UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 10, 2022

GROVE COLLABORATIVE HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	001-40263	88-2840659
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS 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)

Not Applicable
(Former name or former address, if changed since last report)

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

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

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

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.0001	**GROV**	**New York Stock Exchange**
Redeemable warrants, each whole warrant exercisable for one share of Class A common stock at an exercise price of $11.50 per share	**GROV.WS**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

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

Item 2.02 Results of Operations and Financial Condition.

On November 10, 2022, Grove Collaborative Holdings, Inc. (the "Company") issued a press release announcing the Company's earnings for the third quarter of fiscal 2022 ended September 30, 2022. A copy of such press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference. A slide presentation, which includes supplemental information relating to the Company's third quarter earnings, is furnished as Exhibit 99.2 to this Current Report on Form 8-K.

The information provided pursuant to this Item 2.02, including Exhibits 99.1 and 99.2 attached hereto, is being furnished to the Securities and Exchange Commission and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release dated November 10, 2022 announcing the Company's earnings for the third quarter ended September 30, 2022
99.2	Supplemental slides provided in connection with the Company's third quarter 2022 earnings call
104	Cover Page Interactive Data File (formatted as Inline XBRL).

SIGNATURES

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

GROVE COLLABORATIVE HOLDINGS, INC.

By:	/s/ Sergio Cervantes
Name:	Sergio Cervantes
Title:	Chief Financial Officer

Date: November 10, 2022

Exhibit 99.1

Grove Announces Fiscal Third Quarter 2022 Financial Results and Raises Full-Year Guidance

SAN FRANCISCO, CA — November 10, 2022 — Grove Collaborative Holdings, Inc. (NYSE: GROV) ("Grove" or "the Company"), a leading sustainable consumer products company and certified B Corp™, today reported financial results for its fiscal third quarter ended September 30, 2022.

Fiscal Third Quarter 2022 Financial Highlights:

Our financial highlights reflect our continued efforts to eliminate unprofitable revenue and drive improved margins, on a sequential basis, in order to be profitable in 2024.

- Net revenue of $77.7 million, down 2% from the second quarter of 2022, and down 18% year-over-year
- Gross margin of 49.1%, in line with the second quarter of 2022, and down 130 basis points year-over-year
- Net income margin of 9.9%, an improvement from the net loss margin of (44.5)% in the second quarter of 2022 and (39.4)% in the third quarter of 2021
    - Net income margin is inclusive of gains on the remeasurement of derivative liabilities.
- Adjusted EBITDA margin[(1)] of (12.4)%, an improvement from (26.6)% in the second quarter of 2022 and (32.8)% in the third quarter of 2021

(1) Adjusted EBITDA margin is a non-GAAP financial measure. See "Non-GAAP Financial Measures" for additional information. A reconciliation to the most comparable GAAP measure can be found in the tables at the end of this press release.

Stuart Landesberg, Chief Executive Officer of Grove, said, "I am pleased with our third quarter results as we cut our adjusted EBITDA loss by more than half from the second quarter, greatly improving our adjusted EBITDA margin both sequentially and year-over-year. During the quarter, we advanced progress on several key elements of our value creation plan, as we successfully expanded our retail distribution, gained efficiencies on marketing spend, reduced operating costs, and took strides toward improving the user experience on our direct-to-consumer platform, all while navigating macroeconomic headwinds. The steps we took progress us towards our goal of driving profitable growth in 2024, and we are excited about the plans in front of us."

Landesberg continued, "In light of our strong results to date, which continue to be above our expectations, we are raising guidance for fiscal 2022. However, we are aware that the environment remains challenging and we expect that to factor into our business plans and performance in 2023 and beyond. Consumers continue to battle high inflation while returning to more normalized buying patterns following the height of the pandemic. We expect volatility in the macro environment to persist and costs to remain elevated. While we are cautious as we look ahead to next year, we remain confident in the long term trends toward sustainability, the strength of the Grove brand, and the strategies we have in place to drive sustainable profitable growth."

Fiscal Third Quarter 2022 Key Business Highlights:

- DTC net revenue per order was $60.63 in the third quarter of 2022, up 7% year-over-year from $56.43 in the third quarter of 2021
- Grove Brand products represented 46.9% of net revenue in the third quarter of 2022, a decrease of 120 basis points from 48.1% in the third quarter of 2021
- In the third quarter, 63% of Grove Brands net revenue came from either zero-plastic, re-usable or refillable and zero plastic waste products, determined as meeting the Company's Beyond Plastic™ standard, up significantly from 46% in the third quarter of 2021 as Grove's no- and low-plastic assortment grows and continues to be adopted by customers
- Grove believes that publishing plastic intensity (pounds of plastic sold per $100 in revenue as measured by the Company) enables the Company to hold itself accountable for the pace at which it decouples revenue from its use of plastic
    - Across the Grove.co site and through retail partners, plastic intensity was 1.03 pounds of plastic per $100 in revenue in the third quarter of 2022 as compared to 1.33 in the third quarter of 2021, following the intended trajectory
    - Across all Grove Brands, plastic intensity was 0.85 pounds of plastic per $100 in revenue in the third quarter of 2022 as compared to 1.14 pounds in the third quarter of 2021, as Grove Brands are designed for sustainability

