

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K**

(Mark One)

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

For the fiscal year ended December 31, 2024

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-40263

**Grove Collaborative Holdings, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

**88-2840659**

(State or other jurisdiction of incorporation or organization)

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

**1301 Sansome Street  
San Francisco, California**

94111

(Address of Principal Executive Offices)

(Zip Code)

**(800) 231-8527**

Registrant's telephone number, including area code  
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.0001	<b>GROV</b>	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically very Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officer during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

Based on the closing price of our Class A Common stock on June 30, 2024 (the last business day of the registrant's second fiscal quarter), the aggregate market value of voting and non-voting common stock held by non-affiliates was \$55.4 million. Shares of common stock beneficially owned by each executive officer, director, and holder of more than 10% of our common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The registrant had outstanding 40,152,722 shares of Class A Common Stock as of March 11, 2025.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the U.S. Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K are incorporated by reference in Part III of this Annual Report on Form 10-K.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains “forward-looking statements” (within the meaning of Section 27A of the Securities Act of 1933, as amended (“Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”)) about us and our industry that involve substantial risks and uncertainties. In some cases, you can identify forward-looking statements, because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements that we make. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including, without limitation, those set forth in Part I, Item 1A, “Risk Factors,” and other factors set forth in other parts of this Annual Report on Form 10-K. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. The forward-looking statements in this Annual Report on Form 10-K include, but are not limited to, our expectations regarding our future results of operations and financial condition, including expectations regarding our future revenue and achieving profitability, growth of our business, the effect of regulatory compliance on our future financial results, the impact of exiting brick and mortar retail, our expectations regarding sales, general and administrative, advertising, fulfillment and product development costs in 2025; the advantages and impacts of transitioning to Shopify; our available resources providing sufficient funds to enable us to meet our financial obligations for at least one year; our critical accounting estimates; the effect of macroeconomic factors, including supply chain disruptions, tariffs, and inflationary pressures; anticipated trends, growth rates, and challenges in our business; and the impacts of our restructuring efforts.

## Part I

### Item 1. Business

*Unless the context otherwise requires, all references in this subsection to the “Company,” “Grove,” “we,” “us” or “our” refer to Grove Collaborative Holdings, Inc. and its consolidated subsidiary following the Business Combination (as defined below), other than certain historical information that refers to the business of Grove Collaborative, Inc. prior to the consummation of the merger with Virgin Group Acquisition Corp. II. Such merger is referred to herein as the “Business Combination”. “Legacy Grove” refers to the Company prior to the Business Combination*

#### Our Vision

Grove Collaborative Holdings, Inc.’s mission is to transform the consumer products industry into a force for environmental and human good by creating and curating planet-first, high-performance brands and products.

#### Overview

Grove was incorporated in 2012 under the name “ePantry” as an online retailer for third-party natural household, beauty and personal care brands. We leveraged our e-commerce platform to learn about the industry, gain significant insight into consumer preferences and determine how we might drive change. Early on, it became clear that the current carbon, plastic, and ingredient footprint of our industry is unsustainable, and that there will be massive share shift to products that perform while supporting human and environmental health.

Grove is a sustainability-oriented consumer products innovator. We use our connection with consumers to create and curate authentic, disruptive brands and products. Grove builds natural products that perform as well as or better than many leading consumer packaged goods (“CPG”) brands (both conventional and natural), while being healthier for consumers and the planet.

Grove’s distribution strategy enables us to reach consumers any time, anywhere they want to shop. We operate an online direct-to-consumer website and mobile application (“DTC platform”) where we both sell our Grove-owned brands (“Grove Brands”) and partner with other leading natural and mission-based CPG brands, providing consumers a selection of curated products across many categories and brands. In the year ended December 31, 2024, we generated approximately 41% of our net revenue from Grove Brands, with 84% of that net revenue from home care products. As we grow our product assortment and distribution in our other categories including health and wellness, beauty, and personal care, we expect the contribution of sales from these categories to increase. During the year ended December 31, 2024, we made the strategic decision to wind down its brick-and-mortar retail business.

Grove is a public benefit corporation and a Certified B Corporation, meaning we adhere to third party standards for prioritizing social, environmental, and community well-being. We have a history of doing well by doing good. Since our inception, we have invested heavily in building out both our Grove DTC platform and our Grove Brands. Over this period we have operated at a loss with an accumulated deficit of \$648.5 million as of December 31, 2024. In recent years, we have experienced declining revenues, with revenues in the years ended December 31, 2024 and 2023 were approximately 22% and 19% respectively lower than in their respective previous years. The decline results primarily from the Company’s reductions in advertising spend and our strategic shift toward achieving profitability. While we continue to believe that there are long term growth trends in the reduced-plastic waste industry and that we will be able to continue to grow our business in the long run, consumer behavior patterns and macro-economic factors will continue to be a risk to our business and will continue to adversely impact our financial performance for at least the near to medium term.

Our key long-term strategic advantage comes from a combination of our authentic mission and our direct relationships with customers. We gained differentiated insights on consumer preferences and provided a platform for them to tell us what they value in each product category we carried. We paired this insight with our product innovation capabilities, and in 2016 we launched Grove Co., our flagship home care brand. We have since established Grove Co. as the largest brand by revenue on our DTC platform.

After building a robust portfolio of efficacious, good-for-the-world products, we expanded to offer our Grove Brand products in brick-and-mortar retail stores in 2021 in addition to operating our DTC platform. In October 2024, we made the strategic decision to wind down our brick-and-mortar retail business. We continue to actively pursue opportunities to develop and expand our sales on third-party ecommerce platforms.

#### Our Purpose

We believe that the consumer products industry has contributed to the current environmental crises, specifically the proliferation of single-use plastic. It is our belief that we need to create business models and products that meet the

environmental needs of our time and the growing demand of consumers who are aware of the importance of making environmentally conscious decisions.

Sustainability is our core differentiator. We are addressing single-use plastic, carbon emissions, and forest degradation as the most material issues to our business and our industry. We believe these objectives also intersect areas of growing consumer interest and demand, and we have set ambitious goals to lead across these three objectives.

We also believe that the formulation of consumer products should take into account the potential impact of certain ingredients on customers' well-being and personal health. Beyond curating brands and products on our platform for the sustainability of their packaging and operations, we also vet and review every products' ingredients against our "No Way Ingredients" list, backed by science, research, and experts. For our Wellness products, including vitamins, minerals, and supplements, we have a team of Wellness Advisors that review and approve all products for sale on Grove. These standards help our customers select the best ingredients for themselves and their families to create a healthier home.

We believe that the depth and authenticity of our mission is a sustainable competitive advantage in a world where consumers urgently demand more conscientious products. We also believe that our mission is a competitive advantage in attracting and retaining top talent in a competitive market.

We believe that authentic commitment to our vision, and to "doing well by doing good," is a durable competitive advantage. As a way to codify our values, Grove became a public benefit corporation ("PBC") in 2021. We are devoted to the development, promotion and distribution of consumer products as a positive force for environmental and human health. As a PBC, we have a legal duty to prioritize not just stockholders' financial interests, but also the best interest of those materially affected by our business operations, including consumers, employees, partners, the environment and the communities in which we operate. In addition, Grove is a Certified B Corporation, meaning we adhere to rigorous third-party standards for prioritizing social, environmental and community well-being, and our performance is independently audited against this framework. In 2024, Grove Collaborative was recertified as a B Corporation, earning a score of 100.9 – more than 20 points higher than our 2020 recertification.

### **Value Proposition to Consumers**

We believe that sustainability is critical. Grove's products offer a unique blend of sustainability, efficacy, consumer centricity and modern design offered at accessible prices and supported by exceptional customer service and a strong online community. Every product Grove offers - from its flagship brand of sustainably powerful home care essentials, Grove Co., to its exceptional third-party brands - has been vetted against the Grove Standard, including strict ingredients standards, 100% plastic neutral orders, carbon neutral shipments, and high quality performance, in addition to being cruelty-free and ethically produced. Our product offerings help consumers reduce their single use plastic usage. Products from Grove owned brands make it easy for consumers to make safe and sustainable choices for themselves and their families. Our products do not include anything on our anti-ingredients list, and everything we carry meets our rigorous standards. In addition to prioritizing plant-based ingredients, the Grove standard lists all the anti-ingredients you'll never find in our products, from parabens to phosphates and triclosan.

### **Our Brands**

#### *Brand Strategy*

Increasingly, consumers are demanding brands that are thoughtfully designed with a focus on consumer needs and preferences, and that meet higher standards than ever in environmental sustainability and human health. The shift away from plastic in Home and Personal Care ("HPC") products is a clear consumer and industry trend. Combined with our mission, we believe that our direct relationship with consumers gives us a durable competitive advantage in building the brands to lead that change. All our product innovation work leverages our three pillars of development: consumer centricity, efficacy, and sustainability.

#### *The Grove Co. Brand*

The Grove Co. brand is a market leader in products that contain little to no single-use plastic, or are refillable or reusable - as defined by our Beyond Plastic™ standard. Both for our Grove Co. brand and site-wide, we track our plastic footprint and our plastic intensity - defined as the weight of plastic sold per \$100 of net revenue. Grove Co. products allow consumers to care for their homes with products that meet their sustainability objectives as well as their expectations for natural formulas that promote human health and healthier homes. With an assortment of products ranging from household cleaners to hand and dish soaps to tree-free home tissues and laundry detergent, Grove Co. is the largest brand on our DTC platform.

### *Third-Party Brands*

In addition to Grove Brands, we offer a curated portfolio of approximately 300 third-party brands on our DTC platform and provide consumers with a selection of over 3,000 third-party products. These brand relationships provide customers with breadth across product categories, while reinforcing Grove's position as a destination for discovery and providing us with valuable data on customer purchasing behavior and preferences.

We carry a wide range of clean and natural products within home, beauty and personal care, including products aimed at baby and pet care. Since our inception, we have attracted and maintained strong relationships with a diverse group of clean and natural brands within home care, beauty and personal care, from emerging brands such as Caraway, Cocofloss, Koala Eco and Rugged to globally recognized brands such as Mrs. Meyers, Seventh Generation, Method, and Burt's Bees. Prior to onboarding new brand partners, all brands undergo a thorough review process to ensure they meet our rigorous sustainability criteria, including goals to reduce and eliminate plastic, safe and transparent ingredient standards, certified cruelty-free products, and ethical production.

We take a data-driven approach to category expansion by leveraging the insights garnered through our DTC platform. By carrying third-party products, we are not only able to better serve our customers by providing a wider product assortment, but we are able to understand both category demand and the product attributes that our consumers value before investing in development of our own products.

We offer a highly compelling proposition to our third-party brands by providing access to more than 688,000 environmentally-conscious and digitally-savvy customers who shopped on our DTC platform in 2024. We consider these third-party brands to be important long-term partners both in serving our customers on our digital platform and in changing the industry for the better. We expect to continue to collaborate with these brands to help bring their complementary products to consumers while also executing on our strategy to make our DTC platform a destination for consumer discovery. Over the long term, we do not view the trends driving Grove's growth as winner-take-all. Instead, we believe that lifting the industry towards increased environmental and human health will be the "new normal" and will materially benefit Grove.

### **Product Development and Innovation**

We believe we have a durable competitive advantage in product development, based on the data and consumer insights garnered through our DTC platform. We estimate that we can develop products faster than most traditional CPG companies using a variety of strategies only available as a result of our DTC platform:

- We can test market acceptance of product attributes prior to or as part of product launch, including fragrance, price point, marketing messaging, sustainability and more. We can assess market acceptance of products on our DTC platform prior to a product ready date to determine consumer interest via our waitlist feature.
- We can quickly gather consumer feedback by including samples in existing shipments, conducting online focus groups, and asking our consumers directly. We can then improve the products where possible and relaunch or drop underperforming products at relatively little cost.
- We can launch products on our DTC platform at any point, without the constraints of retailer shelf reset timelines.
- We have an understanding of our consumers based on historical purchasing behavior, demographic information, and the ways in which they engage with our community and platform.

In addition, our research and product development team brings both HPC product experience as well as digital channel know-how to our innovation road map. We believe the combination of our data along with our innovation capabilities allows us to consistently produce high-quality, efficacious products with speed to market.

### **Sustainability and Environmental Health and Safety**

Grove's corporate sustainability ethos and sustainable product offering are our primary differentiators. Our customers seek carefully created and curated products that align with their values around environmental health and safety. As part of that value proposition, we pride ourselves on our industry-leading sustainability work in areas relevant to our business: plastic, forests, and carbon.

#### *Plastic*

The HPC industry has been built on seemingly cheap and disposable single-use plastic packaging. As consumers awaken to the reality of the plastic pollution crisis, they are urgently and increasingly demanding new solutions.

*Plastic Neutrality.* Every order at Grove is 100% plastic neutral. For every ounce of plastic we sell, we recover this equal amount of ocean-bound plastic in partnership with rePurpose Global. Our plastic neutrality program recovers low-

value plastic waste that is most likely to end up as pollution, helps scale local plastic waste management value chains, and empowers marginalized waste worker communities.

*Beyond Plastic.* Our industry has historically addressed the plastic pollution crisis by setting unrealistic goals about recycled plastic content that will be impossible to achieve given the realities of recycling infrastructure. Today, only about 5% of plastic is recycled. Beyond Plastic™ is our effort to engender bold action and spur our industry towards long-term, scalable solutions that do not rely on single-use plastic. While we recognize that some plastic in products and packaging is not entirely avoidable given the absence of feasible alternatives, Beyond Plastic™ is our effort to recognize progress and continue to push ourselves and our broader industry forward.

#### *Forests*

Our industry is heavily dependent on natural fibers to produce paper products, a staple of home essentials. Without a robust commitment to sourcing new, regenerative materials or recycled fibers that do not rely on cutting down trees, our industry continues to put the health of our forests and protection of biodiversity at risk. Our aim is to conserve forests through our business, both by avoiding use of paper products that directly contribute to deforestation as well as by actively funding forest conservation, both directly and through our carbon offset programs.

*Two Million Acres of Forest.* In 2022, we reached our goal to plant 1 million trees. Every purchase of Grove Co. paper supported the Arbor Day Foundation's reforestation efforts in the United States. Grove now partners with The Nature Conservancy to support Indigenous-led conservation across 2 million acres in the Tongass Rainforest of Southeast Alaska.

*Tree-Free Paper.* Grove's line of tree-free paper products is made entirely from Forest Stewardship Council certified bamboo, a sustainable and fast-regenerating fiber. Not only do Grove's paper products offer a high-quality alternative to traditional paper products that contribute to deforestation, but they support our goals around forest conservation.

#### *Carbon*

Our goal is to decouple the growth of our business from our carbon footprint through a focus on mitigation and supplier engagement. For our remaining emissions, we are committed to offset purchases, with a focus on nature-based projects which prioritize habitat protection, biodiversity and supporting local and indigenous communities. Since 2019, Grove has operated carbon neutral facilities and customer shipping. We're committed to using our advocacy efforts and relationship with industry partners and suppliers to push for decarbonization, rather than using offsetting as a standalone strategy to reach our climate goals.

### **Our Customers**

We seek to build a brand that appeals to a broad consumer population, and we have found that our customer base is diverse and expansive, reinforcing our belief that our product offerings, brands, and value proposition span gender, age, geography, ethnicity, and household income across the United States. We regularly conduct surveys, and, based on customer feedback, we believe that our typical customer cares deeply about their family and their homes, seeks safe and effective products, and is conscientious about the impact they have on the planet. Motivated by a desire to learn and discover, they are spending more time engaging with the natural HPC category and making sustainable choices as part of their environmentally conscious lifestyle.

### **Our Distribution Strategy**

We reach consumers through our DTC and other ecommerce channels. Our approach enables us to reach more customers with differentiated offerings.

#### *DTC Platform*

Our website enables consumers to view our entire product portfolio including Grove Brand and third-party products across a variety of categories. Through the website, we offer customers exclusive deals and offers, share newly launched products and display our wide array of seasonal bundles. We offer customers our flexible monthly subscribe-and-save shipment service to help them stay on top of their home care regimen, as well as non-subscription options to ship as needed. Customers can subscribe to individual products at appropriate cadences to make sure they never run out. Grove recently launched an updated first order experience for new customers by changing the consumer subscription experience, removing gated access and creating incentives for customers to opt into a program to subscribe to individual products for increased savings.

We leverage data to further enhance the customer experience by personalizing pages to better fit our customers shopping needs. Our DTC shoppers can reach out to our Grove Guides team for any questions pertaining to their orders.



Customers can call, chat, text, or email our Grove Guides team to modify orders, ask about new products, request a refund, or learn more about our sustainability practices. All of our shipments are offset so they are carbon neutral and all plastic sold is offset through our partnerships with rePurpose Global.

Grove believes that we can go farther together in achieving the shared goal of making our industry more sustainable. We remain committed to building high-value, long-term relationships with other leading brands that can complement the Grove Brand products in our DTC offering. For our third-party brand partners, our DTC platform provides a unique way for our partners to tell their brand and product stories to consumers at scale. We provide a dedicated channel that enables brands to reach customers whose values are aligned with our brand partners directly, which our partners may be unable to reach through typical brick-and-mortar channels. Our DTC platform also provides a channel for our partners to launch and scale plastic-free or low-plastic packaging. Our direct connection to consumers aids our partners by providing valuable product feedback at a rate typically much faster than retail channels. As a result of our scale and strict product standards, we believe placement on our platform provides a positive brand association for our partners.

#### *Retail*

We expanded into brick-and-mortar retail in April 2021, with the launch of a curated assortment of Grove Co. best sellers in cleaning, hand and dish categories at Target, in a nationwide partnership both in store and on Target.com We also expanded our retail partners to include Amazon, CVS, Meijer, and Kroger. We believe we can deliver higher returns by focusing our investment in our DTC channels, and as such we made the decision to wind down our brick-and-mortar distribution strategy in 2024.

### **Supply Chain and Operations**

#### *Freight*

Our freight strategy focuses on inbound and outbound transportation. For inbound shipments, we utilize state-of-the-art transportation management systems that optimize time and costs. For outbound fulfillment parcel shipping, we partner with national as well as regional carriers. We utilize a rate-shop service to identify best pricing and time in transit for our delivery points. Freight costs represent a significant portion of our operating expenses.

#### *Fulfillment*

We have two fulfillment centers dedicated to our DTC platform, which are capable of reaching approximately 80% of our customers with two-day or faster shipping. We also regularly work to optimize and automate our operations to improve our margin profile while ensuring a seamless shopping experience for customers.

#### *Supply Chain*

We maintain a diversified global supply chain for sourcing our Grove products to help ensure product quality and integrity. All product suppliers and third party brands are required to sign Grove's Code of Conduct in order to ensure honesty and integrity in all business practices throughout Grove's supply chain. In addition, Grove's social compliance program helps to ensure equitable, healthy and safe working conditions. Grove requires all our direct finished producers in a non-low-risk country (according to amfori) to be audited according the amfori Business Social Compliance Initiative ("amfori BSCI") standard. We monitor for social compliance and continuous improvement in accordance with amfori's BSCI Code of Conduct. We evaluate our producers on various areas, such as fair wages, decent working hours, occupational health and safety, and more.

Grove is also committed to taking meaningful action on climate, including advocating for policy change that enables decarbonization at scale and engaging with our suppliers on their direct emissions. Since 2020, Grove has measured its carbon emissions under the Greenhouse Gas Protocol, which is the world's most widely used greenhouse gas accounting standard. Developing a full greenhouse gas emissions inventory by measuring Scope 1 (from sources we own directly), and Scopes 2 and 3 (from indirect sources) emissions helps Grove understand our full value chain emissions and focus our efforts on the greatest reduction opportunities. Grove also maintains carbon neutral customer shipping and facilities. We have pledged to reduce emissions in alignment with science based targets and to reduce our emissions in line with what the science tells us is needed to avoid the worst effects of climate change. We are also committed to source offsets from long-term, nature-based, community-led solutions.

### **Competition**

The markets in which we compete are evolving rapidly and intensely competitive, and we face a broad array of competitors from many different industry sectors.

Our business includes a variety of product types and delivery channels. Our current and potential competitors include: (1) companies that sell household and personal care products online and in physical stores; (2) physical, e-commerce, and omnichannel retailers, vendors, distributors, and manufacturers of the products we offer and sell to consumers; and (3) web search engines, comparison shopping websites, social networks, and other online and app-based means of discovering, using, or acquiring goods, either directly or in collaboration with other retailers. We compete based on various product attributes, including sustainability, price, and quality.

We compete with producers of household and personal care products and e-commerce and traditional sales outlets. Some of our competitors are also our partners and we distribute their products. Some of our current and potential competitors have longer histories, larger fulfillment infrastructures, better established wholesale and retail distribution networks, faster shipping times, lower-cost shipping, lower operating costs, larger consumer bases, and greater control over inputs critical to our business such as financial, marketing, institutional and other resources, and larger consumer bases than we do. They may secure better terms from suppliers, adopt more aggressive pricing, pursue restrictive distribution agreements that restrict our access to supply, direct consumers to their own offerings instead of ours, and devote more resources to research and development, technology, infrastructure, fulfillment, and marketing and develop products or services that are similar to ours or that achieve greater market acceptance. The Internet facilitates competitive entry and comparison shopping, which enhances the ability of new, smaller, or lesser-known businesses to compete against us.

We strive to make our workplace, our products, and our services more equitable and inclusive. We believe an inclusive culture contributes to Grove's success.

## **Our People**

We value our employees. They are our most important asset and key to the success of our company and mission. We seek to recruit and retain talented and engaged team members who are committed to our values, goals, and our community. The passion of our employees is evident in the design and delivery of our products, the support we provide to our consumers and the impact we are making in our community and industry. We drive engagement through open, transparent communication via monthly "all hands" meetings, the all company Slack channel, an open door practice and measure progress through an annual engagement survey that had 94% participation in 2024. Human connection is also important at Grove. Our entire professional team gathers once per year during our Annual Summit and our employees meet quarterly with co-workers in geographic meet-ups that we call Grove Gatherings. These activities keep us engaged, informed, and connected.

As of December 31, 2024, we had approximately 339 full-time employees, as well 76 part-time and temporary employees. Approximately 66% of our total employee population is located in our fulfillment centers. As of March 19, 2025, none of our employees are covered by a collective bargaining agreement.

*Compensation and Benefits* Our compensation and benefits are designed to enable us to attract, motivate, and retain highly-qualified talent. We offer market-competitive compensation and benefits including life and health (medical, dental, and vision) insurance, health savings accounts, a 401(k) plan, voluntary supplemental benefits, paid time off, paid parental leave, a free Grove VIP membership and discounts for purchases made on our website.

*Team Member Safety.* We continue to take proactive and precautionary steps to protect the health and safety of our employees. We provide several channels for all employees to speak up, ask for guidance, and report concerns related to ethics or safety violations, and offer certain webinars and subscriptions to support our employees' health and well-being. Our Elizabethtown, PA fulfillment center recently won the PMA Risk Management Excellence Award. PMA is our workers' compensation insurance provider. To obtain this recognition a client must maintain a lost time frequency rate better than the target rate set by the underwriter for a period of 24 months. In the first two years as a PMA client, Grove exceeded this criteria. Less than 5% of PMA clients qualify for this award.

## **Facilities**

We lease fulfillment center locations in Reno, Nevada and Elizabethtown, Pennsylvania, which we use for inbound and receiving, packing and shipping, transportation, operations technology, warehouse IT, operations management, and human resources. During the year ended December 31, 2024 we ceased fulfillment operations in our St. Peters, Missouri facility. Our workforce outside of our fulfillment centers generally works remotely, and we have right-sized our office footprint accordingly.

## **Trademarks and Other Intellectual Property**

We protect our intellectual property through a combination of trademarks, domain names, copyrights, trade secrets and patents, as well as contractual provisions and restrictions on access to our proprietary technology. Our principal

trademark assets include the trademarks “Grove,” “Grove Co.,” and “Grove Collaborative,” which are registered or pending registration in the U.S. and targeted foreign jurisdictions, as well as our logos, taglines and multiple product brand names. We have applied to register or registered many of our trademarks in the U.S. and other jurisdictions, and we will pursue additional trademark registrations to the extent we believe they would be beneficial and cost-effective.

Worldwide, we have 21 issued patents and five patent applications pending. Our issued patents will begin expiring in March 2034. We intend to pursue additional patent protection to the extent we believe it would be beneficial and cost-effective.

We are the registered holder of multiple domestic and international domain names that include “grove” and similar variations. We also hold domain registrations for many of our product names and other related trade names and slogans. In addition to the protection provided by our intellectual property rights, we enter into confidentiality and proprietary rights agreements with our employees, consultants, contractors and business partners. Our employees are also subject to invention assignment agreements. We further control the use of our proprietary technology and intellectual property through provisions in both our customer terms of use on our website and the terms and conditions governing our agreements with other third parties.

## **Government Regulation**

The vitamins/dietary supplements, foods, over-the-counter drugs, cosmetic products and medical device products we sell under our own brands and from third-party brands are subject to regulation by the Food and Drug Administration (the “FDA”). Substantially all of our products are subject to regulation by one or more of the following: the Consumer Product Safety Commission (the “CPSC”), the Environmental Protection Agency (the “EPA”), the Federal Trade Commission (the “FTC”), as well as various other federal, state, and local regulatory authorities. The applicable laws and regulations principally relate to the ingredients or components, proper labeling, advertising, packaging, marketing, manufacturing, warehousing, registration, safety, shipment and disposal of our products. Compliance with these laws and regulations have not had nor do we expect such compliance to have, any material adverse effect on our financial results.

Under the Federal Food, Drug and Cosmetic Act (the “FDCA”), cosmetics are defined as articles or components of articles that are applied to the human body and intended to cleanse, beautify, promote attractiveness or alter its appearance, with the exception of soap. The labeling of cosmetic products is also subject to the requirements of the FDCA, the Fair Packaging and Labeling Act, the Poison Prevention Packaging Act and other FDA and state regulations. Cosmetics are not subject to pre-market approval by the FDA, however certain ingredients, such as color additives, must be pre-authorized. If the safety of the products or ingredients has not been adequately substantiated, a specific warning label is required. Other warnings may also be mandated pursuant to FDA and certain regulations. The FDA monitors compliance of cosmetic products through market surveillance and inspection of cosmetic manufacturers and distributors to ensure that the products neither contain false nor misleading labeling and that they are not manufactured under unsanitary conditions. Inspections also may arise from consumer or competitor complaints filed with the FDA. In the event the FDA identifies false or misleading labeling or unsanitary conditions or otherwise a failure to comply with FDA requirements, we may be required by a regulatory authority or we may independently decide to conduct a recall or market withdrawal of our product or to make changes to our manufacturing processes or product formulations or labels.

On December 23, 2022, Congress passed the Food and Drug Omnibus Reform Act of 2022, as part of the Consolidated Appropriations Act of 2023. Included in the Omnibus Reform package is the Modernization of Cosmetics Regulation Act of 2022 (“MOCRA”), which provides FDA with additional authority to regulate cosmetic products. MOCRA, when fully implemented by FDA, will require, among other things, the reporting to FDA of serious adverse events associated with the use of a cosmetic product in the United States, cosmetic facility registration and product listing, the maintenance of safety substantiation files and the establishment of good manufacturing practices for cosmetics. MOCRA also provides FDA with mandatory recall authority over cosmetic products.

Our tampon, feminine and sexual health products are regulated as medical devices by the FDA and must be manufactured in an establishment registered with the FDA and in conformity with applicable regulatory clearances, device listing and quality system regulations. In addition, there are requirements for the reporting of certain adverse events or medical device reports for medical devices.

The FDA may change the regulations as to any product category, requiring a change in labeling, product formulation or analytical testing.

We are subject to regulation by the CPSC under the Consumer Product Safety Act, the Federal Hazardous Substances Act, and other laws enforced by the CPSC. These statutes and the related regulations establish safety standards and bans for consumer products. The CPSC monitors compliance of consumer products under its jurisdiction through market surveillance and has the authority to conduct product safety related inspections of establishments where consumer products

are manufactured, held, or transported. The CPSC has the authority to require the recall of noncompliant products or products containing a defect that creates a substantial risk of injury to the public. The CPSC may seek penalties for regulatory noncompliance under certain circumstances. CPSC regulations also require manufacturers of consumer products to report to the CPSC certain types of information regarding products that fail to comply with applicable regulations, that contain a defect which could create a substantial product hazard, or that create an unreasonable risk of serious injury or death. Certain state laws also address the safety of consumer products and mandate reporting requirements, and noncompliance may result in penalties or other regulatory action.

Certain of our products are also subject to regulation by the EPA under the Federal Insecticide, Fungicide, and Rodenticide Act (“FIFRA”). FIFRA establishes a system of pesticide, including disinfectant products, regulation to protect applicators, consumers and the environment. Under FIFRA, certain of our cleaning products, including the disinfectant products, may require approval from and registration with the EPA prior to sale. Products subject to FIFRA must comply with specified approval, registration, manufacture, labeling, and reporting requirements, among other requirements. The EPA is authorized to take enforcement action to prevent the sale or distribution of non-compliant disinfectant products, including to prevent the sale or distribution of unregistered disinfectants and to prevent the sale or distribution of registered pesticides that are not permitted to make claims permitted by the terms of their registration, among other areas of non-compliance. The EPA may seek penalties for regulatory noncompliance under certain circumstances. Manufacturers subject to FIFRA are also required to register with the EPA and report certain types of information regarding disinfectant products to the EPA. Importers and exporters of products regulated under FIFRA are also subject to filing and other requirements. Certain state laws may also impose requirements applicable to cleaning products, and non-compliance may result in penalties or other regulatory action.

The U.S. Department of Agriculture (the “USDA”) enforces federal standards for organic production and use of the term “organic” on certain product labeling, including for foods and dietary supplements. These laws prohibit a company from selling or labeling products as organic unless they are produced and handled in accordance with the applicable federal law.

The FTC, FDA, USDA, EPA, and other government authorities also regulate advertising and product claims regarding the characteristics, quality, safety, performance and benefits of our products. These regulatory authorities typically require a safety assessment of the product and reasonable basis to support any factual marketing claims. What constitutes a reasonable basis for substantiation can vary widely from market to market, and there is no assurance that our efforts to support our claims will be considered sufficient. The most significant area of risk for such activities relates to improper or unsubstantiated claims about the composition, use, efficacy and safety of our products and their environmental impacts. If we cannot adequately support safety or substantiate our product claims, or if our promotional materials make claims that exceed the scope of allowed claims for the classification of the specific product, the FDA, FTC or other regulatory authority could take enforcement action, impose penalties, require us to pay monetary consumer redress, require us to revise our marketing materials or stop selling certain products and require us to accept burdensome injunctions, all of which could harm our business, reputation, financial condition and results of operations.

The FTC recently issued the “Health Products Compliance Guide” (“FTC Guide”) which provides guidance from FTC regarding how companies should ensure that claims about the benefits and safety of health-related products are truthful, not misleading, and supported by science. This new FTC Guide applies to all products making health-related claims, including, but not limited to, food, over-the-counter drugs, dietary supplements and homeopathic products. Of significance, the FTC Guide provides that, as a general matter, substantiation of these type of claims will require randomized, controlled human clinical testing; animal and in vitro studies may provide useful supporting or background information, but, without confirmation by human clinical testing, they are not sufficient to substantiate health-related claims.

In addition, the FTC regulates the use of endorsements and testimonials in advertising as well as relationships between advertisers and social media influencers pursuant to principles described in the FTC’s Guides Concerning the Use of Endorsements and Testimonials in Advertising (the “Endorsement Guides”). The Endorsement Guides provide that an endorsement must reflect the honest opinion of the endorser and cannot be used to make a claim about a product that the product’s marketer could not itself legally make. They also say that if there is a connection between an endorser and the marketer that consumers would not expect and it would affect how consumers evaluate the endorsement, that connection should be disclosed. Another principle in the Endorsement Guides applies to ads that feature endorsements from people who achieved exceptional, or even above average, results from using a product. If the advertiser does not have proof that the endorser’s experience represents what people will generally achieve using the product as described in the ad, then an ad featuring that endorser must make clear to the audience what results they can generally expect to achieve, and the advertiser must have a reasonable basis for its representations regarding those generally expected results. Although the Endorsement Guides are advisory in nature and do not operate directly with the force of law, they provide guidance about what the FTC staff generally believes the Federal Trade Commission Act (the “FTC Act”) requires in the context using of

endorsements and testimonials in advertising and any practices inconsistent with the Endorsement Guides can result in violations of the FTC Act's proscription against unfair and deceptive practices.

If our advertising claims or claims made by our social media influencers or by other endorsers with whom we have a material connection do not comply with the Endorsement Guides or any requirement of the FTC Act or similar state requirements, the FTC and state consumer protection authorities could subject us to investigations and enforcement actions, impose penalties, require us to pay monetary consumer redress, require us to revise our marketing materials and require us to accept burdensome injunctions, all of which could harm our business, reputation, financial condition and results of operations.

We are also subject to a number of U.S. federal and state laws and regulations that affect companies conducting business on the Internet, including consumer protection regulations that regulate retailers and govern the promotion and sale of merchandise. Many of these laws and regulations are still evolving and being tested in courts, and could be interpreted in ways that could harm our business. These may involve user privacy, data protection, content, intellectual property, distribution, electronic contracts and other communications, competition, protection of minors, consumer protection, telecommunications, product liability, taxation, economic or other trade prohibitions or sanctions and online payment services. In particular, we are subject to federal, state, and local laws regarding privacy and protection of people's data. Foreign data protection, privacy and other laws and regulations can be more restrictive than those in the U.S. Federal and state laws in the U.S. and foreign laws and regulations are constantly evolving and can be subject to significant change. In addition, the application, interpretation and enforcement of these laws and regulations are often uncertain and may be interpreted and applied inconsistently from country to country and inconsistently with our current policies and practices. The California Consumer Privacy Act ("CCPA") requires companies that process information on California residents to make new disclosures to consumers about their data collection, use and sharing practices, allows consumers to opt out of the sale of personal information with third parties and prohibits covered businesses from discriminating against California residents (for example, charging more for services) for exercising any of their rights under the CCPA. The law also provides a private right of action and statutory damages for certain data breaches that result in the loss of personal information. The CCPA was recently amended by the California Privacy Rights Act of 2020 ("CPRA"), and several states have also enacted or approved policy legislation imposing additional data protection obligations on companies doing business in those states, resulting in further complexity. These laws, among other things, give state residents the ability to limit the use of their sensitive information, introduce increased consent and restriction requirements for the processing of personal data of minors, provide for penalties for violations, and establish state enforcement powers (such as those vested in the California Privacy Protection Agency) to implement and enforce these new laws. There are also a number of legislative proposals pending before the United States Congress, additional state legislative bodies and foreign governments concerning privacy and data protection which could affect us. Some observers have noted the growing trend toward more stringent privacy legislation in the United States, which could increase our potential liability and adversely affect our business, results of operations, and financial condition. If our privacy or data security measures fail to comply with applicable current or future laws and regulations, we may be subject to litigation, regulatory investigations, enforcement notices requiring us to change the way we use personal data or our marketing practices, fines or other liabilities, as well as negative publicity and a potential loss of business.

## Item 1A. Risk Factors

*In addition to the other information in this Annual Report on Form 10-K and in other filings we make with the Securities and Exchange Commission, the following risk factors should be carefully considered in evaluating our business as they may have significant impact on our business, operating results and financial condition. If any of the following risks actually occurs, our business, financial condition, liquidity and results of operations and our future prospects could be materially and adversely affected. Because of the following factors, as well as other variables affecting our operating results, past financial performance should not be considered as a reliable indicator of future performance and investors should not use historical trends to anticipate results or trends in future periods.*

### Summary of Risk Factors

Below is a summary of some of the material factors that make an investment in our securities speculative or risky. Importantly, this summary does not address all of the risks and uncertainties that we face. The risk factors summarized is qualified in its entirety by those more complete discussions of such risks and uncertainties. You should consider carefully the risks and uncertainties described in Part 1, Item 1A, "Risk Factors" in this Annual Report on Form 10-K as part of your evaluation of an investment in our securities.

#### *Risks Related to Our Business*

- We rely on consumer discretionary spending, which may be adversely affected by macroeconomic conditions.
- Advertising inaccuracies or product mislabeling may have an adverse effect on our business.
- Our revenue has declined for three consecutive years. If we are unable to achieve profitable growth in the future, our business could be adversely affected.
- Our quarterly operating results fluctuate, which could cause our stock price to decline.
- We have incurred significant losses since inception, we expect to incur losses in the future, and we may not be able to generate sufficient revenue to achieve and maintain profitability.
- We may require additional financing, and a failure to obtain this necessary capital when needed could adversely impact us.
- We may not be able to compete successfully.
- We must find sustainable solutions that support our brand and long-term growth.
- If we fail to cost-effectively acquire new consumers or retain our existing consumers, our business could be adversely affected.
- Maintaining consumer awareness of our brand, building brand loyalty and generating interest in our products requires substantial spending on advertising and marketing, and our reduction in this spending to achieve profitability may adversely affect our brand awareness.
- Our brand and reputation may be diminished due to real or perceived quality, safety, efficacy or environmental impact issues with our products.
- Failure to introduce new products that meet the expectations of our customers may adversely affect us.
- Government regulation of the Internet and ecommerce is evolving, and unfavorable changes or failure by us to comply with these regulations could have an adverse effect on our business.
- We may become subject to product liability claims, which could materially harm our business and liquidity.
- We are subject to a number of other laws and regulations, which could impact our business.
- We have pursued and may in the future pursue acquisitions to expand our business, and if any of those acquisitions are unsuccessful, our business may be harmed.
- We may experience damage or destruction to our distribution centers, which may harm our business.
- We are dependent on our management team, and the loss of one or more key employees could harm our business.
- Labor-related matters, including labor disputes, may adversely affect our operations.
- Our business, including our costs and supply chain, is subject to risks associated with outsourcing, manufacturing, warehousing, distribution, infrastructure and logistics to third-party providers, and the loss of any of our key suppliers or logistical service providers could negatively impact our business.
- Shipping is a critical part of our business and any changes in our shipping arrangements or any interruptions in shipping could adversely affect our operating results.
- Risks associated with the outsourcing of our fulfillment process and other technology-related functions, including our transition to Shopify, could materially and adversely affect our business.
- We are subject to risks related to online payment methods, including third-party payment processing-related risks.
- We may be unable to adequately obtain, maintain, protect, defend and enforce our intellectual property rights.

- We rely on trademark, copyright, and patent law, trade secret protection, and confidentiality and/or license agreements with our employees, customers, and others to protect our proprietary rights.
- We may be subject to claims that our employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties or that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.
- Indemnity provisions in various agreements to which we are party potentially expose us to substantial liability for infringement, misappropriation or other violation of intellectual property rights.
- We must successfully maintain, scale and upgrade our information technology systems, and our failure to do so could have an adverse effect on our business.
- If we (or our vendors) are unable to protect against or adequately respond to mitigate the impacts of a service interruption, data corruption, or cybersecurity attack, our operations could be disrupted, our reputation may be harmed and we could face significant costs to remediate the incident and defend against claims by business partners, customers, or regulators.
- We use open source software in our platform, which may subject us to additional risks and harm our intellectual property.
- The actual or perceived failure by us or our vendors to comply with applicable privacy and data protection laws, regulations or industry standards could have an adverse effect on our business, financial condition, results of operations and prospects.
- Changes in existing laws or regulations or related official guidance, or the adoption of new laws or regulations or guidance, may increase our costs and otherwise adversely affect our business, financial condition, results of operations and prospects.
- Failure by our network of ecommerce partners, suppliers or manufacturers to comply with laws and regulations, or with the specifications and requirements of our products, may adversely affect our business.
- Our status as a public benefit corporation and a Certified B Corporation may not result in anticipated benefits.
- As a public benefit corporation, our duty to balance a variety of interests may result in actions that do not maximize stockholder value.
- As a public benefit corporation, we may be subject to increased derivative litigation concerning our duty to balance stockholder and public benefit interests, the occurrence of which may have an adverse impact on our financial condition and results of operations.
- We and our directors and executive officers may be subject to litigation.

*Risks Related to Ownership of Our Securities*

- The price of our Class A Common Stock and warrants may be volatile.
- Warrants are or may become exercisable for shares of our common stock, and additional shares of our common stock may become issuable, which would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders.
- The Public Warrants may never be in the money, and they may expire worthless and the terms of the Public Warrants may be amended in a manner adverse to a holder if holders of at least 65% of the then-outstanding public warrants approve of such amendment.
- We may redeem unexpired Public Warrants prior to their exercise at a time that is disadvantageous to holders of the Public Warrants, thereby making the Public Warrants worthless.
- Our taking advantage of certain exemptions from disclosure requirements available to “emerging growth companies” under the Securities Act of 1993, as amended, could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.
- We may incur debt or assume contingent or other liabilities or dilute our stockholders in connection with acquisitions or strategic alliances.
- Future sales, or the perception of future sales, by us or our stockholders in the public market could cause the market price for our Class A Common Stock to decline.
- The NYSE may delist our securities from trading on its exchange, which could limit investors’ ability to make transactions in our securities and subject us to additional trading restrictions.
- Because there are no current plans to pay cash dividends on our Class A Common Stock for the foreseeable future, holders of our Class A Common Stock may not receive any return on investment unless such holders sell their Class A Common Stock for a price greater than that which such holder paid for it.
- The Series A Preferred Stock and Series A’ Preferred Stock contains rights, preferences and privileges that may limit our business flexibility or reduce the value of our Class A Common Stock
- Covenants and other provisions in our loan agreements restrict our business and operations in many ways, and if we do not effectively manage our covenants, our financial conditions and results of operations could be adversely

affected. In addition, our operations may not provide sufficient cash to meet the repayment obligations of our debt incurred under our loan agreements.

- If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, our stock price and trading volume could decline.
- We face significant expenses and administrative burdens as a public company, which could have an adverse effect on our business, financial condition and results of operations.
- If we are unable to maintain effective internal control over financial reporting, investors may lose confidence in the accuracy of our reported financial information and this may lead to a decline in our stock price.
- Delaware law and our governing documents contain certain provisions, including anti-takeover provisions, that limit the ability of stockholders to take certain actions and could delay or discourage takeover attempts that stockholders may consider favorable.
- Our Certificate of Incorporation, as amended, designates a state or federal court located within the State of Delaware as the sole and 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, stockholders, employees, or agents.

#### **Risks Related to Our Business**

*We rely on consumer discretionary spending, which may be adversely affected by economic downturns and other macroeconomic conditions or trends.*

Our business depends on consumer discretionary spending. Some of the factors that may negatively influence consumer spending include high levels of unemployment; higher consumer debt levels; reductions in net worth, declines in asset values, and related market uncertainty; home foreclosures and reductions in home values; fluctuating interest rates and credit availability; fluctuating fuel and other energy costs; tariffs, fluctuating commodity prices; the high rate of inflation and general uncertainty regarding the overall future political and economic environment. Furthermore, any increases in consumer discretionary spending during times of crisis may be temporary, such as those related to government stimulus programs or remote-work environments, and consumer spending may decrease when those programs or circumstances end. In addition, economic conditions in certain regions may be affected by natural disasters, such as hurricanes, tropical storms, earthquakes, and wildfires; other public health crises; and other major unforeseen events. Consumer purchases of discretionary items, including the merchandise that we offer, generally decline during recessionary periods or periods of economic uncertainty, when disposable income is reduced or when there is a reduction in consumer confidence. Any decline in consumer discretionary spending could negatively impact our revenue, which could have a material adverse effect on our business, financial condition and results of operations.

*Advertising inaccuracies or product mislabeling may have an adverse effect on our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, increasing our operating costs and reducing demand for our product offerings.*

Many products that we sell are labeled and advertised with claims as to their origin, ingredients or health, wellness, environmental or other benefits, including, by way of example, the use of the term "natural", "organic", "clean", or "sustainable", or similar synonyms or implied statements relating to such benefits. Grove's brand as a whole is marketed using similar environmental language. The Federal Trade Commission's ("FTC") Guides For The Use Of Environmental Marketing Claims, or the "Green Guides," provide guidance on how to use environmental marketing claims, provide specific guidance for certain terms (e.g. "recyclable"), and recommend against using unqualified statements about environmental benefits such as "eco-friendly". The Food and Drug Administration ("FDA") and the U.S. Department of Agriculture ("USDA") each have issued statements regarding the appropriate use of the word "natural," but there is no single, U.S. government regulated definition of the term "natural" for use in the consumer and personal care industry. This is also true for many other claims common in the clean conscious product industry.

Consumer class actions, actions from industry groups such as the National Advertising Division of the Better Business Bureau, and public enforcement actions have been brought against numerous companies that market "natural," "sustainable," or other ecologically conscious products or ingredients, asserting false, misleading and deceptive advertising and labeling claims. These suits often identify ingredients or components of a product for which certain marketing claims may not be fully accurate, and claim that their presence in the product renders the statements false and deceptive. For example, some actions concerning "natural" claims have focused on the presence of genetically modified and/or synthetic ingredients or components in products, including synthetic forms of otherwise natural ingredients.



Many of our products are subject to regulatory enforcement:

- The FDA regulates product labels and other product claims for the consumer products subject to its jurisdiction and has the authority to challenge product labels and claims that it believes are non-compliant or false or misleading, through the use of a variety of enforcement tools (e.g., Warning Letters, untitled letters, and seizure actions). In limited circumstances, the FDA has taken regulatory action against products labeled “natural” but that nonetheless contain synthetic ingredients or components.
- The FTC has the authority to challenge claims made in product advertising and requires that such claims are adequately substantiated prior to use. The FTC similarly has enforcement tools that it uses to challenge advertising claims that it deems non-compliant with the law.
- The USDA enforces federal standards for organic production and use of the term “organic” on product labeling. These laws prohibit a company from selling or labeling products as organic unless they are produced and handled in accordance with the applicable federal law. Failure to comply with these requirements may subject us to liability or regulatory enforcement. Consumers may also pursue state law claims challenging use of the organic label as being intentionally mislabeled or misleading or deceptive to consumers.
- In addition, certain products, including the disinfectant products, we sell may require approval from and registration with the EPA and state regulatory agencies prior to sale. Products that expressly or impliedly claim to control microorganisms that pose a threat to human health may be subject by additional regulatory scrutiny and need to be supported by additional efficacy data. Should we advertise or market these regulated products with claims that are not permitted by the terms of their registration or are otherwise false or misleading, the EPA and states may be authorized to take enforcement action to prevent the sale or distribution of disinfectant products.

State and local enforcers also have the authority to prosecute false advertising cases, including relating to environmental marketing claims. Current and potential competitors may make similar claims, which may result in litigation and inquiries from state and federal regulators and governments.

Should we become subject to actions regarding our branding or product marketing, consumers may avoid purchasing products from us or seek alternatives, even if the basis for the claim is unfounded. Moreover, any regulatory or government enforcement actions may trigger class action lawsuits under state consumer protection laws.

Adverse publicity about these matters may discourage consumers from buying our products. The cost of defending against any such claims could be significant and we may incur substantial costs remediating product claims in labeling and advertising if we are unsuccessful in defending such actions. Any loss of confidence on the part of consumers in the truthfulness of our labeling, advertising or ingredient claims would be difficult and costly to overcome and may significantly reduce our brand value. Any of these events could adversely affect our reputation and brand and decrease our sales, which could have an adverse effect on our business, financial condition, results of operations and prospects.

False or misleading marketing claims concerning a product’s registration or its efficacy may also create the risk for challenges under federal or state law.

***After a number of years of rapid growth, in recent years we have seen substantial declines in our revenues and business operations, particularly as we have shifted our operating strategy to achieve profitability. If we are unable to achieve profitable growth in the future, our business prospects and our stock price could be adversely affected.***

From our launch in 2012 through 2021, we experienced rapid growth in our revenues and expansion of our business operations. Beginning in 2022, we have experienced sequential declines in revenues. In response to these business declines and in an effort to stabilize our business, we have undertaken a series of measures to cut our operating expenses and achieve Adjusted EBITDA profitability. These changes in our business model have placed significant demands on our management, financial, operational, technological and other resources. Our ability to achieve profitable growth in the future depends on a number of factors, including our ability to increase awareness of our brand and successfully compete with other companies; price our products effectively so that we are able to attract new consumers and expand sales to our existing consumers; continue to innovate and introduce new products; maintain and improve our technology platform supporting our e-commerce business; expand our supplier and fulfillment capacities; drive operational efficiency; and maintain quality control over our product offerings. These challenges have been compounded by recent trends in the macroeconomic environment, with increased inflationary pressure on consumer spending, increased interest rates and reduced access to capital constraining liquidity, all of which may cause us to reduce spending in areas that historically drive growth and which could materially adversely affect our business.

Any investments that we make may not result in the growth of our business. Even if our investments do result in the growth of our business, if we do not effectively manage our growth, we may not be able to execute on our business plan, respond to competitive pressures, take advantage of market opportunities, satisfy consumer requirements or maintain high-quality product offerings, any of which could adversely affect our business, financial condition, results of operations and prospects. You should not rely on our historical rate of revenue growth as an indication of our future performance or the rate of growth which we may experience in any new category. We are also required to manage numerous relationships with vendors and other third parties. Further growth of our operations, vendor base, fulfillment centers, information technology systems or internal controls and procedures may not be adequate to support our operations. If we are unable to manage the growth of our organization effectively, our business, financial condition, results of operations and prospects may be adversely affected. If we are unable to successfully navigate these challenges to re-igniting growth and maintaining profitability over the longer term, our business prospects will be materially and adversely affected.

***We have recently begun transitioning our e-commerce platform to Shopify and related technology service providers, and disruption of or interference with the platform or the use of these services would adversely affect our business, financial condition and results of operations.***

Historically, we have relied on a homegrown e-commerce platform that required ongoing investment to stay current with industry trends and consumer expectations. To, among other anticipated benefits, streamline operations, provide customers with a better shopping experience, free up resources that had been used to maintain standard e-commerce functionality, support brand growth by improving onsite conversion and unlock continuous innovation, we have begun migrating our legacy platform to Shopify and other providers that provide services that are used with Shopify. In effecting the transition, we have experienced and expect to continue experiencing disruptions to platform operations, including user experience, inventory management, fulfillment operations and payment processing, among other risks. If we fail to successfully complete the transition, or if we continue to experience delays, disruptions or interferences with respect to significant aspects of the new platform and related services, our business and results of operations may be materially and adversely affected.

If our systems are successfully transitioned, we will depend on the outsourced e-commerce platform to operate our business. We exercise little control over Shopify and other related service providers, which increases our vulnerability to problems with the services. We could experience additional expense in dealing with the transition and in ongoing platform operations. The failure of our third-party commerce platform providers to meet our capacity requirements could result in interruption in the availability or functionality of our website and mobile applications, which could adversely affect our business and results of operations.

Additionally, we could experience disruptions or interference with the use of the Shopify platform and related services. If our customers are unable to purchase products within a reasonable amount of time or at all, then our business, financial condition and results of operations could be adversely affected. In some instances, we may not be able to identify the cause or causes of these performance problems within a period of time acceptable to our customers. Any of the above circumstances or events may possibly cause customers to stop purchasing our products, impair our ability to increase revenue from existing customers, impair our ability to grow our customer base and otherwise harm our business, financial condition and results of operations.

***Our quarterly operating results fluctuate, which could cause our stock price to decline.***

Our quarterly operating results fluctuate for a variety of reasons, many of which are beyond our control. Our revenue could fluctuate for a variety of reasons, including the seasonality of market transactions; our success in attracting new and maintaining relationships with existing ecommerce partners; our success in executing on our strategy and the impact of any changes in our strategy; the timing and success of product launches, including new products that we may introduce; the success of our marketing efforts; general market conditions; disruptions or defects in our technology platform, such as privacy or data security breaches, errors in our software or other incidents that impact the availability, reliability, or performance of our platform; the impact of competitive developments and our response to those developments; supply chain issues; and our ability to recruit and retain employees.

Fluctuations in our quarterly operating results may cause those results to fall below our financial guidance or other projections, or the expectations of analysts or investors, which could cause the price of our common stock to decline. Fluctuations in our results could also cause other problems, including, for example, analysts or investors changing their models for valuing our common stock. We could experience short-term liquidity issues, our ability to retain or attract key personnel may diminish, and other unanticipated issues may arise.

We believe that our quarterly operating results may vary in the future and that period-to-period comparisons of our operating results may not be meaningful. Any seasonal effects may change or become more pronounced over time, which could also cause our operating results to fluctuate. You should not rely on the results of any given quarter or period as an indication of future performance.

***We have incurred significant losses since inception, we expect to incur losses in the future, and we may not be able to generate sufficient revenue to achieve and maintain profitability.***

We have incurred significant losses since our inception. For the years ended December 31, 2024 and 2023 we incurred net losses of \$27.4 million and \$43.2 million, respectively. As of December 31, 2024, we had an accumulated deficit of \$648.5 million.

We expect to continue to incur significant expenses and operating losses for the foreseeable future as we enhance our online direct-to-consumer website and mobile application, continue research and development efforts to grow the product assortment offered by our Grove-owned brands, and acquire or create additional Grove-owned brands. Historically, Grove has devoted most of its financial and other resources on sales and marketing; continued expansion of product selection; research and development related to our products; and general administration expenses, including legal, accounting and other expenses. We may not succeed in increasing our revenues, which historically have been reliant on our online direct-to-consumer website and mobile application, in a manner that will be sufficient to offset these expenses. Any failure to increase our revenues as we implement initiatives to grow our business could prevent us from achieving profitability. We cannot be certain that we will be able to achieve profitability on a quarterly or annual basis. If we are unable to address these risks and difficulties as we encounter them, our business, financial condition and results of operations may suffer.

***We may require additional financing, and a failure to obtain this necessary capital when needed could force us to delay, limit, or reduce our investments in advertising and other strategic initiatives planned for future growth.***

We expect to continue to incur significant expenses for the foreseeable future. We believe that our existing cash and cash equivalents will be sufficient to fund our planned operations for at least the next 12 months. However, the terms of our debt facility and our longer term operating plan will require us to obtain additional financing.

In July 2022, we entered into a Standby Equity Purchase Agreement (the “Equity Purchase Agreement”) with YA II PN, Ltd. (“Yorkville”), whereby we have the right, but not the obligation, to sell to Yorkville up to \$100.0 million of our shares of common stock at our request until July 18, 2025, subject to certain conditions. The shares of our common stock

that may be issued under the Equity Purchase Agreement may be sold by us to Yorkville at our discretion from time to time and sales of our common stock under the Equity Purchase Agreement will depend upon market conditions and other factors. Additionally, in no event may we sell more than 6,511,532 shares of our common stock to Yorkville under the Equity Purchase Agreement, which number of shares is equal to 19.99% of the shares of the Company's common stock outstanding immediately prior to the execution of the Equity Purchase Agreement (the "Exchange Cap"), unless we obtain stockholder approval to issue shares of common stock in excess of the Exchange Cap in accordance with applicable NYSE rules or comply with certain other requirements as described in the Equity Purchase Agreement. As a result, unless our stock price exceeds \$15.33, we will be unable to sell the full \$100.0 million commitment to Yorkville without seeking stockholder approval to issue additional shares in excess of the Exchange Cap. As of February 28, 2025, under the terms of the Equity Purchase Agreement we would be able to raise gross proceeds of approximately \$10.1 million. We may ultimately decide to sell all or some of the shares of our common stock that may be available for us to sell pursuant to the Equity Purchase Agreement. Because the purchase price per share to be paid by Yorkville for the shares of common stock that we may elect to sell under the Equity Purchase Agreement will fluctuate based on the market prices of our common stock during the applicable pricing period for each of those sales, it is not possible for us to predict, as of the date of this report and prior to any such sales, the number of shares of common stock that we will sell under the Equity Purchase Agreement, the purchase price per share or the aggregate gross proceeds that we will receive from those purchases under the Equity Purchase Agreement. Further, the resale by Yorkville of a significant amount of shares at any given time, or the perception that these sales may occur, could cause the market price of our common stock to decline and to be highly volatile.

