) it shall be a condition to such transfer that no public filing, report or announcement shall be voluntarily made and if any filing under Section 16(a) of the Exchange Act, or other public filing, report or announcement reporting a reduction in beneficial ownership of shares of Common Stock in connection with such transfer or distribution shall be legally required during the Restricted Period, such filing, report or announcement shall clearly indicate in the footnotes thereto the nature and conditions of such transfer;

(b) exercise outstanding options, settle restricted stock units or other equity awards or exercise warrants pursuant to plans described in the Registration Statement, the Pricing Disclosure Package and the Prospectus; provided that any Lock-up Securities received upon such exercise, vesting or settlement shall be subject to the terms of this Letter Agreement;

(c) convert outstanding preferred stock, warrants to acquire preferred stock or convertible securities into shares of Common Stock or warrants to acquire shares of Common Stock; provided that any such shares of Common Stock or warrants received upon such conversion shall be subject to the terms of this Letter Agreement; and

(d) establish one or more trading plans pursuant to Rule 10b5-1 under the Exchange Act for the transfer or disposition of shares of Lock-Up Securities; provided that (1) such plans do not provide for the transfer or disposition of Lock-Up Securities during the Restricted Period and (2) no filing by any party under the Exchange Act or other public announcement shall be required or made voluntarily in connection with such trading plan.

If the undersigned is not a natural person, the undersigned represents and warrants that no single natural person, entity or "group" (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) beneficially owns, directly or indirectly, 50% or more of the common equity interests, or 50% or more of the voting power, in the undersigned.

If the undersigned is an officer or director of the Company, (i) J.P. Morgan Securities LLC on behalf of the Underwriters agree that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of Lock-Up Securities, J.P. Morgan Securities LLC on behalf of the Underwriters will notify the Company of the impending release or waiver, and (ii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by J.P. Morgan Securities LLC on behalf of the Underwriters hereunder to any such officer or director shall only be effective two business days after the publication date of such announcement. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration or that is to an immediate family member as defined in FINRA Rule 5130(i)(5) and (b) the transferee has agreed in writing to be bound by the same terms described in this letter to the extent and for the duration that such terms remain in effect at the time of the transfer.

In furtherance of the foregoing, the Company, and any duly appointed transfer agent for the registration or transfer of the securities described herein, are hereby authorized to decline to make any transfer of securities if such transfer would constitute a violation or breach of this Letter Agreement.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Letter Agreement. All authority herein conferred or agreed to be conferred and any obligations of the undersigned shall be binding upon the successors, assigns, heirs or personal representatives of the undersigned.

The undersigned acknowledges and agrees that the Underwriters have not provided any recommendation or investment advice nor have the Underwriters solicited any action from the undersigned with respect to the Public Offering of the Securities and the undersigned has consulted their own legal, accounting, financial, regulatory and tax advisors to the extent deemed appropriate. The undersigned further acknowledges and agrees that, although the Representatives may be required or choose to provide certain Regulation Best Interest and Form CRS disclosures to you in connection with the Public Offering, the Representatives and the other Underwriters are not making a recommendation to you to enter into this Letter Agreement, participate in the Public Offering, or sell any Shares at the price determined in the Public Offering, and nothing set forth in such disclosures is intended to suggest that the Representatives or any Underwriter is making such a recommendation.

This Letter Agreement shall automatically, and without any action on the part of any other party, terminate and be of no further force and effect, and the undersigned shall automatically be released from all obligations under this Letter Agreement if: (i) the Underwriting Agreement does not become effective by May 31, 2021 (provided, however, that the undersigned agrees that this Letter Agreement shall be automatically extended by three months if the Company provides written notice to the undersigned that the Company is still pursuing the Public Offering contemplated by the Underwriting Agreement); (ii) the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Common Stock to be sold thereunder; (iii) either the Company, on the one hand, or the Representatives, on the other hand, notifies the other in writing prior to the execution of the Underwriting Agreement that it does not intend to proceed with the Public Offering; or (iv) the registration statement filed with the Securities and Exchange Commission in connection with the Public Offering is withdrawn prior to the execution of the Underwriting Agreement. The undersigned understands that the Underwriters are entering into the Underwriting Agreement and proceeding with the Public Offering in reliance upon this Letter Agreement.

This Letter Agreement and any claim, controversy or dispute arising under or related to this Letter Agreement shall be governed by and construed in accordance with the laws of the State of New York.

Very truly yours,

[NAME OF STOCKHOLDER]

By: _____
Name:
Title:

Exhibit 5.1

Chrysler Center
666 Third Avenue
New York, NY 10017
212-935-3000
www.mintz.com

April 26, 2021

Hydrofarm Holdings Group, Inc.
290 Canal Road
Fairless Hills, Pennsylvania 19030

Ladies and Gentlemen:

We have acted as legal counsel to Hydrofarm Holdings Group, Inc., a Delaware corporation (the "Company"), in connection with the preparation and filing with the Securities and Exchange Commission (the "Commission") of a Registration Statement on Form S-1(the "Registration Statement"), pursuant to which the Company is registering the offering for sale under the Securities Act of 1933, as amended (the "Securities Act"), of an aggregate of [ ] shares (the "Shares") of the Company's common stock, par value $0.0001 per share (the "Common Stock"), including [ ] shares of Common Stock subject to the underwriters' option to purchase additional shares.

The Shares are to be sold by the Company pursuant to an underwriting agreement (the "Underwriting Agreement") to be entered into by and among the Company and J.P. Morgan Securities LLC and Stifel, Nicolaus & Company, Incorporated, as representatives of the several underwriters to be named therein. The form of the Underwriting Agreement is filed as Exhibit 1.1 to the Registration Statement. This opinion is being rendered in connection with the filing of the Registration Statement with the Commission. All capitalized terms used herein and not otherwise defined shall have the respective meanings given to them in the Registration Statement.

In connection with this opinion, we have examined the Company's Amended and Restated Certificate of Incorporation, as amended, and Amended and Restated Bylaws, each as currently in effect, and the form of the Underwriting Agreement; such other records of the corporate proceedings of the Company and certificates of the Company's officers as we have deemed relevant; and the Registration Statement and the exhibits thereto.

In our examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such copies.

Our opinion is limited to the General Corporation Law of the State of Delaware and we express no opinion with respect to the laws of any other jurisdiction. No opinion is expressed herein with respect to the qualification of the Shares under the securities or blue sky laws of any state or any foreign jurisdiction.

Please note that we are opining only as to the matters expressly set forth herein, and no opinion should be inferred as to any other matters. This opinion is based upon currently existing statutes, rules, regulations and judicial decisions, and we disclaim any obligation to advise you of any change in any of these sources of law or subsequent legal or factual developments which might affect any matters or opinions set forth herein.

Based upon the foregoing, we are of the opinion that the Shares, when issued and sold in accordance with the form of the Underwriting Agreement most recently filed as an exhibit to the Registration Statement and the prospectus that forms a part of the Registration Statement, will be validly issued, fully paid and non-assessable.

We understand that you wish to file this opinion with the Commission as an exhibit to the Registration Statement in accordance with the requirements of Item 601(b)(5) of Regulation S-K promulgated under the Securities Act and to reference the firm's name under the caption "Legal Matters" in the prospectus which forms part of the Registration Statement, and we hereby consent thereto. In giving this consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.

Exhibit 10.38

EXECUTION VERSION

UNIT PURCHASE AND CONTRIBUTION AGREEMENT

BY AND AMONG

HYDROFARM HOLDINGS GROUP, INC.,
a Delaware corporation,

FIELD 16, LLC,
a Delaware limited liability company**,**

F16 HOLDING LLC,
a California limited liability company

AND

THE MEMBERS OF F16 HOLDING LLC

Dated: April 26, 2021

TABLE OF CONTENTS

TABLE OF CONTENTS
(Continued)

TABLE OF CONTENTS
(Continued)

TABLE OF CONTENTS
(Continued)

UNIT PURCHASE AND CONTRIBUTION AGREEMENT

This Unit Purchase and Contribution Agreement (this "**Agreement**") dated as of April 26, 2021 (the "**Effective Date**"), is entered into by and among Field 16, LLC, a Delaware limited liability company (the "**Company**"), F16 Holding LLC, a California limited liability company (the "**Seller**"), the members of the Seller, each of which is listed on the signature page hereto (each, a "**Member**" and, collectively, "**Members**"), and Hydrofarm Holdings Group, Inc., a Delaware corporation (the "**Buyer**"). Each capitalized term used but not defined in this Agreement shall have the meaning given to it in **Exhibit A**.

RECITALS

A. Prior to the Effective Date, and pursuant to the transactions contemplated by the contribution agreement and plan of reorganization attached hereto as **Exhibit B** (the "**Reorganization Agreement**") the Members took (or caused to be taken) the following actions sequentially and at the times set forth in the Reorganization Agreement (the "**Reorganization**"):

1. at least two (2) Business Days prior to the Effective Date, the Members formed Seller, which is wholly owned by the Members in the same proportion to their ownership of membership interests of the Company, and Seller and the Members made an S election for Seller to be an S corporation (within the meaning of Sections1361 of the Code and any similar or analogous provisions of state or local Law) ("**Step One**");

2. at least at least two (2) Business Days prior to the Effective Date, but following Step One, the Members contributed all of the issued and outstanding membership interests of the Company to Seller, and, effective the same day as such contribution, caused Seller to elect to treat the Company as a qualified subchapter S subsidiary (within the meaning of Section 1361 of the Code and any similar or analogous provisions of state or local Law) (the "**QSub Election**") in connection with a section 368(a)(1)(F) reorganization described in Revenue Ruling 2008-18 ("**Step Two**"); and

3. on the next Business Day following Step Two, and at least one (1) Business Day prior to the Effective Date, the Company will convert into a Delaware limited liability company and file a protective Form 8832 for the Company to be treated as a disregarded entity for U.S. federal income tax purposes.

B. As a result of the Reorganization, the Members together are the record and beneficial owners of 100% of the issued and outstanding membership interests of Seller, and Seller is the record and beneficial owner of all of the issued and outstanding Equity Securities of the Company (the "**Units**").

C. Seller desires to sell to Buyer 80% of the Units (the "**Purchased Units**") for the Cash Consideration and to contribute to Buyer 20% of the Units (the "**Contributed Units**") in consideration for the Shares, and Buyer desires to purchase from Seller, the Purchased Units and Buyer agrees to accept the contribution of the Contributed Units, subject to the terms and conditions set forth in this Agreement.

In consideration of the covenants and agreements set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties, intending to be legally bound hereby, agree as follows:

AGREEMENT

ARTICLE I
PURCHASE AND SALE

Section 1.01 Purchase and Sale Subject to the terms and conditions set forth in this Agreement, at the Closing, Seller shall sell to Buyer, and Buyer shall purchase from Seller, the Units, free and clear of all Encumbrances, for the Purchase Price specified in **Section 1.02**.

Section 1.02 Purchase Price; **Contribution**.

(a) The purchase price for the Purchased Units shall be $60,600,000, all of which shall be paid in cash ("**Cash Consideration**"). Seller shall contribute the Contributed Units to Buyer in exchange for the issuance of 255,945 shares of common stock of Buyer, $.0001 par value per share (the "**Shares**").

(b) The Cash Consideration and the Shares are collectively referred to as the "**Purchase Price.**" The Cash Consideration and the corresponding Purchase Price is subject to adjustment pursuant to **Section 1.07** and **Section 1.02(c)** below.

(c) Buyer shall be obligated to pay Seller additional potential purchase price ("**Additional Purchase Price**") in accordance with the following. If the net sales (determined in accordance with GAAP consistent with the Audited Financial Statements) of the Company for calendar year 2021 ("**Net Sales**") exceed $21,000,000, then Seller shall be entitled to receive $200,000 for each $1,000,000 that the Net Sales exceed $21,000,000; provided that the Additional Purchase Price shall not exceed $2,500,000 in the aggregate. Within 30 days after Buyer completes its 2021 audited financial statements, Buyer shall deliver to Seller its calculation of Net Sales ("**Net Sales Calculation"**) together with payment in cash of the amount of Additional Purchase Price to which Seller is entitled, if any, based on such Net Sales Calculation. Within twenty (20) days of Seller's receipt of the Net Sales Calculation, Seller shall provide in writing (such writing, the "**Net Sales Objection**") to Buyer any proposed changes to the Net Sales Calculation, together with a written explanation setting forth in reasonable detail the basis of any proposed changes. Buyer shall reasonably cooperate with Seller and provide Seller with any reasonably requested documentation in connection with its review of the Net Sales Calculation. If Seller does not provide Buyer with a Net Sales Objection that contains the Seller's proposed calculation of Net Sales within such 20-day period, the Net Sales Calculation shall become final and binding on the Parties. If the Seller delivers a Net Sales Objection to Buyer in accordance with the foregoing within such 20-day period, Buyer and Seller shall negotiate in good faith to resolve any dispute within twenty (20) days after Buyer's receipt of the Net Sales Objection. If Buyer and Seller are unable to resolve the dispute within such 20-day period, the Independent Accountant shall thereafter resolve the issues in dispute in accordance with the provisions of this **Section 1.02(c)**. If the Independent Accountant determines that Seller is entitled to Additional Purchase Price in excess of the amount of Additional Purchase Price previously paid by Buyer, Buyer shall pay such additional amount in cash to Seller within five Business Days of the Independent Accountant's determination. The fees and expenses payable to the Independent Accountant shall be split equally between Buyer and Seller. To the extent Buyer pays any Additional Purchase Price, the Purchase Price shall be increased by the amount of such payment.

Section 1.03 **Closing**. Unless this Agreement has been terminated pursuant to **Section 8.01**, and subject to the satisfaction (or to the extent permitted, the waiver) of the conditions set forth in **Article VII**, the closing of the Transactions (the "**Closing**") shall take place remotely via the exchange of documents and signatures on May 3, 2021, or at such other place or at such other time and date as Buyer and the Seller may mutually agree. Except as otherwise provided in this Agreement, all proceedings to be taken and all documents to be executed at the Closing shall be deemed to have been taken, delivered and executed simultaneously, and no proceeding shall be deemed taken nor documents deemed executed or delivered until all have been taken, delivered and executed.

Section 1.04 **Estimated Closing Calculations**. By not later than the third Business Day prior to the Closing Date, Seller shall deliver to Buyer a written statement (which has been approved by Buyer) setting forth (a) Seller's good faith estimates of (i) Closing Net Working Capital ("**Estimated Closing Net Working Capital**"), (ii) Closing Indebtedness immediately prior to the Closing ("**Estimated Closing Indebtedness**"), (iii) Closing Cash ("**Estimated Closing Cash**") and (iv) Transaction Expenses immediately prior to the Closing ("**Estimated Transaction Expenses**"), (b) Seller's calculation of the Estimated Closing Net Working Capital Deficit or Estimated Closing Net Working Capital Increase, and (c) on the basis of the foregoing, a calculation of the Estimated Closing Purchase Price (together with the calculations referred to in clauses (a) and (b) above, the "**Preliminary Closing Statement**"). Seller shall provide Buyer and its Representatives reasonable access to the books and records of the Company, the personnel of, and work papers (subject to the execution of customary work paper access letters if requested) prepared by, Seller, the Company and each of its Representatives to the extent that they relate to the Preliminary Closing Statement and to historical financial information (to the extent in the possession of Seller or the Company) relating to the Preliminary Closing Statement as Buyer may reasonably request for the purpose of reviewing the Preliminary Closing Statement, provided that such access shall be in a manner that does not materially interfere with the normal business operations of Seller or the Company.

Section 1.05 **Escrow Agreement**. On the Closing Date, Buyer, Seller and Escrow Agent shall enter an escrow agreement in the form attached hereto as **Exhibit C** (the "**Escrow Agreement**"). At the Closing, Buyer shall deposit (i) $135,000 (the "**Adjustment Escrow Amount**") with the Escrow Agent in a segregated account designated by the Escrow Agent (the "**Adjustment Escrow Account**") in accordance with the terms of this Agreement and the Escrow Agreement, to be held for the purposes of securing any amounts due by Seller and the Members to Buyer under **Section 1.07** of this Agreement, and (ii) $375,000 (the "**Indemnity Escrow Amount**", together with the Adjustment Escrow Amount, the **"Escrow Amount"**) with the Escrow Agent in a segregated account designated by the Escrow Agent (the "**Indemnity Escrow Account**") in accordance with the terms of this Agreement and the Escrow Agreement, to be held for the purposes of securing the indemnification obligations of Seller and the Members set forth in **Section 9.02** of this Agreement.

Section 1.06 Closing Actions.

(a) **Delivery of Certificates**. At the Closing, Seller shall deliver to Buyer all certificates representing the Units, each duly endorsed in blank or with a duly executed assignment separate from the attached certificate, or, if the Units are uncertificated, a membership interest assignment agreement, acceptable to Buyer.

(b) **Payment**. At the Closing, Buyer shall:

(i) pay the Escrow Amount to the Escrow Agent in accordance with the terms of the Escrow Agreement;

(ii) pay to Seller (A) the Estimated Closing Purchase Price, *minus* (B) the Escrow Amount, by wire transfer of immediately available funds to Seller's Bank Account; and

(iii) pay, to the intended beneficiaries thereof, (A) the Estimated Closing Indebtedness (as computed pursuant to the applicable Payoff Letter for which Payoff Letters have been delivered pursuant to **Section 7.02(e)(iv)**), and (B) the Estimated Transaction Expenses (as identified by invoices in respect thereof), by wire transfer of immediately available funds.

(iv) deliver to the Seller certificates representing, or other evidence of the issuance to the Seller of, the Shares.

(c) **Other Closing Deliveries**.

(i) Seller shall deliver to Buyer the other certificates and documents referred to in **Section 7.02**, together with such other documents as Buyer may reasonably request for the purpose of facilitating the consummation or performance of the Transactions.

(ii) Buyer shall deliver to Seller the other certificates and documents referred to in **Section 7.03**, together with such other documents as Seller may reasonably request for the purpose of facilitating the consummation or performance of the Transactions.

Section 1.07 Purchase Price Adjustment.

(a) **Determination of Adjustment Amount**.

(i) Within 90 days after the Closing Date, Buyer shall prepare and deliver to Seller a statement setting forth its calculation of (i) Closing Net Working Capital, (ii) the Closing Net Working Capital Adjustment Amount, (iii) Closing Indebtedness, (iv) Closing Cash, (v) Transaction Expenses and (vi) on the basis of the foregoing, a calculation of the Closing Purchase Price (together with the calculations referred to in clauses (i) through (v) above, the "**Final Closing Statement**"). The Closing Net Working Capital, Closing Indebtedness and Closing Cash shall be prepared in accordance with the Accounting Principles and the defined terms used in this **Section 1.07**.

(ii) Seller shall have 30 days after its receipt of the Final Closing Statement (the "**Review Period**") to review the Final Closing Statement. During the Review Period, Buyer shall cause the Company to provide Seller and its Representatives reasonable access to the books and records of the Company, the personnel of, and work papers (subject to the execution of customary work paper access letters if requested) prepared by, Buyer, the Company and each of its Representatives to the extent that they relate to the Final Closing Statement and to historical financial information (to the extent in the possession of the Company) relating to the Final Closing Statement as Seller may reasonably request for the purpose of reviewing the Final Closing Statement and to prepare a Statement of Objections, provided that such access shall be in a manner that does not materially interfere with the normal business operations of Buyer or the Company.

(iii) On or prior to the last day of the Review Period, Seller may object to the Final Closing Statement by delivering to Buyer a written statement (the "**Statement of Objections**") setting forth its objections in reasonable detail, indicating each disputed item or amount and the basis for its disagreement (including for each component of the calculations, the amount of the Seller's calculation of such component and reasons for the difference). Any items not disagreed with in the Statement of Objections will be deemed to have been accepted by Seller. If Seller fails to deliver the Statement of Objections before the expiration of the Review Period, then the Final Closing Statement (including the determinations included therein) shall be deemed to have been accepted by Seller, which shall be final, binding and conclusive for all purposes hereunder. If Seller delivers to Buyer a Statement of Objections before the expiration of the Review Period, then Buyer and Seller shall negotiate in good faith to resolve such objections within 30 days after delivery of the Statement of Objections (the "**Resolution Period**").

(iv) If Seller and Buyer fail to reach an agreement with respect to all of the matters in the Statement of Objections before expiration of the Resolution Period (or such longer period as they may mutually agree), then any amounts remaining in dispute (the "**Disputed Amounts**") shall be submitted for resolution to the San Francisco office of Moss Adams or, if Moss Adams is unable to serve or at the time of such proposed engagement is no longer independent, Buyer and Seller shall appoint by mutual agreement the office of an impartial nationally recognized firm of independent certified public accountants other than the accountants of Seller, any Member, Buyer, the Company or their Affiliates (the "**Independent Accountant**") who, acting as experts and not arbitrators, shall resolve the Disputed Amounts only. Buyer and Seller shall promptly provide their assertions regarding the Disputed Amounts in writing to the Independent Accountant and to each other.

(v) The fees and expenses of the Independent Accountant relating to the work, if any, to be performed by the Independent Accountant hereunder shall be paid by Seller, on the one hand, and by Buyer, on the other hand, based upon a fraction, the numerator of which is the portion of the aggregate amount of the Disputed Amounts not awarded to the applicable Party and the denominator of which is the aggregate amount of the Disputed Amounts. (For example, if Seller challenges items underlying the calculations of Closing Net Working Capital, Closing Indebtedness, Closing Cash and/or Transaction Expenses in the net amount of $1,000,000, and the Independent Accountant determines that Seller has a valid claim for $400,000 of the $1,000,000, Seller shall bear 60% of the fees and expenses of the Independent Accountant and Buyer shall bear 40% of the fees and expenses of the Independent Accountant.)

(vi) The Independent Accountant shall be instructed to make a determination as a soon as practicable within 30 days (or such other time as Buyer and Seller agree in writing) after its engagement, and to send copies of such written determination to Buyer and Seller. The Independent Accountant shall base its determination solely on the written submissions of the Parties and shall not conduct an independent investigation. The Independent Accountant shall not assign a value to any Disputed Amounts submitted to the Independent Accountant greater than the greatest value for such item claimed by either Party (in the Final Closing Statement, in the case of claims by Buyer, or in the Statement of Objections, in the case of claims by Seller) or less than the smallest value for such item claimed by either Party (in the Final Closing Statement, in the case of claims by Buyer, or in the Statement of Objections, in the case of claims by Seller). The Independent Accountant may not award the Parties in the aggregate more than the amount in dispute. The determination of the Independent Accountant shall be final, conclusive and binding on the Parties absent manifest error or fraud. The date on which Closing Net Working Capital, Closing Indebtedness, Closing Cash, the Closing Net Working Capital Adjustment Amount, Transaction Expenses and the Closing Purchase Price are finally determined in accordance with this **Section 1.07(a)(vi)** is hereinafter referred to as the "**Determination Date**."

(b) **Payments of Adjustment Amount**. The "**Adjustment Amount**," which may be positive or negative, shall mean the Closing Purchase Price (as finally determined in accordance with this **Section 1.07**) minus the Estimated Closing Purchase Price. The Adjustment Amount shall be paid as follows:

(i) If the Adjustment Amount is a positive number (such amount, the "**Increase Amount**"), then, promptly following the Determination Date, and in any event within five Business Days of the Determination Date, Buyer shall pay to Seller an amount in cash, in immediately available funds by wire transfer to Seller's Bank Account, equal to the Increase Amount, and Buyer and Seller shall deliver joint written instructions to the Escrow Agent in accordance with the Escrow Agreement to release the entirety of the Adjustment Escrow Amount to Seller, by wire transfer of immediately available funds to the Seller's Bank Account.

(ii) If the Adjustment Amount is a negative number (the absolute value of such amount, the "**Deficit Amount**"), and the Deficit Amount is less than or equal to the Adjustment Escrow Amount, then, promptly following the Determination Date, and in any event within five Business Days of the Determination Date, Buyer and Seller shall deliver joint written instructions to the Escrow Agent in accordance with the Escrow Agreement to pay (i) to Buyer, from the Adjustment Escrow Amount, the lesser of (x) the Deficit Amount and (y) the Adjustment Escrow Amount and (ii) the balance of the Adjustment Escrow Amount, if any, to Seller, in each case by wire transfer of immediately available funds to the account designated by Buyer or the Seller's Bank Account, as applicable.

(iii) If the Adjustment Amount is a Deficit Amount and the Deficit Amount is greater than the Adjustment Escrow Amount, then, promptly following the Determination Date, and in any event within five Business Days of the Determination Date, (i) Buyer and Seller shall deliver joint written instructions to the Escrow Agent in accordance with the Escrow Agreement to pay to Buyer the entire Adjustment Escrow Amount and (ii) Seller and the Members, jointly and severally shall be obligated to pay to Buyer the amount by which the Deficit Amount exceeds the Adjustment Escrow Amount by wire transfer of immediately available funds to the account designated by Buyer.

(c) **Adjustment for Tax Purposes**. Any payments made pursuant to **Section 1.07(b)** shall be treated as an adjustment to the Purchase Price by the Parties for Tax purposes, unless otherwise required by Law.

Section 1.08 Withholding. Buyer and its Affiliates, successors and assigns, as applicable, shall be entitled to deduct and withhold from the consideration otherwise payable to any Person pursuant to this Agreement such amounts as Buyer or any of its Affiliates, successors or assigns, as applicable, are required to deduct and withhold under the Code, or any provision of state, local or foreign Tax Law, with respect to the making of such payment. To the extent that amounts are so withheld by Buyer or any of its Affiliates, successors or assigns, as applicable, and paid over to the applicable Governmental Authority, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of whom such deduction and withholding was made.

Section 1.09 **Allocation of Purchase Price**. The Parties agree that, for federal and applicable state income Tax purposes, the sale and contribution of the Units pursuant to this Agreement shall be treated as a deemed purchase by Buyer of all of the assets and assumption of Liabilities of the Company from the Seller (the "**Agreed Tax Treatment**"). Within one hundred twenty (120) days following the Determination Date, Buyer shall provide a schedule to the Seller (the "**Allocation Statement**") allocating the Purchase Price and any adjustments thereto and all other items treated as consideration for federal income Tax purposes, including the Liabilities of the Company deemed assumed by Buyer, among the assets of the Company in accordance with Section 1060 of the Code and applicable Treasury Regulations. Within twenty (20) days of the Seller's receipt of the Allocation Statement, the Seller shall provide in writing (such writing, the "**Allocation Objection**") to Buyer any proposed changes thereto, together with a written explanation setting forth in reasonable detail the basis of any proposed changes. If the Seller does not provide Buyer with an Allocation Objection or an Allocation Objection that contains the Seller's proposed allocation of the Purchase Price within such 20-day period, the Allocation Statement shall become final and binding on the Parties. If the Seller delivers an Allocation Objection to Buyer in accordance with the foregoing within such 20-day period, Buyer and the Seller shall negotiate in good faith to resolve any dispute within twenty (20) days after Buyer's receipt of the Allocation Objection. If Buyer and the Seller are unable to resolve the dispute within such 20-day period, the Independent Accountant shall thereafter resolve the issues in dispute. The Independent Accountant shall resolve such issues in accordance with Section 1060 of the Code and the applicable Treasury Regulations and the Allocation Statement shall be modified accordingly. The fees and expenses payable to the Independent Accountant shall be split equally between Buyer and the Seller. The Allocation Statement (as finally determined pursuant to this **Section 1.09**) shall be binding upon the Parties for federal and applicable state, foreign and local Tax purposes. The Parties agree that they shall file and shall cause their Affiliates to file their Tax Returns (including IRS Form 8594) in a manner consistent with the Allocation Statement and no Party shall voluntarily take a position inconsistent with the Allocation Statement and no Party shall agree to any proposed adjustment to the Allocation Statement by any Taxing Authority without first giving Buyer (in the case of an agreement by the Seller) or the Seller (in the case of an agreement by Buyer) prior written notice; *provided*, *however*, that nothing contained herein shall prevent Buyer or the Seller from settling any proposed deficiency or adjustment by any Taxing Authority based upon or arising out of the Allocation Statement, and neither Buyer nor the Seller shall be required to litigate before any court any proposed deficiency or adjustment by any Taxing Authority challenging such Allocation Statement. If there is an increase or decrease in the consideration within the meaning of Treasury Regulations Section 1.1060-1(e)(1)(ii)(B) (including as a result of the payment of Additional Purchase Price) after the Parties have filed the IRS Form 8594, the Parties shall revise the Allocation Statement in a manner consistent with the Allocation Statement and such revised statement shall become the Allocation Statement for purposes of this Agreement. Except as otherwise set forth in this **Section 1.09**, the Parties agree not to take any position, in connection with any Tax Return, audit or similar proceeding related to Taxes, that is inconsistent with the Allocation Statement (as finally prepared pursuant to this **Section 1.09**) and the Agreed Tax Treatment.