Fiscal Third Quarter 2022 Operational Highlights:

- Executed against four-pronged value creation plan, encompassing:
  - Improved marketing efficiency
    - Achieved efficiencies on lower spend across paid social, linear TV, and performance partnership channels
    - Continued roll out and optimization of new marketing technology stack to improve targeting
    - Leveraged and evolved creative featuring Drew Barrymore, originally launched in the second quarter, driving reduced customer acquisition costs in linear and paid social
  - Omni-channel expansion
    - Expanded retail footprint by adding three new retail partners, including first drugstore partnership encompassing 2,200 doors
  - Net revenue management
    - Began testing, implementing, and optimizing net revenue management processes focused on strategic pricing, maximizing category mix, and enhancing promotional sell through
  - Operating expense discipline
    - Executed company-wide reorganization, which included a workforce reduction of approximately 18% of the corporate workforce, to streamline operations and reallocate resources to initiatives that align with the Company's goal of achieving profitability
    - Removed additional operating expenses accelerating the reduction in cash burn

Financial Outlook:

Based on performance to date and current expectations, Grove is raising guidance as follows:
For the 12-month period ending December 31, 2022, we expect:

- Net revenue of $313 to $320 million, up from $302.5 to $312.5 million
- Adjusted EBITDA margin(1) of (24.0)% to (26.0)%, up from (27.5)% to (30.5)%

(1) Adjusted EBITDA margin is a non-GAAP financial measure. See "Non-GAAP Financial Measures" for additional information.

Conference Call Information:

The Company will host a conference call to discuss third quarter 2022 financial results and other business updates today, November 10, 2022, at 5:00 p.m. Eastern Time / 2:00 p.m. Pacific Time. The conference call will be available via live audio webcast on the Company's investor relations website at investors.grove.co. To participate via telephone, interested parties may dial (877) 413-7205, or (201) 689-8537 if calling internationally. A replay of the call will be available until November 24, 2022 and can be accessed by dialing (877) 660-6853 or (201) 612-7415, access code: 13733984. The webcast will also be available on Grove's investor relations website for 6 months following the conference call.

About Grove Collaborative Holdings, Inc.

Launched in 2016 as a Certified B Corp, Grove Collaborative Holdings, Inc. (NYSE: GROV) is transforming consumer products into a positive force for human and environmental good. Driven by the belief that sustainability is the only future, Grove creates and curates more than 150 high-performing eco-friendly brands of household cleaning, personal care, laundry, clean beauty, baby and pet care products serving millions of households across the U.S. each year. With a flexible monthly delivery model and access to knowledgeable Grove Guides, Grove makes it easy for everyone to build sustainable routines.

Every product Grove offers — from its flagship brand of sustainably powerful home care essentials, Grove Co., plastic-free, vegan personal care line, Peach Not Plastic, and zero-waste pet care brand, Good Fur, to its exceptional third-party brands — has been thoroughly vetted against Grove's strict standards to be beautifully effective, supportive of healthy habits, ethically produced and cruelty-free. Grove is a public benefit corporation on a mission to move Beyond Plastic™ and in 2021, entered physical retail for the first time at Target stores nationwide, making sustainable home care products even more accessible. Grove is the first plastic neutral retailer in the world and is committed to being 100% plastic-free by 2025.

For more information, visit www.grove.com.

Caution Concerning Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about our ability to achieve profitable growth in 2024, our 2023 business performance, the 2023 financial outlook, and our or our management team's expectations, hopes, beliefs, intentions, plans, prospects or strategies regarding the future, including revenue growth and financial performance, profitability, product expansion and services. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. The forward-looking statements contained in this press release are based on our current expectations and beliefs made by our management in light of their experience and their perception of historical trends, current conditions and expected future developments and their potential effects on the Company as well as other factors they believe are appropriate in the circumstances. There can be no assurance that future developments affecting the Company will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements, including changes in domestic and foreign business, market, financial, political and legal conditions; risks relating to the uncertainty of the projected financial information with respect to Grove; Grove's ability to successfully expand its business; competition; the uncertain effects of the COVID-19 pandemic; risks relating to growing inflation and rising interest rates; and those factors discussed in documents of Grove filed, or to be filed, with the U.S. Securities and Exchange Commission (the "SEC"). Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. All forward-looking statements in this press release are made as of the date hereof, based on information available to Grove as of the date hereof, and Grove assumes no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Non-GAAP Financial Measures

Some of the financial information and data contained in this press release, such as adjusted EBITDA and adjusted EBITDA margin, have not been prepared in accordance with United States generally accepted accounting principles ("GAAP"). These non-GAAP measures, and other measures that are calculated using such non-GAAP measures, are an addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with