While we may continue to opportunistically seek access to additional funds by utilizing the Equity Purchase Agreement, through additional public or private equity offerings or debt financings, through partnering or other strategic arrangements, or a combination of the foregoing, additional funds may not be available when we need them on terms that are acceptable to us, or at all. To the extent that we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. Debt financing arrangements may require us to pledge certain assets or enter into covenants that could restrict our operations or our ability to pay dividends or other distributions on our common stock or incur further indebtedness. Our ability to raise additional capital may be adversely impacted by potential worsening global economic conditions and the recent disruptions to and volatility in the credit and financial markets in the United States and worldwide, including the trading price of common stock. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, reduce our investments in advertising and other strategic initiatives planned for future growth, which could have a material adverse effect on our business, results of operations, financial condition, and prospects.

***We may not be able to compete successfully.***

The markets in which we compete are evolving rapidly and intensely competitive, and we face a broad array of competitors from many different industry sectors.

Our business includes a variety of product types and delivery channels. Our current and potential competitors include: (1) companies that sell household and personal care products online and in physical stores; (2) physical, e-commerce, and omnichannel retailers, vendors, distributors, and manufacturers of the products we offer and sell to consumers; and (3) web search engines, comparison shopping websites, social networks, and other online and app-based means of discovering, using, or acquiring goods, either directly or in collaboration with other retailers. We compete based on various product attributes, including sustainability, price, and quality.

We compete with producers of household and personal care products and e-commerce and traditional sales outlets for these products. Some of our competitors are also our partners and we distribute their products. Some of our current and potential competitors have longer operating histories, larger fulfillment infrastructures, better established wholesale and retail distribution networks, faster shipping times, lower-cost shipping, lower operating costs, larger customer bases, and greater control over inputs critical to our business such as financial, marketing, institutional and other resources. They may secure better terms from suppliers, adopt more aggressive pricing, pursue restrictive distribution agreements that restrict our access to supply, direct consumers to their own offerings instead of ours, and devote more resources to research and development, technology, infrastructure, fulfillment, and marketing and develop products or services that are similar to ours or that achieve greater market acceptance. The Internet facilitates competitive entry and comparison shopping, which enhances the ability of new, smaller, or lesser-known businesses to compete against us. Our business is subject to rapid change, the development of new business models and the entry of new and well-funded competitors. Other companies also may enter into business combinations or alliances that strengthen their competitive positions. Competition may adversely affect our business, operating results and financial condition.

***Competition in the natural and sustainable consumer products market presents an ongoing threat to the success of our business.***

The number of companies entering the natural and sustainable consumer products market with offerings similar to ours continues to increase. We believe that our ability to compete depends upon many factors both within and beyond our control, including the size of our customer base; the timing and market acceptance of products, including the developments and enhancements to those products and services that we or our competitors offer; customer service and support efforts, selling and marketing efforts, ease of use, performance, price and reliability of the products and services that we and our competitors develop, and our brand strength relative to our competitors. Some of our current and potential competitors have longer operating histories and greater financial, technical, marketing and other resources than we do. These factors may allow our competitors to respond more quickly or efficiently than we can to new or emerging technologies. These competitors may engage in more extensive research and development efforts, undertake more far-reaching marketing campaigns and adopt more aggressive pricing policies, which may allow them to build larger customer bases than ours or greater market acceptance than us.

***We must find sustainable solutions that support our brand and long-term growth.***

We are committed to making meaningful gains throughout our business practices as it relates to sustainability. In the current landscape of diminishing resources amidst dramatically increasing demand for these resources, it is critical we adopt more sustainable business practices through product innovation and sustainable sourcing. To succeed, we are dependent on the efforts of partners and various certification bodies. Our failure to continuously adopt leading sustainable business practices could limit business growth and profit potential, and damage our corporate reputation.

***If we fail to cost-effectively acquire new consumers or retain our existing consumers, our business could be adversely affected.***

Our success depends on our ability to attract new customers and engage existing customers cost-effectively. To acquire and engage customers, we must, among other things, promote and sustain our platform and provide high-quality products, user experiences, and customer service. If customers do not perceive our e-commerce service or products to be reliable, sustainable and of high quality, if we fail to introduce new and improved products and services, or if we introduce new products or services that are not favorably received by the market, we may not be able to attract or retain customers.

We have historically acquired a significant number of our customers through digital advertising on social media channels owned by Meta and Alphabet that may, along with other social media platforms we may engage, terminate their agreements with us at any time or introduce factors beyond our control, such as such as adjustments to algorithms that may decrease user engagement or negatively affect our ability to reach a broad audience; increase pricing; and change their policies which may have the effect of negatively impacting advertising through these channels, all of which could impact our ability to attract new customers.

We have also diversified our marketing initiatives designed to acquire customers through increased emphasis on search engine optimization and streaming digital video services. These new acquisition channels may not perform as well as our historical social media advertising channels. Our efforts to diversify customer acquisition channels may not be effective, which could negatively affect our results of operations.

Customer acquisition costs may fluctuate and rise on the channels that have been successful for us historically and on new channels that we are introducing. Rising costs may limit our ability to expand or maintain our acquisition efforts which could negatively affect our results of operations.

Changes to our DTC business designed to attract new customers and retain existing customers, including, but not limited to expanded shopping personalization, non-subscription options, and user generated and editorial content may not perform as well as our historical DTC platform which could negatively impact our results of operations. We recently updated our e-commerce experience. Our initial implementation of these changes resulted in lower first order conversion rates, which contributed to a reduction in our marketing spend. We have made and plan to continue to make changes to our first order experience to improve first order conversion and reintroduce dormant customers to our platform. The changes involve the removal of gated access and default subscriptions and the creation of incentives for customers to opt into a program where they can subscribe to our service to save in connection with their purchases. The changes may not be successful. If they are not, our business, operating results and financial condition will be harmed.

Other factors may reduce our ability to acquire, maintain and further engage with customers, including the effectiveness of our marketing efforts and other expenditures we make to continue to acquire new customers and maintain and increase engagement with existing customers; system updates to app stores and advertising platforms; changes in search algorithms by search engines; the development of new search engines or social media sites that reduce traffic on existing search engines and social media sites; and changes in consumer behavior.

In addition, we believe that many of our new customers originate from word-of-mouth and other non-paid referrals from existing customers, including referral discounts and gift giving, so we must ensure that our existing customers remain loyal and continue to derive value from our products and services in order to continue receiving those referrals. Consequently, if our efforts to satisfy our existing customers are not successful, we may not be able to attract new customers.

Moreover, consumer preferences may change, and customers may not purchase through our marketplace as frequently or spend as much with us as historically has been the case. As a result of these potential changes, the revenue generated from customer transactions may not be as high as revenue generated from transactions historically.

***Maintaining consumer awareness of our brand, building brand loyalty and generating interest in our products requires substantial spending on advertising and marketing, and our reduction in this spending to achieve profitability may adversely affect our brand awareness.***

To remain competitive, expand and keep market share for our products across our various channels, we need to devote substantial resources to marketing and advertising. Our reduction in advertising and promotional expenditures to achieve profitability in recent years may harm our brand's market position. We are engaging with web-based streaming services and adopting new marketing and advertising strategies in efforts to improve efficiency of our marketing spend, but these efforts may not prove successful. Any increase in our marketing and advertising efforts may not maintain our current reputation, lead to increased brand awareness, or attract new customers. If we are unable to maintain and promote a favorable perception of our brand and products on a cost-effective basis, our business, financial condition, results of operations and prospects could be adversely affected.

***Our brand and reputation may be diminished due to real or perceived quality, safety, efficacy or environmental impact issues with our products, which could have an adverse effect on our business, financial condition, results of operations and prospects.***

We believe our consumers rely on us to provide them with clean, sustainable, well-designed, and effective products. Any loss of confidence on the part of consumers in our products or the ingredients used in our products, whether related to actual or perceived product contamination, product safety or quality failures, environmental impacts, or inclusion of prohibited ingredients, or ingredients that are perceived to be "toxic," could tarnish the image of our brand and could cause consumers to choose other products. Allegations of contamination or other adverse effects on product safety, efficacy or suitability for use by a particular consumer or on the environment, even if untrue, may require us to expend significant time and resources responding to such allegations and could, from time to time, result in a recall of a product from any or all of the markets in which the affected product was distributed. Any such issues or recalls could negatively affect our ability to achieve or maintain profitability and brand image.

If our products are found to be, or perceived to be, defective or unsafe, or if they otherwise fail to meet our consumers' expectations, our relationships with consumers could suffer, the appeal of our brand could be diminished, we may need to recall some of our products and/or become subject to regulatory action, and we could lose sales or market share or become subject to boycotts or liability claims. In addition, safety or other defects in our competitors' products or products using the Grove name in other consumer categories, could reduce consumer confidence in or demand for our own products if consumers view them to be similar. Any such adverse effect could be exacerbated by our market positioning as a purveyor of clean, sustainable, well-designed, and effective products and may significantly reduce our brand value. Issues regarding the safety, efficacy, quality or environmental impact of any of our products, regardless of the cause, may have an adverse effect on our brand, reputation and operating results.

Further, our customers may engage with us online through social media platforms by providing feedback and public commentary about all aspects of our business. Information concerning us, whether accurate or not, may be posted on social media platforms at any time and may have a disproportionately adverse impact on our brand, reputation, or business. The

harm may be immediate without affording us an opportunity for redress or correction and could have a material adverse effect on our business, results of operations, financial condition, and prospects.

***Failure to introduce new products that meet the expectations of our customers may adversely affect our ability to continue to grow.***

We have a limited history introducing new products and services to our customers. New potential products and services may fail at any stage of development or commercialization, including after launch, and if we determine that any of our current or future products are unlikely to succeed, we may abandon them without any return on our investment. In addition, any unsuccessful effort may adversely affect our brand and reputation. If our efforts to attract new customers and engage existing customers with new and enhanced products are unsuccessful or if such efforts are more costly than we expect, our business may be harmed and our potential for growth may be impaired.

***Government regulation of the Internet and ecommerce is evolving, and unfavorable changes or failure by us to comply with these regulations could have an adverse effect on our business, financial condition, results of operations and prospects.***

We are subject to general business regulations and laws as well as regulations and laws specifically governing the Internet and ecommerce, including consumer protection regulations that regulate retailers and govern the promotion and sale of merchandise. Existing and future regulations and laws could impede the growth of the Internet, ecommerce or mobile commerce, which could in turn adversely affect our growth. These regulations and laws may involve taxes, tariffs, privacy and data security, anti-spam, content protection, electronic contracts and communications, consumer protection, sales practices, subscription programs and Internet neutrality. For example, the Trump administration's adoption of tariffs could negatively impact us if the tariff applies to goods we source or manufacture in other countries. For example, we have manufacturing relationships in China, Mexico and Canada. It is possible that general business regulations and laws, or those specifically governing the Internet or ecommerce, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot be sure that our practices have complied, comply or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business and proceedings or actions against us by governmental entities, customers, suppliers or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business, decrease the use of our website and mobile applications by customers and suppliers and may result in the imposition of monetary liabilities and burdensome injunctions that could, for example, require changes to our business practices. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of noncompliance with any such laws or regulations. As a result, adverse developments with respect to these laws and regulations could have an adverse effect on our business, financial condition, results of operations and prospects.

***We may become subject to product liability claims, which could materially harm our reputation, financial condition, and liquidity if we are not able to successfully defend or insure against such claims.***

Selling consumer product goods and personal care products involves inherent legal and other risks, and there is increasing governmental scrutiny of, and public awareness regarding, product safety. Such products are highly regulated by numerous government agencies. Some of the products we sell or manufacture expose us to product liability claims relating to personal injury or illness, death, or environmental or property damage, and can require product recalls or other actions. Third parties who sell products using our services also expose us to product liability claims. We maintain liability insurance; however, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. In addition, some of our agreements with our vendors and sellers do not indemnify us from product liability. Adverse reactions, including illnesses, injury or death related to ingredients, allergens, or foreign material contamination in our products or other product safety incidents or efficacy failures with our products, or involving our suppliers, could result in the disruption or discontinuance of sales of these products or our relationships with such suppliers, or otherwise result in increased operating costs, regulatory enforcement actions (e.g., seizure), and harm to our reputation.

Shipment of adulterated, misbranded or expired products, even if inadvertent or the fault of a third-party supplier, can result in criminal or civil liability. Such incidents could also expose us to product liability, negligence or other lawsuits, including consumer class action lawsuits. Any claims brought against us may exceed or be outside the scope of our existing or future insurance policy coverage or limits. Any judgment against us that is more than our policy limits or not covered by

our policies or not subject to insurance would have to be paid from our cash reserves, which would reduce our capital resources.

The occurrence of adverse reactions, ineffectiveness or other safety incidents associated with our products could also adversely affect the price and availability of affected ingredients or products, resulting in higher costs, disruptions in supply and a reduction in our sales. Furthermore, any safety, contamination, defects, or regulatory noncompliance issues, whether or not caused by our actions, could compel us, our suppliers or our consumers, depending on the circumstances, to conduct a recall in accordance with requests from the FDA, the CPSC, the USDA, the EPA or other federal, state or local authorities. Product recalls could result in significant losses due to their costs, the destruction of product inventory, lost sales due to the unavailability of the product for a period of time and potential loss of existing - ecommerce partners or consumers, negative publicity and a potential negative impact on our ability to attract new consumers due to negative consumer experiences or because of an adverse impact on our brand and reputation. The costs of a recall could be outside the scope of our existing or future insurance policy coverage or limits.

Companies that sell consumer and personal care products have also been subject to targeted, large-scale tampering as well as to opportunistic, individual product tampering, and we, like any such company, could be a target for product tampering. Forms of tampering could include the introduction of foreign material, chemical contaminants and pathological organisms into products, as well as product substitution. Governmental regulations require companies like us to analyze, prepare and implement mitigation strategies specifically to address tampering designed to inflict widespread public health harm. If we do not adequately address the possibility, or any actual instance, of product tampering, we could face possible seizure or recall of our products and the imposition of civil or criminal sanctions, which could have an adverse effect on our business, financial condition, results of operations and prospects.

***We are subject to a number of other laws and regulations, which could impact our business.***

We are subject to a broad range of federal, state, local, and foreign laws and regulations intended to protect public and worker health and safety, natural resources, the environment and consumers. Our operations are subject to regulation by the Occupational Safety and Health Administration, the FDA, the CPSC, the USDA, the FTC, EPA, and by various other federal, state, local and foreign authorities regarding the manufacture, processing, packaging, storage, sale, order fulfillment, advertising, labeling, import and export of our products. In addition, we and our manufacturing partners are subject to additional regulatory requirements, including environmental, health and safety laws and regulations administered by the EPA, state, local and foreign environmental, health and safety legislative and regulatory authorities and the National Labor Relations Board, covering such areas as discharges and emissions to air and water, the use, management, disposal and remediation of, and human exposure to, hazardous materials and wastes, and public and worker health and safety, and Current Good Manufacturing Practice requirements, or GMPs, enforced by the FDA. In addition, as the provider of products with a subscription-based element, a variety of laws and regulations govern the ability of users to cancel subscriptions and auto-payment renewals. California's automatic renewal law in particular has been the basis for both consumer class actions and government enforcement. Violations of or liability under any of these laws and regulations may result in administrative, civil or criminal fines, penalties or sanctions against us, revocation or modification of applicable permits, licenses or authorizations, environmental, health and safety investigations or remedial activities, voluntary or involuntary product recalls, warning or untitled letters or cease and desist orders against operations that are not in compliance, among other things. Such laws and regulations generally have become more stringent over time and may become more so in the future, and we may incur (directly, or indirectly through our manufacturing partners) material costs to comply with current or future laws and regulations or in any required product recalls. For example, in the last few years, California, New York, Illinois, Delaware, and Colorado all enacted more robust requirements regulating subscription programs.

Liabilities under, and/or costs of compliance, and the impacts on us of any non-compliance, with or investigations under any such laws and regulations could have a material adverse effect on our business, financial condition, results of operations and prospects. For example, the Consumer Protection Division of the Santa Clara County District Attorney's Office, in conjunction with other county and city prosecutors, is currently investigating our automatic subscription renewal practices. Addressing concerns raised in the investigation has resulted in significant changes to our DTC business model, and the liability resulting from finally resolving their investigation could be material. We may be subject to future claims under auto-payment renewal laws and regulations that could have a material adverse effect on our business. In addition, changes in the laws and regulations to which we are subject, or in the prevailing interpretations of such laws and regulations by courts and enforcement authorities, could impose significant limitations and require changes to our business, which may increase our compliance expenses, make our business more costly and less efficient to conduct, and



compromise our growth strategy, which could have an adverse effect on our business, financial condition, results of operations and prospects.

Our products are also subject to state laws and regulations, such as California's Proposition 65 ("Prop 65"), which requires a specific warning on any product that causes an exposure to a substance listed by the State of California as known to cause cancer, birth defects or other reproductive harm, unless the exposure is below the warning level. We have in the past been subject to lawsuits brought under Prop 65, and if we fail to comply with Prop 65 in the future, it may result in lawsuits and regulatory enforcement that could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects. Further, the inclusion of warnings on our products to comply with Prop 65 could also reduce overall consumption of our products or leave consumers with the perception (whether or not valid) that our products do not meet their health and wellness needs, all of which could adversely affect our reputation, business, financial condition, results of operations and prospects.

Our business of selling dietary supplements and human and pet foods are subject to laws and regulations that govern the warehousing of such products. Complying with these laws and regulations increases the cost of our selling these products. If we are not able to maintain an acceptable cost or if we are found not to be in compliance with these laws and regulations, our business, operating results, and financial condition may be harmed.

***We have pursued and may in the future pursue acquisitions to expand our business, and if any of those acquisitions are unsuccessful, our business may be harmed.***

Our strategy has included and may in the future include the expansion of our business through the acquisition of other businesses, products or technologies, or through strategic alliances. Acquisitions involve numerous risks, including the possibility that we will pay more than the value we derive from the acquisitions which could result in future non-cash impairment charges, and incremental operating losses; difficulties in integration of the operations, technologies and products of the acquired companies, which may require significant attention of our management that otherwise would be available for the ongoing development of our business; the assumption of certain known and unknown liabilities of the acquired companies; difficulties in retaining key relationships with employees, customers, collaborators, vendors and suppliers of the acquired company; and in the case of acquisitions outside of the jurisdictions where we currently operate, the need to address the particular economic, currency, political, and regulatory risks associated with specific countries, particularly those related to our collection of sensitive data, regulatory approvals, and tax management, which may result in significant additional costs or management overhead for our business. Failure to successfully address any of these or other unforeseen challenges would adversely affect our business.

***We may experience damage or destruction to our distribution centers, which may harm our business, results of operations and financial condition.***

Our distribution centers, as well as our headquarters, are located in areas that have a history of natural disasters, including severe weather events, rendering our distribution centers vulnerable to damage. Any large-scale damage, to or catastrophic loss of products stored in our distribution centers due to natural disasters or man-made disasters such as arson, theft, power disruptions, computer viruses, data security breaches or terrorism, could result in the reduction in value of our inventory and a significant disruption in our business. Further, natural disasters such as earthquakes, hurricanes, tornadoes, fires, floods and other adverse weather and climate conditions; unforeseen health crises, such as pandemics and epidemics, political crises, such as terrorist attacks, war and other political instability; or other catastrophic events, could disrupt our operations in any of our offices, our remote workforce and distribution centers. Such events may in the future slow or temporarily halt our operations and harm our business, results of operations and financial condition.

***We are dependent on our management team, and the loss of one or more key employees or groups could harm our business and prevent us from implementing our business plan in a timely manner.***

Our success depends substantially upon the continued services of our executive officers and other key members of management, particularly our Chief Executive Officer. From time to time, there may be changes in our executive management team resulting from the hiring or departure of executives. For example, the employment of our Chief Financial Officer and Chief Technology Officer recently terminated and our board of directors recently appointed and interim Chief Technology Officer. Such changes in our executive management team may be disruptive to our business. We do not have employment agreements with any of our executive officers or key management personnel and, therefore, they could terminate their employment with us at any time. We do not maintain key person life insurance policies on any of our employees. The loss of one or more of our key employees or groups could seriously harm our business.

***Labor-related matters, including labor disputes, may adversely affect our operations.***

None of our employees are currently represented by a union. If our employees decide to form or affiliate with a union, we cannot predict the negative effects such future organizational activities will have on our business and operations. If we were to become subject to work stoppages, we could experience disruption in our operations, including delays in merchandising operations and shipping, and increases in our labor costs, which could harm our business, results of operations and financial condition.

***Our business, including our costs and supply chain, is subject to risks associated with sourcing, manufacturing, warehousing, distribution, infrastructure and logistics to third-party providers, and the loss of any of our key suppliers or logistical service providers could negatively impact our business.***

All of the products we offer are supplied or manufactured by a limited number of third-party suppliers and manufacturers, and as a result, we may be subject to price fluctuations or supply disruptions. Our operating results would be negatively impacted by increases in the costs of our products, and we have no guarantees that costs will not rise. In addition, as we expand into new categories and product types, we expect that we may not have strong purchasing power in these new areas, which could lead to higher costs than we have historically seen in our current categories. We may not be able to pass increased costs on to consumers, which could adversely affect our operating results. Moreover, in the event of a significant disruption in the supply of the materials used to manufacture the products we offer, we and the vendors that we work with might not be able to locate alternative suppliers of materials of comparable quality at an acceptable price. Furthermore, our reliance on suppliers and manufacturers outside of the United States, many of which are located in China, the number of third parties with whom we transact and the number of jurisdictions to which we sell complicates our efforts to comply with customs duties and excise taxes and any failure to comply could adversely affect our business. It also subjects us to new tariffs that the Trump administration may determine to adopt, which could cause disruption in our business, increased costs and reduced demand as a result of increased prices.

In addition, products and merchandise we receive from manufacturers and suppliers may not be of sufficient quality or free from damage, or such products may be damaged during shipping, while stored in our warehouse fulfillment centers or with third-party ecommerce or retail customers or when returned by consumers. We may incur additional expenses and our reputation could be harmed if consumers and potential consumers believe that our products do not meet their expectations, are not properly labeled or are damaged. Quality control problems could also result in regulatory action, such as FDA Warning Letters, restrictions on importation, product liability litigation, product seizures, products of inferior quality or product stock outages or shortages, harming our sales and creating inventory write-downs for unusable products.

We purchase significant amounts of product from a limited number of suppliers with limited supply capabilities. There can be no assurance that our current suppliers will be able to accommodate our demand or continue to supply current quantities at preferential prices. In the past, we have experienced supply shortages of certain goods that have resulted in lost sales. We generally do not maintain long-term supply contracts with any of our suppliers and any of our suppliers could discontinue selling to us at any time. An inability of our existing suppliers to provide materials in a timely or cost-effective manner could impair our growth and have an adverse effect on our business, financial condition, results of operations and prospects.

We rely or may rely on SaaS technologies from third parties in order to operate critical functions of our business, including financial management services, payment processing, customer relationship management services, website platform services, ecommerce services, email services, supply chain services and data storage services. If these services become unavailable due to extended outages or interruptions or because they are no longer available on commercially reasonable terms or prices or for any other reason, or if we fail to migrate successfully to new services, our expenses could increase, our ability to manage our finances could be interrupted, our processes for managing sales of our offerings and supporting our consumers could be impaired, our ability to communicate with our suppliers could be weakened and our ability to access or save data stored to the cloud may be impaired until equivalent services, if available, are identified, obtained and implemented, all of which could have an adverse effect on our business, financial condition, results of operations and prospects.

We utilize cloud services from third-party data center facilities operated by Amazon Web Services, or AWS. Any damage to, failure of or interference with our cloud service that is hosted by us, AWS or by third-party providers we may utilize in the future, whether as a result of our actions, actions by the third-party data centers, actions by other third parties, or acts of God, could result in interruptions in our cloud service and/or the loss of our or our customers' data, including

personal information. Impairment of, or interruptions in, our cloud services may subject us to claims and litigation and adversely affect our ability to attract new customers. Our business will also be harmed if our customers and potential customers believe our services are unreliable. Additionally, any limitation of the capacity of our data centers could impede our ability to scale, onboard new customers or expand the usage of existing customers, which could adversely affect our business, financial condition and results of operations. While we have some disaster recovery arrangements in place, our preparations may not be adequate to account for disasters or similar events that may occur in the future and may not effectively permit us to continue operating in the event of any problems with respect to our systems or those of our third-party data centers or any other third-party facilities. Our disaster recovery and data redundancy measures may be inadequate, and our business interruption insurance may not be sufficient to compensate us for the losses that could occur.

If any of our key suppliers becomes insolvent, ceases or significantly reduces its operations or experiences financial distress, or if any environmental, economic or other outside factors impact their operations, our operations could be substantially disrupted. If we are unable to identify or enter into distribution relationships with new suppliers or to replace the loss of any of our existing suppliers, we may experience a competitive disadvantage, our business may be disrupted and our business, financial condition, results of operations and prospects could be adversely affected.

***If our third-party suppliers and manufacturers do not comply with ethical business practices or with applicable laws and regulations, our reputation, business, financial condition, results of operations and prospects could be harmed.***

We continually seek to expand our base of suppliers, especially as we identify new products that necessitate new or additional materials. We also require our new and existing suppliers to meet our ethical and business partner standards. Suppliers may also have to meet governmental and industry standards and any relevant standards required by our consumers, which may require additional investment and time on behalf of suppliers and us.

Our reputation and our consumers' willingness to purchase our products depend in part on our suppliers', manufacturers', and vendor partners' compliance with ethical employment practices, such as with respect to child labor, wages and benefits, forced labor, discrimination, safe and healthy working conditions, and with all legal and regulatory requirements relating to the conduct of their businesses. We do not exercise control over our suppliers, manufacturers, and vendor partners and cannot guarantee their compliance with ethical and lawful business practices. If our suppliers, manufacturers, or vendor partners fail to comply with applicable laws, regulations, safety codes, employment practices, human rights standards, quality standards, environmental standards, production practices, or other obligations, norms, or ethical standards, our reputation and brand image could be harmed, and we could be exposed to litigation, investigations, enforcement actions, monetary liability, and additional costs that would harm our reputation, business, financial condition, results of operations and prospects.

***If we or our distribution partners do not successfully optimize, operate and manage the expansion of the capacity of our warehouse fulfillment centers, our business, financial condition, results of operations and prospects could be adversely affected.***

We operate warehouse fulfillment centers located in Reno, Nevada and Elizabethtown, Pennsylvania. . We closed our St. Peters, Missouri location in the second quarter of 2024 to optimize for cost and operational efficiencies. If we do not optimize and operate our warehouse fulfillment centers successfully and efficiently, it could result in excess or insufficient fulfillment capacity, an increase in costs or impairment charges or harm our business in other ways. In addition, if we do not have sufficient fulfillment capacity or experience a problem fulfilling orders in a timely manner, our consumers may experience delays in receiving their purchases, which could harm our reputation and our relationship with our consumers.

We have designed and established our own fulfillment center infrastructure, including customizing inventory and package handling software systems, which is tailored to meet the specific needs of our business. If we add fulfillment and warehouse capabilities, add new businesses or categories with different fulfillment requirements or change the mix in products that we sell, our fulfillment network will become increasingly complex and operating it will become more challenging.

***Shipping is a critical part of our business and any changes in our shipping arrangements or any interruptions in shipping could adversely affect our operating results.***

We rely on several vendors for our shipping requirements. If we are not able to negotiate acceptable pricing and other terms with these vendors or if they experience performance problems or other difficulties, it could negatively impact our operating results and our consumer experience. Rising shipping costs and the imposition of surcharges from time to time could negatively impact our operating results. In addition, our ability to receive inbound inventory and ship products to consumers and retailers may be negatively affected by inclement weather, fire, flood, power loss, earthquakes, labor disputes, acts of war or terrorism, trade embargoes, customs and tax requirements and similar factors. For example, the invasion of Ukraine by Russia in February 2022 temporarily raised costs related to shipping and our supply chain. We are also subject to risks of damage or loss during delivery by our shipping vendors. If our products are not delivered in a timely fashion or are damaged or lost during delivery, our consumers could become dissatisfied and cease shopping on our site or retailer or third-party ecommerce sites that carry our products, which could have an adverse effect on our business, financial condition, operating results and prospects.

***Risks associated with the outsourcing of our fulfillment process and other technology-related functions could materially and adversely affect our business, financial condition, and results of operations.***

We have outsourced portions of our fulfillment process, as well as certain technology-related functions, to third-party service providers. Specifically, we rely on third parties in a number of foreign countries and territories. We are dependent on third-party vendors for credit card processing and use third-party hosting and networking providers to host our sites. The failure of one or more of these entities to provide the expected services on a timely basis, or at all, or at the prices we expect, or the costs and disruption incurred in changing these outsourced functions to be performed under our management and direct control or that of a third party, could have an adverse effect on our business, financial condition, results of operations and prospects. We are not party to long-term contracts with some of our ecommerce partners, and upon expiration of these existing agreements, we may not be able to renegotiate the terms on a commercially reasonable basis, or at all.

***We are subject to risks related to online payment methods, including third-party payment processing-related risks.***

We currently accept payments using a variety of methods, including credit card, debit card, and gift cards. As we offer new payment options to consumers, we may be subject to additional regulations, compliance requirements, fraud and other risks. We also rely on third parties to provide payment processing services, and for certain payment methods, we pay interchange and other fees, which may increase over time and raise our operating costs and affect our ability to achieve or maintain profitability. We are also subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard, or PCI-DSS, and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we (or a third party processing payment card transactions on our behalf) suffer a security breach affecting payment card information, we may be subject to lawsuits, have to pay onerous and significant fines, penalties and assessments arising out of the major card brands' rules and regulations, contractual indemnifications or liability contained in merchant agreements and similar contracts, and we may lose our ability to accept payment cards for payment for our goods and services, any of which could materially impact our operations and financial performance.

Furthermore, as our business changes, we may be subject to different rules under existing standards, which may require new assessments that involve costs above what we currently pay for compliance. If we offer new payment options to consumers, including by way of integrating emerging mobile and other payment methods, we may be subject to additional regulations, compliance requirements and fraud. If we fail to comply with the rules or requirements of any provider of a payment method we accept, if the volume of fraud in our transactions limits or terminates our rights to use payment methods we currently accept, or if a data breach occurs relating to our payment systems, we may, among other things, be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, our ability to accept credit card payments from consumers or facilitate other types of online payments. In addition, our customers could lose confidence in certain payment types, which may result in a shift to other payment types or potential changes to our payment systems that may result in higher costs.

We receive orders placed with fraudulent data and we may ultimately be held liable for the unauthorized use of a cardholder's card number and be required by card issuers to pay charge-back fees. Charge-backs result not only in our loss of fees earned with respect to the payment, but also leave us liable for the underlying money transfer amount. If our charge-back rate becomes excessive, card associations also may require us to pay fines or refuse to process our transactions. In

addition, we may be subject to additional fraud risk if third-party service providers or our employees fraudulently use consumer information for their own gain or facilitate the fraudulent use of such information. Overall, we may have little recourse if we process a criminally fraudulent transaction. If we fail to adequately control fraudulent credit card transactions, we may face civil liability, diminished public perception of our security measures, and significantly higher credit card-related costs, each of which could harm our business, results of operations and financial condition.

***We may be unable to adequately obtain, maintain, protect, defend and enforce our intellectual property rights.***

Our ability to compete effectively is dependent in part upon our ability to obtain, maintain, protect, defend and enforce our intellectual property and other proprietary rights, including our proprietary technology. We establish and protect our intellectual property and proprietary rights, including our proprietary information and technology, through a combination of confidentiality procedures and other contractual provisions, as well as through patent, trademark, copyright, trade secret and other intellectual property laws in the United States and similar laws in certain other jurisdictions. However, the steps we take to obtain, maintain, protect, defend and enforce our intellectual property and proprietary rights may be inadequate. There can be no assurance that these protections will be available in all cases or will be adequate to prevent our competitors or other third parties from copying, reverse engineering, accessing or otherwise obtaining and using our technology, intellectual property or proprietary rights or solutions without our permission.

We pursue the registration of certain aspects of our intellectual property in the U.S. and other countries. As we apply to register our unregistered trademarks in the U.S. and other countries, our applications may not be allowed for registration in a timely fashion or at all, and our registered trademarks may not be maintained or enforced. In addition, third parties may oppose our trademark and service mark applications or trademark registrations, or otherwise challenge our use of the trademarks and service marks. In certain countries outside of the U.S., trademark registration is required to enforce trademark rights. If we do not secure registrations for our trademarks, we may encounter more difficulty in enforcing them against third parties than we otherwise would. We also may not be able to acquire or maintain appropriate domain names in all countries in which we do business. Furthermore, regulations governing domain names may not protect our trademarks and similar proprietary rights. We may be unable to prevent third parties from acquiring domain names that are similar to, infringe upon, or diminish the value of our intellectual property.

Worldwide, we have 21 issued patents and five patent applications pending. We cannot offer any assurances about which, if any, patents will be issued from our applications, the breadth of any such patents, or whether any issued patents will be found invalid and unenforceable or will be threatened by third parties. Any successful opposition to these patents or any other patents owned by or, if applicable in the future, licensed to us could deprive us of rights necessary for the successful commercialization of products that we may develop. Since patent applications in the United States and most other countries are confidential for a period of time after filing, we cannot be certain that we were the first to file on the technologies covered in several of the patent applications related to our technologies or products. Furthermore, a derivation proceeding can be provoked by a third party, or instituted by the U.S. Patent and Trademark Office (USPTO), to determine who was the first to invent any of the subject matter covered by the patent claims of our applications.

Enforcement of our intellectual property rights may be difficult and may require considerable resources. We are not always able to discover or determine the extent of any unauthorized use of our intellectual property. Moreover, the steps we take to protect our intellectual property do not always adequately protect our rights or prevent third parties from infringing or misappropriating our proprietary rights. We also cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or other intellectual property rights. In addition, any of our intellectual property rights may be challenged or circumvented by others or invalidated or held unenforceable through administrative process or litigation in the U.S. or in foreign jurisdictions.

The laws of some foreign countries do not protect intellectual property rights to the same level of protection as the laws of the U.S., and we may encounter difficulties in protecting and defending such rights in foreign jurisdictions. To the extent we expand our international activities, our exposure to unauthorized copying and use of our intellectual property and proprietary information may increase. Consequently, we may not be able to prevent third parties from infringing on our intellectual property in all countries outside the U.S., or from selling or importing products made using our intellectual property in and into the U.S. or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and may also export infringing products to territories where we have patent protection, but enforcement of patents and other intellectual protection is not as strong as that in the U.S. These products may compete with our products and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

If we move into new markets and expand our products or services offerings, incumbent participants in such markets may assert their intellectual property and other proprietary rights against us as a means of slowing our entry into such markets or as a means to extract substantial license and royalty payments from us. In addition, our agreements with some of our customers, suppliers or other entities with whom we do business require us to defend or indemnify these parties to the extent they become involved in infringement claims, including the types of claims described above. As a result, we could incur significant costs and expenses that could adversely affect our business, operating results or financial condition.

If the protection of our proprietary rights is inadequate to prevent use or appropriation by third parties, the value of our brand and other intangible assets may be diminished and competitors may be able to more effectively mimic our service and methods of operations. With respect to any intellectual property rights claim, we may have to seek a license to continue practices found to be in violation of third parties' rights, which may not be available on reasonable terms and may significantly increase our operating expenses. A license to continue such practices may not be available to us at all.

Litigation may be necessary to enforce our intellectual property rights, protect our trade secrets, or determine the validity and scope of the proprietary rights of others. Any litigation of this nature, regardless of outcome or merit, may be time-consuming and could incur substantial costs and expenses, substantial liability for damages, or could require us to stop our development and commercialization efforts for our products and services. Our efforts to enforce our intellectual property and proprietary rights might be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property and proprietary rights, and if such defenses, counterclaims or countersuits are successful, we could lose valuable intellectual property and proprietary rights. Furthermore, many of our current and potential competitors may be in a position to dedicate substantially greater resources to enforce their intellectual property and proprietary rights than us. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing, misappropriating or otherwise violating our intellectual property and proprietary rights. Additionally, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

Moreover, the outcome of any such litigation might not be favorable to us, even when our rights have been infringed, misappropriated or otherwise violated. If we do not prevail, we may be required to pay significant money damages, suffer losses of significant revenues, be prohibited from using the relevant systems, processes, technologies or other intellectual property (temporarily or permanently), be required to cease offering certain products or services, incur significant license, royalty or technology development expenses, or be required to comply with other unfavorable terms. Even if we were to prevail, such litigation could result in substantial costs and diversion of resources and could have a material adverse effect on our business, operating results or financial condition. We may also be required to enter into license agreements that may not be available on commercially reasonable terms or at all. In addition, although in some cases a third party may have agreed to indemnify us for such costs, but such an indemnifying party may refuse or be unable to uphold its contractual obligations. In other cases, insurance may not cover potential claims of this type adequately or at all, and we may be required to pay monetary damages, which may be significant.

***We rely on trademark, copyright, and patent law, trade secret protection, and confidentiality and/or license agreements with our employees, customers, and others to protect our proprietary rights.***

We rely and expect to continue to rely on a combination of confidentiality, invention assignment and other agreements with our employees, consultants and third parties with whom we have relationships and who may have access to confidential or patentable aspects of our research and development output, as well as trademark, copyright, patent and trade secret protection laws, to protect our proprietary rights. However, any of these parties may breach their agreements with us and disclose information improperly. In addition, we cannot guarantee that we have entered into such agreements with each party that has or may have had access to our proprietary information, know-how and trade secrets or each party that has developed intellectual property on our behalf. Moreover, no assurance can be given that these agreements will be effective in controlling access to, distribution, use, misuse, misappropriation, reverse engineering or disclosure of our proprietary information, know-how and trade secrets, platform or confidential information. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our offerings. These agreements may be insufficient or breached, and we may not have adequate remedies for any such breach. Additionally, such agreements may not effectively prevent unauthorized access to or unauthorized use, disclosure, misappropriation or reverse engineering of, our confidential information, intellectual property, or technology. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret or know-how is difficult, expensive, and time-consuming, and the outcome is unpredictable. In addition, trade secrets and know-how can be difficult to protect and some courts inside and outside the U.S. are less willing or unwilling to protect trade secrets and know-how. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no

right to prevent them from using that technology or information to compete with us, and our competitive position would be materially and adversely harmed.

Additionally, individuals not subject to invention assignment agreements may make adverse ownership claims to our current and future intellectual property. For example, we may be subject to claims that former employees, collaborators or other third parties have an interest in our owned or in-licensed patents, trade secrets or other intellectual property as an inventor or co-inventor. Ownership disputes may arise, for example, from conflicting obligations of employees, consultants or others who are involved in developing our future products and services.

***We may be subject to claims that our employees, consultants or independent contractors have wrongfully used or disclosed confidential information of third parties or that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.***

We employ, and expect to employ in the future, individuals who were previously employed at universities or other companies, including our competitors or potential competitors. We may be subject to claims that our employees, consultants or independent contractors have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers or other third parties, or to claims that we have improperly used or obtained such trade secrets. Litigation may be necessary to defend against these claims. In defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or key personnel, which could adversely impact our business. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management and other employees.

***Indemnity provisions in various agreements to which we are party potentially expose us to substantial liability for infringement, misappropriation or other violation of intellectual property rights.***

Our agreements may include indemnification provisions under which we agree to indemnify or otherwise be liable for losses suffered or incurred as a result of claims of infringement, misappropriation or other violation of intellectual property rights or other liabilities relating to or arising from our products, our acts or omissions under such agreements or other contractual obligations. Some of these indemnity agreements provide for uncapped liability and some indemnity provisions survive termination or expiration of the applicable agreement. As we continue to grow, the possibility of infringement claims and other intellectual property rights claims against us may increase. For any intellectual property rights indemnification claim against us or our customers, we will incur significant legal expenses and may have to pay damages, settlement fees, license fees or stop using products or technology found to be in violation of the third party's rights. Large indemnity payments could harm our business, financial condition and results of operations.

We attempt to contractually limit our liability with respect to indemnity obligations; however, we are not always successful and we may still incur substantial liability related to them. We may be required to cease use of certain functions of our platform or cease selling certain products as a result of any such claims. Any dispute with a customer or other third party with respect to such indemnification obligations could have adverse effects on our relationship with such customer or other third party and other existing or current and prospective customers, subject us to costly and time-consuming litigation, expensive remediation and licenses, divert management attention and financial resources, reduce demand for our products and adversely affect our brand, reputation, business, financial conditions and results of operations. In addition, although we carry general liability insurance, but our insurance may not be adequate to indemnify us for all liability that may be imposed or otherwise protect us from liabilities or damages with respect to claims alleging compromises of customer data, and any such coverage may not continue to be available to us on acceptable terms or at all.

***We must successfully maintain, scale and upgrade our information technology systems, and our failure to do so could have an adverse effect on our business, financial condition, results of operations and prospects.***

We continue to invest in and implement upgrades to our systems and procedures, including building new policies, procedures, training programs and monitoring tools. There are inherent costs and risks associated with replacing and changing these systems, including potential disruptions in our business operations, and additional operating or capital costs that could have an adverse effect on our business, financial condition, results of operations and prospects.

*If we (or our vendors) are unable to protect against or adequately respond to mitigate the impacts of a service interruption, data corruption, or cybersecurity attack, our operations could be disrupted, our reputation may be harmed and we could face significant costs to remediate the incident and defend against claims by business partners, customers, or regulators. Such security breaches or other cybersecurity incidents may harm our reputation and expose us to loss of consumers and business.*

We rely on information technology networks and systems and data processing (a large portion of which are managed by third-party service providers) to market, sell and deliver our products and services, to fulfill orders, to collect, receive, store, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, share and otherwise process personal information, confidential or proprietary information, financial information and other information, to manage a variety of business processes and activities, for financial reporting purposes, to operate our business, process orders and to comply with regulatory, legal and tax requirements. These information technology networks and systems, and the processing they perform, may be susceptible to damage, disruptions or shutdowns, software or hardware vulnerabilities, security incidents, ransomware attacks, unauthorized activity and access, malicious code (such as malware, viruses and worms), acts of vandalism, employee or contractor theft, misplaced or lost data, fraud, misconduct or misuse, social engineering attacks and denial of service attacks, supply-side attacks, phishing and spear phishing attacks, organized cyberattacks, programming or human errors, failures during the process of upgrading or replacing software, databases or components, power outages, fires, natural disasters, hardware failures, telecommunication failures, user errors or catastrophic events, any of which could result in the loss or disclosure of confidential customer information or our own proprietary information, software, methodologies and business information.

In addition, since the onset of the COVID-19 pandemic, our personnel are often working remotely and relying on their own equipment, which may pose additional data security risks to networks, systems and data. Any material disruption of our networks, systems or data processing activities, or those of our third-party service providers, could disrupt our ability to undertake, and cause a material adverse impact to our business, reputation and financial condition. If our information technology networks and systems or data processing (or those of our third-party service providers) suffers damage, security breaches, vulnerabilities, disruption or shutdown (including, for example, cyberattacks or other attacks on global networking infrastructure carried out by Russia following its invasion of Ukraine in February 2022), and we do not effectively resolve the issues in a timely manner, we could experience a material adverse impact to our business, reputation and financial condition. Our DTC and ecommerce operations are critical to our business and our financial performance. Our website serves as an effective extension of our marketing strategies by exposing potential new consumers to our brand, product offerings and enhanced content. Due to the importance of our website and DTC operations, any material disruption of our networks, systems or data processing activities related to our websites and DTC operations could reduce DTC sales and financial performance, damage our brand's reputation and materially adversely impact our business.

The recovery systems, security protocols, network protection mechanisms and other security measures that we have integrated into our systems, networks and physical facilities, which are designed to protect against, detect and minimize security breaches, may not be adequate to prevent or detect service interruption, system failure data loss or theft, or other material adverse consequences. We and our third-party service providers regularly defend against and respond to cybersecurity incidents. No security solution, strategy, or measures can address all possible security threats or block all methods of penetrating a network or otherwise perpetrating a security incident, and our incident response procedures may be inadequate to fully contain, mitigate, or remediate a data security incident. Moreover, notwithstanding any contractual rights or remedies we may have, because we do not control our third-party service providers, including their security measures and their processing of data, we cannot ensure the integrity or security of measures they take to protect customer information and prevent data loss.

The risk of unauthorized circumvention of our security measures or those of our third-party providers, has been heightened by the increased use of the Internet and telecommunications technologies (including mobile and other connected devices) to conduct financial and other business transactions, advances in computer and software capabilities and the increasing sophistication of hackers who employ complex techniques, including without limitation, the theft or misuse of personal and financial information, counterfeiting, "phishing" or social engineering incidents, ransomware, extortion, publicly announcing security breaches, account takeover attacks, denial or degradation of service attacks, malware, fraudulent payment and identity theft. Because the techniques used by hackers change frequently, we may be unable to anticipate these techniques or implement adequate preventive measures. Our applications, systems, networks, software and physical facilities could have material vulnerabilities, be breached, or personal or confidential information could be otherwise compromised due to employee error or malfeasance, such as where third parties fraudulently induce our personnel or our consumers to disclose information or user names and/or passwords, or otherwise compromise the security of our networks, systems and/or physical facilities. Third-party criminals regularly attempt to exploit vulnerabilities in, or



obtain unauthorized access to, platforms, software, applications, systems, networks, sensitive information, and/or physical facilities utilized by us or our vendors. Improper access to our systems or databases could result in the theft, publication, deletion or modification of personal information, confidential or proprietary information, financial information and other information. An actual or perceived breach of our security systems or those of our third-party service providers may require notification under applicable data privacy regulations or contractual obligations, or for consumer relations or publicity purposes, which could result in reputational harm, costly litigation (including class action litigation), material contract breaches, liability, settlement costs, loss of sales, regulatory scrutiny, actions or investigations, a loss of confidence in our business, systems and processing, a diversion of management's time and attention, and significant fines, penalties, assessments, fees and expenses.

As is common in the digital world we operate in, we and our third-party service providers have experienced security incidents involving unauthorized access to our account credentials; however, all such incidents have been remediated and we are not aware of any significant impact resulting from such incidents. While we regularly defend against and respond to cybersecurity threats and attacks, our efforts to contain, mitigate and remediate a data security incident may not be successful, resulting in unexpected interruptions, delays, cessation of service, negative publicity, and other harm to our business and our competitive position. The costs to respond to a significant security breach or security vulnerability, including to provide breach notification where required, can be substantial. We may have to notify stakeholders of security breaches, which may harm our reputation and expose us to loss of consumers and business. Breach notification can lead to negative publicity, may cause our consumers to lose confidence in the effectiveness of our security measures, and could require us to expend significant capital and other resources to respond to and/or alleviate problems caused by the actual or perceived security breach. A security breach could lead to claims by our customers, or other relevant stakeholders that we have failed to comply with our legal or contractual obligations. As a result, we could be subject to legal action or our customers could end their relationships with us. There can be no assurance that any limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from liabilities or damages. We could be required to fundamentally change our business activities and practices in response to a security breach or related regulatory actions or litigation, which could have an adverse effect on our business. We may not have, or in the future be able to obtain, adequate insurance coverage for security incidents or breaches, including fines, judgments, settlements, penalties, costs, attorney fees and other impacts that arise out of incidents or breaches. Any incidents may result in loss of, or increased costs of, our cybersecurity insurance. We also cannot ensure that our existing insurance coverage will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims related to a security incident or breach, or that the insurer will not deny coverage as to any future claim. If the impact of a security incident or breach or the successful assertion of one or more large claims against us exceeds our available insurance coverage or results in changes to our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), it could have an adverse effect on our business, financial condition, reputation and results of operations.

***We use open source software in our platform, which may subject us to additional risks and harm our intellectual property.***

We use open source software in our platform and expect to continue to use open source software in the future. There are risks and uncertainties regarding the proper interpretation of and compliance with open source software licenses. Some open source software licenses require those who distribute open source software as part of their own software product to publicly disclose all or part of the source code to such software product or to make available any derivative works of the open source code on unfavorable terms or at no cost, and we may be subject to such terms. Consequently, there is a risk that the owners of the copyrights in such open source software may claim that the open source licenses governing their use impose certain conditions or restrictions on our ability to use the software that we did not anticipate. Such owners may seek to enforce the terms of the applicable open source license, including by demanding release of the source code for the open source software, derivative works of such software, or, in some cases, our proprietary source code that uses or was developed using such open source software. These claims could also result in litigation, subject us to significant damages, require us to purchase costly third-party licenses, require us to devote additional research and development resources to change our products or discontinue the sale of our proprietary products, any of which could result in reputational harm and would be disruptive to our business. In addition, if the license terms for the open source software we utilize change, we may be forced to re-engineer our platform or incur additional costs to comply with the changed license terms or to replace the affected open source software. Furthermore, if we were to combine our proprietary platform with open source software in a certain manner, we could, under certain of the open source licenses, be required to release the source code of our proprietary platform to the public or offer our platform to users at no cost. This could allow our competitors to create similar platforms with lower development effort and time and ultimately could result in a loss of sales for us.

In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or assurance of title or controls on origin of the software. There is typically no support available for open source software, and we cannot ensure that the authors of such open source software will implement or push updates to address security risks or will not abandon further development and maintenance.

We cannot be certain that we have not incorporated open source software in our platform in a manner that is inconsistent with such policies. Therefore, we may inadvertently use open source in a manner that we do not intend or that could expose us to claims for breach of contract or intellectual property infringement, misappropriation or other violation. Any of the foregoing could have a material adverse effect on our business, financial condition, prospects and results of operations.

***The actual or perceived failure by us or our vendors to comply with applicable privacy and data protection laws, regulations or industry standards could have an adverse effect on our business, financial condition, results of operations and prospects.***

We collect, store, share, use, retain, safeguard, transfer, analyze and otherwise process, and our vendors process on our behalf, personal information, confidential information and other information necessary to provide and deliver our products through our e-commerce channel to operate our business, for legal and marketing purposes, and for other business-related purposes. Collection and use of this information might raise privacy and data protection concerns, which could negatively impact our business. Data privacy and information security has become a significant issue in the United States, countries in Europe, and in many other countries. The legal and regulatory framework for privacy and security issues is rapidly evolving and is expected to increase our compliance costs and exposure to liability. There are numerous federal, state, local, and international laws, orders, codes, rules, regulations and regulatory guidance regarding privacy, information security and processing (which we collectively refer to as “Data Protection Laws”), the number and scope of which is changing, subject to differing applications and interpretations, and which may be inconsistent among jurisdictions, or in conflict with other rules, laws or obligations (which we collectively refer to as “Data Protection Obligations”). Therefore, the regulatory framework for privacy and data protection worldwide is, and is likely to remain, uncertain and complex for the foreseeable future, and our actual or perceived failure to address or comply with applicable Data Protection Laws and Data Protection Obligations could have an adverse effect on our business, financial condition, results of operations and prospects. We also expect that there will continue to be new Data Protection Laws and Data Protection Obligations, and we cannot yet determine the impact such future Data Protection Laws and Data Protection Obligations may have on our business. Any significant change to Data Protection Laws and Data Protection Obligations, including without limitation, regarding the manner in which the express or implied consent of consumers for processing is obtained, could increase our costs and require us to modify our operations, possibly in a material manner, which we may be unable to complete and may limit our ability to store and process consumer data and operate our business.

We are or may also be subject to the terms of our external and internal privacy and security policies, codes, representations, certifications, industry standards, publications and frameworks (which we collectively refer to as “Privacy Policies”) and contractual obligations to third parties related to privacy, information security and processing, including contractual obligations to indemnify and hold harmless third parties from the costs or consequences of non-compliance with Data Protection Laws or Data Protection Obligations.

We may not be successful in achieving compliance if our employees, partners or vendors do not comply with applicable Data Protection Laws, Privacy Policies and Data Protection Obligations. If we or our vendors fail (or are perceived to have failed) to comply with applicable Data Protection Laws, Privacy Policies and Data Protection Obligations, or if our Privacy Policies are, in whole or part, found to be inaccurate, incomplete, deceptive, unfair, or misrepresentative of our actual practices, our business, financial condition, results of operations and prospects could be adversely affected.

In the United States, our obligations include rules and regulations promulgated under the authority of the Federal Trade Commission, the Electronic Communications Privacy Act, the Computer Fraud and Abuse Act, the CCPA and other state and federal laws relating to privacy and data security. The CCPA, requires companies that process information of California residents to make new disclosures to consumers about their data collection, use and sharing practices, allows consumers to opt out of the sale of personal information with third parties and prohibits covered businesses from discriminating against California residents (for example, charging more for services) for exercising any of their rights under the CCPA. The law also provides a private right of action and statutory damages for certain data breaches that result in the loss of personal information. This private right of action is expected to increase the likelihood of, and risks associated

with, data breach litigation. However, it remains unclear how various provisions of the CCPA will be interpreted and enforced. Therefore, the CCPA may increase our compliance costs and potential liability.

In addition, the CPRA significantly modifies the CCPA, and imposes additional data protection obligations on companies doing business in California, resulting in further complexity. The law, among other things, gives California residents the ability to limit the use of their sensitive information, provides for penalties for CPRA violations concerning California residents under the age of 16, and establishes a new California Privacy Protection Agency to implement and enforce the law. The effects of this legislation are potentially far-reaching and may impact our business. Some observers have noted that the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the United States, which could increase our potential liability and adversely affect our business, financial condition, results of operations and prospects.

Other jurisdictions in the United States have already passed or are considering laws similar to the CCPA and CPRA, with potentially greater penalties and more rigorous compliance requirements relevant to our business. Many state legislatures have already adopted legislation that regulates how businesses operate online, including measures relating to privacy, data security, data breaches and the protection of sensitive and personal information. For example, on March 2, 2021, Virginia enacted the Virginia Consumer Data Protection Act (the “CDPA”), a comprehensive privacy statute that shares similarities with the CCPA, CPRA, and legislation proposed in other states. The CDPA, which became effective on January 1, 2023, has required and will require us to incur additional costs and expenses in an effort to comply with it. Colorado also has a similar law, the Colorado Privacy Act, which became effective on July 1, 2023. Many other states have adopted or are currently considering proposed comprehensive data privacy legislation and all 50 states have passed at least some form of data privacy legislation (for example, all 50 states have enacted laws requiring disclosure of certain personal data breaches). At the federal level, the United States Congress is also considering various proposals for comprehensive federal data privacy legislation and, while no comprehensive federal data privacy law currently exists, we are subject to applicable existing federal laws and regulations, such as the rules and regulations promulgated under the authority of the Federal Trade Commission, which regulates unfair or deceptive acts or practices, including with respect to data privacy and security. These state statutes, and other similar state or federal laws, may require us to modify our data processing practices and policies and incur substantial compliance-related costs and expenses.