ARTICLE II
REPRESENTATIONS AND WARRANTIES RELATING TO THE COMPANY

Each of the Seller and the Members, jointly and severally, represent and warrant to Buyer as follows:

Section 2.01 **Organization, Power and Qualification of the Company**.

(a) The Company is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware and has all necessary power and authority to own, operate or lease the properties and assets now owned, operated or leased by it, to carry on the Business as it is currently conducted, to enter into this Agreement and the other Transaction Agreements to which the Company is a party, to perform its obligations hereunder and thereunder, and to consummate the Transactions. The Company is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business as currently conducted makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. **Section 2.01(i) of the Disclosure Letter** contains a complete and accurate list of each jurisdiction in which the Company is qualified to do business as a foreign business entity. **Section 2.01(ii) of the Disclosure Letter** contains a complete and accurate list of all assumed or fictitious names of the Company used within the last five (5) years and the corresponding jurisdiction(s) in which the Company has registered such assumed or fictitious names.

(b) The Seller has made available to Buyer correct and complete copies of the Organizational Documents of the Company. Such Organizational Documents are in full force and effect and the Company is not in violation of any provisions of such Organizational Documents.

Section 2.02 Authority; Enforceability.

(a) The execution, delivery and performance by the Company of this Agreement and the other Transaction Agreements to which the Company is a party, and the consummation of the Transactions, are within the limited liability company power of the Company. The execution, delivery and performance by the Company of this Agreement and the other Transaction Agreements to which the Company is a party, and the consummation by the Company of the Transactions, have been duly and validly authorized by all necessary actions (including any action by the member and managers of the Company), and no other action on the part of the Company is necessary to authorize the execution, delivery and performance by the Company of this Agreement and the other Transaction Agreements to which the Company is a party, and the consummation by the Company of the Transactions.

(b) This Agreement and the other Transaction Agreements to which the Company is a party have been duly executed and delivered by the Company, and (assuming due authorization, execution and delivery by Buyer) this Agreement and the other Transaction Agreements to which the Company is a party constitute the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity) (collectively, the "**Enforceability Exception**").

Section 2.03 Capitalization; Ownership of Units. The authorized Equity Securities of the Company consist solely of the Units, all of which are issued and outstanding. Except for the Units, there are no issued or outstanding Equity Securities of the Company. The Units have been duly authorized and are validly issued, fully paid and non-assessable, and are owned of record and beneficially by Seller and are free of any preemptive rights in respect thereto, and were not issued in violation of any preemptive rights, call options, rights of first refusal, subscription rights, transfer restrictions (other than those imposed by securities Laws) or similar rights of any Person or applicable Law. There are no Contracts to which the Company or Seller is a party or by which it is bound relating to the issuance, repurchase, exchange, conversion, transfer, disposition redemption or acquisition of any Equity Securities of the Company. Except pursuant to this Agreement, neither Seller nor the Company has granted, directly or indirectly, to any Person any right to acquire any Equity Securities of the Company or any right or privilege capable of the right to acquire any Equity Securities of the Company. Neither Seller nor the Company is a party to any voting trust, proxy or other agreement or understanding with respect to the voting of any of Equity Securities of the Company or Seller and there are no contractual equityholder preemptive or similar rights, rights of first refusal, rights of first offer or registration rights in respect of any Equity Securities of the Company.

Section 2.04 **Subsidiaries**. The Company (i) has no Subsidiaries, and (ii) does not directly or indirectly own, nor has it owned, any Equity Securities of any Person.

Section 2.05 **No Conflicts; Consents.** The execution, delivery and performance by the Company of this Agreement and the other Transaction Agreements to which the Company is a party, and the consummation of the Transactions, does not and will not (a) result in a violation or breach of the Organizational Documents of the Company, (b) result in a violation or breach of any Law or Order applicable to the Company, (c) except as set forth on Section 2.05 of the Disclosure Letter, require the consent, notice, waiver, filing or other action by any Person under, conflict with, result in a violation or breach of, constitute a default under, give rise to a right of termination of, or result in the acceleration of any right or obligation under, any Contract to which the Company is a party or by which its assets are bound, or (d) result in the creation or imposition of any Encumbrance on any asset of the Company. No consent, waiver, approval, Permit, Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to the Company in connection with the execution and delivery of this Agreement, the other Transaction Agreements to which the Company is a party, and the consummation of the Transactions.

Section 2.06 **Financial Statements**.

(a) **Section 2.06(a) of the Disclosure Letter** contains correct and complete copies of the following financial statements of the Company (such financial statements, the "**Financial Statements**"): (i) unaudited financial statements of the Company as of December 31, 2019, consisting of the unaudited balance sheets and the related unaudited statements of income and cash flows for the fiscal year ended on such date (the "**2019 Financial Statements**"), (ii) the audited financial statements of the Company as of December 31, 2020, consisting of the audited balance sheet and the audited statement of income and members' equity and statement of cash flows for the year ended on such date, together with all related notes and schedules thereto, accompanied by the report thereon of the Company's independent auditors (the "**Audited Financial Statements**"), and (iii) the unaudited balance sheet of the Company as of March 31, 2021 (the "**Latest Balance Sheet**") and the related unaudited statements of income and cash flows for the three month period then ended (collectively with the Latest Balance Sheet, the "**Most Recent Financial Statements**"). Each of the 2019 Financial Statements and the Most Recent Financial Statements have been prepared from the books and records of the Company and fairly present the financial position and results of operations of the Company as of the date and for the period referred to in such Financial Statements, respectively. The Audited Financial Statements has been prepared in accordance with GAAP and fairly presents the financial position and results of operations of the Company as of the respective dates and for the periods referred to in such Financial Statements, subject to the absence of footnote disclosures in the Most Recent Financial Statements.

(b) The Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's authorization, (ii) transactions are recorded as necessary to permit preparation of financial statements of the Company in conformity with GAAP applied on a consistent basis and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences ("**Internal Controls**"). Neither the Company nor Seller has identified or received notice from an independent auditor of (x) any significant deficiency or material weakness in the system of Internal Controls utilized by the Company, (y) any facts, that in their totality, reasonably constitute fraud that involves the Company or the Seller's management or other employees who have a role in the preparation of financial statements or the Internal Controls utilized by the Company, or (z) any claim or allegation regarding any of the foregoing. There are no significant deficiencies or material weaknesses in the design or operation of the Internal Controls over financial reporting that would reasonably be expected to adversely affect, in a material manner, the Company's ability to record, process, summarize and report financial information.

(i) The books and records of the Company (i) are complete and correct in all material respects, and all transactions to which the Company is or has been a party are accurately reflected therein, (ii) reflect all discounts, returns and allowances granted by the Company with respect to the periods covered thereby, (iii) have been maintained in accordance with customary and sound business practices, (iv) form the basis of the Financial Statements, and (v) reflect the assets, Liabilities, financial position, results of operations and cash flows of the Company.

Section 2.07 Undisclosed Liabilities. The Company has no material Liabilities, other than Liabilities (a) set forth on the Latest Balance Sheet, (b) incurred in the Ordinary Course of Business since the date of the Latest Balance Sheet, and (c) incurred in connection with this Agreement and the Transactions.

Section 2.08 Absence of Certain Changes, Events and Conditions. Since January 1, 2021, (a) the Company has conducted the Business in the Ordinary Course of Business, (b) there has not been any event, occurrence, development or state of circumstances or facts that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and (c) except as set forth on **Section 2.08 of the Disclosure Letter**, the Company has not:

(a) made any change in its (i) accounting methods, principles or practices, (ii) Tax reporting practices, or (iii) cash management practices (including with respect to accounts receivable);

(b) (i) settled or compromised any Tax Claim, audit, or assessment, (ii) made changed or revoked any Tax election, (iii) adopted or changed any annual Tax accounting period, or method of Tax accounting, (iv) amended any Tax Return or claim for refund, or (v) consented to any extension or waiver of the limitations period applicable to any claim or assessment in respect of Taxes or surrendered any right or claim to refund of Taxes;

(c) waived, compromised, canceled, terminated, abandoned, allowed to lapse, assigned or granted any rights in, allowed to expire or released any right under any Contract to which the Company is a party or any Company Intellectual Property Rights, or made any write-off or write-down of or made any determination to write-off or write-down any of its assets or properties, except in the Ordinary Course of Business;

(d) terminated, modified or amended any Material Contract, except such terminations, modifications or amendments entered into in the Ordinary Course of Business;

(e) made any capital expenditures or commitments in excess of an aggregate of $50,000, or suffered any damages to or destruction of any tangible assets (whether or not covered by insurance), involving amounts that exceed $50,000 in the aggregate, or experienced any material changes in the amount and scope of insurance coverage;

(f) suffered (i) any material shortages, cessation or interruption of supplies, utilities, or other services required to conduct the Business, or (ii) any loss of a Material Customer or Material Supplier;

(g) incurred, assumed or paid any material Liabilities, other than in the Ordinary Course of Business, settled any dispute or Liability pending or threatened against it or any of its properties or assets, or failed to pay or discharge when due any accounts payable or other Liabilities;

(h) commenced, settled or compromised any Legal Proceeding;

(i) sold, assigned, transferred, conveyed, leased, pledged, encumbered or otherwise disposed of any material assets or properties, other than dispositions of inventory in the Ordinary Course of Business;

(j) acquired any properties or assets or entered into any other transaction, other than in the Ordinary Course of Business, or effected any merger, consolidation, recapitalization, redemption, reclassification, split or similar change in its capitalization;

(k) amended or modified its Organizational Documents, except pursuant to the Reorganization;

(l) (i) split, combined or reclassified the Units, or (ii) declared, set aside or paid any dividend or other distribution other than distributions of cash consistent with past practice;

(m) issued any Equity Securities to any Person other than Seller;

(n) (i) adopted a plan of complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization, except for the Reorganization, or (ii) entered into any Contract providing for acceleration of payment or performance as a result of a change of control;

(o) made (i) any change in the rate of compensation, commission, bonus or other remuneration payable, or agreed to pay, any bonus, incentive, retention or other compensation, or any change in control payment, to or in respect of any employee, or (ii) entered into any new, or amended or terminated any existing, Employee Benefit Plan;

(p) experienced a breach of the Company's information technology systems, networks, and/or services, or any unauthorized use, access, or disclosure of Personal Information in the Company's possession, custody, or control; or

(q) agreed to or obligated itself to do any of the foregoing.

Section 2.09 Material Contracts.

(a) **Section 2.09(a) of the Disclosure Letter** sets forth a correct and complete list of the following Contracts to which the Company is a party or under which the Company has continuing Liabilities that fall within the following categories (collectively, the "**Material Contracts**"):

(i) any Contract for the purchase of services or products providing for either (A) annual payments by the Company of $50,000 or more; or (B) anticipated receipts by the Company of more than $50,000 in any calendar year;

(ii) any Contract that provides for indemnification by the Company entered into outside of the Ordinary Course of Business;

(iii) any employment, change of control, severance, consulting or restrictive covenant Contract with any current or former (A) officer, director or manager of the Company, (B) any Employee (other than oral employment Contracts terminable at will without any further obligation of the Company), or (C) independent contractor;

(iv) any Contract that relates to the sale of any of the Company's assets, other than in the Ordinary Course of Business;

(v) any Contract that relates to the acquisition or disposition of any business, a material amount of stock or assets of any other Person or any real property (whether by merger, sale of stock, sale of assets or otherwise) pursuant to which the Company has continuing obligations following the date hereof;

(vi) any Contract relating to any Indebtedness of the Company or any other Person whereby the Company guarantees such Indebtedness;

(vii) any Contract with any Governmental Authority;

(viii) any Contract that limits, purports to limit, impedes, interferes with or restricts the ability of the Company or its Affiliates to (A) compete with any Person in a product line or any line of business, (B) operate in any geographic area, (C) engage in any line of business, or (D) solicit for employment, hire or employ any Person;

(ix) any Contract that provides for a joint venture, partnership or similar arrangement by the Company;

(x) any collective bargaining agreements or Contracts with any labor organization, union or association;

(xi) any lease or sublease related to the Leased Real Property;

(xii) any material option, license, franchise or similar Contract;

(xiii) any Contract that obligates the Company to conduct business on an exclusive or preferential basis, that contains a "most favored nation" or similar covenant with any Person or that contains requirements, "take or pay" or similar provisions binding on the Company;

(xiv) any Contract pursuant to which the Company grants or is granted a license or right to use, or covenant not to be sued under, any Intellectual Property Rights other than (A) licenses for commercially available Software that are generally available on nondiscriminatory pricing terms which have an aggregate annual cost of $50,000 or less, and (B) non-exclusive licenses granted to, or by, the Company in the Ordinary Course of Business;

(xv) any Contracts between or among the Company, on the one hand, and Seller, any Member or any Affiliate of Seller or any Member, on the other hand;

(xvi) any Contract pursuant to which a consent or waiver of, or notice to, a counterparty thereto is required in connection with the consummation of the Transactions;

(xvii) any Contract that grants any right of first refusal, right of first offer, or similar right with respect to any assets, rights or properties of the Company;

(xviii) any manufacturing Contract;

(xix) any Contract relating to the distribution, marketing or advertising of any of the Company Products;

(xx) any Contract between the Company, on the one hand, and any distributors, manufacturers' agents or selling agents, on the other hand, or pursuant to which the Company sells or distributes products or pays a commission to a Person with respect to the sale of the Company Products;

(xxi) any Contract with a Material Customer, other than purchase orders entered into in the Ordinary Course of Business;

(xxii) any Contract with a Material Supplier other than purchase orders entered into in the Ordinary Course of Business; and

(xxiii) any Contract which is not otherwise described in clauses (i)-(xxii) above that is material to the Company.

(b) Correct and complete copies of the Material Contracts have previously been made available to Buyer. The Company is not in breach of, or default under, any Material Contract and there is no event or condition that, with or without notice or lapse of time or both, could constitute a breach or default by the Company under any Material Contract. To Seller's Knowledge, no other party to any Material Contract is in breach of, or default under, any Material Contract and there is no event or condition that, with or without notice or lapse of time or both, could constitute a breach or default by any other party under any Material Contract. Each of the Material Contracts is in full force and effect, is a legal, valid and binding obligation of the Company and enforceable against the Company, and, to Seller's Knowledge, against the other parties thereto, in accordance with its terms, except as enforceability may be limited by the Enforceability Exception. There has not been any written notice or, to Seller's Knowledge, threat to terminate any Contract to which the Company is a party. To Seller's Knowledge, no event has occurred which (with or without notice or lapse of time or both) permits any termination, modification or acceleration of payment, or requires any payment, under any Contract to which the Company is a party.

Section 2.10 Real Property.

(a) The Company does not own any real property. **Section 2.10(a) of the Disclosure Letter** contains a correct and complete list of all real property leased (whether as landlord or tenant) or occupied by the Company, and the lessor or lessee of such property (the "**Leased Real Property**"). The Company has a valid leasehold interest in the Leased Real Property.

(b) Neither the whole nor any portion of the Leased Real Property has been condemned, requisitioned, expropriated or otherwise taken by any Governmental Authority and, to Seller's Knowledge, no such condemnation, requisition, expropriation or taking is threatened or contemplated. There are no pending or, to Seller's Knowledge, threatened changes to any applicable codes or zoning requirements affecting or against all, any portion of the Leased Real Property. There are no (i) public improvements which have been ordered, commenced or completed and for which an assessment may be levied against the Leased Real Property, or (ii) planned improvements which may result in any assessment against the Leased Real Property, in each case that would result in a Liability of the Company. There is no Encumbrance applicable to the Leased Real Property that would impair the current use or the occupancy of such Leased Real Property by the Company. All buildings, structures, fixtures, and appurtenances comprising part of the Leased Real Property were constructed or installed in all material respects in accordance with all Laws, are, to Seller's Knowledge, structurally sound and are in good condition and repair (normal wear and tear excepted), and do not encroach on any property owned by any other Person, and there are no violations of any Law affecting any portion of the Leased Real Property, including violations of any Laws regulating building, zoning, fire, safety, environmental, traffic, flood control or health, and no notice of any such violation has been issued by any Governmental Authority.

(c) All improvements to the Leased Real Property (including mechanical, electrical and plumbing systems serving such improvements) are in good condition and repair (normal wear and tear excepted), and, to Seller's Knowledge, such improvements are free from structural defects. There are no continuing maintenance, repair or capital improvement obligations with respect to the Leased Real Property set forth in the lease for the Leased Real Property that have not been satisfied by the Company. Except as set forth on **Section 2.10(c) of the Disclosure Letter**, there are no improvements or additions that are required to be removed by the Company pursuant to the terms of the lease for the Leased Real Property upon termination of any lease or sublease relating to the Leased Real Property. There are no damages, conditions or repairs that the Company would be obligated to repair, restore or remediate pursuant to the terms of the lease for the Leased Real Property upon termination of such lease or sublease. The Leased Real Property is supplied with utilities and other services adequate for the operation of such Leased Real Property, including adequate water, storm and sanitary sewer, gas, electric, cable and telephone facilities. The Company has obtained all agreements or other rights from any other Person necessary to permit the lawful use and operation of the facilities located on the Leased Real Property or any driveways, roads and other means of egress and ingress to and from the Leased Real Property, and each such agreement or other right is in full force and effect.

(d) There are no outstanding options, rights of first offer or rights of first refusal to purchase or lease the Leased Real Property or any portion thereof or interest therein to which the Company is a party or is otherwise bound. The Leased Real Property is not shared by the Company, on the one hand, and any other Person, on the other hand, or used for any business other than the Business. The Company has the right to quiet enjoyment of all of the Leased Real Property. There has been no disturbance of, or challenge to, the Company's quiet possession of any Leased Real Property for the full term of any applicable lease and any renewal option related thereto.

(e) There is no pending or, to Seller's Knowledge, threatened Legal Proceeding against or affecting the Leased Real Property.

(f) (i) No portion of the Leased Real Property is located within a flood hazard area; and (ii) no portion of the Leased Real Property constitutes wetlands.

(g) No impact fees have been imposed, assessed or levied against the Leased Real Property; to Seller's Knowledge, no impact fees are contemplated by any Governmental Authorities to be imposed, assessed or levied against the Leased Real Property and any impact fees imposed, assessed or levied upon the Leased Real Property have been paid in full.

Section 2.11 Title to Assets; No Other Business; Condition.

(a) The Company has good, valid and marketable title to, or a valid leasehold or license interest in, all of the property and assets of the Company (including the Leased Real Property and the Company Intellectual Property Rights), free and clear of all Encumbrances, except Permitted Encumbrances. Such property and assets constitute all of the assets, rights and properties necessary and sufficient for the Company to operate the Business after the Closing in the same manner as conducted by the Company in the one-year period prior to the Closing Date. The Company does not engage in any business other than the Business.

(b) All of the tangible properties and assets of the Company (including the building(s) and other improvements comprising the Leased Real Property) are (a) free from defects or other deficiency (whether in design or manufacture), (b) usable in the regular and Ordinary Course of Business, (c) in conformity with all applicable Laws and Permits relating to their manufacture, use and operation, (d) in good operating condition and repair, ordinary wear and tear excepted, (e) to Seller's Knowledge, structurally sound, and (f) adequate for the purposes for which such properties and assets are being used by the Company.

Section 2.12 Intellectual Property.

(a) **Section 2.12(a) of the Disclosure Letter** contains a list including, where applicable, the filing, registration, or issuance date, application number, registration or issuance number, owner, and jurisdiction, of all (i) registrations or issuances of any Company Intellectual Property Rights, (ii) pending applications for registration of any Company Intellectual Property Rights, (iii) Contracts under which the Company has granted or licensed to any third party any Intellectual Property Rights and/or Company Intellectual Property Rights, (iv) Contracts under which a third party has granted or licensed to the Company any Intellectual Property Rights and/or Company Intellectual Property Rights ("**Licenses-In**"), (v) Software (other than commercially available off-the-shelf Software licensed by the Company that is generally available on nondiscriminatory pricing terms which has an aggregate annual cost of $50,000 or less), (vi) trade secrets, (vii) unregistered Marks, and (viii) Domain Names and social media accounts, in each case owned or purported to be owned by, licensed by, licensed to or used by the Company or otherwise necessary to or used in the operation of the Business (categorized by type (e.g., Patents, Marks, Domain Names, Copyrights, Contracts, trade secrets and Software) and whether such Patents, Marks, Domain Names, Copyrights, Contracts, trade secrets and Software are owned, licensed by, licensed to or used by the Company). The Company Intellectual Property Rights listed in **Section 2.12(a) of the Disclosure Letter** are valid and enforceable. Buyer has had access to correct and complete prosecution histories memorializing all correspondence with the United States Patent & Trademark Office or other foreign analogue administrations or tribunals relating to applications for or registrations of the Company Intellectual Property Rights, as well as documents sufficient to show chain of title from applicable inventors or authors of such Company Intellectual Property Rights to the Company. All required filings and fees related to the Registered Intellectual Property owned by the Company have been timely submitted and paid to the appropriate Governmental Authority. All Registered Intellectual Property owned by the Company has been duly filed, registered or issued, as the case may be, with the appropriate Governmental Authority and has been properly maintained and renewed in accordance with all applicable Laws in all material respects. The formulas for each of the Company Products produced by or on behalf of the Company have been recorded in written or electronic form so that the Company can produce such Company Products after the Closing in the same manner as they were produced before the Closing and the Company has not disclosed those formulas to any Person that was not subject to an obligation of confidentiality and has otherwise taken all steps to protect the trade secret status of such formulas.

(b) The Company owns, exclusively and beneficially, free and clear of all Encumbrances (other than Permitted Encumbrances), all rights, title, and interests in and to the Intellectual Property Rights owned by the Company, and has the valid right to use, free and clear of all Encumbrances (other than Permitted Encumbrances), all of the other Intellectual Property Rights used by the Company, and no Intellectual Property Rights owned by the Company are in the control of any Person other than the Company. No Company Intellectual Property Right is subject to any outstanding Order or Contract restricting the use thereof by the Company or restricting the licensing thereof by the Company to any Person.

(c) The operation of the Business, as currently conducted by the Company and as conducted since the Lookback Date, and the Company Intellectual Property Rights owned, licensed, or used by the Company, do not and since the Lookback Date have not infringed, misappropriated, diluted or otherwise violated, and have not since the Lookback Date and do not infringe, dilute, misappropriate, or otherwise violate, the Intellectual Property Rights or other rights of any Person or give rise to an obligation to render an accounting to any Person as a result of co-authorship or co-invention.

(d) Neither the Company nor Seller has received any written notice (including by demand letter or offer to license) alleging that the operation of the Business infringes, and/or its use of any Intellectual Property Rights misappropriates or otherwise violates, the Intellectual Property Rights or any other right of any Person. Except as set forth on **Section 2.12(d) of the Disclosure Letter,** to Seller's Knowledge, no Person has infringed, misappropriated, or otherwise violated any Company Intellectual Property Right. There is no basis for any Legal Proceeding asserting any such infringement or asserting that the Company does not have the legal right to use any of the Intellectual Property Rights used in, necessary for, or related to the conduct of the Business or that the Company unfairly competes with any Person.

(e) The execution and delivery of this Agreement and the consummation of the Transactions will not result in any of the Intellectual Property Rights used in, necessary for, or related to the conduct of the Business ceasing to be available for use in the operation of the Business on terms and conditions identical to those on which such Intellectual Property Rights were used by the Company immediately prior to the Closing.

(f) All Software used in connection with the Business or otherwise residing on the Company's computer systems is properly licensed, and the Company has not made any unlicensed copies of such Software except those permitted for archival and back-up purposes. The Company is not, nor, to Seller's Knowledge, is any other party, in breach of or in default under any such license or other Contract, and each such license and other Contract is valid and in full force and effect. The Company owns all licenses necessary to use the Software used in the operation of the Business, to Seller's Knowledge, without claims of infringement or other violation of rights of the owner of such Software. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any such license or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder.

(g) The Company has the right to use, sell, license, dispose of, sublicense, and freely assign, and has the right to bring actions for the infringement or misappropriation of, any of the Company Intellectual Property Rights. The Company is not under any obligation to pay any royalty, license fee, or other similar consideration to any Person or to obtain any approval or consent for use of any of the Intellectual Property Rights used in, necessary for, or related to the conduct of the Business.

(h) Any Software created or developed by the Company or on its behalf is free and clear of any defects, malware, viruses, or other malicious code. The use, sale, or licensing of any Software created or developed by the Company or on its behalf is not governed, in whole or in part, by the terms of the GNU General Public License or any other license requiring (as a license condition or otherwise) the Company to disclose, assign, or license any source code or any other content associated with the any of the Intellectual Property Rights used in, necessary for, or related to the conduct of the Business.

(i) Each current and former employee of the Company and any current or former independent contractor or other Person retained by the Company who, either alone or in concert with others, created or creates, developed or develops, invented or invents, discovered or discovers, derived or derives, programmed or programs, or designed or designs any of the Company Intellectual Property Rights, has entered into a written agreement with the Company (i) presently assigning all rights in such Intellectual Property Rights to the Company, and (ii) providing that such employee, independent contractor, or other Person waives any moral rights thereto. Each current and former employee of the Company and any current or former independent contractor or other Person retained by the Company who has had access to or was provided with any material Confidential Information or trade secrets of the Company or any Confidential Information for which the Company or Seller owed or owes a duty of confidentiality to a third Person, has entered into a written agreement with the Company or Seller containing reasonable confidentiality obligations to protect such Confidential Information or trade secrets and that are compliant in all material respects with any obligations of confidentiality owed by the Company to any applicable third Person. No former owner, Affiliate, employee, or independent contractor of the Company, or other Person, has any valid claim or right to any of the rights in the Company Intellectual Property Rights. The Company has used and uses its reasonable efforts to diligently protect its rights in the material Intellectual Property Rights owned by the Company, including the confidential nature of all trade secrets (including any trade secrets of third parties to whom the Company owed or owes a duty of confidentiality), and there have been no acts or omissions by the Company, the result of which would be to compromise the rights of the Company in any material respect (or Buyer after the Closing Date) to apply for or enforce appropriate legal protection afforded by such Intellectual Property Rights owned by the Company in the manner in which the Business is currently operated or that would result in the abandonment, dedication to the public domain, or loss of any rights in or to any such Intellectual Property Rights. The Company has not and has not been in violation of any confidentiality obligation owed to any other Person in any material respect.

