

---

---

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

---

**FORM 10-Q**

---

(Mark One)

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

For the quarterly period ended September 30, 2023

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  
(State or other jurisdiction of  
incorporation or organization)

88-2840659  
(I.R.S. Employer  
Identification No.)

1301 Sansome Street  
San Francisco, California 94111  
Tel.: (800) 231-8527

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

---

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

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

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 and posted on its corporate web site, if any, every 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 and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (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 is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The registrant had outstanding 31,414,013 shares of Class A common stock and 6,035,945 shares of Class B common stock as of November 6, 2023.

---

---

**Table of Contents**

	<b>Page</b>
<b>PART I - FINANCIAL INFORMATION</b>	
Item 1. Financial Statements	4
Condensed Consolidated Balance Sheets as of September 30, 2023 and December 31, 2022	4
Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2023 and 2022	5
Condensed Consolidated Statements of Redeemable Convertible Preferred Stock, Convertible Preferred Stock, Contingently Redeemable Convertible Common Stock and Stockholders' Equity for the three and nine months ended September 30, 2023 and 2022	6
Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2023 and 2022	10
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	31
Item 3. Quantitative and Qualitative Disclosures about Market Risk	45
Item 4. Controls and Procedures	45
<b>Part II - OTHER INFORMATION</b>	
Item 1. Legal Proceedings	47
Item 1A. Risk Factors	47
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	47
Item 3. Defaults Upon Senior Securities	47
Item 4. Mine Safety Disclosures	47
Item 5. Other Information	47
Item 6. Exhibits	47
Signatures	50

### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q (this "Form 10-Q"), including, without limitation, statements under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations," includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). Generally, statements that are not historical facts, including statements concerning Grove Collaborative Holdings, Inc. (the "Company," "we," "us," or "our") possible or assumed future actions, business strategies, events, or results of operations, are forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes," "estimates," "anticipates," "expects," "intends," "plans," "may," "will," "potential," "projects," "predicts," "continue," or "should," or, in each case, their negative or other variations or comparable terminology. There can be no assurance that actual results will not materially differ from expectations.

The forward-looking statements contained in this Form 10-Q are based on our current expectations and beliefs concerning future developments and their potential effects on us. Future developments affecting us may not be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) and other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, without limitation, those factors described under Part II, Item 1A: "Risk Factors." 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. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable securities laws. These risks and others described under Part II, Item 1A: "Risk Factors" may not be exhaustive.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and developments in the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Form 10-Q. In addition, even if our results or operations, financial condition and liquidity, and developments in the industry in which we operate are consistent with the forward-looking statements contained in this Form 10-Q, those results or developments may not be indicative of results or developments in subsequent periods.

**Part I - Financial Information****Item 1. Financial Statement**

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

	September 30, 2023	December 31, 2022
	(Unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 86,094	\$ 81,084
Restricted cash	5,850	11,950
Inventory, net	32,712	44,132
Prepaid expenses and other current assets	5,551	4,844
Total current assets	130,207	142,010
Restricted cash	2,802	2,951
Property and equipment, net	12,627	14,530
Operating lease right-of-use assets	12,629	12,362
Other long-term assets	2,697	2,192
Total assets	\$ 160,962	\$ 174,045
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 8,863	\$ 10,712
Accrued expenses	16,549	31,354
Deferred revenue	7,745	10,878
Operating lease liabilities, current	4,094	3,705
Other current liabilities	486	249
Debt, current	—	575
Total current liabilities	37,737	57,473
Debt, noncurrent	70,791	60,620
Operating lease liabilities, noncurrent	15,318	16,192
Derivative liabilities	13,025	13,227
Total liabilities	136,871	147,512
Commitments and contingencies (Note 6)		
Redeemable convertible preferred stock, \$0.0001 par value - 100,000,000 shares authorized at September 30, 2023 and December 31, 2022; 10,000 and no shares outstanding at September 30, 2023 and December 31, 2022, respectively	10,000	—
Stockholders' equity:		
Common stock - \$0.0001 par value – 600,000,000 Class A shares authorized at September 30, 2023 and December 31, 2022; 30,379,905 and 25,123,332 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively; 200,000,000 Class B shares authorized at September 30, 2023 and December 31, 2022; 7,070,053 and 10,447,927 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	4	4
Additional paid-in capital	625,692	604,387
Accumulated deficit	(611,605)	(577,858)
Total stockholders' equity	14,091	26,533
Total liabilities, redeemable convertible preferred stock and stockholders' equity	\$ 160,962	\$ 174,045

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue, net	\$ 61,750	\$ 77,733	\$ 199,421	\$ 247,491
Cost of goods sold	28,516	39,566	94,624	127,630
Gross profit	33,234	38,167	104,797	119,861
<b>Operating expenses:</b>				
Advertising	4,062	8,668	17,392	59,359
Product development	3,578	5,765	11,846	17,927
Selling, general and administrative	29,699	46,295	102,879	155,160
Operating loss	(4,105)	(22,561)	(27,320)	(112,585)
Interest expense	4,145	2,546	11,918	6,918
Change in fair value of Additional Shares liability	600	(1,045)	920	970
Change in fair value of Earn-Out liability	1,408	(28,791)	350	(46,136)
Change in fair value of Public and Private Placement Warrants liability	125	(2,803)	(1,262)	(3,983)
Change in fair value of Structural Derivative liability	600	—	1,290	—
Other expense (income), net	(1,179)	(140)	(6,817)	4,643
Interest and other expense (income), net	5,699	(30,233)	6,399	(37,588)
Income (loss) before provision for income taxes	(9,804)	7,672	(33,719)	(74,997)
Provision for income taxes	7	10	28	35
Net income (loss)	\$ (9,811)	\$ 7,662	\$ (33,747)	\$ (75,032)
Less: Accretion on redeemable convertible preferred stock	(976)	—	(976)	—
Less: Accumulated dividends on redeemable convertible preferred stock	(82)	—	(82)	—
Net income (loss) attributable to common stockholders, basic and diluted	\$ (10,869)	\$ 7,662	\$ (34,805)	\$ (75,032)
Net income (loss) per share attributable to common stockholders, basic	\$ (0.31)	\$ 0.25	\$ (1.01)	\$ (5.65)
Net income (loss) per share attributable to common stockholders, diluted	\$ (0.31)	\$ 0.23	\$ (1.01)	\$ (5.65)
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, basic	35,253,756	30,999,080	34,433,760	13,278,710
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, diluted	35,253,756	33,220,852	34,433,760	13,278,710

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

**Grove Collaborative Holdings, Inc.**  
**Condensed Consolidated Statements of Redeemable Convertible Preferred Stock, Common Stock and Stockholders' Equity**  
**(Unaudited)**  
**(In thousands)**

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balances at June 30, 2023	—	\$ —	36,438	\$ 4	\$ 622,931	\$ (601,794)	\$ 21,141
Issuance of redeemable convertible preferred stock, net of issuance costs	10	9,024	—	—	—	—	—
Issuance of common stock warrants, net of issuance costs	—	—	—	—	643	—	643
Accretion on redeemable convertible preferred stock	—	976	—	—	(976)	—	(976)
Issuance of shares to settle Additional Shares liability, net of issuance costs	—	—	714	—	1,407	—	1,407
Issuance of common stock upon settlement of restricted stock units, net of tax withholdings	—	—	298	—	(470)	—	(470)
Stock-based compensation	—	—	—	—	2,157	—	2,157
Net loss	—	—	—	—	—	(9,811)	(9,811)
Balances at September 30, 2023	10	\$ 10,000	37,450	\$ 4	\$ 625,692	\$ (611,605)	\$ 14,091

**Grove Collaborative Holdings, Inc.**  
**Condensed Consolidated Statements of Common Stock and Stockholders' Equity (Deficit)**  
**(Unaudited)**  
**(In thousands)**

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount			
Balances at June 30, 2022	32,573	\$ 3	\$ 564,356	\$ (572,837)	\$ (8,478)
Issuance of shares under ELOC Agreement	8	—	138	—	138
Issuance of shares to settle Additional Shares Liability	655	—	16,310	—	16,310
Incremental direct transaction costs related to the Business Combination	—	—	(513)	—	(513)
Issuance of common stock upon exercise of stock options	2	—	21	—	21
Issuance of common stock upon exercise of warrants	5	—	12	—	12
Stock-based compensation	—	—	9,883	—	9,883
Net loss	—	—	—	7,662	7,662
Balances at September 30, 2022	33,243	\$ 3	\$ 590,207	\$ (565,175)	\$ 25,035

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

**Grove Collaborative Holdings, Inc.**  
**Condensed Consolidated Statement of Redeemable Convertible Preferred Stock, Common Stock and Stockholders' Equity**  
**(Unaudited)**  
**(In thousands)**