We rely on a variety of marketing techniques and practices, including email and social media marketing, online targeted advertising, cookie-based processing, and postal mail to sell our products and services and to attract new consumers, and we, and our vendors, are subject to various current and future Data Protection Laws and Data Protection Obligations that govern marketing and advertising practices. Governmental authorities continue to evaluate the privacy implications inherent in the use of third-party “cookies” and other methods of online tracking for behavioral advertising and other purposes, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools or the use of data gathered with such tools. Additionally, some providers of consumer devices, web browsers and application stores have implemented, or announced plans to implement, means to make it easier for Internet users to prevent the placement of cookies or to block other tracking technologies, require additional consents, or limit the ability to track user activity, which could if widely adopted result in the use of third-party cookies and other methods of online tracking becoming significantly less effective. Laws and regulations regarding the use of these cookies and other current online tracking and advertising practices or a loss in our ability to make effective use of services that employ such technologies could increase our costs of operations and limit our ability to acquire new consumers on cost-effective terms, which, in turn, could have an adverse effect on our business, financial condition, results of operations and prospects.

***Changes in existing laws or regulations or related official guidance, or the adoption of new laws or regulations or guidance, may increase our costs and otherwise adversely affect our business, financial condition, results of operations and prospects.***

The regulatory environment in which we operate has changed in the past and could change significantly and adversely in the future. For example, in December 2009, the FTC substantially revised its Guides Concerning the Use of Endorsements and Testimonials in Advertising (“Endorsement Guides”) to eliminate a safe harbor principle that formerly recognized that advertisers could publish consumer testimonials that conveyed truthful but extraordinary results from using the advertiser’s product as long as the advertiser clearly and conspicuously disclosed that the endorser’s results were not typical. Similarly, in 2012, the FTC announced revisions to its Green Guides discussed above, which assist advertisers in avoiding the dissemination of false or deceptive environmental claims for their products. The Green Guides revisions introduced new and proscriptive guidance regarding advertisers’ use of product certifications and seals of approval, “recyclable” claims, “renewable materials” claims, “carbon offset” claims and other environmental benefit claims. In

October 2021, California passed a new environmental marketing law banning recyclability claims unless a product and/or its packaging meets specifically enumerated benchmarks focused on the practical realities of the recycling process; the benchmarks may be more stringent than those currently imposed by the FTC's Green Guides. In 2022, the FTC issued the "Health Products Compliance Guide" which provides guidance from the FTC on how companies can ensure that claims about the benefits and safety of health-related products are truthful, not misleading, and supported by science. In particular, the FTC Guide sets out the FTC's expectations regarding the substantiation of health-related claims, including that claim substantiation will require randomized, controlled human clinical testing. California has enacted a law and the FTC has proposed regulations pertaining to the disclosure of all components of the cost of products to consumers, including mandatory fees and charges other than taxes and fees imposed by a government and reasonably and actually incurred postage or shipping charges. We anticipate that additional states will enact similar laws. We charge amounts that are subject to the disclosure requirements of the California law and FTC proposed regulation. These laws may negatively impact consumer shopping behavior on our website and our operating results, which could adversely impact our business and financial results.

In addition, on December 23, 2022, Congress passed the Food and Drug Omnibus Reform Act of 2022, as part of the Consolidated Appropriation Act of 2023, which included the Modernization of Cosmetics Regulation Act of 2022 ("MOCRA"). MOCRA provides FDA with additional authority to regulate cosmetic products including with respect to the reporting of serious adverse events, cosmetic facility registration and product listing, the maintenance of safety substantiation files and the establishment of good manufacturing practices for cosmetics.

We strive to adapt our marketing efforts to evolving legal and regulatory requirements and related guidance; however, we may not always anticipate or timely identify changes in regulation or official guidance that could impact our business, with the result that we could be subject to litigation and enforcement actions that could adversely affect our business, financial condition, results of operations and prospects. Future changes in laws, regulations, and related official agency guidance, such as the Endorsement Guides, Green Guides, and Health Products Compliance Guide (or state automatic renewal laws, discussed above), could also introduce new restrictions that impair our ability to market our products effectively and place us at a competitive disadvantage with competitors who, for example, depend less than we do on environmental marketing claims and social media influencer relationships.

Moreover, any change in laws, regulations or guidance relating to manufacturing, advertising, labeling or packaging for our products may lead to an increase in costs or interruptions in production, either of which could adversely affect our business, financial condition, results of operations and prospects. New or revised government laws, regulations or guidelines could result in additional compliance costs and, in the event of non-compliance, civil remedies, including fines, injunctions, withdrawals, recalls or seizures and confiscations, as well as potential criminal sanctions, any of which could have an adverse effect on our business, financial condition, results of operations and prospects. We cannot, for example, predict additional costs or other impacts of MOCRA, which among other things, requires FDA rulemaking for the implementation of key provisions.

***Failure by our network of partners, suppliers or manufacturers to comply with product safety, environmental or other laws and regulations, or with the specifications and requirements of our products, may disrupt our supply of products and adversely affect our business.***

If our network of partners, suppliers or manufacturers fail to comply with environmental, health and safety or other laws and regulations, or face allegations of non-compliance, their operations may be disrupted and our reputation could be harmed. Additionally, our partners, suppliers and manufacturers are required to maintain the quality of our products and to comply with our standards and specifications. In the event of actual or alleged non-compliance, we might be forced to find alternative partners, suppliers or manufacturers and we may be subject to lawsuits and/or regulatory enforcement actions related to such non-compliance. As a result, our supply of products could be disrupted or our costs could increase, which could adversely affect our business, financial condition, results of operations and prospects. The failure of any partner, supplier or manufacturer to produce products that conform to our standards could adversely affect our reputation in the marketplace and result in product recalls, product liability claims, government or third-party actions and economic loss. For example, a manufacturer's failure to meet GMPs, could result in the delivery of a product that is subject to a product recall, product liability litigation, or government investigations and enforcement. Additionally, actions we may take to mitigate the impact of any disruption or potential disruption in our supply of materials or finished inventory, including increasing inventory in anticipation of a potential supply or production interruption, could have an adverse effect on our business, financial condition, results of operations and prospects.

***Our status as a public benefit corporation and a Certified B Corporation may not result in the benefits that we anticipate.***

We are a public benefit corporation incorporated under Delaware law. As a public benefit corporation, we are required to balance the financial interests of our stockholders with the best interests of those stakeholders materially affected by our conduct, including particularly those affected by the specific benefit purposes set forth in our Certificate of Incorporation, as amended (“Charter”). In addition, there is no assurance that the expected positive impact from being a public benefit corporation will be realized. Accordingly, being a public benefit corporation and complying with our related obligations could negatively impact our ability to provide the highest possible return to our stockholders.

As a public benefit corporation, we are required to disclose to stockholders a report at least biennially on our overall public benefit performance and on our assessment of our success in achieving our specific public benefit purpose. If we are not timely or are unable to provide this report, or if the report is not viewed favorably by parties doing business with us or regulators or others reviewing our credentials, our reputation and status as a public benefit corporation may be harmed.

While not required by Delaware law or the terms of our Charter, we have elected to have our social and environmental performance, accountability and transparency assessed against the proprietary criteria established by an independent non-profit organization. As a result of this assessment, we have been designated as a “Certified B Corporation,” which refers to companies that are certified as meeting certain levels of social and environmental performance, accountability and transparency. The standards for Certified B Corporation certification are set by an independent organization and may change over time. Our reputation could be harmed if we lose our status as a Certified B Corporation, whether by our choice or by our failure to continue to meet the certification requirements, if that failure or change were to create a perception that we are more focused on financial performance and are no longer as committed to the values shared by Certified B Corporations. Likewise, our reputation could be harmed if our publicly reported Certified B Corporation score declines.

***As a public benefit corporation, our duty to balance a variety of interests may result in actions that do not maximize stockholder value.***

As a public benefit corporation, our board of directors has a duty to balance (i) the pecuniary interest of our stockholders, (ii) the best interests of those materially affected by our conduct and (iii) specific public benefits identified in our governing documents. In balancing these interests, our board of directors may take actions that do not maximize stockholder value. Any benefits to stockholders resulting from our public benefit purposes may not materialize within the timeframe we expect or at all and may have negative effects. For example, we may choose to revise our policies in ways that we believe will be beneficial to our stakeholders, including customers, suppliers, employees and local communities, even though the changes may be costly; we may be influenced to pursue programs and services to demonstrate our commitment to the communities we serve even though there is no immediate return to our stockholders; or in responding to a possible proposal to acquire the Company, our board of directors may be influenced by the interests of our stakeholders, including suppliers, crew members and local communities, whose interests may be different from the interests of our stockholders. We may be unable or slow to realize the benefits we expect from actions taken to benefit our stakeholders, including suppliers, crew members and local communities, which could adversely affect our business, financial condition and results of operations, which in turn could cause our stock price to decline.

***As a public benefit corporation, we may be subject to increased derivative litigation concerning our duty to balance stockholder and public benefit interests, the occurrence of which may have an adverse impact on our financial condition and results of operations.***

As a Delaware public benefit corporation, our stockholders (if they, individually or collectively, own at least 2% of our outstanding capital stock or shares having at least \$2 million in market value (whichever is less)) are entitled to file a derivative lawsuit claiming that our directors failed to balance stockholder and public benefit interests. This potential liability does not exist for traditional corporations. Therefore, we may be subject to the possibility of increased derivative litigation, which would require the attention of management and, as a result, may adversely impact management’s ability to effectively execute our strategy. Any such derivative litigation may be costly and have an adverse impact on our financial condition and results of operations.

*We and our directors and executive officers may be subject to litigation for a variety of claims, which could harm our reputation and adversely affect our business, results of operations and financial condition.*

In the ordinary course of business, we may face allegations, lawsuits, and regulatory inquiries, audits, and investigations regarding labor and employment, wage and hour, consumer protection, commercial, antitrust, alleged securities law violations or other investor claims, claims that our employees or independent contractors have wrongfully disclosed or we have wrongfully used proprietary information of our employees' or independent contractors' former employers and other matters, data privacy, security, consumer protection, and intellectual property infringement, acquisitions, or business practices. The number and significance of these potential claims and disputes may increase. Further, our general liability insurance may not cover all potential claims made against us or be sufficient to indemnify us for all liability that may be imposed. Any claim against us, regardless of its merit, could be costly, divert management's attention and operational resources, and harm our reputation.

Our directors and executive officers may also be subject to litigation. The limitation of liability and indemnification provisions that are included in our amended and restated Charter, our Amended and Restated Bylaws ("Bylaws") and indemnification agreements that we entered into with our directors and executive officers provide that we will indemnify our directors and officers to the fullest extent permitted by Delaware law and may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. Such provisions may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be harmed to the extent that we pay the costs of settlement and damage awards against our directors and executive officers as required by these indemnification provisions. We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law. These insurance policies may not cover all potential claims made against our directors and executive officers, may not be available to us in the future at a reasonable rate and may not be adequate to indemnify us for all liability that may be imposed. As litigation is inherently unpredictable, we cannot assure you that any potential claims or disputes will not harm our business, results of operations and financial condition.

The results of regulatory proceedings, litigation, claims, and audits cannot be predicted with certainty, and determining reserves for pending litigation and other legal, regulatory and audit matters requires significant judgment. Regardless of the outcome of any litigation, the litigation itself can have an adverse impact on us because of legal costs, diversion of management resources and other factors.

#### **Risks Related to Ownership of Company Securities**

*The price of our Class A Common Stock and our warrants may be volatile.*

The value of our securities, including our Class A Common Stock and our warrants, may fluctuate due to a variety of factors, including:

- changes in the industries in which we and our customers operate;
- variations in our operating performance, disruptions to our operations or the performance of our competitors in general;
- actual or anticipated fluctuations in our quarterly or annual results of operations;
- publication of research reports by securities analysts about us or our competitors or our industry;
- the public's reaction to our press releases, our other public announcements, and our filings with the SEC;
- our failure or the failure of our competitors to meet analysts' projections or guidance that we or our competitors may give to the market;
- additions and departures of key personnel;
- changes in laws and regulations affecting our business;
- commencement of, or involvement in, or the cost of resolving government investigations or litigation involving us;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of our Class A Common Stock available for public sale; and

- general economic and political conditions such as recessions, interest rates, fuel prices and general inflationary pressures, foreign currency fluctuations, international tariffs, social, political, and economic risks, and acts of war or terrorism.

These market and industry factors may materially reduce the market price of our Class A Common Stock and our warrants regardless of our operating performance.

***Warrants are or may become exercisable for shares of our common stock, and additional shares of our common stock may become issuable, which would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders.***

Outstanding Public Warrants and Private Placement Warrants to purchase an aggregate of 2,800,146 shares of our Class A Common Stock may become exercisable in accordance with the terms of the warrant agreement governing those securities with an exercise price of \$57.50 per share. However, there is no guarantee that the Public Warrants or the Private Placement Warrants will ever be in the money prior to their expiration, and as such, the Public Warrants and the Private Placement Warrants may expire worthless.

Certain warrants issued prior to the Business Combination to purchase an aggregate of 111,895 shares of Class A Common Stock (the “Legacy Grove Warrants”) may become exercisable in accordance with the terms of the warrant agreements governing those securities, the forms of which have been filed as Exhibit 4.5 through Exhibit 4.12 of the Company’s Current Report on Form 8-K filed with the SEC on June 23, 2022. The exercise prices of the Legacy Grove Warrants are set forth in such warrant agreements, as subsequently adjusted pursuant to the Business Combination and reverse stock split effected in June 2023.

Outstanding Backstop Warrants to purchase an aggregate of 775,005 shares of our Class A Common Stock are exercisable in accordance with the terms of that certain subscription agreement by and between VGAC II and Corvina Holdings Limited, dated as of March 31, 2022 governing those securities with an exercise price of \$0.05 per share.

To the extent any of the Public Warrants, Private Placement Warrants, Legacy Grove Warrants, or Backstop Warrants are exercised, additional shares of our Class A Common Stock will be issued, which will result in dilution to the holders of our Class A Common Stock and an increase in the number of shares eligible for resale in the public market.

Sales of substantial numbers of such shares in the public market or the fact that such warrants may be exercised or shares be issued, as applicable, could adversely affect the prevailing market prices of our Class A Common Stock.

***The Public Warrants may never be in the money, and they may expire worthless and the terms of the Public Warrants may be amended in a manner adverse to a holder if holders of at least 65% of the then-outstanding public warrants approve of such amendment.***

The Public Warrants were issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. The warrant agreement provides that the terms of the Public Warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision or correct any mistake, but requires the approval by the holders of at least 65% of the then-outstanding Public Warrants to make any change that adversely affects the interests of the registered holders of Public Warrants. Accordingly, we may amend the terms of the Public Warrants in a manner adverse to a holder if holders of at least 65% of the then-outstanding Public Warrants approve of such amendment. Our ability to amend the terms of the Public Warrants with the consent of at least 65% of the then-outstanding Public Warrants is unlimited; however, examples of such amendments could be amendments to, among other things, increase the exercise price of the Warrants, convert the Warrants into cash, shorten the exercise period, or decrease the number of shares of our Class A Common Stock purchasable upon exercise of a Warrant.

***We may redeem unexpired Public Warrants prior to their exercise at a time that is disadvantageous to holders of the Public Warrants, thereby making the Public Warrants worthless.***

We have the ability to redeem outstanding Public Warrants at any time after they become exercisable and prior to their expiration, at a price of \$0.01 per warrant, provided that the last reported sales price of our Class A Common Stock equals or exceeds \$90.00 per share (as adjusted for share subdivisions, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations, and the like) for any 20 trading days within a 30-trading-day period ending on the third trading day prior to the date we send the notice of redemption to the warrant holders. If and when the Public Warrants

become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding Public Warrants could force holders of Public Warrants to: (i) exercise the Public Warrants and pay the exercise price therefor at a time when it may be disadvantageous for such holder to do so; (ii) sell the Public Warrants at the then-current market price when the holder of such Public Warrant might otherwise wish to hold their Public Warrants; or (iii) accept the nominal redemption price which, at the time the outstanding Public Warrants are called for redemption, is likely to be substantially less than the market value of such Public Warrants.

In addition, we may redeem the Public Warrants at any time after they become exercisable and prior to their expiration at a price of \$0.10 per warrant upon a minimum of 30 days' prior written notice of redemption provided that holders will be able to exercise their Public Warrants prior to redemption for a number of our Class A Common Stock determined based on the redemption date and the fair market value of our Class A Common Stock. The value received upon exercise of the Public Warrants (1) may be less than the value the holders would have received if they had exercised their Public Warrants at a later time where the underlying share price is higher and (2) may not compensate the holders for the value of the Public Warrants. None of the Private Placement Warrants will be redeemable by us, subject to certain circumstances, so long as they are held by the Sponsor or its permitted transferees.

***Our taking advantage of certain exemptions from disclosure requirements available to “emerging growth companies” under the Securities Act of 1993, as amended, could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.***

We are an “emerging growth company” within the meaning of the Securities Act, as modified by the JOBS Act, and 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 comply with the auditor attestation requirements of 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. As a result, our stockholders may not have access to certain information they may deem important. We will remain an emerging growth company under the JOBS Act until the earliest of (a) December 31, 2026, (b) the last date of our fiscal year in which we have total annual gross revenue of at least \$1.235 billion, (c) the date on which we are deemed to be a “large accelerated filer” under the rules of the SEC with at least \$700.0 million of outstanding securities held by non-affiliates or (d) the date on which we have issued more than \$1.0 billion in non-convertible debt securities during the previous three years. We cannot predict whether investors will find our securities less attractive because we will rely on these exemptions. If some investors find our securities less attractive as a result of our reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices of our securities may be more volatile.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. We have elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.



***We may incur debt or assume contingent or other liabilities or dilute our stockholders in connection with acquisitions or strategic alliances.***

We may issue equity securities to pay for future acquisitions or strategic alliances or otherwise, which could be dilutive to existing stockholders. We may also incur debt or assume contingent or other liabilities in connection with acquisitions and strategic alliances, which could impose restrictions on our business operations and harm our operating results. Further, any additional equity financing, debt financing, or credit facility used for such acquisitions may not be on favorable terms, and any such financing or facility may place restrictions on our business. In addition, to the extent that the economic benefits associated with any of our acquisitions diminish in the future, we may incur incremental operating losses, and we may be required to record additional write downs of goodwill, intangible assets or other assets associated with such acquisitions, which would adversely affect our operating results.

***Future sales, or the perception of future sales, by us or our stockholders in the public market could cause the market price for our Class A Common Stock to decline.***

The sale of shares of our Class A Common Stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our Class A Common Stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

As any restrictions on resale end, the market price of our Class A Common Stock could drop significantly if the holders of these shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our Class A Common Stock or other securities.

In addition, our Class A Common Stock reserved for future issuance under our equity incentive plans will become eligible for sale in the public market once those shares are issued, subject to provisions relating to various vesting agreements, and, in some cases, limitations on volume and manner of sale applicable to affiliates under Rule 144, as applicable. As of December 31, 2024, the aggregate number of shares of our Class A Common Stock reserved for future issuance under our Incentive Equity Plan is 5,182,186. The Compensation Committee of the board of directors may determine the exact number of shares to be reserved for future issuance under our equity incentive plans at its discretion. We have filed one or more registration statements on Form S-8 under the Securities Act to register shares of our Class A Common Stock or securities convertible into or exchangeable for shares of our Class A Common Stock issued pursuant to our Equity Incentive Plan. Shares registered under such registration statements will be available for sale in the open market.

***The NYSE may delist our securities from trading on its exchange, which could limit investors' ability to make transactions in our securities and subject us to additional trading restrictions.***

Currently, our Class A Common Stock is publicly traded on the NYSE under the symbol GROV. We cannot assure you that our securities will continue to be listed on the NYSE. For example, on December 14, 2022, we received notice from the NYSE that the average per share trading price of our common stock was below the NYSE's continued listing standard rule relating to minimum average share price. Rule 802.01C of the NYSE's Listed Company Manual requires that our common stock trade at a minimum average closing price of \$1.00 over a consecutive 30 trading-day period. Pursuant to Section 802.01C, we had a period of six months following the receipt of the Notice to regain compliance with the minimum share price requirement. While we regained compliance, we may fall out of compliance in the future. In order to continue listing our securities on the NYSE, we must maintain certain financial, distribution, market capitalization and share price levels. Generally, we must maintain a minimum number of holders of our securities (400 public holders). Our average global market capitalization over a consecutive 30-day trading period must be also \$50 million or more. If it is not, we may have a period of 18 months to regain compliance. If the NYSE delists our securities from trading on its exchange and we are not able to list our securities on another national securities exchange, we expect our securities could be quoted on an over-the-counter market. If this were to occur, we could face significant material adverse consequences, including:

- a limited availability of market quotations for our securities;
- reduced liquidity for our securities;
- a determination that our Class A Common Stock is a "penny stock" which will require brokers trading in our Class A Common Stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities;
- a limited amount of news and analyst coverage;
- a decreased ability to issue additional securities or obtain additional financing in the future; and

- the triggering of an Event of Default as defined in the debt facility that we are a party to.

The National Securities Markets Improvement Act of 1996, which is a federal statute, prevents or preempts the states from regulating the sale of certain securities, which are referred to as “covered securities.” Since our Class A Common Stock is listed on the NYSE, they are covered securities. Accordingly, the states are preempted from regulating the sale of our securities, however, the federal statute does allow the states to investigate companies if there is a suspicion of fraud, and, if there is a finding of fraudulent activity, then the states can regulate or bar the sale of covered securities in a particular case. If we were no longer listed on the NYSE, our securities would not be covered securities and we would be subject to regulation in each state in which we offer our securities.

***Because there are no current plans to pay cash dividends on our Class A Common Stock for the foreseeable future, holders of our Class A Common Stock may not receive any return on investment unless such holders sell their Class A Common Stock for a price greater than that which such holder paid for it.***

We intend to retain future earnings, if any, for future operations, expansion and debt repayment and there are no current plans to pay any cash dividends for the foreseeable future. The declaration, amount and payment of any future dividends on shares of our Class A Common Stock will be at the sole discretion of our board of directors. Our board of directors may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions, implications on the payment of dividends by us to our stockholders or by our subsidiaries to us and such other factors as our board of directors may deem relevant. In addition, our ability to pay dividends is limited by covenants of our existing and outstanding indebtedness and may be limited by covenants of any future indebtedness we incur. Our outstanding Series A Preferred Stock and Series A ' Preferred Stock also are entitled to receive cumulative dividends if dividends are declared by our board of directors. As a result of our current circumstances, holders of our Class A Common Stock may not receive any return on an investment in our Class A Common Stock unless such holder sells the Class A Common Stock for a price greater than that which such holder paid for it.

***The Series A Preferred Stock and Series A' Preferred Stock contains rights, preferences and privileges that may limit our business flexibility or reduce the value of our Class A Common Stock.***

In connection with any sale or liquidation of Grove, holders of our Series A Preferred Stock and Series A' Preferred Stock (collectively, “Preferred Stock”) are entitled to receive the greater of (i) an aggregate of \$25 million plus declared but unpaid dividends, if any, and (ii) the amount they would have received had they converted their Preferred Stock into Class A Common Stock prior and in preference to any distributions to holders of Class A Common Stock, which may limit the value of Class A Common Stock in any such transaction. In addition, for so long as at least 50% of the shares of Preferred Stock remain outstanding, we may not, without first obtaining the approval of the holders of at least a majority of the Preferred Stock take certain actions including amending our Charter or Bylaws in a manner that adversely affects the Preferred Stock, increasing or decreasing the authorized number of shares of Preferred Stock or issuing stock that is senior to the Preferred Stock, which may limit our flexibility to raise additional equity capital or take other corporate actions. There is no guarantee that the holders of Preferred Stock would approve any such restricted action, even where such an action would be in the best interests of our stockholders. Any failure to obtain such approval could harm our business and result in a decrease in value of our Class A Common Stock. In addition, the Preferred Stock is convertible into our Class A Common Stock at the option of the holders thereof. Accordingly, any conversion of Preferred Stock would dilute the ownership of our holders of our Class A Common Stock. The potential dilutive effect of the conversion of shares of Preferred Stock may also adversely affect our ability to obtain additional financing on favorable terms or at all.

***Covenants and other provisions in our loan agreements restrict our business and operations in many ways, and if we do not effectively manage our covenants, our financial conditions and results of operations could be adversely affected. In addition, our operations may not provide sufficient cash to meet the repayment obligations of our debt incurred under our loan agreements.***

We are a party to that certain Loan and Security Agreement, dated as of March 10, 2023, with, inter alia, Siena Lending Group LLC (as amended or modified from time to time, the “Siena Revolver”). Under the Siena Revolver, Grove is subject to various representations and warranties, covenants and events of default. Material misrepresentations of representations and warranties, the breach of certain covenants and the occurrence of other stated events result in an immediate event of default, which give the lenders party to the Siena Revolver the right to take certain remedial measures with respect to Grove and the collateral pledged pursuant to the Siena Revolver, which would harm our business, financial condition and results of operations. The pledge of these assets and other restrictions imposed in the Siena Revolver may limit our ability to incur additional indebtedness or impair our ability to sell or dispose of assets to raise capital, which could have an adverse effect on our financial flexibility.

***If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, our stock price and trading volume could decline.***

The trading market for our Class A Common Stock relies in part on the research and reports that industry or financial analysts publish about us or our business. If one or more of the analysts who do cover us downgrade our stock or industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our stock could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

***We face significant expenses and administrative burdens as a public company, which could have an adverse effect on our business, financial condition and results of operations.***

As a publicly-traded company, we now face increased legal, accounting, administrative and other costs and expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002 or the Sarbanes-Oxley Act, including the requirements of Section 404, to the extent applicable to us, as well as rules and regulations subsequently implemented by the SEC, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the rules and regulations promulgated and to be promulgated thereunder, the PCAOB and the securities exchanges, impose additional reporting and other obligations on public companies. Compliance with public company requirements may increase costs and make certain activities more time consuming.

***If we are unable to maintain effective internal control over financial reporting, investors may lose confidence in the accuracy of our reported financial information and this may lead to a decline in our stock price.***

We have in the past identified material weaknesses and significant deficiencies in our internal controls. All previously identified material weaknesses have been remediated, however, our discovery of additional material weaknesses or significant deficiencies in our internal control over financial reporting could harm our operating results, adversely affect our reputation, or result in inaccurate financial reporting. Furthermore, should any such deficiencies arise we could be subject to lawsuits, sanctions or investigations by regulatory authorities, including SEC enforcement actions and we could be required to restate our financial results, any of which would require additional financial and management resources.

Even if we do not detect deficiencies, our internal control over financial reporting will not prevent or detect all errors and fraud, and individuals, including employees and contractors, could circumvent such controls. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

In addition, we may encounter difficulties in the timely and accurate reporting of our financial results, which would impact our ability to provide our investors with information in a timely manner. Should we encounter such difficulties, our investors could lose confidence in the reliability of our reported financial information and trading price of our common stock. could be negatively impacted.

***Delaware law and our governing documents contain certain provisions, including anti-takeover provisions, that limit the ability of stockholders to take certain actions and could delay or discourage takeover attempts that stockholders may consider favorable.***

Our governing documents and the DGCL contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by the board of directors and therefore depress the trading price of our Class A Common Stock. These provisions could also make it difficult for stockholders to take certain actions, including electing directors who are not nominated by the current members of the board of directors or taking other corporate actions. Among other things, our governing documents include provisions regarding:

- a classified board of directors;
- the ability of the board of directors to issue shares of preferred stock, including “blank check” preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the limitation of the liability of, and the indemnification of, our directors and officers;
- the requirement that a special meeting of stockholders may only be called by a majority of the entire board of directors, the Chairman of the board of directors, our Chief Executive Officer or when requested in writing by the holders of not less than 20% of all votes entitled to be cast at the meeting, which could delay the ability of stockholders to force consideration of a proposal or to take action, including the removal of directors;
- controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings;
- the ability of the board of directors to amend the Bylaws, which may allow the board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the Bylaws to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to the board directors or to propose matters to be acted upon at a stockholders’ meeting, which could preclude stockholders from bringing matters before annual or special meetings of stockholders and delay changes in the board of directors, and also may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’s own slate of directors or otherwise attempting to obtain control of us.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in the board of directors or management that stockholders may consider to be in their best interests.

*Our Certificate of Incorporation, as amended, designates a state or federal court located within the State of Delaware as the sole and 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, stockholders, employees, or agents.*

Our Charter provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of us, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, employee, or agent of the Company to us or our stockholders, (iii) any action arising pursuant to any provision of the DGCL or our Charter or Bylaws (as either may be amended from time to time), or (iv) any action asserting a claim against us governed by the internal affairs doctrine. The foregoing provisions do not apply to any claims arising under the Securities Act and, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will be the sole and exclusive forum for resolving any action asserting a claim arising under the Securities Act.

These choice of forum provisions in our Charter may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits with respect to such claims. There is uncertainty as to whether a court would enforce such provisions, and the enforceability of similar choice of forum provisions in other companies’ governing documents has been challenged in legal proceedings. It is possible that a court could find these types of provisions to be inapplicable or unenforceable, and if a court were to find the choice of forum provision contained in our Charter to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations, and financial condition.

#### **Item 1B. Unresolved Staff Comments**

None

## Item 1C. Cybersecurity

### *Cybersecurity Risk Management and Strategy*

We recognize the importance of identifying, assessing, and managing material risks associated with cybersecurity threats. We invest in cybersecurity to protect intellectual property, customer and employee data, manage reputational risk, and maintain business continuity across our environment. We strive to ensure ongoing compliance with the requirements under applicable standards including the Payment Card Industry Data Security Standards and relevant data privacy and protection laws and regulations. Additionally, our teams reference the standards, guidelines, and practices from the NIST Cybersecurity Framework (CSF) to align our cybersecurity program and risk management practices.

The foundation of our cybersecurity framework is based on written policies that govern different cybersecurity process areas.

Identifying and assessing cybersecurity risk is part of our overall risk management systems and processes. Cybersecurity risks related to our business, technical operations, privacy and compliance issues are identified and addressed through a combination of third party assessments, IT Security Risk reviews, external audits and assessments, penetration tests, vulnerability scans, security monitoring activities and recurring review from our internal cybersecurity working group. We respond to cybersecurity incidents and address identified cybersecurity risks through our internal cybersecurity working group and report any material findings and incidents to the audit committee of our board of directors.

The cybersecurity incident response process is governed by our Incident Response Plan (“IRP”) and overseen by leaders from our IT security and legal teams. The IRP guides how security events are evaluated, ranked by severity and prioritized for response and remediation. Incidents are evaluated to determine materiality as well as operational and business impact and reviewed for privacy impact.

We also conduct tabletop exercises annually, to simulate responses to cybersecurity incidents and ensure accuracy and continuous improvement of the incident response plan. Our team of cybersecurity professionals then collaborate with other stakeholders across our organization to further analyze the risk to the Company and form detection, mitigation and remediation strategies.

We are not aware of any cybersecurity incidents that have materially affected or are reasonably likely to materially affect our business strategy, results of operations or financial condition. However, we cannot provide assurance that we will not be materially affected in the future by such risks or any future material incidents.

Leveraging our cybersecurity risk management processes, cybersecurity risk factors were identified, which are inherent to our business and industry. The risk factors discussed in this section should be considered together with information included elsewhere in this Annual Report on Form 10-K and should not be considered the only risks to which we are exposed. Additionally, mitigation of these risk factors is tracked by management as part of our cybersecurity maturity roadmap.

- Disruptions in the Company’s supply chain could result in an adverse impact on results of operations.
- Network compromise or equipment sabotage could impact the operations of the fulfillment center sites which could impact the revenue.
- Cybersecurity incidents, including breaches of confidential information, sensitive data, personal information, or intellectual property could damage the company’s reputation, disrupt operations, increase costs, and impact revenues.

As part of the above processes, we regularly engage external advisors and consultants to assess our internal cybersecurity programs and compliance with applicable regulatory requirements and industry standards. Our external advisors also act as an extension of our teams to support on daily related security activities, by working closely with our Chief Information Officer and the leader of IT Operations.

Our cybersecurity risk management program evaluates the risk associated when selecting third-party service providers. In addition to new vendor onboarding, critical vendors are reviewed annually to ensure we understand their cybersecurity posture, and their responsibility in protecting our assets appropriately.

As of the date of this filing, we have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected us, including our operations, business strategy, results of operations, or financial condition. We face risks from cybersecurity threats that, if realized, are reasonably likely to

materially affect us, including our operations, business strategy, results of operations, or financial condition. For additional information, see Part I, Item 1A, *Risk Factors-Risks Related to Our Business*.

#### *Cybersecurity Governance*

Cybersecurity is an area of focus for our board of directors, audit committee, and management. As part of our board of directors' overall responsibility for oversight of management's general risk identification and management activities, the audit committee of our board of directors is responsible for the oversight of risks from cybersecurity threats. Members of the audit committee review and discuss with management and our auditors quarterly the Company's cybersecurity risks and the steps that management has taken to protect against threats to the Company's information systems and security and review risk and mitigation steps taken by management related to data privacy.

Our cybersecurity risk management and strategy processes are overseen by leaders from our IT Security, external advisors, and legal teams. These individuals are informed about, and monitor the identification, mitigation, detection and remediation of cybersecurity incidents through their management of, and participation in, the cybersecurity risk management and strategy processes described above.

#### **Item 2. Properties**

All of our physical properties are located within the United States. Our corporate headquarters are in San Francisco, California where we lease approximately 7,800 rentable square feet of office space. The lease expires on May 31, 2027.

We lease fulfillment centers in Pennsylvania and Nevada that represent approximately a combined 488,000 square feet of space. We are no longer utilizing a 138,550 square foot space in Missouri which was previously used as one of our fulfillment centers, we are actively marketing this space for sublease. We believe our current properties are more than sufficient for our needs.

#### **Item 3. Legal Proceedings**

We have become, and may in the future become, subject to various legal claims, charges and litigation matters. If we are found to have violated laws, rules or regulations we could be subject to various fines, penalties and/or damages awards and our business, operating condition and financial results could be harmed. In addition, as a part of litigation, we may be enjoined from certain business practices we have conducted historically, which could harm our business, operating results and financial condition.

As noted in "Item 1A Risk Factors," the Consumer Protection Division of the Santa Clara County District Attorney's Office, in conjunction with other county and city prosecutors, is currently investigating our automatic renewal practices. As of the date of this filing, no legal proceeding has commenced regarding this investigation. Refer to Note 6, *Commitments and Contingencies* in our financial statements, included elsewhere in this Annual Report on Form 10-K.

#### **Item 4. Mine Safety Disclosures**

None

## Part II

### Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

#### *Market Information*

Our Class A Common Stock is currently listed on the NYSE under the ticker symbol “GROV”. The Company’s public warrants trade on an over-the-counter exchange.

On February 15, 2025, all of the Company’s outstanding shares of Class B Common Stock were automatically converted into Class A Common Stock. This conversion occurred because, as of December 31, 2024, the aggregate number of outstanding shares of Class B Common Stock (including securities exercisable or convertible into Class B Common Stock) represented less than ten percent of all outstanding shares of Common Stock. This calculation included both Class A Common Stock and Class B Common Stock, as well as securities exercisable for or convertible into Common Stock. After the conversion, the converted shares and securities carry identical rights, including voting rights, to those of Class A Common Stock or equivalent converted securities.

#### *Holders of Record*

As of December 31, 2024, there were 409 and 504 stockholders of record of our Class A Common Stock and Class B Common Stock, respectively. The actual number of holders of our Class A Common Stock and Class B Common Stock may be greater than the number of record holders, and may include stockholders who are beneficial owners, but whose shares are held in street names by brokers or other nominees. The number of holders of record presented here also does not include stockholders whose shares may be held in trust by other entities.

#### *Dividend Policy*

We have never declared or paid cash dividends on our Class A Common Stock or Class B Common Stock. We currently intend to retain all available funds and future earnings to fund the development and expansion of our business, and do not anticipate paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends will be at the discretion of our board of directors and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects, and other factors our board of directors may deem relevant.

#### *Securities Authorized For Issuance Under Equity Compensation Plans*

See Part III, Item 12 of this Annual Report for the required information.

#### *Recent Sales of Unregistered Securities*

A description of our unregistered sales of equity securities during the year ended December 31, 2024 was previously included in our Current Report on Form 8-K filed on September 23, 2024.

### Item 6. Selected Financial Data

No disclosure required by Item 301 of Regulation S-K as in effect on the date of this Annual Report.

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis provides information that management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition. You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the consolidated financial statements and related notes included in Item 8 of this report. In addition to historical information, this discussion and analysis contains forward-looking statements. These forward-looking statements are subject to risks and uncertainties, including those discussed in the section titled "Risk Factors" and elsewhere in this Annual Report on Form 10-K, that could cause actual results to differ materially from historical results or anticipated results.*

*Unless the context otherwise requires, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "Grove," "we," "us," and "our" refer to Grove Collaborative Holdings, Inc., a Delaware public benefit corporation formerly known as Virgin Group Acquisition Corp. II., and its consolidated subsidiary. References to Virgin Group Acquisition Corp. II. or "VGAC II" refer to the Company prior to the consummation of the Business Combination.*

### **Overview**

On June 16, 2022 (the "Closing Date"), we became a publicly traded company as a result of the consummation of Grove Collaborative, Inc.'s ("Legacy Grove") merger with Virgin Group Acquisition Corp. II, a Cayman-domiciled blank check company ("VGAC II"), which we refer to herein as the "Business Combination".

Grove is a sustainability-oriented consumer products company. We use our connection with consumers to create and curate authentic, disruptive brands and products. We build natural products that perform as well as or better than many leading CPG brands (both conventional and natural), while being healthier for consumers and the planet.

We operate an online direct-to-consumer website and mobile application ("DTC platform") where we both sell our Grove-owned brands ("Grove Brands") and other leading natural and mission-based CPG brands, providing consumers with a selection of curated products across many categories and brands. We refer to this part of our business as "DTC." We recently made the decision to exit the business of selling Grove Co. products in brick and mortar retail channels. We expect our exit from brick-and-mortar retail to improve our profitability while having an insignificant impact on our revenue, and to be completed in 2025.

Grove is a public benefit corporation and a Certified B Corporation, meaning we adhere to third party standards for prioritizing social, environmental, and community well-being. We believe that improved innovation grows both revenue and, over the long term, can expand margins as our innovation has historically tended to be both market expanding and margin accretive. Since inception, we have invested heavily in building out both our e-commerce platform and Grove Brands, and over this period we have operated at a loss. We have an accumulated deficit of \$648.5 million as of December 31, 2024. Beginning in the second half of 2022, we began to substantially reduce our operating expenses across the business in support of our efforts to become profitable. These expense reductions, particularly in advertising, have resulted in a substantial decline in our revenue.

### **Reverse Stock Split**

On May 24, 2023, our board of directors and stockholders approved a five-for-one reverse split (the "Reverse Split") of our issued and outstanding Class A and Class B Common Stock. The Class A Common Stock began trading on a split-adjusted basis on the NYSE at the market open on June 6, 2023. No fractional shares were issued in connection with the Reverse Stock Split.

### **Restructuring and Facilities Closures**

As a part of our focus on reducing our operating expenses and focus on becoming profitable, we have recently implemented company-wide workforce restructurings and facilities reductions. In connection with the reorganizations, we recorded charges totaling \$2.0 million and \$3.8 million related to the reductions in our workforce, warehousing facilities and headquarters office footprint for the years ended December 31, 2024 and 2023, respectively.



## **Key Factors Affecting Our Operating Performance**

We believe that our future business is dependent on many factors. While each of these factors presents significant opportunities for us, they also pose important challenges that we must successfully address to enable us to grow our business and improve our operations while staying true to our mission, including those discussed below and in the section entitled “Risk Factors”.

### ***Ability To Grow our Brand Awareness***

Our brand is integral to the growth of our business and is essential to our ability to engage with our community. Our performance will depend on our ability to profitably attract new customers and encourage consumer spending across our product portfolio. We believe the core elements of continuing to grow our brand awareness in a manner that increases our market penetration are highlighting our products’ qualities of being natural, sustainable and effective and the effectiveness of our marketing efforts.

### ***Ability to Continue to Innovate in Products and Packaging***

Our continued product innovation is integral to our future growth. We have developed and launched over 500 individual products in recent years. The research, development, testing and improvement of our products has been led by our research and development team, which includes experienced chemists and formulators, who work closely with our sustainability team. These new and innovative products, as well as our focus on environmentally responsible packaging, have been key drivers of our value proposition to date. An important element of our product development strategy is our ability to engage directly with customers through our DTC platform to assess demand and market preferences. As a result of our cost reductions in recent periods, we have substantially reduced our investment in product innovation. Our future success in research and development and ability to assess customer needs and develop sustainable and effective products will be central to attracting and retaining consumers in the future and to growing our market penetration and our impact on environmental and human health.

### ***Cost-Efficient Acquisition of New Customers and Retention of Existing Customers on our DTC Platform***

Our ability to attract new customers is a key factor for our future growth. To date we have successfully acquired new customers through online and offline marketing channels. In recent years, changes in the algorithms used for targeting and purchasing online advertising, changes to privacy and online tracking, changes to our purchase flow and subscription processes, supply and demand dynamics in the market, reductions in our advertising spend, and other factors have caused the cost of marketing on these channels to increase consistently. Failure to effectively adapt to changes in online marketing dynamics or changes to our internet platform, or to otherwise attract customers on a cost-efficient basis would adversely impact our path to revenue growth, our profitability and our operating results. Our ability to balance cost-efficient customer acquisitions while driving consumer awareness may impact the cost of our acquiring new customers, our profitability and our operating results.

The future activity level and profitability of our DTC customer base will depend on our ability to continue to offer a compelling value proposition to consumers including strong selection, pricing, customer service, smooth and compelling web and mobile application experience, fast and reliable fulfillment, and curation within natural and sustainable products. Our success is also dependent on our ability to maintain relevance with our consumers on a regular basis through high performing products and a consumer-friendly refill and fulfillment process, and most importantly to provide consumers with products that consistently outperform their expectations. Our ability to execute on these key value-driving areas for consumers, and to remain competitive and compelling, are necessary for our future growth. A lack of success in these areas would materially impact our operating results and financial performance.

### ***Ability to Achieve Profitable Growth; Positive Cash Flow and Scale***

We believe we are in the early stages of realizing a substantial opportunity to transform the consumer products industry into a force for environmental and human good by creating and curating planet-first, high-performance brands and products. After experiencing high rates of revenue growth, in the last several years, we have substantially reduced our expense structure and operations in light of declining revenue, and as a result we have reduced our operating losses and cash consumption. To grow and achieve profitability over the longer term, we will need to re-invest to expand our DTC business and achieve a scale that will allow us to drive efficiencies in generating brand awareness, acquiring and retaining customers, creating operating leverage over headcount and other overhead, and fulfilling orders. Our recent gains in

approaching profitability may not be sustainable in the near term due to the effects of steps we may take to drive growth or other factors. If we are unable to achieve profitable growth, our prospects may be materially and adversely affected.

#### ***Ability to Successfully Transition to Shopify***

In March 2025, we began migrating our ecommerce platform from our legacy internally-developed solution to Shopify, a third-party service provider, and to other service providers that offer certain ecommerce solutions that integrate with Shopify. To date, we have experienced and expect to continue experiencing disruptions to platform operations, including user experience, inventory management, fulfillment operations and payment processing.

If our platform is successfully transitioned, we expect this migration to provide us with significant advantages, such as enhanced scalability, access to advanced ecommerce functionalities, and improved security measures. We believe the migration to Shopify provides a more streamlined user experience for our customers. This transition exposes us to vendor-specific risks, such as service disruptions, changes in pricing and inventory management, potential reduced flexibility in our ecommerce experience or alterations in the platform's features and execution and fulfillment risks as we migrate our customer experience to the new platform.

#### **Key Operating and Financial Metrics**

In addition to our consolidated financial statements, included elsewhere in this Annual Report on Form 10-K, we assess the performance of our overall business using the following metrics and measures, among others. We use the metrics to aid us in identifying trends, formulating financial projections, making strategic decisions, assessing operational efficiencies and monitoring our business.

Our DTC platform remains a core part of our strategy and customer value proposition in addition to providing key data and customer feedback driving our innovation process.

The following table presents our key operating metrics for the periods presented:

(in thousands, except DTC Net Revenue Per Order and percentages)	Year Ended December 31,	
	2024	2023
<b>Financial and Operating Data</b>		
Grove Brands % Net Revenue	41 %	46 %
DTC Total Orders	2,930	3,852
DTC Active Customers	688	920
DTC Net Revenue Per Order	\$ 67	\$ 64

#### ***Grove Brands % Net Revenue***

We define Grove Brands % Net Revenue as total net revenue across all channels attributable to Grove Brands, divided by our total net revenue. Our total DTC net revenue includes revenue from both Grove Brands and third-party brands that we carry. In the year ended December 31, 2024, Grove Brands % Net Revenue declined due to a decrease in Grove Brands products in existing customer orders as we continue to expand our third-party offerings.

### ***DTC Total Orders***

We determine our number of DTC Total Orders by counting the number of customer orders submitted through our website and mobile application that have been shipped within the period. The metric includes orders that have been refunded, excludes reshipments of customer orders for any reason including damaged and missing products, and excludes retail orders. Refunded orders are included in DTC Total Orders as we believe this provides more meaningful order management performance metrics, including fulfillment cost efficacy and refund rates. Changes in DTC Total Orders in a reporting period capture both the inflow of new customers, changes in order frequency of existing customers and customer attrition. We view the number of Total DTC Orders as a key indicator of trends in our DTC platform, and our future success in this channel will depend in part on our ability to drive growth through new customer acquisition and by increasing existing customer engagement. In the years ended December 31, 2024 and 2023, DTC Total Orders declined primarily due to our lower advertising spend strategy, resulting in fewer new customers and therefore fewer overall orders.

### ***DTC Active Customers***

As of the last day of each reporting period, we determine our number of DTC Active Customers by counting the number of individual customers who submitted orders through our DTC platform, and for whom an order has shipped, at least once during the preceding 364-day period. The change in active customers in a reporting period captures both the inflow of new customers as well as the outflow of customers who have not made a purchase in the last 364 days. We view the number of active customers as one of the key indicators of growth in our DTC channel. In the year ended December 31, 2024, DTC Active Customers declined primarily due to our lower advertising spend strategy, resulting in fewer new customers and therefore fewer overall orders.

### ***DTC Net Revenue Per Order***

We define DTC Net Revenue Per Order as our DTC Total Net Revenue in a given reporting period, divided by the DTC Total Orders in that period. We view DTC Net Revenue per Order as a key indicator of the performance of our DTC business. DTC Net Revenue Per Order increased in the year ended December 31, 2024 compared to the prior year comparative period as a result of increased number of products sold per order due to our expanded product offering.

### ***Non-GAAP Financial Measures: Adjusted EBITDA and Adjusted EBITDA Margin***

We prepare and present our financial statements in accordance with U.S. GAAP ("GAAP"). In addition, we believe that Adjusted EBITDA, when taken together with our financial results presented in accordance with GAAP, provides meaningful supplemental information regarding our operating performance and facilitates internal comparisons of our historical operating performance on a more consistent basis by excluding certain items that may not be indicative of our business, results of operations or outlook. For these reasons, management uses Adjusted EBITDA in evaluating our operating performance and resource allocation and forecasting. As such, we believe Adjusted EBITDA provides investors with additional useful information in evaluating our performance.

We calculate Adjusted EBITDA as net loss, adjusted to exclude: stock-based compensation expense; depreciation and amortization; changes in fair values of derivative liabilities; transaction costs allocated to derivative liabilities upon closing of the Business Combination; interest income; interest expense; restructuring costs; loss on extinguishment of debt; provision for income taxes and certain litigation and legal settlement expenses that we do not consider representative of our underlying operations. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by net revenue. Because Adjusted EBITDA excludes these elements that are otherwise included in our GAAP financial results, this measure has limitations when compared to net loss determined in accordance with GAAP. Further, Adjusted EBITDA is not necessarily comparable to similarly titled measures used by other companies. For these reasons, investors should not consider Adjusted EBITDA in isolation from, or as a substitute for, net loss determined in accordance with GAAP.

The following table presents a reconciliation of net loss, the most directly comparable financial measure stated in accordance with GAAP, to Adjusted EBITDA, for each of the periods presented.

	Year Ended December 31,	
	2024	2023
<i>Reconciliation of Net Loss to Adjusted EBITDA</i>		
	(in thousands)	
Net loss	\$ (27,423)	\$ (43,232)
Stock-based compensation	11,995	15,513
Depreciation and amortization	9,821	5,824
Changes in fair value of derivative liabilities	(9,888)	(216)
Reduction of transaction costs allocated to derivative liabilities upon Business Combination	—	(3,745)
Interest income	(3,057)	(3,773)
Interest expense	12,777	16,077
Restructuring expenses <sup>(1)</sup>	2,032	3,811
Loss on extinguishment of debt	5,004	—
Provision for income taxes	40	38
Litigation and legal settlement expenses	—	520
Total Adjusted EBITDA	\$ 1,301	\$ (9,183)
Net loss margin	(13.5)%	(16.7)%
Adjusted EBITDA margin	0.6 %	(3.5)%

<sup>(1)</sup> Restructuring expenses for the year ended December 31, 2024 consisted of \$3.1 million gain from our modification of the lease at our San Francisco headquarters offset by \$1.3 million of costs related to our move to a new distribution facility in Nevada, \$2.5 million in severance-related charges, and \$1.3 million related to impairment of operating lease right-of-use assets. For the year ended December 31, 2023 restructuring expenses consisted of \$2.5 million related to operating lease right-of-use and fixed asset impairment charges and \$1.3 million in severance-related charges.

## Components of Results of Operations

### Revenue, Net

We generate revenue primarily from the sale of both third-party and our Grove Brands products through our DTC platform. Customers purchase products through the website or mobile application through a combination of directly selecting items from the catalog, items that are suggested by our recommendation engine, and featured products that appear in marketing on-site, in emails and on our mobile application. Most customers purchase a combination of products recommended by us based on previous purchases and new products discovered through marketing or catalog browsing. Customers can opt to subscribe and have orders auto-shipped to them on a specified date or shipped immediately through an option available on the website and mobile application. We recognize revenue from the sale of our products through our DTC platform net of discounts, sales tax, customer service credits and estimated refunds. Sales tax collected from customers is not considered revenue and is included in accrued liabilities until remitted to the taxing authorities.

While our historical financial results have included selling in brick-and-mortar retail channels, we have made the decision to exit those channels. We do not expect this decision to have a significant impact on our financial results. We expect revenue to remain approximately flat to down in the mid single digit percentage range in 2025 compared to 2024. We expect first quarter of 2025 revenue to be lower than revenue in the fourth quarter of 2024 due to seasonality and adverse impact from our Shopify transition. We expect revenue to improve in the second and third quarters of 2025 compared to the first quarter of 2025, leading to year over year growth in the fourth quarter of 2025.

### Cost of Goods Sold

Cost of goods sold consists of the product costs of merchandise, inbound freight costs, vendor allowances, costs associated with inventory shrinkage and damages and inventory write-offs and related reserves.

### ***Gross Profit and Gross Margin***

Gross profit represents revenue less the cost of goods sold. Gross margin is gross profit expressed as a percentage of revenue. We generally record higher gross margins associated with sales of Grove Brands products compared to sales of third-party products. To help motivate first-time customers to purchase on our DTC platform, we generally offer higher discounts and free product offerings, and as a result, our overall margins can be adversely affected in periods of rapid new customer acquisition. Our gross margin also fluctuates from period-to-period based on promotional activity, product and channel mix, the timing of promotions and launches, and inbound transportation rates, among other factors. Our gross profit and gross margin may not be comparable with that of other retailers because we include certain fulfillment related costs in selling, general, and administrative expenses while other retailers may include these expenses in cost of goods sold.

### ***Operating Expenses***

Our operating expenses consist of advertising, product development, and selling, general and administrative expenses.

#### *Advertising*

Advertising costs are expensed as incurred and consist primarily of our customer acquisition costs associated with online advertising, as well as advertising on television, direct mail campaigns and other media. Costs associated with the production of advertising are expensed when the first advertisement is shown. We expect to maintain advertising costs at current levels as a percent of revenue through 2025 focused on deploying spend efficiently across channels while managing cash flow.

#### *Product Development*

Product development expenses are related to the ongoing support and maintenance of our proprietary technology, including our DTC platform, as well as amortization of capitalized, internally developed software, and related to the product and packaging innovation in our Grove Brands products. Product development expenses consist primarily of personnel-related expenses, including salaries, bonuses, benefits and stock-based compensation expense. Product development costs also include allocated facilities, equipment, depreciation and overhead costs. As a result of our restructuring efforts and decision to transition to the Shopify platform, we expect product development costs as a percentage of revenue to decrease throughout 2025.

#### *Selling, General and Administrative*

Selling, general and administrative expenses consist primarily of compensation and benefit costs for personnel involved in general corporate functions, including stock-based compensation expense, and certain fulfillment costs, as further outlined below. Selling, general and administrative expenses also include the allocated facilities, equipment, depreciation and overhead costs, marketing costs including qualified cost of credits issued through our referral program, costs associated with our customer service operation, and costs of environmental offsets. Selling, general and administrative expenses have declined in 2024 as a result of decreases in fulfillment costs largely driven by lower sales and our cost management initiatives. We expect to continue to drive efficiencies in selling, general & administrative expenses throughout 2025.

Fulfillment costs represent those costs incurred in operating and staffing our fulfillment centers, including costs attributable to receiving, inspecting and warehousing inventories, picking, packing and preparing customer orders for shipment, outbound shipping and handling expenses, packing materials costs and payment processing and related transaction costs. These costs are included within selling, general and administrative expenses in the consolidated statements of operations. We expect fulfillment costs to remain relatively stable over 2025 on a per order basis due to increased outbound shipping costs.

#### *Non-operating expenses, net*

Interest expense consists primarily of interest expense associated with our debt financing arrangements. In fiscal years 2024 and 2023, we have recorded higher interest expense due to higher interest rates on our Structural Debt Facility (as defined below) and increases in the prime rate. We expect interest expense to decline following our full repayment of our term debt under the Structural Debt Facility (as defined below) in 2024. To the extent there are changes in prevailing

interest rates in future periods we anticipate cash payments for interest and interest expense to fluctuate as interest rates change.

Loss on extinguishment of debt relates to the full payoff of the Structural Debt Facility (as defined below) in 2024 that was accounted for as an extinguishment.

Change in fair values of derivative liabilities consists primarily of changes in fair values of HGI Additional Shares, Earn-Out Shares (as defined below), Public Warrants and Private Placement Warrant and Structural Derivative liabilities. Changes in the fair value of our derivative liabilities may fluctuate significantly in future periods primarily due to fluctuations in the fair value of our common stock.

Other income, net consists of the reduction of transaction costs allocated to derivative liabilities upon Business Combination and interest income.