(j) The Company owns or has exclusive control over all Domain Names comprising the Intellectual Property Rights owned by the Company (including all login or access credentials for any social media accounts and Domain Name registrations) and no single employee, contractor or other Person owns, maintains, or controls such login or access credentials.

(k) Except as would not result in a material Liability to the Company, the Company has all consents, authorizations, permissions, and/or waivers necessary to use any names, images, likenesses, quotes, or other personal indicia of any Person as used by the Company, and such consents, authorizations, permissions shall survive the Closing.

Section 2.13 Insurance(ii).

(a) **Section 2.13 of the Disclosure Letter** sets forth a correct and complete list of all policies of insurance of the Company or Seller currently in effect (collectively, the "**Insurance Policies**"), including the carrier, description of coverage, limits of coverage, retention or deductible amounts, amount of annual premiums, and date of expiration with respect to each Insurance Policy. Seller has made available to Buyer correct and complete copies of each Insurance Policy.

(b) All Insurance Policies are binding, enforceable and in full force and effect and provide insurance in such amounts and against such risks as Seller reasonably has determined to be prudent, taking into account the industries in which the Company operates. The Company is not in breach or default, and the Company has not taken any action or failed to take any action which, with notice or the lapse of time, would constitute such a breach or default, or permit termination or modification of, any of the Insurance Policies. To Seller's Knowledge, no insurer of any Insurance Policy has declared bankruptcy or been declared insolvent or placed in receivership, conservatorship or liquidation. No notice of cancellation or termination, other than pursuant to the expiration of a term in accordance with the terms thereof, has been received by the Company or Seller with respect to any Insurance Policy, and no event or condition exists or has occurred that could result in cancellation of any Insurance Policy prior to its scheduled expiration date.

(c) The Insurance Policies are sufficient for compliance by the Company with all requirements of Law and with the requirements of all Contracts to which the Company is a party. The Company has not been refused any insurance with respect to the Business or assets of the Company other than applications for insurance submitted in the ordinary course where the insurance carrier declined to quote. No Insurance Policy provides for or is subject to any retroactive rate or premium adjustment, loss sharing arrangement or other Liability arising wholly or partially out of events arising prior to the Closing. Neither the Company nor Seller has received any written notice from or on behalf of any insurance carrier issuing any Insurance Policy that insurance rates therefor shall hereafter be substantially increased (except to the extent insurance rates may be increased for all similarly situated risks) or that there shall hereafter be a cancellation or an increase in a deductible (or an increase in premiums to maintain an existing deductible) or nonrenewal of any Insurance Policy.

Section 2.14 Legal Proceedings; Orders. Except as set forth on **Section 2.14 of the Disclosure Letter**, the Company is not (and has not been since the Lookback Date) a claimant or defendant in, or otherwise a party to, any Legal Proceeding or, to Seller's Knowledge, threatened Legal Proceeding against the Company or otherwise affecting or involving the Business or the assets of the Company. To Seller's Knowledge, there is no investigation or review pending or threatened by any Governmental Authority with respect to the Company or the Business. There are no Orders of, or before, any Governmental Authority against the Company or under which the Company is subject to ongoing obligations.

Section 2.15 Compliance With Laws; Permits; Anti-Corruption Laws.

(a) Except as set forth on **Section 2.15(a) of the Disclosure Letter**, the Company is, and since the Lookback Date has been, in compliance in all material respects with all Laws applicable to it or the Business, its properties or its assets.

(b) Except as set forth on **Section 2.15(b) of the Disclosure Letter**, the Company holds all Permits required for the operation of the Business. All such Permits are valid and in full force and effect. The Company is in compliance in all material respects with the terms of such Permits, and there are no Legal Proceedings pending or, to Seller's Knowledge, threatened that would reasonably be expected to result in the revocation or termination of any such Permit. No condition, fact or circumstance exists that would result in, or would be likely to result in, the revocation, limitation, nonrenewal or denial of any Permit necessary or advisable for the lawful conduct of the Business.

(c) Since the Lookback Date, none of the Company nor any of its directors, managers, officers or employees, or to Seller's Knowledge, any agent or other person acting on behalf of the Company has, directly or indirectly, violated or is in violation of, or is aware of any action taken that would result in a violation of, the Foreign Corrupt Practices Act of 1977 or any anti-corruption Law (collectively, the "**Anti-Corruption Laws**"), nor (i) used any funds of the Company for unlawful contributions, unlawful gifts, unlawful entertainment or other unlawful expenses relating to political activity, (ii) made any unlawful payment to foreign or domestic governmental officials or employees or to foreign or domestic political parties or campaigns from funds of the Company, or (iii) made any unlawful bribe, unlawful rebate, unlawful payoff, unlawful influence payment, unlawful kickback or other unlawful payment to any person, private or public, regardless of form, whether in money, property or services. No Legal Proceeding by or before any Governmental Authority involving the Company or any of its directors, managers, officers, employees, agents or other Persons acting on their behalf, with respect to any Anti-Corruption Law is pending or, to Seller's Knowledge, threatened, nor have any disclosures been submitted by the Company to any Governmental Authority with respect to potential violations of any Anti-Corruption Law by any such Person.

(d) Since the Lookback Date, neither the Company nor any of its directors, managers, officers or employees, or, to Seller's Knowledge, any agent or other Person acting on behalf of the Company has, directly or indirectly, violated or is in violation of, or is aware of any action taken that would result in a violation of, the Uniting and Strengthening America By Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "**USA PATRIOT Act**") or any other anti-money laundering Law applicable to it ("**AML Laws**"). Neither the Company nor any of its directors, managers, officers or employees, or, to Seller's Knowledge, any agent or other Person acting on behalf of the Company has, directly or indirectly, (i) used any funds of the Company to engage in illegal conduct under any applicable Laws, (ii) engaged in transactions intended to or having the effect of disguising the nature, location, source, ownership or control of funds, (iii) engaged in transactions involving funds that are the proceeds of unlawful activity, or (iv) engaged in a financial transaction designed in whole or in part to avoid a financial reporting requirement under any applicable Law. No Legal Proceeding involving the Company or any of its directors, managers, officers, employees, agents or other Persons acting on their behalf, with respect to any AML Law is pending or, to Seller's Knowledge, threatened, nor have any disclosures been submitted by the Company to any Governmental Authority with respect to potential violations of any AML Law by any such Person.

(e) Since the Lookback Date, the Company has conducted its import and export transactions in accordance with all applicable U.S. import, export and re-export Laws and controls and all other applicable import, export and re-export Laws and controls in other countries in which the Company conducts the Business.

Section 2.16 Environmental Matters.

(a) The Company is, and has been since the Lookback Date, in compliance in all material respects with all applicable Environmental Laws.

(b) The Company possesses and is in compliance in all material respects with all Permits required by all applicable Environmental Laws. All such environmental Permits are in full force and effect and shall be maintained in full force and effect through the Closing Date in accordance with all Environmental Laws. With respect to any such environmental Permits, Seller has undertaken, or will undertake prior to the Closing Date, all measures necessary to facilitate transferability of the same, and neither Seller nor the Company is aware of any condition, event or circumstance that might prevent or impede the transferability of the same, nor have they received any written communication regarding any material adverse change in the status or terms and conditions of the same. The Company has obtained all necessary approvals from the U.S. Department of Agriculture, the Environmental Protection Agency, and any applicable state Department of Agriculture with respect to the importation of any fertilizer or pesticide into the United States.

(c) All Company Products which the Company sells, distributes or otherwise causes to be entered into commerce have been labeled accurately and as required by all Environmental Laws including, in accordance with the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §§ 136 et seq, any state labeling Law, and in accordance with applicable industry standards including standards of the Association of American Plant Food Control Officials ("**AAPFCO**"). The Company has obtained all required certifications with respect to any Company Product that is labeled as "organic" including from the Organic Materials Review Institute, AAPFCO, or other applicable third-party or Governmental Authority, and meets all requirements with respect to any Company Product that is labeled as "organic" pursuant to National Organic Standards or any other standard. The Company has adequate processes and systems in place and has adequately educated its personnel in a manner consistent with common industry practice, to comply with all federal, state and local Laws relating to handling and labeling of organic products, including the National Organic Standards as promulgated by the U.S. Department of Agriculture ("**USDA**"). Any product which the Company imports for sale as organic has been approved by the National Organic Program of USDA's Agricultural Marketing Service. All organic product certifications are listed on **Section 2.16(c) of the Disclosure Letter**, and are in full force and effect.

(d) (i) Since the Lookback Date, no written notice of violation, order, request for information, indemnity obligation, claim, complaint or penalty has been received by the Company or Seller, and (ii) there are no Legal Proceedings pending or, to Seller's Knowledge, threatened against the Company, in the case of each of (i) and (ii), that alleges a violation of or Liability under any Environmental Law by the Company that has not been settled, dismissed, paid or otherwise resolved. Since the Lookback Date, there have been no regulatory compliance inspections at any Leased Real Property by any Governmental Authority that have not been resolved to the satisfaction of the applicable Governmental Authority.

(e) Neither the Company nor Seller has received any notice from a Governmental Authority or other Person that the Company is (i) in violation of any Environmental Laws or (ii) subject to any Liability arising under Environmental Laws or any material investigation, remediation or corrective obligation relating to the Company or any Leased Real Property.

(f) There have been no Releases at any Leased Real Property of Hazardous Materials as a result of any operations or activities of the Company or its contractors or third-party operators that would reasonably be expected to result in a Liability of the Company.

(g) No Hazardous Materials are present at, on, in or under any Leased Real Property or any real property formerly owned or leased by the Company in violation of or giving rise to Liability under applicable Environmental Laws.

(h) No real property currently or formerly owned, operated or leased by the Company is listed on, or has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA, or any similar state list.

(i) Seller has made available to Buyer copies of all environmental reports, studies and assessments that are in the possession, custody or control of or readily obtainable by the Company, Seller or any of their Affiliates pertaining to Releases, compliance or non-compliance with Environmental Laws or the presence of, or exposure to, Hazardous Materials.

Section 2.17 Employee Benefits.

(a) **Section 2.17(a) of the Disclosure Letter** contains a correct and complete list of each material Employee Benefit Plan in which any Employee participates. For each Employee Benefit Plan listed on **Section 2.17(a) of the Disclosure Letter**, Seller has made available to Buyer: (i) the current plan document (or, in the case of a material unwritten Employee Benefit Plan, a written description thereof) and all amendments thereto, (ii) the current summary plan description and summaries of material modifications, (iii) to the extent applicable, a favorable determination or opinion letter from the IRS. In addition for each Employee Benefit Plan, Seller has made available to Buyer: (i) all trust agreements, custodial agreements, investment management or investment advisory agreements, insurance contracts or other funding arrangements thereto, (ii) evidence of satisfaction of nondiscrimination testing, (iii) all applications or filings made by or on behalf of any Employee Benefit Plan for any amnesty, voluntary compliance or similar program sponsored by any Governmental Authority and (iv) copies of material notices, letters, or other correspondence from the IRS, the Pension Benefit Guaranty Corporation, and the United States Department of Labor received since the Lookback Date.

(b) The Company does not maintain, sponsor, or contribute to and has not maintained, sponsored, or contributed to a "defined benefit plan" as defined in Section 3(35) of ERISA, a pension plan subject to the funding standards of Section 302 of ERISA or Section 412 of the Code or a Multiemployer Plan. Neither the Company nor any member of the Controlled Group currently has, or has had an obligation to contribute to a "defined benefit plan" as defined in Section 3(35) of ERISA, a pension plan subject to the funding standards of Section 302 of ERISA or Section 412 of the Code or a Multiemployer Plan for which, in any case the Company would reasonably be expected to have any Liability after the Closing. The Transactions are not a transaction described in Section 4069 or 4212(c) of ERISA.

(c) Each Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination or opinion letter from the IRS or has timely applied to the IRS for such a letter within the applicable remedial amendment period or such period has not expired, and, to Seller's Knowledge, no event has occurred and no conditions exist that would be expected to result in the revocation of its qualified status or the revocation any such determination letter or opinion letter.

(d) Each Employee Benefit Plan has been established, maintained, operated, and administered in material compliance with its terms and any related documents or agreements and in material compliance with all Laws, including ERISA, the Code, the Consolidated Omnibus Budget and Reconciliation Act of 1985 and the Health Insurance Portability and Accountability Act of 1996. The Company has made full and timely payment of all contributions required to be made to any Employee Benefit Plan by the terms of such plan or under Law. All contributions which are required to be made by the Company to any Employee Benefit Plan for any period ending prior to the Closing Date, but which are not due by the Closing Date and all benefits accrued under any unfunded Employee Benefit Plan are properly accrued in the Closing Net Working Capital. There have been no prohibited transactions or breaches of any of the duties imposed on "fiduciaries" (within the meaning of Section 3(21) of ERISA) by ERISA with respect to the Employee Benefit Plans that could reasonably be expected to result in any material Liability or excise Tax under ERISA or the Code being imposed on the Company.

(e) There is no pending or, to Seller's Knowledge, threatened, assessment, complaint or Legal Proceeding with respect to any Employee Benefit Plan (other than routine claims for benefits). No Employee Benefit Plan is currently the subject of an audit or examination of a Governmental Authority.

(f) None of the Employee Benefit Plans in which Employees or former employees of the Company participate provide retiree health or welfare insurance benefits to any current or former employee (or their spouses or dependents) of the Company except as may be required by Section 4980B of the Code and Section 601 of ERISA or any other Law.

(g) Nothing has occurred with respect to any Employee Benefit Plan that has subjected or could reasonably be expected to subject the Company, or, with respect to any period on or after the Closing Date, Buyer or any of its Affiliates, to a penalty under Section 502 of ERISA or to tax or penalty under Section 4975 or 4980H of the Code.

(h) Each Employee Benefit Plan that is subject to Section 409A of the Code has been administered in compliance with its terms and the operational and documentary requirements of Section 409A of the Code. The Company does not have any obligation to gross up, indemnify, or otherwise reimburse any individual for any excise Taxes, interest, or penalties incurred pursuant to Section 409A of the Code.

(i) The Company is not under any obligation (express or implied) to modify any Employee Benefit Plan, or to establish any new Employee Benefit Plan. Each Employee Benefit Plan can be amended, terminated, or otherwise discontinued after the Closing in accordance with its terms, without material Liabilities to Buyer, the Company or any of their Affiliates other than ordinary administrative expenses typically incurred in a termination event.

(j) Neither the execution, delivery and performance by Seller of this Agreement nor the consummation of the Transactions will (either alone or upon the occurrence of any additional or subsequent event), (i) entitle any Employee or service provider of the Company to severance pay, unemployment compensation, a change of control payment, retention payment, or any other payment or benefit from the Company, (ii) accelerate the time of payment or vesting, or increase the amount of compensation or benefits (including funding of compensation or benefits through a trust or otherwise) due to any Employee or service provider of the Company.

Section 2.18 Employment Matters.

(a) **Section 2.18(a) of the Disclosure Letter** contains a correct and complete list of all persons who are Employees of the Company and sets forth for each Employee the following: (i) name; (ii) title or position; (iii) whether full-time or part-time; (iv) hire date; (v) current annual base compensation or rate of pay; and (vi) commission, bonus or other incentive-based compensation.

(b) The Company is, and has been since the Lookback Date, in compliance in all material respects with all Laws relating to labor and employment, including those relating to labor management relations, wages, hours, overtime, discrimination, sexual harassment, civil rights, affirmative action, work authorization, immigration, safety and health and continuation coverage under group health plans. The Company is, and has been since the Lookback Date, in compliance in all material respects with all applicable employee visa and work permit requirements.

(c) From December 31, 2019 through the date of this Agreement, the Company has not, in response to COVID-19 or any Law, directive, pronouncement or guideline issued by a Governmental Authority, the Centers for Disease Control and Prevention, the World Health Organization or an industry group providing for business closures, changes to business operations, “sheltering-in-place,” curfews, quarantine, social distancing, sequester, safety or other similar restrictions that relate to or arise out of COVID-19, (i) furloughed or terminated the employment or service of any Employee, or (ii) materially reduced the hours of any Employee. No Legal Proceeding is pending against or, to Seller’s Knowledge, is threatened against the Company or Seller with respect to anything set forth in preceding sentence. The Company has promptly and thoroughly investigated all formal relevant occupational health and safety complaints related to COVID-19. With respect to each known occupational health and safety violation identified and related to COVID-19, the Company has taken prompt corrective action to the extent necessary to prevent further spread of COVID 19 within the workplace.

(d) The Employees are, and have been since the Lookback Date, properly classified under the Fair Labor Standards Act of 1938, and under any similar Law of any state applicable to such Employees. The Company is not delinquent with respect to, nor has it failed to pay any of its employees, consultants or contractors for any wages due, including overtime wages, salaries, commissions, bonuses, or other compensation, of any nature whatsoever, for any services performed by them or amounts required to be reimbursed to such individuals.

(e) (i) The Company is not a party to or subject to, or currently negotiating in connection with entering into, any collective bargaining agreement, and, to Seller's Knowledge, there has not been any organizational campaign, petition or other unionization activity seeking recognition of a collective bargaining unit relating to any Employee since the Lookback Date, (ii) there is, and since the Lookback Date, there has been, no material labor strike, slowdown, stoppage, picketing, interruption of work or lockout pending or, to Seller's Knowledge, threatened against the Company, and (iii) there are no unfair labor practice complaints pending or, to the Seller's Knowledge, threatened against the Company before any Governmental Authority.

(f) The employment of each Employee is terminable at will and the Company does not have any obligation to provide any particular form or period of notice prior to terminating the employment of any Employee. To Seller's Knowledge, none of the Employees intends to terminate his or her employment with the Company. The Company is not engaged in any material dispute or litigation with any Employee.

(g) The Company is not a party to any settlement agreement with a current or former director, officer, manager, employee or independent contractor that involves allegations relating to sexual harassment by a director, officer, manager, employee or independent contractor of the Company. To Seller's Knowledge, since the Lookback Date, no allegations of sexual harassment have been made against a director, officer, manager, employee or independent contractor of the Company.

Section 2.19 Taxes.

(a) From December 31, 2014 until the contribution set forth on **Exhibit B**, the Company has been a validly electing S corporation (within the meaning of Section 1361(a) of the Code and any similar or analogous provisions of state of local Law). Immediately after such contribution but prior to the conversion set forth on **Exhibit B**, the Company was properly classified as a "qualified subchapter S subsidiary" within the meaning of Section 1361(b)(3) of the Code. At all times since the consummation of such conversion, the Company has been classified as disregarded as an entity separate from the Seller for federal (within the meaning of Treasury Regulations Section 301.7701-2(c)(2)) and state and local income Tax purposes (where applicable state or local jurisdictions conforms with the Treasury Regulations as to classification of entities).

(b) All Tax Returns required to be filed on or before the Closing Date by the Company have been, or will be, timely filed. Such Tax Returns are, or will be, correct and complete. All Taxes due and owing by the Company (whether or not shown on any Tax Return) have been timely paid. The Company currently is not the beneficiary of any extension of time within which to file any Tax Return.

(c) The Company has withheld and paid each Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, shareholder or other party, and complied with all information reporting and backup withholding provisions of Law. The Company has consistently treated any workers that it treats as independent contractors (and any similarly situated workers) as independent contractors for purposes of the Code and the Treasury Regulations.

(d) The Company has not received any claim from any Taxing Authority in any jurisdiction where it does not file Tax Returns that it is, or may be, subject to Tax by that jurisdiction.

(e) No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of the Company.

(f) The amount of the Company's Liability for unpaid Taxes (i) did not, as of December 31, 2020, exceed the amount of reserves for Taxes (excluding reserves for deferred Taxes established to reflect differences between book and Tax income) reflected on the Audited Financial Statements and (ii) do not exceed the reserves (excluding reserves for deferred Taxes established to reflect differences between book and Tax income) set forth on the face of such Audited Financial Statements as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company in filing Tax Returns (and which reserves shall not exceed comparable amounts incurred in similar periods in prior years).

(g) Set forth on **Section 2.19(g) of the Disclosure Letter** is a list of:

(i) the taxable years of the Company as to which the applicable statutes of limitations on the assessment and collection of Taxes have not expired;

(ii) those years for which examinations by the Taxing Authorities have been completed; and

(iii) those taxable years for which examinations by Taxing Authorities are presently being conducted.

(h) All deficiencies asserted, or assessments made, against the Company by any Taxing Authority have been fully paid.

(i) The Company is not a party to any Legal Proceeding, audit or examination with or by any Taxing Authority. The Company has received no notice of any pending or threatened Legal Proceedings, audits or examinations by any Taxing Authority against the Company.

(j) The Company has made available to Buyer correct and complete copies of (i) all of the federal Income Tax Returns of or relating to the Company for taxable periods ending after December 31, 2016, (ii) any state, local or foreign Tax Returns of or relating to the Company for taxable periods ending after December 31, 2016, and (iii) any audit report or statement of deficiencies assessed against, agreed to by, or with respect to the Company for all Tax Periods ending after December 31, 2016.

(k) There are no Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon the assets of the Company.

(l) No private letter rulings, technical advice memoranda or similar Contracts or rulings have been requested, entered into or issued by any Taxing Authority with respect to the Company.

(m) The Company has never been a member of an affiliated, combined, consolidated or unitary group or similar group for Tax purposes. The Company has no Liability for Taxes of any Person under Treasury Regulations Section 1.1502-6 (or any corresponding provision of state, local or non-U.S. Law), as a transferee or successor, by Contract or otherwise.

(n) Neither the Company, Buyer nor any of their Affiliates will be required to include any item of income in, or exclude any item or deduction from, taxable income for taxable periods or any portion thereof ending after the Closing Date with respect to the Company as a result of:

(i) any change in a method of accounting under Section 481 of the Code (or any comparable provision of state, local or foreign Tax Laws), or use of an improper method of accounting, for a taxable period ending on or prior to the Closing Date;

(ii) an installment sale or open transaction occurring on or prior to the Closing Date;

(iii) a prepaid amount received on or before the Closing Date;

(iv) interest held by the Company in a "controlled foreign corporation" (as that term is defined in Section 957 of the Code) on or before the Closing Date pursuant to Section 951 of the Code;

(v) any closing agreement under Section 7121 of the Code, or similar provision of state, local or foreign Law;

(vi) intercompany transactions occurring prior to the Closing Date or any excess loss account in existence prior to the Closing Date described in Treasury Regulations under Code Section 1502 (or any corresponding or similar provision of state, local or foreign income Tax Law);

(vii) the completed contract method of accounting or the long-term contract method of accounting, or any comparable provision of state or local, domestic or foreign, Tax Law; or

(viii) any election under Section 108(i) of the Code (or similar provision of any state, local or foreign Law); or

(ix) any debt instrument held prior to the Closing that was acquired with "original issue discount" as defined in Section 1273(a) of the Code or subject to the rules set forth in Section 1276 of the Code.

(o) Neither the Company, Buyer nor any of their Affiliates will be required to include any item of income in its taxable income under Section 951(a) or Section 951A of the Code (or any similar provision of state, local or foreign Law) with respect to the Company attributable to (i) "subpart F income," within the meaning of Section 952 of the Code (or any similar provision of state, local or foreign Law) that is related or attributable to the Company, or the income, assets or operations of the Company, (ii) direct or indirect holding of "United States property" within the meaning of Section 956 of the Code (or any similar provision of state, local or foreign Law) that is related or attributable to the Company or the income, assets or operations of the Company, or (iii) "global intangible low-taxed income" as defined in Section 951A of the Code, in each case, with respect to any Pre-Closing Tax Period.

(p) The Company is not, and has not been, a party to, or a promoter of, a "reportable transaction" within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section 1.6011-4(b).

(q) The Company is not and has not been a party to or bound by any tax indemnity Contract, tax sharing Contract, tax allocation Contract or similar Contract.

(r) The Company will not be required to make a payment after the Closing as a result of an election under Section 965 of the Code made prior to the Closing.

(s) No property owned by the Company is (i) required to be treated as being owned by another Person pursuant to the so-called "safe harbor lease" provisions of former Section 168(f)(8) of the Internal Revenue Code of 1954, (ii) subject to Section 168(g)(1)(A) of the Code, or (iii) subject to a disqualified leaseback or long-term agreement as defined in Section 467 of the Code.

(t) Set forth on **Section 2.19(t) of the Disclosure Letter** contains a list of all jurisdictions in which the Company files (or has filed in the immediately preceding taxable year) income and other material Tax Returns.

(u) Seller is not a "foreign person" as that term is used in Treasury Regulation Section 1.1445-2.

(v) The Company is not a party to any joint venture, partnership or other Contract which could be treated as a partnership for federal income Tax purposes.

(w) There are no outstanding (i) powers of attorney affirmatively granted by the Company concerning any Tax matter, or (ii) Contracts entered into with any Taxing Authority that would have a continuing effect after the Closing Date.

(x) The Company is in compliance with all terms and conditions of all Tax grants, credits, abatements and other similar incentives granted or made available by any Taxing Authority for the benefit of the Company and the consummation of the Transactions do not adversely affect the Company's ability to benefit from any such Tax grant, credit, abatement or other similar incentive in any taxable period ending after the Closing Date.

(y) The Company has timely and properly collected all sales, use, value-added and similar Taxes required to be collected, and has remitted on a timely basis such amounts to the appropriate Governmental Authority. The Company has timely and properly requested, received and retained all necessary exemption certificates, including resale certificates, and other documentation supporting any claimed exemption or waiver of Taxes on sales or similar transactions as to which it would otherwise have been obligated to collect or withhold Taxes.

(z) The Company has not deferred the inclusion of any amounts in taxable income pursuant to IRS Revenue Procedure 2004-34, Treasury Regulations Section 1.451-5, Sections 455 or 456 of the Code or any corresponding or similar provision of Law (irrespective of whether or not such deferral is elective).

(aa) The Company does not have a permanent establishment (within the meaning of the applicable Tax treaty) or otherwise have an office or fixed place of business in a country other than the country in which it is organized. The Company has not entered into a gain recognition agreement pursuant to Treasury Regulation Section 1.367(a)-8.

(bb) No Section 197 intangible (within the meaning of Section 197 of the Code) of the Company will be subject to the anti-churning rules of Section 197(f)(9) of the Code or Treasury Regulations Section 1.197-2(h) as a result of the Transactions.

(cc) Within the past three (3) years, the Company has not been a "controlled corporation" or a "distributing corporation" (within the meaning of Section 355(a)(i)(A) of the Code) in any distribution that was purported or intended to qualify for tax-free treatment under Section 355 of the Code (or any similar provision of state, local or foreign Law).

(dd) The Company is in compliance with all state unclaimed property Laws and has remitted to the appropriate states all unclaimed property in accordance with relevant state unclaimed property Laws and the priority rules established with respect thereto.

(ee) The Company has not (i) elected to defer the payment of any "applicable employment taxes" (as defined in Section 2302(d)(1) of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act")) pursuant to Section 2302 of the CARES Act or (ii) claimed any "employee retention credit" pursuant to Section 2301 of the CARES Act.

For purposes of this **Section 2.19**, the Company shall be deemed to include any predecessor of the Company, any Person which merged, converted or was liquidated with and into the Company or any Person from which the Company incurs a Liability for Taxes as a result of transferee Liability.