GAAP and should not be considered as an alternative to revenue, operating income, profit before tax, net income or any other performance measures derived in accordance with GAAP. A reconciliation of historical adjusted EBITDA to Net Income is provided in the tables at the end of this press release. The reconciliation of projected adjusted EBITDA and adjusted EBITDA Margin to the closest corresponding GAAP measure is not available without unreasonable efforts on a forward-looking basis due to the high variability, complexity, and low visibility with respect to the charges excluded from these non-GAAP measures, such as the impact of depreciation and amortization of fixed assets, amortization of internal use software, the effects of net interest expense (income), other expense (income), and non-cash stock based compensation expense. Grove believes these non-GAAP measures of financial results, including on a forward-looking basis, provide useful information to management and investors regarding certain financial and business trends relating to Grove's financial condition and results of operations. Grove's management uses these non-GAAP measures for trend analyses and for budgeting and planning purposes. Grove believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating projected operating results and trends in and in comparing Grove's financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. Management of Grove does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. However, there are a number of limitations related to the use of these non-GAAP measures and their nearest GAAP equivalents. For example, other companies may calculate non-GAAP measures differently, or may use other measures to calculate their financial performance, and therefore Grove's non-GAAP measures may not be directly comparable to similarly titled measures of other companies.

We calculate adjusted EBITDA as net loss, adjusted to exclude: (1) stock-based compensation expense; (2) depreciation and amortization; (3) remeasurement of convertible preferred stock warrant liability; (4) changes in fair values of Additional Shares, Earn-out Shares and Public and Private Placement Warrant liabilities; (5) transaction costs allocated to derivative liabilities upon Business Combination; (6) interest expense; (7) provision for income taxes, (8) restructuring expenses and (9) loss on extinguishment on debt. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by revenue.

Grove Collaborative Holdings, Inc.

Condensed Consolidated Balance Sheets

(In thousands)

	September 30, 2022	December 31, 2021
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 103,791	$ 78,376
Inventory, net	56,045	54,453
Prepaid expenses and other current assets	7,240	8,104
Total current assets	167,076	140,933
Property and equipment, net	15,390	15,932
Operating lease right-of-use assets	18,628	21,214
Other long-term assets	2,097	4,394
Total assets	$ 203,191	$ 182,473
Liabilities, Convertible Preferred Stock and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 13,642	$ 21,346
Accrued expenses	35,809	20,651
Deferred revenue	10,816	11,267
Operating lease liabilities, current	3,820	3,550
Other current liabilities	863	1,650
Debt, current	28,447	10,750
Total current liabilities	93,397	69,214
Debt, noncurrent	37,773	56,183
Operating lease liabilities, noncurrent	17,089	20,029
Derivative liabilities	27,737	—
Other long-term liabilities	2,160	5,408
Total liabilities	178,156	150,834
Commitments and contingencies		
Convertible preferred stock	—	487,918
Stockholders' equity (deficit):		
Common stock	16	1
Additional paid-in capital	590,194	33,863
Accumulated deficit	(565,175)	(490,143)
Total stockholders' equity (deficit)	25,035	(456,279)
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	$ 203,191	$ 182,473

Grove Collaborative Holdings, Inc.

Condensed Consolidated Statements of Operations

(Unaudited)

(In thousands, except share and per share amounts)

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Revenue, net	$ 77,733	$ 95,178	$ 247,491	$ 296,421
Cost of goods sold	39,566	47,194	127,630	147,179
Gross profit	38,167	47,984	119,861	149,242
Operating expenses:				
Advertising	8,668	32,459	59,359	90,611
Product development	5,765	5,586	17,927	16,436
Selling, general and administrative	46,295	46,100	155,160	140,609
Operating loss	(22,561)	(36,161)	(112,585)	(98,414)
Interest expense	2,546	1,213	6,918	3,272
Loss on extinguishment on debt	—	—	—	1,027
Change in fair value of Additional Shares liability	(1,045)	—	970	—
Change in fair value of Earn-Out liability	(28,791)	—	(46,136)	—
Change in fair value of Public and Private Placement Warrants liability	(2,803)	—	(3,983)	—
Other expense, net	(140)	113	4,643	1,157
Interest and other expense (income), net	(30,233)	1,326	(37,588)	5,456
Income (loss) before provision for income taxes	7,672	(37,487)	(74,997)	(103,870)
Provision for income taxes	10	11	35	39
Net income (loss)	$ 7,662	$ (37,498)	$ (75,032)	$ (103,909)
Net income (loss) per share attributable to common stockholders, basic	$ 0.05	$ (4.24)	$ (1.13)	$ (12.42)
Net income (loss) per share attributable to common stockholders, diluted	$ 0.05	$ (4.24)	$ (1.13)	$ (12.42)
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, basic	154,995,402	8,837,011	66,393,538	8,366,464
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, diluted	166,104,259	8,837,011	66,393,538	8,366,464

Grove Collaborative Holdings, Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In thousands)