**Provision for Income Taxes**

We account for income taxes under the asset and liability method, whereby deferred tax assets and liabilities are determined based on the difference between the financial statements and income tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. We recognize the benefits of tax-return positions in the financial statements when they are more likely than not to be sustained by the taxing authority, based on the technical merits at the reporting date. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments, and which may not accurately forecast actual outcomes. We recognize interest and penalties related to unrecognized tax benefits, if any, as income tax expense.

**Results of Operations**

The following table sets forth our results of operations for each period presented:

	Year Ended December 31,	
	2024	2023
	(in thousands)	
Revenue, net	\$ 203,425	\$ 259,278
Cost of goods sold	94,077	121,919
Gross profit	109,348	137,359
Operating expenses:		
Advertising	10,265	21,292
Product development	18,456	16,401
Selling, general and administrative	103,174	134,929
Operating loss	(22,547)	(35,263)
Non-operating expenses:		
Interest expense	12,777	16,077
Loss on extinguishment of debt	5,004	—
Changes in fair value of derivative liabilities	(9,888)	(216)
Other income, net	(3,057)	(7,930)
Total non-operating expenses, net	4,836	7,931
Loss before provision for income taxes	(27,383)	(43,194)
Provision for income taxes	40	38
Net loss	\$ (27,423)	\$ (43,232)

The following table sets forth our consolidated statements of operations data expressed as a percentage of net revenue:

	Year Ended December 31,	
	2024	2023
(as a percentage of revenue)		
Revenue, net	100 %	100 %
Cost of goods sold	46	47
Gross profit	54	53
Operating expenses:		
Advertising	5	8
Product development	9	6
Selling, general and administrative	51	52
Operating loss	(11)	(13)
Non-operating expenses:		
Interest expense	6	6
Loss on extinguishment of debt	2	—
Changes in fair value of derivative liabilities	(5)	—
Other income, net	(2)	(3)
Total non-operating expenses, net	1	3
Loss before provision for income taxes	(13)	(17)
Provision for income taxes	—	—
Net loss	(13)%	(17)%

#### Comparisons of the Year Ended December 31, 2024 and December 31, 2023

##### Revenue, Net

	Year Ended December 31,		Change	
	2024	2023	Amount	%
(in thousands)				
Revenue, net:				
Grove Brands	\$ 82,942	\$ 119,006	\$ (36,064)	(30)%
Third-party products	120,483	140,272	(19,789)	(14)%
Total revenue, net	\$ 203,425	\$ 259,278	\$ (55,853)	(22)%

Revenue decreased by \$55.9 million, or 22%, for the year ended December 31, 2024 as compared to the year ended December 31, 2023, primarily driven by a decrease in DTC Total Orders, partially offset by increases in DTC Net Revenue Per Order.

### Cost of Goods Sold and Gross Profit

	Year Ended December 31,		Change	
	2024	2023	Amount	%
	(in thousands)			
Cost of goods sold	\$ 94,077	\$ 121,919	\$ (27,842)	(23)%
Gross profit	109,348	137,359	(28,011)	(20)%
Gross margin	54 %	53 %		1 %

Cost of goods sold decreased by \$27.8 million, or 23%, for the year ended December 31, 2024 as compared to the year ended December 31, 2023, primarily driven by a decrease in DTC Total Orders, partially offset by higher cost of goods per order.

Gross margin in the year ended December 31, 2024 increased by 78 basis points compared to the year ended December 31, 2023 due to the sale of previously reserved inventory and a decrease in lower-margin first-time orders.

### Operating Expenses

#### Advertising Expenses

	Year Ended December 31,		Change	
	2024	2023	Amount	%
	(in thousands)			
Advertising	\$ 10,265	\$ 21,292	\$ (11,027)	(52)%

Advertising expenses decreased by \$11.0 million, or 52%, for the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to implementing a lower-spend strategy to optimize the cost of acquiring new customers, while balancing driving consumer awareness and cash flow management. Performance partnerships expenses decreased by \$4.3 million, advertising targeted at attracting retail customers decreased by \$3.4 million, online and social media advertising expenses decreased by \$1.6 million, television, audio, and mailer advertising expenses decreased by \$1.1 million, and creative content production costs decreased by \$0.6 million.

#### Product Development Expenses

	Year Ended December 31,		Change	
	2024	2023	Amount	%
	(in thousands)			
Product development	\$ 18,456	\$ 16,401	\$ 2,055	13 %

Product development expenses increased by \$2.1 million, or 13%, for the year ended December 31, 2024 as compared to the year ended December 31, 2023 primarily due to increases in severance-related expenses and accelerated amortization related to internally developed software.



*Selling, General and Administrative Expenses*

	Year Ended December 31,		Change	
	2024	2023	Amount	%
	(in thousands)			
Selling, general and administrative	\$ 103,174	\$ 134,929	\$ (31,755)	(24)%

Selling, general and administrative expenses decreased by \$31.8 million, or 24%, for the year ended December 31, 2024 as compared to the year ended December 31, 2023. Fulfillment costs decreased by \$13.6 million, including an \$8.6 million decrease in outbound shipping and handling expenses and a \$2.8 million decrease in fulfillment labor both due to a lower volume of orders. Stock-based compensation expense decreased by \$2.8 million driven by lower expense relating to the vesting of RSU awards resulting from the terms of the option exchange we effected in October 2022 and reductions in headcount. Other general and administrative expenses, excluding stock-based compensation expense and fulfillment costs, decreased by \$15.4 million, which includes \$5.9 million in reductions to corporate compensation and benefits due to decreases in headcount, a \$1.8 million reduction in professional fees, a \$1.5 million decrease in costs associated with being a publicly traded company, a \$1.1 million net decrease in operating lease right of use asset and other fixed asset impairments, a \$0.6 million decrease in rent expense, a \$0.5 million decrease in software-related expenses and a \$3.1 million gain on a partial lease termination relating to our San Francisco office that occurred in March 2024.

*Interest Expense*

	Year Ended December 31,		Change	
	2024	2023	Amount	%
	(in thousands)			
Interest expense	\$ 12,777	\$ 16,077	\$ (3,300)	(21)%

Interest expense decreased by \$3.3 million, or 21%, for the year ended December 31, 2024 as compared to the year ended December 31, 2023 primarily due to the full repayment of the Structural Debt Facility in 2024. See the section titled “Liquidity and Capital Resources” below for further details.

*Non-operating expenses (income), net*

	Year Ended December 31,		Change	
	2024	2023	Amount	%
	(in thousands)			
Loss on extinguishment of debt	\$ 5,004	\$ —	\$ 5,004	**
Changes in fair value of derivative liabilities	(9,888)	(216)	(9,672)	**
Other income, net	(3,057)	(7,930)	4,873	(61)%

\*\*Change not meaningful

Loss on extinguishment of debt resulted from the repayment of our Structural Debt Facility during the year ended December 31, 2024. See the section titled “Liquidity and Capital Resources—Loan Facilities” below for further details.

The change in the fair value of derivative liabilities for the year ended December 31, 2024, other than the Structural Derivative liability, was primarily driven by the changes in our stock price during the period. The change in fair value of the Structural Derivative liability for the year ended December 31, 2024 primarily due to the settlement of the derivative in connection with the full payoff of the Structural Debt Facility in 2024.

Other income, net decreased by \$4.9 million, or 61%, for the year ended December 31, 2024 as compared to the year ended December 31, 2023, primarily due to the \$3.7 million gain recorded in the first quarter of 2023 as a result of reaching settlement with Morgan Stanley related to the de-SPAC fees allocated to derivative instruments and due to lower on-hand cash as a result of the repayment of Structural Debt Facility.

### **Liquidity, Capital Resources and Requirements**

As of December 31, 2024, we had \$19.6 million in unrestricted cash and cash equivalents (which excludes restricted cash of \$4.7 million). We incurred negative cash flow from operating activities of \$9.7 million for the year ended December 31, 2024. We have incurred significant losses since inception and have an accumulated deficit of approximately \$648.5 million. To date, we have funded our operations principally through redeemable convertible preferred stock and common stock financings, the incurrence of debt and the closing of the Business Combination. We have total outstanding indebtedness of \$7.5 million as of December 31, 2024. As described more fully below, during the year ended December 31, 2024, we used \$72.3 million to repay the Structural Debt Facility in full, consisting of \$72.0 million in principal and remainder as an exit fee.

On August 11, 2023 (the “Series A Preferred Stock Closing Date”), we entered into a subscription agreement with Volition Capital Fund IV, L.P. (“Volition”) and received gross proceeds of \$10.0 million in exchange for 10,000 shares of our Series A Redeemable Convertible Preferred Stock (the “Series A Preferred Stock”), a warrant to purchase 1,579,778 shares of our Class A Common Stock at an exercise price of \$6.33 (the “Volition Warrant”) and a warrant to purchase 20,905 shares of our Class A Common Stock at an exercise price of \$0.01 per share (the “Volition Penny Warrants” and together with the Volition Warrant the “Volition Warrants”). The Series A Preferred Stock was redeemable, at the option of the holder, for the original issuance price plus any declared but unpaid dividends following the seventh anniversary of the Series A Preferred Stock Closing Date (“Optional Redemption”).

On September 20, 2024 (the “Series A' Preferred Stock Closing Date”), we entered into another subscription agreement with Volition where we received gross proceeds of \$15.0 million in exchange for 15,000 shares of our Series A' Redeemable Convertible Preferred Stock (the “Series A' Preferred Stock” and together with the Series A Preferred Stock, the “Preferred Stock”). In connection with the issuance of the Series A' Preferred Stock, we agreed with Volition to cancel the Volition Warrants, cancel the Volition Penny Warrants and modify the redemption terms of the Series A Preferred Stock such that it is no longer subject to Optional Redemption. The holders of the Preferred Stock are entitled to receive cumulative dividends at the rate of 6% per annum of the original issuance price of each share. Such accruing dividends are payable only when, as and if declared by our Board of Directors.

On March 10, 2023, we entered into the Siena Revolver (defined below) with Siena Lending Group, LLC (“Siena”) which permits us to receive funding through a revolving line of credit with an initial commitment of \$35.0 million. The total borrowing capacity under the Siena Revolver is subject to certain conditions, including our inventory and accounts receivable balances and other limitations as specified in the agreement. Additional borrowing capacity from the Siena Revolver was \$5.2 million as of December 31, 2024. The Siena Revolver matures on March 10, 2026 and is collateralized by our inventory and accounts receivable.

In December 2022, we entered into the Structural Debt Facility (as defined below). In July 2024, we entered into an amendment to the Structural Debt Facility (the “Structural Amendment”) pursuant to which we elected to voluntarily prepay \$42.0 million of the outstanding principal amount. In November 2024, we prepaid in full the remaining outstanding balance on the Structural Debt Facility.

On July 18, 2022, we entered into the Standby Equity Purchase Agreement (“SEPA”) with YA II PN, LTD. (“Yorkville”), whereby we have the right, but not the obligation, to sell to Yorkville up to \$100 million of our shares of common stock at our request until July 18, 2025, subject to certain conditions. The shares of our common stock that may be issued under the SEPA may be sold by us to Yorkville at our discretion from time to time and sales of our common stock under the SEPA will depend upon market conditions and other factors. Additionally, in no event may we sell more than 6,511,532 shares of our common stock to Yorkville under the SEPA, which number of shares is equal to 19.99% of the shares of the Company's common stock outstanding immediately prior to the execution of the SEPA (the “Exchange Cap”), unless we obtain stockholder approval to issue shares of common stock in excess of the Exchange Cap in accordance with applicable NYSE rules or comply with certain other requirements as described in the SEPA. Unless our average stock price exceeds \$15.33, we will be unable to sell the full \$100.0 million commitment to Yorkville without seeking stockholder approval to issue additional shares in excess of the Exchange Cap. As of December 31, 2024, we have sold 147,965 shares under the SEPA and there were 6,363,567 shares available to be sold to Yorkville under the Exchange Cap. As of February 28, 2025, under the terms of the SEPA we would be able to raise additional gross proceeds of approximately \$10.1 million.

Management believes that currently available resources will provide sufficient funds to enable us to meet our obligations for at least one year following the date these consolidated financial statements are available to be issued. Cash from operations could be affected by our customers and other risks detailed in the section titled “Risk Factors.” In the event we raise additional capital to execute strategic initiatives and fund our operations, our ability to raise additional capital may be adversely impacted by the trading price of our common stock. We may seek access to additional funds by utilizing the SEPA. Additionally, we may seek additional funds through new public or private equity offerings or new debt financings, through partnering or other strategic arrangements, through the exercise of certain of our warrants, or a combination of the foregoing. There can be no assurance that any such new debt or new equity financing arrangements will be available on terms acceptable to the Company, or at all.

To the extent that we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. Debt financing arrangements may require us to pledge certain assets or enter into covenants that could restrict our operations or our ability to pay dividends or other distributions on our common stock or incur further indebtedness. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. In addition, our Class A Common Stock trading price may not exceed the respective exercise prices of our Public Warrants, Private Placement Warrants, warrants granted to HGI (as defined below) and/or our Legacy Grove Warrants before the respective warrants expire, and therefore we may not receive any proceeds from the exercise of warrants to fund our operations. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition could be materially and adversely affected.

### **Contractual Obligations and Other Commitments**

Our most significant contractual obligations relate to the Siena Loan Facility (described below), purchase commitments on inventory and operating lease obligations on our fulfillment centers and corporate offices. As of December 31, 2024, we had \$9.1 million of enforceable and legally binding inventory purchase commitments all due within one year. For information on our contractual obligations for operating leases, see “Leases” in Note 7 of the Notes to our audited consolidated financial statements as of and for the years ended December 31, 2024 and December 31, 2023 included in this filing on Form 10-K.

On July 2, 2024, we entered into a new lease agreement for a warehouse located in Reno, NV (the “Reno Lease”). Under the Reno Lease, we are required to make escalating undiscounted annual base rent payments of up to \$2.0 million, payable monthly. The Reno Lease commenced on August 6, 2024 and expires on November 30, 2031.

In March 2024, we entered into an amendment to the lease agreement (the “Amendment”) for our headquarters located in San Francisco, California, to provide for, among other things, a reduction of the amount of space being leased and a reduction in the monthly lease payments owed to the lessor. At execution of the Amendment, we paid \$4.8 million. The Amendment requires us to make escalating undiscounted annual base rent payments of up to \$0.4 million, payable monthly. The lease term under the Amendment expires on May 31, 2027.

### ***Loan Facilities***

#### *Structural Debt Facility*

In December 2022, we entered into a Loan and Security Agreement (“Structural Debt Facility”) with third-party lenders to borrow gross proceeds of \$72.0 million, which was used primarily to settle other outstanding obligations with a prior lender. In July 2024, we entered into an amendment to the Structural Debt Facility (the “Structural Amendment”) which required us to prepay \$42.0 million of the outstanding principal amount and delayed the remaining principal repayment period until January 1, 2026, and modified covenants related to our cash balances. The Structural Amendment did not modify interest rate terms of the Structural Debt Facility. In November 2024, we prepaid the remaining outstanding balance on the Structural Debt Facility in full and terminated the Loan and Security Agreement.

#### *Siena Revolver*

On March 10, 2023, we entered into a Loan and Security Agreement (the “Siena Revolver”) with Siena Lending Group, LLC which permits us to receive funding through a revolving line of credit with an initial commitment of \$35.0 million. In July 2024, we entered into an amendment to the Siena Revolver (the “Siena Amendment”). The borrowing capacity under the Siena Revolver, as modified by the Siena Amendment, is subject to certain conditions, including our inventory and accounts receivable balances and other limitations as specified in the agreement. As of December 31, 2024,

there was an outstanding principal amount of \$7.5 million and additional borrowing capacity from the Siena Revolver was \$5.2 million.

The interest rates applicable to borrowings under the Siena Revolver were not modified by the Siena Amendment and are based on a fluctuating rate of interest measured by reference to either, at our option, (i) a Base Rate, plus an applicable margin, or (ii) the term SOFR then in effect, plus 0.10% and an applicable margin. The Base Rate is defined as the greatest of: (1) Prime Rate as published in the Wall Street Journal, (2) federal funds rate (“Federal Funds Rate”) plus 0.50% and (3) 5.00% per annum. The applicable margin for the Siena Revolver borrowings is based on the Company’s monthly average principal balance outstanding and ranges from 2.75% to 4.50% per annum in the case of Base Rate Borrowings, as defined by the Siena Revolver, and 3.75% to 5.50% per annum in the case of Term SOFR (as defined below) borrowings, as defined by the Siena Revolver. The Siena Revolver also contains various financial covenants we must maintain to avoid an Event of Default, as defined by the agreement. In accordance with the agreement, Siena has been provided with our periodic financial statements and updated projections to facilitate their ongoing assessment of the Company. The Siena Revolver matures on March 10, 2026. As of December 31, 2024, we were in compliance with all covenants related to the Siena Revolver.

### Cash Flows

The following table summarizes our cash flows for the periods presented:

	Year Ended December 31,	
	2024	2023
	(in thousands)	
Net cash used in operating activities	\$ (9,749)	\$ (7,993)
Net cash used in investing activities	(1,621)	(2,985)
Net cash provided by (used in) financing activities	(59,189)	9,856
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ (70,559)	\$ (1,122)

### Operating Activities

Net cash used in operating activities was \$9.7 million for the year ended December 31, 2024, primarily attributable to our net loss of \$27.4 million, non-cash adjustments of \$15.2 million, and an increase in our net operating assets and liabilities of \$2.4 million. Non-cash adjustments consisted primarily of a \$12.0 million stock-based compensation expense, \$9.8 million in depreciation and amortization, \$5.0 million in loss on extinguishment of debt, \$3.4 million in non-cash interest expense and \$1.3 million in asset impairment, partially offset by \$9.9 million in changes in fair value of derivative liabilities, \$3.1 million gain on lease modification and \$3.1 million in changes to our inventory reserve. The change in operating assets and liabilities primarily resulted from a \$4.3 million decrease in operating lease right-of-use assets and liabilities primarily driven by payments related to the modification of our lease at our San Francisco offices and a \$5.9 million net decrease in accounts payable and accrued expenses, partially offset by a \$12.5 million decrease in our inventory.

Net cash used in operating activities was \$8.0 million for the year ended December 31, 2023, primarily attributable to our net loss of \$43.2 million, non-cash adjustments of \$24.2 million, and an increase in our net operating assets and liabilities of \$11.0 million. Non-cash adjustments consisted primarily of a \$15.5 million stock-based compensation expense, \$5.8 million in depreciation and amortization, \$3.8 million in non-cash interest expense and \$2.5 million in asset impairment, partially offset by \$3.7 million in reduction in transaction costs allocated to derivative liabilities upon the Business Combination. The change in operating assets and liabilities primarily resulted from a decrease of \$3.7 million in deferred revenue, a decrease of \$1.6 million in operating lease right-of-use assets and liabilities, partially offset by a \$15.0 million decrease in inventory and a \$1.7 million decrease in prepaid and other assets.

### Investing Activities

Net cash used in investing activities was \$1.6 million and \$3.0 million for the years ended December 31, 2024 and 2023, respectively was primarily due to purchases of property and equipment, including capitalized software development.

### **Financing Activities**

Net cash used in financing activities was \$59.2 million for the year ended December 31, 2024 and primarily consisted of the repayment of debt, including the settlement of the Structural Derivative Liability, of \$72.3 million, net payments related to stock-based award activities of \$1.4 million, payment of Series A' Preferred Stock issuance costs of \$0.5 million and payment of debt issuance costs of \$0.3 million. These outflows were partially offset by \$15.0 million in proceeds from the issuance of the Series A' Preferred Stock.

Net cash provided by financing activities of \$9.9 million for the year ended December 31, 2023 primarily consisted of \$10.0 million in proceeds from the issuance of the Series A Preferred Stock and related warrants, \$7.5 million in proceeds from the Siena Revolver offset by the payment of transaction costs related to the Business Combination and redeemable convertible preferred stock issuance costs of \$4.6 million, net outflows related to stock-based awards of \$2.1 million and payment of debt issuance costs of \$0.9 million.

### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet financing arrangements, as defined in Item 303 of Regulation S-K, as of the year ended December 31, 2024.

### **Critical Accounting Estimates**

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of our consolidated financial statements and related disclosures requires us to make estimates, assumptions and judgments that can have a significant impact on the amounts reported in those consolidated financial statements and accompanying notes. We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our consolidated financial statements and, therefore, we consider these to be our critical accounting policies. Accordingly, we evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions and conditions. Our significant accounting policies are described in Note 2 to our audited consolidated financial statements as of and for the years ended December 31, 2024 and 2023 included in this Annual Report on Form 10-K.

### **Public Warrants and Private Placement Warrants**

Historically, we have relied on the public trading price of the Public Warrants to value the related Public Warrant and Private Placement Warrant Liabilities. On June 12, 2023, the Public Warrants were delisted by the New York Stock Exchange due to the low trading price. The Public Warrants that were previously traded on the NYSE under the symbol GROV WS may be quoted and traded in the over-the-counter market. As there is no longer a publicly available trading price for the Public Warrants, we estimate the value of the Public Warrant and Private Placement Warrants using a Black-Scholes pricing model. The Black-Scholes option-pricing model utilizes inputs and assumptions which involve inherent uncertainties and generally require significant judgment. As a result, if factors or expected outcomes change and significantly different assumptions or estimates are used, our Public Warrant and Private Placement Warrant liabilities could be materially different. Significant inputs and assumptions include:

Fair Value of Common Stock – The fair value of the shares of common stock underlying the warrants has been determined based on market prices

Expected Term – The Company's expected term represents the period that the Company's Public Warrant and Private Placement Warrant are expected to be outstanding and is determined to be the contractual term of such warrants

Expected Volatility – Because we were privately held prior to the Business Combination and there was no active trading market for our common stock, the expected volatility is estimated based on a weighted-average volatility of our publicly traded common stock and publicly traded companies that we consider to be comparable, over a period equal to the expected term of the warrants.

Risk-Free Interest Rate – The risk-free interest rate is based on the U.S. Treasury zero coupon issues in effect at the time of grant for periods corresponding with the expected term of the Public Warrant and Private Placement Warrants.

Expected Dividend – We have never paid dividends on our common stock and have no plans to pay dividends on our common stock. Therefore, we used an expected dividend yield of zero.

### ***Earn-Out Share Liability***

At the closing of the Business Combination, certain Legacy Grove shareholders were issued an aggregate of 2,799,696 shares of Grove Class B Common Stock (“Earn-Out Shares”). During the year ended December 31, 2023, certain shareholders surrendered an aggregate 197,284 Earn-Out Shares which, per terms of the Merger Agreement (as defined below), were cancelled by the Company and not reallocated among the remaining holders. The remaining 2,602,412 shares are subject to vesting and forfeitures based upon certain triggering events that can occur during a period of ten years following the closing of the Business Combination (the “Earn-Out Period”). The triggering events that will result in the vesting of the Grove Earn-Out Shares during the Earn-Out Period are the following:

- 1,301,206 shares will vest if the share price of our Class A Common Stock is greater than or equal to \$62.50 over any 20 trading days within any consecutive 30 trading day period during the Earn-Out Period;
- 1,301,206 shares will vest, including the shares subject to the \$62.50 threshold if not previously vested, if the share price of our Class A Common Stock is greater than or equal to \$75.00 over any 20 trading days within any 30 consecutive trading day period during the Earn-Out Period; and
- If, during the Earn-Out Period, there is a Change of Control Transaction (as defined in the Merger Agreement), then all remaining triggering events that have not previously occurred and the related vesting conditions shall be deemed to have occurred.

If, at any time prior to the expiration of the Earn-Out Period, any holder of Grove Earn-Out Shares forfeits all or any portion of such holder’s Grove options and restricted stock units, all unvested Grove Earn-Out Shares issued to such holder with respect to any such awards shall be automatically forfeited to the Company and distributed to the other holders of Legacy Grove securities as of immediately prior to the closing of the Business Combination on a pro rata basis. Earn-Out shares which are subject to a service condition are accounted for under Accounting Standards Codification (“ASC”) 718. See Note 3—*Fair Value Measurements and Fair Value of Financial Instruments* and Note 10—*Common Stock and Warrants*.

Earn-Out Shares which are not subject to service conditions were accounted for as liability classified instruments in accordance with ASC Topic 815-40, as such shares were not solely indexed to the common stock of the Company and the events that determine the number of Earn-Out Shares required to vest include events that are not solely indexed to the fair value of common stock of the Company. Such Earn-Out Shares will be measured at fair value at each reporting date until they are settled or meet the criteria for equity classification, and changes in the fair value will be recorded in the consolidated statements of operations. The fair value of the Earn-Out Shares liability is estimated using a Monte Carlo options pricing model utilizing assumptions related to expected stock-price volatility, expected life, risk-free interest rate and dividend yield. The expected volatility assumption is estimated using an average of the implied volatility of our publicly traded common stock and an implied volatility based on our peer companies estimated using the Monte Carlo simulation of the stock prices based on the implied market volatility.

We have historically been a private company with limited company-specific historical and implied volatility information. Accordingly, the volatility assumption used in the model is subjective and requires significant management judgment. Management estimated the expected volatility assumption based on the implied market volatility. Changes in this assumption, including the selection of or quantities of companies with the peer company set, could materially affect the estimate of the fair value of these instruments and the related change in fair value of these instruments that will be recorded in the Company’s consolidated statements of operations.

### ***HGI Additional Shares Liability***

On November 10, 2022, we entered into a subscription agreement (the “HGI Subscription Agreement”) with HCI Grove LLC (“HGI”), pursuant to which, among other things, we agreed to issue and sell, on November 15, 2023, to HGI 396,825 shares of our Class A Common Stock for aggregate proceeds of \$2.5 million. Under the terms of the HGI Subscription Agreement, the Company was required to file a registration statement for the Subscribed Shares (as defined below) upon the Company becoming eligible to file a registration statement on Form S-3 and in any event prior to July 15, 2023 (the “Subscribed Shares Registration Statement”). The Subscribed Shares Registration statement was filed on July 14, 2023 and the HGI Additional Shares Liability was settled on August 1, 2023 (refer to Note 10, *Common Stock and Warrants* found in Item 8 of this Form 10-K)

The HGI Subscription Agreement also provides that we would issue additional shares (the “HGI Additional Shares”) of our Class A Common Stock to HGI in the event that the volume weighted average price of our Class A Common Stock

was less than \$6.30 during the three trading days commencing on the first trading day after (i) we file the Subscribed Shares Registration Statement (the “Registration Date”), (ii) the three-month anniversary of the Registration Date, (iii) the six-month anniversary of the Registration Date, or (iv) the nine-month anniversary of the Registration Date (“Measurement Periods” and each “Measurement Period”) upon HGI’s election to receive such additional shares, HGI had the option to use all or a portion of each Subscribed Share once to determine the amount of any issuance of HGI Additional Shares in connection with the Measurement Periods such that HGI could utilize, for example, half of the Subscribed Shares to receive further HGI Additional Shares, and leave the remaining half of the Subscribed Shares available to utilize in connection with the remaining Measurement Periods. HGI was required to elect to receive HGI Additional Shares for one Measurement Period, or the right lapsed or was superseded by the next measurement period.

The HGI Additional Shares were accounted for as a liability classified instruments under ASC Topic 480 as the fair value of the obligation to issue the HGI Additional Shares varies inversely to the fair value of our common stock. The HGI Additional Shares liability was measured at each reporting date until settled. Changes in the fair value were recorded in the consolidated statements of operations. The HGI Additional Shares Liability was settled in August 2023.

#### ***Structural Derivative Liability***

On December 21, 2022, in connection with the closing of the Structural Debt Facility, we issued to the third-party lenders and certain of their affiliates a total of 990,000 shares of our Class A Common Stock (the “Structural Closing Shares”). We recorded a debt discount of \$1.1 million related to the issuance of these shares, with a corresponding offset to our Class A Common Stock and additional paid-in capital. Further, had there been outstanding obligations relating to the Structural Debt Facility on July 21, 2025, the Company was to issue to Structural Funds, including certain affiliates, and to Avenue, additional shares of the Company’s Class A Common Stock (“Structural Subsequent Shares”). Pursuant to the related issuance agreements, we agreed to register the Structural Closing Shares and, if applicable, the Structural Subsequent Shares for resale under the Securities Act by filing with the Securities and Exchange Commission one or more registration statements. We have also agreed to give such third-party lenders and relevant affiliates customary “piggyback” registration rights.

We have identified several features within the Structural Debt Facility consisting of the contingent obligation to issue the Structural Subsequent Shares, mandatory and voluntary prepayment features and default interest rate (“Structural Derivative Liability”), which are within the scope of ASC Topic 815 (“ASC 815”) and are required to be bifurcated and accounted for as a compound embedded derivative at fair value.

The Structural Derivative Liability is a compound embedded derivative related to features within the Structural Facility, including an increase in interest rate upon an event of default and the contingent issuance of Structural Subsequent Shares as defined in Note 5, *Debt* in our financial statements, included elsewhere in this Annual Report on Form 10-K. This liability is classified as Level 3 and is valued using a risk-neutral income approach related to an event of default occurring and expected cash flows in such a scenario and an income and Black-Scholes pricing model for the contingent issuance of Structural Subsequent Shares utilizing assumptions related to expected stock price volatility, expected life, risk-free interest rate and dividend yield. The Company estimated the expected volatility assumption using a weighted-average of the implied volatility of its publicly traded common stock and an implied volatility based on its peer companies. The Structural Derivative Liability was settled in full in November 2024 in connection with our full repayment and termination of the Structural Debt Facility.

#### ***Inventories***

Inventory is recorded at the lower of weighted average cost and net realizable value. The cost of inventory consists of merchandise costs and inbound freight, net of any vendor allowances. Inventory valuation requires us to make judgments, based on currently available information, about the likely method of disposition, such as through sales to individual customers or liquidations, and expected recoverable values of each disposition category. We record inventory reserves based on the excess of the carrying value or average cost over the amount we expect to realize from the ultimate sale of the inventory.

#### ***Stock-Based Compensation***

We recognize the cost of share-based awards granted to employees and non-employees based on the estimated grant-date fair value of the awards.

For stock option awards with service only vesting conditions, we recognize expenses on a straight-line basis over the requisite service period, which is generally the vesting period of the award. We estimate the grant-date fair value of the stock option awards with service only vesting conditions using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model utilizes inputs and assumptions which involve inherent uncertainties and generally require significant judgment. As a result, if factors or expected outcomes change and significantly different assumptions or estimates are used, our stock-based compensation could be materially different. Significant inputs and assumptions include:

**Fair value of Common Stock** – The fair value of the shares of common stock underlying our stock options has been determined based on market prices.

**Expected Term** – The expected term represents the period that our stock-based awards are expected to be outstanding and is determined using the simplified method (based on the mid-point between the vesting date and the end of the contractual term).

**Expected Volatility** – Because we were privately held prior to the Business Combination and there was no active trading market for our common stock, the expected volatility is estimated based on the average volatility for publicly traded companies that we consider to be comparable, over a period equal to the expected term of the stock option grants.

**Risk-Free Interest Rate** – The risk-free interest rate is based on the U.S. Treasury zero coupon issues in effect at the time of grant for periods corresponding with the expected term of option.

**Expected Dividend** – We have never paid dividends on our common stock and have no plans to pay dividends on our common stock. Therefore, we used an expected dividend yield of zero.

The fair value of RSU awards is determined using the price of our common stock on the grant date. For restricted stock unit (“RSU”) awards with performance vesting conditions, we evaluate the probability of achieving the performance vesting condition at each reporting date.

For awards with both market and service vesting conditions, we recognize expenses over the derived service period using an accelerated attribution method. The fair value of stock option awards with both market and performance conditions is estimated using multifactor Monte Carlo simulations. The Monte Carlo simulation model incorporates the probability of satisfying a market condition and utilizes inputs and assumptions which involve inherent uncertainties and generally require significant judgment, including our stock price, contractual terms, maturity and risk-free interest rates, as well as volatility.

#### **Emerging Growth Company Status**

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. The JOBS Act permits companies with emerging growth company status to take advantage of an extended transition period to comply with new or revised accounting standards, delaying the adoption of these accounting standards until they would apply to private companies. Following the closing of the Business Combination, we uses this extended transition period to enable it to comply with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (1) is no longer an emerging growth company or (2) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, our consolidated financial statements may not be comparable to companies that comply with the new or revised accounting standards as of public company effective dates. We will continue to be an emerging growth company for the first five fiscal years after the VGAC II Initial Public Offering unless any of the following events occur earlier: (i) we have more than \$1.235 billion in annual revenue, (ii) we have more than \$700.0 million in market value of our Class A Common Stock held by non-affiliates or (iii) we issue more than \$1.0 billion of non-convertible debt securities over a three-year period.

#### **Smaller Reporting Company Status**

We are a “smaller reporting company” meaning that the market value of the Company’s stock held by non-affiliates is less than \$250 million. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements in our Annual Report on Form 10-K, and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation. We will remain a smaller reporting company until the last day of the fiscal year in which (i) the market value of our common stock held by non-affiliates exceeds \$250 million as of the end of that year’s second fiscal quarter and our annual revenue exceeds \$100 million during such completed fiscal year, or (ii) the market value of our common stock held by non-affiliates exceeds \$700 million.



**Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this item.

**Item 8. Financial Statements and Supplementary Data**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and the Board of Directors of  
Grove Collaborative Holdings, Inc.

***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheet of Grove Collaborative Holdings, Inc. (the “Company”) as of December 31, 2024, the related consolidated statement of operations, statement of redeemable convertible preferred stock and stockholders’ equity (deficit) and cash flows for the year then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Moss Adams LLP  
Campbell, California

We have served as the Company’s auditor since 2024.

March 19, 2025

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Stockholders and the Board of Directors of  
Grove Collaborative Holdings, Inc.

***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of Grove Collaborative Holdings, Inc. (the Company) as of December 31, 2023, the related consolidated statements of operations, statements of convertible preferred stock, contingently redeemable convertible common stock, redeemable convertible preferred stock and stockholders' equity (deficit) and cash flows for the year ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023, and the results of its operations and its cash flows for the year ended December 31, 2023 in conformity with U.S. generally accepted accounting principles.

***Basis for Opinion***

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We served as the Company's auditor from 2018 to 2023.

San Mateo, California  
March 20, 2024

**Grove Collaborative Holdings, Inc.**  
**Consolidated Balance Sheets**  
(In thousands, except share and per share amounts)

	December 31,	
	2024	2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 19,627	\$ 86,411
Restricted cash	3,675	5,650
Inventory	19,351	28,776
Prepaid expenses and other current assets	2,288	3,359
Total current assets	44,941	124,196
Restricted cash	1,002	2,802
Property and equipment, net	3,677	11,625
Operating lease right-of-use assets	12,532	9,612
Other long-term assets	2,858	2,507
Total assets	\$ 65,010	\$ 150,742
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
Current liabilities:		
Accounts payable	\$ 6,800	\$ 8,074
Accrued expenses	11,546	16,020
Deferred revenue	6,340	7,154
Operating lease liabilities, current	1,636	3,489
Other current liabilities	742	306
Total current liabilities	27,064	35,043
Debt, noncurrent	7,500	71,662
Operating lease liabilities, noncurrent	12,949	14,404
Derivative liabilities	1,274	11,511
Total liabilities	48,787	132,620
Commitments and contingencies (Note 6)		
Redeemable convertible preferred stock, \$0.0001 par value – 100,000,000 shares authorized at December 31, 2024 and December 31, 2023; 25,000 and 10,000 shares issued and outstanding at December 31, 2024 and December 31, 2023, respectively	24,772	10,000
Stockholders' equity (deficit):		
Common stock - Class A Common Stock, \$0.0001 par value – 600,000,000 shares authorized at December 31, 2024 and December 31, 2023; 35,871,574 and 32,183,695 shares issued and outstanding at December 31, 2024 and December 31, 2023, respectively; Class B Common Stock, \$0.0001 par value – 200,000,000 shares authorized at December 31, 2024 and December 31, 2023; 3,913,149 and 5,724,199 shares issued and outstanding at December 31, 2024 and December 31, 2023, respectively	4	4
Additional paid-in capital	639,960	629,208
Accumulated deficit	(648,513)	(621,090)
Total stockholders' equity (deficit)	(8,549)	8,122
Total liabilities, redeemable convertible preferred stock and stockholders' equity	\$ 65,010	\$ 150,742

The accompanying notes are an integral part of these consolidated financial statements.

**Grove Collaborative Holdings, Inc.**  
**Consolidated Statements of Operations**  
(In thousands, except share and per share amounts)

	Year ended December 31,	
	2024	2023
Revenue, net	\$ 203,425	\$ 259,278
Cost of goods sold	94,077	121,919
Gross profit	<u>109,348</u>	<u>137,359</u>
Operating expenses:		
Advertising	10,265	21,292
Product development	18,456	16,401
Selling, general and administrative	103,174	134,929
Operating loss	<u>(22,547)</u>	<u>(35,263)</u>
Non-operating expenses:		
Interest expense	12,777	16,077
Loss on extinguishment of debt	5,004	—
Changes in fair value of derivative liabilities	(9,888)	(216)
Other income, net	<u>(3,057)</u>	<u>(7,930)</u>
Total non-operating expenses, net	4,836	7,931
Loss before provision for income taxes	<u>(27,383)</u>	<u>(43,194)</u>
Provision for income taxes	40	38
Net loss	<u>\$ (27,423)</u>	<u>\$ (43,232)</u>
Less: Accretion on Series A Preferred Stock	—	(957)
Less: Accumulated dividends on redeemable convertible preferred stock	<u>(849)</u>	<u>(233)</u>
Net loss attributable to common stockholders, basic and diluted	<u>\$ (28,272)</u>	<u>\$ (44,422)</u>
Net loss per share attributable to common stockholders, basic and diluted	<u>\$ (0.76)</u>	<u>\$ (1.28)</u>
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	<u>37,040,375</u>	<u>34,797,582</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Grove Collaborative Holdings, Inc.**  
**Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)**  
(in thousands)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount			
Balances as of December 31, 2022	—	\$ —	35,571	\$ 4	\$ 604,387	\$ (577,858)	\$ 26,533
Issuance of Series A redeemable convertible preferred stock, net of issuance costs	10	9,044	—	—	—	—	—
Issuance of common stock warrants, net of issuance costs	—	—	—	—	644	—	644
Accretion on Series A redeemable convertible preferred stock	—	956	—	—	(956)	—	(956)
Issuance of shares to settle HGI Additional Shares liability, net of issuance costs	—	—	714	—	1,407	—	1,407
Issuance of common stock upon exercise of stock options	—	—	38	—	71	—	71
Shares issued in connection with the Employee Stock Purchase Plan	—	—	263	—	482	—	482
Cancellation of Earn-Out Shares	—	—	(197)	—	—	—	—
Reduction in Transaction Costs	—	—	—	—	9,609	—	9,609
Short swing payment	—	—	—	—	11	—	11
Issuance of common stock upon settlement of restricted stock units, net of tax withholdings	—	—	1,519	—	(2,153)	—	(2,153)
Stock-based compensation	—	—	—	—	15,706	—	15,706
Net loss	—	—	—	—	—	(43,232)	(43,232)
Balances as of December 31, 2023	10	\$ 10,000	37,908	\$ 4	\$ 629,208	\$ (621,090)	\$ 8,122
Issuance of Series A' Preferred Stock, net of issuance costs	15	14,772	—	—	—	—	—
Cancellation of Volition Warrants	—	—	—	—	(300)	—	(300)
Issuance of common stock upon exercise of stock options	—	—	7	—	6	—	6
Shares issued in connection with the Employee Stock Purchase Plan	—	—	279	—	363	—	363
Issuance of common stock upon settlement of restricted stock units, net of tax withholdings	—	—	1,591	—	(1,372)	—	(1,372)
Stock-based compensation	—	—	—	—	12,055	—	12,055
Net loss	—	—	—	—	—	(27,423)	(27,423)
Balances as of December 31, 2024	25	\$ 24,772	39,785	\$ 4	\$ 639,960	\$ (648,513)	\$ (8,549)

The accompanying notes are an integral part of these consolidated financial statements.

**Grove Collaborative Holdings, Inc.**  
**Consolidated Statements of Cash Flows**  
(In thousands)

	Year Ended December 31,	
	2024	2023
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ (27,423)	\$ (43,232)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain on partial termination of lease	\$ (3,139)	\$ —
Stock-based compensation	11,995	15,513
Depreciation and amortization	9,821	5,824
Changes in fair value of derivative liabilities	(9,888)	(216)
Reduction of transaction costs allocated to derivative liabilities upon Business Combination	—	(3,745)
Non-cash interest expense	3,380	3,833
Asset impairment charges	1,260	2,495
Inventory reserve	(3,061)	372
Loss on extinguishment of debt	5,004	—
Other non-cash expenses (income)	(140)	135
Changes in operating assets and liabilities:		
Inventory	12,486	14,984
Prepays and other assets	569	1,672
Accounts payable	(1,274)	(2,574)
Accrued expenses	(4,612)	2,216
Deferred revenue	(814)	(3,724)
Operating lease right-of-use assets and liabilities	(4,349)	(1,603)
Other liabilities	436	57
<b>Net cash used in operating activities</b>	<b>(9,749)</b>	<b>(7,993)</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of property and equipment	\$ 136	\$ —
Purchase of property and equipment	(1,757)	(2,985)
<b>Net cash used in investing activities</b>	<b>(1,621)</b>	<b>(2,985)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from the issuance of debt	—	7,500
Payment of debt issuance costs	(301)	(925)
Repayment of debt and Structural Derivative Liability	(72,348)	(575)
Payment of costs to extinguish debt	(24)	—
Proceeds from issuance of redeemable convertible preferred stock, convertible common stock, and common stock warrants	15,000	10,000
Payment of transaction costs related to Business Combination, redeemable convertible preferred stock and settlement of HGI Additional Shares liability	(513)	(4,555)
Payments related to stock-based award activities, net	(1,366)	(2,071)
Proceeds from issuance under employee stock purchase plan	363	482
<b>Net cash provided by (used in) financing activities</b>	<b>(59,189)</b>	<b>9,856</b>
Net increase (decrease) in cash, cash equivalents and restricted cash	(70,559)	(1,122)
Cash, cash equivalents and restricted cash at beginning of period	94,863	95,985
Cash, cash equivalents and restricted cash at end of period	<u>\$ 24,304</u>	<u>\$ 94,863</u>



**Grove Collaborative Holdings, Inc.**  
**Consolidated Statements of Cash Flows - Continued**  
**(In thousands)**

<b>Supplemental Disclosure</b>			
Cash paid for taxes	\$	49	\$ 43
Cash paid for interest	\$	9,419	\$ 12,140
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities</b>			
Purchase of property and equipment in accounts payable and accrued liabilities	\$	4	\$ 21
Debt issuance costs in accounts payable and accrued liabilities	\$	45	\$ —
Cost of debt extinguishment in accrued liabilities	\$	78	\$ —
Transaction costs and preferred stock issuance costs in accounts payable and accrued liabilities	\$	15	\$ —
Settlement of HGI Additional Shares liability	\$	—	\$ 1,500
Partial settlement of Earnout due to cancellation of shares	\$	—	\$ 347
Cancellation of Volition Warrants	\$	300	\$ —
Reduction in transaction costs allocated to equity instruments	\$	—	\$ 9,609

The accompanying notes are an integral part of these consolidated financial statements.

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements**

**1. Description of Business**

Grove Collaborative Holdings, Inc., a public benefit corporation, and its wholly owned subsidiaries (collectively, the “Company” or “Grove”) is a digital-first, sustainability-oriented consumer products innovator specializing in the development and sale of household, personal care, beauty and other consumer products with an environmental focus and headquartered in San Francisco, California. The Company does not have any operations outside the United States. The Company sells its products through two channels: a direct-to-consumer (“DTC”) platform at [www.grove.co](http://www.grove.co) and the Company’s mobile applications, where the Company sells products from Grove-owned brands (“Grove Brands”) and third-parties, and the retail channel into which the Company sells products from Grove-owned brands at wholesale. The Company recently made the strategic decision to wind down sales through the retail channel. The Company develops and sells natural products that are free from the harmful chemicals identified in the Company’s “anti-ingredient” list and designs form factors and product packaging that reduces plastic waste and improves the environmental impact of the categories in which the Company operates. The Company also purchases environmental offsets that have made it the first plastic neutral retailer in the world. Grove Collaborative, Inc. (herein referred to as “Legacy Grove”), the Company’s accounting predecessor, was incorporated in Delaware in 2016.

*Reverse Stock Split*

On May 24, 2023, the Company’s board of directors and stockholders approved a five-for-one reverse split (the “Reverse Split”) of the Company’s issued and outstanding Class A Common Stock and Class B Common Stock. Unless otherwise noted herein, the number of shares underlying stock options and other equity instruments was proportionately adjusted for the Reverse Split, including any exercise prices. The Class A Common Stock began trading on a split adjusted basis on the NYSE at the market open on June 6, 2023. No fractional shares were issued in connection with the reverse stock split.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation and Liquidity***

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

The Company has historically incurred losses and negative cash flows from operations and had an accumulated deficit of \$48.5 million as of December 31, 2024. The Company’s existing sources of liquidity as of December 31, 2024 include unrestricted cash and cash equivalents of \$19.6 million and availability of debt from the Siena Revolver (defined in Note 5, *Debt*). The Company believes that its current cash, cash equivalents, and interim borrowing capacity under the Siena Revolver, available until its maturity, will be sufficient to fund operations for at least one year from the date the financial statements are issued. Over the longer-term, the Company will need to raise additional capital through debt or equity financing to fund future operations until it generates positive cash flows from operations. There can be no assurance that such additional debt or equity financing will be available on terms acceptable to the Company, or at all.

***Emerging Growth Company***

The Company is an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. The JOBS Act permits companies with emerging growth company status to take advantage of an extended transition period to comply with new or revised accounting standards, delaying the adoption of these accounting standards until they would apply to private companies. Following the closing of the Business Combination, the Company uses this extended transition period to enable it to comply with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date the Company (1) is no longer an emerging growth company or (2) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, the Company’s consolidated financial statements may not be comparable to companies that comply with the new or revised accounting standards as of public company effective dates.

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

***Comprehensive Loss***

Comprehensive loss represents all changes in stockholders' deficit or equity. The Company's net loss was equal to its comprehensive loss for all periods presented.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting period. These estimates made by management include the determination of reserve amounts for the Company's inventories on hand, useful life of intangible assets, sales returns and allowances, certain assumptions used in the valuation of equity awards and the Company's Preferred Stock, the estimated fair value of common stock liability classified Public and Private Placement Warrants, certain assumptions related to the Company's contingent liabilities, the fair value of Earn-Out liabilities and the fair value of the Structural Derivative Liability. Actual results could differ from those estimates, and such estimates could be material to the Company's financial position and the results of operations.

***Net Loss Per Share Attributable to Common Stockholders***

Net loss per share attributable to common stockholders is computed using the two-class method required for multiple classes of common stock and participating securities. The rights, including the liquidation and dividend rights and sharing of losses, of the Company's Class A Common Stock and Class B Common Stock are identical, other than voting rights. As the liquidation and dividend rights and sharing of losses are identical, the undistributed earnings are allocated on a proportionate basis and the resulting net loss per share will, therefore, be the same for both the Company's Class A Common Stock and Class B Common Stock on an individual or combined basis.

The Company's participating securities include the Company's redeemable convertible preferred stock, as the holders are entitled to receive cumulative dividends in the event that a dividend is paid on common stock. The Company also considers any shares issued on the early exercise of stock options subject to repurchase to be participating securities because holders of such shares have non-forfeitable dividend rights in the event a dividend is declared on common stock. Neither the holders of redeemable convertible preferred stock nor the holders of the Company's common stock warrants have a contractual obligation to share in losses.

Basic net loss per share attributable to common stockholders is calculated by dividing the net loss, as adjusted for any accumulated dividends on outstanding Preferred Stock (Note 9, *Redeemable Convertible Preferred Stock*) for the period, attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, adjusted for outstanding shares that are subject to repurchase or outstanding shares that are contingently returnable by the holder. Contingently issuable shares, including shares that are issuable for little or no cash consideration, are considered outstanding common shares and included in net loss per share as of the date that all necessary conditions have been satisfied. Such shares include the Backstop Warrants (Note 10, *Common Stock and Warrants*) and Volition Penny Warrants (Note 9, *Redeemable Convertible Preferred Stock*).

Diluted net loss per share is computed by giving effect to all potentially dilutive securities outstanding for the period using the treasury stock method or the if-converted method based on the nature of such securities. For periods in which the Company reports net losses, diluted net loss per common share attributable to common stockholders is the same as basic net loss per common share attributable to common stockholders, because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

***Cash, Cash Equivalents and Restricted Cash***

Cash consists primarily of demand deposit bank accounts including amounts in transit from banks for customer credit card transactions. The Company considers all highly liquid investments with an original maturity from date of purchase of three months or less, or that are readily convertible into known amounts of cash, to be cash equivalents. As of December 31, 2024 and 2023, cash equivalents are comprised of money market funds.

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

Short-term restricted cash represents cash on deposit with financial institutions to collateralize Company credit cards and to collateralize letters of credit that are short-term in nature. Long-term restricted cash represents cash on deposit with financial institutions to collateralize letters of credit related to the Company's non-cancellable operating leases.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported on the consolidated balance sheets that sum to the total of the same amounts shown in the consolidated statements of cash flows (in thousands):

	Year Ended December 31,	
	2024	2023
Cash and cash equivalents	\$ 19,627	\$ 86,411
Restricted cash, current	3,675	5,650
Restricted cash, long-term	1,002	2,802
Total cash, cash equivalents and restricted cash	\$ 24,304	\$ 94,863

***Concentration of Risks***

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, cash equivalents and restricted cash. The Company maintains the majority of its cash, cash equivalents and restricted cash in accounts with one financial institution within the United States, generally in the form of money market funds or demand deposit accounts. Deposits may exceed federally insured limits. Cash and cash equivalents are held with highly rated institutions.

For the years ended December 31, 2024 and 2023, no individual customers represented more than 10% of total revenue.

The Company depends on a limited number of vendors to supply products sold by the Company. The Company's top five suppliers combined represented approximately 40% of the Company's total inventory purchases for the years ended December 31, 2024 and 2023.

***Inventory***

Inventory is recorded at the lower of weighted average cost and net realizable value. The cost of inventory consists of merchandise costs, net of vendor allowances, and inbound freight. Inventory valuation requires the Company to make judgments, based on currently available information, about the likely method of disposition, such as through sales to individual customers or liquidations, and expected recoverable values of each disposition category.

***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the respective assets. The estimated useful lives of the Company's assets are as follows:

Computer equipment	3 - 5 years
Furniture and fixtures	5 years
Machinery and warehouse equipment	7 - 10 years
Leasehold improvements	Shorter of 10 years or lease term

Maintenance and repairs are charged to expense as incurred, and improvements and betterments are capitalized. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the consolidated balance sheets and any resulting gain or loss is reflected in the statement of operations in the period realized.

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

***Capitalized Software Development Costs***

The Company capitalizes qualifying internally developed software costs that are incurred during the application development stage. Costs related to preliminary project activities and post-implementation activities are expensed as incurred. Once an application has reached the development stage, management has authorized and committed to the funding of the software project, it is probable the project will be completed and the software will be used to perform the function intended, internal and external costs, if direct and incremental, are capitalized until the application is substantially complete and ready for its intended use. Capitalized software development costs are amortized on a straight-line basis to product development expense over the estimated useful life, which is generally four years.

***Impairment of Long-Lived Assets***

The Company reviews its long-lived assets, inclusive of its right-of-use assets, for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated from the use of the asset and its eventual disposition. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair value of the impaired assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value less cost to sell.

***Leases***

The Company determines if an arrangement is or contains a lease at inception. An arrangement is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If a lease is identified, classification is determined at lease commencement. Operating lease liabilities are recognized at the present value of the future lease payments at the lease commencement date. As the implicit rate in the Company's lease is generally unknown, the Company estimates its incremental borrowing rate to discount lease payments. The incremental borrowing rate reflects the interest rate that the Company would have to pay to borrow on a collateralized basis an amount equal to the lease payments in a similar economic environment over a similar term. Operating lease right-of-use ("ROU") assets are based on the corresponding lease liability adjusted for any lease payments made at or before commencement, initial direct costs, and lease incentives. Certain leases also include options to renew or terminate the lease at the election of the Company. The Company evaluates these options at lease inception and on an ongoing basis. Renewal and termination options that the Company is reasonably certain to exercise are included when classifying leases and measuring lease liabilities and ROU assets. Operating lease expense is recognized on a straight-line basis over the lease term. The Company has lease agreements with lease and non-lease components, which are accounted for as a single lease component. Lease payments for short-term leases with a term of twelve months or less are expensed on a straight-line basis over the lease term, such expense was not material in any of the periods presented. The Company elected to not record operating lease right-of-use assets or operating lease liabilities for leases with an initial term of twelve months or less. Operating leases are included in operating lease right-of-use assets, operating lease liabilities, current, and operating lease liabilities, non-current on the Company's consolidated balance sheets.

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

**HGI Additional Shares Liabilities**

The Company initially recorded a liability related to the HGI Additional Shares, defined in Note 10, *Common Stock and Warrants*. The Company accounted for this instrument at fair value within derivative liabilities on its consolidated balance sheets with changes in fair value until settlement being recorded in its consolidated statement of operations. The HGI Additional Shares were settled in August 2023.

**Earn-Out Liabilities**

The Company has recorded a liability related to the Earn-Out Shares, defined in Note 10, *Common Stock and Warrants*. The Company accounts for this instrument at fair value within derivative liabilities on its consolidated balance sheets with changes in fair value until settlement being recorded in its consolidated statement of operations.

**Warrant Liabilities**

The Company classifies Private Placement Warrants and Public Warrants (both defined and discussed in Note 10, *Common Stock and Warrants*) as liabilities within derivative liabilities on its consolidated balance sheets. At the end of each reporting period, changes in fair value during the period are recognized within the consolidated statements of operations. The Company will continue to adjust the warrant liability for changes in the fair value until the earlier of a) the exercise or expiration of the warrants or b) the redemption of the warrants, at which time the warrants will be reclassified to additional paid-in capital.

**Structural Derivative Liability**

The Structural Derivative Liability is a compound embedded derivative related to features within the Structural Facility, defined in Note 5, *Debt*. The Company accounts for this instrument at fair value within derivative liabilities on its consolidated balance sheets with changes in fair value until settlement being recorded in its consolidated statement of operations. The Structural Derivative Liability was settled in full in November 2024.

**Revenue Recognition**

The Company primarily generates revenue from the sale of both third-party and Grove Brands products through its DTC platform. Customers purchase products through the website or mobile application through a combination of directly selecting items from the catalog, items that are suggested by the Company's recommendation engine, and features that appear in marketing on-site, in emails and on the Company's mobile application. Most customers purchase a combination of products recommended by the Company based on previous purchases and new products discovered through marketing or catalog browsing. Customers can opt to have orders auto-shipped to them on a specified date or shipped immediately through an option available on the website and mobile application. The products are subsequently packaged and shipped to fill the order. Beginning the fourth quarter of fiscal year 2024, the Company began collecting payments upon shipment. Prior to this change, the Company collected payment upon finalization of each order by the customer.