Section 2.20 Affiliate Transactions. Except as set forth on **Section 2.20 of the Disclosure Letter**, no owner, manager, director, officer or employee of Seller or the Company or any member of such owner's, manager's, director's, officer's or employee's immediate family, Seller or any Affiliate of any of the foregoing or any entity in which any such Person owns more than a five percent ownership interest (a) is or has since the Lookback Date been (i) a director, officer, manager or employee of, any Person that is a client, customer, supplier, lessor, lessee, debtor, creditor or competitor of the Company (other than a Person that has publicly-traded equity securities) (ii) a party to any Contract with or binding upon the Company or any of its assets, rights or properties, (iii) has any interest (real, personal, or mixed and whether tangible or intangible) in any property used in or pertaining to the Business, or (iv) has engaged in any transaction or business dealings with the Company, (b) is owed any money by the Company, other than for services rendered in the Ordinary Course of Business, or (c) owes any money to the Company. There are no intercompany accounts or Contracts between Seller or any of its Affiliates, on the one hand, and the Company, on the other hand. As of the Closing, there are no Liabilities of the Company to Seller or any of its Affiliates, other than as set forth in this Agreement. Effective as of the Closing, all intercompany accounts between Seller and any of its Affiliates, on the one hand, and the Company, on the other hand, shall be settled and paid in full (regardless of the terms of payment of such intercompany account) without any Tax Liability of the Company or Buyer.

Section 2.21 Products; Recalls.

(a) **Section 2.21(a) of the Disclosure Letter** contains a list of all jurisdictions in which the Company has registered any of the Company Products. The Company and the Company Products are, and since the Lookback Date have been, in compliance in all material respects with (i) the applicable Laws administered by the United States Environmental Protection Agency (the "**EPA**") and any applicable Laws administered by any other federal, international, state or local Governmental Authority responsible for regulating the manufacture, storage, distribution, sale, safety, packaging, labeling or advertising of the Company Products (together with the EPA, collectively, the "**Product Authorities**" and all such Laws, collectively, "**Product Laws**"), and (ii) all terms and conditions imposed in any Permits granted to the Company by any Product Authority. The Company Products are, and since the Lookback Date have been, (i) properly manufactured, produced, processed, handled, distributed and stored, are not adulterated and are properly packaged, labeled and advertised and fit for the use for which they are intended, (ii) of good and merchantable quality and condition, (iii) shipped in interstate commerce in accordance with the Product Laws, (iv) registered in all jurisdictions required by applicable Law, and (v) in conformity with all express and implied warranties and guaranties. The Company and, to the Seller's Knowledge, the suppliers and subcontractors of the Company are, compliant in all material respects with all Laws and are not in breach of quality control, product safety, product integrity, facility certification or any similar obligations imposed in Contracts with third parties for the supply of the Company Products.

(b) The Company has made available to Buyer the standard terms and conditions of sale for all the Company Products (containing applicable guaranty, warranty and similar indemnity provisions). None of the Company Products are subject to any guaranty, warranty or other indemnity beyond such standard terms and conditions of sale. Except as set forth on **Section 2.21(b) of the Disclosure Letter,** none of the Company Products are or have been found to be misbranded, packaged, labeled or advertised in a manner contrary to Laws or that is, or could reasonably be construed to be, false or misleading.

(a) Since the Lookback Date, the Company has not received and is not subject to, (i) any letter, notice or other written adverse communications from EPA regarding compliance with Law; (ii) any written adverse communications from any other Product Authority regarding compliance with any Law relating to the manufacture, storage, distribution, sale, safety, packaging, labeling or advertising of Company Products; or (iii) any written adverse communication or notice of violation from any consumer or individual acting in the public interest, or any attorney acting on behalf of any consumer of individual acting in the public interest. There are no claims or demands pending, or, to Seller's Knowledge, threatened, against the Company for indemnification from any distributors or retailers regarding voluntary or mandatory recalls or market withdrawals. Since the Lookback Date, except as set forth on **Section 2.21(b) of the Disclosure Letter,** the Company has not received written notice of, or been subject to, any claim or finding of deficiency or non-compliance, penalty, fine or sanction, request for corrective or remedial action or other compliance or enforcement action with respect to any Product Authorities, in respect of any of (i) the Company Products, (ii) the ingredients in the Company Products, or (iii) the facilities at which the Company Products are manufactured, packaged, stored, or distributed. Since the Lookback Date, the Company has not received written notice of, or been subject to, (i) any notice of claim, demand letter, notice of violation, or similar communication from or on behalf of an individual, consumer, retailer or distributor, or (ii) any claim for defense and/or indemnification from or on behalf of any distributor or retailer concerning any claim or allegation of personal/bodily injury, property damage, or false or misleading labeling or advertising with respect to the Company Products.

(b) Since the Lookback Date, except as set forth on **Section 2.21(b) of the Disclosure Letter,** the Company has not voluntarily or involuntarily initiated, conducted or issued, or caused to be initiated, conducted or issued, any recall, market withdrawal or replacement, safety alert, or other notice or action relating to an alleged lack of safety or regulatory compliance of any of the Company Products. To the Seller's Knowledge, there is no reason to believe that a basis for a recall or withdrawal of any of the Company Products may be required under Laws or any policy applicable to the Company and, to the Seller's Knowledge, no recall has been threatened by any Governmental Authority and no recall, market withdrawal or replacement, safety alert, or other notice or action relating to an alleged lack of safety or regulatory compliance of any of the Company Products is being considered by the Company.

Section 2.22 Material Customers and Material Suppliers. Set forth on **Section 2.22(a) of the Disclosure Letter** is a list of Material Customers and Material Suppliers. Such information was produced from the books and records of the Company and is correct and complete. Since January 1, 2020, no Material Customer or Material Supplier has discontinued or materially reduced, or provided written notice of its intention to discontinue or materially reduce, or to the Seller's Knowledge, intends to discontinue or material reduce, its business relationship with the Company or the Business. Since January 1, 2020, no Material Customer or Material Supplier has modified in a manner adverse to the Company the material terms of its business relationship with the Company or the Business. The Company is not involved in any material dispute with any customer or supplier of the Company or the Business. Except as set forth on **Section 2.22(b) of the Disclosure Letter**, the Company does not sell any Company Products or sell any services directly to (i) any cannabis growers, or (ii) any distributors or retailers that sell exclusively to Persons that are cannabis growers. None of the customers set forth on **Section 2.22(b) of the Disclosure Letter** is a Material Customer.

Section 2.23 Data Security.

(a) Except as set forth on **Section 2.23(a)(i) of the Disclosure Letter**, the data, privacy and security practices of the Company have since the Lookback Date complied in all material respects with, and conformed in all material respects to, all of the (i) Privacy Commitments, (ii) all (A) Laws concerning the privacy, security, or Processing of Personal Information (including all applicable data breach notification Laws, consumer protection Laws, Laws concerning requirements for website Privacy Policies and practices, social security number protection Laws, data security Laws, and Laws concerning email, text message, or telephone communications), (B) Federal Trade Commission regulations, guidelines, and staff reports (including Section 5 of the Federal Trade Commission Act), and any interpretive rules and enforcement actions by a state attorney general, and (C) rules of all applicable self-regulatory organizations, including, as applicable, the Payment Card Industry Data Security Standard, in each case as applicable to the Company (collectively, "**Privacy Laws**"), and (iii) Contracts to which the Company is a party or is otherwise bound. Privacy Laws include, as applicable to the Company, the California Consumer Privacy Act of 2018; the Health Insurance Portability and Accountability Act of 1996, as amended and supplemented by the Health Information Technology for Economic and Clinical Health Act of the American Recovery and Reinvestment Act of 2009; the General Data Protection Regulation (Regulation (EU) 2016/679), and all member state Laws and regulations relating to privacy or data protection; and all implementing and interpretive rules and regulations promulgated under any of the foregoing. The Company has: (i) provided adequate notice and obtained any necessary consents, waivers and approvals from individuals required for the Processing of Personal Information as conducted by or for the Business and required by applicable Privacy Laws and (ii) abided by any privacy choices (including opt-out preferences) of individuals relating to Personal Information to the extent required by applicable Privacy Laws (such obligations along with those contained in the Privacy Policies of the Company, collectively, "**Privacy Commitments**"). "**Processing**" means any operation performed on Personal Information, including the collection, creation, receipt, access, use, handling, compilation, analysis, monitoring, maintenance, retention, storage, transmission, transfer, protection, disclosure, distribution, destruction, or disposal of Personal Information. "**Privacy Policies**" means, collectively, the Company's past or present, internal, employee-facing, or public-facing policies, notices, and statements concerning the privacy, security, or Processing of Personal Information. **Section 2.23(a)(ii) of the Disclosure Letter** contains a listing of each such Privacy Policy, and the period of time during which each such Privacy Policy was or has been in effect. None of (i) the execution, delivery and performance of this Agreement, or (ii) the use by Buyer of the Company's databases or data or other information relating to its customers, end users or data subjects in the same manner in which they are currently used by the Company will cause, constitute, or result in a breach or violation of any Privacy Laws or Privacy Commitments, or any Contracts to which the Company is a party (including the terms of service entered into by users of the Company's websites), or require the consent of or notice to any individual concerning such individual's Personal Information. Since the Lookback Date, no disclosure or representation contained in any Privacy Policy has been inaccurate, misleading, deceptive, or in violation of any Privacy Laws. There are no unsatisfied access, right-to-know, or similar requests in respect of Personal Information held by the Company, or any outstanding applications for rectification, transfer, deletion, or erasure of Personal Information. To the Seller's Knowledge, any vendor, processor, or other third party Processing Personal Information for or on behalf of the Company (collectively, "**Subprocessors**") are, and since the Lookback Date have been, in compliance in all material respects with the Privacy Commitments and applicable Privacy Policies. The Company has taken all commercially reasonable measures to ensure that each Subprocessor has complied in all material respects with its contractual obligations to the Company concerning the privacy, security, and Processing of Personal Information.

(b) Since the Lookback Date, no Person has gained unauthorized access to or engaged in unauthorized Processing of, nor has there been any unauthorized disclosure of, (i) any Personal Information held by the Company or any other Person on the Company's behalf; (ii) Personal Information on any databases, computers, servers, storage media (e.g., backup tapes), network devices, or other devices or systems that Processes Personal Information owned or maintained by the Company or any other Persons on the behalf of the Company ((i) and (ii) collectively, a "**Security Breach**"). The Company has, since the Lookback Date, used all commercially reasonable, and at minimum, industry-standard, controls, technologies, processes and practices to detect, identify and remediate Security Breaches and provide notification in accordance with applicable Privacy Laws in the case of a Security Breach, and the Company, since the Lookback Date, has required the Subprocessors to do the same. No circumstance has arisen in which applicable Privacy Laws would require the Company to notify a Governmental Authority or other Person of an Security Breach, and the Company has not received from any Governmental Authority or other Person any complaint, claim, investigation, notice, subpoena or other evidence of noncompliance with such Privacy Laws and/or related to any actual, alleged, or suspected Security Breach, and to Seller's Knowledge, no facts or circumstances exist that would reasonably be expected to give rise to any of the foregoing.

(c) The Company has comprehensive disaster recovery and security plans and procedures, including a written information security program, that contain adequate and effective administrative, technical, and physical safeguards, designed to protect the continuity, confidentiality, availability, and integrity of the Business, Personal Information, and the computer systems, networks and servers of the Company from failure, unauthorized use, access or other Processing, and the Company is in compliance in all material respects with such plans and procedures. The Company has comprehensive security plans that are reasonably designed to (i) identify internal and external risks to the security of any proprietary and Confidential Information of the Company and any Personal Information held or used by the Company, and (ii) implement, monitor and improve safeguards to control those risks. There have been no actual, attempted, or, to Seller's Knowledge, threatened breaches of the security of the computer systems, networks or servers of the Company or, to Seller's Knowledge, any of the agents, representatives or contractors of the Company, or any loss or unauthorized disclosure of Personal Information in the possession, custody, or control of the Company or any of its employees, agents, representatives, or contractors, which required notice to any third Person or Governmental Authority and, to Seller's Knowledge, there is no reason to expect that such a breach or any other unauthorized use, access, disclosure, or other unauthorized Processing of any Personal Information or any proprietary and Confidential Information of the Company has occurred. The computer hardware, servers, networks, and other information technology equipment or systems owned or used by the Company are reasonably sufficient for operation of the Business as currently conducted. Since January 1, 2020 there has been no material disruption of the hardware, servers, networks, and other information technology equipment or systems owned or used by the Company.

(d) The Company has complied in all material respects with all terms of use, terms of service, and other Contracts, guidelines, and policies relating to its use of social media platforms, sites, or services and there is no reasonable basis to believe that the Company is in violation of any such terms of use, terms of service, Contracts, guidelines, and/or policies.

Section 2.24 Inventory. All inventory of the Company consists of new and unused items of a quality, quantity and condition that (a) is useable and saleable in the Ordinary Course of Business, (b) is merchantable and fit for the purpose for which it was procured or manufactured, and none of which is slow-moving, obsolete, damaged stale, discontinued or defective, and (c) was manufactured or acquired by the Company in the Ordinary Course of Business. The quantities of each of the categories of inventory of the Company is at a level normal and adequate for the continuation of the Business in the Ordinary Course of Business. The Company is not in possession of any inventory not owned by the Company, including goods already sold. None of the inventory of the Company has been consigned to any Person.

Section 2.25 Accounts Receivable. The accounts receivable of the Company represent valid obligations that arose from bona fide transactions in the Ordinary Course of Business and are collectible in full, net of any reserves reflected in the Closing Net Working Capital. None of such accounts receivable is subject to any claim of offset or recoupment or counterclaim, and to the Seller's Knowledge, there are no specific facts that would be likely to give rise to any such claim. The reserves shown on the Financial Statements and the accounting records of the Company are adequate and calculated consistent with past practice.

Section 2.26 COVID-19. The Company is not and has never been a party to any Contract under, and has not otherwise participated in, the United States Small Business Administration's Paycheck Protection Program created under the CARES Act or any other federal, state or local Governmental Authority's stimulus program or economic relief plan in connection with COVID-19.

Section 2.27 Brokers. Except for Greyhawk Advisors, LLC, there is no broker, finder, investment banker, financial advisor or other intermediary that has been retained by or is authorized to act on behalf of Seller or the Company, who might be entitled to any brokerage, finder's or other fee or commission from the Company in connection with the Transactions.

Section 2.28 Disclosure. To Seller's Knowledge, no representation or warranty or other statement made by the Company, Seller or the Members in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary to make such statement, in light of the circumstances in which it was made, not misleading

Section 2.29 No Other Representations and Warranties. Except for the representations and warranties contained in this **Article II** and **Article III** (including the related portions of the Disclosure Letter) or in any certificate delivered by the Company or Seller pursuant to this Agreement, none of Seller, the Company, or the Members has made or makes to Buyer any other express or implied representation or warranty, either written or oral, on behalf of Seller or the Company.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLER & MEMBERS

Each of Seller and the Members, jointly and severally, represents and warrants to Buyer as follows:

Section 3.01 Ownership Seller is the sole owner of record and beneficially of the Units, and has good and marketable title to the Units, free and clear of any Encumbrance. Immediately prior to the Reorganization, the Members were the record and beneficial owners of, and had good and marketable title to, the Units, free and clear of all Encumbrances. The instruments of transfer delivered by Seller to Buyer at the Closing will be sufficient to transfer the entire legal and beneficial ownership of the Units to Buyer and, immediately following the Closing, Buyer will be the sole owner of record and beneficially of the Units and have good and marketable title to the Units, free and clear of all Encumbrances.

Section 3.02 Organization; Authority; Enforceability.

(a) Seller is a limited liability company duly organized, validly existing and in good standing (or its equivalent) under the Laws of the State of California and has all necessary power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as it is currently conducted. Each of Seller and the Members has all necessary power and authority to enter into this Agreement and all other Transaction Agreements to which such Person is a party, to carry out his, her or its obligations hereunder and thereunder (including transferring and delivering to Buyer valid title to the Units) and to consummate the Transactions. The execution, delivery and performance by Seller and each of the Members of this Agreement and the other Transaction Agreements to which Seller and each such Member is a party, and the consummation of the Transactions, are within the limited liability company or individual power and capacity of Seller and each such Member, as applicable. The execution, delivery and performance by Seller and each Member of this Agreement and the other Transaction Agreements to which Seller and each such Member is a party, and the consummation by Seller and the Members of the Transactions, have been duly and validly authorized by all necessary actions (including any action by the members and manager of Seller), and no other action on the part of Seller or any of the Members is necessary to authorize the execution, delivery and performance by Seller and the Members of this Agreement and the other Transaction Agreements to which Seller or any Member is a party, and the consummation by Seller and the Members of the Transactions.

(b) This Agreement and the other Transaction Agreements to which Seller or any Member is a party have been duly executed and delivered by Seller and the Members, and (assuming due authorization, execution and delivery by Buyer) this Agreement the other Transaction Agreements to which Seller or any Member is a party constitute a legal, valid and binding obligation of Seller or such Member, as applicable, enforceable against Seller or such Member in accordance with its terms, except as enforceability may be limited by the Enforceability Exception.

Section 3.03 **No Conflicts; Consents**. The execution, delivery and performance by Seller or the Members of this Agreement and the other Transaction Agreements to which Seller or any Member is a party, and the consummation of the Transactions, does not and will not (a) result in a violation or breach of the Organizational Documents of Seller or any Member to the extent it is an entity, (b) result in a violation or breach of any Law or Order applicable to Seller or any Member, (c) require the consent, notice, waiver, filing or other action by any Person under, conflict with, result in a violation or breach of, constitute a default under, give rise to a right of termination of, or result in the acceleration of any right or obligation under, any Contract to which Seller or any Member is a party or by which its assets are bound, or (d) result in the creation or imposition of any Encumbrance on any asset of the Company, except for Permitted Encumbrances. No consent, waivers, approval, Permits, Orders, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Seller or any Member in connection with the execution and delivery of this Agreement, the other Transaction Agreements to which Seller or any Member is a party, and the consummation of the Transactions.

Section 3.04 **Brokers**. Except for Greyhawk Advisors, LLC, there is no broker, finder, investment banker, financial advisor or other intermediary that has been retained by or is authorized to act on behalf of Seller or the Members who might be entitled to any brokerage, finder's or other fee or commission from the Company in connection with the Transactions.

Section 3.05 **Litigation**. Neither Seller nor any Member is a claimant or defendant in, or otherwise a party to, any Legal Proceeding or, to Seller's Knowledge, are there any threatened Legal Proceeding against Seller or any Member or otherwise affecting Seller or any Member that would have or would reasonably be expected to have a Material Adverse Effect or prevent or materially impair Seller's or any such Member's ability to consummate the Transactions.

Section 3.06 **Investment Purpose; Restricted Stock**. Seller is acquiring the Shares solely for its own account, for investment purposes only, and not with a view to or for sale in connection with any distribution of the Shares or any portion thereof and not with any present intention of selling, offering to sell or otherwise disposing of or distributing the Shares in a transaction other than a transaction exempt from registration under the Securities Act of 1933 (the **"Securities Act"**). Seller is an "accredited investor" as defined in Rule 501 under the Securities Act. Seller acknowledges and understands that the Shares that the Seller is acquiring pursuant to this Agreement are unregistered, restricted securities which may not be transferred, sold, assigned, pledged, hypothecated or otherwise disposed of by Seller unless the Shares are subsequently registered under the Securities Act and applicable state securities laws or unless an exemption from such registration is otherwise available. Seller acknowledges that any certificates representing the Shares will bear a restrictive legend in a form reasonably required by Buyer and hereby consents to the transfer agent for the Shares placing a stop-transfer notation on its records to implement the restrictions on transfer described herein. Seller understands that: (i) the Shares have not been and are not being registered under the Securities Act or any state securities laws, must be held indefinitely and may not be offered for sale, sold, assigned or transferred unless (A) subsequently registered thereunder, (B) such assignment or transfer is permitted pursuant to Rule 144 promulgated under the Securities Act or (C) Seller shall have delivered to Buyer an opinion of counsel, in a generally acceptable form, to the effect that the Shares to be sold, assigned or transferred may be sold, assigned or transferred pursuant to an exemption from such registration.

Section 3.07 **SEC Filings**. Seller and each Member acknowledges that Buyer has furnished Seller and each Member with access via Buyer's website to a correct and complete copy of each report, schedule, registration statement and definitive proxy statement filed by Buyer with the SEC since December 9, 2020 (the "**SEC Documents**"), which are all the documents that the Company was required to file with the SEC since such date, and Seller and each Member have carefully reviewed the SEC Documents. Seller and each of the Members acknowledge that it and he has been afforded: (i) the opportunity to ask such questions as it or he has deemed necessary of, and to receive answers from, representatives of the Buyer concerning the merits and risks of the investment in the Shares; (ii) access to information about Buyer and its financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate the merits and risks of the investment in the Shares; and (iii) the opportunity to obtain such additional information that Buyer possesses or can acquire without unreasonable effort or expense that is necessary to make an informed decision. Seller and each of the Members understand that its investment in the Shares involves a high degree of risk. Seller and each of the Members have sought such accounting, legal and tax advice as it or he has considered necessary to make an informed investment decision with respect to its acquisition of the Shares.

Section 3.08 **Acknowledgement and Representations by Seller and Members**. Seller and the Members acknowledge and agree that they have conducted their own independent review and analysis of, and, based thereon, has formed an independent judgment concerning, the business, assets, condition, operations and prospects of Buyer. In entering into this Agreement, Seller and each of the Members have relied solely upon its or his own investigation and analysis and the representations and warranties set forth in **Section 3.07** and those of Buyer set forth in this Agreement.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

Section 4.01 **Organization of Buyer; Authority of Buyer; Buyer Enforceability**.

(a) Buyer is a corporation duly organized, validly existing and in good standing (or its equivalent) under the Laws of Delaware. Buyer has all necessary power and authority to enter into this Agreement and the other Transaction Agreements to which Buyer is a party, to perform its obligations hereunder and thereunder, and to consummate the Transactions. The execution, delivery and performance by Buyer of this Agreement and the other Transaction Agreements to which Buyer is a party, and the consummation of the Transactions, are within the corporate power of Buyer. The execution, delivery and performance by Buyer of this Agreement and the other Transaction Agreements to which Buyer is a party, and the consummation by Buyer of the Transactions have been duly authorized by all necessary actions on the part of Buyer, and no other action on the part of Buyer is necessary to authorize the execution, delivery and performance by Buyer of this Agreement and the other Transaction Agreements to which Buyer is a party, and the consummation by Buyer of the Transactions.

(b) This Agreement and the other Transaction Agreements to which Buyer is a party have been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by Seller, the Company and the Members) this Agreement and the other Transaction Agreements to which Buyer is a party constitute a legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as enforceability may be limited by the Enforceability Exception.

Section 4.02 No Conflicts; Consents. The execution, delivery and performance by Buyer of this Agreement and the other Transaction Agreements to which Buyer is a party, and the consummation of the Transactions, does not and will not (a) result in a violation or breach of the Organizational Documents of Buyer, (b) result in a violation or breach of any Law or Order applicable to Buyer, (c) require the consent, notice, waiver, filing or other action by any Person under, conflict with, result in a violation or breach of, constitute a default under, give rise to a right of termination of, or result in the acceleration of any right or obligation under, any Contract to which Buyer is a party or by which its assets are bound, or (d) result in the creation or imposition of any Encumbrance on any asset of Buyer, except for Permitted Encumbrances; except, in the case of each of clauses (b), (c) and (d), that would not reasonably be expected, individually or in the aggregate, to materially impair or delay Buyer's ability to perform or comply with its obligations under this Agreement or consummate the Transactions. No consent, waivers, approval, Permits, Orders, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Buyer in connection with the execution and delivery of this Agreement, the other Transaction Agreements to which Buyer is a party, and the consummation of the Transactions.

Section 4.03 Investment Purpose. Buyer is acquiring the Units solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution of the Units. Buyer acknowledges that the Units are not registered under the Securities Act of 1933, as amended, or any state securities laws, and that the Units may not be transferred or sold except pursuant to the registration provisions of the Securities Act of 1933, as amended, or pursuant to an applicable exemption therefrom, and subject to applicable state securities laws and regulations. Buyer is able to bear the economic risk of holding the Units for an indefinite period (including total loss of its investment) and has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risk of its investment.

Section 4.04 Brokers. Except for Rothschild & Co US Inc., there is no broker, finder, investment banker, financial advisor or other intermediary that has been retained by or is authorized to act on behalf of Buyer who might be entitled to any brokerage finder's or other fee or commission from Buyer in connection with the Transactions.

Section 4.05 Sufficiency of Funds. On the Closing Date Buyer will have sufficient funds available to pay the Estimated Closing Purchase Price. Buyer acknowledges and agrees that Buyer's performance of its obligations under this Agreement is not in any way contingent upon the availability of financing to Buyer.

Section 4.06 **Valid Issuance**. If and when issued and delivered in accordance with this Agreement, the Shares will be duly authorized, validly issued, fully paid and nonassessable, and free and clear of all Encumbrances except as are imposed by applicable securities Laws.

Section 4.07 **Legal Proceedings**. There are no actions, suits, claims, investigations or other Legal Proceedings pending or, to Buyer's Knowledge, threatened in writing against or by Buyer that challenge or seek to prevent, enjoin or otherwise materially impair or delay Buyer's ability to consummate the Transactions.

Section 4.08 **Acknowledgement and Representations by Buyer**. Buyer acknowledges and agrees that it has conducted its own independent review and analysis of, and, based thereon, has formed an independent judgment concerning, the Business, assets, condition, operations and prospects of the Company. In entering into this Agreement, Buyer has relied solely upon its own investigation and analysis and the representations and warranties of Seller and the Members set forth in this Agreement and the other Transaction Agreements.

Section 4.09 **No Other Representations and Warranties.** Except for the representations and warranties contained in this **Article IV** (including the related portions of the Disclosure Letter) or in any certificate delivered by Buyer pursuant to this Agreement, Buyer has not made and does not make to the Seller or any of the Members any other express or implied representation or warranty, either written or oral, on behalf of Buyer.

ARTICLE V
PRE-CLOSING COVENANTS

During the Pre-Closing Period, Buyer, the Company, Seller and the Members each covenant and agree as follows:

Section 5.01 **Information Prior to Closing**. Seller shall provide, and cause the Company to provide, Buyer and its Representatives (i) access to, and permit Buyer and its Representatives to review, the Company's properties, assets, Contracts, accounts, books and records, (ii) financial and operating data and any other information relating to the Company as Buyer or its Representatives may reasonably request, and (iii) such other information as shall have been reasonably requested by Buyer or its Representatives for purposes of consummating the Transactions. Seller shall instruct the employees, counsel and advisors of the Company to reasonably cooperate with Buyer in its investigation of the Company. Notwithstanding any provision of this Agreement to the contrary, neither Seller nor the Company shall be required to provide access to or disclose information to Buyer or its Representatives where such access or disclosure would jeopardize the attorney-client privilege of the Person in control or possession of such information or violate any applicable Law (including any applicable Law regarding the privacy of customers); provided, that Seller shall inform Buyer of the general nature of the document or information being withheld and reasonably cooperate with Buyer to provide such document or information in a manner that would not result in the loss or waiver of such privilege or violation of such applicable Law, or unless such access or disclosure can be provided pursuant to a joint defense, common interest or similar agreement,

Section 5.02 Operation of Business.

(a) During the Pre-Closing Period, Seller shall, and shall cause the Company to, (i) conduct the Business in the Ordinary Course of Business, and (ii) use its Commercially Reasonable Efforts to preserve and maintain existing relations with employees, customers, contractors, distributors, vendors and other Persons with whom the Company has business relations.