	Nine Months Ended September 30,	
	2022	2021
Cash Flows from Operating Activities		
Net loss	$ (75,032)	$ (103,909)
Adjustments to reconcile net loss to net cash used in operating activities:		
Remeasurement of convertible preferred stock warrant liability	(1,616)	1,526
Stock-based compensation	34,348	10,858
Depreciation and amortization	4,291	3,633
Changes in fair value of derivative liabilities	(49,149)	—
Transaction costs allocated to derivative liabilities upon Business Combination	6,873	—
Non-cash interest expense	447	509
Inventory reserve	3,540	1,933
Loss on extinguishment of debt	—	1,027
Other non-cash expenses	170	396
Changes in operating assets and liabilities:		
Inventory	(5,132)	(14,819)
Prepaids and other assets	715	(2,081)
Accounts payable	(7,550)	7,400
Accrued expenses	(1,826)	5,431
Deferred revenue	(451)	159
Operating lease right-of-use assets and liabilities	(84)	62
Other liabilities	909	(878)
Net cash used in operating activities	(89,547)	(88,753)
Cash Flows from Investing Activities		
Purchase of property and equipment	(3,580)	(4,268)
Net cash used in investing activities	(3,580)	(4,268)
Cash Flows from Financing Activities		
Proceeds from issuance of common stock upon Closing of Business Combination	97,100	—
Proceeds from issuance of contingently redeemable convertible common stock	27,500	—
Proceeds from issuance of shares under the ELOC Agreement	138	—
Payment of transaction costs related to the Closing of the Business Combination, the ELOC Agreement and convertible preferred stock issuance costs	(5,358)	(340)
Proceeds from the issuance of debt	—	50,000
Repayment of debt	(865)	(21,523)
Payment of debt issuance costs	(211)	(375)
Payment of debt extinguishment	—	(2,499)
Proceeds from exercise of stock options, net of withholding taxes paid related to common stock issued to employees, and warrants	270	749
Repurchase of common stock	(32)	(297)
Net cash provided by financing activities	118,542	25,715
Net increase (decrease) in cash and cash equivalents	25,415	(67,306)
Cash and cash equivalents at beginning of period	78,376	176,523
Cash and cash equivalents at end of period	$ 103,791	$ 109,217

Grove Collaborative Holdings, Inc.

Non-GAAP Financial Measures

(Unaudited)

(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Reconciliation of Net Income (Loss) to Adjusted EBITDA				
Net income (loss)	$ 7,662	$ (37,498)	$ (75,032)	$ (103,909)
Stock-based compensation	9,814	3,589	34,348	10,858
Depreciation and amortization	1,427	1,296	4,291	3,633
Remeasurement of convertible preferred stock warrant liability	—	218	(1,616)	1,526
Change in fair value of Additional Shares liability	(1,045)	—	970	—
Change in fair value of Earn-Out liability	(28,791)	—	(46,136)	—
Change in fair value of Public and Private Placement Warrants liability	(2,803)	—	(3,983)	—
Transaction costs allocated to derivative liabilities upon Business Combination	200	—	6,873	—
Interest expense	2,546	1,213	6,918	3,272
Restructuring expenses	1,356	—	2,992	—
Loss on extinguishment on debt	—	—	—	1,027
Provision for income taxes	10	11	35	39
Total Adjusted EBITDA	$ (9,624)	$ (31,171)	$ (70,340)	$ (83,554)
Net income (loss) margin	9.9 %	(39.4)%	(30.3)%	(35.1)%
Adjusted EBITDA margin	(12.4)%	(32.8)%	(28.4)%	(28.2)%

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Source: Grove Collaborative Holdings, Inc.

Exhibit 99.2

Q3 2022 Earnings Presentation

Forward-Looking Statements / Non-GAAP Financial Measures

Forward-Looking Statements

This presentation contains forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. All statements other than those that are purely historical are forward-looking statements. Forward-looking statements include statements identified as such in our November 10, 2022 press release.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results to differ materially from those in the forward-looking statements. Additional information regarding factors that could cause results to differ can be found in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, as well as the Company's subsequent filings with the Securities and Exchange Commission.

These forward-looking statements are based on information as of November 10, 2022. We assume no obligation to publicly update or revise our forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

SEC Regulation G

This presentation includes the non-GAAP measure Adjusted EBITDA. The description and reconciliation of this measure from GAAP is included in our November 10, 2022 earnings press release, which is available on investors.grove.co.

Q3 2022
Business Highlights

Executing Against Value Creation Plan to Achieve Profitable Growth in 2024

Improved Marketing Efficiency

- Achieved efficiencies on lower spend
- Continued roll out of new marketing stack

+

Omni-Channel Expansion

- Added 3 partnerships:
  - CVS
  - Harris Teeter
  - H-E-B

=

Profit Expansion

Net Revenue Management

- Initiatives focused on pricing, category mix, and promotional sell through

OPEX Discipline

- Reduced corporate workforce ~18%
- Accelerated reduction in burn

Sustainable Growth

New Product Launches

Twilight Wonder Collection - Limited Edition

Holiday Enchantment, Twinkling with Cheer: The Grove Co. Limited Edition Twilight Wonder Collection illuminates your home with festivity and wonder.