The Company also offers a VIP membership to its customers for an annual fee which includes the ability to receive free shipping, free gifts and early access to exclusive sales, all of which are available at the customers' option, should they elect to make future purchases of the Company's products within their annual VIP membership benefit period. Many customers receive a free 75-day VIP membership for trial purposes, typically upon their first qualifying order. After the expiration of this free trial VIP membership period, customers may proactively enroll in a VIP membership via their account settings and pay an annual VIP membership fee. After a customer enrolls in VIP membership, the membership automatically renews until cancelled. The customer is alerted before any VIP membership renews.

In accordance with Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606"), the Company recognizes revenue when the customer obtains control of promised goods, in an amount that reflects the consideration that it expects to receive in exchange for those goods. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract with a customer, (ii) identify the performance obligations in the

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

contract, (iii) determine the transaction price, including variable consideration, if any, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that it will collect the consideration to which it is entitled in exchange for the goods it transfers to a customer.

A contract with a customer exists when the customer submits an order online for the Company's products. Under this arrangement, there is one performance obligation which is the obligation for the Company to fulfill the order. Product revenue is recognized when control of the goods is transferred to the customer, which occurs upon the Company's delivery to a third-party carrier.

The VIP membership provides customers with a suite of benefits that are only accessible to them at their option, upon making a future qualifying order of the Company's products. The VIP membership includes free shipping, a select number of free products, and early access to exclusive sales. Under ASC 606, sales arrangements that include rights to additional goods or services that are exercisable at a customer's discretion are generally considered options; therefore the Company must assess whether these options provide a material right to the customer and if so, they are considered a performance obligation. The Company concluded that its VIP membership benefits include two material rights, one related to the future discount (i.e. free shipping) on the price of the customer's qualifying order(s) over the membership period and the second one relating to a certain number of free products provided at pre-set intervals within the VIP membership benefit period, that will only ship with a customer's next qualifying order (i.e. bundled).

At inception of the VIP membership benefit period, the Company allocates the VIP membership fee to each of the two material rights using a relative standalone selling price basis. Generally, standalone selling prices are determined based on the observable price of the good or service when sold separately to non-VIP customers and the estimated number of shipments and free products per benefit period. The Company also considers the likelihood of redemption when determining the standalone selling price for free products. To date, customers buying patterns closely approximate a ratable revenue attribution method over the customers VIP Membership period. Due to these factors, the Company typically recognizes VIP membership revenue ratably over the VIP membership period.

The Company deducts discounts, sales tax, customer service credits and estimated refunds to arrive at net revenue. Sales tax collected from customers is not considered revenue and is included in accrued liabilities until remitted to the taxing authorities. The Company has made the policy election to account for shipping and handling as activities to fulfill the promise to transfer the good. Outbound shipping, handling and packaging expenses are recognized upon shipment and classified within selling, general and administrative expenses. Discounts are recorded as a reduction to revenue when revenue is recognized. The Company records a refund reserve based on historical refund patterns. As of December 31, 2024 and 2023, the refund reserve, which is included in accrued liabilities in the consolidated balance sheets, was nominal.

*Disaggregation of Revenue*

The following table sets forth revenue by product type (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Revenue, net:		
Grove Brands	\$ 82,942	\$ 119,006
Third-party products	120,483	140,272
Total revenue, net	<u>\$ 203,425</u>	<u>\$ 259,278</u>

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

*Contractual Liabilities*

The Company has three types of contractual liabilities from transactions with customers: (i) cash collections for products which have not yet shipped, which are included in deferred revenue and are recognized as revenue upon the Company's delivery to a third-party carrier, (ii) cash collections of VIP membership fees, which are included in deferred revenue and (iii) customer service credits, which are recognized in other current liabilities and as a reduction in revenue when provided to the customer. As of December 31, 2024, the Company does not have liabilities related to cash collections for products which have not yet shipped as payment is now collected upon shipment. Contractual liabilities included in deferred revenue were \$6.3 million, \$7.2 million and \$10.9 million, respectively, as of December 31, 2024, 2023 and 2022. Contractual liabilities included in other current liabilities were immaterial as of December 31, 2024, 2023 and 2022. The contractual liabilities included in deferred revenue are generally recognized as revenue within twelve months from the end of each reporting period. Revenue recognized during the year ended December 31, 2024 that was previously included in deferred revenue and other current liabilities as of December 31, 2023 was \$7.2 million and \$0.1 million, respectively. Revenue recognized during the year ended December 31, 2023 that was previously included in deferred revenue and other current liabilities as of December 31, 2022 was \$10.9 million and \$0.2 million, respectively.

*Cost of Goods Sold*

Cost of goods sold consists of the product costs of merchandise, inbound freight costs, vendor allowances, costs associated with inventory shrinkage, damages and inventory write-offs and changes to the Company's inventory reserves.

*Vendor Allowances*

The Company receives discounts and other product related reimbursements from certain vendors through a variety of programs intended to offset the purchase prices of inventory and for the promotion and selling of that vendor's inventory. Discounts and other reimbursements are recorded as a reduction in the cost of the associated inventory purchased.

*Advertising Expenses*

Advertising expenses, other than production costs, are expensed as incurred and consist primarily of the customer acquisition costs associated with online advertising, as well as advertising on television, direct mail campaigns and other media. Costs associated with the production of advertising are expensed when the first advertisement is shown.

*Product Development Expenses*

Product development expenses relates to the ongoing support and maintenance of the Company's proprietary technology, including the Company's website and mobile device application, as well as amortization of capitalized internally developed software, and relate to the product and packaging innovation in the Company's Grove Brands products. Product development expenses consist primarily of personnel-related expenses, including salaries, bonuses, benefits and stock-based compensation expense. Product development costs also include allocated facilities, equipment, depreciation and overhead costs.

*Selling, General and Administrative Expenses*

Selling, general and administrative expenses consist primarily of compensation and benefit costs for personnel involved in general corporate functions, including stock-based compensation expense, and certain fulfillment costs, as further outlined below. Selling, general and administrative expenses also include the allocated facilities, equipment, depreciation and overhead costs, marketing costs including qualified cost of credits issued through the Company's referral program, costs associated with the Company's customer service operation and costs of environmental offsets.



**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

**Fulfillment Costs**

Fulfillment costs represent those costs incurred in operating and staffing the Company's fulfillment centers, including costs attributable to receiving, inspecting and warehousing inventories, picking, packaging and preparing customer orders for shipment ("Fulfillment Labor"), outbound shipping and handling expenses, packaging materials costs ("Shipping and Handling") and payment processing and related transaction costs ("Payment Processing"). These costs are included within selling, general and administrative expenses in the consolidated statements of operations; therefore, the Company's gross profit may not be comparable to other retailers or distributors. The Company's fulfillment costs consist of the following (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Shipping and Handling	\$ 27,006	\$ 35,609
Fulfillment Labor	10,630	13,454
Payment Processing and other	7,559	9,714
Total fulfillment costs	<u>\$ 45,195</u>	<u>\$ 58,777</u>

**Income Taxes**

The Company accounts for income taxes under the asset and liability method, whereby deferred tax assets and liabilities are determined based on the difference between the consolidated financial statement and income tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company recognizes the benefits of tax-return positions in the consolidated financial statements when they are more likely than not to be sustained by the taxing authority, based on the technical merits at the reporting date. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments, and which may not accurately forecast actual outcomes. The Company recognizes interest and penalties related to unrecognized tax benefits, if any, as income tax expense.

**Stock-Based Compensation**

The Company's stock-based compensation relates to stock options, restricted stock units ("RSU") and stock purchase rights under an Employee Stock Purchase Plan ("ESPP"). The Company recognizes the cost of share-based awards granted to employees and non-employees based on the estimated grant-date fair value of the awards.

For stock option awards with service-only vesting conditions, expense is recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the award. The Company estimates the grant-date fair value of the stock option awards with service only vesting conditions using the Black-Scholes option-pricing model.

The Black-Scholes option-pricing model utilizes inputs and assumptions which involve inherent uncertainties and generally require significant judgment. As a result, if factors or expected outcomes change and significantly different assumptions or estimates are used, the Company's stock-based compensation could be materially different. Significant inputs and assumptions include:

*Fair Value of Common Stock* – The fair value of the shares of common stock underlying our stock options has been determined based on market prices.

*Expected Term* – The Company's expected term represents the period that the Company's stock-based awards are expected to be outstanding and is determined using the simplified method (based on the mid-point between the vesting date and the end of the contractual term).

*Expected Volatility* – Because the Company was privately held prior to the Business Combination and did not have an active trading market for its common stock, the expected volatility was estimated based on the average volatility for publicly traded companies that the Company considers to be comparable, over a period equal to the expected term of the stock option grants.

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

*Risk-Free Interest Rate* – The risk-free interest rate is based on the U.S. Treasury zero coupon issues in effect at the time of grant for periods corresponding with the expected term of option.

*Expected Dividend* – The Company has never paid dividends on its common stock and has no plans to pay dividends on its common stock. Therefore, the Company used an expected dividend yield of zero.

For RSUs with service-only vesting conditions, expense is recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the award. The fair value of RSU awards is determined using the price of the Company's common stock on the grant date.

For awards with both market and service vesting conditions, expense is recognized over the derived service period using an accelerated attribution method. The fair value of stock option awards with both market and service conditions is estimated using inputs and assumptions which involve inherent uncertainties and generally require significant judgment, including the Company's stock price, contractual terms, maturity and risk-free interest rates, as well as volatility.

The fair value of each purchase under the ESPP is estimated at the beginning of the offering period using the Black-Scholes option pricing model and recorded as expense over the service period using the straight-line method.

The Company accounts for forfeitures as they occur.

***Recently Adopted Accounting Standards***

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 enhances public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. Disclosure requirements under ASU 2023-07 are required for all public entities, including those with a single reportable segment. The Company adopted ASU 2023-07 beginning January 1, 2024 for annual periods and January 1, 2025 for interim periods. Refer to Note 8, *Segments*. The adoption of ASU 2023-07 did not impact the Company's results of consolidated statements of operations, consolidated statements of cash flows, or consolidated balance sheets.

***Recently Issued Accounting Standards***

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures ("ASU 2023-09"), which will require incremental income tax disclosures on an annual basis for all public entities. The amendments require that public business entities disclose specific categories in the rate reconciliation and provide additional information for reconciling items meeting a quantitative threshold. The amendments also require disclosure of income taxes paid to be disaggregated by jurisdiction, and the disclosure of income tax expense disaggregated by federal, state, and foreign. ASU 2023-09 is effective for annual reporting beginning with the fiscal years starting after December 15, 2024. Early adoption is permitted. The Company does not expect to early adopt ASU 2023-09 and is currently evaluating the impact ASU 2023-09 will have on its consolidated financial statements and disclosures.

In November 2024, the FASB issued ASU No. 2024-03, Income Statement—Reporting Comprehensive Income (Topic 220): Expense Disaggregation Disclosures. This update requires entities to disaggregate operating expenses into specific categories, such as salaries and wages, depreciation, and amortization, to provide enhanced transparency into the nature and function of expenses. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, with early adoption permitted. ASU 2024-03 may be applied retrospectively or prospectively. The Company is currently evaluating the impact of this standard on its financial statement presentation and disclosures.

**3. Fair Value Measurements and Fair Value of Financial Instruments**

The Company measures certain financial assets and liabilities at fair value on a recurring basis. The Company determines fair value based upon the exit price that would be received to sell an asset or paid to transfer a liability in an

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

orderly transaction between market participants, as determined by either the principal market or the most advantageous market. Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy. These levels are:

*Level 1* – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

*Level 2* – Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and

*Level 3* – Unobservable inputs that are significant to the measurement of the fair value of the assets or liabilities that are supported by little or no market data.

Financial instruments consist of cash equivalents, accounts payable, accrued liabilities, debt, HGI Additional Shares, Earn-Out Shares (defined in Note 10, *Common Stock and Warrants*), Public Warrants and Private Placement Warrants and Structural Derivative Liability. Cash equivalents, Earn-Out Shares, Structural Derivative Liability and Public and Private Placement Warrant are stated at fair value on a recurring basis. Accounts payable and accrued liabilities are stated at their carrying value, which approximates fair value due to the short period time to the expected receipt or payment. The carrying amount of the Company’s outstanding debt approximates the fair value as the debt bears interest at a rate that approximates prevailing market rate.

On June 12, 2023, the NYSE delisted the Public Warrants from trading due to their low price levels. See Note 10 *Common Stock and Warrants* for additional details. The Private Placement Warrants are identical to the Public Warrants, with certain exceptions as defined in Note 10, *Common Stock and Warrants*. As the number of outstanding Public Warrants and Private Placement Warrants did not change as a result of the reverse split, five Public Warrants or five Private Placement Warrants must be bundled together to receive one share of the Company’s Class A Common Stock. The Private Placement Warrants and Public Warrants are classified as Level 3 and their value was determined by using a Black-Scholes Model with the following assumptions on a pre-reverse split basis:

	Year Ended December 31,	
	2024	2023
Fair value of common stock	\$0.28	\$0.35
Exercise Price	\$11.50	\$11.50
Expected term (in years)	2.5	3.5
Risk-free interest rate	4.26%	3.93%
Volatility	79.86%	71.77%
Dividend yield	—	—

The Earn-Out Shares are classified as Level 3 and their fair values were estimated using a Monte Carlo options pricing model utilizing assumptions related to expected stock-price volatility, expected life, risk-free interest rate and dividend yield. The Company estimated the expected volatility assumption using an average of the implied volatility of its common stock and an implied volatility based on its peer companies.

The Structural Derivative Liability was a compound embedded derivative related to features within the Structural Debt Facility, including an increase in interest rate upon an event of default and the contingent issuance of the Structural Subsequent Shares as defined in Note 5, *Debt* and mandatory and voluntary prepayment features. This liability was classified as Level 3 and was valued using a risk-neutral income approach related to an event of default occurring and expected cash flows in such a scenario and an income and Black-Scholes pricing model for the contingent issuance of the Structural Subsequent Shares utilizing assumptions related to expected stock price volatility, expected life, risk-free interest rate and dividend yield. The Company estimated the expected volatility assumption using an average of the implied volatility of its common stock and an implied volatility based on its peer companies.

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

The following table sets forth the Company's financial instruments that were measured at fair value on a recurring basis as of December 31, 2024 and December 31, 2023 by level within the fair value hierarchy (in thousands):

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets:</b>				
Cash equivalents:				
Money market funds	\$ 17,625	\$ —	\$ —	\$ 17,625
Total	<u>\$ 17,625</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 17,625</u>
<b>Financial Liabilities:</b>				
Earn-Out Shares	\$ —	\$ —	\$ 1,258	\$ 1,258
Public Warrants	—	—	9	9
Private Placement Warrants	—	—	8	8
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,275</u>	<u>\$ 1,275</u>
	December 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets:</b>				
Cash equivalents:				
Money market funds	\$ 83,431	\$ —	\$ —	\$ 83,431
Total	<u>\$ 83,431</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 83,431</u>
<b>Financial Liabilities:</b>				
Earn-Out Shares	\$ —	\$ —	\$ 2,973	\$ 2,973
Public Warrants	—	—	31	31
Private Placement Warrants	—	—	37	37
Structural Derivative Liability	—	—	8,470	8,470
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11,511</u>	<u>\$ 11,511</u>

***HGI Additional Shares Liability***

At the closing of the HGI Subscription Agreement discussed in Note 10, *Common Stock and Warrants*, the Company recorded a liability related to the potential issuance of additional shares of its Class A Common Stock. Subsequent changes in fair value of the HGI Additional Shares liability until settlement were recognized in the consolidated statements of operations. The HGI Additional Shares Liability was settled in August 2023 (refer to Note 10, *Common Stock and Warrants*).

***Earn-Out Shares***

At closing of the Business Combination, certain Earn-Out Shares were accounted for as a liability, Note 10, *Common Stock and Warrants*. Subsequent changes in fair value, until settlement or until equity classification is met, is recognized in the consolidated statements of operations.

***Private Placement Warrant and Public Warrant Liabilities***

As of December 31, 2024, the Company has Private Placement and Public Warrants defined and discussed in Note 10, *Common Stock and Warrants*. Such warrants are measured at fair value on a recurring basis. Subsequent changes in fair value, until settlement, is recognized in the statement of operations.

***Structural Derivative Liability***

Upon closing the Structural Debt Facility, the Company recorded a liability related to the features that are required to be bifurcated and accounted for as a compound derivative at fair value. Subsequent changes in fair value of

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

the Structural Derivative Liability until settlement is recognized in the statement of operations. The Structural Derivative Liability was settled in full in November 2024.

The following table provides a summary of changes in the estimated fair value of these liabilities (in thousands):

	HGI Additional Shares Liability	Earn-Out Shares	Public Warrants	Private Placement Warrants	Structural Derivative Liability	Total
Balances as of December 31, 2022	\$ 580	\$ 4,122	\$ 670	\$ 805	\$ 7,050	\$ 13,227
Cancellation	—	(347)	—	—	—	\$ (347)
Changes in fair value	920	(802)	(639)	(768)	1,420	\$ 131
Settlement	(1,500)	—	—	—	—	\$ (1,500)
Balances as of December 31, 2023	—	2,973	31	37	8,470	11,511
Change in fair value	—	(1,715)	(22)	(29)	(8,122)	(9,888)
Settlement	—	—	—	—	(348)	(348)
Balances as of December 31, 2024	\$ —	\$ 1,258	\$ 9	\$ 8	\$ —	\$ 1,275

#### 4. Other Balance Sheet Information

##### Property and Equipment

Property and equipment, net consisted of the following (in thousands):

	December 31,	
	2024	2023
Machinery and warehouse equipment	\$ 4,842	\$ 6,753
Internally developed software	12,093	15,772
Computer equipment	2,246	2,531
Leasehold improvements	1,625	2,134
Furniture and fixtures	289	1,049
Total property and equipment	21,095	28,239
Less: accumulated depreciation	(17,418)	(16,614)
Property and equipment, net	\$ 3,677	\$ 11,625

Depreciation expense for the years ended December 31, 2024 and 2023 was \$2.8 million and \$1.7 million, respectively. The Company capitalized software development costs of \$1.0 million and \$3.0 million for the years ended December 31, 2024 and 2023, respectively. Amortization of capitalized software development costs was \$7.0 million and \$4.1 million for the years ended December 31, 2024 and 2023, respectively.

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

*Accrued Expenses*

Accrued expenses consisted of the following (in thousands):

	December 31,	
	2024	2023
Inventory purchases	\$ 1,657	\$ 3,512
Compensation and benefits	4,149	5,071
Advertising costs	558	457
Fulfillment costs	540	789
Sales taxes	1,106	1,106
Other accrued expenses	3,536	5,085
<b>Total accrued expenses</b>	<b>\$ 11,546</b>	<b>\$ 16,020</b>

**5. Debt**

The Company's outstanding debt, net of debt discounts, consisted of the following (in thousands):

	December 31,	
	2024	2023
Structural Debt Facility	\$ —	\$ 64,162
Siena Revolver	7,500	7,500
<b>Total debt, noncurrent</b>	<b>\$ 7,500</b>	<b>\$ 71,662</b>

*Structural Debt Facility*

In December 2022, the Company entered into a Loan and Security Agreement (“Structural Debt Facility”) with Structural Capital Investments III, LP, Structural Capital Investments IV, LP and Series PCI Grove series of Structural Capital Primary Co-Investment Fund, LLC (collectively, “Structural Funds”) and Avenue Sustainable Solutions Fund, L.P. (“Avenue”) (collectively “Structural Lenders”) to borrow \$ 72.0 million which was used primarily to settle previously outstanding obligations with a prior lender. The Structural Debt Facility bore an annual rate of interest at the greater of 15.00% or 7.50% plus the prime rate, payable monthly. Under the agreement, when amounts were prepaid or repaid in full at the maturity date, the Company was contingently obligated to pay additional fees which would allow for Structural Funds and Avenue to reach a Minimum Return, as defined by the agreement.

On July 16, 2024, the Company entered into Amendment No. 2 to the Loan and Security Agreement with Structural Lenders (“Structural Amendment”). The terms of the Structural Amendment provided for certain amendments to the Structural Debt Facility, which were conditioned upon the Company to making a voluntary prepayment upon execution on the outstanding principal balance of the Structural Debt Facility of \$42.0 million. The terms of the Structural Amendment also provided for a reduction of the amount of unrestricted cash required to be maintained by the Company. The original maturity date of December 21, 2026 did not change under the Structural Amendment. As the terms of the Structural Debt Facility after the Structural Amendment were not deemed to be substantially different from the original agreement, the Company accounted for the Structural Amendment with debt modification accounting. Issuance costs related to the Structural Amendment were nominal. In November 2024, the Company paid the remaining outstanding balance on the Structural Debt Facility in full, which included a \$0.3 million payment to settle the Structural Derivative Liability in full. In connection with the repayment the Company recognized a loss on extinguishment of \$5.0 million on the consolidated statement of operations.

On December 21, 2022, in connection with the initial closing of the Structural Debt Facility, the Company issued to Structural Funds, including certain affiliates, and to Avenue a total of 990,000 shares of the Company's Class A common stock (the “Structural Closing Shares”). The Company recorded a debt discount of \$1.1 million related to the issuance of these shares, with a corresponding offset to the Company's Class A Common Stock and additional paid-in capital. Further, had there been outstanding obligations relating to the Structural Debt Facility on July 21,

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

2025, the Company was to issue to Structural Funds, including certain affiliates, and to Avenue, additional shares of the Company's Class A Common Stock (the "Structural Subsequent Shares").

The Company identified several features within the Structural Debt Facility consisting of the contingent obligation to issue the Structural Subsequent Shares, mandatory and voluntary prepayment features and default interest rate ("Structural Derivative Liability"), which were required to be bifurcated and accounted for as a compound embedded derivative at fair value. The fair value of the Structural Derivative Liability was \$7.1 million as of the debt issuance date. Changes in fair value are recognized through the consolidated statements of operations.

Closing costs consisted of \$3.3 million in costs directly related to the issuance of the Structural Facility to third parties, issuance of certain Structural Closing Shares amounting to \$1.1 million and incurrence of the Structural Derivative Liability amount of \$7.1 million.

#### *Siena Revolver*

In March 2023, the Company entered into a Loan and Security Agreement (the "Siena Revolver") with Siena Lending Group, LLC ("Siena") which permits the Company to receive funding through a revolving line of credit with an initial commitment of \$35.0 million. The Company's borrowing capacity under the Siena Revolver is subject to certain conditions, including the Company's eligible inventory and accounts receivable balances among other limitations as specified in the agreement. In connection with this facility the Company incurred \$1.1 million of debt issuance costs which have been included in other assets on the Company's consolidated balance sheets and are being amortized through the Siena Revolver's scheduled maturity date. On July 16, 2024, the Company entered into Amendment No. 1 to Loan and Security Agreement with Siena ("Siena Amendment No. 1"). The Siena Amendment modifies certain terms related to how the Company's available borrowing capacity is determined and when appraisals are required. The Siena Amendment No. 1 did not modify any other terms related to the Siena Revolver, including maturity date or maximum borrowing capacity. On November 21, 2024, the Company entered into Amendment No. 2 to Loan and Security Agreement with Siena ("Siena Amendment No. 2", and together with Siena Amendment No. 1, collectively, the "Siena Amendments"). The Siena Amendment No. 2 modifies certain terms related to how the Company's available borrowing capacity is determined, when appraisals are required and conditions that must be satisfied to consummate acquisitions and pay earn-outs. The Siena Amendment No. 2 also modifies the maturity date to eliminate the requirement that the Siena Revolver be coterminous with the Structural Debt Facility. The Siena Amendment No. 2 did not modify any other terms related to the Siena Revolver, including maximum borrowing capacity. The Company accounted for the Siena Amendment No. 1 and Siena Amendment No. 2 (together, the "Siena Amendments") under debt modification accounting due to the terms being deemed not substantially different. The Company paid an aggregate \$0.3 million of issuance costs related to the Siena Amendments which are included within other assets on the Company's consolidated balance sheets and are being amortized through the Siena Revolver's scheduled maturity date.

The interest rates applicable to borrowings under the Siena Revolver are based on a fluctuating rate of interest measured by reference to either, at the Company's option, (i) a Base Rate, plus an applicable margin, or (ii) the Term Secured Overnight Financing Rate ("Term SOFR") then in effect, plus 0.10% and an applicable margin. The Base Rate is defined as the greatest of: (1) Prime Rate as published in the Wall Street Journal, (2) Federal Funds Rate plus 0.50% and (3) 5.00% per annum. The applicable margin for Siena Revolver borrowings is based on the Company's monthly average principal balance outstanding and ranges from 2.75% to 4.50% per annum in the case of Base Rate Borrowings, as defined by the Siena Revolver, and 3.75% to 5.50% per annum in the case of Term SOFR Borrowings, as defined by the Siena Revolver. The Siena Revolver also contains various financial covenants the Company must maintain to avoid an Event of Default, as defined by the agreement. In accordance with the agreement, Siena has been provided with the Company's periodic financial statements and updated projections to facilitate their ongoing assessment of the Company. As of December 31, 2024, the Company was in compliance with these debt covenants.

The Siena Revolver matures on March 10, 2026 and is collateralized by the Company's accounts receivable and inventory balances. As of December 31, 2024, the Company has an outstanding principal balance of \$7.5 million under the Siena Revolver with an interest rate of 8.40%. As of December 31, 2024, additional borrowing capacity from the Siena Revolver was \$5.2 million.

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

A schedule of the Company’s future debt maturities is as follows (in thousands):

<b>Year ended December 31,</b>	
2025	\$ —
2026	7,500
Total principal debt payments	<u>\$ 7,500</u>

**6. Commitments and Contingencies**

***Merchandise Purchase Commitments***

As of December 31, 2024 and 2023, the Company had obligations to purchase \$9.1 million and \$14.1 million, respectively, of merchandise.

***Letters of Credit***

The Company had irrevocable standby letters of credit in the amount of \$2.1 million and \$3.4 million as of December 31, 2024 and 2023, respectively, primarily related to the Company’s operating leases. No amounts have been drawn related to these letters of credit. The letters of credit have expiration dates from January 2025 through August 2029.

***Contingencies***

From time to time, the Company is subject to various claims, charges and litigation matters that arise in the ordinary course of business. The Company records a provision for a liability when it is both probable that the loss has been incurred and the amount of the loss can be reasonably estimated. If the Company determines that a loss is reasonably possible and the loss or range of loss can be reasonably estimated, it discloses the possible loss or range of loss. Any potential gains associated with legal matters are not recorded until the period in which all contingencies are resolved and the gain is realized or realizable. Depending on the nature and timing of any such proceedings that may arise, an unfavorable resolution of a matter could materially affect the Company’s future consolidated results of operations, cash flows or financial position in a particular period. Except if otherwise indicated, it is not reasonably possible to determine the probability of loss or estimate damages for any of the matters discussed below, and therefore, the Company has not established reserves for any of these matters.

The Santa Clara County District Attorney’s Office, in conjunction with other representatives from other California district and city attorneys’ offices, is currently investigating the Company’s compliance with California’s Automatic Renewal Law, California’s Unfair Competition Law, and False Advertising Law. The Company has met with this task force of multiple California district attorneys (called the California Autorenewal Task Force, or “CART”) and has provided documents and information upon request and discussed proposed remediation. Based on discussions with CART, it is probable that the Company will incur a loss with regard to this matter. However, based on the current information, the Company does not have enough information to make a reasonable estimate of the loss or range of loss at this time. An unfavorable outcome in this matter could result in a material loss in future periods.

The Federal Trade Commission (“FTC”) previously investigated the Company’s billing and automatic renewal practices under Section 5 of the Federal Trade Commission Act, the Restore Online Shoppers Confidence Act, the CAN-SPAM Rule, the Undeclared Merchandise Statute and other matters related to our historical subscription offerings. The Company responded to a Civil Investigative Demand issued by the FTC and certified its compliance with the Civil Investigative Demand in June 2023. The FTC notified the Company in June 2024 that the FTC had closed its investigation without any further action.

**7. Leases**

The Company has operating leases primarily for its offices and warehouses, including the lease for its office headquarters in San Francisco, CA (the “HQ Lease”). The HQ Lease originally commenced in February 2019, with an original term of approximately 8 years and an option to renew for an additional 5 years. In March 2024, the Company entered into an amendment to this lease agreement (the “Lease Amendment”) to provide for, among other things, a



**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

reduction of the amount of space being leased and of the monthly lease payments owed to the lessor. The Company concluded this was a partial termination of the existing lease agreement. Under the Lease Amendment, lease payments are made monthly and are subject to annual increases of approximately 1.5%.

In connection with the execution of the Lease Amendment, the Company paid an initial \$4.8 million which was determined to be consideration for the remaining space being leased and was considered in remeasuring the Company's ROU asset and lease liability upon execution of the amendment. The Lease Amendment also requires the Company to make escalating undiscounted annual base rent payments of up to \$0.4 million, payable monthly. The lease term under the Lease Amendment expires in May 2027. The Company previously recognized an impairment loss on the operating lease ROU asset related to this lease of \$2.3 million in the year ended of December 31, 2023 due to ceasing use of certain portions of the underlying asset. Due to the remeasurement of the remaining operating lease liability and previously-impaired operating lease ROU asset, the Company recognized a gain of \$3.1 million within selling, general and administrative expense within its consolidated statements of operations for the year ended December 31, 2024.

On July 2, 2024, the Company entered into a new lease agreement for a warehouse located in Reno, NV (the "Reno Lease"). Under the Reno Lease, the Company is required to make escalating undiscounted annual base rent payments of up to \$2.0 million, payable monthly. The Reno Lease commenced on August 6, 2024 and expires on November 30, 2031. The Company has determined the Reno Lease qualifies as an operating lease.

The Company's operating leases, including the leases previously mentioned, have remaining lease terms ranging between 2 and 7 years. These leases require monthly lease payments that may be subject to annual increases throughout the lease term. The components of lease expense included in the Company's consolidated statements of operations for the years ended December 31, 2024 and 2023, include operating lease expense of \$4.4 million and \$6.3 million, respectively, and variable lease expense \$1.1 million and \$1.2 million, respectively. Variable lease expenses are primarily related to payments made to lessors for common area maintenance, property taxes, insurance, and other operating expenses and are classified as lease expense due to the Company's election to not separate lease and non-lease components.

Cash paid for amounts included in the measurement of operating lease liabilities for the years ended December 31, 2024 and 2023 was \$9.1 million and \$6.6 million, respectively, which was included in net cash used in operating activities in the Company's consolidated statements of cash flows. The Company obtained \$6.5 million and \$2.4 million of new operating lease right-of-use assets obtained in exchange for new operating lease liabilities during the year ended December 31, 2024 and 2023, respectively.

Maturities of operating lease liabilities were as follows (in thousands):

Year Ended December 31,	Operating Lease
2025	\$ 3,921
2026	4,760
2027	4,637
2028	3,205
2029	1,870
Thereafter	3,759
Total undiscounted lease payments	22,152
Less: Imputed interest	(7,567)
Present value of lease liabilities	14,585
Less: Operating lease liabilities, current	(1,636)
Operating lease liabilities, noncurrent	\$ 12,949

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

The following table summarizes additional information related to operating leases for the periods indicated:

	December 31,	
	2024	2023
Weighted-average remaining lease term:	5.2 years	3.8 years
Weighted-average discount rate:	16.9 %	15.5 %

***Impairment***

The Company recorded \$1.3 million of impairment charges related to the Company's leases during the year ended December 31, 2024. During the year ended December 31, 2023, the Company recorded \$2.3 million of impairment charges on its operating lease right-of-use assets related to the Company's corporate office space located in San Francisco, California with the impairment expense being recorded within selling, general, and administrative on the consolidated statements of operations. The Company applied a discounted cash flow method to estimate fair values of its leasehold improvements and right-of-use assets to estimate the fair value of these assets. These represented level 3 nonrecurring fair value measurements.

**8. Segments**

The Company's chief operating decision maker ("CODM") is the Chief Executive Officer. The Company has determined that it operates in one operating segment as it only reports operating results on an aggregate basis to the CODM. Segment revenues are described in Note 2, *Significant Accounting Policies*. All company assets are located within the United States and all revenues are generated within the United States. All business activities are managed on a consolidated basis.

The CODM uses net loss as reported in the consolidated statements of operations to evaluate the Company's return on assets in deciding whether and how to invest into the Company's consolidated operations, such as to expand its product offerings or increase advertising expenditures. The CODM reviews segment assets as presented on its consolidated balance sheets.

The Company does not have intra-entity sales or transfers.

The accounting policies of the segment is identical to those described in Note 2, *Significant Accounting Policies*.

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

Presented in the table below is segment information for the year ended December 31, 2024 (with retrospective presentation for comparative period) and a reconciliation of segment information, including significant expenses, to consolidated net loss (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Segment Revenue, Significant Expenses and Net Loss:</b>		
Total revenue, net	\$ 203,425	\$ 259,278
Cost of goods sold	94,077	121,919
Gross profit	109,348	137,359
Less significant expenses:		
Fulfillment costs	45,195	58,777
Advertising	10,265	21,292
Product development and other selling, general and administrative expenses <sup>(1)</sup>	54,619	71,216
Less other segment items:		
Interest income	(3,056)	(3,773)
Other segment items <sup>(2)</sup>	29,748	33,079
Consolidated net loss	<u>\$ (27,423)</u>	<u>\$ (43,232)</u>

<sup>(1)</sup> Includes all product development and selling, general and administrative expenses, excluding fulfillment costs, stock-based compensation and depreciation and amortization.

<sup>(2)</sup> Includes stock-based compensation, depreciation and amortization and all non-operating expenses, except interest income.

**9. Redeemable Convertible Preferred Stock**

On August 11, 2023 (the “Series A Preferred Stock Closing Date”), the Company entered into a subscription agreement (the “Series A Preferred Stock Subscription Agreement”) with Volition Capital Fund IV, L.P. (“Volition”) where the Company received gross proceeds of \$ 10.0 million in exchange for 10,000 shares of the Company’s Series A Redeemable Convertible Preferred Stock (the “Series A Preferred Stock”), the issuance of a warrant to purchase 1,579,778 shares of Grove’s Class A common stock at an exercise price of \$6.33 per share (the “Volition Warrant”) and the issuance of a separate warrant to Volition to purchase 20,905 shares of Grove’s Class A common stock at an exercise price of \$0.01 per share (the “Volition Penny Warrant”). The Volition Warrant and the Volition Penny Warrant each had expiration dates dated on the three-year anniversary of the Series A Preferred Stock Closing Date and become exercisable six months following the Series A Preferred Stock Closing Date. The Series A Preferred Stock was redeemable, at the option of the holder, for the original issuance price plus any declared but unpaid dividends following the seventh anniversary of the Series A Preferred Stock Closing Date (“Optional Redemption”).

The Company allocated the proceeds received on the Series A Preferred Stock Closing Date to the Series A Preferred Stock, Volition Warrant and Volition Penny Warrant (together the “Volition Warrants”) on a relative fair

value basis. The aggregate fair value of the Volition Warrants was \$0.7 million and determined using a Black-Scholes Model with the following inputs:

Fair value of common stock	\$2.16
Exercise Price	\$0.01 — \$6.33
Expected term in years	3.0
Risk free rate	4.56%
Volatility	67.24%
Dividend yield	0%

Gross proceeds and transaction costs were allocated between the Series A Preferred Stock and Volition Warrants as follows:

	<b>Gross Proceeds</b>	<b>Transaction Costs</b>	<b>Net Proceeds</b>
Series A Preferred Stock	\$ 9,336	\$ (292)	\$ 9,044
Volition Warrants	664	(21)	643
<b>Total</b>	<u>\$ 10,000</u>	<u>\$ (313)</u>	<u>\$ 9,687</u>

On September 20, 2024, (the “Series A’ Preferred Stock Closing Date”), the Company entered into another subscription agreement (the “Series A’ Preferred Stock Subscription Agreement”) with Volition where the Company received gross proceeds of \$15.0 million in exchange for 15,000 shares of the Company’s Series A’ Redeemable Convertible Preferred Stock (the “Series A’ Preferred Stock” and together with the Series A Preferred Stock, the “Preferred Stock”). In connection with the issuance of the Series A’ Preferred Stock, Volition and the Company agreed to cancel the Volition Warrants and modified the redemption terms of the Series A Preferred Stock such that the Series A Preferred Stock is no longer subject to Optional Redemption.

The Company concluded that the issuance of the Series A’ Preferred Stock, modification of terms to the Series A Preferred Stock and cancellation of the Volition Warrants should be accounted for as an extinguishment of the Series A Preferred Stock in exchange for new instruments. As such, the Company derecognized the \$ 10.0 million carrying amount of the Series A Preferred Stock and the \$0.3 million aggregate fair value of Volition Warrants and recorded both series of the Preferred Stock at their aggregate fair value of \$24.8 million. On the Series A’ Preferred Stock Closing Date, the Company recorded \$0.5 million of transaction costs against the proceeds received for the Series A’ Preferred Stock.

Significant terms of the Series A Preferred Stock and Series A’ Preferred Stock are identical except as noted below and are summarized as follows:

## ***Dividends***

The holders of the outstanding shares of Preferred Stock shall be entitled to receive, only when, as and if declared by the board of directors, out of any funds and assets legally available therefore, dividends at the rate of 6% per annum of the original issuance price for each share of Preferred Stock, prior and in preference to any declaration or payment of any other dividend (other than dividends on shares of Class A Common Stock payable in shares of Class A Common Stock). The dividends on shares of the Preferred Stock accrue from day to day, whether or not declared, and shall be cumulative, provided, however, such accruing dividends shall be payable only when, as, and if declared by the Board of Directors and the Company shall be under no obligation to pay such accruing dividends. Total cumulative undeclared dividends on the Preferred Stock as of December 31, 2024 was \$1.1 million.

## ***Liquidation***

Upon any liquidation transaction, whether voluntary or involuntary, each holder of outstanding shares of Preferred Stock shall be entitled to be paid out of the assets of the Company legally available for distribution to stockholders, whether such assets are capital, surplus or earnings, prior and in preference to any distribution of any of the assets of the Company to the holders of the Class A Common Stock, Class B Common Stock or of any other stock

or equity security, an amount in cash, equal to the greater of (i) the Preferred Stock original issuance price held by such holder plus any declared but unpaid dividends to which such holder of outstanding shares of the Preferred Stock is then entitled, if any, or (ii) the amount each holder of a share of the Series A would be entitled on an as-converted into Class A common stock basis, based on the then effective Conversion Price, as defined by the Certificate of Designations of Series A Convertible Preferred Stock, as amended, (without regard to any restrictions or limitations on conversion) immediately prior to such liquidation transaction. If, upon any Liquidation Transaction, the funds legally available for distribution to all holders of the Preferred Stock shall be insufficient to permit the payment to all such holders of the full liquidation preference amount, then the entire funds legally available for distribution shall be distributed ratably among the holders of the Preferred Stock ratably in proportion to the full preferential amounts to which they are entitled to.

## ***Voting***

Each holder of Preferred Stock is entitled to the number of votes equal to the number of shares of Class A Common Stock into which such shares of the Preferred Stock are then convertible based on the Conversion Price as of the record date for determining stockholders entitled to vote on such matter and shall have voting rights and powers equal to the voting rights and powers of the Class A Common Stock (except as otherwise expressly provided herein or as required by law, voting together with the Class A Common Stock as a single class) and shall be entitled to notice of any such stockholders' meeting in accordance with the Bylaws of the Company. For so long as an original purchaser of the Preferred Stock beneficially holds 20% or more of the shares of Class A Common Stock (calculated on as converted basis based on the Conversion Price (as adjusted for stock splits, combinations, stock dividends, recapitalizations and the like)) such purchaser acquired pursuant to the Preferred Stock Subscription Agreement, such purchaser shall have the right to designate up to one director for election to the Board of Directors as a Class I Director.

## ***Conversion***

At the option of the holder, each share of Preferred Stock is convertible into fully paid and non-assessable shares of Class A Common Stock equal to the sum of (i) the amount determined by dividing (x) the Preferred Stock original issuance price plus any declared but unpaid dividends to which such share of the Preferred Stock is then entitled by (y) \$2.11, for shares of Series A Preferred Stock, or \$1.93 for Series A' Preferred Stock (as adjusted for stock splits, combinations, stock dividends, recapitalizations and the like) in effect on the date the certificate is surrendered for conversion or notice is provided for non-certificated shares and (ii) the Subsequent Issuance Share Adjustment, as defined by the Certificate of Designations of Series A Convertible Preferred Stock, as amended.

The Company may, in its sole discretion, upon five business days prior written notice, force the conversion of all of the outstanding shares of the Preferred Stock (including any declared but unpaid dividends to which such shares of Preferred Stock are then entitled) at the conversion price upon certain events, as specified in the Certificate of Designations of Series A Convertible Preferred Stock, as amended.

The Company classifies the Preferred Stock as temporary, or mezzanine, equity because the shares contain deemed liquidation rights that are a contingent redemption feature not solely within the control of the Company. The Volition Warrants and Volition Penny Warrants were classified within additional paid-in capital on the Company's consolidated balance sheets as of December 31, 2023.

## **10. Common Stock and Warrants**

On June 16, 2022 (the "Closing Date"), the Company consummated the transactions contemplated by an Agreement and Plan of Merger, dated December 7, 2021, amended and restated on March 31, 2022 (the "Merger Agreement"), among Virgin Group Acquisition Corp. II, a blank check company incorporated as a Cayman Islands exempt company in 2020 ("VGAC II"), Treehouse Merger Sub, Inc., Treehouse Merger Sub II, LLC ("VGAC II Merger Sub II"), and Legacy Grove ("the Merger"). In connection with the Merger, VGAC II changed its jurisdiction of incorporation from the Cayman Islands to the State of Delaware and changed its name to Grove Collaborative Holdings, Inc (the "Domestication"), a public benefit corporation. On the Closing Date, VGAC Merger Sub II merged with and into Legacy Grove with Legacy Grove being the surviving corporation and a wholly-owned subsidiary of the Company (the "Initial Merger"), and, immediately following the Initial Merger, and as part of the same overall transaction as the Initial Merger, Legacy Grove merged with and into VGAC Merger Sub II, the separate corporate existence of Legacy Grove ceased, and VGAC Merger Sub II continued as the surviving company and a wholly-owned

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

subsidiary of the Company and changed its name to Grove Collaborative, Inc. (together with the Merger and the Domestication, the “Business Combination”).

The Business Combination was accounted for as a reverse recapitalization with Legacy Grove being the accounting acquirer and VGAC II as the acquired company for accounting purposes.

***Earn-Out Shares***

On the Closing Date, Class B Common Stock shareholders (including Grove stock option, restricted stock unit, and warrant holders) were issued an aggregate 2,799,696 shares of the Company’s Class B Common Stock (“Earn-Out Shares”). Certain shareholders have since surrendered an aggregate 197,284 Earn-Out Shares, which per terms of the Merger Agreement, were cancelled by the Company and not reallocated among the remaining holders. The remaining 2,602,412 Earn-Out Shares can vest within a period of 10 years following the Business Combination (the “Earn-Out Period”) (i) with respect to 1,301,206 of the Earn-Out Shares, upon the closing price of the Company’s Class A Common Stock equaling or exceeding \$ 62.50 per share for any 20 trading days within any 30-trading-day period and (ii) with respect to 1,301,206 of the Earn-Out Shares, upon the closing price of the Company’s Class A Common Stock equaling or exceeding \$ 75.00 per share for any 20 trading days within any 30-trading-day period.

If, during the Earn-Out Period, there is a Change of Control Transaction (as defined in the Merger Agreement), then all remaining triggering events that have not previously occurred and the related vesting conditions shall be deemed to have occurred.

If, upon the expiration of the Earn-Out Period, any Earn-Out Shares shall have not vested, then such Earn-Out Shares shall be automatically forfeited by the holders thereof and canceled by the Company. The settlement amount to be paid to the selling shareholders of the Earn-Out Shares can change and is not indexed to the Company’s stock. Due to the change in control event contingency and variable number of Earn-Out shares to be settled to the holders, the Earn-Out Shares fail the equity scope exception and are accounted for as a derivative in accordance with ASC 815, *Derivatives and Hedging*, and will be remeasured on a recurring basis at fair value, with changes in fair value recorded in the consolidated statements of operations. As of December 31, 2024, the Company did not meet any Earn-Out thresholds.

***Class A Common Stock Warrants***

On the Closing Date, the Company was deemed to have assumed 6,700,000 Private Placement Warrants for the Company’s Class A Common Stock that were held by Virgin Group Acquisition Sponsor II LLC (the “Sponsor”) and 8,050,000 of the Company’s Class A Common Stock Public Warrants that were held by VGAC II’s shareholders. The warrants will expire on July 16, 2027, or earlier upon redemption or liquidation. Five whole warrants must be bundled together in order to receive one share of the Company’s Class A Common Stock at an effective exercise price of \$57.50.

The Private Placement Warrants and Public Warrants for shares of the Company’s Class A Common Stock meet liability classification requirements since the warrants may be required to be settled in cash under a tender offer. In addition, Private Placement Warrants are potentially subject to a different settlement amount as a result of being held by the Sponsor which precludes the Private Placement Warrants from being considered indexed to the entity’s own stock, and therefore classified as liabilities and included in derivative liabilities on the Company’s consolidated balance sheets as of December 31, 2024 and 2023.

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

As of December 31, 2024, the following warrants were outstanding on an as converted basis:

Warrant Type	Shares	Exercise Price
Public Warrants	1,460,146	\$ 57.50
Private Placement Warrants	1,340,000	\$ 57.50

***Public Warrants***

The Public Warrants became exercisable into shares of the Company's Class A Common Stock commencing on July 16, 2022 and expire on July 16, 2027, or earlier upon redemption or liquidation. At the Closing Date, the Company assumed 8,050,000 public warrants. On June 16, 2023, the Company agreed to cancel 749,291 Public Warrants from certain holders. Five whole warrants must be bundled together in order to receive one share of the Company's Class A Common Stock at an effective exercise price of \$57.50 per share, subject to certain adjustments.

The Company may redeem, with 30 days written notice, each whole outstanding Public Warrant for cash at a price of \$0.01 per warrant if the Reference Value equals or exceeds \$90.00 per share, subject to certain adjustments. The warrant holders have the right to exercise their outstanding warrants prior to the scheduled redemption date during the redemption period at an effective price of \$57.50 per share, subject to certain adjustments. If the Company calls the Public Warrants for redemption, the Company will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis", as described in the warrant agreement. For purposes of the redemption, "Reference Value" shall mean the last reported sales price of the Company's Class A Common Stock for any 20 trading days within the 30 trading-day period ending on the third trading day prior to the date on which notice of the redemption is given.

***Private Placement Warrants***

The Private Placement Warrants are identical to the Public Warrants, except that the Private Placement Warrants were not transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Warrants are exercisable on a cashless basis and are non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the Private Warrants are held by someone other than the initial purchasers or their permitted transferees, then such warrants will be redeemable by the Company and exercisable by the warrant holders on the same basis as the Public Warrants. At closing, the Company assumed 6,700,000 Private Placement Warrants.

***Backstop Warrants***

In connection with the Business Combination, the Company issued to Corvina Holdings Limited (the "Backstop Investor") equity-classified warrants to purchase 775,005 shares of the Company's Class A Common Stock with an exercise price of \$0.05 per share (such warrants, the "Backstop Warrants"). The Backstop Warrants are exercisable by the Backstop Investor at any time on or before June 16, 2027, and are on terms customary for warrants of such nature. None of these warrants have been exercised as of December 31, 2024.

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

***Standby Equity Purchase Agreement***

On July 18, 2022, the Company entered into a Standby Equity Purchase Agreement (the “SEPA”) with YA II PN, LTD (“Yorkville” or “SEPA Investor”), pursuant to which Yorkville has agreed to purchase up to \$100 million of common stock from time to time over a period of 36 months, subject to certain conditions. The shares of the Company’s common stock that may be issued under the SEPA may be sold by us to Yorkville at our discretion from time to time and sales of the Company’s common stock under the SEPA will depend upon market conditions and other factors. Additionally, in no event may the Company sell more than 6,511,532 shares of common stock to Yorkville under the SEPA, which number of shares is equal to 19.99% of the shares of the Company’s common stock outstanding immediately prior to the execution of the Equity Purchase Agreement (the “Exchange Cap”), unless stockholder approval is obtained to issue shares of common stock in excess of the Exchange Cap in accordance with applicable NYSE rules or comply with certain other requirements as described in the Equity Purchase Agreement. As a result, unless the Company’s stock price exceeds \$15.33, the Company will be unable to sell the full \$100 million commitment to Yorkville without seeking stockholder approval to issue additional shares in excess of the Exchange Cap. The purchase price per share for Class A Common Stock will be 97.55% of the Volume-Weighted Average Price (“VWAP”) of the Company’s Class A Common Stock over the Pricing Period, as defined by the agreement. The Company deferred \$0.7 million of transaction costs related to the SEPA and will offset these costs against proceeds of any sales under the SEPA. As of December 31, 2024, the Company has sold 147,965 shares under the SEPA for total gross proceeds of \$2.4 million. Issuance costs related to these shares are not material. As of December 31, 2024, there were 6,363,567 shares available to be sold to Yorkville under the Exchange Cap.

***HGI Subscription Agreement***

On November 10, 2022, the Company entered into a subscription agreement (the “HGI Subscription Agreement”) with HCI Grove LLC (“HGI”), pursuant to which, among other things, the Company issued to HGI 396,825 shares of the Company’s Class A Common Stock (“Subscribed Shares”) for aggregate proceeds of \$2.5 million. Under the terms of the HGI Subscription Agreement, the Company was required to file a registration statement for the Subscribed Shares upon the Company becoming eligible to file a registration statement on Form S-3 and in any event prior to July 15, 2023 (the “Subscribed Shares Registration Statement”). The Subscribed Shares Registration Statement was filed on July 14, 2023.

The HGI Subscription Agreement also provided that the Company must issue additional shares (the “HGI Additional Shares”) of the Company’s Class A Common Stock to HGI in the event that the volume weighted average price of the Company’s Class A Common Stock is less than \$ 6.30 during the three trading days commencing on the first trading day after (i) the Company files the Subscribed Shares Registration Statement (the “Registration Date”), (ii) the three-month anniversary of the Registration Date, (iii) the six-month anniversary of the Registration Date, or (iv) the nine-month anniversary of the Registration Date (“Measurement Periods” and each “Measurement Period”) upon HGI’s election to receive such additional shares. Following the effectiveness of the Subscribed Shares Registration Statement, HGI exercised their right to receive all HGI Additional Shares issuable under the HGI Subscription Agreement. In August , 2023, the Company issued to HGI 714,285 shares of the Company’s Class A Common Stock which settled all obligations under the HGI Additional Shares liability.

Concurrent with the HGI Subscription Agreement, the Company also entered into a consulting services agreement (the “Consulting Agreement”) with HCI Grove Management LLC (the “Consultant”). In consideration for the services under the Consulting Agreement, the Company (i) paid the Consultant an upfront fee of \$150,000 and (ii) issued the Consultant 905,000 warrants (the “HGI Warrant Shares”) to purchase shares of the Company’s Class A Common Stock (the “HGI Warrants”), at an exercise price per share of \$6.30 (the “Exercise Price”). On November 10, 2022, 40% of the HGI Warrant Shares vested and became issuable (the “Vested Warrants”), and the remaining HGI Warrant Shares (the “Unvested Warrants”) were to vest and become exercisable if, prior to December 31, 2024, the Company were to achieve at least \$ 100.0 million in quarterly net revenue on a consolidated basis or if the Company consummates a Change of Control, as defined in HGI Warrants. If, as a result of the Change of Control, the Company’s equity holders own less than 25% of the equity securities of the surviving entity in such Change of Control, the Exercise Price shall be increased by 50%. As the Unvested Warrants did not achieve all of the required vesting criteria within the prescribed timeframe, they can no longer vest.

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

The Company determined the Vested Warrants and Unvested Warrants qualify as stock based compensation to a nonemployee. The Company recorded \$1.2 million in stock based compensation expense on the execution date of the HGI Subscription Agreement related to the Vested Warrants. The Company did not record any expenses related to the Unvested Warrants as the Company determined vesting conditions were not probable of being achieved.

The fair value of Vested Warrants and Unvested Warrants granted to HGI was estimated at the date of grant using the Black-Scholes option-pricing model, with the following assumptions:

Fair value of common stock	\$6.30
Expected term in years	4.5
Volatility	62.50%
Risk-free interest rate	4.00%
Dividend yield	—

**Reserved for Issuance**

The Company has the following shares of common stock reserved for future issuance, on an as-if converted basis:

	December 31, 2024		December 31, 2023	
	Class A Common Stock	Class B Common Stock	Class A Common Stock	Class B Common Stock
Private Placement Warrants	1,340,000	—	1,340,000	—
Public Warrants	1,460,146	—	1,460,146	—
Backstop Warrants	775,005	—	775,005	—
Volition Penny Warrants	—	—	20,905	—
Shares issuable upon conversion of convertible preferred stock	12,500,097	—	4,739,336	—
Other outstanding common stock warrants	362,000	111,895	2,484,778	113,776
Outstanding stock options	930,956	776,494	1,084,456	809,847
Outstanding restricted stock units	4,656,655	1,000	4,703,850	9,005
Shares available for issuance under 2022 Equity Incentive Plan	5,182,186	—	4,642,495	—
Shares available for issuance under 2022 Employee Stock Purchase Plan	846,157	—	746,212	—
<b>Total shares of common stock reserved</b>	<b>28,053,202</b>	<b>889,389</b>	<b>21,997,183</b>	<b>932,628</b>

**11. Stock-Based Compensation**

**Equity Incentive Plan**

In June 2022, the stockholders of the Company approved the Grove Collaborative Holdings, Inc. 2022 Equity and Incentive Plan (the “2022 Plan”). The Plan provides for the granting of stock-based awards to eligible participants,



**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

specifically officers, other employees, non-employee directors, consultants, independent contractors under terms and provisions established by the board of directors.

The 2022 Plan authorizes the issuance of the Company’s Class A Common Stock of up to 8,107,744 shares. The number of shares available shall increase annually on the first day of each calendar year continuing until (and including) calendar year December 31, 2032, with annual increases equal to lesser of (i) 5% of the number of shares of the Company’s Class A and Class B Common Stock issued and outstanding on December 31 of the immediately preceding fiscal year, and (ii) an amount determined by the board of directors.

Stock option activity under the Company’s equity incentive plan is as follows (in thousands, except share and per share amounts):

	<b>Options Outstanding</b>			
	<b>Number of Options</b>	<b>Weighted-Average Exercise Price</b>	<b>Weighted-Average Remaining Contractual Life (years)</b>	<b>Aggregate Intrinsic Value</b>
Balance – December 31, 2023	1,894,303	\$ 7.82	4.23	\$ 32
Exercised	(6,762)	1.02		
Cancelled/forfeited	(180,091)	12.63		
Balance – December 31, 2024	<u>1,707,450</u>	7.34	3.64	12
Vested and expected to vest – December 31, 2024	<u>1,707,450</u>	\$ 7.34	3.64	\$ 12
Options vested and exercisable – December 31, 2024	1,502,787	\$ 5.77	3.31	\$ 12

No stock options were granted during the years ended December 31, 2024 and 2023. The total grant date fair value of stock options that vested during the years ended December 31, 2024 and 2023 was \$0.1 million and \$0.2 million, respectively. The aggregate intrinsic value of options exercised during the years ended December 31, 2024 and 2023 was nominal. The aggregate intrinsic value is the difference between the current fair value of the underlying common stock and the exercise price for in-the-money stock options.