(b) During the Pre-Closing Period, except to the extent that Buyer shall otherwise consent in writing, Seller shall not, and shall not permit the Company to, take (or omit to take) any action that, if taken (or omitted to be taken) prior to Effective Date would have been required to be set forth on **Section 2.08 of the Disclosure Letter**.

(c) Without limiting the forgoing, nothing contained in this Agreement is intended to give Buyer, directly or indirectly, the right to control or direct any of the Company's operations prior to the Closing.

Section 5.03 Confidentiality; Publicity. Upon execution of this Agreement, Buyer will issue a press release regarding this Agreement and the Transactions, which has been approved by Seller. Except for the press release referenced in the preceding sentence and as otherwise required by Law or applicable requirements of any stock exchange, prior to the Closing, no press release or public announcement related to this Agreement or the Transactions or any other announcement or communication (other than communications by the Company, Buyer or any of their respective officers, managers, employees and agents in the Ordinary Course of Business) to the employees, customers, suppliers or other business relations of the Company or Buyer shall be issued or made without the joint approval of Buyer and Seller, which approval shall not be unreasonably withheld or delayed, and the parties shall use reasonable efforts to agree upon the text of any such press release or public announcement prior to its release. Notwithstanding the foregoing, each Party may make announcements and communications regarding this Agreement and the Transactions consisting of information contained in and otherwise consistent with any previously issued press release or public announcement to such Party's employees, customers, suppliers and other interested parties without the consent of the other Parties. The provisions of this **Section 5.03** shall control over any contrary provisions in the Confidentiality Agreement.

Section 5.04 Consents; Further Actions.

(a) Buyer and Seller shall cooperate with one another in determining whether any action by or in respect of, or filing with, any Governmental Authority is reasonably required in connection with the consummation of the Transactions.

(b) Seller and the Company shall use Commercially Reasonable Efforts to obtain the consent or approval (or waiver thereof) of any Person that is necessary for the execution and delivery of, or the performance of the Company's and Seller's obligations pursuant to, this Agreement, subject to the other provisions of this **Section 5.04**. Buyer shall reasonably cooperate with Seller and the Company in attempting to obtain the consents, approvals and waivers contemplated by this **Section 5.04(b)**, including providing to such Person(s) such financial statements and other financial information as such third parties may reasonably request.

(c) The Parties hereto shall use Commercially Reasonable Efforts, and shall reasonably cooperate with each other, and shall cause their Affiliates to use their Commercially Reasonable Efforts and reasonably cooperate, to (i) prepare all documentation necessary to make all necessary filings with any Governmental Authority and (ii) obtain any consents and approvals (or waivers thereof) of any Governmental Authority, in each case that are required to permit the consummation of the Transactions. Buyer and the Company shall advise each other as to material developments with respect to the status of receipt of such consents, approvals and waivers. The Parties hereto will not take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, approvals and waivers and shall promptly respond to any requests for additional information from any Governmental Authority or other third party in respect thereof in accordance with the provisions of this **Section 5.04**.

Section 5.05 Exclusivity. During the Pre-Closing Period, Seller, the Company and each Member shall not, and shall not permit any of his, her or its respective Affiliates or Representatives to, directly or indirectly, (a) (i) initiate or continue any contact with, (ii) make, solicit, encourage or respond to any inquiries or proposals by, (iii) enter into or participate in any discussions or negotiations with, (iv) disclose, directly or indirectly, any information concerning the Business or properties of the Company or the Transactions to, or (v) afford any access to the Company's properties, books or records to, any Person, in the case of each of clauses (i) through (v) above, in connection with any possible proposal regarding the direct or indirect sale of any portion of the Equity Securities or assets of the Company or Seller (other than the sale of inventory in the Ordinary Course of Business), a merger or consolidation involving the Company or Seller, or any similar transaction, in each case except as contemplated by this Agreement (an "**Alternative Transaction**"), or (b) enter into or participate in any discussions or negotiations regarding, or accept any proposal or enter into any agreement for, an Alternative Transaction. During the Pre-Closing Period, Seller, the Company and each Member shall, and shall cause its Affiliates and Representatives to, immediately cease all discussions and actions which violate or conflict with this **Section 5.05**. During the Pre-Closing Period, Seller, the Company and each Member shall, promptly following receipt, give Buyer notice of any inquiry, communication or proposal regarding an Alternative Transaction (and the terms thereof) received by Seller, the Company, any Member or any of his, her or its respective Affiliates or Representatives. Seller and each Member shall be responsible for any breach of this **Section 5.05** by his, her or its Affiliates or Representatives. Seller, the Company and each Member represents that neither he, she or it nor any of his, her or its Affiliates or Representatives is a party to or bound by any Contract with respect to an Alternative Transaction

Section 5.06 R&W Insurance. The Parties hereto acknowledge that, as of the Effective Date, the Buyer has obtained a binder for the R&W Insurance Policy and that a correct and complete copy of such conditional binder has been provided to Seller. On or before the Closing, the Buyer shall pay or cause to be paid, all costs and expenses related to the R&W Insurance Policy, including the total premium, underwriting costs, brokerage commission for the Buyer's insurance broker, taxes related to such policy and other fees and expenses of such policy; provided that Seller shall reimburse Buyer for 50% of the aggregate amount of such costs and expenses at the Closing which shall be treated as a Transaction Expense.

Section 5.07 **Notice of Termination of Employment**. During the Pre-Closing Period, Seller shall promptly provide Buyer notice in writing if any officer or key employee of the Company terminates his or her employment with the Company or provides written notice to such Company that he or she will reduce his or her role or scope of duties with the Company.

Section 5.08 **Data Room.** Within five Business Days after the Effective Date, Seller shall deliver to Buyer three compact discs or USBs (which shall be permanent and accessible, without the need for any password, with readily and commercially available software) containing, in electronic format, all documents (including legal, financial and Tax) posted to the Data Room as of 5:01 p.m., Pacific Time on the second Business Day prior to the Effective Date.

ARTICLE VI
POST-CLOSING COVENANTS

Section 6.01 **Further Assurances**. Following the Closing, upon the reasonable request of any Party and upon reimbursement of such other Party's out-of-pocket expenses, any other Party shall execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such further documents and instruments and shall take, or cause to be taken, all such further actions as the requesting Party may reasonably deem necessary or desirable to evidence and effectuate the Transactions.

Section 6.02 **Employees; Benefit Plans**.

(a) For a period of 12 months following the Closing Date, Buyer shall provide each employee of the Company as of immediately prior to the Closing (each, a "**Continuing Employee**") with (i) annual base salary (or, in the case of an hourly Continuing Employee, the base hourly wage rate) that is at least equal to the annual base salary (or base hourly wage rate, as applicable) payable to such Continuing Employee immediately prior to the Closing, (ii) to the extent applicable to a Continuing Employee, a bonus or incentive compensation opportunity (excluding equity incentives), comparable in the aggregate to those (excluding equity incentives) provided to the Continuing Employee immediately prior to the Closing, and (iii) other employee benefits that are comparable in the aggregate to the employee benefits provided to the Continuing Employees immediately prior to the Closing, in each case to the extent such information is made available to Buyer and except as otherwise provided in the Employment Agreements.

(b) From and after the Closing, to the extent that Seller provides Buyer with the data necessary to do so in a form reasonably acceptable to Buyer, Buyer shall use its commercially reasonable efforts to cause any employee benefit plans sponsored or maintained by Buyer or its Affiliates (including any professional employment organization) in which the Continuing Employees are eligible to participate following the Closing (collectively, the "**Buyer Plans**") to give each Continuing Employee service credit for such Continuing Employee's employment with the Company for purposes of vesting, eligibility to participate and waiting periods under each applicable Buyer Plan, as if such service had been performed with Buyer or its Affiliates (except for benefit accrual purposes or to the extent it would result in a duplication of benefits).

(c) Buyer shall use commercially reasonable efforts to (i) cause to be waived for the Continuing Employees (and their dependents) all pre-existing condition exclusions, actively-at-work requirements and similar limitations, eligibility waiting periods, and evidence of insurability requirements under the Buyer Plans, and (ii) cause any deductible, co-insurance, co-payments, and out-of-pocket expenses paid by the Continuing Employees (and their dependents) under the Employee Benefit Plans on or before the Closing Date to be taken into account under any applicable Buyer Plan during the year in which the Closing occurs.

(d) Nothing contained in this Agreement shall confer upon any Continuing Employee any right to continued employment with either Buyer, the Company or any of its Affiliates, nor shall anything in this Agreement interfere with the right of either Buyer, the Company or any of its Affiliates to relocate or terminate the employment of any of the Continuing Employees at any time after the Closing.

(e) Seller intends to have the Company pay certain of its employees a bonus for services rendered prior to the Closing as set forth on **Section 6.02 of the Disclosure Letter ("Employee Bonuses"**), and (i) Seller will cause the Company to pay all or a portion of the Employee Bonuses prior to the Closing as it determines in its sole discretion and shall notify Buyer in writing at the Closing of the amount of Employee Bonuses paid prior to Closing, and (ii) Buyer will cause the Company to pay the remaining unpaid Employee Bonuses as set forth on **Section 6.02 of the Disclosure Letter**, and such bonuses paid pursuant to clause (ii), together with all Taxes that are payable by the Company as a result of the Employee Bonuses unless paid by the Company prior to the Closing, shall constitute part of the Transaction Expenses deducted from the Estimated Closing Purchase Price and such Transaction Expenses shall be paid by Buyer to the Company at the Closing.

(f) The Company, Seller and Buyer acknowledge and agree that all provisions contained in this **Section 6.02** are included for their sole benefit, and that nothing contained herein, express or implied, (i) is intended to confer any third party beneficiary or other rights (including any right to continued employment for any period, to any particular term or condition of employment or to continued receipt of any specific employee benefit), or (ii) shall constitute an establishment, amendment to or any other modification of any Buyer Plan, Employee Benefit Plan or other employee benefit plan, or shall limit the right of Buyer, the Company or any of its Affiliates to amend, terminate or otherwise modify any Buyer Plan, Employee Benefit Plan or other employee benefit plan following the Closing.

Section 6.03 Directors and Officers. Effective as of the Closing, Seller shall obtain, or cause the Company to obtain, at Seller's cost and expense, an irrevocable "tail" insurance policy with respect to the current policies of directors' and officers' liability insurance maintained by the Company as of the Effective Date, with a claims period of six (6) years from the Closing Date and with at least the same coverage and amounts, and containing terms and conditions that are not less advantageous to the directors, managers and officers of the Company than the current policies, in each case with respect to claims arising out of or relating to events which occurred on or prior to the Closing Date (including in connection with the Transactions) (the "**Tail Policy**").

Section 6.04 Books and Records. For a period of four (4) years after the Closing Date, Buyer will, and will cause the Company to, provide Seller and its Representatives, upon reasonable advance written notice to Buyer, with reasonable access (including the right to make, at the Seller's expense, photocopies thereof), during normal business hours, to the books and records of the Company for the period prior to the Closing Date to prepare financial statements, Tax Returns or for any other legitimate purpose relating to this Agreement or the Transactions. Unless otherwise consented to in writing by Seller, Buyer shall not, and shall cause the Company not to, for a period of four (4) years following the Closing Date, destroy or otherwise dispose of any of the books and records of the Company for any period prior to the Closing Date without first giving prior written notice to Seller and offering to allow Seller at least 60 days to review such books and records prior to such destruction or disposal and, at Seller's expense, remove such books and records as Seller may select. Notwithstanding the foregoing, Buyer shall not be required to (A) provide access or disclose information to the extent that such access or disclosure would jeopardize the attorney-client privilege, work product doctrine or similar privilege or violate any Law or Contract to which the Company or Buyer is a party, or (B) provide any information in connection with any dispute or Legal Proceeding between or among the Parties, in which case the applicable rules of discovery shall govern.

Section 6.05 Restrictive Covenants.

(a) Seller recognizes and acknowledges that it has had access to Confidential Information. Seller acknowledges that the Confidential Information is considered by Buyer to be a unique asset, access to and knowledge of which are essential to preserve the goodwill and going business value of the Company and the Business. In recognition of this fact, Seller agrees that, from and after the Closing Date, it will, and will cause its Affiliates to, keep confidential and not disclose to any Person any Confidential Information known to or in the possession or control of Seller or its Affiliate and that Seller will not, and will cause its Affiliates not to, use, misappropriate, exploit or publish any Confidential Information without the prior written consent of Buyer, (i) unless such information is generally known to the public other than as a result of breach of this Agreement by Seller or any of its Affiliates, (ii) except in connection with Seller enforcing any of its rights against Buyer under this Agreement, or (iii) except to the extent Seller is legally obligated to disclose such information pursuant to a federal or state court order or pursuant to a subpoena or requirement of any Governmental Authority; provided Seller gives Buyer, as promptly as practicable, prior written notice of such intended disclosure to enable Buyer to seek a protective order or otherwise prevent or restrict such disclosure, and cooperates with Buyer in connection therewith.

(b) Beginning on the Closing Date and continuing until the fifth (5^{th}) anniversary of the Closing Date, Seller shall not (whether directly or indirectly, through an Affiliate or some other Person, or in the name or on behalf of an Affiliate or some other Person) (i) anywhere in the United States own, manage, operate, control, finance or participate in the ownership, management, operation, control or the financing of, render financial assistance to, be connected as an officer, director, manager, employee, consultant or otherwise with, use or permit Seller's name to be used in connection with, or develop products or services for, any Competing Business; (ii) solicit, cause, induce or attempt to cause or induce any customer, distributor, supplier, licensee, licensor, consultant or other business relation (other than any employee) of the Company to cease doing business with the Company, or to modify such Person's relationship with the Company, or do any act which would be reasonably be likely to interfere with or result in the impairment of such Person's relationship with the Company; or (iii) solicit for employment, cause, induce or attempt to cause or induce to leave the employ of the Company or any of its Affiliates, any Person who is then, or was within the prior twelve month period, an Employee or hire any such Person as an employee or consultant. Notwithstanding the foregoing, **Section 6.05(b)(i)** shall not restrict Seller or any of Seller's Affiliates from, with respect to **clause (b)(i)** above from (i) owning up to five percent (5%) of any class of securities registered under the Securities Exchange Act of 1934 and traded on a national securities exchange so long as neither Seller nor any of Seller's Affiliates participates in the management or control of the company whose securities Seller or its Affiliates owns; (ii) ownership by Jordan Weiss, Michael Stone and Aaron Berkowitz of limited liability units of GCH Inc., a California corporation, whose only business is being a beneficial minority owner of Hydrobuilder Holdings LLC or its affiliates; or (iii) Jordan Weiss and Michael Stone each acting as a consultant to GC OpCo LLC or its subsidiaries or affiliates, a retail seller of hydroponic and plant nutrient products, until December 29, 2021 or such longer period as the parties thereto may agree. Notwithstanding the foregoing, **Section 6.05(b)(iii)** shall not restrict Seller or any of Seller's Affiliates from, with respect to **clause (b)(iii)** above, (A) soliciting or hiring any employee whose employment has been terminated by the Company or its Affiliates without cause at least six months prior to the first date of such solicitation or hiring, or (B) any general solicitation for employment (including through third party recruiters or executive search firms) not directed at the Company or any of the Employees.

(c) If any provision of **Sections 6.05(a)** or **(b)** is judged to be void or unenforceable, in whole or in part, such adjudication shall not affect the validity of the remainder of **Sections 6.05(a)** or **(b)**. In the event that any portion of **Sections 6.05(a)** or **(b)** should ever be adjudicated to exceed the maximum time, geographic, service, product or other limitations permitted by Law, then such provisions shall be deemed reformed to the maximum time, geographic, service, product or other limitations permitted by Law. Seller agrees that, in the event of a violation of **Section 6.05(b)**, the duration of the restriction violated shall be extended by the period of time of such violation.

(d) The covenants contained in this **Section 6.05** relate to matters which are of a special, unique and extraordinary character and a violation of any of the terms of this **Section 6.05** would cause irreparable injury to Buyer and the Company, the amount of which will be impossible to estimate or determine and which cannot be adequately compensated. Accordingly, the remedy at Law for any breach of this **Section 6.05** will be inadequate and Buyer's substantial investment in the Company and the Business materially impaired. Accordingly, Seller acknowledges that Seller is voluntarily entering into this Agreement and that the terms and conditions of this Agreement are fair and reasonable to Seller in all respects. Moreover, Seller agrees and acknowledges that Buyer would not consummate the Transactions unless Seller agrees to the provisions of this **Section 6.05**. Seller hereby acknowledges and agrees that Buyer shall be entitled to an injunction, specific performance and/or other equitable relief to prevent any breach of this **Section 6.05** without the necessity of proving actual damage or posting any bond (in addition to all other rights and remedies to which Buyer may be entitled in respect of any such breach).

Notwithstanding anything to the contrary in this Agreement, in connection with any merger, sale, reorganization or other transfer of substantially all of the assets or equity securities of Buyer or the Company after Closing, the restrictions set forth in this **Section 6.05** may be transferred to the surviving entity or the acquirer of such assets or equity securities, without the consent of Seller.

Section 6.06 Tax Matters.

(a) **Tax Returns**.

(i) Seller shall cause the Company to prepare and timely file all Tax Returns required to be filed by the Company that are due on or before the Closing Date (taking into account any extensions), and timely pay all Taxes that are due and payable on or before the Closing Date. Any such Tax Return shall be prepared in a manner consistent with past practice (unless otherwise required by Law). Seller shall provide Buyer a copy of such Tax Returns for its review within a reasonable period of time prior to the date for filing.

(ii) Seller shall prepare, or cause to be prepared, at its own expense, all Income Tax Returns of the Company that are first due after the Closing Date for taxable periods ending on or before the Closing Date ("**Pre-Closing Tax Returns**"). The Seller shall submit a draft of each Pre-Closing Tax Return to Buyer for Buyer's review, comment and approval no later than forty-five (45) days prior to the due date for such Pre-Closing Tax Return (taking into account any applicable extensions); *provided*, *however*, if the Seller shall fail to provide any Pre-Closing Tax Return to Buyer as set forth in this **Section 6.06(a)(ii)**), Buyer may prepare and file such Pre-Closing Tax Returns at the expense of the Seller. No later than twenty (20) days following Buyer's receipt of a Pre-Closing Tax Return, Buyer shall notify Seller in writing of any dispute with respect to the manner in which such Tax Return is prepared, or the related Tax is calculated. If written notice of a dispute is duly delivered, Buyer and Seller shall negotiate in good faith and use reasonable efforts to resolve such dispute. If Buyer and Seller are unable to resolve a dispute with respect a Pre-Closing Tax Return within ten (10) days after receipt by Seller of such notice, any such dispute shall be resolved by the Independent Accountant and any determination by the Independent Accountant shall be final, conclusive and binding on the Parties; *provided*, *however*, if the due date of any such Tax Return (taking into account applicable extensions) is prior to the date that such dispute is resolved, Buyer shall be entitled to file such Tax Return as prepared by Buyer and shall then file an amendment to such Tax Return if the Independent Accountant determines that such amendment is required. All Pre-Closing Tax Returns shall be prepared in a manner consistent with the past practice of the Company (except to the extent otherwise required by Law). The Seller shall pay to Buyer an amount equal to all Taxes due with any Pre-Closing Tax Return no later than ten (10) days before the date on which Buyer or the Company is required to pay such Taxes.

(iii) Other than Tax Returns for which Seller is responsible for preparing pursuant to **Section 6.06(a)(i)** and **Section 6.06(a)(ii)**, Buyer shall prepare and timely file, or cause to be prepared and timely filed, all Tax Returns of or with respect to the Company. Any such Tax Return required to be filed by Buyer for a Straddle Period (a "**Straddle Period Tax Return**") shall be prepared on a basis consistent with the past practices of the Company (except to the extent otherwise required by Law), and Buyer shall deliver a draft of such Tax Return that is an Income Tax Return to Seller for its review, comment and approval at least forty-five (45) days prior to the due date for the filing of such Straddle Period Tax Return (taking into account any applicable extensions), and a statement setting forth the amount of Tax for which the Seller are responsible pursuant to **Section 9.02(b)(iv)**, together with any additional relevant information that Seller reasonably requests. No later than twenty (20) days following Seller's receipt of such Straddle Period Tax Return, Seller shall notify Buyer in writing of any dispute with respect to the manner in which such Straddle Period Tax Return is prepared, or the related Tax is calculated. If written notice of a dispute is duly delivered, Buyer and Seller shall negotiate in good faith and use reasonable efforts to resolve such dispute. If Buyer and Seller are unable to resolve a dispute with respect to such Straddle Period Tax Return within ten (10) days after receipt by Buyer of such notice, any such dispute shall be resolved by the Independent Accountant and any determination by the Independent Accountant shall be final, conclusive and binding on the Parties; *provided, however*, if the due date of any such Tax Return (taking into account applicable extensions) is prior to the date that such dispute is resolved, Buyer shall be entitled to file such Tax Return as prepared by Buyer and shall then file an amendment to such Tax Return if the Independent Accountant determines that such amendment is required. The Seller shall pay to Buyer the portion of the Taxes shown on such Straddle Period Tax Return that is allocable to the Pre-Closing Tax Period for which the Seller is responsible pursuant to **Section 9.02(b)(iv)** no later than ten (10) days before the date on which Buyer or the Company is required to pay such Taxes. Nothing hereunder shall limit the right of the Company to file any Straddle Period Tax Return on a timely basis. To the extent permitted or required by Law, the taxable year of the Company that includes the Closing Date shall be treated as closing on (and including) the Closing Date.

(iv) Except to the extent required by Law, neither Buyer nor any of its Affiliates shall amend or revoke any Pre-Closing Tax Return or Straddle Period Tax Return of the Company, without the prior written consent of Seller, which consent shall not be unreasonably withheld, conditioned or delayed, if such action could form the basis for an indemnity claim under this Agreement.

(v) The costs, fees and expenses of the Independent Accountant incurred pursuant to **Section 6.06(a)** shall be borne equally by Buyer and Seller. The preparation and filing of any Tax Return of a Company that does not relate to a Pre-Closing Tax Period or Straddle Period shall be exclusively within the control of Buyer.

(b) **Tax Covenants**. Without the prior written consent of Buyer, Seller (and, prior to the Closing, the Company, or any of its Affiliates and their respective Representatives) shall not to the extent it may affect, or relate to, the Company, make, change or rescind any Tax election, amend any Tax Return or take any position on any Tax Return, take any action or enter into any other transaction that would have the effect of increasing the Tax Liability or reducing any Tax asset of Buyer or the Company in respect of any Post-Closing Tax Period. Seller agrees that Buyer shall have no Liability for any Tax resulting from any such action of Seller, the Company, or any of their Affiliates and agree to, indemnify and hold harmless Buyer (and, after the Closing Date, the Companies) against any such Tax or reduction of any Tax asset.

(c) **Refunds and Credits**. The Seller shall be entitled to any refund or credit of or against any Taxes of the Company for any Pre-Closing Tax Period, except to the extent such refund or credit was reflected, accrued or reserved for or otherwise taken into account, in the Final Closing Statement. Buyer shall be entitled to any refunds or credits of or against any Taxes of the Company other than any refunds or credits to which the Seller is entitled pursuant to the foregoing sentence. Subject to **Section 6.06(b)**, upon the reasonable written request of the Seller, to the extent permitted by Law, Buyer shall cause the Company, at sole expense of the Seller, to file a claim for refund of any Taxes, including through the filing of an amended Tax Return, relating to the Company for any tax period ending on or before the Closing Date. The Parties shall cooperate, and cause their Affiliates to cooperate, with respect to any such refund request or in any such claim for refund. Buyer and the Seller shall, and shall cause their Affiliates to, pay to the other Party the portion of any such refund or credit of Taxes to which such other Party is entitled under this **Section 6.06(c)**, (i) in the case of a refund, within ten (10) days after such refund is received or (ii) in the case of a credit, within ten (10) days after such credit is allowed or applied against other Tax Liability; *provided, however*, that if any portion of such refund or credit is subsequently disallowed by any Taxing Authority, then amounts previously paid hereunder in respect thereof shall be promptly reimbursed by the payee to the payor. Any refund or credit received or realized with respect to Taxes attributable to the Company for a Straddle Period shall be equitably apportioned between Seller and Buyer in a manner consistent with the principles set forth in **Section 6.06(d)**.

(d) **Straddle Period**. In the case of Taxes that are payable with respect to a Straddle Period, the amount of any Taxes based on or measured by income, gain, profits, receipts, employment, social security, payroll, sales, use, or other transaction-based Taxes of the Company for the portion of the Straddle Period ending on the Closing Date shall be determined based on a closing of the books as of the end of the Closing Date, and the amount of other Taxes of the Company for a Straddle Period that relates to the portion of the Straddle Period ending on the Closing Date shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction the numerator of which is the number of days in the Straddle Period up to and including the Closing Date and the denominator of which is the total number of days in such Straddle Period and the balance of such Taxes shall be attributable to the portion of the Straddle Period beginning after the Closing Date.

(e) **Transfer Taxes**. All excise, sales, use, registration, stamp, recording, documentary, conveyancing, franchise property, transfer, value added and similar Taxes, levies, charges and fees (collectively, "**Transfer Taxes**") arising from the Transactions shall be paid fifty percent (50%) by Buyer and fifty percent (50%) by the Seller. The Party required by Law to file Tax Returns with respect to such Transfer Taxes shall do so in the time and manner prescribed by Law. The applicable Party shall provide the other with evidence reasonably satisfactory to such other Party that such Transfer Taxes have been paid, or if the Transactions are exempt from Transfer Taxes upon the filing of an appropriate certificate or other evidence of exemption.

(f) **Termination of Existing Tax Sharing Agreements**. Notwithstanding anything in this Agreement to the contrary, any and all Liabilities, obligations or other rights between Seller and the Seller's Affiliates on the one hand and the Company on the other hand, under any and all Tax sharing, indemnity or similar agreements (whether written or not) other than this Agreement shall cease and be terminated as of the Closing Date as to all past, present or future taxable periods. After such date the Company shall have any further rights or Liabilities under any such agreements.

(g) **Tax Contests**.

(i) If written notice of a Tax audit or claim is received from any Taxing Authority which, if successful, might result in an indemnification payment pursuant to **Article IX** (a "**Tax Claim**"), the indemnified party receiving such notice shall promptly notify the indemnifying party in writing of such Tax Claim (and provide copies of any documents received from the Taxing Authority in respect of such claim); *provided* that the failure to provide such notice shall not relieve the indemnifying party of its indemnification obligations hereunder except to the extent the indemnifying party is actually prejudiced thereby. Such notice shall specify in reasonable detail the basis for such Tax Claim and shall include a copy of the relevant portion of any correspondence received from the Taxing Authority.

(ii) Seller shall have the right to control, at its own cost and expense, any Tax Claim involving the Company for any taxable period ending on or before the Closing Date; *provided*, *however*, that (i) Seller shall have provided Buyer with written notice electing to control such Tax Claim within ten (10) days after receiving written notice from Buyer or its Affiliates of such Tax Claim, (ii) Buyer shall have the right to participate in any such Tax Claim, (iii) Seller shall provide Buyer with a timely and reasonably detailed account of each stage of such Tax Claim, and (iv) neither Seller nor any of its Affiliates shall settle, compromise, appeal any adverse determination in or abandon any such Tax Claim without obtaining the prior written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed; *provided*, *further*, that Buyer may control and contest any Tax Claim for which Seller would otherwise have the right to control under this **Section 6.06(g)** if Seller has not provided timely written notice to Buyer that it elects to control such Tax Claim pursuant to this **Section 6.06(g)** or fails to use Commercially Reasonable Efforts to actively control such Tax Claim; *provided*, *however*, that (A) Seller shall have the right to participate in any such Tax Claim at its own cost and expense, (B) Buyer shall provide Seller with a timely and reasonably detailed account of each stage of such Tax Claim, and (C) Buyer shall not settle, compromise, appeal any adverse determination in or abandon any such Tax Claim without obtaining the prior written consent of Seller which consent shall not be unreasonably withheld, conditioned or delayed.