Keep your home looking clean and smelling festive, while still delivering uncompromised performance

Our Journey Beyond Plastic

TODAY

Plastic Neutral

At Grove, our Plastic Neutral program ensures that for every ounce of plastic we sell, an ounce of ocean-bound plastic is recycled through our partnership with Plastic Bank®.

STEP 1

Measure

We weigh and record the amount of plastic in every product. Using those numbers, we calculate how much plastic we're sending in each order.

STEP 2

Collect

In partnership with Plastic Bank, we collect and recycle an ounce of ocean-bound plastic for every ounce of plastic we sell.

BY 2025

Plastic-Free

Beyond Plastic is our plan to solve the single-use plastic problem for home and personal care products. Today, we're 100% plastic neutral. By 2025, we'll be plastic-free.

PHASE 1

Beyond Plastic

We're the first online retailer to be 100% plastic neutral. For every ounce of plastic we sell, we collect and recycle an ounce of ocean-bound plastic.

PHASE 2

Beyond Plastic

We'll be plastic-free by 2025. We're working hard to remove plastic from everything we make and sell.

OUR TOTAL PLASTIC FOOTPRINT

We are the first in our industry to report on our plastic given its materiality to our business. We're using this scorecard to challenge our industry to track and publish their plastic use.

BEYOND PLASTIC: TRACKING OUR PROGRESS*

1.03 lbs / $100 in Net Revenue

PLASTIC INTENSITY

Across the Grove site and through retail partners, we shipped 1.03 lbs of plastic for every $100 in net revenue in the third quarter of 2022, an improvement from 1.33 pounds in the third quarter of 2021. This ratio enables us to decouple our plastic footprint from our revenue growth and truly pin our success to plastic reduction.

13%

REUSABLE OR REFILLABLE PRODUCTS

Site-wide, 13% of our products were reusable or refillable in 2021, compared to 12% in the prior year. We seek to increase the use of reusable or refillable products and packaging while reducing single-use plastic

758,323 lbs

TOTAL PLASTIC WEIGHT

Total weight of plastic we shipped to our customers and sold through retail partners in the third quarter of 2022, including every brand and every product that we sell at Grove.

Grove Brands

0.85 lbs / $100 in Net Revenue

PLASTIC INTENSITY

Across all Grove Brands, we shipped 0.85 lbs of plastic for every $100 in net revenue in the third quarter of 2022, an improvement from 1.14 pounds in the third quarter of 2021., showcasing a reduced use of plastic in our owned brands, which are designed for sustainability

40%

Reusable or Refillable Products

For Grove Co., 40% of our products were reusable or refillable in 2021, as compared to 39% in 2020. We seek to increase the use of reusable or refillable products and packaging while reducing single-use plastic

63%

Beyond Plastic™

63% of Grove Brands net revenue came from either zero-plastic, re-usable or refillable and zero plastic waste products in the third quarter of 2022, up from 46% in the third quarter of 2021

*Metrics as of 9/30/2022 unless otherwise noted

Q3 2022 Financial Update

Q3 Fiscal 2022 • Financial Highlights

	Three months ended		
	Q3-22A	Q3-21A	% Change
Financials			
Revenue, Net ($mm)	$77.7	$95.2	*(18%)*
Gross Profit ($mm)	$38.2	$48.0	*(20%)*
% Revenue, Net	49%	50%	*(130bps)*
Net Income (Loss) ($mm)	$7.7	-$37.5	*120%*
% Revenue, Net	10%	-39%	*4,930bps*
Adjusted EBITDA ($mm)[1]	-$9.6	-$31.2	*69%*
% Revenue, Net	-12%	-33%	*2,040bps*
KPIs			
Grove Brands % of Net Revenue[2]	47%	48%	*(120bps)*
DTC Total Orders (K)[3]	1,242	1,672	*(26%)*
DTC Active Customers (K)[4]	1,460	1,707	*(15%)*
DTC Net Revenue per Order[5]	$61	$56	*7%*

(1) Adjusted EBITDA and adjusted EBITDA margin are non-GAAP financial measures. See "Non-GAAP Financial Measures" for additional information on non-GAAP financial measures and a reconciliation to the most comparable GAAP measures.

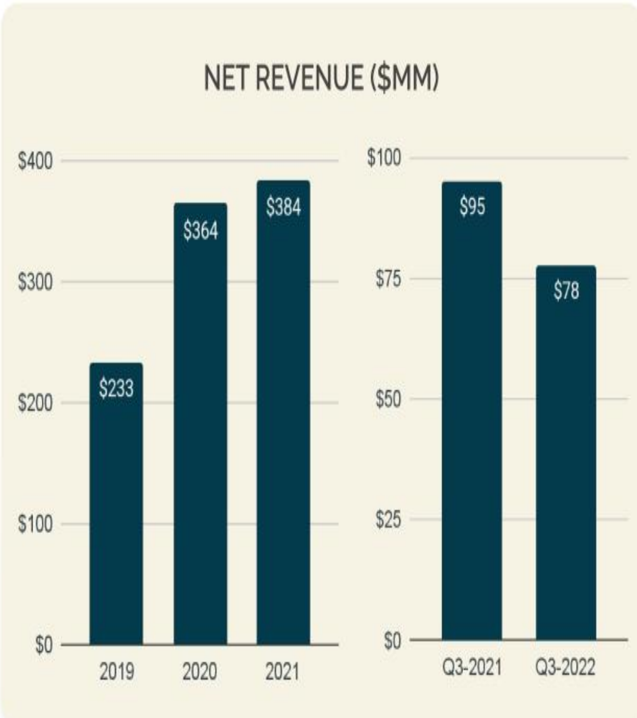
(2) Grove Brands % of Net Revenue is total net revenue across all channels attributable to Grove Brands, including: Grove Co, Honu, Peach, Rooted Beauty, Grove Co Paper, and Superbloom divided by our total net revenue