**Market-Based Stock Options**

In February 2021, the Company granted 203,434 stock options with market and liquidity event-related performance-based vesting criteria with an exercise price of \$18.85 per share. 100% of the stock options vest upon valuation of the Company’s stock at a stated price upon occurrence of specified transactions. Fair value was determined using the probability weighted expected term method (“PWERM”), which involves the estimation of future potential outcomes as well as values and probabilities associated with each potential outcome. Two potential scenarios were used in the PWERM that utilized 1) the value of the Company’s common equity, and 2) a Monte Carlo simulation to specifically value the award. The total grant date fair value of the award was determined to be \$5.5 million. Since a liquidity event is not deemed probable until such event occurs, no compensation cost related to the performance condition was recognized prior to the Business Combination on June 16, 2022. Subsequently, the Company recorded stock-based compensation expense of \$4.6 million for service periods completed prior to the Business Combination. As of December 31, 2024, the market-based vesting criteria had not been met.

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

**Restricted Stock Units (RSUs)**

The following table summarizes the activity for all RSUs under all of the Company’s equity incentive plans for the year ended December 31, 2024:

	Number of shares	Weighted–Average Grant Date Fair Value Per Share
Unvested – December 31, 2023	4,712,855	\$ 4.16
Granted	3,433,985	1.55
Vested	(2,495,751)	3.97
Forfeited	(993,434)	2.80
Balance – December 31, 2024	<u>4,657,655</u>	2.62

**CEO Award**

In August 2023, the Company’s Board of Directors granted its Chief Executive Officer an aggregate of 850,000 Class A Common Stock RSUs (the “CEO Award”) under the 2022 Plan. A portion of the CEO Award contains market based vesting requirements consisting of four tranches that vest separately upon the Company’s public stock price meeting certain price thresholds. Additionally, the CEO Award also contains a service requirement with 25% of the shares vesting each year from the grant date for four years. The CEO Award has a total aggregate value of \$2.0 million. During the years ended December 31, 2024 and 2023, the Company recorded \$0.5 million and \$0.3 million of stock-based compensation expense related to the CEO Award.

**Executive Chair Award**

In February 2024, the Company’s Board of directors granted its Executive Chairman of the board of directors 286,000 shares of market-based restricted stock units (the “Executive Chair Award”). The Executive Chair Award consists of the four tranches that vest separately upon the Company’s public stock price meeting certain price thresholds. Additionally, the Executive Chair Award also contains a service requirement with 33% of the shares vesting each year from the grant date for 3 years. During the year ended December 31, 2024 stock-based compensation expense related to the Executive Chair Award was \$0.2 million.

**Employee Stock Purchase Plan**

In May 2022, the Company’s board of directors adopted the 2022 Employee Stock Purchase Plan (the “ESPP”), which was subsequently approved by the Company’s stockholders. The ESPP went into effect on November 16, 2022. Subject to certain limitations contained therein, the ESPP allows eligible employees to contribute, through payroll deductions, up to 20% of their eligible compensation to purchase the Company’s Class A Common Stock at a discounted price per share. The Company recognized \$0.6 million and \$0.8 million of expense related to the ESPP for the years ended December 31, 2024 and 2023, respectively. There were 279,133 shares of Class A Common Stock purchased under the ESPP during the year ended December 31, 2024.

The following assumptions were used in estimating the fair values of shares under the ESPP for the period indicated:

	Year Ended December 31, 2024
Fair value of common stock	\$1.29 - \$1.53
Expected term (in years)	0.50 - 2.00
Volatility	60.00% - 91.00%
Risk-free interest rate	4.31% - 5.40%
Dividend yield	—

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

**Stock-Based Compensation Expense**

For the years ended December 31, 2024 and 2023 the Company recognized a total of \$12.0 million and \$15.5 million of stock-based compensation expense, respectively, related to stock options and RSUs granted to employees and non-employees. Stock-based compensation expense was predominately recorded in selling, general and administrative expenses in the consolidated statements of operations for each period presented. As of December 31, 2024, the total unrecognized compensation expense related to unvested options and RSUs was \$7.4 million, which the Company expects to recognize over an estimated weighted average period of 1.8 years. Equity award modifications during the presented periods were not material.

**12. Provision for Income Taxes**

The Company is subject to U.S. federal, state, and local corporate income taxes.

The Company's effective income tax rate reconciliation is composed of the following for the periods presented:

	Year Ended December 31,			
	2024		2023	
Federal statutory rate	21.0	%	21.0	%
State income taxes, net of federal tax benefit	(0.1)	%	—	%
Stock-based compensation	(11.7)	%	(9.2)	%
Remeasurement of derivative liabilities	7.6	%	0.1	%
Other	(0.6)	%	—	%
Change in valuation allowance	(16.3)	%	(12.0)	%
Provision for income taxes	(0.1)	%	(0.1)	%

The components of net deferred tax assets are as follows (in thousands):

	December 31,	
	2024	2023
Deferred tax assets:		
Net operating loss carryforwards	\$ 131,563	\$ 125,850
Deferred revenue	1,546	1,745
Inventory reserve and uniform capitalization	873	2,509
Operating lease liabilities	3,557	4,364
Accruals and other reserves	729	1,332
Stock-based compensation	4,107	5,570
Business interest carryforwards	10,127	7,660
Depreciation and amortization	817	—
Other	223	268
Total deferred tax assets	153,542	149,298
Less: valuation allowance	(150,486)	(145,711)
Total deferred tax assets, net of valuation allowance	3,056	3,587
Deferred tax liabilities:		
Operating lease right-of-use assets	(3,056)	(2,344)
Depreciation and amortization	—	(1,243)
Total deferred tax liabilities	(3,056)	(3,587)
Net deferred tax assets	\$ —	\$ —

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

The following summarizes the activity related to valuation allowances on deferred tax assets:

	December 31,	
	2024	2023
Valuation allowance, as of beginning of year	\$ 145,711	\$ 139,033
Valuation allowance established	5,346	5,947
Changes to existing valuation allowances	(571)	731
Valuation allowance, as of end of year	\$ 150,486	\$ 145,711

As of December 31, 2024, the Company had federal and state net operating loss (“NOL”) carryforwards of \$561.9 million and \$245.9 million, respectively. Federal NOL carryforwards \$536.9 million have no expiration and can only be used to offset 80% of the Company’s future taxable income. The state NOL carryforwards include \$211.7 million with definitive expiration dates and \$34.2 million with no expiration. The state NOLs are presented as an apportioned amount.

***Valuation Allowance***

The realization of deferred tax assets is based on historical tax positions and estimates of future taxable income. We evaluate both the positive and negative evidence that we believe is relevant in assessing whether we will realize the deferred tax assets. A valuation allowance is recorded when it is more likely than not that some portion of the deferred tax assets will not be realized. To the extent that a valuation allowance has been established and it is subsequently determined that it is more likely than not that the deferred tax assets will be recovered, the valuation allowance will be released.

The Company’s valuation allowance was \$150.5 million as of December 31, 2024, which represents an increase of \$4.8 million from the prior year. The increase in the valuation allowance primarily relates to the following: (i) an increase of \$5.3 million relating to current year operating activity, and (ii) an increase of \$0.6 million relating to changes to the state blended rate.

The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which those temporary differences are deductible. We consider the scheduled reversal of deferred tax liabilities (including the effect of available carryback and carryforward periods), as well as projected pre-tax book income in making this assessment. To fully utilize the NOL and tax credits carryforwards we will need to generate sufficient future taxable income in each respective jurisdiction.

***Uncertain Tax Positions***

During the years ended December 31, 2024 and 2023, the Company did not record any uncertain tax positions and the balances of unrecognized tax positions were nominal.

The amount of unrecognized tax benefits relating to the Company’s tax positions is subject to change based on future events including, but not limited to, the settlements of ongoing audits and/or the expiration of applicable statute of limitations. Although the outcomes and timing of such events are highly uncertain, the Company does not expect the unrecognized tax benefits to change significantly over the next 12 months.

The Company recognizes interest and penalties related to uncertain tax positions in its provision for income taxes. Accrued interest and penalties are included within the related tax liability.

The Company files income tax returns in the U.S. federal and various state and local jurisdictions. The Company has no ongoing tax examinations by the U.S. income tax authorities at this time.

**Grove Collaborative Holdings, Inc.**  
**Notes to Consolidated Financial Statements (continued)**

**13. Net Loss Per Share Attributable to Common Stockholders**

The following table presents the calculation of basic and diluted income (loss) per share attributable to common stockholders (in thousands, except share and per share data):

	Year Ended December 31,	
	2024	2023
Net loss, basic and diluted	\$ (27,423)	\$ (43,232)
Less: Accretion on Series A preferred stock	—	(957)
Less: Accumulated dividends on redeemable convertible preferred stock	(849)	(233)
Net loss attributable to common stockholders, basic and diluted	\$ (28,272)	\$ (44,422)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.76)	\$ (1.28)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	37,040,375	34,797,582

The following potentially dilutive shares were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented, because including them would have been anti-dilutive (on an as-converted basis):

	Year Ended December 31,	
	2024	2023
Redeemable Convertible Preferred Stock	12,500,097	4,739,336
Common stock options	1,707,450	1,894,303
Restricted stock units	4,657,655	4,712,855
Common stock warrants	473,895	2,598,554
Private and Public Placement Warrants	2,800,146	2,800,146
Earn-Out Shares	2,602,412	2,602,554
ESPP Shares	48,219	67,178
Total	24,789,874	19,414,926

**14. Subsequent Events**

On February 10, 2025, the Company completed the acquisition of substantially all of the assets and liabilities of Maddiebrit Products, LLC. The preliminary total gross consideration is \$2.2 million of cash funded with the Company's cash on hand. The Company's initial accounting for this acquisition is in process.

On February 15, 2025, all of the Company's outstanding shares of Class B Common Stock were automatically converted into Class A Common Stock. This conversion occurred because, as of December 31, 2024, the aggregate number of outstanding shares of Class B Common Stock (including securities exercisable or convertible into Class B Common Stock) represented less than ten percent of all outstanding shares of Common Stock. This calculation included both Class A Common Stock and Class B Common Stock, as well as securities exercisable for or convertible into common stock. After the conversion, the converted shares and securities carry identical rights, including voting rights, to those of Class A Common Stock or equivalent converted securities.

On March 10, 2025, the Company completed the acquisition of substantially all of the assets and liabilities of Tasty Greens LLC dba 8Greens. The preliminary gross consideration is not material to the Company's financial statements. The Company's initial accounting for this acquisition is in process.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None

**Item 9A. Controls and Procedures**

*(a) Evaluation of Disclosure Controls and Procedures*

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, is recorded, processed, summarized, and reported within the time period specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the chief executive officer and interim chief financial officer, as appropriate to allow timely decisions regarding required disclosure. The Company evaluated, with the participation of the current chief executive officer and interim chief financial officer (the "Company's Certifying Officers"), the effectiveness of the Company's disclosure controls and procedures as of December 31, 2024, the end of the period covered by this Annual Report on Form 10-K, pursuant to Rule 13a-15(b) under the Exchange Act. The Company's Certifying Officers concluded that our disclosure controls and procedures were effective as of December 31, 2024.

*Management's Report on Internal Control over Financial Reporting*

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Under the supervision and with the participation of management, our Chief Executive Officer and Interim Chief Financial Officer conducted an evaluation of the effectiveness of the internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). Based on such evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2024.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm due to a transition period established by the rules of the SEC for "emerging growth companies".

*(b) Changes in Internal Control over Financial Reporting*

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the year ended December 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. The Company does not expect that its disclosed controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

**Item 9B. Other Information**

None of our directors or executive officers adopted or terminated a Rule 10b5-1 trading arrangement or adopted or terminated a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the three months ended December 31, 2024.

**Item 9C. Disclosure Regarding Foreign Jurisdiction that Prevent Inspections.**

None

**Part III**

**Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this item is incorporated by reference to our definitive Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our year ended December 31, 2024.

**Item 11. Executive Compensation**

The information required by this item is incorporated by reference to our definitive Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our year ended December 31, 2024.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this item is incorporated by reference to our definitive Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our year ended December 31, 2024.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this item is incorporated by reference to our definitive Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our year ended December 31, 2024.

**Item 14. Principal Accounting Fees and Services**

The information required by this item is incorporated by reference to our definitive Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our year ended December 31, 2024.



**Part IV****Item 15. Exhibits***(a) Exhibits.*

<b>Exhibit Number</b>	<b>Description</b>
2.1†	<a href="#">Agreement and Plan of Merger, dated as of December 7, 2021, by and among Virgin Group Acquisition Corp. II, Treehouse Merger Sub, Inc. and Grove Collaborative, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K (File No. 001-40263), filed with the SEC on December 8, 2021).</a>
2.2†	<a href="#">Amended and Restated Agreement and Plan of Merger, dated as of March 31, 2022, by and among Virgin Group Acquisition Corp. II, Treehouse Merger Sub, Inc., Treehouse Merger Sub II, LLC and Grove Collaborative, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K (File No. 001-40263), filed with the SEC on April 4, 2022).</a>
3.1	<a href="#">Certificate of Incorporation of Grove Collaborative Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K (File No. 001-40263) filed with the SEC on June 23, 2022).</a>
3.2	<a href="#">Amended and Restated Bylaws of Grove Collaborative Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K (File No. 001-40263) filed with the SEC on November 30, 2023).</a>
3.3	<a href="#">Certificate of Amendment to Certificate of Incorporation of Grove Collaborative Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K (File No. 001-40263) filed with the SEC on June 5, 2023).</a>
3.4	<a href="#">Subscription Agreement between Grove Collaborative Holdings and Volition Capital Fund IV, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-40263) filed with the SEC on August 14, 2023).</a>
3.5	<a href="#">Amended and Restated Certificate of Designations of Series A Convertible Preferred Stock of Grove Collaborative Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-40263) filed with the SEC on September 23, 2024).</a>
3.6	<a href="#">Subscription Agreement by and between Grove Collaborative Holdings, Inc., and Volition Capital Fund IV, L.P. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-40263) filed with the SEC on September 23, 2024).</a>
4.1	<a href="#">Specimen Warrant Certificate (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-1 filed by the Registrant on March 15, 2021).</a>
4.2	<a href="#">Warrant Agreement, dated as of March 22, 2021, between Virgin Group Acquisition Corp. II and Continental Stock Transfer &amp; Trust Company (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by the Registrant on March 25, 2021).</a>
4.3	<a href="#">Certificate of Corporate Domestication of Virgin Group Acquisition Corp. II (incorporated by reference to Exhibit 4.3 of the Company's Form 8-K (File No. 001-40263) filed with the SEC on June 23, 2022).</a>
4.4	<a href="#">Warrant Agreement, dated June 16, 2022, between Grove Collaborative Holdings, Inc. and Corvina Holdings Limited (incorporated by reference to Exhibit 4.4 of the Company's Form 8-K (File No. 001-40263) filed with the SEC on June 23, 2022).</a>
4.5	<a href="#">Specimen Warrant to Purchase Shares of Common Stock of Grove Collaborative, Inc. (incorporated by reference to Exhibit 4.5 of the Company's Form 8-K (File No. 001-40263) filed with the SEC on June 23, 2022).</a>
4.6	<a href="#">Specimen Warrant to Purchase Shares of Common Stock of Grove Collaborative, Inc. (incorporated by reference to Exhibit 4.6 of the Company's Form 8-K (File No. 001-40263) filed with the SEC on June 23, 2022).</a>
4.7	<a href="#">Specimen Warrant to Purchase Shares of Common Stock of Grove Collaborative, Inc. (incorporated by reference to Exhibit 4.7 of the Company's Form 8-K (File No. 001-40263) filed with the SEC on June 23, 2022).</a>
4.8	<a href="#">Specimen Warrant to Purchase Shares of Common Stock of Grove Collaborative, Inc. (incorporated by reference to Exhibit 4.8 of the Company's Form 8-K (File No. 001-40263) filed with the SEC on June 23, 2022).</a>

Exhibit Number	Description
4.9	<a href="#">Specimen Warrant to Purchase Shares of Series A Preferred Stock of Grove Collaborative, Inc. (incorporated by reference to Exhibit 4.9 of the Company’s Form 8-K (File No. 001-40263) filed with the SEC on June 23, 2022).</a>
4.10	<a href="#">Specimen Warrant to Purchase Shares of Series B Preferred Stock of Grove Collaborative, Inc. (incorporated by reference to Exhibit 4.10 of the Company’s Form 8-K (File No. 001-40263) filed with the SEC on June 23, 2022).</a>
4.11	<a href="#">Specimen Warrant to Purchase Shares of Series C Preferred Stock of Grove Collaborative, Inc. (incorporated by reference to Exhibit 4.11 of the Company’s Form 8-K (File No. 001-40263) filed with the SEC on June 23, 2022).</a>
4.12	<a href="#">Specimen Warrant to Purchase Shares of Series D Preferred Stock of Grove Collaborative, Inc. (incorporated by reference to Exhibit 4.12 of the Company’s Form 8-K (File No. 001-40263) filed with the SEC on June 23, 2022).</a>
4.13	<a href="#">Warrant Agreement, dated November 10, 2022, between Grove Collaborative Holdings, Inc. and HCI Grove Management LLC (incorporated by reference to Exhibit 4.13 of the Company’s Form 10-Q, filed with the SEC on November 10, 2022).</a>
4.14*	<a href="#">Description of Registrant’s securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.</a>
4.15	<a href="#">Warrant Agreement, dated August 11, 2023, between Grove Collaborative Holdings, Inc. and Volition Capital Fund IV, L.P. (incorporated by reference to Exhibit 4.1 of the Company’s Form 8-K, filed with the SEC on August 14, 2023).</a>
4.16	<a href="#">Warrant Agreement, dated August 11, 2023, between Grove Collaborative Holdings, Inc. and Volition Capital Fund IV, L.P. (incorporated by reference to Exhibit 4.2 of the Company’s Form 8-K, filed with the SEC on August 14, 2023).</a>
5.1+	<a href="#">Agreement for the Payment of Benefits Following Termination of Employment dated as of August 16, 2023, by and between Grove Collaborative Holdings, Inc. and Jeff Yurcisin (incorporated by reference to Exhibit 5.1 of the Company’s Form 10-Q filed with the SEC on November 9, 2023)</a>
5.2+	<a href="#">Employee Inducement Performance Based Restricted Stock Unit Award Notice dated as of August 16, 2023, by and between Grove Collaborative Holdings, Inc and Jeff Yurcisin (incorporated by reference to Exhibit 5.2 of the Company’s Form 10-Q filed with the SEC on November 9, 2023)</a>
5.3+	<a href="#">Employee Inducement Restricted Stock Unit Award Notice dated as of August 16, 2023, by and between Grove Collaborative Holdings, Inc and Jeff Yurcisin (incorporated by reference to Exhibit 5.3 of the Company’s Form 10-Q filed with the SEC on November 9, 2023)</a>
5.4+	<a href="#">Letter of Transition by and between Grove Collaborative Holdings, Inc. and Stuart Landesberg (incorporated by reference to Exhibit 5.4 of the Company’s Form 10-Q filed with the SEC on November 9, 2023)</a>
10.1	<a href="#">Form of Subscription Agreement (incorporated by reference to Exhibit 10.2 of the Company’s Form 8-K (File No. 001-40263), filed with the SEC on December 8, 2021).</a>
10.2	<a href="#">Subscription Agreement (incorporated by reference to Exhibit 10.1 of the Company’s Form 8-K (File No. 001-40263), filed with the SEC on April 4, 2022).</a>
10.3	<a href="#">Amended and Restated Registration Rights Agreement, dated as of June 16, 2022, among the Company, Virgin Group Acquisition Sponsor II, LLC, and certain other parties (incorporated by reference to Exhibit 10.3 of the Company’s Form 8-K (File No. 001-40263), filed with the SEC on June 23, 2022).</a>
10.4	<a href="#">Form of Sponsor Agreement (incorporated by reference to Exhibit 10.1 of the Company’s Form 8-K (File No. 001-40263), filed with the SEC on December 8, 2021).</a>
10.5	<a href="#">Sponsor Agreement Amendment (incorporated by reference to Exhibit 10.2 of the Company’s Form 8-K (File No. 001-40263), filed with the SEC on April 4, 2022).</a>
10.6	<a href="#">Form of Support Agreement (incorporated by reference to Exhibit 10.3 of the Company’s Form 8-K (File No. 001-40263), filed with the SEC on December 8, 2021).</a>
10.7	<a href="#">Support Agreement Amendment (incorporated by reference to Exhibit 10.3 of the Company’s Form 8-K (File No. 001-40263), filed with the SEC on April 4, 2022).</a>
10.8+	<a href="#">Grove Collaborative Holdings, Inc. 2022 Equity and Incentive Plan and forms of agreement thereunder (incorporated by reference to Annex I to the Registration Statement on Form S-4/A (File No. 001-40263), filed with the SEC on May 13, 2022).</a>

<b>Exhibit Number</b>	<b>Description</b>
10.9+	<a href="#">Grove Collaborative Holdings, Inc. Employee Stock Purchase Plan (incorporated by reference to Annex J to the Registration Statement on Form S-4/A (File No. 001-40263), filed with the SEC on May 13, 2022).</a>
10.10+	<a href="#">Form of Indemnity Agreement by and between the Company and its directors and officers (incorporated by reference to Exhibit 10.8 to the Registration Statement on Form S-4/A (File No. 001-40263), filed with the SEC on May 13, 2022).</a>
10.11+	<a href="#">Grove Collaborative, Inc. 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.18 of the Company's Form 8-K (File No. 001-40263), filed with the SEC on June 23, 2022).</a>
10.12+	<a href="#">Form of Stock Option Grant Notice and Option Agreement under the Grove Collaborative, Inc. 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.19 of the Company's Form 8-K (File No. 001-40263), filed with the SEC on June 23, 2022).</a>
10.13+	<a href="#">Restricted Stock Unit Agreement under the Grove Collaborative, Inc. 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.20 of the Company's Form 8-K (File No. 001-40263), filed with the SEC on June 23, 2022).</a>
10.14+	<a href="#">Form of Restricted Stock Unit Grant Notice under the Grove Collaborative, Inc. 2016 Equity Incentive Plan (incorporated by reference to Exhibit 10.21 of the Company's Form 8-K (File No. 001-40263), filed with the SEC on June 23, 2022).</a>
10.15	<a href="#">Mezzanine Loan and Security Agreement, dated as of April 30, 2021, among Silicon Valley Bank, a California corporation, in its capacity as administrative agent and collateral agent, Silicon Valley Bank, a California corporation, as a lender, Hercules Capital, Inc., a Maryland corporation, as a lender, and Grove Collaborative, Inc., a Delaware public benefit corporation, as Borrower (incorporated by reference to Exhibit 10.11 of the Company's Form 8-K (File No. 001-40263), filed with the SEC on June 23, 2022).</a>
10.16	<a href="#">First Amendment to Mezzanine Loan and Security Agreement, dated as of May 9, 2022, among Silicon Valley Bank, a California corporation, in its capacity as administrative agent and collateral agent, Silicon Valley Bank, a California corporation, as a lender, Hercules Capital, Inc., a Maryland corporation, as a lender, and Grove Collaborative, Inc., a Delaware public benefit corporation, as Borrower (incorporated by reference to Exhibit 10.12 of the Company's Form 8-K (File No. 001-40263), filed with the SEC on June 23, 2022).</a>
10.17	<a href="#">Second Amendment to Mezzanine Loan and Security Agreement, dated as of June 16, 2022, among Silicon Valley Bank, a California corporation, in its capacity as administrative agent and collateral agent, Silicon Valley Bank, a California corporation, as a lender, Hercules Capital, Inc., a Maryland corporation, as a lender, and Grove Collaborative, Inc., a Delaware public benefit corporation, formerly known as Treehouse Merger Sub II, LLC, as Borrower (incorporated by reference to Exhibit 10.13 of the Company's Form 8-K (File No. 001-40263), filed with the SEC on June 23, 2022).</a>
10.18	<a href="#">Second Amended and Restated Loan and Security Agreement, dated as of July 29, 2020, between Silicon Valley Bank, a California corporation and Grove Collaborative, Inc. a Delaware corporation (incorporated by reference to Exhibit 10.14 of the Company's Form 8-K (File No. 001-40263), filed with the SEC on June 23, 2022).</a>
10.19	<a href="#">First Amendment to Second Amended and Restated Loan and Security Agreement, dated as of April 30, 2021, between Silicon Valley Bank, a California corporation and Grove Collaborative, Inc. a Delaware public benefit corporation (incorporated by reference to Exhibit 10.15 of the Company's Form 8-K (File No. 001-40263), filed with the SEC on June 23, 2022).</a>
10.20	<a href="#">Second Amendment to Second Amended and Restated Loan and Security Agreement, dated as of May 9, 2022, between Silicon Valley Bank, a California corporation and Grove Collaborative, Inc. a Delaware public benefit corporation (incorporated by reference to Exhibit 10.16 of the Company's Form 8-K (File No. 001-40263), filed with the SEC on June 23, 2022).</a>
10.21	<a href="#">Third Amendment to Second Amended and Restated Loan and Security Agreement, dated as of June 16, 2022, between Silicon Valley Bank, a California corporation and Grove Collaborative, Inc. a Delaware public benefit corporation, formerly known as Treehouse Merger Sub II, LLC, a Delaware limited liability company (incorporated by reference to Exhibit 10.17 of the Company's Form 8-K (File No. 001-40263), filed with the SEC on June 23, 2022).</a>
10.22	<a href="#">Standby Equity Purchase Agreement, dated as of July 18, 2022, between Grove Collaborative Holdings, Inc. and YA II PN, Ltd. (incorporated by reference to Exhibit 10.22 of the Company's Form S-1 (File No. 333-266197), filed with the SEC on July 18, 2022).</a>
10.23+	<a href="#">Form of Restricted Stock Unit Award Notice and Restricted Stock Unit Agreement (Executive Version) under the Grove Collaborative Holdings, Inc. 2022 Incentive Equity Plan (incorporated by reference to Exhibit 10.23 of the Company's Form 10-O, filed with the SEC on August 12, 2022).</a>

<b>Exhibit Number</b>	<b>Description</b>
10.24+	<a href="#">Form of Stock Option Grant Notice and Option Agreement (Executive Version) under the Grove Collaborative Holdings, Inc. 2022 Incentive Equity Plan (incorporated by reference to Exhibit 10.24 of the Company's Form 10-Q, filed with the SEC on August 12, 2022).</a>
10.25+	<a href="#">Form of Vested Option New Restricted Stock Unit Award Notice under Grove Collaborative Holdings, Inc. 2022 Equity and Incentive Plan (incorporated by reference to Exhibit (a)(1)(L) of the Company's Tender Offer Statement Under Section 14(d)(1) or 13(e)(1), filed with the SEC on September 26, 2022).</a>
10.26+	<a href="#">Form of Unvested Option New Restricted Stock Unit Award Notice under Grove Collaborative Holdings, Inc. 2022 Equity and Incentive Plan (incorporated by reference to Exhibit (a)(1)(M) of the Company's Tender Offer Statement Under Section 14(d)(1) or 13(e)(1), filed with the SEC on September 26, 2022).</a>
10.27†	<a href="#">Subscription Agreement, dated November 10, 2022, between Grove Collaborative Holdings, Inc. and HCI Grove LLC (incorporated by reference to Exhibit 10.27 of the Company's Form 10-Q, filed with the SEC on November 10, 2022).</a>
10.28†	<a href="#">Consulting Agreement, dated November 10, 2022, between Grove Collaborative Holdings, Inc. and HCI Grove Management LLC (incorporated by reference to Exhibit 10.28 of the Company's Form 10-Q, filed with the SEC on November 10, 2022).</a>
10.29†	<a href="#">Loan and Security Agreement, dated as of December 21, 2022, by and among Grove Collaborative Holdings, Inc., Grove Collaborative, Inc., Ocean II PLO LLC and the lending institutions party thereto (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K, filed with the SEC on December 27, 2022).</a>
10.30†	<a href="#">Security Issuance Agreement, dated as of December 21, 2022, by and among Grove Collaborative Holdings, Inc., Structural Capital Investments III, LP, Structural Capital Holding III, LP, Structural Capital Investments IV, LP, Structural Capital Holding IV, LP and Series PCI Grove, a series of Structural Capital Primary Co-Investment Fund, LLC (incorporated by reference to Exhibit 10.2 of the Company's Form 8-K, filed with the SEC on December 27, 2022).</a>
10.31†	<a href="#">Security Issuance Agreement, dated as of December 21, 2022, by and between Grove Collaborative Holdings, Inc. and Avenue Sustainable Solutions Fund, L.P. (incorporated by reference to Exhibit 10.3 of the Company's Form 8-K, filed with the SEC on December 27, 2022).</a>
10.32+	<a href="#">Form of Performance Cash Award Notice and Performance Cash Award Agreement under the Grove Collaborative Holdings, Inc. 2022 Incentive Equity Plan (incorporated by reference to Exhibit 10.32 of the Company's Form 10-Q, filed with the SEC on May 11, 2023)</a>
10.33†	<a href="#">Loan and Security Agreement, dated as of March 10, 2023, by and among Grove Collaborative Holdings, Inc., Grove Collaborative, Inc., each of their subsidiaries signatory thereto from time to time as guarantors, and Siena Lending Group LLC (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K (File No. 001-40263) filed with the SEC on March 14, 2023).</a>
10.34††	<a href="#">Amendment No. 1 to Loan and Security Agreement, dated as of March 10, 2023, by and among Grove Collaborative Holdings, Inc., Grove Collaborative, Inc., Ocean II PLO LLC and the lending institutions party thereto (incorporated by reference to Exhibit 10.34 of the Company's Form 10-Q filed with the SEC on May 11, 2023)</a>
10.35*	<a href="#">Separation Agreement and General Release of All Claims dated as of December 20, 2024, by and between Grove Collaborative Holdings, Inc. and Christopher Clark</a>
10.36*	<a href="#">Separation Agreement and General Release of All Claims dated as of February 14, 2025, by and between Grove Collaborative Holdings, Inc. and Sergio G. Cervantes Romero</a>
10.37*	<a href="#">Letter of Transition by and between Grove Collaborative Holdings, Inc. and Stuart Landesberg</a>
19.1*	<a href="#">Insider Trading and Confidentiality Policy</a>
21.1	<a href="#">Subsidiaries of Registrant (incorporated by reference to Exhibit 21 of the Company's Form 10-K filed on March 16, 2023)</a>
23.1*	<a href="#">Consent of Independent Registered Public Accounting Firm – Moss Adams LLP</a>
23.2*	<a href="#">Consent of Independent Registered Public Accounting Firm – Ernst &amp; Young LLP</a>
31.1*	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>

<b>Exhibit Number</b>	<b>Description</b>
32.1*	<a href="#">Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
97.1*	<a href="#">Grove Collaborative Holdings, Inc. Compensation Clawback Policy</a>
101.INS*	Inline Instance Document.
101.SCH	Inline Taxonomy Extension Schema Document.
101.CAL*	Inline Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\* Filed herewith.

+ Indicates management contract or compensatory plan or arrangement.

† Schedules and exhibits to this Exhibit omitted pursuant to Regulation S-K Item 601(b)(2). The Registrant agrees to furnish supplementally a copy of any omitted schedule of exhibit to the SEC upon request.

†† The Registrant has redacted provisions or terms of this Exhibit pursuant to Regulation S-K Item 601(b)(10)(iv). The Registrant agrees to furnish an unredacted copy of the Exhibit to the SEC upon its request.

#### **Item 16. Form 10-K Summary**

None

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Date: March 19, 2025**

**GROVE COLLABORATIVE HOLDINGS, INC.**

By: /s/ Jeff Yurcisin  
Name: Jeff Yurcisin  
Title: Chief Executive Officer and Director  
(Principal Executive Officer)

By: /s/ Tom Siragusa  
Name: Tom Siragusa  
Title: Interim Chief Financial Officer  
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 19, 2025 By: /s/ Rayhan Arif  
Rayhan Arif, Director

Date: March 19, 2025 By: /s/ Larry Cheng  
Larry Cheng, Director

Date: March 19, 2025 By: /s/ David Glazer  
David Glazer, Director

Date: March 19, 2025 By: /s/ Stuart Landesberg  
Stuart Landesberg, Director

Date: March 19, 2025 By: /s/ Kristine Miller  
Kristine Miller, Director

Date: March 19, 2025 By: /s/ John Replogle  
John Replogle, Director

Date: March 19, 2025 By: /s/ Naytri Shroff Sramek  
Naytri Shroff Sramek, Director

Date: March 19, 2025 By: /s/ Jeff Yurcisin  
Jeff Yurcisin, Director

**DESCRIPTION OF REGISTRANT'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12 OF  
THE SECURITIES EXCHANGE ACT OF 1934**

The following description summarizes certain important terms of the securities of Grove Collaborative Holdings, Inc., formerly Virgin Group Acquisition Corp. II ("we," "us," "our," the "Company" or "Grove") as of December 31, 2024, except as otherwise noted herein. Because the following description is only a summary, it does not contain all the information that may be important to you. For a complete description of the matters set forth in this document, you should refer to our Certificate of Incorporation (the "Charter"), our Bylaws (the "Bylaws"), the Amended and Restated Certificate of Designation of Series A Convertible Preferred Stock (the "Certificate of Designation"), the Warrant Agreement, dated March 22, 2021, between us and Continental Stock Transfer & Trust Company ("Continental") as warrant agent (the "Warrant Agreement"), Warrant Agreement, dated June 16, 2022, between Grove and Corvina Holdings Limited (the "Backstop Warrant Agreement" and such warrants issued thereunder, the "Backstop Warrants"), the Warrant Agreement between us and HCI Grove Management LLC (the "HGI Warrant Agreement" and such warrants issued thereunder, the "HGI Warrants"), the Subscription Agreement, dated August 11, 2023, by and between the Company and Volition Capital Fund IV, L.P. (the "2023 Subscription Agreement"), the Subscription Agreement, dated September 20, 2024, by and between the Company and Volition Capital Fund IV, L.P. (the "2024 Subscription Agreement"), and the Amended and Restated Agreement and Plan of Merger, dated March 31, 2022 (the "Business Combination Agreement", and the transactions contemplated thereby, the "Business Combination"), by and among us and Grove Collaborative, Inc., which are included as exhibits to our Annual Report on Form 10-K for the year ended December 31, 2024 (the "Annual Report"), of which this Exhibit forms a part, and to the applicable provisions of the Delaware General Corporation Law (the "DGCL").

As of December 31, 2024, we have two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): our Class A common stock (the "Class A Common Stock") and our public warrants (the "Public Warrants").

**Authorized Capitalization**

Our authorized capital stock consists of 600,000,000 shares of Class A Common Stock, 200,000,000 shares of our Class B common stock (the "Class B Common Stock") and 100,000,000 shares of preferred stock (the "Preferred Stock"), of which 10,000 shares are designed as Series A Convertible Preferred Stock and (ii) 15,000 shares of which are designated as Series A' Convertible Preferred Stock. Unless the our Board of Directors (the "Board") determines otherwise, we will issue all shares of capital stock in uncertificated form.

The following summary describes all material provisions of Grove's capital stock. We urge you to read the Charter and Bylaws.

**Common Stock**

***Class A Common Stock***

*Voting rights.* Each holder of Class A Common Stock is entitled to one (1) vote for each share of Class A Common Stock held of record by such holder on all matters voted upon by our stockholders, provided, however, that, except as otherwise required in the Charter, as provided by law or by the resolution(s) or any certificate of designation providing for the issue of any Preferred Stock, the holders of Class A Common Stock is not entitled to vote on any amendment to the Charter that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Charter (including any certificate of designation relating to any series of Preferred Stock) or pursuant to the DGCL.

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*Dividend rights.* Subject to the DGCL and the rights of holders of Preferred Stock, holders of shares of Class A Common Stock and Class B Common Stock are entitled to receive ratably, on a per share basis, dividends and other distributions in cash, capital stock, or property of Grove as may be declared and paid from time to time by the Board out of any of Grove's assets or funds legally available therefor; provided, that in the event a dividend is paid in the form of shares of Class A Common Stock or Class B Common Stock (or rights to acquire such shares), then the holders of Class A Common Stock will receive shares of Class A Common Stock (or rights to acquire such shares, as the case may be) and the holders of Class B Common Stock will receive shares of Class B Common Stock (or rights to acquire such shares, as the case may be), with the holders of shares of Class A Common Stock and Class B Common Stock receiving, on a per share basis, the same number of shares of Class A Common Stock or Class B Common Stock, as applicable.

*Rights upon liquidation.* Subject to the DGCL and the rights of holders of Preferred Stock, holders of shares of Class A Common Stock and Class B Common Stock, after payment or provision for payment of the debts and other liabilities of Grove, are entitled to receive all of the assets and funds of Grove available for distribution in the event of any liquidation, dissolution, or winding up of Grove, whether voluntary or involuntary, ratably in proportion to the number of shares of the Class A Common Stock held by them.

*Other rights.* No holder of shares of Class A Common Stock are entitled to preemptive or subscription rights contained in the Charter or Bylaws. There are no redemption or sinking fund provisions applicable to the Class A Common Stock. The rights, preferences and privileges of holders of the Class A Common Stock will be subject to those of the holders of any shares of the Preferred Stock that Grove may issue in the future.

#### **Class B Common Stock**

*Voting rights.* Each holder of Class B Common Stock are entitled to ten (10) votes for each share of Class B Common Stock held of record by such holder on all matters voted upon by Grove's stockholders, provided, however, that, except as otherwise required in the Charter, as provided by law or by the resolution(s) or any certificate of designation providing for the issue of any Preferred Stock, the holders of Class B Common Stock are not entitled to vote on any amendment to the Charter that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Charter (including any certificate of designation relating to any series of Preferred Stock) or pursuant to the DGCL.

*Dividend rights.* Subject to the DGCL and the rights of holders of Preferred Stock, holders of shares of Class A Common Stock and Class B Common Stock are entitled to receive ratably, on a per share basis, dividends and other distributions in cash, stock, or property of Grove as may be declared and paid from time to time by the Board out of any of Grove's assets or funds legally available therefor; provided that in the event a dividend is paid in the form of shares of Class A Common Stock or Class B Common Stock (or rights to acquire such shares), then the holders of Class A Common Stock will receive shares of Class A Common Stock (or rights to acquire such shares, as the case may be) and the holders of Class B Common Stock will receive shares of Class B Common Stock (or rights to acquire such shares, as the case may be), with the holders of shares of Class A Common Stock and Class B Common Stock receiving, on a per share basis, the same number of shares of Class A Common Stock or Class B Common Stock, as applicable.

*Rights upon liquidation.* Subject to the DGCL and the rights of holders of Preferred Stock, holders of shares of Class A Common Stock and Class B Common Stock, after payment or provision for payment of the debts and other liabilities of Grove, are entitled to receive all of the assets and funds of Grove available for distribution in the event of any liquidation, dissolution, or winding up of Grove, whether voluntary or involuntary, ratably in proportion to the number of shares of the Grove Class B Common Stock held by them.

*Transfers.* Pursuant to the Charter, holders of Class B Common Stock are generally restricted from transferring such shares, other than to another Class B Common Stockholder or a Permitted Entity (as defined in the Charter).

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*Mandatory Conversion.* Each share of Class B Common Stock will be automatically converted into an equal number of fully paid and nonassessable shares of Class A Common Stock upon any Transfer (as defined in the Charter) of such shares of Class B Common Stock, except for a Transfer to a Permitted Entity (as defined in the Charter). Holders of Class B Common Stock may also elect to convert into an equal number of fully paid and nonassessable shares of Class A Common Stock at their option.

*Other rights.* No holder of shares of Class B Common Stock are entitled to preemptive or subscription rights contained in the Charter or Bylaws. There are no redemption or sinking fund provisions applicable to the Class B Common Stock. The rights, preferences, and privileges of holders of the Class B Common Stock will be subject to those of the holders of any shares of the Preferred Stock that Grove may issue in the future.

On February 15, 2025, all of the Company's outstanding shares of Class B Common Stock were automatically converted into Class A Common Stock. This conversion occurred because, as of December 31, 2024, the aggregate number of outstanding shares of Class B Common Stock (including securities exercisable or convertible into Class B Common Stock) represented less than ten percent of all outstanding shares of Common Stock. This calculation included both Class A Common Stock and Class B Common Stock, as well as securities exercisable for or convertible into Common Stock. After the conversion, the converted shares and securities carry identical rights, including voting rights, to those of Class A Common Stock or equivalent converted securities.

## **Preferred Stock**

The Board has the authority to issue shares of Preferred Stock from time to time on terms it may determine, to divide shares of Preferred Stock into one or more series, and to fix the designations, preferences, privileges, and restrictions of Preferred Stock, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preference, sinking fund terms, and the number of shares constituting any series or the designation of any series to the fullest extent permitted by the DGCL. The issuance of Preferred Stock could have the effect of decreasing the trading price of Class A Common Stock, restricting dividends on the capital stock of Grove, diluting the voting power of the Class A Common Stock, impairing the liquidation rights of the capital stock of Grove, or delaying or preventing a change in control of Grove. The Certificate of Designation fixes the powers, designations, preferences, and other rights of the Series A Convertible Preferred Stock and Series A' Convertible Preferred Stock.

### ***Series A Convertible Preferred Stock and Series A' Convertible Preferred Stock***

*Ranking and Dividends.* The Series A Convertible Preferred Stock shall rank *pari passu* to the Series A' Convertible Preferred Stock and the Preferred Stock shall rank prior and superior to all of the Class A Common Stock, Class B Common Stock, and any other capital stock of the Company. Each of the Series A Convertible Preferred Stock and Series A' Convertible Preferred Stock has a liquidation preference of \$1,000.00 per share (the "Liquidation Preference"). The holders of then outstanding shares of each of the Series A Convertible Preferred Stock and Series A' Convertible Preferred Stock shall be entitled to receive, only when, as and if declared by the Board, out of any funds and assets legally available therefor, dividends at the rate of 6% per annum of the Liquidation Preference for each share of Series A Convertible Preferred Stock and Series A' Convertible Preferred Stock, prior and in preference to any declaration or payment of any other dividend (other than dividends on shares of Class A Common Stock payable in shares of Class A Common Stock).

*Conversion and Redemption.* Each share of Series A Convertible Preferred Stock and Series A' Convertible Preferred Stock is convertible, at the option of the holder thereof, at any time, at the office of the Company or any transfer agent for such stock, into such number of fully paid and nonassessable shares of Class A Common Stock equal to the sum of (i) the amount determined by dividing (x) the Liquidation Price plus any declared but unpaid dividends to which such share of Series A Convertible Preferred Stock or Series A' Convertible Preferred Stock is then entitled by (y) the then-effective applicable Conversion Preference in effect on the date the certificate is surrendered for conversion or notice is provided for non-certificated shares and (ii) the Subsequent Issuance Share Adjustment (collectively, the "Conversion Amount"). The "Conversion Price" for shares of (A) Series A Convertible Preferred Stock is \$2.11 per share and (B) Series A' Convertible Preferred Stock is \$1.9328 per share, in each case as adjusted for stock splits, combinations, stock dividends, recapitalizations and the like (each a "Conversion Rate"). The "Subsequent Issuance Share Adjustment" for shares of Series A Convertible Preferred Stock shall initially be equal to zero and shall be adjusted as set forth in Section 5(h) of the Certificate of Designation.

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Cash will be paid in lieu of any fractional shares based on the closing market price of the Class A Common Stock on the conversion date. The Conversion Rate is subject to adjustment for customary anti-dilution protections, including for stock dividends, splits, and combinations, rights offerings, spin-offs, distributions of cash or other property (to the extent not participating on an as-converted basis) and above market self-tender or exchange offers.

Subject to certain exceptions, upon the occurrence of a fundamental change, voluntary or involuntary liquidation, dissolution or winding-up of the Company, the Company will be required to pay an amount per share of Series A Convertible Preferred Stock and Series A' Convertible Preferred Stock equal to the greater of (i) \$1,000.00 per share or (ii) the consideration per share of Series A Convertible Preferred Stock or Series A' Convertible Preferred Stock, as applicable, as would have been payable had all shares of Series A Convertible Preferred Stock or Series A' Convertible Preferred Stock, as applicable, been converted to Class A Common Stock immediately prior to the liquidation event, plus, in each case, the aggregate amount of all declared but unpaid dividends thereon to the date of final distribution to the holders of Series A Convertible Preferred and Stock Series A' Convertible Preferred Stock.

*Voting and Consent Rights.* Holders of shares of Series A Convertible Preferred Stock and Series A' Convertible Preferred Stock are each entitled to vote with the holders of shares of Class A Common Stock on an as-converted to common basis at any annual or special meeting of stockholders of the Company, and not as a separate class, except as required by Delaware law. Additionally, for so long as 50% of the shares of Preferred Stock remain outstanding, the Company will be prohibited, without the consent of the holders of at least a majority of the shares of Preferred Stock, from taking various corporate actions, including:

- amend, modify or alter (A) the Certificate of Designation or (B) the Company's certificate of incorporation (including by filing any new certificate of designation or elimination) or the Bylaws of the Company, in each case with respect to this clause (B) in a manner that adversely affects the special rights, preference or privileges of the Preferred Stock;
- increase or decrease the authorized number of shares of Preferred Stock or issue additional shares of Preferred Stock;
- authorize, create, issue or obligate itself to issue (by reclassification, merger or otherwise) any capital stock (or any class or series thereof) that has any rights, preferences or privileges senior to, or on a parity with, the Preferred Stock (a "New Security") unless the holders of Preferred Stock are offered the opportunity to participate in the offering of the New Security pursuant to Section 10.2 of the Subscription Agreement; or
- authorize, create, issue or obligate itself to issue, assume, incur or guarantee any indebtedness, that is not included in the Company's budget approved by the Board or otherwise approved by the Board other than (1) the issuance of up to an aggregate of \$2,500,000 of indebtedness or (2) trade payables incurred in the ordinary course of business.

*Beneficial Ownership and Voting Limitations.* The Certificate of Designation includes certain provisions that prevent holders from converting shares Series A Convertible Preferred Stock and Series A' Convertible Preferred Stock or voting shares of Series A Convertible Preferred Stock and Series A' Convertible Preferred Stock on an as-converted-to-Class A Common Stock basis, as applicable, prior to obtaining the stockholder approval in accordance with the applicable rules and regulations of the New York Stock Exchange, to the extent such action would result in such holder beneficially owning or voting in excess of 29.99% of the Company's outstanding Class A Common Stock.

*Board.* For so long as Volition Capital Fund IV, L.P. beneficially holds 20% or more of the shares of Class A Common Stock (calculated on as-converted basis based on the Conversion Price (as adjusted for stock splits, combinations, stock dividends, recapitalizations and the like)) such purchaser acquired pursuant to the 2023 Subscription Agreement and 2024 Subscription Agreement, such purchaser shall have the right to designate up to one director for election to the Board as a Class I Director.

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### ***Election of Directors and Vacancies***

Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the number of directors of the Board is fixed solely and exclusively by resolution duly adopted from time to time by the Board. Under the Bylaws, at all meetings of stockholders called for the election of directors, a plurality of the votes properly cast will be sufficient to elect such directors to the Board.

The Board is divided into three classes of directors designated as Class I, Class II, and Class III, respectively. Except as the DGCL may otherwise require and subject to the rights, if any, of the holders of any series of Preferred Stock, in the interim between annual meetings of stockholders or special meetings of stockholders called for the election of directors and/or the removal of one or more directors and the filling of any vacancy in that connection, newly created directorships, and any vacancies on the Board, including unfilled vacancies resulting from the removal of directors, may be filled only by the affirmative vote of a majority of the remaining directors then in office, although less than a quorum, or by the sole remaining director (and not by Grove stockholders). All directors hold office until the expiration of their respective terms of office and until their successors will have been elected and qualified. A director elected or appointed to fill a vacancy resulting from the death, resignation, retirement, disqualification, or removal of a director or a newly created directorship will serve for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until his or her successor will have been elected and qualified.

Subject to the rights, if any, of any series of Preferred Stock, any director may be removed from office only with cause and only by the affirmative vote of the holders of a majority of the then outstanding voting stock of Grove entitled to vote at an election of directors, voting together as a single class.

In addition to the powers and authorities before or by statute expressly conferred upon them, the directors are empowered to exercise all such powers and do all such acts and things as may be exercised or done by Grove, subject, nevertheless, to the provisions of the DGCL, the Charter, the Bylaws, and to any bylaw adopted and in effect from time to time; provided, however, that no bylaw so adopted will invalidate any prior act of the directors which would have been valid if such bylaw had not been adopted.

Notwithstanding the foregoing provisions, any director elected pursuant to the right, if any, of the holders of Preferred Stock to elect additional directors under specified circumstances will serve for such term or terms and pursuant to such other provisions as specified in the relevant certificate of designations related to the Preferred Stock.

### **Quorum**

The holders of a majority of the voting power of the capital stock issued and outstanding and entitled to vote at the meeting, present in person, or represented by proxy, constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise required by law or provided by the Charter or Bylaws; provided, however, that where a separate vote by a class or classes or series of capital stock is required by law or the Charter, the holders of a majority in voting power of the shares of such class or classes or series of the capital stock of Grove issued and outstanding and entitled to vote on such matter, present in person, present by means of remote communication in a manner, if any, authorized by the Board in its sole discretion, or represented by proxy, constitutes a quorum entitled to take action with respect to the vote on such matter. If, however, such quorum will not be present or represented at any meeting of the stockholders, the chairperson of the meeting will have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum will be present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting will be given to each stockholder entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting.

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### **Anti-takeover Effects of the Charter and Bylaws**

The Charter 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 Grove to first negotiate with the Board. However, they also give the Board the power to discourage acquisitions that some stockholders may favor.

### **Authorized but Unissued Capital Stock**

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of NYSE, which would apply if and so long as the Class A Common Stock (or units or warrants) remains listed on NYSE, require stockholder approval of certain issuances equal to or exceeding 20% of the then-outstanding voting power or then-outstanding number of shares of Class A Common Stock. Additional shares that may be issued in the future may be used for a variety of corporate purposes, including future public offerings, to raise additional capital, or to facilitate acquisitions.

One of the effects of the existence of unissued and unreserved common stock may be to enable the Board to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of Grove by means of a merger, tender offer, proxy contest, or otherwise and thereby protect the continuity of management and possibly deprive stockholders of opportunities to sell their shares of Class A Common Stock at prices higher than prevailing market prices.

### **Dual-Class Stock**

As described above in “*Common Stock Class A Common Stock Voting Rights*” and “*Common Stock Class B Common Stock Voting Rights*,” the Charter provides for a dual-class common stock structure.

### **Special Meeting, Action by Written Consent, and Advance Notice Requirements for Stockholder Proposals**

Unless otherwise required by law, and subject to the rights, if any, of the holders of any series of Preferred Stock, special meetings of the stockholders of Grove, for any purpose or purposes, may be called only by a majority of the Board, the Chairman of the Board, the Chief Executive Officer of Grove or when requested in writing by the holders of not less than 20% of all votes entitled to be cast at the meeting, and may not be called by any other person. Unless otherwise required by law, written notice of a special meeting of stockholders, stating the time, place, and purpose or purposes thereof, shall be given to each stockholder entitled to vote at such meeting, not less than ten or more than sixty (60) days before the date fixed for the meeting. Business transacted at any special meeting of stockholders will be limited to the purposes stated in the notice.

The Bylaws also provide that unless otherwise restricted by the Charter or the Bylaws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, if all members of the Board or of such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee.

In addition, the Bylaws require advance notice procedures for stockholder proposals to be brought before an annual meeting of the stockholders, including the nomination of directors. Stockholders at an annual meeting may only consider the proposals specified in the notice of meeting or brought before the meeting by or at the direction of the Board, or by a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered a timely written notice in proper form to Grove’s secretary, of the stockholder’s intention to bring such business before the meeting.

These provisions could have the effect of delaying until the next stockholder meeting any stockholder actions, even if they are favored by the holders of a majority of Grove’s outstanding voting securities.

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### **Amendment to Charter and Bylaws**

The DGCL provides generally that the affirmative vote of a majority of the outstanding stock entitled to vote on amendments to a corporation's certificate of incorporation or bylaws is required to approve such amendment, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage.

The Charter provides that all provisions therein may be altered, amended, or repealed only by the affirmative vote of the holders of at least two-thirds (66.7%) in voting power of the outstanding shares of capital stock of Grove entitled to vote generally in the election of directors, voting together as a single class. Additionally, the Charter provides that the authorized number of shares of any class of stock may not be increased or decreased (but not below the number of shares thereof then-outstanding) by the affirmative vote of a majority of the voting power of the stock entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL.

The Bylaws may be amended, altered, or repealed (A) by the affirmative vote of a majority of the Board or (B) in addition to any vote of the holders of any class or series of capital stock of Grove required by law or the Charter, the affirmative vote of the holders of at least two-thirds (66.7%) of the voting power of all then-outstanding shares of capital stock of Grove entitled to vote generally in the election of directors, voting together as a single class.

Section 203 of the DGCL provides that if a person acquires 15% or more of the voting stock of a Delaware corporation, such person becomes an "interested stockholder" and may not engage in certain "business combinations" with the corporation for a period of three years from the time such person acquired 15% or more of the corporation's voting stock, unless:

- (1) the Board approves the acquisition of stock or the merger transaction before the time that the person becomes an interested stockholder;
- (2) the interested stockholder owns at least 85% of the outstanding voting stock of the corporation at the time the merger transaction commences (excluding voting stock owned by directors who are also officers and certain employee stock plans); or
- (3) the merger transaction is approved by the board of directors and at a meeting of stockholders, not by written consent, by the affirmative vote of 2/3 of the outstanding voting stock which is not owned by the interested stockholder.

A Delaware corporation may elect in its certificate of incorporation or bylaws not to be governed by this particular Delaware law.

### **Classified Board and Stockholder Action by Written Consent**

The Charter provides that the Board will be classified into three classes of directors, each of which will hold office for a three-year term. A third party may be discouraged from making a tender offer or otherwise attempting to obtain control of Grove at a time when there is a classified board as it is more difficult and time consuming for stockholders to replace a majority of the directors on a classified board of directors.

Under the Charter, Grove stockholders will be required to take action at an annual or special meeting of Grove stockholders. This provision may have the effect of delaying or preventing hostile stockholder action designed to effect a change in control of Grove.

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### **Limitations on Liability and Indemnification of Officers and Directors**

The Charter limits the liability of the directors of Grove to the fullest extent permitted by the DGCL, and the Bylaws provide that Grove will indemnify them to the fullest extent permitted by such law. Grove has entered and expects to continue to enter into agreements to indemnify Grove directors, executive officers, and other employees as determined by the Board. Under the terms of such indemnification agreements, Grove is required to indemnify each of Grove directors, officers, and other employees party to such an agreement, to the fullest extent permitted by the laws of the State of Delaware, if the basis of the indemnitee's involvement was by reason of the fact that the indemnitee is or was a director, officer, employee, or agent of Grove or any of its subsidiaries or was serving at Grove's request in an official capacity for another entity. Grove must indemnify Grove's officers and directors against all reasonable fees, expenses, charges, judgments, fines, amounts paid in settlement, and other costs of any type or nature whatsoever, including any and all expenses and obligations paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal), or preparing to defend, be a witness or participate in any completed, actual, pending, or threatened action, suit, claim, or proceeding, whether civil, criminal, administrative, or investigative, or establishing or enforcing a right to indemnification under the indemnification agreement. The indemnification agreements also require us, if so requested, to advance within 20 days (or 10 days in any action brought by the indemnitee for indemnification under the indemnification agreement) of such request all reasonable fees, expenses, charges, and other costs that such director, officer or other employee party to such an agreement incurred, provided that such person will return any such advance if it is ultimately determined that such person is not entitled to indemnification by us. Any claims for indemnification by Grove directors, officers, or other employees may reduce Grove's available funds to satisfy successful third-party claims against Grove and may reduce the amount of money available to Grove.