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balances at December 31, 2022	—	\$ —	35,571	\$ 4	\$ 604,387	\$ (577,858)	\$ 26,533
Issuance of redeemable convertible preferred stock, net of issuance costs	10	9,024	—	—	—	—	—
Issuance of common stock warrants, net of issuance costs	—	—	—	—	643	—	643
Accretion on redeemable convertible preferred stock	—	976	—	—	(976)	—	(976)
Issuance of shares to settle Additional Shares liability, net of issuance costs	—	—	714	—	1,407	—	1,407
Issuance of common stock upon exercise of stock options	—	—	38	—	71	—	71
Issuance of common stock upon settlement of restricted stock units, net of tax withholdings	—	—	1,224	—	(1,743)	—	(1,743)
Shares issued in connection with the Employee Stock Purchase Plan	—	—	100	—	213	—	213
Cancellation of Earn-Out Shares	—	—	(197)	—	—	—	—
Reduction in transaction costs	—	—	—	—	9,609	—	9,609
Stock-based compensation	—	—	—	—	12,081	—	12,081
Net loss	—	—	—	—	—	(33,747)	(33,747)
Balances at September 30, 2023	10	\$ 10,000	37,450	\$ 4	\$ 625,692	\$ (611,605)	\$ 14,091

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

**Grove Collaborative Holdings, Inc.**
**Condensed Consolidated Statements of Convertible Preferred Stock, Contingently Redeemable Convertible Common Stock and Stockholders' Equity (Deficit)**
**(Unaudited)**
**(In thousands)**

	Convertible Preferred Stock <sup>(1)</sup>		Contingently Redeemable Convertible Common Stock <sup>(1)</sup>		Common Stock <sup>(1)</sup>		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
Balances at December 31, 2021	22,959	\$ 487,918	—	\$ —	1,874	\$ —	\$ 33,864	\$ (490,143)	\$ (456,279)
Issuance of preferred stock and common stock upon net exercise of warrants	34	989	—	—	36	—	12	—	12
Issuance of contingently convertible common stock	—	—	550	27,473	—	—	—	—	—
Conversion of preferred stock warrant liability to common stock warrants	—	—	—	—	—	—	2,182	—	2,182
Convertible preferred stock and contingently redeemable common stock conversion	(22,993)	(488,907)	(550)	(27,473)	23,640	2	516,378	—	516,380
Issuance of common stock in connection with Business Combination, including Backstop Tranche 2 Shares and PIPE offering, net of \$17.1 million in transaction costs	—	—	—	—	4,184	1	79,467	—	79,468
Additional Shares liability, Earn-Out liability and Public and Private Placement Warrants recognized upon Business Combination	—	—	—	—	—	—	(93,196)	—	(93,196)
Issuance of Earn-Out Shares	—	—	—	—	2,800	—	1	—	1
Issuance of shares to settle Additional Shares Liability	—	—	—	—	655	—	16,310	—	16,310
Issuance of Class A common stock issued to employees, net of withholding taxes	—	—	—	—	6	—	(96)	—	(96)
Issuance of shares under ELOC Agreement	—	—	—	—	8	—	138	—	138
Issuance of common stock upon exercise of stock options	—	—	—	—	43	—	354	—	354
Vesting of early exercise of options	—	—	—	—	—	—	125	—	125

<sup>(1)</sup> The shares of the Company's common and convertible preferred stock prior to the Closing of the Business Combination (as defined in Note 1) have been retroactively restated to reflect the exchange ratio of approximately 1.1760 established in the Merger Agreement

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



**Grove Collaborative Holdings, Inc.**  
**Condensed Consolidated Statements of Convertible Preferred Stock, Contingently Redeemable Convertible Common Stock and Stockholders' Equity (Deficit) -**  
**Continued**  
**(Unaudited)**  
**(In thousands)**

	Convertible Preferred Stock <sup>(1)</sup>		Contingently Redeemable Convertible Common Stock <sup>(1)</sup>		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
Repurchase of early exercise of options	—	—	—	—	(3)	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	34,668	—	34,668
Net loss	—	—	—	—	—	—	—	(75,032)	(75,032)
Balances at September 30, 2022	—	\$ —	—	\$ —	33,243	\$ 3	\$ 590,207	\$ (565,175)	\$ 25,035

<sup>(1)</sup> The shares of the Company's common and convertible preferred stock prior to the Closing of the Business Combination (as defined in Note 1) have been retroactively restated to reflect the exchange ratio of approximately 1.1760 established in the Merger Agreement

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

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

	<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ (33,747)	\$ (75,032)
Adjustments to reconcile net loss to net cash used in operating activities:		
Remeasurement of convertible preferred stock warrant liability	—	(1,616)
Stock-based compensation expense	11,941	34,348
Depreciation and amortization	4,359	4,291
Changes in fair value of derivative liabilities	1,298	(49,149)
Reduction in transaction costs allocated to derivative liabilities upon Business Combination	(3,745)	—
Deferred offering costs allocated to derivative liabilities upon Business Combination	—	6,873
Non-cash interest expense	2,872	447
Inventory reserve	1,123	3,540
Other non-cash expenses	99	170
Changes in operating assets and liabilities:		
Inventory	10,297	(5,132)
Prepays and other assets	(574)	715
Accounts payable	(1,846)	(7,550)
Accrued expenses	2,469	(1,826)
Deferred revenue	(3,133)	(451)
Operating lease right-of-use assets and liabilities	(752)	(84)
Other liabilities	237	909
<b>Net cash used in operating activities</b>	<b>(9,102)</b>	<b>(89,547)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(2,383)	(3,580)
<b>Net cash used in investing activities</b>	<b>(2,383)</b>	<b>(3,580)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of common stock upon Closing of Business Combination	—	97,100
Proceeds from issuance of redeemable convertible preferred stock, convertible common stock and common stock warrants	10,000	27,638
Payment of transaction costs related to the Business Combination, redeemable convertible preferred stock, contingently redeemable convertible common stock and settlement of Additional Shares liability	(4,295)	(5,358)
Proceeds from issuance of debt	7,500	—
Payment of debt issuance costs	(925)	(211)
Repayment of debt	(575)	(865)
Net proceeds (payments) related to stock-based award activities	(1,459)	238
<b>Net cash provided by financing activities</b>	<b>10,246</b>	<b>118,542</b>
Net increase (decrease) in cash, cash equivalents and restricted cash	(1,239)	25,415
Cash, cash equivalents and restricted cash at beginning of period	95,985	78,376
Cash, cash equivalents and restricted cash at end of period	<b>\$ 94,746</b>	<b>\$ 103,791</b>

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

<b>Supplemental Disclosure</b>			
Cash paid for taxes	\$	43	\$ 64
Cash paid for interest		8,953	4,803
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities</b>			
Purchase of property and equipment in accounts payable and accrued liabilities	\$	76	\$ 91
Gain on settlement allocated to equity instruments		9,609	—
Settlement of Additional Shares liability		1,500	16,310
Settlement of Earn-Out due to cancellation of shares		347	—
Transaction costs, redeemable convertible preferred stock and contingently redeemable convertible common stock issuance costs included in accounts payable and accrued liabilities		281	18,799
Net exercise of preferred stock warrants		—	989
Conversion of contingently redeemable convertible common stock and convertible preferred stock to common stock		—	516,365
Assumption of derivative liabilities upon Business Combination		—	93,196
Reclassification of Grove's preferred stock warrant liability to additional paid-in capital		—	2,182
Vesting of early exercised stock options		—	125

**Reconciliation of cash, cash equivalents, and restricted cash:**

	<b>September 30,</b>	
	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 86,094	\$ 103,791
Restricted cash	8,652	—
<b>Total cash, cash equivalents and restricted cash</b>	<b>\$ 94,746</b>	<b>\$ 103,791</b>

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

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

## 1. Description of Business

Grove Collaborative Holdings, Inc., a public benefit corporation, (formerly known as Virgin Group Acquisition Corp. II, or “VGAC II”) 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 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.

On June 16, 2022 (the “Closing Date”), the Company consummated the previously-announced transactions contemplated by the 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. (“VGAC II Merger Sub I”), 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 Merger Sub II continued as the surviving company and a wholly-owned 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 is accounted for as a reverse recapitalization with Legacy Grove being the accounting acquirer and VGAC II as the acquired company for accounting purposes. Accordingly, all historical financial information from prior to the Closing Date presented in the unaudited condensed consolidated financial statements represents the accounts of Legacy Grove. The shares and net loss per common share prior to the Closing have been retroactively restated as shares reflecting the exchange ratio established in the Closing.

Prior to the Business Combination, VGAC II’s public shares, and public warrants were listed on the New York Stock Exchange (the “NYSE”) under the symbols “VGII” and “VGII.WS,” respectively. On June 17, 2022, the Company’s Class A common stock and public warrants (the “Public Warrants”) began trading on the NYSE, under the symbols “GROV” and “GROV.WS,” respectively. On June 12, 2023, the NYSE delisted the Public Warrants from trading due to the low price levels. See Note 7, *Common Stock and Warrants* for additional details.