(iii) Buyer shall control any Tax Claim involving a Company for any Straddle Period; *provided*, *however*, that (A) Seller shall have the right, at its sole cost and expense, to participate in any such Tax Claim, (B) Buyer shall provide Seller with a timely and reasonably detailed account of each stage of such Tax Claim, and (C) in the event that such Tax Claim would reasonably be expected to have an adverse effect on Seller or any of its Affiliates, Buyer shall not settle, compromise, appeal any adverse determination in or abandon any such Tax Claim without obtaining the prior written consent of Seller, which consent shall not be unreasonably withheld, conditioned or delayed.

(iv) To the extent of any conflict between this **Section 6.06(g)** and **Article IX**, this **Section 6.06(g)** shall govern with respect to any Tax Claim.

(h) **Cooperation on Tax Matters**. Buyer shall, and shall cause its Affiliates, and the Seller shall, and shall cause each of its Affiliates, to cooperate fully, as and to the extent reasonably requested by the other Party or its applicable Affiliate, in connection with the preparation and filing of any Tax Return, and any Legal Proceeding, audit or examination with respect to Taxes. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information that are reasonably relevant to any such audit, examination or Legal Proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Buyer shall, and shall cause its Affiliates, and the Seller shall, and shall cause each of its Affiliates to (i) retain all books and records with respect to Tax matters pertinent to the Company for the Pre-Closing Tax Periods until the expiration of any applicable statute of limitations, and to abide by all record retention agreements entered into with any Taxing Authority for all such periods required by such Taxing Authority and (ii) use Commercially Reasonable Efforts to provide the other Party with at least 30 days' prior written notice before destroying any such books and records, during which period the Party receiving the notice can elect to take possession, at its own expense, of such books and records.

(j) **Purchase Price Adjustment.** Any amounts paid under **Section 1.07**, this **Section 6.06** or **Article IX** (including under the R&W Insurance Policy) shall be treated as an adjustment to the Purchase Price for income Tax purposes, to the extent permitted under applicable Law.

(k) **Survival**. Notwithstanding anything in this Agreement to the contrary, the provisions of this **Section 6.06** shall survive for the full period of all statute of limitations (giving effect to any waiver, mitigation or extension thereof) plus ninety (90) days.

Section 6.07 R&W Insurance Policy. Buyer shall not, and shall not permit any other Person insured under the R&W Insurance Policy, to amend, alter or modify the subrogation provision of the R&W Insurance Policy in a manner that is materially adverse to Seller, without the prior written consent of Seller.

Section 6.08 Release.

(a) Effective upon the Closing, each of Seller and the Members, on his or its behalf and on behalf of each of its, his and their respective past, present and/or future Representatives or Affiliates, and any heir, executor, administrator, successor or assign of any of the foregoing (collectively, the "**Seller Releasing Parties**"), hereby unconditionally, irrevocably and fully and forever releases and discharges Buyer and the Company and each of the foregoing's respective past, present and/or future Representatives or Affiliates, and its members, heirs, executors, administrators, successors and assigns (collectively, the "**Buyer Released Parties**") of and from any and all Legal Proceedings, causes of action, executions, judgments, duties, debts, dues, accounts, bonds, Contracts and covenants (whether express or implied), Losses, Liabilities and claims and demands whatsoever, whether known or unknown, matured or unmatured, existing or claimed to exist, fixed or contingent, suspected or unsuspected, and whether or not concealed or hidden for any reason, both at law and in equity and whether arising out of a statute, Contract, tort or otherwise that any of the Seller Releasing Parties may have against each of the Buyer Released Parties, now or in the future, in each case in respect of any cause, matter or thing relating to the Company or any actions taken or failed to be taken by any of the Buyer Released Parties in any capacity related to the Company or ownership of Equity Securities of the Company, in each case, occurring or arising on or prior to the Closing Date; *provided*, *however*, that nothing contained in this **Section 6.08(a)** shall waive, discharge or release the Buyer from its Liabilities under this Agreement or under any other Transaction Agreement.

(b) Effective upon the Closing, the Company, on its behalf and on behalf of its successors and assigns (the "**Company Releasing Parties**"), hereby unconditionally, irrevocably and fully and forever releases and discharges Seller, and its members, heirs, executors, administrators, successors and assigns (the "**Seller Released Parties**") from any and all Legal Proceedings, causes of action, executions, judgments, duties, debts, dues, accounts, bonds, Contracts and covenants (whether express or implied), Losses, Liabilities and claims and demands whatsoever, whether known or unknown, matured or unmatured, existing or claimed to exist, fixed or contingent, suspected or unsuspected, and whether or not concealed or hidden for any reason, both at law and in equity and whether arising out of a statute, Contract, tort or otherwise, arising from conduct of any of the Seller Released Parties as an officer, director or employee of the Company or arising out of Seller's ownership of Units, in each case occurring or arising on or prior to the Closing Date; provided that nothing contained in this **Section 6.08(b)** shall release the Seller Released Parties from their Liabilities (a) under this Agreement or any other Transaction Agreement, and (b) to any of the Company Releasing Parties arising out of any criminal acts or acts or omissions by such Person in any capacity that are not indemnifiable in accordance with the Organizational Documents of the Company.

Section 6.09 Intercompany Matters. Effective as of the Closing, except for those arrangements set forth on **Section 6.09 of the Disclosure Letter**, all intercompany accounts between Seller, any Member or any of its or his respective Affiliates, on the one hand, and the Company on the other hand, shall be settled and paid in full (regardless of the terms of payment of such intercompany accounts), and all Contracts between Seller, any Member or any of its or his respective Affiliates, on the one hand, and the Company on the other hand, shall be terminated, in each case without further Liability or obligation of any party thereunder.

Section 6.10 Intellectual Property Rights. Each of Seller and each Member acknowledges and agrees that neither Seller, such Member nor any of its or his Affiliates shall have any right, title or interest in or to the Company Intellectual Property Rights after the Closing. As promptly as practicable, but in no event later than thirty (30) days, after the Closing Date, each of Seller and each Member will cease using the Company Intellectual Property Rights and remove, strike over or otherwise obliterate any Company Intellectual Property Right references from all assets and other materials in the possession or control of Seller, each Member or any of its or his Affiliates.

Section 6.11 Reorganization Expenses. Buyer will pay, or will cause the Company to pay, at the Closing, the fees and expenses of the Company's accountants, tax advisors and attorneys, incurred in connection with the Reorganization, up to an aggregate amount of $40,000; it being agreed and understood that such fees and expenses will not be included as a current liability of the Company for calculating any of the Net Working Capital computations.

ARTICLE VII
CONDITIONS TO CLOSING

Section 7.01 Conditions to the Obligation to Close of All Parties. The obligations of the Seller and Buyer to consummate the Closing under this Agreement are subject to the satisfaction, at or prior to the Closing, of all of the following conditions, compliance with which, or the occurrence of which, may only be waived prior to the Closing in writing by both Buyer and Seller, each in their sole discretion:

(a) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Order which is in effect and which prohibits or enjoins consummation of the Closing or otherwise restrains or prohibits or renders illegal the consummation of the Transactions.

(b) No Law shall have been promulgated or enacted that restrains, enjoins, prohibits or otherwise makes illegal the performance of this Agreement or the consummation of the Transactions.

Section 7.02 Conditions to the Obligation to Close of Buyer. The obligations of Buyer to consummate the Closing under this Agreement are subject to the satisfaction, at or prior to the Closing, of all of the following conditions, compliance with which, or the occurrence of which, may be waived in writing prior to the Closing by Buyer in its sole discretion:

(a) **Representations and Warranties**. (A) the Seller Fundamental Warranties, disregarding all qualifications contained therein relating to materiality or Material Adverse Effect, shall be correct and complete in all respects as of the Closing Date, as if made at and as of such date, except with respect to representations and warranties that speak as to an earlier date, which representations and warranties shall be true and correct (for the avoidance of doubt, without any omission that would make the representation and warranty incorrect) in all respects at and as of such date, and (B) the representations and warranties relating to the Company set forth in **Article II** and to the Seller and Members set forth in **Article III**, other than the Seller Fundamental Warranties, shall be correct and complete as of the Closing Date, as if made at and as of such date, except with respect to representations and warranties that speak as to an earlier date, which representations and warranties shall be true and correct (for the avoidance of doubt, without any omission that would make the representation and warranty incorrect) at and as of such date, except, in each case, disregarding all qualifications contained therein relating to materiality or Material Adverse Effect, for any inaccuracy or omission that has not had or would not reasonably be expected to, individually or in the aggregate, have a Material Adverse Effect.

(b) **Performance of Agreements**. Each of the Company, Seller and the Members shall have performed and satisfied, in all material respects, all covenants and agreements required to be performed or satisfied by them at or prior to the Closing.

(c) **No Material Adverse Effect**. Since the Effective Date, there shall not have occurred any Material Adverse Effect.

(d) **Closing Certificate**. Seller shall have delivered to Buyer a certificate, signed by an executive officer of Seller, to the effect that each of the conditions specified in **Section 7.02(a)**, **(b)** and **(c)**, has been satisfied.

(e) **Other Closing Deliveries**. Seller shall have delivered or caused to be delivered to Buyer the following additional items:

(i) **Escrow Agreement**. The Escrow Agreement, duly executed by Seller;

(ii) **Good Standing Certificates**. Good standing certificates (or equivalent document) for the Company issued by the applicable Governmental Authority of its jurisdiction of incorporation, and by each jurisdiction in which the Company is qualified to do business as a foreign entity, in each case dated not more than fifteen days prior to the Closing Date;

(iii) **Corporate Record Books**. The original corporate record books and membership interest record books of the Company, including all membership interest certificates issued, if applicable;

(iv) **Payoff Letters**. Executed payoff letters for outstanding Indebtedness of the Company (each, a "**Payoff Letter**" and collectively, the "**Payoff Letters**") as of the Closing Date, with each Payoff Letter indicating that upon payment of the specified amount, (A) such Indebtedness shall be paid in full and, if applicable, any Encumbrances associated therewith shall terminate automatically, subject only to the receipt of such payment amount, and (B) the applicable lender will, or the Company shall have all authorizations and power to, file any necessary Uniform Commercial Code termination statements and the applicable lender will execute all such documents or endorsements necessary to release of record any such Encumbrances, including those filed with the Patent and Trademark Office;

(v) **Consents**. All of the consents and approvals required by the Company or Seller for Closing and listed in **Section 7.02(e)(v) of the Disclosure Letter**;

(vi) **Employment Agreements**. Employment Agreements, in the form set forth on **Exhibit D** attached hereto (the "**Employment Agreements**"), duly executed by each of Aaron Berkowitz and Bryce Patterson, as applicable;

(vii) **Restrictive Covenant Agreements.** A Restrictive Covenant Agreement, in the form set forth on **Exhibit E** attached hereto (the "**Restrictive Covenant Agreements**") duly executed by each of the Members;

(viii) **Written Resignations**. Written resignations of each manager and officer of the Company;

(ix) **FIRPTA Certificate**. A non-foreign person affidavit that complies with the requirements of Section 1445 of the Code duly executed by an officer of Seller and in form and substance reasonably satisfactory to Buyer;

(x) **Seller's Secretary's Certificate**. A certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Seller certifying (A) that attached thereto are correct and complete copies of the resolutions adopted by the members and managers of Seller authorizing the execution, delivery and performance of this Agreement, the other Transaction Agreements to which Seller is a party and the consummation of the Transactions, and that all such resolutions are in full force and effect, and (B) the names and signatures of the officers of Seller authorized to sign this Agreement and the Transaction Agreements to which Seller is a party;

(xi) **Company's Secretary's Certificate**. A certificate of the Secretary or an Assistant Secretary (or equivalent officer) of the Company certifying (A) that attached thereto are correct and complete copies of the Organizational Documents of the Company and that such Organizational Documents are in full force and effect, (B) that attached thereto are correct and complete copies of the resolutions adopted by the managers of the Company authorizing the execution, delivery and performance of this Agreement, the other Transaction Agreements to which the Company is a party and the consummation of the Transactions, and that all such resolutions are in full force and effect, and (C) the names and signatures of the officers of the Company authorized to sign this Agreement and the Transaction Agreements to which the Company is a party;

(xii) **Estoppel Certificate**. An estoppel certificate, duly executed by the Company and the landlord set forth on **Section 7.02(e)(xii) of the Disclosure Letter**, in form and substance reasonably acceptable to Buyer;

(xiii) **Greyhawk Engagement Letter.** An assignment agreement pursuant to which the Company assigns to Seller, and the Company is discharged from any further obligations under, the engagement letter between the Company and Greyhawk Advisors, LLC dated January 20, 2021, in form and substance reasonably acceptable to Buyer, duly executed by Seller and the Company and consented to by Greyhawk;

(xiv) **Amendment to Berkowitz Non-Compete Agreement.** An amendment to the Non-Compete Agreement dated as of December 29, 2020 between GC Opco, LLC and Aaron Berkowitz amending Schedule A to such agreement to add Buyer and its Affiliates for whom Berkowitz shall be permitted to be employed, in form and substance reasonably acceptable to Buyer, duly executed by Aaron Berkowitz and GC Opco, LLC, together with an unredacted copy of such Non-Compete Agreement;

(xv) **Evidence of Product Formulas.** Evidence, reasonably satisfactory to Buyer, that the Company has in its possession written embodiments of the formulas necessary to manufacture each of the Company Products, such formulas are in writing and stored in a secure location with limited access to Company employees, and backup copies of such formulas are stored in a secure location;

(xvi) **Tail Insurance**. Satisfactory evidence that Seller has obtained or caused the Company to obtain, and paid in full the premiums for, the Tail Policy as of the Closing Date; and

(xvii) **Instagram Account**. Either a copy of an executed license agreement between the Company and the Continuing Employee who owns the @heavygrower Instagram account to permit such Continuing Employee to use, and the terms of use by such Continuing Employee of, the Company's trademarks and other Company Intellectual Property Rights or a copy of an executed assignment by such Continuing Employee assigning to the Company all right, title and interest in and to such Instagram account, in each case in form and substance reasonably acceptable to Buyer, duly executed by such Continuing Employee and the Company.

Section 7.03 Conditions to the Obligation to Close of Seller. The obligations of Seller to consummate the Closing under this Agreement are subject to the satisfaction, at or prior to the Closing, of all of the following conditions, compliance with which, or the occurrence of which, may be waived in writing prior to the Closing by Seller, in its sole discretion:

(a) **Representations and Warranties**. (A) the Buyer Fundamental Warranties, disregarding all qualifications contained therein relating to materiality or Material Adverse Effect, shall be correct and complete in all respects as of the Closing Date, as if made at and as of such date, except with respect to representations and warranties that speak as to an earlier date, which representations and warranties shall be true and correct (for the avoidance of doubt, without any omission that would make the representation and warranty incorrect) in all respects at and as of such date, and (B) the representations and warranties of Buyer set forth in **Article IV**, other than the Buyer Fundamental Warranties, shall be correct and complete as of the Closing Date, as if made at and as of such date, except with respect to representations and warranties that speak as to an earlier date, which representations and warranties shall be true and correct (for the avoidance of doubt, without any omission that would make the representation and warranty incorrect) at and as of such date, except, in each case, disregarding all qualifications contained therein relating to materiality, for any inaccuracy or omission that has not or would not reasonably be expected, individually or in the aggregate, to materially impair Buyer's ability to perform or comply with its obligations under this Agreement or consummate the Transactions.

(b) **Performance of Agreements**. Buyer shall have performed and satisfied, in all material respects, all covenants and agreements required to be performed or satisfied by Buyer at or prior to the Closing.

(c) **Closing Certificate**. Buyer shall have delivered to Seller a certificate, signed by an executive officer of Buyer, to the effect that each of the conditions specified in **Section 7.03(a)** and **(b)** has been satisfied.

(d) **Other Closing Deliveries**. Buyer shall have delivered to Seller the following additional items:

(i) **Escrow Agreement**. The Escrow Agreement, duly executed by Buyer and the Escrow Agent;

(ii) **Share Certificates**. Appropriate share certificates for the Shares issued, or other appropriate evidence of the issuance of the Shares, as part of the contribution pursuant to **Section 1.02(a)** and any other agreements reasonably required to be executed by the Seller in order to receive such Shares.

(iii) **Employment Agreements**. The Employment Agreements, each duly executed by the Company;

(iv) **Restrictive Covenant Agreements**. The Restrictive Covenant Agreements, each duly executed by the Buyer; and

(v) **Good Standing Certificates**. A good standing certificate (or equivalent document) for Buyer issued by the applicable Governmental Authority of its jurisdiction of incorporation, dated not more than fifteen days prior to the Closing Date.

ARTICLE VIII
TERMINATION

Section 8.01 Termination of Agreement. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of Buyer and Seller;

(b) by either Seller or Buyer by written notice to the other if:

(i) any Governmental Authority shall have issued a non-appealable final Order that permanently restrains, enjoins or otherwise prohibits the consummation of the Transactions and such Order is in effect; or

(ii) the Closing shall not have occurred on or before June 2, 2021 (the "**Termination Date**"); *provided, however*, that the right to terminate this Agreement under this **Section 8.01(b)(ii)** shall not be available to any such Party whose failure to comply with any term of this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before the Termination Date;

(c) by Seller, if the Company, each Member and Seller are not then in material breach of any term of this Agreement, upon written notice to Buyer if there occurs a material breach of any representation, warranty or covenant of Buyer contained in this Agreement, such breach has not been cured within 15 days after the giving of notice thereof by Seller to Buyer, and such breach would cause any of the closing conditions set forth in **Section 7.01** or **Section 7.03** to not be satisfied prior to the Termination Date; or

(d) by Buyer, if Buyer is not then in material breach of any term of this Agreement, upon written notice to Seller if there occurs a material breach of any representation, warranty or covenant of the Company, any Member or Seller contained in this Agreement, such breach has not been cured within 15 days after the giving of notice thereof by Seller to Buyer, and such breach would cause any of the closing conditions set forth in **Section 7.01** or **Section 7.02** to not be satisfied prior to the Termination Date.

Section 8.02 Effect of Termination. In the event of the valid termination of this Agreement pursuant to **Section 8.01**, this Agreement shall forthwith become null and void and have no effect, without any Liability of any Party (or any Affiliate or Representative of such Party) to the other Party or Parties, as applicable; *provided*, that (a) the agreements contained in this **Article VIII** and **Article X** shall survive the termination of this Agreement, and (b) no such termination shall relieve any Party hereto of any Liability for any Fraud or breach of this Agreement or any claim by a Party that another Party willfully and intentionally breached the terms of this Agreement prior to or in connection with such termination, nor shall such termination limit the right of any non-breaching Party to seek all other remedies available to it at law or equity; *provided*, *further*, that a failure of (a) Buyer to consummate the Closing at a time when all of the conditions to Closing set forth in **Section 7.01** and **Section 7.02** have been satisfied or waived shall be deemed to be an intentional and willful breach by Buyer of the terms of this Agreement, and (b) Seller, any Member or the Company to consummate the Closing at a time when all of the conditions to Closing set forth in **Section 7.01** and **Section 7.03** have been satisfied or waived shall be deemed to be an intentional and willful breach by Seller, the Members and the Company of the terms of this Agreement.

ARTICLE IX
INDEMNIFICATION

Section 9.01 Survival.

(a) The representations and warranties of the Parties contained in this Agreement shall survive the Closing for a period of one year following the Closing Date; except that (a) the Fundamental Warranties shall survive the Closing Date until the six year anniversary of the Closing Date plus ninety (90) days or, in the case of **Section 2.19**, until the expiration of the applicable statute of limitations plus sixty (60) days, and (b) any representation or warranty contained in this Agreement made by any Party or any information made available by any Party that was made by such Party Fraudulently shall indefinitely survive the Closing. Notwithstanding the foregoing, the survival periods specified above do not affect coverage under the R&W Insurance Policy with respect to which the time periods specified in the R&W Insurance Policy shall apply to claims brought under the R&W Insurance Policy. The covenants of the Parties in this Agreement that are to be performed prior to Closing shall terminate upon Closing. The covenants of the Parties in this Agreement which are to be performed after the Closing shall survive forever unless such covenant or agreement specifies a term, in which event such covenant or agreement shall survive for such specified term plus ninety (90) days.

(b) No Indemnified Party shall be entitled to make any claim in respect of any representation, warranty, covenant or agreement after the expiration of its applicable survival date set forth herein, except that any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the Indemnified Party to the Indemnifying Party prior to the expiration date of the applicable survival period shall not be barred by the expiration of such survival period and such claims shall survive until finally resolved.

Section 9.02 Indemnification by Seller and Members. Subject to the other terms and conditions of this **Article IX**, effective at and after the Closing,

(a) Seller hereby indemnifies Buyer, its Affiliates and their respective owners, officers, directors, managers, employees, agents, advisors and other Representatives, successors and assigns (collectively, the "**Buyer Indemnified Parties**") against, and holds the Buyer Indemnified Parties harmless from and against, any and all Losses arising out of, resulting from or relating to any misrepresentation, inaccuracy in or breach of any of the representations or warranties of the Company, Seller or the Members contained in this Agreement or in the certificate delivered by Seller at Closing pursuant to **Section 7.02** of this Agreement, in each case except for the Seller Fundamental Warranties;

(b) Seller and each of the Members hereby, jointly and severally, indemnifies the Buyer Indemnified Parties against, and holds the Buyer Indemnified Parties harmless from and against, any and all Losses arising out of, resulting from or relating to:

(i) any misrepresentation, inaccuracy in or breach of any of the Seller Fundamental Warranties in this Agreement or in the certificate delivered by Seller at Closing pursuant to **Section 7.02** of this Agreement;

(ii) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Company (prior to Closing), Seller or the Members pursuant to this Agreement;

(iii) any Indebtedness arising prior to the Closing that was not paid at or before the Closing or any Transaction Expenses of the Company other than as set forth in **Section 6.11**;

(iv) except to the extent included in the Closing Net Working Capital (i) all Taxes of Seller, (ii) all Taxes associated with the Transactions (other than Transfer Taxes for which Buyer is responsible under **Section 6.6(e)**), (iii) all Taxes of the Company attributable to any Pre-Closing Tax Period (including the portion of a Straddle Period ending on the Closing Date), (iv) all Taxes of any member of an affiliated, combined or unitary group of which the Company is or was a member on or prior to the Closing Date, including pursuant to Section 1.1502-6 of the Treasury Regulations (or any analogous or similar state, local or foreign Law) attributable to a Pre-Closing Tax Period, and (v) any and all Taxes of any Person (other than the Company) imposed on the Company arising under principles of transferee or successor Liability, by Contract or pursuant to any Law, which Taxes relate to an event or transaction occurring on or before the Closing Date; (vi) all Taxes imposed on the Company in connection with the Reorganization (which for the avoidance of doubt does not include (X) any such Taxes that result from a change in Tax Law after the Effective Date or (Y) any failure by Buyer to get a step up in basis of the assets of the Company deemed purchased by Buyer pursuant to this Agreement); and (vii) Transfer Taxes for which the Seller is responsible under **Section 6.06(e)**; or

(v) any of the matters set forth on **Section 9.02(b)(v) of the Disclosure Letter**.

Section 9.03 Indemnification by Buyer. Subject to the other terms and conditions of this **Article IX**, effective at and after the Closing, Buyer hereby indemnifies Seller, its Affiliates and their respective owners, officers, directors, managers, employees, agents, advisors and other Representatives, successors and assigns (collectively, the "**Seller Indemnified Parties**") against, and holds the Seller Indemnified Parties harmless from and against, any and all Losses arising out of, resulting from or relating to:

(a) any misrepresentation, inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement or in the certificate delivered by Buyer at Closing pursuant to **Section 7.03** of this Agreement; or

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement.

Section 9.04 Certain Limitations. The Party (including its Affiliates) making a claim under this **Article IX** is referred to as the "**Indemnified Party**," and the Party against whom such claim is asserted under this **Article IX** is referred to as the "**Indemnifying Party**."

(a) Seller shall not be liable to any Buyer Indemnified Party for indemnification under **Section 9.02(a)** until the aggregate amount of all Losses in respect of indemnification under **Section 9.02(a)** and **Section 9.02(b)(i)** exceeds an amount equal to $375,000 (the "**Deductible**"), in which event the Seller shall only be required to pay or be liable for Losses in excess of the Deductible; *provided*, *however*, that in no event shall Seller's aggregate Liability under **Section 9.02(a)** exceed $7,500,000 (the "**Cap**"). Notwithstanding the foregoing, neither the Deductible nor the Cap shall apply to any indemnification claim made by any Buyer Indemnified Party: (i) under **Section 9.02(b)(i)**, or (ii) arising out of, resulting from or relating to any Fraud by Seller or any Member.

(b) Seller shall not be liable to any Buyer Indemnified Party for indemnification under **Section 9.02(b)(i)** in an aggregate amount in excess of the Purchase Price received by Seller and the Members shall not be liable to any Buyer Indemnified Party for indemnification under **Section 9.02(b)(i)** in an aggregate amount, with respect to each Member, in excess of the portion of the Purchase Price received by such Member; *provided*, *however*, that this **Section 9.04(b)** shall not apply to any indemnification claim made by any Buyer Indemnified Party arising out of, resulting from or relating to any Fraud by Seller or any Member.

(c) Buyer shall not be liable to any Seller Indemnified Party for indemnification under **Section 9.03(a)** until the aggregate amount of all Losses in respect of indemnification under **Section 9.03(a)** exceeds an amount equal to the Deductible, in which event Buyer shall only be required to pay or be liable for Losses in excess of the Deductible; *provided*, *however*, that in no event shall Buyer's aggregate Liability under **Section 9.03(a)** exceed $7,500,000 (the "**Buyer Cap**"). Notwithstanding the foregoing, neither the Deductible nor the Buyer Cap shall apply to any indemnification claim made by any Seller Indemnified Party arising out of, resulting from or relating to: (i) any misrepresentation, inaccuracy in or breach of any Buyer Fundamental Warranty, or (ii) any Fraud by Buyer.

(d) Buyer shall not be liable to any Seller Indemnified Party for indemnification under **Section 9.03(a)** for a misrepresentation, inaccuracy in or breach of any Buyer Fundamental Warranty in an aggregate amount greater than the Purchase Price; *provided*, *however*, that this **Section 9.04(d)** shall not apply to any indemnification claim made by any Seller Indemnified Party arising out of, resulting from or relating to any Fraud by Buyer.

(e) In no event shall any Indemnified Party be entitled to seek or receive indemnification for the same Losses more than once under this **Article IX** even if a claim for indemnification in respect of such Losses has been made as a result of a breach of more than one (1) representation, warranty, covenant or agreement contained in this Agreement.

(f) Each Indemnified Party shall take, and cause its Affiliates to take, Commercially Reasonable Efforts to mitigate any Loss that are indemnifiable pursuant to this Agreement to the extent required by Law.