(3) DTC Total Orders is the number of customer orders submitted through our website and mobile applications 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

(4) DTC Active Customers are customers who have ordered, and for whom an order has shipped, at least once during the preceding 364-day period.

(5) DTC Net Revenue per Order is DTC Total Net Revenue in a given reporting period, divided by the DTC Total Orders in that period

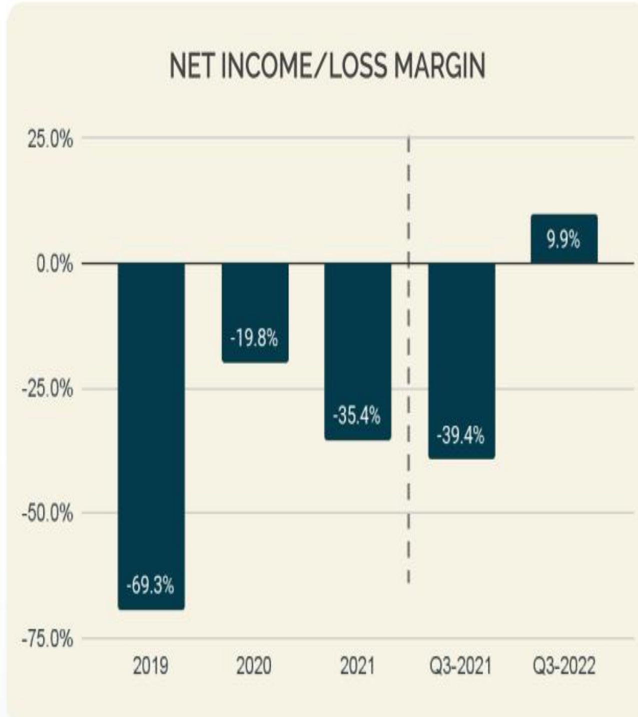
Q3 Fiscal 2022 • Financial Highlights



Net revenue was $78 million, a year-over-year decrease of 18 percent. The decrease was primarily driven by fewer new and existing customer orders as a result of fewer active customers and the reduction in advertising spend with Grove's prioritization of increasing profitability. The decrease in orders was partly offset by an increase in AOVs and an increase in retail revenue.

Gross margin was down 130 bps year-over-year to 49.1% due to an increase in product costs, including inbound freight costs, an increase in sales from retail sales, which produce lower margins than our DTC channel sales, and an increase to inventory reserves, partially offset by the impacts of net revenue management initiatives including the introduction of strategic price increases on Grove Brands and third party products.

Q3 Fiscal 2022 • Financial Highlights



Adjusted EBITDA Margin improved 2,040 bps year-over-year, driven primarily by reduced operating and advertising costs, offset by a lower gross margin and higher outbound shipping costs.

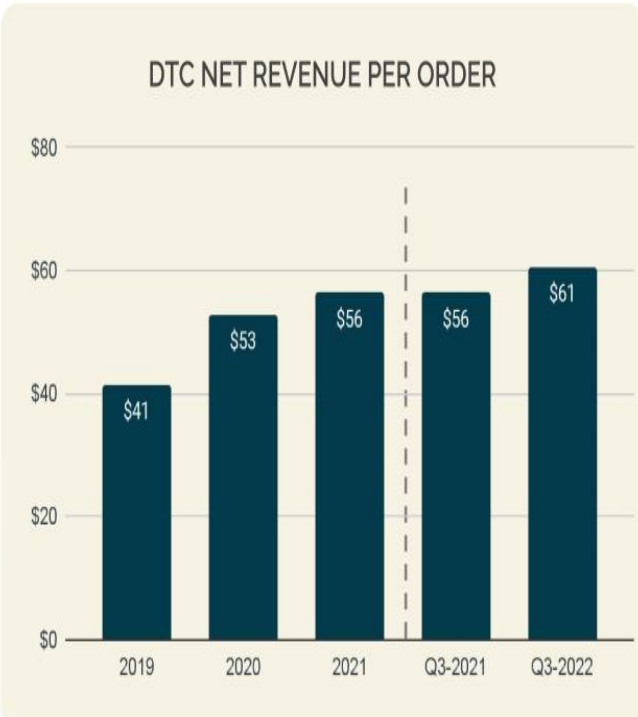
Net Income/Loss Margin improved 4,930 bps year-over-year, primarily driven due to improved Adjusted EBITDA margin and the decrease in the fair value of the Earn-Out liability.