### *Reverse Stock Split*

On May 24, 2023, the Company’s board of directors and stockholders approved a one-for-five reverse split (the “Reverse Split”) of the Company’s issued and outstanding Class A 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. All issued and outstanding Class A and Class B common stock, options to purchase common stock, shares available or reserved for issuance, warrants and/or warrant shares, as applicable, and per share amounts contained in the condensed consolidated financial statements have been retroactively adjusted to reflect the reverse stock split for all periods presented, unless otherwise stated herein.

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

## 2. Summary of Significant Accounting Policies

### *Basis of Presentation and Liquidity*

The Company's unaudited condensed consolidated financial statements (the "condensed consolidated financial statements") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of the Company and its wholly owned subsidiary in which it holds controlling financial interest. All intercompany accounts and transactions have been eliminated in consolidation.

These condensed consolidated financial statements have been prepared in accordance with GAAP applicable to interim financial statements. These financial statements are presented in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") and do not include all disclosures normally required in annual consolidated financial statements prepared in accordance with GAAP. As such, the information included herein should be read in conjunction with the Company's financial statements and accompanying notes as of and for the year ended December 31, 2022 (the "audited financial statements") that were included in the Company's Form 10-K filed with the SEC on March 16, 2023. In management's opinion, these unaudited condensed consolidated financial statements have been prepared on the same basis as the audited financial statements and reflect all adjustments, which include normal recurring adjustments, necessary for the fair statement of the Company's financial position as of September 30, 2023 and the results of operations for the three and nine months ended September 30, 2023 and 2022. The results of operations for the three and nine months ended September 30, 2023 are not necessarily indicative of the results to be expected for the full year ending December 31, 2023 or any other future interim or annual period.

The Company has historically incurred losses and negative cash flows from operations and had an accumulated deficit of \$11.6 million as of September 30, 2023. The Company's existing sources of liquidity as of September 30, 2023 include unrestricted cash and cash equivalents of \$86.1 million and availability of debt from the Siena Revolver (defined in Note 5, *Debt*). The Company has historically funded operations primarily with issuances of redeemable convertible preferred stock, convertible preferred stock, contingently redeemable convertible common stock and the incurrence of debt. The Company believes its existing cash and cash equivalents will be sufficient to fund its operations for a period of at least one year from the date of issuance of this quarterly report on Form 10-Q (the "Quarterly Report"). 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 profitable 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 condensed consolidated financial statements may not be comparable to companies that comply with the new or revised accounting standards as of public company effective dates.

### *Net Income (Loss) per Share Attributable to Common Stockholders*

Net income (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 and Class B common stock on an individual or combined basis.

The Company's participating securities included 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

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

participating securities because holders of such shares have non-forfeitable dividend rights in the event a dividend is paid on common stock. The holders of redeemable convertible preferred stock, the holders of early exercised shares subject to repurchase nor the holders of the Company's common stock warrants have a contractual obligation to share in losses.

Basic net income (loss) per share attributable to common stockholders is calculated by dividing the net income (loss), as adjusted for any accumulated dividends on Series A Redeemable Convertible Preferred Stock (Note 8, *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 income (loss) per share as of the date that all necessary conditions have been satisfied. Such shares include the Backstop Warrants (Note 7, *Common Stock and Warrants*) and Volition Penny Warrants (Note 8 - *Redeemable Convertible Preferred Stock*).

Diluted net income (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.

***Comprehensive Loss***

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

***Significant Accounting Policies***

There have been no significant changes in the Company's significant accounting policies from those that were disclosed in Note 2 *Summary of Significant Accounting Policies*, included in the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2022.

***Use of Estimates***

The preparation of condensed 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 condensed 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 reserves amounts for the Company's inventories on hand, useful life of intangible assets, sales returns and allowances and certain assumptions used in the valuation of equity awards, the estimated fair value of common stock liability classified Public and Private Placement Warrants, the fair value of Earn-Out liabilities, the fair value of Additional Shares liabilities, the fair value of the Structural Derivative Liability and stock based compensation expense. Actual results could differ from those estimates, and such estimates could be material to the Company's financial position and the results of operations.

***Restricted Cash***

Short-term restricted cash primarily represents cash on deposit with a financial institution to collateralize short-term obligations related to company credit cards. Long-term restricted cash primarily represents cash on deposit with a financial institution to collateralize letters of credit related to the Company's non-cancellable operating leases for its corporate headquarters. Restricted cash is stated at cost, which approximates fair value.

***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 demand accounts. Deposits in this institution may exceed federally insured limits. Management believes minimal

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

credit risk exists with respect to this financial institution and the Company has not experienced any losses on such amounts.

The Company depends on a limited number of vendors to supply products sold by the Company. For the three and nine months ended September 30, 2023, the Company's top five suppliers combined represented approximately 40% of the Company's total inventory purchases. For the three and nine months ended September 30, 2022, the Company's top five suppliers combined represented approximately 50% of the Company's total inventory purchases.

**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. In order to reduce the environmental impact of each shipment, the Company has a minimum total sales order value threshold policy which is required to be met before the order qualifies for shipment. Payment is collected upon finalizing the order. The products are subsequently packaged and shipped to fill the order. Customers can customize future purchases by selecting products they want to receive on a specified cadence or by selecting products for immediate shipment.

The Company also offers a VIP membership to its customers for an annual fee which includes the rights to 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 60-day VIP membership for trial purposes, typically upon their first qualifying order. After the expiration of this free trial VIP membership period, customers will be charged their annual VIP membership fee, which automatically renews annually, 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 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

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

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 and then recognize these allocated amounts upon the shipment of a qualifying customer order. To date, customers buying patterns closely approximate a ratable revenue attribution method over the customers 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. 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 September 30, 2023 and December 31, 2022 the refund reserve, which is included in accrued liabilities in the condensed consolidated balance sheets, was not material.

*Disaggregation of Revenue*

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue, net:				
Grove Brands	\$ 27,648	\$ 36,425	\$ 92,397	\$ 121,489
Third-party products	34,102	41,308	107,024	126,002
Total revenue, net	<u>\$ 61,750</u>	<u>\$ 77,733</u>	<u>\$ 199,421</u>	<u>\$ 247,491</u>

*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 included in other current liabilities and are recognized as a reduction in revenue when provided to the customer. Contractual liabilities included in deferred revenue and other current liabilities were \$7.7 million and \$0.1 million, respectively, as of September 30, 2023 and \$10.9 million and \$0.2 million, respectively, as of December 31, 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 nine months ended September 30, 2023 that was included in deferred revenue and other current liabilities as of December 31, 2022 was \$10.6 million and \$0.2 million, respectively.

*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"), shipping and handling expenses, packaging materials costs and payment processing and related transaction costs. These costs are included within selling, general and administrative expenses in the condensed consolidated statements of operations. For the three months ended September 30, 2023 and 2022, the Company recorded fulfillment costs of \$13.6 million and \$19.5 million, respectively, which included \$8.3 million and \$12.3 million in shipping and handling expenses, respectively, and \$3.0 million and \$4.3 million in Fulfillment Labor, respectively. For the nine months ended September 30, 2023 and 2022, the Company recorded fulfillment costs of \$45.5 million and \$64.2 million, respectively, which included \$27.6 million and \$39.4 million in shipping and handling expenses, respectively, and \$10.4 million and \$15.4 million in Fulfillment Labor, respectively. The Company's gross profit may not be comparable to other retailers or distributors.



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

**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 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, Additional Shares, Earn-Out Shares, Public and Private Placement Warrants and Structural Derivative. Cash equivalents, Earn-Out Shares, Public and Private Placement Warrants and Structural Derivative 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 the prevailing market rate.

The Public Warrants were historically classified as Level 1 due to the use of an observable market quote in an active market. Private Placement Warrants were historically classified as Level 2 as the fair value approximated the fair value of the Public Warrants. The Private Placement Warrants are identical to the Public Warrants, with certain exceptions as defined in Note 7, *Common Stock and Warrants*. Five Public Warrants or Private Placement Warrants must be bundled together to receive one share of the Company's Class A common stock. During the nine months ended September 30, 2023, the entire balance of the Public Warrants and Private Placement Warrants was transferred out of Level 1 and Level 2, respectively, into Level 3 due to the warrants being delisted by the NYSE in response to the low trading price of the warrants.

The value of the Public Warrants and Private Placement Warrants was determined by using a Black-Scholes Model with the following assumptions:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Fair value of common stock	\$0.53	—
Exercise Price	\$11.50	—
Risk-free interest rate	4.70%	—
Expected term (in years)	3.79	—
Volatility	69.60%	—
Dividend yield	—	—

The Additional Shares and 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 is 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*. 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

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

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.