(g) The Indemnifying Party shall not be liable under **Section 9.02** for any Losses to the extent included in the calculation of any adjustment to the Purchase Price pursuant to **Section 1.07.** No Losses may be claimed by Buyer to the extent (i) such Loss is included in the Closing Net Working Capital, (ii) except with respect to **Sections 2.19(a), (l), (n), (o), (q), (r), (s), (v), (w), (x), (z), (aa), (bb) and (ee),** any such Loss consisting of or relating to Taxes with respect to the Company attributable to the Post-Closing Taxable Period, or (ii) such Loss is due to Buyer breaching any covenant relating to Taxes in this Agreement.

(h) Nothing in this **Article IX** shall be deemed to limit any rights of Buyer and its Affiliates as against the R&W Carrier under the R&W Insurance Policy. Notwithstanding any provision in this Agreement to the contrary, the Buyer Indemnified Parties shall be entitled to make a claim for indemnification under, and subject to the limitations in, this **Article IX** concurrently with seeking recovery from any insurance (including the R&W Insurance Policy).

(i) Other than with respect to the Indemnity Escrow Amount or Fraud, the Buyer's right to indemnification pursuant to **Section 9.02(a)** (other than with respect to any misrepresentation, inaccuracy in or breach of any of the Seller Fundamental Warranties) will be satisfied solely from the R&W Insurance Policy up to an amount equal to the policy limit under the R&W Insurance Policy, and other than with respect to the Indemnity Escrow Amount or Fraud, Seller shall have no liability for such indemnification pursuant to **Section 9.02(a)**, regardless of whether Buyer actually recovers under the R&W Insurance Policy.

(j) Other than with respect to Fraud, the Buyer's right to indemnification pursuant to **Section 9.02(b)(i)** arising out of, resulting from or relating to any misrepresentation, inaccuracy in or breach of any of the Seller Fundamental Warranties will be satisfied: (i) first, by the Seller and the Members up to the amount of the self-insured retention under the R&W Insurance Policy, including from the Indemnity Escrow Amount; (ii) second, to the extent the R&W Insurance Policy provides coverage, from the R&W Insurance Policy up to an amount equal to the policy limit under the R&W Insurance Policy; and (iii) third, from the Seller and each of the Members, jointly and severally, to the extent that the R&W Insurance Policy does not fully cover the Losses (either because no coverage is available under such policy or there is insufficient insurance available under such policy), in an amount not to exceed the amount set forth in **Section 9.04(b)**.

(k) The amount to which any Indemnified Party is entitled hereunder shall be reduced by the amount of insurance proceeds (other than under the R&W Insurance Policy) actually received by the Indemnified Party in respect of such claim for indemnification, less any costs and expenses (including deductibles and co-insurance) incurred by the Indemnified Party in order to collect such insurance proceeds and less increases in premiums attributable to such amounts. If the Indemnified Party or any of its Affiliates receives any such insurance proceeds subsequent to an indemnification payment by the Indemnifying Party, then such Indemnified Party shall promptly reimburse the Indemnifying Party for any payment made or expense incurred by such Indemnifying Party in connection with providing such indemnification payment up to the amount of the relevant insurance proceeds, less any out-of-pocket collection or out-of-pocket recovery costs and expenses (including deductibles and co-insurance) incurred by such Person in order to collect insurance proceeds and less increases in premiums attributable to such Losses.

(l) Notwithstanding anything in this Agreement to the contrary, from and after the Closing, no Person defined as a Seller Indemnified Party shall seek or be entitled to advancement, indemnification, contribution or other recovery of any kind from the Company (including by reason of the fact that he, she or it was an officer, director, manager, member, employee, or agent of the Company or was serving at the request of the Company as a partner, trustee, director, officer, employee, or agent of another entity) for any actions or omissions of such Person prior to Closing with respect to any matter for which such Person is required to indemnify any Buyer Indemnified Party under this **Article IX.**

(m) Notwithstanding anything in this Agreement to the contrary, the right to indemnification, payment of Losses or other remedy based upon any representation, warranty, covenant or obligation contained in this Agreement shall not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being required) at any time, whether before or after the execution and delivery of this Agreement, with respect to the accuracy or inaccuracy of or compliance with any such representation, warranty, covenant or obligation or the waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, and will not affect the right to indemnification based on such representations, warranties, covenants and obligations.

Section 9.05 Indemnification Procedures.

(a) **Third Party Claims**. If any Indemnified Party receives notice of the assertion or commencement of any Legal Proceeding made or brought by any Person who is not a Party or an Affiliate of a Party (a "**Third Party Claim**") against such Indemnified Party with respect to which indemnity may be sought from the Indemnifying Party under this Agreement, the Indemnified Party shall give the Indemnifying Party prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third-Party Claim in reasonable detail (taking into account the information then available to the Indemnified Party), shall include copies of all material written information from such third party and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. In connection with the defense of any Third Party Claim, the Indemnifying Party has the right, exercisable by written notice to the Indemnified Party within 15 days after its receipt of a claim notice from the Indemnified Party relating to a Third Party Claim, subject to the limitations set forth in this **Section 9.05**, to assume the defense of such Third-Party Claim and appoint lead counsel for such defense (so long as such lead counsel is reasonably acceptable to the Indemnified Party), in each case at the Indemnifying Party's expense. Notwithstanding the foregoing, the Indemnifying Party shall have the right to assume the defense only if (i) the Third Party Claim seeks (and continues to seek) solely monetary damages, (ii) the reasonably expected amount of Losses with respect to such Third Party Claim would not exceed the maximum indemnification obligation of the Indemnifying Party with respect to such Third Party Claim (after giving effect to expected coverage under the R&W Insurance Policy), (iii) the Indemnifying Party agrees in writing to be fully responsible for all Losses (subject to the limits in this **Article IX**) relating to such Third Party Claim, (iv) the Third Party Claim does not relate to or arise in connection with any criminal or quasi criminal proceeding, allegation or investigation, (v) such Third Party Claim does not relate to or involve a claim asserted directly by or on behalf of a Person that is a customer, supplier or employee of the Company, and (vi) the Indemnified Party is not seeking recovery under the R&W Insurance Policy with respect to such Third-Party Claim (the conditions set forth in clauses (i) through (vi) are, collectively, the "**Litigation Conditions**").

(b) **Defense of Third Party Claims.**

(i) In the event that the Indemnifying Party assumes the defense of any Third-Party Claim in accordance with the provisions of this **Section 9.05**:

(i) the Indemnified Party shall have the right, at its own cost and expense, to participate in the defense of any Third-Party Claim subject to the Indemnifying Party's right to control the defense thereof; *provided*, *however*, if the named parties to the Legal Proceeding include both the Indemnifying Party and the Indemnified Party and there is a conflict of interest that would make it inappropriate under applicable standards of professional conduct to have one counsel for the Indemnifying Party and the Indemnified Party, the expense of separate counsel for such Indemnified Party shall be paid by the Indemnifying Party;

(ii) the Indemnifying Party shall obtain the prior written consent of the Indemnified Party (which shall not be unreasonably withheld, conditioned or delayed) before entering into any settlement of such Third Party Claim, if (A) the settlement does not unconditionally release the Indemnified Party and its Affiliates from all Liabilities with respect to such Third Party Claim, (B) the settlement imposes injunctive or other equitable relief against, or requires any payment by, the Indemnified Party or any of its Affiliates, (C) the settlement contains any statement as to, or an admission of fault, culpability or a failure to act by or on behalf of the Indemnified Party, or (D) the settlement may reasonably be expected to have a material adverse effect on the business of the Indemnified Party; and

(iii) if (A) any of the Litigation Conditions ceases to be met or (B) the Indemnifying Party fails to diligently defend such Third Party Claim, the Indemnified Party may assume the defense of such Third Party Claim, and the Indemnifying Party will be liable for all costs and expenses paid or incurred in connection with such defense, subject to the limits in this **Article IX**.

(ii) If the Indemnifying Party does not assume the defense of a Third Party Claim in accordance with this **Section 9.05**, the Indemnified Party may defend, and shall have the right to settle, such Third Party Claim, and only if the Indemnifying Party is required to make any payment, with the prior written consent of the Indemnifying Party (which shall not be unreasonably withheld, conditioned or delayed).

(iii) Each Party shall cooperate, and cause its Affiliates to cooperate, in the defense or prosecution of any Third Party Claim and shall furnish or cause to be furnished such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials or appeals, as may be reasonably requested in connection therewith.

(c) **Direct Claims**. In the event an Indemnified Party intends to make a claim for indemnity under this **Article IX** against an Indemnifying Party that does not involve a Third Party Claim (a "**Direct Claim**"), the Indemnified Party agrees to give prompt notice in writing of such claim to the Indemnifying Party. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail (taking into account the information then available to the Indemnified Party), shall include copies of all material written information comprising such Direct Claim and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall promptly, by written notice to the Indemnified Party, either (i) concede Liability in whole as to the amount claimed in the claim notice, (ii) deny Liability in whole as to the amount claimed in the claim notice, or (iii) concede Liability in part and deny Liability in part the amount claimed in the claim notice. If the Indemnifying Party does not respond within 30 days after its receipt of the claim notice, the Indemnifying Party shall be deemed to have rejected such claim. Following the Indemnified Party's response notice in which Liability is not conceded in whole, the Parties shall proceed in good faith to negotiate a resolution of such dispute. If such dispute is not resolved through negotiations or the Indemnifying Party does not respond, the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

Section 9.06 Materiality Scrape. For purposes of (i) determining whether a misrepresentation or breach of a representation or warranty has occurred pursuant to this Agreement, and (ii) calculating the amount of any Losses arising from a misrepresentation or breach of any representation or warranty for which an Indemnified Party is entitled to indemnification under this Agreement, each representation and warranty contained in this Agreement and in any certificate delivered pursuant to **Sections 7.02** and **7.03** shall be read without giving effect to any qualification that is based on materiality, including the words "material", "Material Adverse Effect", "in any material respect" and other uses of the word "material" (and shall be treated as if such words were deleted from such representation or warranty).

Section 9.07 Method of Payment for Losses

(a) Upon the determination of any Losses for which Seller and the Members are obligated to indemnify the Buyer Indemnified Parties pursuant to this **Article IX**: (i) if such Losses shall be reimbursed from the Indemnity Escrow Amount, Buyer and Seller shall, within three (3) Business Days of such determination, execute and deliver to the Escrow Agent a joint written instruction to disburse the amount of such Losses to the applicable Buyer Indemnified Party; and (ii) if such Losses are to be reimbursed from Seller or one or more Members, such Seller or Members, as applicable, shall, within three (3) Business Days of such determination, pay such amount to the applicable Buyer Indemnified Parties (to an account specified by Buyer to Seller or such Members) by wire transfer of immediately available funds, subject to the limitations set forth in this **Article IX**.

(b) For any Losses for which Buyer is obligated to indemnify the Seller Indemnified Parties pursuant to this **Article IX**, Buyer shall, within three (3) Business Days of such determination, pay such amount to the applicable Seller Indemnified Party (to an account specified by Seller) by wire transfer of immediately available funds, subject to the limitations set forth in this **Article IX**.

Section 9.08 Exclusive Remedies. Except as otherwise set forth in this Agreement (including **Section 1.07** and **Section 10.10)** and for Fraud, the Parties acknowledge and agree that after the Closing, their sole and exclusive remedy with respect to any and all claims for any breach of any representation, warranty, covenant, agreement or obligation set forth in this Agreement shall be pursuant to the indemnification provisions set forth in this **Article IX**. Except as otherwise set forth in this Agreement and for Fraud, each Party waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth in this Agreement it may have against the other Parties, except pursuant to the indemnification provisions set forth in this **Article IX**. Nothing in this **Section 9.08** shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled pursuant to **Section 10.10** or to seek any remedy on account of Fraud.

ARTICLE X
MISCELLANEOUS

Section 10.01 Expenses. Except as otherwise provided in this Agreement, all costs and expenses, including fees and disbursements of legal counsel, financial advisors and accountants, incurred in connection with this Agreement and the Transactions shall be paid by the Party (including its Affiliates) incurring such cost or expense; provided however, that upon the Closing all such costs and expenses incurred by the Company and Seller on or prior to the Closing (other than as provided in **Section 6.11**) shall be paid by Seller and the Members as a Transaction Expense.

Section 10.02 Notices. All notices and other communications under this Agreement must be in writing and are effective (a) when delivered personally; (b) on the next Business Day if sent by an overnight courier with confirmation of receipt; (c) if by email, upon confirmation of receipt by the recipient sent to the email address of the sender; or (d) on the fifth Business Day after mailing by certified or registered mail, return receipt requested, postage prepaid. Communications under this Agreement must be sent as follows (subject to being updated by a Party in accordance with this **Section 10.02**):

If to Seller, the Company (prior to the Closing) or the Members:

Aaron Berkowitz
4310 Alla Rd.,
Los Angeles, CA 90066
Email: aaron@fertana.com

with a copy (which shall not constitute notice or service or process) to:

Carl Kleidman, Esq.
70 Forest St, Suite 11C
Stamford, CT 06901
Email: carl@cgkesq.com

If to Buyer or the Company (after the Closing):

Hydrofarm Holdings Group, Inc.
290 Canal Road
Fairless Hills, PA 19030
Attention: Eric Ceresnie,
SVP Corporate Development & Finance
Email: ericc@hydrofarm.com

with a copy to:

Cozen O'Connor
One Liberty Place
1650 Market Street, Suite 2800
Philadelphia, Pennsylvania 19103
Attention: Larry P. Laubach
Email: llaubach@cozen.com

Section 10.03 Interpretation. Any table of contents and headings in this Agreement are for reference only and do not affect the interpretation of this Agreement. This Agreement shall be interpreted without any presumption against the Party drafting or causing this Agreement or any part of it to be drafted. Any capitalized term used in any exhibit or schedule but not defined therein has the meaning as defined in this Agreement. As used in this Agreement: (a) the words "hereof," "herein" and "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision, and references to sections, articles and exhibits are to sections and exhibits of this Agreement unless otherwise specified; (b) the words "include," "includes" or "including" are deemed to be followed by the words "without limitation"; (c) references to "$" or "dollars" are references to U.S. dollars; (d) references to gender include all genders; (e) "writing," "written" and comparable terms refer to printing, typing and other means of reproducing words, including electronic media, in a visible form; (f) references to any Person include the successors and permitted assigns of that Person; (g) references from or through any date mean, unless otherwise specified, from and including or through and including, respectively; (h) references to a document, list or other item being "made available" by Seller means that such document, list or item was posted in the Data Room in a manner that enables viewing of such materials by Buyer and its Representatives no later than 12:00 noon Pacific time on the second (2^{nd}) Business Day immediately prior to the Effective Date; (i) references to any Law shall be deemed to refer to such Law as amended from time to time and to any rules or regulations promulgated thereunder; (j) references to any Contract are to that Contract as amended, modified or supplemented from time to time; (k) the word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other theory extends and such phrase shall not mean "if"; (l) any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular; (m) the word "or" is not exclusive, unless the context otherwise requires; (n) references to Articles, Sections, Schedules, Exhibits, the Preamble and the Recitals are to Articles, Sections, Schedules, Exhibits, the Preamble and the Recitals of this Agreement unless otherwise specified; and (o) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day

Section 10.04 Severability. Each term, provision, covenant and restriction of this Agreement is severable. If any such term, provision, covenant or restriction is held by a court of competent jurisdiction to be invalid, void or unenforceable, (a) it shall have no effect in that respect and the Parties shall use all reasonable efforts to replace it in that respect with a valid and enforceable substitute term, provision, covenant or restriction (as applicable), the effect of which is as close to its intended effect as possible, and (b) the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 10.05 Entire Agreement. This Agreement, together with the Exhibits, the Disclosure Letter, the other Transaction Agreements and the Confidentiality Agreement constitute the entire agreement of the Parties with respect to the subject matter hereof and thereof and supersede all prior and contemporaneous understandings agreements and promises, both oral and written, between the Parties with respect to the subject matter hereof and thereof, including that certain letter of intent dated February 8, 2021 between the Company and Buyer.

Section 10.06 Successors and Assigns. This Agreement is binding on and shall inure to the benefit of each Party and its successors and permitted assigns. No Party may assign, by contract, operation of law or otherwise, its rights or obligations under this Agreement without the prior written consent of the other Parties; *provided*, that Buyer may, without the prior written consent of the other Parties, assign any of its rights or obligations hereunder (a) to one or more of Buyer's Affiliates (other than the obligation to issue the Shares under Section 1.02), or (b) for collateral security purposes to any source of financing to Buyer that is effective from and after the Closing. Any purported assignment in violation of this **Section 10.06** is null and void. No assignment relieves the assigning Party of any obligation under this Agreement.

Section 10.07 No Third-party Beneficiaries. Except as provided in **Section 6.08**, **Article IX** and **Section 10.11**, this Agreement is for the sole benefit of the Parties and their successors and permitted assigns and does not confer upon any other Person any right, benefit, remedy or Liability.

Section 10.08 Amendment; Waiver. This Agreement may be amended only in a writing signed by Buyer and Seller. A waiver of any term of this Agreement must be explicit and in writing signed by Buyer, if waiving on its behalf, or by Seller, if waiving on behalf of Seller, the Company or any Member. No failure to exercise, and no delay in exercising, any right, power or privilege under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right, power or privilege hereunder preclude the exercise of any other right, power or privilege. No waiver of any breach of any provision shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision, nor shall any waiver be implied from any course of dealing between the Parties. No extension of time for performance of any obligations or other acts under any Transaction Agreement shall be deemed to be an extension of the time for performance of any other obligations or any other acts. Except as otherwise provided in this Agreement, the rights and remedies set forth in this Agreement shall be cumulative and not exclusive of any rights or remedies provided by Law.

Section 10.09 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement is governed by the Laws of the state of Delaware applicable to agreements made and to be performed entirely in that state, without regard to any choice or conflict of law provision, whether of that state or any other jurisdiction, that would cause the application of the Law of any other jurisdiction.

(b) Each Party irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the courts of the United States of America or the courts of the State of Delaware, in each case, located in the State of Delaware (as applicable, the "**Chosen Court**"), for any action related to this Agreement and the Transactions, and no Party may commence any action related thereto except in the Chosen Court. Each Party irrevocably and unconditionally waives any objection it may now or hereafter have to venue in the Chosen Court for any action related to this Agreement and the Transactions, and it shall not plead or claim in any court that an action brought in the Chosen Court has been brought in an inconvenient forum. A Party may file a copy of this **Section 10.09** with any court as evidence of the knowing, voluntary and bargained agreement of the Parties irrevocably to waive any objections to venue or to convenience of forum of the Chosen Court.

(c) EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT IT HAS TO A TRIAL BY JURY IN ANY ACTION BROUGHT BY A PARTY RELATED TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS. NO PARTY MAY SEEK A JURY TRIAL IN ANY ACTION ARISING OUT OF OR RELATED TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS. EACH PARTY CERTIFIES THAT IT HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, MAKES THIS WAIVER KNOWINGLY AND VOLUNTARILY, AND HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS SET FORTH IN THIS **Section 10.09(c).**

Section 10.10 Specific Performance. The Parties agree that irreparable damage would occur, and that the Parties would not have any adequate remedy at Law, in the event that any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached. Accordingly, each Party hereby consents to the issuance of injunctive relief by any court of competent jurisdiction to compel performance of such Party's obligations and to the granting by any court of the remedy of specific performance of such Party's obligations hereunder. It is acknowledged that the Parties shall be entitled to equitable relief under this **Section 10.10**, without proof of actual damages, and that neither the other Parties nor any other Person shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this **Section 10.10**. Each Party further agrees that the only permitted objection that it may raise in response to any action for specific performance relief is that it contests the existence of a breach or threatened breach of this Agreement. To the extent a Party brings any Legal Proceeding before any Governmental Authority to enforce specifically the performance of the terms and provisions of this Agreement prior to the Closing, the Termination Date shall automatically be extended by (i) the amount of time during which such Proceeding is pending, plus 20 Business Days, or (ii) such other time period established by the Governmental Authority presiding over such proceeding.

Section 10.11 No Recourse Against any Person other than Contracting Parties. Claims, Liabilities or causes of action (whether in Contract or in tort, in law or in equity, or granted by statute) that may be based upon, in respect of, arise under, out or by reason of, be connected with, or relate in any manner to this Agreement, or the negotiation, execution, or performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to, this Agreement), may be made only against the Persons that are identified as parties in the preamble to this Agreement ("**Contracting Parties**"). No Person who is not a Contracting Party (**"Non-Recourse Party"**) shall have any Liability (whether in Contract or in tort, in law or in equity, or granted by statute) for any claims, causes of action or Liabilities arising under, out of, in connection with, or related in any manner to this Agreement or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance or breach; and, to the maximum extent permitted by Law, each Contracting Party hereby waives and releases all such Liabilities, claims and causes of action against any such Non-Recourse Party. Without limiting the foregoing, to the maximum extent permitted by Law, (a) each Contracting Party hereby waives and releases any and all rights, claims, demands or causes of action that may otherwise be available at law or in equity, or granted by statute, to avoid or disregard the entity form of any Contracting Party or otherwise impose Liability of a Contracting Party on any Non-Recourse Party, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization or otherwise and (b) each Contracting Party disclaims any reliance upon any Non-Recourse Party with respect to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement. Each Non-Recourse Party shall be a third-party beneficiary of this **Section 10.11** and may enforce the provisions of this **Section 10.11**.

Section 10.12 Counterparts; Electronic Transmission. This Agreement may be executed in any number of counterparts and will be effective when each Party receives the counterpart signature of all other Parties. Signatures transmitted electronically, including a PDF file sent by email, have the same effect as physical delivery of original signatures.

Section 10.13 Exhibits and Disclosure Letter. Subject to the provisions of this **Section 10.13**, all Exhibits and the Disclosure Letter hereto are hereby incorporated into this Agreement and are hereby made a part hereof as if set out in full in this Agreement. Any matter that is disclosed in one section of the Disclosure Letter shall apply to such specified section of this Agreement and to any other section of the Disclosure Letter to the extent its relevance to such other section is reasonably apparent from the face of such disclosure. Disclosure of any fact or item in any section of the Disclosure Letter shall not necessarily mean that such fact or item is material to Seller or the Company.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the date first above written.

SELLER:

F16 HOLDING, LLC

By: /s/ Aaron Berkowitz
Name: Aaron Berkowitz
Title: Member

COMPANY:

FIELD 16, LLC

By: /s/ Aaron Berkowitz
Name: Aaron Berkowitz
Title: Chief Executive Officer

MEMBERS:

/s/ Aaron Berkowitz
Aaron Berkowitz

/s/ Bryce Patterson
Bryce Patterson

/s/ Jordan Weiss
Jordan Weiss

/s/ Michael Stone
Michael Stone, as trustee of the Michael Stone Trust u/d/t June 6, 2013

BUYER: **HYDROFARM HOLDINGS GROUP, INC.**

By: /s/ William Toler
Name: William Toler
Title: Chief Executive Officer

[UNIT PURCHASE AGREEMENT SIGNATURE PAGE]

Exhibit A

Defined Terms

"**2019 Financial Statements**" has the meaning set forth in **Section 2.06(a)**.

"**AAPFCO**" has the meaning set forth in **Section 2.16(c)**.

"**Accounting Principles**" means determined in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures that were used in the preparation of the Audited Financial Statements of the Company as of December 31, 2020 so long as such methods, practices, principles, policies and procedures are GAAP.

"**Additional Purchase Price"** has the meaning set forth in **Section 1.02(c).**

"**Adjustment Amount**" has the meaning set forth in **Section 1.07(b)**.

"**Adjustment Escrow Account**" has the meaning set forth in **Section 1.05**

"**Adjustment Escrow Amount**" has the meaning set forth in **Section 1.05**.

"**Affiliate**" of a Person means any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by Contract or otherwise.

"**Agreed Tax Treatment**" has the meaning set forth in **Section 1.09**.

"**Agreement**" has the meaning set forth in the Preamble.

"**Allocation Objection**" has the meaning set forth in **Section 1.09**.

"**Allocation Statement**" has the meaning set forth in **Section 1.09**.

"**Alternative Transaction**" has the meaning set forth in **Section 5.05**.

"**AML Laws**" has the meaning set forth in **Section 2.15(d)**.

"**Anti-Corruption Laws**" has the meaning set forth in **Section 2.15(c)**.

"**Audited Financial Statements**" has the meaning set forth in **Section 2.06(a)**.

"**Business**" means the manufacture or sale at wholesale of plant nutrients.

"**Business Day**" means any day except Saturday, Sunday or any other day on which commercial banks located in Wilmington, Delaware are authorized or required by Law to be closed for business.

"**Buyer**" has the meaning set forth in the Preamble.

"**Buyer Cap**" has the meaning set forth in **Section 9.04(c)**.

"**Buyer Fundamental Warranties**" means the representations and warranties set forth in **Sections 4.01** and **4.04**.

"**Buyer Indemnified Parties**" has the meaning set forth in **Section 9.02(a)**.

"**Buyer Plans**" has the meaning set forth in **Section 6.02(b)**.

"**Buyer Released Parties**" has the meaning set forth in **Section 6.08(a)**.

"**Buyer's Knowledge**" or any other similar knowledge qualification, means (a) the actual knowledge of Eric Ceresnie, and (b) the knowledge of each such Person that would reasonably be expected to have been obtained after due inquiry by such Person.

"**Cap**" has the meaning set forth in **Section 9.04(a)**.

"**Cash**" means, with respect to any Person as of any time, (a) the cash or cash equivalents (including marketable securities and short-term investments) of such Person at such time, and shall include checks, ACH transactions and other wire transfers and drafts deposited for the account of such Person at such time so long as such item results in receipt of cash by such Person, *less* (b) issued but uncleared checks and drafts and overdrafts written or issued by such Person as of such time, *less* (c) Cash restricted from use or used as collateral for, or otherwise to provide credit support for, any Liabilities of such Person under any letter of credit or other Contract**.**

"**Cash Consideration**" has the meaning set forth in **Section 1.02(a)**.

"**Chosen Court**" has the meaning set forth in **Section 10.09(b)**.

"**Closing**" has the meaning set forth in **Section 1.03**.

"**Closing Cash**" means the aggregate amount, which may be a positive or negative number, of Cash of the Company as of the Effective Time.

"**Closing Date**" means the date on which the Closing occurs.

"**Closing Indebtedness**" means the aggregate amount of Indebtedness immediately prior to the Closing.

"**Closing Net Working Capital**" means Net Working Capital as of the Effective Time.

"**Closing Net Working Capital Adjustment Amount**" means (i) if the Closing Net Working Capital exceeds the Maximum Net Working Capital Target, the amount, which will be a positive number, of such excess (ii) if the Closing Net Working Capital is less than the Minimum Net Working Capital Target, the amount, which will be a negative number, of such deficit, and (ii) if the Closing Net Working Capital is more than the Minimum Net Working Capital Target and less than the Maximum Net Working Capital Target, zero.

"**Closing Purchase Price**" means the Cash Consideration, plus (a) the Closing Net Working Capital Adjustment Amount, minus (b) Closing Indebtedness, plus (c) Closing Cash, minus (d) Transaction Expenses, each as finally determined pursuant to **Section 1.07**.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Commercially Reasonable Efforts**" means, with respect to the efforts to be expended by a Party with respect to any objective under this Agreement, reasonable efforts to accomplish such objective as such Party would normally use to accomplish a similar objective. "Commercially Reasonable Efforts" will not require a Party to (a) expend any funds or assume Liabilities other than expenditures and Liabilities that are reasonable in nature and amount in the context of the Transactions, (b) violate any Law, or (c) initiate any Legal Proceeding.

"**Company**" has the meaning set forth in the Preamble.

"**Company Intellectual Property Rights**" means all Intellectual Property Rights owned by the Company.