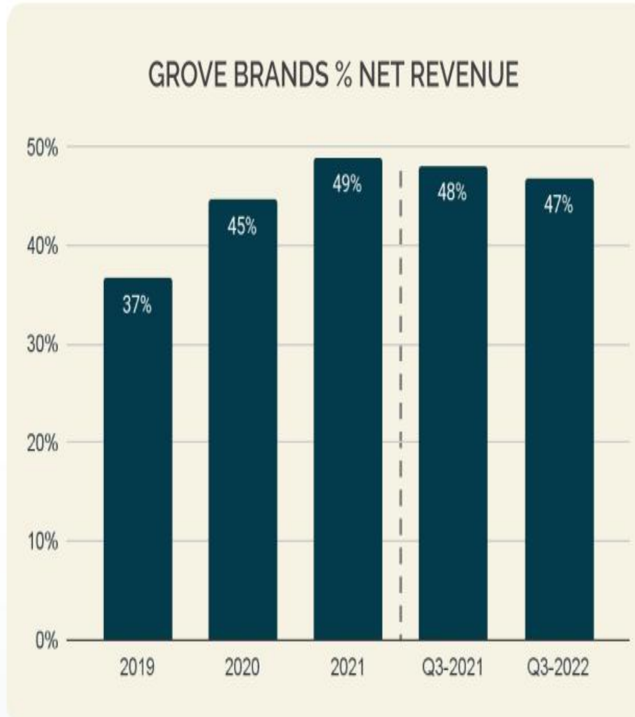
Q3 Fiscal 2022 • Financial Highlights

DTC Total orders were down 26% year-over-year due to a decrease in active customers, along with the decrease in direct advertising spend in early 2022 as the company focuses on profitability, resulting in fewer new and existing customer orders.

DTC Active customers were down 15% year-over-year following COVID-related tailwinds in 2021. Similar to orders, the reduction of customer acquisition spend also contributed to this decline as the company shifts its focus to profitability.

Q3 Fiscal 2022 • Financial Highlights





DTC net revenue per order continued its long-term upward trend, increasing 7% year-over-year to $61. The improvement in revenue per order was driven primarily by improved existing customer Average Order Value and the impacts of net revenue management initiatives including the introduction of strategic price increases on Grove Brands and third party products.

Grove Brands as a percent of net revenue declined year-over-year to 47% driven by strong 3rd party Fall seasonal performance, YoY decrease in new customer orders which tend to include more Grove brand products as well as a mix shift of advertising spend into channels with less Grove Brands promotion.

Guidance

Given our performance YTD as well as our expectations for the remainder of the year, we are raising full year guidance as follows:

FISCAL YEAR 2022 GUIDANCE	
Net Revenue	$313 million to $320 million up from $302.5 million to $312.5 million previously
Adjusted EBITDA Margin	(24.0)% to (26.0)% up from (27.5)% to (30.5)% previously

Financial Statements

Balance Sheets

(IN THOUSANDS)

	September 30, 2022	December 31, 2021
ASSETS	(unaudited)	
Current Assets:		
Cash and cash equivalents	$ 103,791	$ 78,376
Inventory, net	56,045	54,453
Prepaid expenses and other current assets	7,240	8,104
Total current assets	**167,076**	**140,933**
Property and equipment, net	15,390	15,932
Operating lease right-of-use assets	18,628	21,214
Other long-term assets	2,097	4,394
Total assets	**203,191**	**182,473**
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDER'S DEFICIT		
Current liabilities:		
Accounts payable	$13,642	$21,346
Accrued expenses	35,809	20,651
Deferred revenue	10,816	11,267
Operating lease liabilities, current	3,820	3,550
Other current liabilities	863	1,650
Debt, current	28,447	10,750
Total current liabilities	**93,397**	**69,214**
Debt, non-current	37,773	56,183
Operating lease liabilities, noncurrent	17,089	20,029
Derivative liabilities	27,737	–
Other long-term liabilities	2,160	5,408
Total liabilities	**178,156**	**150,834**
CONVERTIBLE PREFERRED STOCK	–	487,918
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock	16	1
Additional paid-in capital	590,194	33,863
Accumulated deficit	(565,175)	(490,143)
Total stockholders' equity (deficit)	**25,035**	**(456,279)**
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	**$ 203,191**	**$ 182,473**

Statement of Operations

(IN THOUSANDS)
(Unaudited)

Three Months Ended September 30	2022	2021
Revenue, net	$ 77,733	$ 95,178
Cost of goods sold	39,566	47,194
Gross profit	**38,167**	**47,984**
Operating expenses:		
Advertising	8,668	32,459
Product development	5,765	5,586
Selling, general and administrative	46,295	46,100
Operating loss	**(22,561)**	**(36,161)**
Interest expense	2,546	1,213
Change in fair value of Additional Shares liability	(1,045)	–
Change in fair value of Earn-Out liability	(28,791)	–
Change in fair value of Public and Private Placement Warrants liability	(2,803)	–
Other expense, net	(140)	113
Interest and other expense (income), net	**(30,233)**	**1,326**
Income (loss) before provision for income taxes	**7,672**	**(37,487)**
Provision for income taxes	10	11
Net income (loss)	**$ 7,662**	**$ (37,498)**