The following tables set forth the Company's financial instruments that were measured at fair value on a recurring basis as of September 30, 2023 and December 31, 2022 by level within the fair value hierarchy (in thousands):

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets:</b>				
Cash equivalents:				
Money market funds	\$ 85,511	\$ —	\$ —	\$ 85,511
Total	\$ 85,511	\$ —	\$ —	\$ 85,511
<b>Financial Liabilities:</b>				
Earn-Out Shares	\$ —	\$ —	\$ 4,472	\$ 4,472
Public Warrants	—	—	113	113
Private Placement Warrants	—	—	100	100
Structural Derivative Liability	—	—	8,340	8,340
Total	\$ —	\$ —	\$ 13,025	\$ 13,025
	December 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets:</b>				
Cash equivalents:				
Money market funds	\$ 74,990	\$ —	\$ —	\$ 74,990
Total	\$ 74,990	\$ —	\$ —	\$ 74,990
<b>Financial Liabilities:</b>				
Additional Shares	\$ —	\$ —	\$ 580	\$ 580
Earn-Out Shares	—	—	4,122	4,122
Public Warrants	805	—	—	805
Private Placement Warrants	—	670	—	670
Structural Derivative Liability	—	—	7,050	7,050
Total	\$ 805	\$ 670	\$ 11,752	\$ 13,227

***Additional Shares Liability***

At the closing of the HGI Subscription Agreement defined in Note 7, *Common Stock and Warrants*, the Company recorded a liability related to the potential issuance of Additional Shares. Subsequent changes in fair value of the Additional Shares liability have been recognized in the statements of operations. The Additional Shares liability was settled on August 1, 2023 (refer to Note 7, *Common Stock and Warrants*).

***Earn-Out Shares***

At Closing of the Business Combination, certain Earn-Out Shares were accounted for as a liability. Subsequent changes in fair value, until settlement or until equity classification is met, is recognized in the statements of operations.

***Public and Private Placement Warrants***

As of September 30, 2023, the Company has Public and Private Placement Warrants. Such warrants are accounted for as a liability. Subsequent changes in fair value, until settlement, is recognized in the statement of operations.

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

**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 the Structural Derivative Liability until settlement is recognized in the statement of operations.

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

	Additional Shares Liability	Earn-Out Shares	Public Warrants	Private Placement Warrants	Structural Derivative Liability	Total
Balance at December 31, 2022	\$ 580	\$ 4,122	\$ 805	\$ 670	\$ 7,050	\$ 13,227
Cancellation	—	(347)	—	—	—	(347)
Change in fair value	920	697	(692)	(570)	1,290	1,645
Settlement	(1,500)	—	—	—	—	(1,500)
Balance at September 30, 2023	<u>\$ —</u>	<u>\$ 4,472</u>	<u>\$ 113</u>	<u>\$ 100</u>	<u>\$ 8,340</u>	<u>\$ 13,025</u>

**4. Accrued Expenses**

Accrued expenses consisted of the following (in thousands):

	September 30, 2023	December 31, 2022
Inventory purchases	\$ 3,122	\$ 2,757
Compensation and benefits	4,250	1,714
Advertising costs	1,301	1,203
Fulfillment costs	1,069	1,725
Sales taxes	1,201	1,374
Transaction costs	281	17,500
Other accrued expenses	5,325	5,081
Total accrued expenses	<u>\$ 16,549</u>	<u>\$ 31,354</u>

**5. Debt**

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

	September 30, 2023	December 31, 2022
Structural Debt Facility	\$ 63,291	\$ 60,620
Siena Revolver	7,500	—
Atel Loan Facility Draw 3	—	480
Atel Loan Facility Draw 4	—	95
Total debt	70,791	61,195
Less: debt, current	—	(575)
Total debt, noncurrent	<u>\$ 70,791</u>	<u>\$ 60,620</u>

**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,

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

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 bears an annual rate of interest at the greater of 15.00% or 7.50% plus the prime rate, payable monthly. The principal repayment period commences on July 1, 2025 and continues until the maturity date of December 21, 2026. The Company may prepay all outstanding amounts under this facility at any time. Under the agreement, when amounts are prepaid or repaid in full at the Maturity Date, the Company may be obligated to pay additional fees which would allow for Structural Funds and Avenue to reach a Minimum Return, as defined by the agreement.

The Structural Debt Facility is collateralized by the assets of the Company and includes financial covenants the Company must meet in order to avoid an Event of Default, as defined by the agreement. Such covenants include (i) maintaining a minimum of \$57.0 million in unrestricted cash at all times and (ii) achieving certain revenue targets for the trailing four quarter period beginning with the fiscal quarter ended March 31, 2023. The Structural Debt Facility contains a subjective acceleration clause in the event that lenders determine that a material adverse change has or will occur within the business, operations, or financial condition of the Company or a material impairment of the prospect of repaying any portion of this financial obligation. In accordance with the loan agreement, Structural has been provided with the Company’s periodic financial statements and updated projections to facilitate their ongoing assessment of the Company. The Company believes the likelihood that Structural Lenders would exercise the subjective acceleration clause is remote. As of September 30, 2023, the Company was in compliance with these debt covenants.

On December 21, 2022, in connection with the 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, if there are outstanding obligations relating to the Structural Debt Facility on July 21, 2025, representing the thirty-month anniversary of such closing, the Company agrees to issue to Structural Funds, including certain affiliates, and to Avenue, the aggregate number of shares of the Company’s Class A common stock equal to \$9,900,000, divided by the lower of (i) \$10.00 and (ii) the volume weighted average price of the Company’s Class A common stock for the sixty trading days prior to such date, as further described in the related issuance agreements (the “Structural Subsequent Shares”).

The Company has 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 required to be bifurcated and accounted for as a compound embedded derivative at fair value.

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 an additional Structural Derivative Liability amount of \$7.1 million. At September 30, 2023, the Company had \$72.0 million in principal outstanding under the Structural Debt Facility with an effective interest rate of 21.11%.

#### *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 balance sheet and being amortized through the Revolver’s scheduled maturity date. Additional borrowing capacity from the Siena Revolver was \$11.5 million as of September 30, 2023.

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 SOFR rate 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 0.5% and (3) 5.0% per annum. The

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

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 and 3.75% to 5.50% per annum in the case of Term SOFR borrowings. The Siena Revolver also contains various financial covenants the Company must maintain to avoid an Event of Default, as defined by the agreement, including a subjective acceleration clause in the event that Siena determines that a material adverse change has or will occur within the business, operations, or financial condition of the Company or a material impairment of the prospect of repaying any portion of this financial obligation. 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. The Company believes the likelihood that Siena would exercise the subjective acceleration clause is remote. As of September 30, 2023, the Company was in compliance with these debt covenants.

The Siena Revolver matures at the earlier of March 10, 2026 or the maturity date of the Structural Debt Facility. As of September 30, 2023, the Company has an outstanding principal balance of \$7.5 million under the Siena Revolver. The interest rate on the outstanding balance at September 30, 2023 was 9.16%.

*Atel Loan Facility*

In July 2018, the Company entered into an equipment financing arrangement (the "Atel Loan Facility") with Atel Ventures, Inc. ("Atel") for funding of machinery and warehouse equipment. The principal under each loan was fully repaid on the maturity date of May 1, 2023.

**6. Commitments and Contingencies**

*Merchandise Purchase Commitments*

As of September 30, 2023 and December 31, 2022, the Company had obligations to purchase \$13.7 million and \$18.7 million, respectively, of merchandise.

*Letters of Credit*

The Company had irrevocable standby letters of credit in the amount of \$3.4 million and \$3.1 million as of September 30, 2023 and December 31, 2022, respectively, primarily related to the Company's operating leases. The letters of credit have expiration dates through January 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 estimated, it discloses the reasonably possible 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 ("ARL"), California's Unfair Competition Law, and False Advertising Law (the "CA ARL Matter"). The Company has met with this task force of multiple California district attorneys ("CART") and has provided documents and information upon request and discussed proposed remediation. Based on recent 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.

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

The Federal Trade Commission is currently investigating the Company's billing and automatic renewal practices (the "FTC Matter"). The FTC Matter specifically relates to an investigation of the Company's compliance with Section 5 of the Federal Trade Commission Act, the Restore Online Shoppers' Confidence Act, the CAN-SPAM Rule, the Unordered Merchandise Statute, and other matters related to our subscription offerings. The Company certified compliance with the initial FTC Civil Investigative Demand on June 16, 2023 and continues to work closely with investigators toward resolution on this matter. To date, no legal proceeding has commenced regarding this matter. As the outcome and materiality is uncertain at this time, the Company cannot estimate the probability of loss or make an estimate of the loss or range of loss in this matter.

## **7. Common Stock and Warrants**

### ***Legacy Grove Acquisition***

As discussed in Note 1, *Description of the Business*, VGAC II completed the acquisition of Legacy Grove and acquired 100% of Legacy Grove's shares and Legacy Grove received gross proceeds of \$97.1 million, which includes proceeds from issuance of common stock upon the consummation of the Business Combination. During the year ended December 31, 2022, the Company recorded \$24.4 million of transaction costs, which consisted of legal, accounting, and other professional services directly related to the Business Combination. Transaction costs were allocated on a relative fair value basis between the issuance of equity and liability instruments.

Direct and incremental transaction costs allocated to equity-classified instruments were recorded within equity as an offset against proceeds upon accounting for the consummation of the Business Combination in the condensed consolidated financial statements. Direct and incremental transaction costs allocated to liability-classified equity instruments were expensed in the condensed consolidated financial statements and included in other expense, net in the condensed consolidated statements of operations. The cash outflows related to these costs were presented as financing activities on the Company's condensed consolidated statement of cash flows.