### **Exclusive Jurisdiction of Certain Actions**

The Charter requires, to the fullest extent permitted by law, unless Grove consents in writing to the selection of an alternative forum, that derivative actions brought in the name of Grove, actions against current or former directors, officers, employees, and agents for breach of fiduciary duty, actions asserting a claim arising pursuant to any provision of the DGCL or the Charter or the Bylaws and actions asserting a claim against Grove governed by the internal affairs doctrine may be brought only in the Court of Chancery in the State of Delaware and any stockholder will be deemed to have consented to such provision. The provision may have the effect of discouraging lawsuits against Grove directors and officers.

The exclusive forum provision in the Charter would not apply to claims brought under the Exchange Act or the Securities Act. To the extent the exclusive forum provision restricts the venue in which holders of Grove common stock may bring claims arising under the federal securities laws, there is uncertainty as to whether a court would enforce such provisions. The exclusive forum provision in the Charter shall not relieve Grove of its duties to comply with the federal securities laws and the rules and regulations thereunder, and Grove's stockholders will not be deemed to have waived our compliance with these laws, rules and regulations.

In addition, the Charter requires that, unless Grove consents in writing to the selection of an alternative forum, the federal district courts of the United States shall be the sole and exclusive forum for resolving any action asserting a claim arising under the Securities Act.

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## **Public Benefit Corporation**

Grove is a public benefit corporation under subchapter XV of the DGCL. As a public benefit corporation, Grove adopted the following public benefits to be promoted by the corporation (the “**PBC Purpose**”):

*The specific public benefits to be promoted by Grove are the development, promotion and distribution of consumer products as a positive force for human and environmental health globally.*

As a public benefit corporation, the Board will be required by the DGCL to manage or direct Grove’s business and affairs in a manner that balances the pecuniary interests of Grove stockholders, the best interests of those materially affected by its conduct, and the specific public benefits identified in the Charter. However, the Board will not have any duty to any person on account of any interest of such person in the PBC Purpose or on account of any interest materially affected by Grove’s conduct, and its balance requirement described in the previous sentence will be deemed satisfied if the Board’s decision is both informed and disinterested and not such that no person of ordinary sound judgment would approve. Grove will also be required to assess its benefit performance internally and to disclose to stockholders at least biennially a report that details its promotion of the public benefits identified in the Charter and of the best interests of those materially affected by its conduct. It is expected that the Board will measure Grove’s benefit performance against the objectives and standards proposed by it and approved by the Board.

## **Warrants**

### ***Public Warrants***

Five Grove Public Warrant entitles the registered holder to purchase one (1) share of Grove at a price of \$57.50 per share, subject to adjustment as discussed below, at any time commencing on the later of one year from the closing of the initial public offering and 30 days after the completion of an initial business combination, provided in each case that Grove has an effective registration statement under the Securities Act covering the Class A Common Stock issuable upon exercise of the warrants and a current prospectus relating to them is available (or Grove permits holders to exercise their warrants on a cashless basis under the circumstances specified in the warrant agreement) and such shares are registered, qualified, or exempt from registration under the securities, or blue sky, laws of the state of residence of the holder. Pursuant to the warrant agreement, a warrant holder may exercise its warrants only for a whole number of shares of Class A Common Stock. This means only a whole warrant may be exercised at a given time by a warrant holder. The warrants expire five years after the completion of the Business Combination, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

Grove will not be obligated to deliver any shares of Class A Common Stock pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act with respect to the Class A Common Stock underlying the warrants is then effective and a prospectus relating thereto is current, subject to Grove satisfying its obligations described below with respect to registration, or a valid exemption from registration is available. No warrant will be exercisable and Grove will not be obligated to issue a share of Class A Common Stock upon exercise of a warrant unless the share of Class A Common Stock issuable upon such warrant exercise has been registered, qualified, or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants. In the event that the conditions in the two immediately preceding sentences are not satisfied with respect to a warrant, the holder of such warrant will not be entitled to exercise such warrant and such warrant may have no value and expire worthless. In no event will Grove be required to net cash settle any warrant. In the event that a registration statement is not effective for the exercised warrants, the purchaser of a unit containing such warrant will have paid the full purchase price for the unit solely for the share of Class A Common Stock underlying such unit.

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If shares of Class A Common Stock are at the time of any exercise of a warrant not listed on a national securities exchange such that they satisfy the definition of a “covered security” under Section 18(b)(1) of the Securities Act, Grove may, at Grove’s option, require holders of Grove public warrants who exercise their warrants to do so on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act and, in the event Grove so elects, Grove will not be required to file or maintain in effect a registration statement, and in the event Grove does not so elect, Grove will use its commercially reasonable efforts to register or qualify the shares under applicable blue sky laws to the extent an exemption is not available. In such event, each holder would pay the exercise price by surrendering each such warrant for that number of Class A Common Stock shares equal to the less of (A) the quotient obtained by dividing (x) the product of the number of Class A Common Stock underlying the warrants, multiplied the excess of the “fair market value” less the exercise price of the warrants by (y) the fair market value and (B) 0.072. The “fair market value” shall mean the volume weighted average price of the Class A Common Stock shares for the 10 trading days ending on the trading day prior to the date on which the notice of exercise is received by the warrant agent.

***Redemption of Warrants When the Price per Class A Common Stock Equals or Exceeds \$\$90.00***

Once the warrants become exercisable, Grove may redeem the outstanding warrants:

- in whole and not in part;
- at a price of \$0.01 per warrant;
  
- upon not less than 30 days’ prior written notice of redemption to each warrantholder; and
- if, and only if, the last reported sale price of the Class A Common Stock for any 20 trading days within a 30-trading-day period ending three business days before Grove sends the notice of redemption to the warrantholders (which is referred to as the “Reference Value”) equals or exceeds \$90.00 per share (as adjusted for share splits, share capitalizations, reorganizations, recapitalizations, and the like).

If and when the warrants become redeemable by Grove, Grove may exercise its redemption right even if Grove is unable to register or qualify the underlying securities for sale under all applicable state securities laws. However, Grove will not redeem the warrants unless an effective registration statement under the Securities Act covering the Class A Common Stock issuable upon exercise of the warrants is effective and a current prospectus relating to those Class A Common Stock is available throughout the 30-day redemption period.

Grove has established the last of the redemption criteria discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the warrant exercise price. If the foregoing conditions are satisfied and Grove issues a notice of redemption of the warrants, each warrantholder will be entitled to exercise his, her, or its warrant prior to the scheduled redemption date. However, the price of the shares of Class A Common Stock may fall below the \$90.00 redemption trigger price (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations, and the like) as well as the \$57.50 (for whole shares) warrant exercise price after the redemption notice is issued.

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***Redemption of Warrants for Class A Common Stock Equals or Exceeds \$50.00***

Commencing ninety (90) days after the warrants become exercisable, Grove may redeem the outstanding warrants:

- in whole and not in part;
- at \$0.10 per warrant upon a minimum of 30 days' prior written notice of redemption, provided that holders will be able to exercise their warrants on a cashless basis prior to redemption and receive that number of shares determined by reference to the table below, based on the redemption date and the "fair market value" of Class A Common Stock (as defined below);
- if, and only if, the Reference Value (as defined above under "Redemption of Warrants When the Price per Class A Common Stock Equals or Exceeds \$90.00") equals or exceeds \$50.00 per share (as adjusted per share sub-divisions, share dividends, reorganizations, reclassifications, recapitalizations, and the like); and
- if the Reference Value is less than \$90.00 per share (as adjusted for share sub-divisions, share capitalizations, reorganizations, recapitalizations, and the like) the private placement warrants must also be concurrently called for redemption on the same terms as the outstanding public warrants, as described above.

The numbers in the table below represent the number of shares of Class A Common Stock that a warrant holder will receive upon exercise in connection with a redemption by Grove pursuant to this redemption feature, based on the "fair market value" of the Class A Common Stock on the corresponding redemption date (assuming holders elect to exercise their warrants and such warrants are not redeemed for \$0.10 per warrant), determined based on the average of the volume-weighted average price for the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of warrants, and the number of months that the corresponding redemption date precedes the expiration date of the warrants, each as set forth in the table below. Grove will provide its warrant holders with the final fair market value no later than one business day after the 10-trading-day period described above ends.

The share prices set forth in the column headings of the table below will be adjusted as of any date on which the number of shares of Class A Common Stock issuable upon exercise of a warrant or the exercise price of the warrant is adjusted as set forth under the heading "*-Anti-dilution Adjustments*" below. If the number of shares issuable upon exercise of a warrant is adjusted, the adjusted share prices in the column headings will equal the share prices immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the exercise price of the warrant after such adjustment and the denominator of which is the number of shares deliverable upon exercise of a warrant as so adjusted. If the exercise price of the warrant is adjusted as a result of raising capital in connection with the initial business combination, the adjusted share prices in the column headings will be multiplied by a fraction, the numerator of which is the higher of the Market Value and the Newly Issued Price as set forth under the heading "*-Anti-dilution Adjustments*" and the denominator of which is \$10.00.

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Redemption Date (period to expiration of warrants)	Fair Market Value of Class A Common Stock				
	≥\$50.00	\$55.00	\$60.00	\$65.00	\$70.00
60 months	0.052	0.056	0.059	0.062	0.065
57 months	0.051	0.055	0.059	0.062	0.065
54 months	0.050	0.054	0.058	0.061	0.064
51 months	0.049	0.054	0.057	0.061	0.064
48 months	0.048	0.053	0.057	0.060	0.063
45 months	0.047	0.052	0.056	0.060	0.063
42 months	0.046	0.050	0.055	0.059	0.062
39 months	0.044	0.049	0.054	0.058	0.062
36 months	0.043	0.048	0.053	0.057	0.061
33 months	0.041	0.046	0.051	0.056	0.060
30 months	0.039	0.045	0.050	0.055	0.059
27 months	0.037	0.043	0.048	0.054	0.058
24 months	0.035	0.041	0.047	0.052	0.057
21 months	0.032	0.039	0.045	0.050	0.056
18 months	0.029	0.036	0.042	0.048	0.054
15 months	0.026	0.033	0.039	0.046	0.052
12 months	0.022	0.029	0.036	0.043	0.050
9 months	0.018	0.025	0.032	0.040	0.047
6 months	0.013	0.020	0.027	0.036	0.044
3 months	0.007	0.013	0.021	0.030	0.039
0 months	-	-	0.008	0.023	0.036

The exact fair market value and redemption date may not be set forth in the table above, in which case, if the fair market value is between two values in the table or the redemption date is between two redemption dates in the table, the number of shares of Class A Common Stock to be issued for each warrant exercised will be determined by a straight-line interpolation between the number of shares set forth for the higher and lower fair market values and the earlier and later redemption dates, as applicable, based on a 365- or 366-day year, as applicable. For example, if the volume-weighted average price of the shares of Class A Common Stock for the 10 trading days ending on the third trading date prior to the date on which the notice of redemption is sent to the holders of the warrants is \$55.00 per share, and at such time there are 57 months until the expiration of the warrants, holders may choose to, in connection with this redemption feature, exercise their warrants for 0.055 shares of Class A Common Stock for each whole warrant. For an example, where the exact fair market value and redemption date are not as set forth in the table above, if the volume-weighted average price of the shares of Class A Common Stock as reported during the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of the warrants is \$67.50 per share, and at such time there are 38 months until the expiration of the warrants, holders may choose to, in connection with this redemption feature, exercise their warrants for 0.060 shares of Class A Common Stock for each whole warrant. In no event will the warrants be exercisable in connection with this redemption feature for more than 0.072 shares of Class A Common Stock per warrant (subject to adjustment).

This redemption feature is structured to allow for all of the outstanding warrants to be redeemed when the shares of Class A Common Stock are trading at or above \$50.00 per share, which may be at a time when the trading price of Class A Common Stock is below the exercise price of the warrants. Grove has established this redemption feature to provide Grove with the flexibility to redeem the warrants without the warrants having to reach the \$90.00 per share threshold set forth above under “-Redemption of Warrants When the Price per Class A Common Stock Equals or Exceeds \$90.00.” Holders choosing to exercise their warrants in connection with a redemption pursuant to this feature will, in effect, receive a number of shares for their warrants based on an option pricing model with a fixed volatility input as of the date of this prospectus. This redemption right provides Grove with an additional mechanism by which to redeem all of the outstanding warrants, and therefore have certainty as to Grove’s capital structure as the warrants would no longer be outstanding and would have been exercised or redeemed. Grove will be required to pay the applicable redemption price to warrant holders if Grove chooses to exercise this redemption right and it will allow Grove to quickly proceed with a redemption of the warrants if Grove determines it is in Grove’s best interest to do so. As such, Grove would redeem the warrants in this manner when it believes it is in Grove’s best interest to update Grove’s capital structure to remove the warrants and pay the redemption price to the warrant holders.

As stated above, Grove can redeem the warrants when the shares of Class A Common Stock are trading at a price starting at \$50.00, which is below the exercise price of \$57.50, because it will provide certainty with respect to Grove’s capital structure and cash position while providing warrant holders with the opportunity to exercise their warrants on a cashless basis for the applicable number of shares. If Grove chooses to redeem the warrants when the shares of Class A Common Stock are trading at a price below the exercise price of the warrants, this could result in the warrant holders receiving fewer shares of Class A Common Stock than they would have received if they had chosen to wait to exercise their warrants for shares of Class A Common Stock if and when such shares were trading at a price higher than the exercise price of \$57.50.

No fractional shares of Class A Common Stock will be issued upon exercise. If, upon exercise, a holder would be entitled to receive a fractional interest in a share, Grove will round down to the nearest whole number of the number of shares of Class A Common Stock to be issued to the holder. If, at the time of redemption, the warrants are exercisable for a security other than the shares of Class A Common Stock pursuant to the warrant agreement, the warrants may be exercised for such security. At such time as the warrants become exercisable for a security other than the shares of Class A Common Stock, Grove will use its commercially reasonable efforts to register under the Securities Act the security issuable upon the exercise of the warrants.

#### *Redemption Procedures*

A holder of a warrant may notify Grove in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such warrant, to the extent that after giving effect to such exercise, such person (together with such person’s affiliates), to the warrant agent’s actual knowledge, would beneficially own in excess of 4.9% or 9.8% (as specified by the holder) of the shares of Class A Common Stock issued and outstanding immediately after giving effect to such exercise.

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### *Anti-dilution Adjustments*

If the number of outstanding shares of Class A Common Stock is increased by a share capitalization payable in shares of Class A Common Stock, or by a split-up of ordinary shares or other similar event, then, on the effective date of such share capitalization, split-up, or similar event, the number of shares of Class A Common Stock issuable on exercise of each warrant will be increased in proportion to such increase in the outstanding shares of common stock. A rights offering to holders of ordinary shares entitling holders to purchase shares of Class A Common Stock at a price less than the “historical fair market value” (as defined below) will be deemed a share capitalization of a number of shares of Class A Common Stock equal to the product of (i) the number of shares of Class A Common Stock actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for shares of Class A Common Stock) and (ii) one minus the quotient of (x) the price per Class A Common Stock share paid in such rights offering and (y) the historical fair market value. For these purposes, (i) if the rights offering is for securities convertible into or exercisable for Class A ordinary shares, in determining the price payable for shares of Class A Common Stock, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (ii) “historical fair market value” means the volume weighted average price of Class A Common Stock shares as reported during the 10-trading-day period ending on the trading day prior to the first date on which the shares of Class A Common Stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

In addition, if we, at any time while the warrants are outstanding and unexpired, pay a dividend or make a distribution in cash, securities or other assets to the holders of shares of Class A Common Stock on account of such shares (or other securities into which the warrants are convertible), other than (a) as described above, (b) certain ordinary cash dividends, (c) to satisfy the redemption rights of the holders of shares of Class A Common Stock in connection with a proposed initial business combination, or (d) in connection with the redemption of the public shares upon Grove’s failure to complete a business combination, then the warrant exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each share of Class A Common Stock in respect of such event.

If the number of outstanding shares of Class A Common Stock is decreased by a consolidation, combination, reverse share split, or reclassification of shares of Class A Common Stock or other similar event, then, on the effective date of such consolidation, combination, reverse share split, reclassification, or similar event, the number of shares of Class A Common Stock issuable on exercise of each warrant will be decreased in proportion to such decrease in outstanding shares of Class A Common Stock.

Whenever the number of shares of Class A Common Stock purchasable upon the exercise of the warrants is adjusted, as described above, the warrant exercise price will be adjusted by multiplying the warrant exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of share of Class A Common Stock purchasable upon the exercise of the warrants immediately prior to such adjustment, and (y) the denominator of which will be the number of shares of Class A Common Stock so purchasable immediately thereafter.

In addition, if (x) Grove issue additional Class A Common Stock or equity-linked securities for capital raising purposes in connection with the closing of an initial business combination at an issue price or effective issue price of less than \$46.00 per ordinary share (with such issue price or effective issue price to be determined in good faith by the Board and, in the case of any such issuance to Grove’s initial shareholders or their affiliates, without taking into account any founder shares held by Grove’s initial shareholders or such affiliates, as applicable, prior to such issuance) (the “Newly Issued Price”), (y) the aggregate gross proceeds from such issuances represent more than 60% of the total equity proceeds, and interest thereon, available for the funding of an initial business combination, on the date of the completion of an initial business combination (net of redemptions) and (z) the volume-weighted average trading price of Class A ordinary shares during the 20-trading-day period starting on the trading day prior to the day on which Grove completes an initial business combination (such price, the “Market Value”) is below \$46.00 per share, then the exercise price of the warrants will be adjusted (to the nearest cent) to be equal to 115% of the higher of the Market Value and the Newly Issued Price, and the \$50.00 and \$90.00 per share redemption trigger prices described adjacent to “Redemption of warrants when the price per Class A Common Stock equals or exceeds \$50.00” and “Redemption of warrants when the price per Class A Common Stock equals or exceeds \$90.00” will be

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adjusted (to the nearest cent) to be equal to 100% and 180% of the higher of the Market Value and the Newly Issued Price, respectively.

In case of any reclassification or reorganization of the outstanding shares of Class A Common Stock (other than those described above or that solely affects the par value of such shares of Class A Common Stock), or in the case of any merger or consolidation of Grove with or into another corporation (other than a consolidation or merger in which Grove is the continuing corporation and that does not result in any reclassification or reorganization of the outstanding shares of Class A Common Stock), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of Grove as an entirety or substantially as an entirety in connection with which Grove is dissolved, the holders of the warrants will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the warrants and in lieu of the shares of Class A Common Stock immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of Class A Common Stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger, or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the warrants would have received if such holder had exercised their warrants immediately prior to such event. If less than 70% of the consideration receivable by the holders of shares of Class A Common Stock in such a transaction is payable in the form of shares of Class A Common Stock in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the warrant properly exercises the warrant within thirty days following public disclosure of such transaction, the warrant exercise price will be reduced as specified in the warrant agreement based on the Black-Scholes value (as defined in the warrant agreement) of the warrant. The purpose of such exercise price reduction is to provide additional value to holders of the warrants when an extraordinary transaction occurs during the exercise period of the warrants pursuant to which the holders of the warrants otherwise do not receive the full potential value of the warrants. The warrants will be issued in registered form under a warrant agreement between Continental, as warrant agent, and us. The warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 50% of the then-outstanding public warrants to make any change that adversely affects the interests of the registered holders. You should review a copy of the warrant agreement, which will be filed as an exhibit to the registration statement of which this prospectus is a part, for a complete description of the terms and conditions applicable to the warrants.

The warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price (or on a cashless basis, if applicable), by certified or official bank check payable to us, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of ordinary shares and any voting rights until they exercise their warrants and receive Class A Common Stock. After the issuance of Class A Common Stock upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by shareholders.

No fractional shares will be issued upon exercise of the warrants. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, Grove will, upon exercise, round down to the nearest whole number the number of shares of Class A Common Stock to be issued to the warrant holder.

#### *Private Placement Warrants*

The private placement warrants are not redeemable by us, so long as they are held by the VG Acquisition Sponsor II LLC ("Sponsor"), members of the Sponsor, or their permitted transferees. Sponsor or its permitted transferees, have the option to exercise the private placement warrants on a cashless basis. Except as described below, the private placement warrants have terms and provisions that are identical to those of the Public Warrants. If the private placement warrants are held by holders other than the Sponsor or its permitted transferees, the private placement warrants will be redeemable by Grove and exercisable by the holders on the same basis as the warrants included in the units being sold.

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Except as described under “-Redemption of Warrants When the Price per Class A Common Stock Equals or Exceeds \$50.00,” if holders of the private placement warrants elect to exercise them on a cashless basis, they would pay the exercise price by surrendering his, her or its warrants for that number of shares of Class A Common Stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A Common Stock underlying the warrants, multiplied by the excess of the “historical fair market value” of the Class A Common Stock over the exercise price of the warrants by (y) the fair market value. For these purposes, the “historical fair market value” will mean the average reported closing price of the shares of Class A Common Stock for the 10 trading days ending on the third trading day prior to the date on which the notice of warrant exercise is sent to the warrant agent.

#### ***Backstop Warrants***

Each Backstop Warrant entitles the registered holder to purchase one share of Class A Common Stock at a price of \$0.05 per share, subject to the adjustments and limitations as discussed below, at any time after the closing of the Business Combination through the earlier of (a) fifth anniversary of the of the Business Combination or (b) the consummation of certain mergers, combinations or other fundamental transactions, as described below. The warrants will be issued in registered book-entry or certificated form under the form of Backstop Warrant Agreement. Except as set forth herein and in the Backstop Warrant Agreement, the holders do not have the rights or privileges of holders of Grove Class A Shares or voting rights until they exercise their Backstop Warrants and receive shares of Class A Common Stock.

#### ***Anti-dilution Adjustments***

If Grove (i) pays a dividend or makes any other distribution upon the Class A Common Stock without consideration, (ii) combines (by combination, reverse stock split or otherwise) its outstanding shares of Class A Common Stock into a smaller number of shares or (iii) reclassifies or subdivides (including by any stock split, stock dividend, recapitalization, substitutions, exchange or otherwise) its outstanding shares of Class A Common Stock into a greater or lesser number of shares, the number of shares of Class A Common Stock issuable on exercise of each Backstop Warrant and exercise price will be increased or decreased in proportion to such increase or decrease in outstanding shares of Class A Common Stock.

If (i) Grove effects any merger or consolidation of Grove with or into another person, in which Grove is not the surviving entity and in which the stockholders of Grove immediately prior to such merger or consolidation do not own, directly or indirectly, at least 50% of the voting power of the surviving entity immediately after such merger or consolidation, (ii) Grove effects any sale to another person of all or substantially all of its assets in one transaction or a series of related transactions, (iii) pursuant to any tender offer or exchange offer (whether by Grove or another person), holders of capital stock tender shares representing more than 50% of the voting power of the capital stock of Grove and Grove or such other person, as applicable, accepts such tender for payment, (iv) Grove consummates a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement but not including any underwritten offering, registered direct offering, private placement or other transaction with the primary purpose of financing or fund raising for Grove) with another person whereby such other person acquires more than the 50% of the voting power of the capital stock of Grove (except for any such transaction in which the stockholders of Grove immediately prior to such transaction maintain, in substantially the same proportions, the voting power of such person immediately after the transaction), or (v) Grove effects any reclassification of the Grove Common Stock or any compulsory share exchange pursuant to which the Grove common stock is effectively converted into or exchanged for other securities, cash or property (other than as a result of a subdivision or combination of shares of Grove common stock described above) then the holders shall have the right to receive, upon exercise of the Backstop Warrants, the same amount and kind of securities, cash or property as such holders would have been entitled to receive as if and to the same extent that such holders would be entitled if such holders had held the number of Class A Common Stock acquirable upon complete exercise of the Backstop Warrants without regard to any limitations on exercise contained herein.

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The holders of the Backstop Warrants will be entitled to receive any dividends or distributions of assets that Grove makes to holders of shares of Class A Common Stock as if and to the same extent that such holders would be entitled if such holders had held the number of Class A Common Stock acquirable upon complete exercise of the Backstop Warrants. The holders of the Backstop Warrants will also be entitled to receive any shares of Grove capital stock or rights to purchase Grove capital stock or other property that Grove grants, issues or sells pro rata to the record holders of any class of Grove Common Stock as if and to the same extent that such holders would be entitled if such holders had held the number of Class A Common Stock acquirable upon complete exercise of the Backstop Warrants.

#### **HGI Warrant**

Each vested HGI Warrant entitles the registered holder to purchase one share of Class A Common Stock at a price of \$6.30 per share, subject to the adjustments and limitations as discussed below, at any time through the earlier of (a) May 11, 2027 or (b) the date of the termination of the Consulting Services Agreement, dated as of November 10, 2022, by and between the Company and HCI Grove Management LLC (the "Consulting Agreement") by the Company in connection with Consultant's (as defined in the Consulting Agreement) or its employee's, officer's, director's or agent's engagement in illegal conduct constituting a felony or gross misconduct in carrying out the terms of the Consulting Agreement. The warrants will be issued in registered book-entry or certificated form under the form of HGI Warrant Agreement. Except as set forth herein and in the HGI Warrant Agreement, the holders do not have the rights or privileges of holders of Class A Common Stock or voting rights until they exercise their HGI Warrants and receive shares of Class A Common Stock.

#### *Anti-dilution Adjustments*

If Grove (i) pays a dividend or makes any other distribution upon the Class A Common Stock without consideration, (ii) combines (by combination, reverse stock split or otherwise) its outstanding shares of Class A Common Stock into a smaller number of shares or (iii) reclassifies or subdivides (including by any stock split, stock dividend, recapitalization, substitutions, exchange or otherwise) its outstanding shares of Class A Common Stock into a greater or lesser number of shares, the number of shares of Class A Common Stock issuable on exercise of each HGI Warrant and exercise price will be increased or decreased in proportion to such increase or decrease in outstanding shares of Class A Common Stock.

If (i) Grove effects any merger or consolidation of Grove with or into another person, in which Grove is not the surviving entity and in which the stockholders of Grove immediately prior to such merger or consolidation do not own, directly or indirectly, at least 50% of the voting power of the surviving entity immediately after such merger or consolidation, (ii) Grove effects any sale to another person of all or substantially all of its assets in one transaction or a series of related transactions, (iii) pursuant to any tender offer or exchange offer (whether by Grove or another person), holders of capital stock tender shares representing more than 50% of the voting power of the capital stock of Grove and Grove or such other person, as applicable, accepts such tender for payment, (iv) Grove consummates a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement but not including any underwritten offering, registered direct offering, private placement or other transaction with the primary purpose of financing or fund raising for Grove) with another person whereby such other person acquires more than the 50% of the voting power of the capital stock of Grove (except for any such transaction in which the stockholders of Grove immediately prior to such transaction maintain, in substantially the same proportions, the voting power of such person immediately after the transaction), or (v) Grove effects any reclassification of the Grove common stock or any compulsory share exchange pursuant to which the Grove common stock is effectively converted into or exchanged for other securities, cash or property (other than as a result of a subdivision or combination of shares of Grove common stock described above) then the holders shall have the right to receive, upon exercise of the HGI Warrants, the same amount and kind of securities, cash or property as such holders would have been entitled to receive as if and to the same extent that such holders would be entitled if such holders had held the number of Class A Common Stock acquirable upon complete exercise of the HGI Warrants without regard to any limitations on exercise contained herein.

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The holders of the HGI Warrants will be entitled to receive any dividends or distributions of assets that Grove makes to holders of shares of Class A Common Stock as if and to the same extent that such holders would be entitled if such holders had held the number of Class A Common Stock acquirable upon complete exercise of the HGI Warrants. The holders of the HGI Warrants will also be entitled to receive any shares of Grove capital stock or rights to purchase Grove capital stock or other property that Grove grants, issues or sells pro rata to the record holders of any class of Grove Common Stock as if and to the same extent that such holders would be entitled if such holders had held the number of Class A Common Stock acquirable upon complete exercise of the HGI Warrants.

*Exercise Price Adjustment*

If Grove consummates a Change of Control (as defined below) on or before December 31, 2024 and, after such Change of Control, Grove's equityholders own, directly or indirectly, less than 25% of the equity securities of the surviving entity in such Change of Control, the exercise price of the HGI Warrant will increase by 50%.

"Change of Control" means (i) any person or any group of persons acting together which would constitute a "group" for purposes of Section 13(d) of the 1934 Act or any successor provisions thereto (excluding a corporation or other entity owned, directly or indirectly, by the stockholders of the Grove in substantially the same proportions as their ownership of stock of the Grove) (x) is or becomes the beneficial owner, directly or indirectly, of securities of the Grove representing more than fifty percent (50%) of the combined voting power of the Grove's then outstanding voting securities or (y) has or acquires control of the board of directors of the Grove; (ii) a merger, consolidation, reorganization or similar business combination transaction involving the Grove, and, immediately after the consummation of such transaction or series of transactions, either (x) the board of directors of the Grove immediately prior to the merger or consolidation does not constitute at least a majority of the board of directors of the company surviving the merger or, if the surviving company is a subsidiary, the ultimate parent thereof, or (y) the voting securities of the Grove immediately prior to such merger or consolidation do not continue to represent or are not converted into more than fifty percent (50%) of the combined voting power of the then outstanding voting securities of the person resulting from such transaction or series of transactions or, if the surviving company is a subsidiary, the ultimate parent thereof; or (iii) the sale, lease or other disposition, directly or indirectly, by the Grove of all or substantially all of the assets of the Grove and its subsidiaries, taken as a whole, other than such sale or other disposition by the Grove of all or substantially all of the assets of the Grove and its subsidiaries, taken as a whole, to an entity at least a majority of the combined voting power of the voting securities of which are owned by stockholders of the Grove.





1301 Sansome St | San Francisco | CA | 94111

**SEPARATION AGREEMENT  
AND GENERAL RELEASE OF ALL CLAIMS**

This Separation Agreement and General Release of All Claims ("Separation Agreement") is made by and between Grove Collaborative, Inc. ("Company") and Christopher Clark ("Employee") with respect to the following facts:

A. Employee is currently employed by Company as Chief Technology Officer;

B. Employee's employment with Company will cease effective February 16, 2025 ("**Separation Date**"). Employee will receive Employee's final paycheck, including any unused and accrued vacation time, on the Separation Date. Company wishes to reach an amicable separation with Employee and assist Employee's transition to other employment; and

C. The parties desire to settle all claims and issues that have, or could have been raised, in relation to Employee's employment with Company and arising out of or in any way related to the acts, transactions or occurrences between Employee and Company to date, including, but not limited to, Employee's employment with Company or the termination of that employment, on the terms set forth below.

THEREFORE, in consideration of the promises and mutual agreements hereinafter set forth, it is agreed by and between the undersigned as follows:

1. Transition Period.

1.1. Employee will remain employed as an at-will employee of Company until the Separation Date.

1.2. From the date of this Separation Agreement through the Separation Date (the "**Transition Period**"), Employee will remain employed by Company in Employee's current position and Employee will continue to report to **Jeffrey Yurcisin, CEO**. Employee's duties and responsibilities during the Transition Period will include, but are not limited to, executing Employee's usual day-to-day duties, providing transition assistance, including without limitation transition assistance relating to Company's ecommerce platform and its migration to third party providers, supporting Company's initiatives within Employee's areas of expertise, and additional duties as reasonably requested by the CEO, as well as, supporting the defense, prosecution or investigation of any claims or actions now in existence or which may be brought in the future against or on behalf of Company which relate to events or occurrences that transpired while Employee was employed by Company ("**Legal Activity**"). During the Transition Period, Employee shall continue to abide by all of Company's general policies and procedures in effect from time to time, and to perform Employee's job duties in good faith to the best of Employee's abilities.

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2. **Severance Package.** Provided Employee remains employed through the Separation Date and signs this Separation Agreement and the Post Transition Period Release attached here to as **Exhibit A ("Release")** and both become fully effective and irrevocable prior to the end of the applicable consideration period, Company agrees to provide Employee with the following payments and benefits ("**Severance Package**") to which Employee is not otherwise entitled. Employee acknowledges and agrees that this Severance Package constitutes adequate legal consideration for the promises and representations made by Employee in this Separation Agreement.

2.1 **Severance Payment.** Company will provide Employee with a severance payment equivalent to Twenty Six (26) weeks of Employee's regular base salary, Two Hundred Twelve Thousand Five Hundred Dollars and Eight Cents (\$212,500.08), less all appropriate federal and state income and employment taxes and withholdings ("**Severance Payment**"). The Severance Payment will be made in a lump sum payment as soon as administratively feasible within 15 business days following the effectiveness of the Release (but in any event no later than seventy four (74) days following the Separation Date).

2.2 **Annual Incentive Plan.** Notwithstanding the termination of Employee's employment on the Separation Date, Employee shall remain eligible to receive a cash bonus under Company's 2024 Annual Incentive Plan related to performance of Employee and Company in 2024, provided that whether Employee receives any amount is subject to the terms of the plan and is at the sole discretion of the Compensation Committee of Company's Board of Directors. Any payout with respect to the 2024 Annual Incentive Plan shall occur no later than March 15, 2025.

2.3 **Continuation of Group Health Benefits.** Employee's health insurance benefits will continue through the last day of the month in which the Separation Date occurs, provided that Employee remains eligible under the terms and conditions of the applicable plans. After Employee's Company health insurance benefits end, to the extent provided by the Consolidated Omnibus Budget Reconciliation Act of 1985 ("**COBRA**") or, if applicable, state insurance laws, and by Company's current group health insurance policies, Employee will be eligible to continue Employee's group health insurance benefits at Employee's own expense. A separate notice of Employee's COBRA rights will be mailed to Employee's home address on file with Company.

2.4 **COBRA Premium.** As an additional severance benefit, and provided that you remain employed with Company through the Separation Date and timely elect continued coverage under COBRA, Company will pay your COBRA premiums to continue your coverage (including coverage for eligible dependents, if applicable) ("**COBRA Premiums**") for up to three (3) months through the period (the "**COBRA Premium Period**") starting on the date that Employee's health insurance benefits end on or after the Separation Date and COBRA coverage begins, and ending on the earliest to occur of: (i) the last day of the month of the third month following the Separation Date; (ii) the date you become eligible for group health insurance coverage through a new employer; or (iii) the date you cease to be eligible for COBRA continuation coverage for any reason, including plan termination.

2.5 **Equity.** Company granted Employee Restricted Stock Units covering shares of Company's Class A Common Stock ("**RSUs**") and options to purchase Class A Common Stock ("**Options**") as set forth on **Exhibit B**, which also shows the number of unvested equity awards that will be forfeited effective as of the Separation Date in accordance

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with the terms of the agreements governing the RSUs (collectively, the “**Agreements**”). Pursuant to Company’s 2022 Equity and Incentive Plan and the Agreement(s) relating to the RSUs, all vesting will cease on your Separation Date. Notwithstanding the foregoing and subject to the approval of the Compensation Committee of Company’s Board of Directors, as partial consideration for Employee’s execution of and compliance with this Separation Agreement and the Release and employment through the Separation Date, Company will accelerate vesting of the outstanding RSUs that were scheduled to vest on or prior to August 15, 2025, as indicated on **Exhibit B**, with such RSUs to be settled within 15 business days following the effectiveness of the Release (but in any event no later than seventy four (74) days following the Separation Date) or such later date as required to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the “**Code**”), and extend the post-termination (of service) exercise period of the Options to the earlier of (i) the Expiration Date for such Options as set forth on **Exhibit B**; or (ii) two (2) years from the Separation Date.

2.6 Unemployment Insurance. Employee’s separation will be characterized as a role elimination. Employee may use this as the reason should Employee determine to apply for unemployment insurance benefits.

2.7 Consulting Services. Employee agrees to provide non-compensated consulting services from the Separation Date through April 1, 2025 (the “**Consulting End Date**”). Employee agrees to provide such services pursuant to the terms set forth on **Exhibit C**. Employee agrees that the provision of the consulting services shall have no impact on the vesting of any equity awards and that Paragraph 2.5 of this Separation Agreement is controlling with respect thereto.

### 3. General Acknowledgement and Release.

3.1 Employee unconditionally, irrevocably and absolutely releases and discharges Company, and any parent and subsidiary corporations, divisions and affiliated corporations, partnerships or other affiliated entities of Company, and with respect to each entity, all of its past and present employees, officers, directors, agents, successors and assigns (collectively, “**Released Parties**”) from all claims related in any way to the transactions or occurrences between them to date, to the fullest extent permitted by law, including but not limited to Employee’s employment with Company, the termination of Employee’s employment, and all other losses, liabilities, claims, charges, demands and causes of action, known or unknown, suspected or unsuspected, arising directly or indirectly out of or in any way connected with Employee’s employment with Company. This release is intended to have the broadest possible application and includes, but is not limited to, any local, state, or federal tort, contract, whistleblower, discrimination, harassment, retaliation, common law, constitutional or other statutory claims, including but not limited to alleged violations of South Carolina law, the South Carolina constitution, the California Labor Code, California Industrial Welfare Commission wage orders, California Business and Professions Code, California Fair Employment and Housing Act, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, Section 1981 of the Civil Rights Act of 1866, the Equal Pay Act, the Genetic Information Nondiscrimination Act, and the Age Discrimination in Employment Act of 1967, as amended, any and all claims for wrongful termination and/or violation of public policy, any claims for breach of fiduciary duty, any claims for violation of Company and/or the Released Parties’ bylaws, policies, procedures or other governing documents, and any and all claims for attorneys’ fees, costs and expenses.

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3.2 Employee acknowledges that Employee may discover facts or law different from, or in addition to, the facts or law that Employee knows or believes to be true with respect to the claims released in this Separation Agreement and agrees, nonetheless, that this Separation Agreement and the release contained in it shall be and remain effective in all respects notwithstanding such different or additional facts or the discovery of them.

3.3 Employee declares and represents that Employee intends this Separation Agreement to be complete and not subject to any claim of mistake, and that the release herein expresses a full and complete release and Employee intends the release herein to be final and complete. Employee executes this release with the full knowledge that this release covers all possible claims against the Released Parties, to the fullest extent permitted by law.

3.4 This Separation Agreement is not intended to bar any claims that, by law, may not be waived, such as claims for workers' compensation benefits, unemployment insurance benefits, statutory indemnity, and any challenge to the validity of Employee's release of claims under the Age Discrimination in Employment Act of 1967, as amended. This Separation Agreement does not prevent Employee from contacting, providing information to, or filing a charge with any federal, state or local government agency or commission, including but not limited to the Equal Employment Opportunity Commission ("**EEOC**"), the Securities and Exchange Commission ("**SEC**"), or the National Labor Relations Board ("**NLRB**"). Employee is prevented, however, to the maximum extent permitted by law, from obtaining any monetary or other personal relief for any of the claims Employee has released in this Paragraph 3 and its subparts with regard to any charge or claim Employee may file or which may be filed or otherwise brought on Employee's behalf.

4 . California Civil Code Section 1542 Waiver. Employee expressly acknowledges and agrees that all rights under Section 1542 of the California Civil Code are expressly waived. That section provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Employee also waives the laws of similar effect in any other jurisdiction.

5. Representation Concerning Filing of Legal Actions. Employee represents that, as of the date of this Separation Agreement, Employee has not filed any lawsuits, charges, complaints, petitions, claims or other accusatory pleadings against Company or any of the other Released Parties in any court or with any governmental agency.

6. Non-disparagement. Employee agrees that he will not make any voluntary statements, written or oral, or cause or encourage others to make any such statements that defame, disparage or in any way criticize the personal and/or business reputations, practices or conduct of Company. Nothing in this Paragraph shall be construed to prohibit Employee from responding to a subpoena, request for interview or other request for testimony from the federal, state or local agencies. Nothing in this Separation Agreement is intended to or shall be interpreted: (i) to restrict or otherwise interfere with the Employee's obligation to testify truthfully

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in any forum; or (ii) to restrict or otherwise interfere with Employee's right and/or obligation to contact, cooperate with, provide information to, or participate in any investigation conducted by, any government agency or commission. The parties agree that breach of this Paragraph will constitute a material breach of this Separation Agreement.

7. Return of Company Property. Employee understands and agrees that as a condition of receiving the Severance Package in Paragraph 2, all Company property must be returned to Company within seven days of the Consulting End Date as defined in Paragraph 2.7. By signing this Separation Agreement, Employee represents and warrants that Employee will have returned to Company within 7 days of the Consulting End Date all Company property, data and information belonging to Company and agrees that Employee will not use or disclose to others any confidential or proprietary information of Company or the Released Parties. If Employee has used any non-Company computer, server, or e-mail system to receive, store, review, prepare or transmit any Company confidential or proprietary data, materials or information, Employee has provided Company with a computer-useable copy of such information and permanently deleted and expunged such Company confidential or proprietary information from those systems. Employee agrees to provide Company access to such systems as requested to verify that the necessary copying and/or deletion is completed. Employee agrees that, after the Separation Date, Employee will neither use nor possess Company property.

8. Confidentiality. As a condition of receiving the Severance Package in Paragraph 2, Employee agrees to keep the terms of this Separation Agreement confidential between Employee and Company, except that Employee may tell Employee's immediate family and attorney or accountant, if any, as needed, but in no event should Employee discuss this Separation Agreement or its terms with any current or prospective employee of Company. Nothing in this Separation Agreement is intended to or shall be interpreted to prevent Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful. Employee agrees that Company may disclose the terms of this Separation Agreement, including in connection with filings it makes with the Securities and Exchange Commission.

9. Continuing Obligations. Employee agrees to comply with the continuing obligations in the surviving provisions of Company's At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement (the "**Confidential Information Agreement**") that Employee signed in connection with Employee's employment. "Confidential Information" protected in this or any other agreement or release that Company has presented Employee is hereby amended to exclude information lawfully obtained by a non-management, non-supervisory employee engaging in protected concerted activity under §7 of the NLRA or similar state law such as joining, assisting, or forming a union, bargaining, picketing, striking, or participating in other activity for mutual aid or protection, or refuse to do so; this includes using or disclosing information acquired through lawful means regarding wages, hours, benefits, or other terms and conditions of employment, unless the information was entrusted in confidence as part of an employee's job duties ("**Excluded Information**").

10. Enforcement. If Employee breaches any of the terms of this Separation Agreement, Company will immediately cease making the payments described in Paragraph 2 to the extent the payments have not yet been made. This shall in no way limit Company's right to pursue all legal and equitable remedies available to it as a result of Employee's breach of this Separation Agreement.

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11. Expense Reimbursements. Employee agrees that, within thirty (30) days after the Separation Date, Employee will submit Employee's final documented expense reimbursement statement reflecting all business expenses Employee incurred through the Separation Date, if any, for which Employee seeks reimbursement. Company will reimburse Employee for these expenses pursuant to its regular business practice.

12. No Admissions. By entering into this Separation Agreement, the Released Parties make no admission that they have engaged, or are now engaging, in any unlawful conduct. The parties understand and acknowledge that this Separation Agreement is not an admission of liability and shall not be used or construed as such in any legal or administrative proceeding.

12.1 Acknowledgments/Time to Consider. Employee has seven (7) days from receipt of this Separation Agreement to consider whether or not to enter into this Separation Agreement (although Employee may elect not to use the full consideration period at Employee's option). This Separation Agreement shall not become effective or enforceable until the day Employee signs this Separation Agreement ("Effective Date"). If the signed Separation Agreement is not received by, Mark Wenrick, Sr. Director, People Experience, by 5:00 p.m. Pacific Time on or before the seventh day, Company will assume that Employee is not interested in the Severance Package, and this offer will be automatically withdrawn.

13. Severability. In the event any provision of this Separation Agreement shall be found unenforceable, the unenforceable provision shall be deemed deleted and the validity and enforceability of the remaining provisions shall not be affected thereby.

14. Full Defense. This Separation Agreement may be pled as a full and complete defense to, and may be used as a basis for an injunction against, any action, suit or other proceeding that may be prosecuted, instituted or attempted by Employee in breach hereof.

15. Applicable Law. The validity, interpretation and performance of this Separation Agreement shall be construed and interpreted according to the laws of the United States of America and the State of California.

16. Successors and Assigns. This Separation Agreement is binding on Employee's heirs, family members, executors, agents and assigns.

17. Counterparts. This Separation Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which when taken together will constitute one and the same instrument. An executed counterpart, including an electronically of digitally executed counterpart, of this Separation Agreement transmitted by facsimile, e-mail or other electronic transmission shall be deemed an original counterpart and shall be as effective as an original counterpart of this Separation Agreement and shall be legally binding upon the Parties hereto to the same extent as delivery of an original counterpart.

18. Recitals. The Recitals are hereby incorporated into and made part of this Separation Agreement.

19. Entire Agreement; Modification. This Separation Agreement, including the surviving provisions of Company's Confidential Information Agreement, previously executed by Employee and herein incorporated by reference, is intended to be the entire agreement between the parties and supersedes and cancels any and all other and prior agreements, written or oral,

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between the parties regarding this subject matter. This Separation Agreement may be amended only by a written instrument executed by all parties hereto.

THE PARTIES TO THIS SEPARATION AGREEMENT HAVE READ THE FOREGOING SEPARATION AGREEMENT AND FULLY UNDERSTAND EACH AND EVERY PROVISION CONTAINED HEREIN. WHEREFORE, THE PARTIES HAVE EXECUTED THIS SEPARATION AGREEMENT ON THE DATES SHOWN BELOW.

Dated: 12/20/2024

By: /s/ Christopher Clark  
Christopher Clark

Grove Collaborative, Inc.

Dated: 12/23/2024

By: /s/ Mark Wenrick  
Mark Wenrick  
Sr. Director, People Experience

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**EXHIBIT A**

**Post Transition Period Release**

***DO NOT SIGN UNTIL AFTER THE SEPARATION DATE.***

By signature below, Christopher Clark ("**Employee**") hereby releases and forever discharges as of the date hereof Grove Collaborative, Inc., its members, subsidiaries, divisions, other affiliated or related companies or entities, and each of their respective current and former successors, assigns, officers, agents, representatives, attorneys, fiduciaries, administrators, directors, stockholders and employees (hereinafter collectively referred to as "**Company**") as set forth herein. Capitalized undefined terms used in this Post Transition Period Release (the "**Release**") have the meaning ascribed to them in the Separation Agreement and General Release between Employee and Company (the "**Agreement**"). Employee agrees as follows:

1. Employee understands and agrees that Employee's execution of this Release within ten days after (but not before) the Final Separation Date is among the conditions precedent to Company's obligation to provide the Consideration set forth in the Agreement. Company will provide such payments and benefits in accordance with the terms of the Agreement once all of the conditions set forth in the Agreement and this Release, have been met.

2. In consideration of the payments described in the Agreement and for other good and valuable consideration, Employee hereby releases and forever discharges, and by this instrument, releases and forever discharges Company and its affiliates from all debts, obligations, promises, covenants, agreements, contracts, endorsements, bonds, controversies, suits, actions, causes of action, judgments, damages, expenses, claims or demands, in law or in equity, including but not limited to all claims potentially arising out of the employment relationship or any alleged contractual relationship between the parties herein, whether express or implied, including without limitation any claim, asserted or unasserted, for alleged discrimination or harassment based upon age, race, color, sex, religion, national origin, handicap, marital status, sexual orientation or disability, including without limitation any claim, asserted or unasserted, which could arise under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Family and Medical Leave Act of 1993, the Equal Pay Act of 1963, the Americans with Disabilities Act of 1990, the Employee Retirement Income Security Act of 1974, the Civil Rights Act of 1866, 42 U.S.C. § 1981, the Genetic Information Nondiscrimination Act, the Age Discrimination in Employment Act of 1967, as amended, any South Carolina law, the California Labor Code, the California Business and Professions Code, all California Wage Orders, the California Fair Employment

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and Housing Act, the California Family Rights Act, and any other federal, state or local equal employment opportunity laws, and any federal or state common law claims, whether sounding in tort or contract or otherwise which Employee ever had, presently has, or may hereinafter have, for, or by reason of, any matter or cause whatsoever arising from her employment with Company, any other involvement with Company, the cessation of her employment with Company or any incidents and occurrences related thereto to the date of this Release. Execution of this Release does not waive or release Employee's rights under the Agreement nor does it bar any claim that arises hereafter, including (without limitation) a claim for breach of this Release, any claim to indemnity under California Labor Code Section 2802, workers' compensation claims, or any other claim that by law may not be released.

3. It is the intention of the Employee and Company in executing this Release that it shall be effective as a bar to each and every claim specified in Paragraph 2. In furtherance of this intention, the Employee hereby expressly waives any and all rights and benefits conferred upon him by the provisions of California Civil Code Section 1542 and expressly consents that this Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected claims as herein above specified. Section 1542 provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

Having been so apprised, Employee nevertheless voluntarily elects to and does waive the rights described in California Civil Code Section 1542 and elects to assume all risks for claims herein above specified that now exist in Employee's favor, known or unknown. Employee also waives the laws of similar effect in any other jurisdiction.

4. Employee expressly acknowledges and agrees that Employee (i) has been paid all compensation owed for all hours worked, including the base salary to be paid during the Transition Period (in accordance with Company's standard payroll practices) and (ii) has received all benefits and protections for which Employee was eligible pursuant to Company's policies or any applicable law.

5. Nothing in this Release prevents the disclosure of factual information relating to claims of sexual assault, sexual harassment, harassment or discrimination based on any protected characteristics as defined by the California Fair Employment and Housing Act, failure to prevent harassment or discrimination based on such protected characteristics,

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**Exhibit B**

**Grove Equity Summary**

<b>Grant Type</b>	<b>Grant Date</b>	<b>Expiration Date</b>	<b>Grant Price</b>	<b>QTY - Granted</b>	<b>QTY – Exercised/ Distributed as of 12/19/24</b>	<b>Outstanding as of 12/19/24</b>	<b>2/15/25 Vesting</b>	<b>Number of Shares to be Potentially Accelerated under Section 2.5</b>
NQ	11/09/2018	11/08/2028	\$ 3.80	59,859	-	59,859	-	-
ISO	11/09/2018	11/08/2028	\$ 3.80	20,111	-	20,111	-	-
NQ	07/18/2016	07/17/2026	\$ 1.10	55,063	29,401	25,662	-	-
NQ	10/04/2017	10/03/2027	\$ 1.90	33,888	-	33,888	-	-
ISO	10/04/2017	10/03/2027	\$ 1.90	37,339	23,520	13,819	-	-
RSU	10/27/2022		\$ -	9,604	7,322	2,282	2,282	-
RSU	12/08/2022		\$ -	146,176	85,267	60,909	12,181	24,362
RSU	03/01/2023		\$ -	215,422	150,794	64,628	21,542	43,086
RSU	02/26/2024		\$ -	162,862	40,715	122,147	13,572	27,144

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## EXHIBIT C

### Consulting Terms

#### 1. **Contractor Obligations.**

1.1. **Compliance.** Contractor shall comply with all applicable laws, regulations and rules and (b) all Grove Collaborative rules, regulations, and policies of which Contractor has been made aware.

#### 2. **Intellectual Property Rights.**

2.1. **Definition.** "Intellectual Property Rights" means all worldwide (a) patents, patent disclosures and inventions (whether patentable or not), (b) trademarks, service marks, trade dress, trade names, logos, corporate names and domain names, (c) copyrights and copyrightable works (including computer programs) and rights in data and databases, (d) trade secrets, know-how and other confidential or proprietary information, (e) moral rights and (f) all other intellectual property rights, together with all of the goodwill associated therewith, in each case whether registered or unregistered and including all applications for, and renewals or extensions of, such rights, and all similar or equivalent rights or forms of protection, together with all benefits, privileges, causes of action, and remedies relating to any of the foregoing, whether before or hereafter accrued (including without limitation the exclusive rights to apply for such registrations, renewals, and extensions, to sue for all past infringements or violations of any of the foregoing and to settle and retain proceeds from any such actions).

2.2. **Work Product.** Other than with respect to any "Pre-Existing Materials" (as defined in Section 5.4), Grove Collaborative is, and shall be, the sole and exclusive owner of all right, title and interest in and to all deliverables and all works of authorship, inventions, documentation and all other materials and work product resulting from the Contractor's services, including all Intellectual Property Rights therein (collectively, the "Work Product"). Contractor agrees that with respect to any Work Product that may qualify as "work made for hire" as defined in 17 U.S.C. §101, such Work Product is hereby deemed a "work made for hire" for Grove Collaborative. To the extent that any of the Work Product does not constitute a "work made for hire," Contractor hereby irrevocably assigns, and shall cause its personnel and permitted subcontractors to irrevocably assign to Grove Collaborative, in each case without additional consideration, all right, title, and interest throughout the universe in and to the Work Product. Contractor shall not incorporate any third party materials or technology into any Work Product without Grove Collaborative's prior written approval, including without limitation any open source or free software. Contractor shall execute such documents and take such further actions as Grove Collaborative reasonably requests, at Grove Collaborative's expense, in connection with obtaining or enforcing any of the foregoing rights and protections. Contractor hereby irrevocably appoints Grove Collaborative or its designated representative as its attorney-in-fact (couple with an interest) to execute documents on Contractor's behalf if Contractor will not or cannot do so for the purposes set above.

2.3. **Grove Materials.** In the event that Grove Collaborative provides to Contractor any materials of any type for purposes of performing the services or inclusion in any Work Product (the "Grove Materials"), Grove Collaborative hereby grants to Contractor a revocable, non-exclusive, royalty-free license to use the Grove Materials for the sole purpose of providing the services during the period Contractor is performing the services to Grove Collaborative. Grove shall

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retain all Intellectual Property Rights in the Grove Materials other than the limited license granted in the foregoing sentence.

- 2.4. **Pre-Existing Materials.** Contractor shall provide Grove Collaborative with prior written notice if, in the course of performing the services, Contractor desires to incorporate into any Work Product or utilize in the performance of the services any invention, discovery, computer software, works of authorship, materials, documents, trade secrets, concepts or other proprietary information owned by Contractor prior to the Effective Date ("Pre-Existing Materials"). Contractor hereby grants to Grove Collaborative a nonexclusive, royalty-free, perpetual, irrevocable, transferable license (with the right to grant and authorize sublicenses) to make, have made, use, import, offer for sale, sell, reproduce, distribute, modify, adapt, prepare derivative works of, display, perform and otherwise exploit such Pre-Existing Materials as part of the deliverables and services throughout the universe.
- 2.5. **Applicability to Past Activities.** The provisions of this Agreement regarding the ownership and treatment of Intellectual Property, services, deliverables and Work Product and Confidential Information will apply to all services, deliverables and work product made or delivered by Contractor to Grove Collaborative prior to the Effective Date if such services, deliverables and work product were not otherwise covered by a written agreement by and between Grove Collaborative and Contractor.