Statements of Cash Flows

(IN THOUSANDS)
(Unaudited)

	Nine Months Ended September 30,	
CASH FLOWS FROM OPERATING ACTIVITIES	**2022**	**2021**
Net loss	**$ (75,032)**	**$ (103,909)**
Adjustments to reconcile net loss to net cash used in operating activities:		
Remeasurement of convertible preferred stock warrant liability	(1,616)	1,526
Stock-based compensation	34,348	10,858
Depreciation and amortization	4,291	3,633
Changes in fair value of derivative liabilities	(49,149)	—
Transaction costs allocated to derivative liabilities upon Business Combination	6,873	—
Non-cash interest expense	447	509
Inventory reserve	3,540	1,933
Loss on extinguishment of debt	—	1,027
Other non-cash expenses	170	396
Changes in operating assets and liabilities		
Inventory	(5,132)	(14,819)
Prepaids and other assets	715	(2,081)
Accounts payable	(7,550)	7,400
Accrued expenses	(1,826)	5,431
Deferred revenue	(451)	159
Operating lease right-of-use assets and liabilities	(84)	62
Other liabilities	909	(878)
Net cash used in operating activities	**(89,547)**	**(88,753)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,580)	(4,268)
Net cash used in investing activities	**(3,580)**	**(4,268)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock upon Closing of Business Combination	97,100	—
Proceeds from issuance of contingently redeemable convertible common stock	27,500	—
Proceeds from issuance of shares under the ELOC Agreement	138	–
Payment of transaction costs related to the Closing of the Business Combination, the ELOC Agreement and convertible preferred stock issuance costs	(5,358)	(340)
Proceeds from issuance of debt	–	50,000
Repayment of debt	(865)	(21,523)
Payment of debt issuance costs	(211)	(375)
Payment of debt extinguishment	–	(2,499)
Proceeds from exercise of stock options, net of withholding taxes paid related to common stock issued to employees, and warrants	270	749
Repurchase of common stock	(32)	(297)
Net cash provided by financing activities	**118,542**	**25,715**
Net decrease (decrease) in cash and cash equivalents	25,415	(67,306)
Cash and cash equivalents at beginning of period	**78,376**	**176,523**
Cash and cash equivalents at end of period	**$ 103,791**	**$ 109,217**

Non-GAAP Financial Measures

Grove Collaborative uses the non-GAAP financial measures set forth below in assessing its operating performance and in its financial communications. Management believes these non-GAAP financial measures provide useful additional information to investors about current trends in the Company's operations and are useful for period-over-period comparisons of operations. In addition, management uses these non-GAAP financial measures to assess operating performance and for business planning purposes. Management also believes these measures are widely used by investors, securities analysts, rating agencies and other parties in evaluating companies in our industry as a measure of our operational performance. These non-GAAP financial measures should not be considered in isolation or as a substitute for the comparable GAAP measures. In addition, these non-GAAP financial measures may not be computed in the same manner as similarly titled measures used by other companies.

Adjusted EBITDA and Adjusted EBITDA as a % of net revenues

We calculate adjusted EBITDA as net loss, adjusted to exclude: (1) stock-based compensation expense; (2) depreciation and amortization; (3) remeasurement of convertible preferred stock warrant liability; (4) changes in fair values of Additional Shares, Earn-out Shares and Public and Private Placement Warrant liabilities; (5) transaction costs allocated to derivative liabilities upon Business Combination; (6) interest expense; (7) provision for income taxes; (8) restructuring expenses and (9) loss on extinguishment on debt. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by revenue.

$K

	FY 2019	FY 2020	FY 2021	Q3 2021	Q3 2022
Net Income (Loss)	$ (161,470)	$ (72,260)	$ (135,895)	$ (37,498)	$ 7,662
Stock-based compensation	11,960	7,762	14,610	3,589	9,814
Depreciation and amortization	2,361	4,115	4,992	1,296	1,427
Remeasurement of convertible preferred stock warrant liability	430	964	1,234	218	–
Change in fair value of Additional Shares liability	–	–	–	–	(1,045)
Change in fair value of Earn-Out Liability	–	–	–	–	(28,791)
Change in fair value of Public and Private Placement Warrant liabilities	–	–	–	–	(2,803)
Deferred offering costs allocated to derivative liabilities upon Business Combination	–	–	–	–	200
Interest expense	2,052	5,607	5,202	1,213	2,546
Restructuring expenses	–	–	–	–	1,356
Loss on extinguishment of debt	–	–	1,027	–	–
Provision for income taxes	12	41	52	11	10
Adjusted EBITDA	**$ (144,655)**	**$ (53,771)**	**$ (108,778)**	**$ (31,171)**	**$ (9,624)**

Thank you

Grove®
COLLABORATIVE