As per the original agreement, the Company had \$17.5 million of transaction costs accrued as of December 31, 2022. In March 2023, the Company entered into an amended agreement with a vendor to reduce this liability by \$13.4 million. This reduction of costs was allocated between the liability and equity instruments with \$3.8 million being recorded to other income, net on the Company's statement of operations and \$9.6 million recorded to additional paid-in capital, within equity.

On the Closing Date and in accordance with the terms and subject to the conditions of the Business Combination, each holder of Legacy Grove common stock received approximately 1.1760 shares of the Company's Class B common stock, par value \$0.0001 per share. All equity awards of Legacy Grove were assumed by the Company and converted into comparable equity awards that are settled or exercisable for shares of the Company's Class B common stock. As a result, each outstanding stock option was converted into an option exercisable for the Company's Class B common stock based on an exchange ratio of approximately 1.1760, each outstanding restricted stock unit was converted into restricted stock units of the Company that, upon vesting and issued, will be settled for shares of the Company's Class B common stock based on an exchange ratio of approximately 1.1760 and each outstanding warrant to purchase Legacy Grove common stock or preferred stock was converted into a warrant to purchase shares of the Company's Class B common stock based on an exchange ratio of approximately 1.1760.

Each public and private warrant of VGAC II that was unexercised at the time of the business combination was assumed by the Company. As a result of the Reverse Split, five whole warrants must be bundled together to purchase one share of the Company's Class A common stock upon exercise of such warrant.

### ***Earn-Out Shares***

At the closing of the Business Combination, Class B common stock shareholders (including Grove stock option, restricted stock unit, and warrant holders) were issued 2,799,696 shares of the Company's Class B Common Stock ("Earn-Out Shares"). During the three months ended March 31, 2023, certain shareholders surrendered an aggregate 197,142 Earn-Out Shares which, per terms of the Merger Agreement, were cancelled by the Company and not reallocated among the remaining holders. The remaining 2,602,554 Earn-Out Shares will vest (i) with respect to

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

1,301,277 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 1,301,277 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. Such events can occur during a period often years following the Business Combination (the "Earn-Out 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 and will be remeasured on a recurring basis at fair value, with changes in fair value recorded in the condensed consolidated statements of operations. As of September 30, 2023, the Company did not meet any Earn-Out thresholds.

***Class A Common Stock Warrants***

As the accounting acquirer, Grove Collaborative, Inc. is 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. On June 16, 2023, the Company agreed to cancel 749,269 Public Warrants from certain holders.

Subsequent to the Closing of the Business Combination, the Private Placement 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 on the condensed consolidated balance sheets.

As of September 30, 2023, the following warrants were outstanding on an as-converted basis:

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

***Public Warrants***

The Public Warrants become 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. 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. Five whole warrants must be bundled together in order to receive one share of the Company's Class A common stock. 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 twenty trading days within the thirty trading-day period ending on the third trading day prior to the date on which notice of the redemption is given.

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

***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.

***Backstop Warrants***

In connection with the Business Combination, the Company issued to the Corvina Holdings limited 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 September 30, 2023.

***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 \$100.0 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 September 30, 2023, 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 September 30, 2023, 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 provides that the Company will 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. On August 1, 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.



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

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 warrants to purchase 905,000 shares (the “HGI Warrant 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”) shall vest and become exercisable if, prior to December 31, 2024, the Company achieves 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%.

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. The Company performs a probability reassessment related to the Unvested Warrants each reporting period and will recognize the cumulative catch-up adjustment based on the grant-date fair value when the vesting conditions are probable of being achieved. Any remaining expense will continue to be ratably recognized until the date the revenue target is achieved, and the Unvested Warrants are fully vested.

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	—

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

***Reserved for Issuance***

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

	<b>September 30, 2023</b>		<b>December 31, 2022</b>	
	<b>Class A Common Stock</b>	<b>Class B Common Stock</b>	<b>Class A Common Stock</b>	<b>Class B Common Stock</b>
Private Placement Warrants	1,340,000	—	1,340,000	—
Public Warrants	1,460,146	—	1,610,000	—
Backstop Warrants	775,005	—	775,005	—
Volition Penny Warrants	20,905	—	—	—
Shares issuable upon conversion of redeemable convertible preferred stock	4,739,336	—	—	—
Other outstanding common stock warrants	2,484,778	113,776	905,000	113,776
Outstanding stock options	1,116,664	809,847	1,264,302	839,705
Outstanding restricted stock units	5,145,481	16,272	3,864,448	32,149
CEO Award (Note 9)	850,000	—	—	—
Shares available for issuance under 2022 Equity Incentive Plan	4,456,933	—	4,158,872	—
Shares available for issuance under 2022 Employee Stock Purchase Plan	908,746	—	654,814	—
<b>Total shares of common stock reserved</b>	<b>23,297,994</b>	<b>939,895</b>	<b>14,572,441</b>	<b>985,630</b>

**8. Redeemable Convertible Preferred Stock**

On August 11, 2023 (the “Preferred Stock Closing Date”), the Company entered into a subscription agreement (the “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 “Preferred Stock”), 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 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 expire on the three-year anniversary of the Preferred Stock Closing Date and are not exercisable until six months following the Preferred Stock Closing Date.

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

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

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		—	%

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

	<u>Gross Proceeds</u>	<u>Transaction Costs</u>	<u>Net Proceeds</u>
Preferred Stock	\$ 9,336	\$ (312)	\$ 9,024
Volition Warrants	664	(21)	643
<b>Total</b>	<b>\$ 10,000</b>	<b>\$ (333)</b>	<b>\$ 9,667</b>

Significant provisions of the Preferred Stock are 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 as of September 30, 2023 was \$0.1 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 Corporation 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, (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.

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

*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 (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.

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.

*Redemption* – At the option of the holder, the Preferred Stock is redeemable for the original issuance price plus any declared but unpaid dividends following the seventh anniversary of the Preferred Stock Closing Date.

The Company evaluated these features and determined that the Preferred Stock is appropriately classified as temporary equity due to the redemption provisions allowing the holders to redeem the Preferred Stock upon a liquidation transaction or following the seventh anniversary of the closing date. The Volition Warrants and Volition Penny Warrants are classified within additional paid-in capital on the Company’s balance sheet at September 30, 2023.

**9. Stock-Based Compensation**

*Stock Options*

Stock option activity under the Company’s 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, 2022	2,104,007	\$ 7.95	4.87	\$ 61
Exercised	(37,334)	\$ 1.90		
Cancelled/forfeited	(140,162)	\$ 11.68		
Balance – September 30, 2023	1,926,511	\$ 7.80	4.41	\$ 194
Options vested and exercisable – September 30, 2023	1,710,736	\$ 6.41	4.04	\$ 194

No options were granted during the nine months ended September 30, 2023 and 2022. The total grant date fair value of options that vested during nine months ended September 30, 2023 and 2022 was \$0.2 million and \$10.2 million, respectively. The aggregate intrinsic value of options exercised during the nine months ended September 30, 2023 and 2022 was nominal and \$1.0 million, respectively. 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

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

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 September 30, 2023, the market-based vesting criteria had not been met.

*Restricted Stock Units (RSUs)*

The following table summarizes the activity for all RSUs under all of the Company's equity incentive plans for the nine months ended September 30, 2023:

	Number of shares	Weighted-Average Grant Date Fair Value Per Share
Unvested – December 31, 2022	3,896,597	\$ 8.78
Granted	3,895,883	\$ 2.22
Vested	(1,979,024)	\$ 6.45
Cancelled/forfeited	(651,703)	\$ 5.97
Balance – September 30, 2023	<u>5,161,753</u>	<u>\$ 4.40</u>

*CEO Award*

On August 16, 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") separate from the Grove Collaborative Holdings, Inc. 2022 Equity and Incentive 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 three months ended September 30, 2023, the Company recorded \$0.1 million of stock-based compensation expense related to the CEO Award.

*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.

*Stock-Based Compensation Expense*

The Company recognized a total of \$2.1 million and \$9.8 million of stock-based compensation expense for the three months ended September 30, 2023 and 2022, respectively, and \$11.9 million and \$34.3 million of stock-based compensation expense for the nine months ended September 30, 2023 and 2022, 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 statements of operations for each period presented. As of September 30, 2023, the total unrecognized compensation expense related to unvested options and RSUs was \$21.6 million, which the Company expects to recognize over an estimated weighted average period of 2.1 years.