"**Company Products**" means those products manufactured by or sold by or on behalf of the Company on or prior to the Closing.

"**Company Releasing Parties**" has the meaning set forth in **Section 6.08(b)**.

"**Competing Business**" means the Business or any other business which is competitive with any portion of the Business.

"**Confidential Information**" means any and all confidential, proprietary, technical, business or financial information of or concerning the Company or the Business, including marketing and financial information, personnel, sales and statistical data, plans for future development, computer programs, information and knowledge pertaining to the products and services offered, inventions, innovations, designs, ideas, records, plans, drawings, intellectual property, technical data, source and object codes, software, proprietary information, processes, systems, documents, writings, manuals, inventions, discoveries, formulae, recipes, advertising, manufacturing, sales methods and systems, pricing information, sales and profit figures, sales volume, research/development activities, customer and distributor lists, and relationships with customers, distributors, suppliers, licensees, licensors, consultants and others who have business dealings with the Company and information with respect to various techniques, procedures, processes and methods. Confidential Information also includes confidential or proprietary information received by the Company from third parties or otherwise subject to an obligation to maintain the confidentiality of such information.

"Confidentiality Agreement" means the Confidentiality Agreement dated as of December 14, 2020, between Buyer and the Company.

"**Continuing Employee**" has the meaning set forth in **Section 6.02(a)**.

"**Contract**" means, with respect to any Person, any written or oral unexpired, undischarged or unsatisfied contract, subcontract, agreement, commitment, deed of trust, mortgage, lease, sublease, license, sublicense, indenture, note, bond or other document or instrument (including any document or instrument evidencing or otherwise relating to any Indebtedness) to which such Person is a party or by which such Person or its properties or assets are legally bound.

"**Contracting Parties**" has the meaning set forth in **Section 10.11**.

"Contributed Units" has the meaning set forth in the Recitals.

"**Controlled Group**" means any trade or business (whether or not incorporated) (a) under common control within the meaning of Section 4001(b)(1) of ERISA with the Company or (b) which together with the Company is treated as a single employer under Section 414 of the Code.

"**Data Room**" means the electronic documentation site established by the Company.

"**Deductible**" has the meaning set forth in **Section 9.04(a)**.

"**Deficit Amount**" has the meaning set forth in **Section 1.07(b)(ii)**.

"**Determination Date**" has the meaning set forth in **Section 1.07(a)(vi)**.

"**Direct Claim**" has the meaning set forth in **Section 9.05(c)**.

"**Disclosure Letter**" means the Disclosure Letter delivered by Seller to Buyer concurrently with the execution and delivery of this Agreement.

"**Disputed Amounts**" has the meaning set forth in **Section 1.07(a)(iv)**.

"**Effective Time**" means 12:01 a.m., pacific time, on the Closing Date.

"**Employee Benefit Plan**" means any "employee benefit plan" as defined in Section 3(3) of ERISA, any "nonqualified deferred compensation plan" as defined in Section 409A of the Code, or any severance arrangement, salary continuation, bonus, commission, incentive, stock option, retirement, pension, profit sharing, deferred compensation, retention agreement, retention plan, benefits continuation, salary continuation, tuition reimbursement, dependent care assistance, legal assistance, fringe benefit (cash or non-cash), vacation, holiday, sick leave, insurance, death benefit, unemployment, cafeteria, health, medical, dental, vision, hearing, disability, or other compensatory or health or welfare benefit plan, program, arrangement or Contract which: (a) the Company maintains, sponsors, contributes to or has any Liability under or with respect to, or (b) which any Controlled Group member maintains, sponsors, contributes to or has any Liability under or with respect to and under which the Company could have any Liability (including as a member of a Controlled Group).

"**Employee Bonuses**" has the meaning set forth in **Section 6.02(e)**.

"**Employees**" means those Persons employed by the Company immediately prior to the Closing.

"**Employment Agreements**" has the meaning set forth in **Section 7.02(f)(vi)**.

"**Encumbrance**" means any lien, pledge, mortgage, deed of trust, security interest, assignment, hypothecation, title retention, charge, claim, right of first offer, right of first refusal, easement, encroachment, similar encumbrance or any other security agreement or arrangement of any kind or nature whatsoever.

"**Enforceability Exception**" has the meaning set forth in **Section 2.02(b)**.

"**Environmental Law**" means any applicable Law, and any Order or Contract with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, subsurface strata, drinking water supply, surface land, plant and animal life or any other natural resource); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, handling, transportation, processing, production, disposal or remediation of any Hazardous Materials. The term "Environmental Law" includes the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq.; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq.; the Safe Drinking Water and Toxic Enforcement Act of 1986 (California's Proposition 65) and all comparable state and local Laws.

"**EPA**" has the meaning set forth in **Section 2.21(a)**.

"**Equity Securities**" means (a) capital stock, partnership or membership interests or units (whether general or limited), restricted stock awards, restricted stock units, equity appreciation rights, phantom equity rights, profit participation rights, any other interest or participation that confers the right to receive a share of the profits and/or losses of, or distribution of assets and all other ownership or profit interests of such Person (including partnership or member interests therein), (b) subscriptions, calls, warrants, options or commitments of any kind or character entitling any Person to acquire, any interest referred to in item (a), and (c) securities convertible into or exercisable or exchangeable for any interest referred to in item (a) or item (b), in each case whether voting or nonvoting.

"**ERISA**" means the Employee Retirement Income Security Act of 1974.

"**Escrow Agent**" means J.P. Morgan Chase Escrow Services.

"**Escrow Amount**" has the meaning set forth in **Section 1.05**.

"**Escrow Agreement**" has the meaning set forth in **Section 1.05**.

"**Estimated Closing Cash**" has the meaning set forth in **Section 1.04(a)(iii)**.

"**Estimated Closing Indebtedness**" has the meaning set forth in **Section 1.04(a)(ii)**.

"**Estimated Closing Net Working Capital**" has the meaning set forth in **Section 1.04(a)(i)**.

"**Estimated Closing Net Working Capital Deficit**" means the amount, if any, by which the Estimated Closing Net Working Capital is less than the Minimum Net Working Capital Target.

"**Estimated Closing Net Working Capital Increase**" means the amount, if any, by which the Estimated Closing Net Working Capital is more than the Maximum Net Working Capital Target.

"**Estimated Closing Purchase Price**" means, without duplication, the Cash Consideration, (a) plus the Estimated Closing Net Working Capital Increase or minus the Estimated Closing Net Working Capital Deficit, minus (b) Estimated Closing Indebtedness, plus (c) Estimated Closing Cash, minus (d) Estimated Transaction Expenses.

"**Estimated Transaction Expenses**" has the meaning set forth in **Section 1.04(a)(iv)**.

"**Final Closing Statement**" has the meaning set forth in **Section 1.07(a)(i)**.

"**Financial Statements**" has the meaning set forth in **Section 2.06(a)**.

"**Fraud**" means actual fraud with respect to the making of the representations and warranties set forth in **Article II**, **Article III**, or **Article IV** committed by a Party making such representation and warranty.

"**Fundamental Warranties**" means the Buyer Fundamental Warranties and the Seller Fundamental Warranties.

"**GAAP**" means United States generally accepted accounting principles applied consistently.

"**Governmental Authority**" means any federal, state, local, municipal or foreign government or political subdivision thereof, or any agency, regulatory body or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

"**Hazardous Materials**" means (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or man-made, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing material, polychlorinated biphenyls; or (c) any other pollutant, contaminant, hazardous substance or radioactive substance.

"**Income Tax Return**" means a Tax Return with respect to a Tax imposed on net income, or any state or local Tax Return with respect to a Tax imposed in lieu of Tax on net income that is based on net or gross income.

"**Increase Amount**" has the meaning set forth in **Section 1.07(b)(i)**.

"**Indebtedness**" means, without duplication, all payment obligations (including in respect of principal, interest, premiums (including make-whole premiums), prepayment penalties, breakage costs, fees, expenses or similar charges arising as a result of the discharge of such amount owed and payments or premiums attributable to, or which arise as a result of, the Transactions or the payment of such obligation) of the Company in respect of (a) borrowed money; (b) obligations for the deferred purchase price of property, goods or services, including earn-outs, contingent payments, payments under non-compete agreements and seller notes, with respect to which the Company is liable, contingently or otherwise, as obligor or otherwise, (other than trade payables incurred in the Ordinary Course of Business), (c) long or short-term obligations evidenced by notes, bonds, debentures or other similar instruments, (d) obligations under any interest rate, currency or exchange obligations, swaps, hedges or similar agreements or arrangements; (e) capital lease obligations under Contracts set forth on **Section A-1 of the Disclosure Letter**; (f) reimbursement obligations under any letter of credit, banker's acceptance or similar credit transactions; (g) obligations secured by a lien on the assets of the Company, (h) guarantees made by the Company on behalf of any other Person in respect of obligations of the kind referred to in the foregoing clauses (a) through (g); and (i) any unpaid interest, prepayment penalties, premiums, costs and fees that would arise or become due as a result of the prepayment of any of the obligations referred to in the foregoing clauses (a) through (h).

"**Indemnified Party**" has the meaning set forth in **Section 9.04**.

"**Indemnifying Party**" has the meaning set forth in **Section 9.04**.

"**Indemnity Escrow Account**" has the meaning set forth in **Section 1.05**.

"**Indemnity Escrow Amount**" has the meaning set forth in **Section 1.05**.

"**Independent Accountant**" has the meaning set forth in **Section 1.07(a)(iv)**.

"**Insurance Policies**" has the meaning set forth in **Section 2.13(a)**.

"**Intellectual Property Rights**" means all worldwide right, title and interest in and to all proprietary rights of every kind and nature pertaining to or deriving from any of the following, whether protected, created or arising under the Laws of the United States or any other jurisdiction: (a) foreign and domestic patents and patent applications (including reissuances, divisions, renewals, provisional applications, continuations, continuations in part, revisions, extensions, substitutions and reexaminations), and all inventions (whether patentable or not), invention disclosures, and improvements thereof (collectively, "**Patents**"); (b) trademarks, service marks, trade names, trade dress, logos, slogans and all other devices used to identify any product, service, business or company, whether registered or unregistered or at common law, including all foreign and domestic applications, registrations and renewals in connection therewith, and all goodwill associated with any of the foregoing (collectively, "**Marks**"); (c) Internet domain names, and other Internet addresses, and user names, accounts, including social networking and social media accounts, pages, and online identities (and all goodwill associated with any of the foregoing, if any) (collectively, "**Domain Names**"); (d) copyrights, original works, and all databases and data collections, whether registered or unregistered, and including all applications, registrations and renewals of any such thing, and all moral rights and neighboring rights associated therewith ("**Copyrights**"); (e) know-how, trade secrets, source code, object code, discoveries, improvements, concepts, ideas, methods, processes, designs, plans, schematics, drawings, formulae, manufacturing processes, customer and market lists, technical data, specifications, research and development information, technology and product roadmaps, proprietary data, databases and database rights (including sui generis rights), including Personal Information, technical data and other proprietary data and other proprietary or Confidential Information; (f) all computer programs, including any and all software implementations of algorithms, models and methodologies, whether in source code or object code or other readable code (collectively, "**Software**"); (g) rights of publicity and rights of privacy; (h) trade dress including the look and feel, decor, physical appearance and layout of any product or labeling, and all goodwill associated with the foregoing; and (i) all income, royalties, damages and payments due or payable as of the Closing Date or thereafter with respect to the foregoing (including damages and payments for past, present or future infringements or misappropriations thereof), the right to sue and recover for future infringements or misappropriations thereof and any and all corresponding rights that now or hereafter may be secured throughout the world, and all copies and tangible embodiments thereof.

"**Internal Controls**" has the meaning set forth in **Section 2.06(b)**.

"**Latest Balance Sheet**" has the meaning set forth in **Section 2.06(a)**.

"**Law**" means any statute, law, ordinance, regulation, rule, code, Order, constitution, treaty, convention, common law, judgment, decree, directive, legal requirement, other requirement or rule of law of any Governmental Authority or any similar provision having the force or effect of law.

"**Leased Real Property**" has the meaning set forth in **Section 2.10(a)**.

"**Legal Proceeding**" means any judicial, administrative, arbitral or Tax action, suit, claim, demand, hearing, audit, examination, contest, investigation or proceeding (public or private) by or before a Governmental Authority or arbitrator.

"**Liability**" means any debt, liability, commitment, loss, cost, damage, deficiency, royalty, penalty, Tax, expense, interest, fine, settlement, award or judgment, or obligation of any kind, character or nature whatsoever, whether known or unknown, asserted or unasserted, choate or inchoate, secured or unsecured, fixed, absolute or contingent, accrued or unaccrued, liquidated or unliquidated and whether due or to become due.

"**Licenses-In**" has the meaning set forth in **Section 2.12(a)**.

"**Litigation Conditions**" has the meaning set forth in **Section 9.05(a).**

"**Lookback Date**" means January 1, 2017.

"**Losses**" means any and all losses, damages, Liabilities, deficiencies, audits, claims, settlements, royalties, penalties, interest, fines, fees, Taxes, awards, judgments, costs and expenses (including reasonable attorneys' fees, costs and other expenses incurred in investigating, preparing, defending or settling the foregoing).

"**Material Adverse Effect**" means any event, occurrence, fact, condition, circumstance, effect or change which, individually or in the aggregate, is, or could reasonably be expected to be, materially adverse to (a) the Business, results of operations, financial condition, assets, Liabilities or prospects of the Company, (b) the Units, or (c) the ability of the Seller to perform any of its obligations under this Agreement or any other Transaction Agreement and to consummate the Transactions; *provided*, *however,* that none of the following will be considered when determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur with respect to item (a): (i) changes in general economic or political conditions; (ii) changes in conditions generally affecting the industry in which the Company operates; (iii) any changes in financial, banking or securities markets in general; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required by this Agreement or any action taken with the written consent of or at the written request of Buyer; (vi) any changes in applicable Laws or accounting rules (including GAAP) or the enforcement, implementation or interpretation thereof; (vii) the public announcement or pendency of the Transactions; (viii) any natural disaster or acts of God; (ix) any Law issued by a Governmental Authority that results from COVID-19; or (xi) any failure by the Company to meet any internal or published projections, forecasts or revenue or earnings predictions (provided that the underlying causes of such failures (subject to the other provisions of this definition) shall not be excluded) provided, however, if a matter described in clauses (i) through (iv), clause (vi) or clause (viii) has had a disproportionate effect on the business, financial condition or results of operations of the Company compared to other Persons engaged in the same industry as the Business, then the impact of such matter on the Company shall be taken into account for purposes of determining whether any event, occurrence, fact, condition, circumstance, effect or change is or could reasonably be expected to be materially adverse.

"**Material Contracts**" has the meaning set forth in **Section 2.09(a)**.

"Material Customer" means any of the ten largest customers of the Company, or any customer that represents more than five per cent (5%) of the Company's revenues, in each case measured by the dollar amount of revenue generated by the Company in respect of such customer for (a) the twelve-month period ended on December 31, 2020, or (b) the three-month period ended March 31, 2021.

"**Material Supplier**" means any of the ten largest suppliers of the Company, or any supplier that represents more than five per cent (5%) of the Company's expenditures, in each case measured by the dollar amount of expenditures by the Company in respect of such supplier for (a) the twelve-month period ended on December 31, 2020, or (b) the three-month period ended March 31, 2021.

"**Maximum Net Working Capital Target**" means $950,000.

"**Minimum Net Working Capital Target**" means $850,000.

"**Most Recent Financial Statements**" has the meaning set forth in **Section 2.06(a)**.

"**Multiemployer Plan**" means a "multiemployer plan" as defined in Section 3(37) of ERISA.

"**Net Sales**" has the meaning set forth in **Section 1.02(c)**.

"**Net Sales Calculation**" has the meaning set forth in **Section 1.02(c)**.

"**Net Sales Objection**" has the meaning set forth in **Section 1.02(c)**.

"**Net Working Capital**" means, as of any date, (a) the aggregate amount of the current assets of the Company (other than Cash and the other items set forth in **Exhibit F**) as of such date minus (b) the aggregate amount of the current Liabilities of the Company (other than Indebtedness, Transaction Expenses and the other items set forth in **Exhibit F**) as of such date, in each case, calculated in accordance with the Accounting Principles. Those accounts which are included in the computation of Net Working Capital are set forth in the illustrative calculation of Net Working Capital attached as **Exhibit F.**

"**Non-Recourse Party**" has the meaning set forth in **Section 10.11**.

"**Operating Agreement**" means the Operating Agreement of the Company dated as of February 1, 2010, as amended to date.

"**Order**" means any order, writ, judgment, injunction, decree, stipulation, determination, award, ruling, mandate, directive, assessment or arbitration award of a Governmental Authority, an arbitrator or a mediator, whether civil, criminal or administrative and whether formal or informal.

"**Ordinary Course of Business**" means, with respect to any Person, such Person's ordinary course of business consistent with such Person's historical practice.

"**Organizational Documents**" means (a) with respect to a corporation, the certificate or articles of incorporation and bylaws, (b) with respect to a limited liability company, the certificate of formation or organization and the limited liability company or operating agreement, or (c) with respect to any other Person, any charter or similar document adopted or filed in connection with the creation, formation or organization of such Person, each as amended and in effect as of the Effective Date.

"**Parties**" means the Company, Seller, the Members and Buyer.

"**Payoff Letter**" has the meaning set forth in **Section 7.02(f)(iv)**.

"**Permits**" means all permits, licenses, franchises, approvals, registrations, variances, exemptions, authorizations, and consents required to be obtained from Governmental Authorities.

"**Permitted Encumbrances**" means (a) statutory Encumbrances for Taxes not yet due and payable or being contested in good faith by appropriate procedures (provided appropriate reserves have been included in the Final Closing Statement), (c) mechanics, carriers', workmen's, repairmen's or other like liens arising or incurred in the Ordinary Course of Business with respect to any amounts not yet delinquent or which are being contested in good faith and for which adequate reserves have been set aside for the payment thereof, (d) easements of record, rights of way of record and zoning ordinances imposed by Governmental Authorities affecting any Leased Real Property which do not impair and which are not violated by the current use or operation of the Leased Property, or (e) Encumbrances securing rental payments under capital leases.

"**Person**" means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

"**Personal Information**" means any information identified or identifiable of a natural person (which such information is similarly protected as Personal Information under Law); an identifiable person may be one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier, or to one or more factors specific to his or her physical, physiological, genetic, mental, economic, cultural or social identity.

"**Post-Closing Tax Period**" means any Tax period beginning after the Closing Date and, with respect to a Straddle Period, the portion of such Tax period beginning after the Closing Date.

"**Pre-Closing Period**" means the period commencing on the Effective Date and ending at the Closing or such earlier date as this Agreement may be terminated in accordance with **Article VIII**.

"**Pre-Closing Tax Period**" means any Tax period ending on or before the Closing Date and, with respect to a Straddle Period, the portion of such Tax period ending on the Closing Date.

"Pre-Closing Tax Return" has the meaning set forth in **Section 6.06(a)(ii)**.

"**Preliminary Closing Statement**" has the meaning set forth in **Section 1.04**.

"**Privacy Commitments**" has the meaning set forth in **Section 2.23(a)**.

"**Privacy Laws**" has the meaning set forth in **Section 2.23(a)**.

"**Privacy Policies**" has the meaning set forth in **Section 2.23(a)**.

"**Processing**" has the meaning set forth in **Section 2.23(a)**.

"**Product Authorities**" has the meaning set forth in **Section 2.21(a)**.

"**Product Laws**" has the meaning set forth in **Section 2.21(a)**.

"Purchased Units" has the meaning set forth in the Recitals.

"**Purchase Price**" has the meaning set forth in **Section 1.02(b)**.

"**QSub Election**" has the meaning set forth in the Recitals.

"**R&W Carrier**" means Pacific Insurance Company, Limited.

"**R&W Insurance Policy**" means the buyer-side representation and warranty insurance binder in the form attached as **Exhibit G**.

"Registered Intellectual Property" means registrations, issuances, and pending applications for registrations or issuances of any Company Intellectual Property Rights, as well as any Domain Names registered in the name of a Company.

"**Release**" means any actual or threatened release, spill, emission, discharge, leaking, pumping, pouring, escaping, injection, deposit, disposal, dispersal, leaching or migration into the indoor or outdoor environment (including ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property, including the movement of Hazardous Materials through or in the air, soil, surface water, groundwater or property.

"**Reorganization**" has the meaning set forth in the Recitals.

"**Reorganization Agreement**" has the meaning set forth in the Recitals.

"**Representative**" means, with respect to any Person, any director, manager, partner, officer, employee, consultant, financial advisor, counsel, accountant and any other agent of such Person.

"**Resolution Period**" has the meaning set forth in **Section 1.07(a)(iii)**.

"**Restrictive Covenant Agreements**" has the meaning set forth in **Section 7.02(f)(vii)**.

"**Review Period**" has the meaning set forth in **Section 1.07(a)(ii)**.

"SEC" means the Securities and Exchange Commission.

"SEC Documents" has the meaning set forth in **Section 3.07**.

"Securities Act" has the meaning set forth in **Section 3.06**.

"**Security Breach**" has the meaning set forth in **Section 2.23(b)**.

"**Seller**" has the meaning set forth in the Preamble.

"**Seller Fundamental Warranties**" means the representations and warranties set forth in **Sections 2.01, 2.02, 2.03, 2.04, 2.05(a), 2.11(a), 2.19, 2.27, 3.01, 3.02, 3.03(a) and 3.04.**

"**Seller Indemnified Parties**" has the meaning set forth in **Section 9.03**.

"**Seller Released Parties**" has the meaning set forth in **Section 6.08(b)**.

"**Seller Releasing Parties**" has the meaning set forth in **Section 6.08(a)**.

"**Seller's Bank Account**" means the bank account whose wire instructions have been designated in writing by Seller to Buyer at least two (2) Business Days prior to the Closing Date, or such other wire instructions that are designated in writing after the Closing Date by Seller to Buyer at least two (2) Business Days prior to the date of the proposed payment.

"**Seller's Knowledge**" or any other similar knowledge qualification, means (a) the actual knowledge of Aaron Berkowitz, Bryce Patterson, and Jessica Spivey and (b) the knowledge of each such Person that would reasonably be expected to have been obtained after due inquiry by such Person.

"**Shares**" has the meaning set forth in **Section 1.02(a)**.

"**Statement of Objections**" has the meaning set forth in **Section 1.07(a)(iii)**.

"**Step One**" has the meaning set forth in the Recitals.

"**Step Two**" has the meaning set forth in the Recitals.

"**Straddle Period**" means a Tax period that begins on or before and ends after the Closing Date.

"**Straddle Period Tax Return**" has the meaning set forth in **Section 6.06 (a)(iii)**.

"**Subprocessors**" has the meaning set forth in **Section 2.23(a)**.

"**Subsidiary**" means, with respect to a Person, any entity of which (a) such Person or any of its Subsidiaries is a general partner or holds a majority of the voting interests of a partnership, (b) at least a majority of the securities or other ownership interests having by their terms ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions is directly or indirectly owned or controlled by such Person or by one or more of its Subsidiaries, or (c) that is required to be consolidated in such Person's financial statements under GAAP.

"**Tail Policy**" has the meaning set forth in **Section 6.03**.

"**Tax**" all (a) federal, state, local and foreign income, profits, franchise, sales, use, ad valorem, personal property, other property, unclaimed property or escheat (whether or not treated as a tax under Law), severance, production, excise, stamp, stamp duty revenue tax, stamp duty land tax, documentary, real property, real property transfer or gain, gross receipts, goods and services, registration, capital, capital stock, transfer, withholding, estimated, alternative, minimum, add-on minimum, value added, natural resources, entertainment, amusement, occupation, premium, windfall profit, environmental, customs, duties, special assessment, social security, national insurance contributions, unemployment, disability, payroll, license, employee, healthcare (whether or not treated as a tax under Law) or other tax of any kind whatsoever (whether payable directly or by withholding), including any interest, penalties, or additions to tax or additional amounts in respect of the foregoing, (b) Liability for the payment of any amounts of the type described in clause (a) above arising as a result of being (or ceasing to be) a member of any affiliated, consolidated combined, unitary or aggregate group (or being included (or required to be included) in any Tax Return relating thereto); and (c) Liability for the payment of any amounts of the type described in clause (a) of another Person as a result of any transferee or secondary Liability or any Liability assumed by Contract, Law or otherwise.

"**Tax Claim**" has the meaning set forth in **Section 6.06(g)(i)**.

"**Tax Return**" means any return, declaration, report, claim for refund, information return or statement or other document required to be filed with respect to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"**Taxing Authority**" means any Governmental Authority responsible for the imposition or collection of any Tax.

"**Termination Date**" has the meaning set forth in **Section 8.01(b)(ii)**.

"**Third-Party Claim**" has the meaning set forth in **Section 9.05(a)**.

"**Transaction Agreements**" means this Agreement, the Escrow Agreement, the Employment Agreements, and the Restrictive Covenant Agreements.

"**Transaction Expenses**" means (a) all unpaid fees and expenses incurred by either Seller or the Company relating to or in connection with the Transactions, including legal, accounting, consulting, investment banking, brokers' and finders' and other similar fees, costs and expenses, (b) all amounts payable by the Company to the extent resulting from the consummation of the Transactions, regardless of whether such amounts are due upon or after Closing, including any "change of control," retention payment, transaction bonus, termination payment, compensation, severance or other similar arrangements or any other accelerations of or increases in rights or benefits, and all Taxes that are payable by the Company as a result of the payment of any such obligation, (c) fifty percent (50%) of the aggregate costs and expenses related to the R&W Insurance Policy, including the total premium, underwriting costs, brokerage commission for the Buyer's insurance broker, Taxes related to such policy and other fees and expenses of such policy, (d) all unpaid amounts incurred by the Company prior to the Closing to obtain any third party consents, waivers or approvals, (e) fifty percent (50%) of the fees of the Escrow Agent, and (f) the costs, fees and expenses of the Tail Policy.

“Transactions” means the Reorganization, the purchase and sale of the Units and the other transactions contemplated by the Transaction Agreements.

“Transfer Tax” has the meaning set forth in **Section 6.06(e).**

“**Treasury Regulations**” means the Treasury regulations promulgated under the Code.

“**Units**” has the meaning set forth in the Recitals.

“**USA PATRIOT Act**” has the meaning set forth in **Section 2.15(d)**.

“**USDA**” has the meaning set forth in **Section 2.16(c)**.

Exhibit B

Contribution Agreement and Plan of Reorganization

Exhibit C

Escrow Agreement

Exhibit D

Employment Agreements

Exhibit E

Restrictive Covenant Agreements

Exhibit F

Net Working Capital Illustration

Exhibit G

R&W Insurance Binder

Disclosure Letter to the Unit Purchase Agreement

Table of Contents

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-1 of our report dated March 30, 2021 relating to the consolidated financial statements of Hydrofarm Holdings Group, Inc. and subsidiaries, appearing in the Annual Report on Form 10-K of Hydrofarm Holdings Group, Inc. for the year ended December 31, 2020. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ Deloitte & Touche LLP

San Francisco, California

April 26, 2021

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-1 of our auditor's report dated May 10, 2019 (December 1, 2020 as to the effects of the reverse stock split discussed in Note 1) with respect to the consolidated financial statements of Hydrofarm Holdings Group, Inc. (the "Company") for the year ended December 31, 2018, which appears in the Annual Report on Form 10-K for the year ended December 31, 2020.

We also consent to the reference to us under the caption "Experts" in this Registration Statement.

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants
April 26, 2021
Toronto, Canada