### 3. **Confidentiality.**

- 3.1. **Definition.** For purposes of this Agreement, "Confidential Information" will mean and include the terms and conditions of this Agreement and Grove Collaborative's "Personal Information" (as defined herein), specifications, trade secrets, samples, patterns, designs, plans, drawings, documents, data, business operations, customer lists, pricing, discounts and rebates and all other confidential or proprietary information of Grove Collaborative or with which Grove Collaborative has been entrusted by third parties, whether disclosed orally or disclosed to or accessed by Contractor in written, electronic or other form or media, and whether or not marked, designated or otherwise identified as "confidential" or "proprietary."
- 3.2. **Use.** Contractor may use Confidential Information for the sole purpose of performing its express obligations under this Agreement. Contractor shall not disclose the Confidential Information to any third party (including permitted subcontractors) unless authorized by Grove Collaborative in writing in advance, which authorization may be withheld by Grove Collaborative in its sole and exclusive discretion.
- 3.3. **Exceptions.** Confidential Information does not include any information that Contractor can demonstrate (i) is or becomes generally available to the public other than as a result of Contractor's breach of this Agreement, (ii) is lawfully obtained by Contractor on a non-confidential basis from a third-party without restrictions on disclosure or (iii) was rightfully in Contractor's possession prior to Grove Collaborative's disclosure hereunder. Contractor may disclose Confidential Information to the extent required by law or subpoena, provided that Contractor notifies Grove Collaborative of such requirement and Contractor uses reasonable efforts to limit such disclosure to the amount of Confidential Information necessary to comply therewith; in the event of such a mandatory disclosure, the disclosed information will not lose its status as Confidential Information under this Agreement.
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- 3.4. **Return.** Upon the termination or expiration of this Agreement or Grove Collaborative's request at any time, Contractor shall promptly return or destroy, at Grove Collaborative's direction, all Confidential Information received from Grove Collaborative or otherwise obtained, other than copies retained in compliance with applicable law.
- 3.5. **Third Party Confidential Information.** Contractor shall not improperly use, disclose or induce Grove Collaborative to use any confidential or proprietary information or trade secrets of any third party. Contractor shall not bring onto Grove Collaborative's premises or transfer onto Grove Collaborative's technology systems any such information or secrets unless disclosure to, and use by, Grove Collaborative has been consented to in writing by such third party.
- 3.6. **Return of Grove Collaborative Materials.** Upon the termination or expiration of this Agreement or Grove Collaborative's request at any time, Contractor shall promptly return or destroy, at Grove Collaborative's direction, all Confidential Information received from Grove Collaborative or otherwise obtained, other than copies retained in compliance with applicable law.

#### 4. **Privacy.**

- 4.1. **Obligations.** From time to time, Contractor may be required to access or handle Personal Information (as defined below) on behalf of Grove Collaborative. If Contractor accesses or handles Personal Information, then it will only do so as a "Service Provider" (as defined in the "CCPA") (as defined below) and the following provisions will apply:
- (a) Contractor shall collect, retain, use, disclose and otherwise process Personal Information for the sole purpose of fulfilling its obligations to Grove Collaborative under this Agreement and on Grove Collaborative's behalf and for no other purpose.
  - (b) Contractor shall not disclose, share or provide Personal Information to any third party (including without limitation subcontractors) without the prior express written consent of Grove Collaborative, which may be withheld in Grove Collaborative's sole and exclusive discretion (each such third party for which such consent is given, an "Authorized Recipient"). If such consent is provided by Grove Collaborative, Contractor shall enter into a written agreement with each Authorized Recipient that includes terms that offer the same level of protection for Personal Information as this Section 7 (Privacy).
  - (c) Contractor remains fully liable to Grove Collaborative for the acts or omissions of any Authorized Recipient as if they were acts or omissions of Contractor and Contractor shall indemnify, hold harmless and defend Grove Collaborative for the performance of any Authorized Recipient that fails to fulfill its data protection obligations under this Section 4 (Privacy) and/or applicable Privacy Law (as defined below).
  - (d) Contractor shall not attempt to link, identify or otherwise create a relationship between Personal Information and any other information or data without the prior express written authorization of Grove Collaborative, which authorization may be withheld by Grove Collaborative in its sole and exclusive discretion.
  - (e) Upon written request of Grove Collaborative, Contractor shall promptly: (i) confirm in writing its use, storage and security practices involving Personal Information, (ii) delete Personal Information at Grove Collaborative's direction and (iii) otherwise assist Grove Collaborative in
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complying with Grove Collaborative's obligations under applicable Privacy Law to respond to requests to delete or access Personal Information.

- (f) Contractor shall not sell Personal Information or otherwise disclose Personal Information in any manner that may constitute a "sale" under the CCPA.
- (g) If Contractor becomes aware of a security breach of, or unauthorized access to, any systems on which Grove Collaborative's Personal Information is stored (collectively, a "Personal Information Breach"), Contractor shall: (i) promptly notify Grove Collaborative of the details relating to the Personal Information Breach and (b) take commercially reasonable steps (and those required by Privacy Law) to minimize any damage resulting from the Personal Information Breach.
- (h) Upon termination or expiration of this Agreement or any time upon Grove Collaborative's written request, Contractor shall promptly return or delete (at Grove Collaborative's option and to Grove Collaborative's satisfaction) all copies of Personal Information.

4.2 **Privacy Law.** "Privacy Law" means all laws, regulations, rules, standards, regulatory guidance, and self-regulatory guidelines that may apply to Grove Collaborative or Contractor with respect to Personal Information. Privacy Laws include but are not limited to the California Consumer Privacy Act (Cal. Civ. Code §§ 1798.100 - 1798.199) ("CCPA").

4.3 **Personal Information.** "Personal Information" means information that identifies, relates to, describes, is capable of being associated with or could reasonably be linked with a particular person or household, including without limitation names, email address, physical address, transaction or purchase activity, internet activity (including without limitation cookies) and as otherwise defined in Privacy Law.

## 5. **General Provisions.**

- 5.1. **Independent Contractor.** Contractor shall provide the Services in the capacity of an independent contractor and not as an employee, agent, representative, partner or agent of Grove Collaborative. Contractor shall control the conditions, time, details and means by which Contractor performs the Services. Contractor has no authority to act on behalf of Grove Collaborative or to bind Grove Collaborative to any obligation or liability. Neither Contractor nor any of its employees, agents, representatives or contractors will be eligible for or receive any employee benefits from Grove Collaborative. Contractor shall furnish all tools and materials necessary to perform its obligations under this Agreement. Contractor shall report as income all compensation received by Contractor pursuant to this Agreement and shall pay all self-employment and other taxes on such income.



1301 Sansome St | San Francisco | CA | 94111

**SEPARATION AGREEMENT  
AND GENERAL RELEASE OF ALL CLAIMS**

This Separation Agreement and General Release of All Claims ("Separation Agreement") is made by and between Grove Collaborative, Inc. ("Company") and Sergio G. Cervantes Romero ("Employee") with respect to the following facts:

A. Employee is currently employed by Company as Chief Financial Officer;

B. Employee's employment with Company will cease effective February 16, 2025 ("**Separation Date**"). Employee will receive Employee's final paycheck, including any unused and accrued vacation time, on the Separation Date. Company wishes to reach an amicable separation with Employee and assist Employee's transition to other employment; and

C. The parties desire to settle all claims and issues that have, or could have been raised, in relation to Employee's employment with Company and arising out of or in any way related to the acts, transactions or occurrences between Employee and Company to date, including, but not limited to, Employee's employment with Company or the termination of that employment, on the terms set forth below.

THEREFORE, in consideration of the promises and mutual agreements hereinafter set forth, it is agreed by and between the undersigned as follows:

1. Transition Period.

1.1. Employee will remain employed as an at-will employee of the Company until the Separation Date.

1.2. From the date of this Agreement through the Separation Date (the "**Transition Period**"), Employee will remain employed by the Company in Employee's current position and Employee will continue to report to **Jeffrey Yurcisin, CEO**. Employee's duties and responsibilities during the Transition Period will include, but are not limited to, executing Employee's usual day-to-day duties, providing transition assistance, supporting Company's initiatives within Employee's areas of expertise, and additional duties as reasonably requested by Employee's manager, as well as, supporting the defense, prosecution or investigation of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while Employee was employed by the Company ("**Legal Activity**"). During the Transition Period, Employee shall continue to abide by all of the Company's general written policies and procedures applicable to the Employee and that are in effect from time to time, and to perform Employee's job duties in good faith to the best of Employee's efforts taking into account the time and resources available to him to do so.

2. Severance Package. Provided Employee remains employed through the Separation Date and signs this Agreement and the Post Transition Period Release attached here to as **Exhibit A ("Release")** and both become fully effective and irrevocable prior to the end of the applicable consideration and revocation periods, Company agrees to provide Employee with the following payments and benefits ("**Severance Package**") to which Employee is not otherwise entitled. Employee acknowledges and agrees that this Severance Package constitutes adequate legal consideration for the promises and representations made by Employee in this Separation Agreement.

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2.1 Severance Payment. Company will provide Employee with a severance payment equivalent to twenty-five (25) weeks of Employee's regular base salary, Two Hundred Forty Thousand Three Hundred Eighty Four Dollars and Sixty Three Cents (\$240,384.63), less all appropriate federal and state income and employment taxes and withholdings ("Severance Payment"). The Severance Payment will be made in a lump sum payment as soon as administratively feasible within 15 business days following the effectiveness of the Release (but in any event no later than seventy-four (74) days following the Separation Date).

2.2 Annual Incentive Plan. Employee shall remain eligible to receive a cash bonus under the Company's 2024 Annual Incentive Plan related to performance of Employee and Company in 2024, provided that whether Employee receives any amount is subject to the terms of the plan and is at the sole discretion of the Compensation Committee of the Company's board of directors. Employee and Company agree that the amount of Employee's bonus will be determined assuming that Employee's individual performance was sufficient to receive 100% of the bonus Employee would be eligible for under the plan based on the Company's performance. Any payout with respect to the 2024 Annual Incentive Plan shall occur no later than March 15, 2025 and any continued employment requirement on the date of payout in order to receive the payout is deemed waived.

2.3 Continuation of Group Health Benefits. Employee's health insurance benefits will continue through the last day of the month in which the Separation Date occurs, provided that Employee remains eligible under the terms and conditions of the applicable plans. After Employee's Company health insurance benefits end, to the extent provided by the Consolidated Omnibus Budget Reconciliation Act of 1985 ("**COBRA**") or, if applicable, state insurance laws, and by Company's current group health insurance policies, Employee will be eligible to continue Employee's group health insurance benefits at Employee's own expense. A separate notice of Employee's COBRA rights will be mailed to Employee's home address on file with Company.

2.4 COBRA Premium. As an additional severance benefit, and provided that you remain employed with the Company through the Separation Date and timely elect continued coverage under COBRA, Company will pay your COBRA premiums to continue your coverage (including coverage for eligible dependents, if applicable) ("**COBRA Premiums**") for up to three (3) months through the period (the "**COBRA Premium Period**") starting on the date that Employee's health insurance benefits end on or after the Final Separation Date and COBRA coverage begins, and ending on the earliest to occur of: (i) the last day of the month of the third month following the Separation Date; (ii) the date you become eligible for and begin receiving group health insurance coverage through a new employer; or (iii) the date you cease to be eligible for COBRA continuation coverage for any reason, including plan termination.

2.5 Equity. Company granted Employee Restricted Stock Units covering shares of the Company's Class A Common Stock ("**RSUs**" or "**Grants**") as set forth on **Exhibit B**, which also shows the number of unvested equity awards that will be forfeited effective as of the Final Separation Date in accordance with the terms of the agreements governing the RSUs (collectively, the "**Agreements**"). Pursuant to the Company's 2022 Equity and Incentive Plan and the agreement(s) relating to the RSUs, all vesting will cease on your Separation Date. Notwithstanding the foregoing and subject to the approval of the Compensation Committee of the Company's board of directors (or committee thereof), as partial consideration for Employee's execution of and compliance with this Separation Agreement and the Release and employment through the Separation Date, the Company will accelerate vesting of outstanding RSUs that were scheduled to vest on or prior to May 15, 2025, as indicated on **Exhibit B**, with such RSUs to be settled within 15 business days following the effectiveness of the Release (but in any event no later than seventy-four (74) days following the Separation Date) or such later date as required to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"). Employee must remain employed by the Company through the Separation Date to receive any acceleration of vesting.

2.6 Unemployment Insurance. Employee's separation will be characterized as a role elimination. Employee may use this as the reason should Employee determine to apply for unemployment insurance benefits.

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3. General Acknowledgement and Release.

3.1 Employee unconditionally, irrevocably and absolutely releases and discharges Company, and any parent and subsidiary corporations, divisions and affiliated corporations, partnerships or other affiliated entities of Company, and with respect to each entity, all of its past and present employees, officers, directors, agents, successors and assigns (collectively, "**Released Parties**") from all claims related in any way to the transactions or occurrences between them to date, to the fullest extent permitted by law, including but not limited to Employee's employment with Company, the termination of Employee's employment, and all other losses, liabilities, claims, charges, demands and causes of action, known or unknown, suspected or unsuspected, arising directly or indirectly out of or in any way connected with Employee's employment with Company. This release is intended to have the broadest possible application and includes, but is not limited to, any local, state, or federal tort, contract, whistleblower, discrimination, harassment, retaliation, common law, constitutional or other statutory claims, including but not limited to alleged violations of North Carolina law, the North Carolina constitution, the California Labor Code, California Industrial Welfare Commission wage orders, California Business and Professions Code, California Fair Employment and Housing Act, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, Section 1981 of the Civil Rights Act of 1866, the Equal Pay Act, the Genetic Information Nondiscrimination Act, and the Age Discrimination in Employment Act of 1967, as amended, any and all claims for wrongful termination and/or violation of public policy, any claims for breach of fiduciary duty, any claims for violation of Company and/or the Released Parties' bylaws, policies, procedures or other governing documents, and any and all claims for attorneys' fees, costs and expenses.

3.2 Employee acknowledges that Employee may discover facts or law different from, or in addition to, the facts or law that Employee knows or believes to be true with respect to the claims released in this Separation Agreement and agrees, nonetheless, that this Separation Agreement and the release contained in it shall be and remain effective in all respects notwithstanding such different or additional facts or the discovery of them.

3.3 Employee declares and represents that Employee intends this Separation Agreement to be complete and not subject to any claim of mistake, and that the release herein expresses a full and complete release and Employee intends the release herein to be final and complete. Employee executes this release with the full knowledge that this release covers all possible claims against the Released Parties, to the fullest extent permitted by law.

3.4 This Separation Agreement is not intended to bar any claims that, by law, may not be waived, such as claims for workers' compensation benefits, unemployment insurance benefits, statutory indemnity, and any challenge to the validity of Employee's release of claims under the Age Discrimination in Employment Act of 1967, as amended. This Separation Agreement does not prevent Employee from contacting, providing information to, or filing a charge with any federal, state or local government agency or commission, including but not limited to the Equal Employment Opportunity Commission ("EEOC"), the Securities and Exchange Commission ("SEC"), or the National Labor Relations Board ("NLRB"). Employee is prevented, however, to the maximum extent permitted by law, from obtaining any monetary or other personal relief for any of the claims Employee has released in this Paragraph 3 and its subparts with regard to any charge or claim Employee may file or which may be filed or otherwise brought on Employee's behalf. Employee and Company agree that the release of claims set forth in this Paragraph 3 shall not apply to ongoing indemnification obligations (including any expense advancement) that the Company may owe Employee after Employee's employment under the certificate of incorporation and/or bylaws of the Company or the certificate of incorporation or bylaws of Grove Collaborative Holdings, Inc. or are included in any indemnification agreement between Employee and the Company or Grove Collaborative Holdings, Inc.

4. California Civil Code Section 1542 Waiver. Employee expressly acknowledges and agrees that all rights under Section 1542 of the California Civil Code are expressly waived. That section provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY

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AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Employee also waives the laws of similar effect in any other jurisdiction.

5. Representation Concerning Filing of Legal Actions. Employee represents that, as of the date of this Separation Agreement, Employee has not filed any lawsuits, charges, complaints, petitions, claims or other accusatory pleadings against Company or any of the other Released Parties in any court or with any governmental agency.

6. Non-disparagement. Employee agrees that he will not make any voluntary statements, written or oral, or cause or encourage others to make any such statements that defame, disparage or in any way criticize the personal and/or business reputations, practices or conduct of Company. Nothing in this Paragraph shall be construed to prohibit Employee from responding to a subpoena, request for interview or other request for testimony from the federal, state or local agencies. Nothing in this Separation Agreement is intended to or shall be interpreted: (i) to restrict or otherwise interfere with the Employee's obligation to testify truthfully in any forum; or (ii) to restrict or otherwise interfere with Employee's right and/or obligation to contact, cooperate with, provide information to, or participate in any investigation conducted by, any government agency or commission. The parties agree that breach of this Paragraph will constitute a material breach of this Separation Agreement. The Company agrees that neither its officers nor directors will defame or disparage Employee (personally or professionally) external to the Company. Employee agrees that the foregoing sentence does not apply to an officer or director of the Company that is not an officer or director when such statement was made.

7. Return of Company Property. Employee understands and agrees that as a condition of receiving the Severance Package in Paragraph 2, all Company property located upon a reasonable and diligent search must be returned to Company within seven days of the Separation Date. By signing this Separation Agreement, Employee represents and warrants that Employee will have returned to Company within seven days of the Separation Date, all Company property, data and information belonging to Company and agrees that Employee will not use or disclose to others any confidential or proprietary information of Company or the Released Parties. If Employee has used any non-Company computer, server, or e-mail system to receive, store, review, prepare or transmit any Company confidential or proprietary data, materials or information, Employee has provided the Company with a computer-useable copy of such information and permanently deleted and expunged such Company confidential or proprietary information from those systems.. Employee agrees that, after the Separation Date, Employee will neither use nor possess Company property.

8. Confidentiality. As a condition of receiving the Severance Package in Paragraph 2, Employee agrees to keep the terms of this Separation Agreement confidential between Employee and Company, except that Employee may tell Employee's immediate family and attorney or accountant, if any, as needed, but in no event should Employee discuss this Separation Agreement or its terms with any current or prospective employee of Company. Nothing in this Separation Agreement is intended to or shall be interpreted to prevent Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful. Employee agrees that the Company may disclose the terms of this Separation Agreement, including in connection with filings it makes with the Securities and Exchange Commission.

9. Continuing Obligations. Employee agrees to comply with the continuing obligations in the surviving provisions of Company's At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement (the "**Confidential Information Agreement**") that Employee signed in connection with Employee's employment. "Confidential Information" protected in this or any other agreement or release that the Company has presented Employee is hereby amended to exclude information lawfully obtained by a non-management, non-supervisory employee engaging in protected concerted activity under §7 of the NLRA or similar state law such as joining, assisting, or forming a union, bargaining, picketing, striking, or participating in other activity for mutual aid or protection, or refuse to do so; this includes using or disclosing information acquired through lawful means regarding wages, hours,

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benefits, or other terms and conditions of employment, unless the information was entrusted in confidence as part of an employee's job duties ("**Excluded Information**").

10. **Enforcement.** If Employee breaches any of the terms of this Separation Agreement, Company will immediately cease making the payments described in Paragraph 2 to the extent the payments have not yet been made. This shall in no way limit Company's right to pursue all legal and equitable remedies available to it as a result of Employee's breach of this Separation Agreement.

11. **Expense Reimbursements.** Employee agrees that, within thirty (30) days after the Separation Date, Employee will submit Employee's final documented expense reimbursement statement reflecting all business expenses Employee incurred through the Separation Date, if any, for which Employee seeks reimbursement. The Company will reimburse Employee for these expenses pursuant to its regular business practice.

12. **No Admissions.** By entering into this Separation Agreement, the Released Parties make no admission that they have engaged, or are now engaging, in any unlawful conduct. The parties understand and acknowledge that this Separation Agreement is not an admission of liability and shall not be used or construed as such in any legal or administrative proceeding.

13. **Older Workers' Benefit Protection Act.** This Separation Agreement is intended to satisfy the requirements of the Older Workers' Benefit Protection Act, 29 U.S.C. sec. 626(f) ("**OWBPA**"). Employee is advised to consult with an attorney before executing this Separation Agreement.

13.1 **Acknowledgments/Time to Consider.** Employee acknowledges and agrees that

(a) Employee has read and understands the terms of this Separation Agreement; (b) Employee has been advised in writing to consult with an attorney before executing this Separation Agreement; (c) Employee has obtained and considered such legal counsel as Employee deems necessary; (d) Employee has been given twenty-one (21) days to consider whether or not to enter into this Separation Agreement (although Employee may elect not to use the full 21-day period at Employee's option); and (e) by signing this Separation Agreement, Employee acknowledges that Employee does so freely, knowingly, and voluntarily.

13.2 **Revocation/Effective Date.** This Separation Agreement shall not become effective or enforceable until the eighth day after Employee signs this Separation Agreement. In other words, Employee may revoke Employee's acceptance of this Separation Agreement within seven (7) days after the date Employee signs it. Employee's revocation must be in writing and received by Mark Wenrick, Sr. Director, People Experience, by 5:00 p.m. Pacific Time on the seventh day in order to be effective. If Employee does not revoke acceptance within the seven (7) day period, Employee's acceptance of this Separation Agreement shall become binding and enforceable on the eighth day ("**Effective Date**"). The Severance Package will become due and payable in accordance with Paragraph 2 above provided Employee remains employed through the Final Separation Date and signs and returns the Release attached as **Exhibit A**.

13.3 **Preserved Rights of Employee.** This Separation Agreement does not waive or release any rights or claims that Employee may have under the Age Discrimination in Employment Act that arise after the execution of this Separation Agreement. In addition, this Agreement does not prohibit Employee from challenging the validity of this Separation Agreement's waiver and release of claims under the Age Discrimination in Employment Act of 1967, as amended.

14. **Severability.** In the event any provision of this Separation Agreement shall be found unenforceable, the unenforceable provision shall be deemed deleted and the validity and enforceability of the remaining provisions shall not be affected thereby.

15. **Full Defense.** This Separation Agreement may be pled as a full and complete defense to, and may be used as a basis for an injunction against, any action, suit or other proceeding that may be prosecuted, instituted or attempted by Employee in breach hereof.

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16. Applicable Law. The validity, interpretation and performance of this Separation Agreement shall be construed and interpreted according to the laws of the United States of America and the State of California.

17. Successors and Assigns. This Separation Agreement is binding on Employee's heirs, family members, executors, agents and assigns.

18. Counterparts. This Separation Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which when taken together will constitute one and the same instrument. An executed counterpart, including an electronically or digitally executed counterpart, of this Separation Agreement transmitted by facsimile, e-mail or other electronic transmission shall be deemed an original counterpart and shall be as effective as an original counterpart of this Separation Agreement and shall be legally binding upon the Parties hereto to the same extent as delivery of an original counterpart.

19. Recitals. The Recitals are hereby incorporated into and made part of this Separation Agreement.

20. Entire Agreement; Modification. This Separation Agreement, including the surviving provisions of Company's Confidential Information Agreement, previously executed by Employee and herein incorporated by reference, is intended to be the entire agreement between the parties and supersedes and cancels any and all other and prior agreements, written or oral, between the parties regarding this subject matter. This Separation Agreement may be amended only by a written instrument executed by all parties hereto.

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THE PARTIES TO THIS SEPARATION AGREEMENT HAVE READ THE FOREGOING SEPARATION AGREEMENT AND FULLY UNDERSTAND EACH AND EVERY PROVISION CONTAINED HEREIN. WHEREFORE, THE PARTIES HAVE EXECUTED THIS SEPARATION AGREEMENT ON THE DATES SHOWN BELOW.

Dated: 2/14/2025

By: /s/ Sergio G. Cervantes Romero  
Sergio G. Cervantes Romero

Grove Collaborative, Inc.

Dated: 2/14/2025

By: /s/ Mark Wenrick  
Mark Wenrick  
Sr. Director, People Experience

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**EXHIBIT A**  
**Post Transition Period Release**

***DO NOT SIGN UNTIL AFTER THE SEPARATION DATE.***

By signature below, Sergio Cervantes Romero ("**Employee**") hereby releases and forever discharges as of the date hereof Grove Collaborative, Inc., its members, subsidiaries, divisions, other affiliated or related companies or entities, and each of their respective current and former successors, assigns, officers, agents, representatives, attorneys, fiduciaries, administrators, directors, stockholders and employees (hereinafter collectively referred to as the "**Company**") as set forth herein. Capitalized undefined terms used in this Post Transition Period Release (the "**Release**") have the meaning ascribed to them in the Separation Agreement and General Release between Employee and the Company (the "**Agreement**"). Employee agrees as follows:

1. Employee understands and agrees that Employee's execution of this Release within ten days after (but not before) the Final Separation Date is among the conditions precedent to Company's obligation to provide the Consideration set forth in the Agreement. Company will provide such payments and benefits in accordance with the terms of the Agreement once all of the conditions set forth in the Agreement and this Release, have been met.

2. In consideration of the payments described in the Agreement and for other good and valuable consideration, Employee hereby releases and forever discharges, and by this instrument, releases and forever discharges Company and its affiliates from all debts, obligations, promises, covenants, agreements, contracts, endorsements, bonds, controversies, suits, actions, causes of action, judgments, damages, expenses, claims or demands, in law or in equity, including but not limited to all claims potentially arising out of the employment relationship or any alleged contractual relationship between the parties herein, whether express or implied, including without limitation any claim, asserted or unasserted, for alleged discrimination or harassment based upon age, race, color, sex, religion, national origin, handicap, marital status, sexual orientation or disability, including without limitation any claim, asserted or unasserted, which could arise under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Family and Medical Leave Act of 1993, the Equal Pay Act of 1963, the Americans with Disabilities Act of 1990, the Employee Retirement Income Security Act of 1974, the Civil Rights Act of 1866, 42 U.S.C. § 1981, the Genetic Information Nondiscrimination Act, the Age Discrimination in Employment Act of 1967, as amended, any North Carolina law, the California Labor Code, the California Business and Professions Code, all California Wage Orders, the California Fair Employment and Housing Act, the California Family Rights Act, and any other federal, state or local equal

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employment opportunity laws, and any federal or state common law claims, whether sounding in tort or contract or otherwise which Employee ever had, presently has, or may hereinafter have, for, or by reason of, any matter or cause whatsoever arising from her employment with Company, any other involvement with Company, the cessation of her employment with Company or any incidents and occurrences related thereto to the date of this Release. Execution of this Release does not waive or release Employee's rights under the Agreement nor does it bar any claim that arises hereafter, including (without limitation) a claim for breach of this Release, any claim to indemnity under California Labor Code Section 2802, workers' compensation claims, or any other claim that by law may not be released.

3. It is the intention of the Employee and Company in executing this Release that it shall be effective as a bar to each and every claim specified in Paragraph 2. In furtherance of this intention, the Employee hereby expressly waives any and all rights and benefits conferred upon him by the provisions of California Civil Code Section 1542 and expressly consents that this Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected claims as herein above specified. Section 1542 provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

Having been so apprised, Employee nevertheless voluntarily elects to and does waive the rights described in California Civil Code Section 1542 and elects to assume all risks for claims herein above specified that now exist in Employee's favor, known or unknown. Employee also waives the laws of similar effect in any other jurisdiction.

4. Employee expressly acknowledges and agrees that Employee (i) has been paid all compensation owed for all hours worked, including the base salary to be paid during the Transition Period (in accordance with the Company's standard payroll practices) and (ii) has received all benefits and protections for which Employee was eligible pursuant to the Company's policies or any applicable law.

5. Nothing in this Release prevents the disclosure of factual information relating to claims of sexual assault, sexual harassment, harassment or discrimination based on any protected characteristics as defined by the California Fair Employment and Housing Act, failure to prevent harassment or discrimination based on such protected characteristics, or retaliation against a person for reporting an act of harassment or discrimination based on such protected characteristics, as those claims are defined under the California Fair

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Employment and Housing Act, to the extent the claims are filed in a civil or administrative action, and to the extent such disclosures are protected by law.

6. Employee understands and agrees that Employee's entitlement to the Consideration described in the Agreement is contingent on Employee's execution of this Release within the ten (10) day period for reviewing this Release. Employee specifically acknowledges, represents and warrants that Employee: (i) is not relying upon any statements, understandings, representations, expectations, or agreements other than those expressly set forth in this Release; (ii) has made Employee's own investigation of the facts and is relying solely upon his own knowledge and, if desired, the advice of Employee's legal counsel; (iii) knowingly waives any claim that this Release was induced by any misrepresentation or nondisclosure and any right to rescind or avoid this Release based upon presently existing facts, known or unknown; (iv) is entering into this Release freely and voluntarily; (v) has carefully read and understands all of the provisions of this Release; and (vi) if desired, has been represented by the counsel of Employee's choice in connection with the negotiation and execution of this Release.

BY SIGNING THIS SUPPLEMENTAL RELEASE, I REPRESENT AND AGREE THAT:

- I HAVE READ IT CAREFULLY AND VOLUNTARILY CONSENT TO EVERYTHING IN IT;
- I HAVE BEEN ADVISED OF MY RIGHT TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT;
- I HAVE BEEN AFFORDED AT LEAST 21 DAYS FROM THE DATE OF MY RECEIPT OF THIS RELEASE TO CONSIDER IT AND TO THE EXTENT I SIGN IT PRIOR TO THE END OF SUCH PERIOD, I AM DOING SO VOLUNTARILY;
- I AGREE THAT THE PROVISIONS OF THIS RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND BY ME.

Signed: /s/ Sergio G. Cervantes Romero

Dated: 2/26/2025

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**Exhibit B**  
**Grove Equity Summary**

Grant Type	Grant Date	QTY - Granted	QTY – Exercised/ Distributed as of 1/3/2025	Outstanding as of 1/3/2025	2/15/2025 Vesting	Number of Shares to be Potentially Accelerated under Section 2.5	Number of Unvested Shares to be Forfeited after Potential Acceleration under Section 2.5
RSU	02/26/2024	304,155	76,038	228,117	25,347	25,346	177,424
RSU	04/12/2023	40,000	28,000	12,000	4,000	4,000	4,000
RSU	03/01/2023	312,097	218,463	93,634	31,209	31,209	31,216
RSU	05/02/2022	141,125	88,202	52,923	8,820	8,820	35,283



December 19, 2024

Mr. Stuart Landesberg

Dear Stu:

On behalf of Grove Collaborative Holdings, Inc. (the “Company”) and its Board of Directors (the “Board”), I want to thank you for your many years of service to the Company, during which you have demonstrated remarkable leadership and have made immeasurable contributions to the Company. We appreciate your willingness to provide continued support and expertise to the Company as a non-employee member of the Board.

This letter agreement (this “Agreement”) supplements the terms of the Letter of Transition by and between you and the Company (the “Transition Letter”).

Effective as of February 17, 2025 (the “Transition Date”), you shall cease serving as the Executive Chairman of the Board (“Executive Chairman”) and shall commence service as a non-employee member of the Board, initially as Chairman of the Board. Effective as of the Transition Date, you shall no longer be entitled to receive the compensation set forth in the Transition Letter, and shall instead receive cash and equity compensation consistent with the compensation paid to other non-employee members of the Board, prorated based on your time served as a non-employee member of the Board; provided, that, (i) based on your prior service with the Company, you shall not be eligible to receive the initial restricted stock unit award that is generally granted to new non-employee directors; and (ii) you shall not be eligible to receive the annual restricted stock unit award that is generally granted to non-employee directors until the time when the next annual award is granted to other non-employee members of the Board and such award shall have the same vesting as annual grants awarded to such other members of the Board. In addition, your outstanding equity awards will continue to vest in accordance with their original vesting schedules while you continue to serve as a non-employee member of the Board (including, for the avoidance of doubt, the performance-based restricted stock unit award with respect to a target number of 286,000 shares that was granted to you on February 26, 2024), with any performance-based awards subject to the achievement of any applicable performance conditions and, in the event that your service as a non-employee member of the Board is terminated by the Company other than for cause, your outstanding time-based equity awards (but not your performance-based awards) shall fully vest upon such termination of service. Subject to your timely enrollment for continued health and dental benefits under the Consolidated Omnibus Budget Reconciliation Act, as amended, the Company shall pay to you, on a monthly basis, a cash payment in an amount equal to the monthly employer cost of such continued coverage for you and your dependents, until the earlier of (i) three (3) months after the Transition Date and (ii) the date on which your service as a non-employee member of the Board terminates.

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You and the Company hereby acknowledge and agree that, except as described below, your transition to the role of a non-employee member of the Board and retirement as Executive Chairman does not entitle you to any benefits under the Transition Letter, including on account of Good Reason (as defined in the Transition Letter). Accordingly, effective on the Transition Date, you shall not be eligible for severance pay under Section 5 of the Transition Letter as a result of your transition to the role of a non-employee member of the Board. You hereby acknowledge that, except as otherwise set forth herein or in an applicable equity award agreement for a termination due to death or disability, you shall not be eligible for any severance pay or acceleration of equity under Section 5 of the Transition Letter or under any other agreement between you and the Company in the event of your termination of service as a non-employee member of the Board for any reason.

Again, thank you for your many years of dedicated service to the Company.

Sincerely,

GROVE COLLABORATIVE HOLDINGS, INC.

By: /s/ Jeff Yurcisin  
Name: Jeff Yurcisin  
Title: Chief Executive Officer and Director

Acknowledged and agreed:

By: /s/ Stuart Landesberg  
Stuart Landesberg

**GROVE COLLABORATIVE HOLDINGS, INC.**  
**INSIDER TRADING AND CONFIDENTIALITY POLICY**

Amended July 18, 2024

**Purpose**

This Insider Trading and Confidentiality Policy (the “**Policy**”) reiterates the commitment of Grove Collaborative Holdings, Inc. (together with its subsidiaries, the “**Company**” or “**Grove**”) to integrity, and outlines the requirements and prohibitions applicable under federal and state securities laws regarding insider trading. This Policy contains information intended to reduce the risk of corruption and bribery from occurring in the Company’s activities. The Company strictly prohibits all forms of insider trading. This Policy is subject to modification from time to time as the Company’s Board of Directors deems necessary or advisable.

**Scope**

This policy applies to (i) the Company’s current and former directors, officers, and employees (each, a “**Company Representative**”), (ii) the Company’s agents, consultants, joint venture partners, and any other third-party representatives (each, a “**Third Party Representative**”), and (iii) to family members of Company Representatives and Third Party Representatives who share their households (each, a “**Family Member**”), who receive or have access to material nonpublic information regarding the Company (each, a “**Covered Person**” or “**you**”). For purposes of this Policy, a “family member” of a person includes such person’s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person’s home.

This policy applies to all transactions in the Company’s securities, including common stock, options for common stock, and any other securities the Company may issue from time to time, such as preferred stock, bonds and other debt securities, warrants and convertible debentures, as well as to derivative securities relating to the Company’s stock, whether or not issued by the Company, such as exchange-traded options.

**Enforcement**

Insider trading is illegal and can result in prison sentences as well as civil penalties, including triple damages. Failure to comply with this Policy may be grounds for discipline by the Company, up to and including termination for cause.

**1. Prohibition Against Trading on Material Nonpublic Information**

If you are aware of material nonpublic information regarding Grove or its securities, then you and your Family Members are prohibited from trading in or gifting Grove securities, unless such trade is made pursuant to a properly qualified, adopted and submitted Rule 10b5-1 trading plan or other pre-established trading arrangement permitted under this Policy. Rule 10b5-1 trading plans and other pre-established trading arrangements are discussed in Section 2 of this Policy. You also are prohibited from giving “tips” on material nonpublic information, that is directly or indirectly disclosing such information, or making any trading recommendation, to any other person, including family members and relatives, so that they may trade, gift, or hold Grove securities. Furthermore, if you learn material nonpublic information about another company with which Grove does business, such as a supplier, customer, or joint venture partner, or you learn that Grove is planning a major transaction with another company (such as an acquisition), you must not trade in the securities of the other company until such information has been made public for at least one full Trading Day (as defined below).

In addition, you and your Family Members may not, under any circumstances, trade options for, or sell “short,” Grove securities.

**What is material nonpublic information?**

It is difficult to describe exhaustively what constitutes “**material**” information, but you should assume that information is “material” if a reasonable investor would consider it important in making an investment decision regarding the Company’s securities. Unless, after consultation with counsel, there is a reason to believe otherwise, information regarding the following topics should always be assumed to be “material:” (i) earnings information and quarterly or annual results, (ii) financial forecasts, especially earnings estimates, (iii) sales figures, (iv) changes in control, (v) proposals or agreements regarding significant mergers, acquisitions, tender offers, joint ventures or changes in assets, (vi) significant new products or discoveries, (vii) significant developments regarding customers or suppliers, (viii) changes in senior personnel, (ix) bankruptcies or receiverships, (x) change in auditors or auditor notification that the Company may no longer rely on an auditor’s audit report, and (xi) events regarding the Company’s securities (such as defaults on senior securities, calls of securities for redemption, repurchase plans, stock splits or changes in dividends, changes in the rights of security holders or public or private sales of additional securities).

In addition, other information may be considered material even if it would not alone determine the investor’s decision. Examples include:

- internal financial information which departs in any way from what the market would expect; an important financing transaction;
- major litigation or regulatory developments;
- major transactions with other companies, such as joint ventures or licensing agreements;
- the extent to which external events, including but not limited to pandemics, have had or will have a material impact on the Company’s operating results; and
- a major cybersecurity incident.

Note that this list is merely illustrative and not exhaustive. If you are uncertain as to whether a particular item of Company information should be considered “material,” contact the Chief Legal Officer.

“**Nonpublic**” information is any information that has not yet been disclosed generally to the marketplace. Information received about a company under circumstances which indicate that it is not yet in general circulation should be considered nonpublic. Information that has not been disclosed for at least one full Trading Day pursuant to the Company’s Investor Relations

Disclosure Policy is also deemed to be “nonpublic”. As a rule, you should be able to point to some fact to show that the information is generally available; for example, disclosure within a report filed by the Company with the U.S. Securities and Exchange Commission, issuance of a press release by Grove or announcement of the information in The Wall Street Journal or other news publication. Even after Grove has released information to the press or the information has been reported, at least one full Trading Day must elapse before you trade in Grove securities. If you are uncertain as to whether a particular item of Company information should be considered “nonpublic,” contact the Chief Legal Officer.

A “**Trading Day**” means any day on which the New York Stock Exchange is open for trading. For example, if Grove issues a press release containing material information at 6:00 p.m. on a Tuesday, and the New York Stock Exchange is open for trading on Wednesday, Covered Persons shall not be permitted to trade in Grove securities until Thursday. If Grove issues a press release containing material information at 6:00 p.m. on a Friday, and the New York Stock Exchange is open for trading on Monday, Covered Persons shall not be permitted to trade in Grove securities until Tuesday.

## **2. Rule 10b5-1 Plans and Other Pre-Established Trading Arrangements**

It is the Company’s policy that officers, directors and other employees subject to preclearance requirements may make trades pursuant to a Rule 10b5-1 plan provided that (i) such plan meets the requirements of Rule 10b5-1, (ii) such plan was adopted at a time when the employee or director would otherwise have been able to trade under Section 3 of this policy and (iii) adoption of the plan was expressly authorized in advance by a member of the Company’s Legal Department. Rule 10b5-1 under the Securities Exchange Act of 1934 (the “Exchange Act”) provides an affirmative defense against a claim of insider trading if an insider’s trades are made pursuant to a written plan that was adopted in good faith at a time when the insider was not aware of material nonpublic information and complies with the requirements set forth under Rule 10b5-1. To request a Rule 10b5-1 trading plan, email [equity@grove.co](mailto:equity@grove.co). Note that trades made pursuant to Rule 10b5-1 plans by executive officers and directors must still be reported to [equity@grove.co](mailto:equity@grove.co) pursuant to the fourth paragraph of Section 4 below.

In certain limited circumstances, the Company may permit trading by executive officers and directors pursuant to other pre-established trading arrangements that have been authorized in advance by a member of the Company’s Legal Department. Trades made pursuant to such pre-established trading arrangements by executive officers and directors must still be reported to [equity@grove.co](mailto:equity@grove.co) pursuant to the fourth paragraph of Section 4 below.

## **3. Trading Window Restrictions for Non-Rule 10b5-1 Trades**

All Covered Persons may only trade Grove securities during the period commencing one full Trading Day following a release of quarterly earnings results and ending on the date that is ten Trading Days prior to the end of the subsequent quarter (the “**Trading Window**”). For example, if earnings results for Q4 were released after market close on a Tuesday in late February, the Trading Window would open on the Thursday following the earnings release and remain open until approximately March 18th. Nonetheless, as mentioned above, no trade of Grove securities may be made during these periods if the Covered Person possesses material nonpublic information that has not been disseminated in the public market for at least one full Trading Day.

From time to time, upon prior notice to the persons affected, the Company may impose special blackout periods during which certain Covered Persons are prohibited from trading in or gifting Grove securities. Any person made aware of the existence of a special blackout period should not disclose the existence of the special blackout period to any other person.

The trading restrictions set forth in this Section 3 do not apply to any trades made pursuant to properly qualified, adopted and submitted Rule 10b5-1 trading plans.

## **4. Preclearance; Reporting Trades**

In order to minimize the risk of an inadvertent violation of this policy, before buying, selling or gifting any securities of the Company, even if within an open Trading Window and outside special blackout periods, all (i) directors and executive officers of the Company and their assistants and household members, (ii) members of the finance and legal teams and (iii) such other persons as may be designated from time to time and informed of such status by the Company’s Chief Legal Officer (collectively, the “**Preclearance Group**”) must clear the proposed transaction by sending a request to [preclearance@grove.co](mailto:preclearance@grove.co) at least 48 hours in advance of the proposed transaction. Clearance of a proposed transaction does not constitute a recommendation by the Company or any of its employees or agents that you should engage in the subject transaction. This provision does not apply to trades that are effected pursuant to a Rule 10b5-1 plan or other pre-established trading arrangement whose adoption was expressly authorized in advance by a member of the Company’s Legal Department.

If a proposed transaction receives preclearance, the precleared transaction must be effected within 5 business days of receipt of preclearance. If the person becomes aware of material nonpublic before the trade is executed, the preclearance is void and the trade must not be completed.

Transactions not effected within the time limit become subject to preclearance again.

If clearance of the transaction is denied, the fact of such denial may itself be material nonpublic information and must be kept confidential by you.

All executive officers and directors must submit to equity@grove.co a copy of any trade order or confirmation relating to the purchase, sale or gift of Grove securities within one business day of any such transaction. This information is necessary to enable us to monitor trading by executive officers and directors and ensure that all such trades are properly reported to the Securities and Exchange Commission. The Company will assist officers and directors with the compliance of their Section 16 reporting obligations, but all such obligations are ultimately the responsibility of the reporting officer or director. Your adherence to this policy is vital to your protection as well as the Company's.

## **5. Hedging Transactions**

You and your Family Members may not enter into hedging or monetization transactions or similar arrangements with respect to Grove securities, including the purchase or sale of puts or calls or the use of any other derivative instruments. Hedging transactions may insulate you from upside or downside price movement in Grove securities, which can result in the perception that you no longer have the same interests as the Company's other stockholders.

## **6. Margin Accounts and Pledging**

You and your Family Members may not hold Company securities in a margin account nor pledge Company securities as collateral for a loan absent prior written approval from the Chief Legal Officer. Securities held in a margin account or pledged as collateral for a loan may be sold without your consent by the broker if you fail to meet a margin call or by the lender in foreclosure if you default on the loan. A margin or foreclosure sale that occurs when you are aware of material nonpublic information may, under some circumstances, result in unlawful insider trading.

## **7. Short-Swing Trading/Control Stock/Section 16 Reports**

Officers and directors subject to the reporting obligations under Section 16 of the Exchange Act should take care not to violate the prohibition on short-swing trading (Section 16(b) of the Exchange Act) and the restrictions on sales by control persons (Rule 144 under the Securities Act of 1933, as amended), and should file all appropriate Section 16(a) reports (Forms 3, 4 and 5) and any notices of sale required by Rule 144.

## **8. Confidentiality**

You must maintain the confidentiality of information entrusted to you by the Company, its customers, vendors, suppliers, or partners.

Therefore, you should not discuss internal matters or developments, material information, nonpublic information, or confidential information with anyone outside of Grove, except as required in the performance of regular job requirements or required or permitted by law. Confidential information includes all nonpublic information (regardless of its source) that might be of use to the Company's competitors or harmful to the Company or its customers, suppliers or partners if disclosed.

This prohibition applies specifically (but not exclusively) to inquiries about Grove which may be made by customers (except for ordinary-course customer-sales representative discourse), the press, investment analysts or others in the financial community. It is important that all such communications on behalf of Grove be made in accordance with the procedures set forth in our Investor Relations Disclosure Policy. Unless you are expressly authorized to the contrary, if you receive any inquiries of this nature, you should decline comment and refer the inquiry to the Director of Investor Relations for their review.

## **9. Duration of Policy's Applicability.**

This Policy continues to apply to your transactions in Grove securities or the stock of other public companies engaged in business transactions with Grove even after your employment or directorship with Grove has terminated. If you are in possession of inside information when your relationship with Grove concludes, you may not trade in Grove securities or the stock of such other company until the information has been publicly disseminated or is no longer material.

\* \* \*

THESE ARE VERY SERIOUS MATTERS. INSIDER TRADING IS ILLEGAL AND CAN RESULT IN JAIL SENTENCES AS WELL AS CIVIL PENALTIES, INCLUDING TRIPLE DAMAGES. EMPLOYEES WHO VIOLATE THIS POLICY MAY BE SUBJECT TO DISCIPLINARY ACTION BY THE COMPANY, INCLUDING DISMISSAL FOR CAUSE. IF YOU HAVE ANY QUESTION OR DOUBT ABOUT THE APPLICABILITY OR INTERPRETATION OF THIS POLICY OR THE PROPRIETY OF ANY DESIRED ACTION, PLEASE SEEK CLARIFICATION FROM OUR THE LEGAL DEPARTMENT. DO NOT TRY TO RESOLVE UNCERTAINTIES ON YOUR OWN.

## **Related Policies**

- Code of Ethics and Business Conduct
- Related Party Transactions Policy
- Attorney Up-The-Ladder Policy
- Regulation FD Policy
- Grove Trustline
- Employee Handbook

ACKNOWLEDGMENT

The undersigned acknowledges that they have read this Insider Trading and Confidentiality Policy and agrees to comply with the restrictions and procedures contained herein.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name (Please Print)



## **Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-273268, No. 333-273271, No. 333-273650, No. 333-274425 and No. 333-282648) and Form S-8 (No. 333-267242, No. 333-270620, No. 333-274006 and No. 333-278115) of Grove Collaborative Holdings, Inc. (the "Company"), of our report dated March 19, 2025, relating to the consolidated financial statements of the Company, appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2024.

/s/ Moss Adams LLP

Campbell, California  
March 19, 2025

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statements (Form S-8 No. 333-267242, 333-278115, 333-270620 and 333-274006) of Grove Collaborative Holdings, Inc.; and
- (2) Registration Statements (Form S-3 Nos. 333-273268, 333-273271, 333-273650, 333-274425 and 333-282648)

of our report dated March 20, 2024, with respect to the consolidated financial statements Grove Collaborative Holdings, Inc. included in this Annual Report (Form 10-K) of Grove Collaborative Holdings, Inc. for the year ended December 31, 2024.

/s/ Ernst & Young LLP

San Francisco, California  
March 19, 2025

**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jeff Yurcisin, certify that:

1. I have reviewed this Annual Report on Form 10-K of Grove Collaborative Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 19, 2025

By:

/s/ Jeff Yurcisin

Jeff Yurcisin  
Chief Executive Officer

**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Tom Siragusa, certify that:

1. I have reviewed this Annual Report on Form 10-K of Grove Collaborative Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 19, 2025

By:

/s/ Tom Siragusa

\_\_\_\_\_  
Tom Siragusa  
Interim Chief Financial Officer



**GROVE COLLABORATIVE HOLDINGS, INC.  
POLICY ON RECOUPMENT OF INCENTIVE COMPENSATION**

**Introduction**

The Compensation Committee (the “Compensation Committee”) of the Board of Directors (the “Board”) of Grove Collaborative Holdings, Inc. (the “Company”) has adopted this Policy on Recoupment of Incentive Compensation (this “Policy”), which provides for the recoupment of compensation in certain circumstances in the event of a restatement of financial results by the Company. This Policy shall be interpreted to comply with the requirements of U.S. Securities and Exchange Commission (“SEC”) rules and New York Stock Exchange (“NYSE”) listing standards implementing Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) and, to the extent this Policy is in any manner deemed inconsistent with such rules, this Policy shall be treated as retroactively amended to be compliant with such rules.

**Administration**

This Policy shall be administered by the Compensation Committee. Any determinations made by the Compensation Committee shall be final and binding on all affected individuals. The Compensation Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy, in all cases consistent with the Dodd-Frank Act. The Board or Compensation Committee may amend this Policy from time to time in its discretion.

**Covered Executives**

This Policy applies to any current or former “executive officer,” within the meaning of Rule 10D-1 under the Securities Exchange Act of 1934, as amended, of the Company or a subsidiary of the Company (each such individual, an “Executive”). This Policy shall be binding and enforceable against all Executives and their beneficiaries, executors, administrators, and other legal representatives.

**Recoupment Upon Financial Restatement**

If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a “Financial Restatement”), the Compensation Committee shall cause the Company to recoup from each Executive, as promptly as reasonably possible, any erroneously awarded Incentive-Based Compensation, as defined below.

**No-Fault Recovery**

Recoupment under this Policy shall be required regardless of whether the Executive or any other person was at fault or responsible for accounting errors that contributed to the need for the Financial Restatement or engaged in any misconduct.

### **Compensation Subject to Recovery; Enforcement**

This Policy applies to all compensation granted, earned or vested based wholly or in part upon the attainment of any financial reporting measure determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measure that is derived wholly or in part from such measures, whether or not presented within the Company's financial statements or included in a filing with the SEC, including stock price and total shareholder return ("TSR"), including but not limited to performance-based cash, stock, options or other equity-based awards paid or granted to the Executive ("Incentive-Based Compensation"). Compensation that is granted, vests or is earned based solely upon the occurrence of non-financial events, such as base salary, restricted stock or options with time-based vesting, or a bonus awarded solely at the discretion of the Board or Compensation Committee and not based on the attainment of any financial measure, is not subject to this Policy.

In the event of a Financial Restatement, the amount to be recovered will be the excess of (i) the Incentive-Based Compensation received by the Executive during the Recovery Period (as defined below) based on the erroneous data and calculated without regard to any taxes paid or withheld, over (ii) the Incentive-Based Compensation that would have been received by the Executive had it been calculated based on the restated financial information, as determined by the Compensation Committee. For purposes of this Policy, "Recovery Period" means the three completed fiscal years immediately preceding the date on which the Company is required to prepare the Financial Restatement, as determined in accordance with the last sentence of this paragraph, or any transition period that results from a change in the Company's fiscal year (as set forth in Section 303A.14(c)(1)(i)(D) of the NYSE Listed Company Manual). The date on which the Company is required to prepare a Financial Restatement is the earlier to occur of (A) the date the Board or a Board committee (or authorized officers of the Company if Board action is not required) concludes, or reasonably should have concluded, that the Company is required to prepare a Financial Restatement or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare a Financial Restatement.

For Incentive-Based Compensation based on stock price or TSR, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in the Financial Restatement, then the Compensation Committee shall determine the amount to be recovered based on a reasonable estimate of the effect of the Financial Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received and the Company shall document the determination of that estimate and provide it to the NYSE.

Incentive-Based Compensation is considered to have been received by an Executive in the fiscal year during which the applicable financial reporting measure was attained or purportedly attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

The Company may use any legal or equitable remedies that are available to the Company to recoup any erroneously awarded Incentive-Based Compensation, including but not limited to by collecting from the Executive cash payments or shares of Company common stock from or by forfeiting any amounts that the Company owes to the Executive. Executives shall be solely responsible for any tax consequences to them that result from the recoupment or recovery of any amount pursuant to this Policy, and the Company shall have no obligation to administer the Policy in a manner that avoids or minimizes any such tax consequences

### **No Indemnification**

The Company shall not indemnify any Executive or pay or reimburse the premium for any insurance policy to cover any losses incurred by such Executive under this Policy or any claims relating to the Company's enforcement of rights under this Policy.

### **Exceptions**

The compensation recouped under this Policy shall not include Incentive-Based Compensation received by an Executive (i) prior to beginning service as an Executive or (ii) if he or she did not serve as an Executive at any time during the performance period applicable to the Incentive-Based Compensation in question. The Compensation Committee (or a majority of independent directors serving on the Board) may determine not to seek recovery from an Executive in whole or part to the extent it determines in its sole discretion that such recovery would be impracticable because (A) the direct expense paid to a third party to assist in enforcing recovery would exceed the recoverable amount (after having made a reasonable attempt to recover the erroneously awarded Incentive-Based Compensation and providing corresponding documentation of such attempt to the NYSE), (B) recovery would violate the home country law that was adopted prior to November 28, 2022, as determined by an opinion of counsel licensed in the applicable jurisdiction that is acceptable to and provided to the NYSE, or (C) recovery would likely cause the Company's 401(k) plan or any other tax-qualified retirement plan to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

### **Other Remedies Not Precluded**

The exercise by the Compensation Committee of any rights pursuant to this Policy shall be without prejudice to any other rights or remedies that the Company, the Board or the Compensation Committee may have with respect to any Executive subject to this Policy, whether arising under applicable law (including pursuant to Section 304 of the Sarbanes-Oxley Act of 2002), regulation or pursuant to the terms of any other policy of the Company, employment agreement, equity award, cash incentive award or other agreement applicable to an Executive. Notwithstanding the foregoing, there shall be no duplication of recovery of the same Incentive-Based Compensation under this Policy and any other such rights or remedies.

### **Acknowledgment**

To the extent required by the Compensation Committee, each Executive shall be required to sign and return to the Company the acknowledgement form attached hereto as Exhibit A pursuant to which such Executive will agree to be bound by the terms of, and comply with, this Policy. For the avoidance of doubt, each Executive shall be fully bound by, and must comply with, the Policy, whether or not such Executive has executed and returned such acknowledgment form to the Company.

### **Effective Date and Applicability**

This Policy has been adopted by the Compensation Committee on November 30, 2023 and shall apply to any Incentive-Based Compensation that is received by an Executive on or after October 2, 2023.



**EXHIBIT A**

**DODD-FRANK COMPENSATION CLAWBACK POLICY**

**ACKNOWLEDGEMENT FORM**

Capitalized terms used but not otherwise defined in this Acknowledgement Form (this “*Acknowledgement Form*”) shall have the meanings ascribed to such terms in the Policy.

By signing this Acknowledgement Form, the undersigned acknowledges, confirms and agrees that the undersigned: (i) has received and reviewed a copy of the Policy; (ii) is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned’s employment with the Company; and (iii) will abide by the terms of the Policy, including, without limitation, by reasonably promptly returning any Recoverable Compensation to the Company as required by the Policy, as determined by the Compensation Committee in its sole discretion.

Sign: \_\_\_\_\_  
Name: [Employee]

Date: \_\_\_\_\_