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

**10. Net income (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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss), basic and diluted	\$ (9,811)	\$ 7,662	\$ (33,747)	\$ (75,032)
Less: Accretion on redeemable convertible preferred stock	(976)	—	(976)	—
Less: Series A accumulated dividends	(82)	\$ —	(82)	\$ —
Net income (loss) attributable to common stockholders, basic and diluted	\$ (10,869)	\$ 7,662	\$ (34,805)	\$ (75,032)
Net income (loss) per share attributable to common stockholders, basic	\$ (0.31)	\$ 0.25	\$ (1.01)	\$ (5.65)
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, basic	35,253,756	30,999,080	34,433,760	13,278,710
Effect of dilutive common stock options outstanding	—	2,046,992	—	—
Effect of dilutive RSUs outstanding	—	110,989	—	—
Effect of dilutive common stock warrants outstanding	—	63,791	—	—
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, diluted	35,253,756	33,220,852	34,433,760	13,278,710
Net income (loss) per share attributable to common stockholders, diluted	\$ (0.31)	\$ 0.23	\$ (1.01)	\$ (5.65)

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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Redeemable convertible preferred stock	4,739,336	—	4,739,336	—
Common stock options	1,926,511	1,619,811	1,926,511	4,833,767
Restricted stock units	5,161,753	60,728	5,161,753	810,582
Common stock warrants	2,598,554	80,740	2,598,554	180,029
Private and Public Placement Warrants	2,800,146	2,950,000	2,800,146	2,950,000
Earn-Out Shares	2,602,554	2,799,696	2,602,554	2,799,696
Total	19,828,854	7,510,975	19,828,854	11,574,074

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis of the financial condition and results of operations of Grove Collaborative Holdings, Inc. ("Grove," "we," "us," and "our") should be read with the condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and the audited consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022. This discussion and analysis contains forward-looking statements based upon current expectations that involve risks and uncertainties. Grove's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the section entitled "Risk Factors" herein or in our Annual Report on Form 10-K for the year ended December 31, 2022 or in other parts of this Quarterly Report on Form 10-Q. Grove's historical results are not necessarily indicative of the results that may be expected for any period in the future. Except as otherwise noted, all references to 2022 refer to the year ended December 31, 2022.*

*References to Virgin Group Acquisition Corp. II. or "VGAC II" refer to the Company prior to the consummation of the Business Combination (described below).*

### OVERVIEW

Grove Collaborative Holdings, Inc., formerly Virgin Group Acquisition Corp. II, is a digital-first, sustainability-oriented consumer products innovator. 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.

Our omnichannel distribution strategy enables us to reach consumers where 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 the best selection of curated products across many categories and brands.

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, which is supported by our flywheel: as we have grown, our product development capabilities and data have improved. Over the long term, we believe that improved innovation will fuel both top line growth and margin expansion as our innovation has historically tended to be both market expanding and margin accretive. Since inception, we have grown and invested heavily in building out both our e-commerce platform and Grove Brands, and over this period we have operated at a loss and have an accumulated deficit of \$611.6 million as of September 30, 2023. Beginning in the second half of 2022, we have moved to substantially reduce our operating expenses across the business in support of our drive toward profitability. These expense reductions, particularly in advertising, have resulted in a substantial decline in our revenue. While we have made significant progress, we anticipate that we will continue to incur losses in the future unless and until we can rekindle revenue growth to the point where our revenue exceeds our operating expenses. Refer to Liquidity, Capital Resources and Requirements below for more information.

### Business Combination

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". Prior to the Business Combination, VGAC II's public shares, and public warrants were listed on the New York Stock Exchange (the "NYSE") under the symbols "VGII" and "VGII.WS," respectively. On June 17, 2022, the Company's Class A common stock and public warrants ("Public Warrants") began trading on the NYSE, under the symbols "GROV" and "GROV.WS," respectively. Due to a low trading price, the Public Warrants were delisted by the NYSE on June 12, 2023.

### Reverse Stock Split

On May 24, 2023, our board of directors and stockholders approved a one-for-five 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.

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

We believe that the growth of our business and our future success are 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 sustain the growth of 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 attract new customers and encourage consumer spending across our product portfolio. We believe the core elements of continuing to grow our awareness, and thus increase our penetration, are highlighting our products’ qualities of being natural, sustainable and effective, the efficacy of our marketing efforts and the success of our continued retail rollout. Beyond preserving the integrity of our brand, our performance will depend on our ability to augment our reach and increase the number of consumers aware of Grove and our product portfolio.

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

Our continued product innovation is integral to our future growth. We have successfully developed and launched over 500 individual products in recent years. The research, development, testing and improvement has been led by our R&D 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. To the extent our customers increasingly access our products through retail channels, we will need to innovate our modalities of customer engagement to maintain this important feedback loop. Our continued 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 human and environmental health.

### ***Ability to Expand our Retail Distribution***

We have a significant opportunity to expand our distribution in retail channels, both broadening our partner reach and introducing our products across more doors, as well as deepening our retail distribution in terms of the number of individual products. Our success and speed of doing so will impact our financial performance. We are pursuing partnerships with a wide variety of retailers, including big-box retailers, online retailers, grocery stores, drugstores and specialty retailers. Our ability to execute this strategy will depend on a number of factors, such as retailers’ satisfaction with the sales and profitability of our products. In the near-term, retail expansion will require partnerships with retailers on launches and we may choose to invest in promotions to drive sales and awareness over time. To the extent we are successful in retail expansion over the next several years, we expect to see potential negative effects on gross margins resulting from the retail cost structure to be approximately offset by savings in fulfillment costs driven by bulk shipping to retailers versus individualized fulfillment to consumers, through our fulfillment centers.

### ***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 many online and offline marketing channels. In recent periods, changes in the algorithms used for targeting and purchasing online advertising, changes to privacy and online tracking, supply and demand dynamics in the market, 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 otherwise to attract customers on a cost- efficient basis would adversely impact our path to profitability and operating results. Recently, we have implemented a lower-spend strategy to optimize the cost of acquiring new customers. Our ability to balance cost-efficient acquisitions while driving consumer awareness may impact the cost of acquiring new customers, profitability and 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 app 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 in a post-pandemic landscape, are necessary for our future growth. Failure to achieve these things 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 human and environmental good by relentlessly creating and curating planet-first, high-performance brands and products. After experiencing very high rates of growth prior to and in part driven by the COVID-19 pandemic, in recent periods 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 commensurately. To re-ignite growth and achieve profitability over the longer term, we will need to expand our DTC business, continue to grow our retail presence and achieve scale that will allow us to drive efficiencies in generating brand awareness, acquiring 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 seasonality, 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.

**Key Operating and Financial Metrics**

In addition to our condensed consolidated financial statements, included elsewhere in this Form 10-Q, we assess the performance of our overall business based on the following metrics and measures, including identifying trends, formulating financial projections, making strategic decisions, assessing operational efficiencies and monitoring our business.

Over the coming years, we expect to grow our omnichannel presence both in core assortment, adjacent categories and sales channels.

We believe that the future of CPG brand building and consumer demand is omnichannel. 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. We kicked off our expansion into brick and mortar retail in April 2021 with the launch of a curated assortment of Grove Co. products at Target. We continued to expand into other retailers, including Amazon, CVS, Walmart, Meijer, and Kroger. As we aim to continue our leadership in both omnichannel and sustainability, we will aggressively expand our presence into physical retail over the next few years to reach more consumers no matter where they shop.

Our current operating metrics reflect our core strategic focus on growing Grove Brands' omnichannel presence and revenue, as well as our key DTC platform metrics.

(in thousands, except DTC Net Revenue Per Order and percentages)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Financial and Operating Data</b>				
Grove Brands % Net Revenue	45 %	47 %	46 %	49 %
DTC Total Orders	917	1,242	2,988	4,116
DTC Active Customers	1,019	1,460	1,019	1,460
DTC Net Revenue Per Order	\$ 65	\$ 61	\$ 64	\$ 58

***Grove Brands % Net Revenue***

We define Grove Brands % Net Revenue as total net revenue across all channels attributable to Grove Brands, including: Grove Co., Honu, Peach, Rooted Beauty and Superbloom divided by our total net revenue. On our DTC Platform, our total net revenue includes revenue from both Grove Brands and third-party brands that we carry, whereas for our retail sales total net revenues is comprised exclusively of revenue from Grove Brand products. We view Grove Brands % Net Revenue as a key indicator of the success of our product innovation and growth strategy, and customers' acceptance of our products. In the three and nine months ended September 30, 2023, 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 offering and a decrease in new customer orders, which include more Grove Brands products.

***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 three and nine months ended September 30, 2023, DTC Total Orders declined primarily due to our reduction in advertising spend, resulting in fewer new customers and therefore fewer overall orders. We expect this trend to continue through 2023 as advertising remains at current levels.

***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 three and nine months ended September 30, 2023, DTC Active Customers declined primarily due to our reduction in advertising spend 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 three and nine months ended September 30, 2023 compared to the prior year comparative periods as a result of launching the Supply Chain Fee, which allows us to continue prioritizing sustainability and maintain our commitment to fair wages, a higher percentage of higher DTC Net Revenue Per Order from existing customer orders compared to new customer orders, as well as the introduction of strategic price increases on Grove Brands and third party products.

**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 income (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, Public Private Placement Warrant, Structural Derivative liabilities; (5) transaction costs allocated to derivative liabilities upon Business Combination; (6) interest income; (7) interest expense; (8) restructuring and severance related costs; (9) provision for income taxes and (10) certain litigation and legal settlement expenses. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by 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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Reconciliation of Net Loss to Adjusted EBITDA	(in thousands)			
Net loss	\$ (9,811)	\$ 7,662	\$ (33,747)	\$ (75,032)
Stock-based compensation	2,100	9,814	11,941	34,348
Depreciation and amortization	1,462	1,427	4,359	4,291
Remeasurement of convertible preferred stock warrant liability	—	—	—	(1,616)
Change in fair value of Additional Shares liability	600	(1,045)	920	970
Change in fair value of Earn-Out liability	1,408	(28,791)	350	(46,136)
Change in fair value of Public and Private Placement Warrants liability	125	(2,803)	(1,262)	(3,983)
Change in fair value of Structural Derivative liability	600	—	1,290	—
Deferred offering costs allocated to derivative liabilities upon Business Combination	—	200	—	6,873
Reduction in transaction costs allocated to derivative liabilities upon Business Combination	—	—	(3,745)	—
Interest income	(1,180)	—	(2,625)	—
Interest expense	4,145	2,546	11,918	6,918
Restructuring and severance related costs	—	1,356	553	2,992
Provision for income taxes	7	10	28	35
Litigation and legal settlement expenses	700	—	700	—
Total Adjusted EBITDA	\$ 156	\$ (9,624)	\$ (9,320)	\$ (70,340)
Net loss margin	(15.9)%	9.9 %	(16.9)%	(30.3)%
Adjusted EBITDA margin (loss)	0.3 %	(12.4)%	(4.7)%	(28.4)%

### 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 app. 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 have orders auto-shipped to them on a specified date or shipped immediately through an option available on the website and mobile application. We also generate revenue from the sale of our Grove Brands products to the retail channel.

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.

#### 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 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 merchandise sold.

### ***Operating Expenses***

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

#### *Advertising*

Advertising expenses 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 advertising costs to continue to decrease from the 2022 fiscal year as we implement a lower-spend strategy which optimizes the cost of acquiring new customers, while balancing driving consumer awareness and cash flow management.

#### *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. We expect product development costs as a percentage of revenue to be consistent with 2022 as we balance our investments in our proprietary technology, the expansion of our product line, innovative packaging and product improvements with revenue growth.

#### *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. While selling, general and administrative expenses increased as a result of activities related to the Business Combination and becoming a public company, since 2022, selling, general and administrative expenses have declined as a result decreases in fulfillment costs, the absence of IPO related charges and transactional expenses and cost management initiatives offsetting inflationary pressures in 2023.

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 (“Fulfillment Labor”), 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 statements of operations. We expect fulfillment costs to continue improving in the future on a per order basis, compared to the 2022 fiscal year.

#### *Interest and Other Income, Net*

Interest expense consists primarily of interest expense associated with our debt financing arrangements. Due to higher interest rates on our Structural Debt Facility (as defined below) and increases in the prime rate, we anticipate cash payments for interest and interest expense to fluctuate as interest rates change in the future.

Other income, net consists primarily of changes in fair values of Additional Shares, Earn-Out Shares, Public and Private Placement Warrant and Structural Derivative liabilities, transaction costs allocated to derivative liabilities upon Business Combination, interest income and losses or gains on remeasurement of our convertible preferred stock warrant liabilities. With increases in the prime rate, we expect increasing interest income on our deposits to partially offset the

significant increase in interest expense related to our borrowings. 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.

#### ***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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue, net	\$ 61,750	\$ 77,733	\$ 199,421	\$ 247,491
Cost of goods sold	28,516	39,566	94,624	127,630
Gross profit	33,234	38,167	104,797	119,861
Operating expenses:				
Advertising	4,062	8,668	17,392	59,359
Product development	3,578	5,765	11,846	17,927
Selling, general and administrative	29,699	46,295	102,879	155,160
Operating loss	(4,105)	(22,561)	(27,320)	(112,585)
Interest expense	4,145	2,546	11,918	6,918
Change in fair value of Additional Shares liability	600	(1,045)	920	970
Change in fair value of Earn-Out liability	1,408	(28,791)	350	(46,136)
Change in fair value of Public and Private Placement Warrants liability	125	(2,803)	(1,262)	(3,983)
Change in fair value of Structural Derivative liability	600	—	1,290	—
Other expense (income), net	(1,179)	(140)	(6,817)	4,643
Interest and other expense (income), net	5,699	(30,233)	6,399	(37,588)
Income (loss) before provision for income taxes	(9,804)	7,672	(33,719)	(74,997)
Provision for income taxes	7	10	28	35
Net income (loss)	\$ (9,811)	\$ 7,662	\$ (33,747)	\$ (75,032)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue, net	100 %	100 %	100 %	100 %
Cost of goods sold	46	51	47	52
Gross profit	54	49	53	48
Operating expenses:				
Advertising	7	11	9	24
Product development	6	7	6	7
Selling, general and administrative	48	60	52	63
Operating loss	(7)	(29)	(14)	(45)
Interest expense	7	3	6	3
Change in fair value of Additional Shares liability	1	(1)	—	—
Change in fair value of Earn-Out liability	2	(37)	—	(19)
Change in fair value of Public and Private Placement Warrants liability	—	(4)	(1)	(2)
Change in fair value of Structural Derivative liability	1	—	1	—
Other expense (income), net	(2)	—	(3)	2
Interest and other expense (income), net	9	(39)	3	(15)
Income (loss) before provision for income taxes	(16)	10	(17)	(30)
Provision for income taxes	—	—	—	—
Net income (loss)	(16)%	10 %	(17)%	(30)%

#### Comparisons of the Three and Nine Months Ended September 30, 2023 and September 30, 2022

##### Revenue, Net

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	Amount	%	2023	2022	Amount	%
(in thousands)								
Revenue, net:								
Grove Brand	\$ 27,648	\$ 36,425	\$ (8,777)	(24)%	\$ 92,397	\$ 121,489	\$ (29,092)	(24)%
Third-party product	34,102	41,308	(7,206)	(17)%	107,024	126,002	(18,978)	(15)%
Total revenue, net	\$ 61,750	\$ 77,733	\$ (15,983)	(21)%	\$ 199,421	\$ 247,491	\$ (48,070)	(19)%

Revenue decreased by \$16.0 million, or 21%, and \$48.1 million, or 19%, for the three and nine months ended September 30, 2023, respectively, as compared to the three and nine months ended September 30, 2022, primarily driven by a decrease in DTC Total Orders caused by a reduction in DTC Active Customers due primarily to the reduction in advertising spend, partially offset by increases in DTC Net Revenue Per Order.

### Cost of Goods Sold and Gross Profit

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	Amount	%	2023	2022	Amount	%
	(in thousands)							
Cost of goods sold	\$ 28,516	\$ 39,566	\$ (11,050)	(28)%	\$ 94,624	\$ 127,630	\$ (33,006)	(26)%
Gross profit	33,234	38,167	(4,933)	(13)%	104,797	119,861	(15,064)	(13)%
Gross margin	54 %	49 %			53 %	48 %		

Cost of goods sold decreased by \$11.1 million, or 28%, and \$33.0 million, or 26%, for the three and nine months ended September 30, 2023, respectively, as compared to the three and nine months ended September 30, 2022, primarily due to a decrease in DTC Total Orders and reductions to our inventory reserve charges as compared to the prior period.

Gross margin in the three months ended September 30, 2023 increased by 472 basis points compared to the three months ended September 30, 2022 due to reductions to our inventory reserve charges as compared to the prior period and a decrease in the number of lower-margin first orders as a percentage of total orders, partially offset by a decrease in Grove Brands mix as a percentage of total revenue.

Gross margin in the nine months ended September 30, 2023 increased by 412 basis points compared to the nine months ended September 30, 2022 due to launching the Supply Chain Fee, a decrease in the number of lower-margin first orders as a percentage of total orders, and reductions to our inventory reserve charges as compared to the prior period, partially offset by a decrease in Grove Brands mix as a percentage of total revenue.

### Operating Expenses

#### Advertising Expenses

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	Amount	%	2023	2022	Amount	%
	(in thousands)							
Advertising	\$ 4,062	\$ 8,668	\$ (4,606)	(53)%	\$ 17,392	\$ 59,359	\$ (41,967)	(71)%

Advertising expenses decreased by \$4.6 million, or 53%, for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022, primarily due to implementing a lower-spend strategy which optimizes the cost of acquiring new customers, while balancing driving consumer awareness and cash flow management. Television advertising expenses decreased by \$1.2 million, other advertising campaigns, including advertising focused specifically to attract retail customers declined by \$1.2 million and online advertising expenses decreased by \$1.1 million.

Advertising expenses decreased by \$42.0 million, or 71%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily due to implementing a lower-spend strategy which optimizes the cost of acquiring new customers, while balancing driving consumer awareness and cash flow management. Online advertising expenses decreased by \$17.1 million, television advertising expenses decreased by \$12.7 million, creative content production costs decreased by \$3.9 million and audio advertising decreased by \$2.0 million.

#### Product Development Expenses

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	Amount	%	2023	2022	Amount	%
	(in thousands)							
Product development	\$ 3,578	\$ 5,765	\$ (2,187)	(38)%	\$ 11,846	\$ 17,927	\$ (6,081)	(34)%

Product development expenses decreased by \$2.2 million, or 38% for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022, primarily due to a \$1.4 million decrease in salaries and benefits from reductions in headcount and a \$0.5 million decrease in stock based compensation.

Product development expenses decreased by \$6.1 million, or 34% for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily due to a \$3.8 million decrease in salaries and benefits from reductions in headcount and a \$1.3 million decrease in stock-based compensation expense.

*Selling, General and Administrative Expenses*

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	Amount	%	2023	2022	Amount	%
	(in thousands)							
Selling, general and administrative	\$ 29,699	\$ 46,295	\$ (16,596)	(36)%	\$ 102,879	\$ 155,160	\$ (52,281)	(34)%

Selling, general and administrative expenses decreased by \$16.6 million, or 36% for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022. Stock-based compensation expense decreased by \$6.9 million driven by lower expense under the accelerated attribution method for awards granted prior to the closing of the Business Combination and reductions of headcount. Fulfillment costs decreased by \$5.9 million, including a \$4.0 million decrease in shipping and handling expenses and \$1.3 million decrease in Fulfillment Labor. The decrease in shipping and handling expenses was driven by a decrease in the volume of orders and carrier mix, partially offset by an increase in carrier rates. The decrease in Fulfillment Labor was due to a decrease in the volume of orders and the ability to fulfill orders more efficiently. Other general and administrative expenses, excluding stock-based compensation expense and fulfillment costs, decreased by \$3.8 million, from decreases in corporate salaries and benefits from reductions in headcount related to our cost management initiatives, offset by an increase in costs related to being a public company.

Selling, general and administrative expenses decreased by \$52.3 million, or 34% for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022. Stock-based compensation expense decreased by \$20.4 million as the Company was required to record \$11.0 million of catch-up of expense in June 2022 for the Company's restricted stock units and certain stock options as a result of meeting the performance vesting condition when the Company went public and reductions in headcount. Fulfillment costs decreased by \$18.7 million, including a \$11.8 million decrease in shipping and handling expenses and \$5.0 million decrease in Fulfillment labor. The decrease in shipping and handling expenses was driven by a decrease in the volume of orders and carrier mix, partially offset by an increase in carrier rates. The decrease in Fulfillment Labor was due to a decrease in the volume of orders and the ability to fulfill orders more efficiently. Other general and administrative expenses, excluding stock-based compensation expense and fulfillment costs, decreased by \$13.2 million, from decreases in corporate salaries and benefits from reductions in headcount and decrease in professional fees and marketing expenses related to our cost management initiatives, offset by an increase in costs related to being a public company.

*Interest expense*

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	Amount	%	2023	2022	Amount	%
	(in thousands)							
Interest expense	\$ 4,145	\$ 2,546	\$ 1,599	63%	\$ 11,918	\$ 6,918	\$ 5,000	72%

Interest expense increased by \$1.6 million, or 63%, and \$5.0 million, or 72%, for the three and nine months ended September 30, 2023, respectively, as compared to the three and nine months ended September 30, 2022 primarily due to increases in rates incurred on our debt facilities. See the section titled "Liquidity and Capital Resources" below for further details.



*Changes in fair value of liabilities and other expense (income), net*

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	Amount	%	2023	2022	Amount	%
	(in thousands)							
Change in fair value of Additional Shares liability	\$ 600	\$ (1,045)	\$ 1,645	*	\$ 920	\$ 970	\$ (50)	*
Change in fair value of Earn-Out liability	1,408	(28,791)	30,199	*	350	(46,136)	46,486	*
Change in fair value of Public and Private Placement Warrants liability	125	(2,803)	2,928	*	(1,262)	(3,983)	2,721	*
Change in fair value of Structural Derivative liability	600	—	600	*	1,290	—	1,290	*
Other expense (income), net	(1,179)	(140)	(1,039)	742 %	(6,817)	4,643	(11,460)	(247)%

\*Percent change not meaningful

The change in the fair value of Additional Shares liability, Earn-Out liability and Public and Private Placement Warrants liability for the three and nine ended September 30, 2023 was driven by the changes in our stock price from December 31, 2022 through September 30, 2023. The change in fair value of the Structural Derivative liability for the three and nine ended September 30, 2023 was driven by the passage of time to when the Structural Subsequent Shares could be issued.

Other expense (income), net increased by \$1.0 million, or 742% for the three months ended September 30, 2023 as compared to the three months ended September 30, 2022 primarily due to a \$0.5 million increase in interest income from our operating accounts due to increases in market rates and a \$0.2 million reduction of transaction costs allocated to liability instruments acquired in the Business Combination.

Other expense, net decreased by \$11.5 million, or 247% for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 primarily due to a \$10.5 million reduction of transaction costs allocated to liability instruments acquired in the Business Combination and a \$2.6 million increase in interest income from our operating accounts due to increases in market rates.

**Liquidity, Capital Resources and Requirements**

As of September 30, 2023, we had \$86.1 million in unrestricted cash (excluding restricted cash of \$8.7 million) and cash equivalents and working capital of \$92.5 million. We incurred negative cash flows from operating activities of \$9.1 million for the nine months ended September 30, 2023. We have incurred significant losses since inception and have an accumulated deficit of approximately \$611.6 million. To date, we have funded our operations principally through convertible preferred stock and common stock financings, the incurrence of debt and the Closing of the Business Combination. We have total outstanding indebtedness of \$79.5 million as of September 30, 2023.

On August 11, 2023 (the “Preferred Stock Closing Date”), we entered into a subscription agreement (the “Preferred Stock 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 “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 Warrants”) 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”). Following the seventh anniversary of the Preferred Stock Closing Date, Volition can redeem for cash all shares of Preferred Stock. 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 \$11.5 million as of September 30, 2023.

In December 2022, we repaid other outstanding debt obligations with a prior lender with the Structural Debt Facility (as defined below) and will begin to make principal payments on the Structural Debt Facility beginning on July 1, 2025 over a period of 18 months.

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 \$100.0 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 SEPA may be sold by us to the 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. As a result, unless our average stock price under the SEPA 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 September 30, 2023, our average trading price in 2023 was \$2.35, without considering our average daily trading volumes and other market demand factors for our stock, we would be able to raise approximately \$14.2 million, net of issuance costs, under the SEPA. As of September 30, 2023, 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.

Management believes that currently available resources will provide sufficient funds to enable the Company to meet its obligations for at least one year past the date these condensed consolidated financial statements are available to be issued. We anticipate that we will continue to incur operating losses and generate negative cash flows from operations in the future as we continue to invest in advertising and other strategic incentives planned for future growth. Cash from operations could be affected by our customers and other risks detailed in the section of our titled “Risk Factors.” As a result, we will need additional capital resources to execute strategic initiatives and fund our operations, prior to achieving break even or positive operating cash flow. We expect to continue to opportunistically seek access to additional funds by utilizing the SEPA, through additional public or private equity offerings or 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 such additional debt or equity financing will be available on terms acceptable to the Company, or at all.

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. 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), Volition Warrants 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 would be materially and adversely affected.

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

Our most significant contractual obligations relate to our loan facilities, purchase commitments on inventory and operating lease obligations on our fulfillment centers and corporate offices. As of September 30, 2023, we had \$13.7 million of enforceable and legally binding inventory purchase commitments predominantly due within one year. For information on our contractual obligations for operating leases, see “Leases” in Note 8 of the Notes to our audited

consolidated financial statements as of and for the years ended December 31, 2022, 2021 and 2020 included in Form 10-K filed with the SEC on March 16, 2023.

On April 19, 2023, the Company entered into an amendment to the lease agreement for its warehousing facility located in St. Peters, Missouri to provide for, among other things, an extension of the lease term to September 2028. At the option of the Company, the lease may be extended an additional 5 years. The amendment requires the Company to make escalating undiscounted annual payments of up to \$0.7 million, payable monthly.

### ***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. The Structural Debt Facility bears an annual rate of interest at the greater of 15.00% or 7.50% plus the prime rate, payable monthly. As of September 30, 2023, the Company’s contractual interest rate on the Structural debt facility was 16.00%. The principal repayment period commences on July 1, 2025 and continues until the maturity date of December 21, 2026. The Company may prepay all outstanding amounts under this facility at any time. Under the agreement, when amounts are prepaid or repaid in full at the Maturity Date, the Company may be obligated to pay additional fees which would allow for the lenders to reach a Minimum Return.

The Structural Debt Facility is collateralized by the assets of the Company and includes financial covenants we must meet in order to avoid an Event of Default, as defined by the agreement. Such covenants include (i) maintaining a minimum of \$57.0 million in unrestricted cash at all times and (ii) achieving certain revenue targets for the trailing four quarter period beginning with the fiscal quarter ending March 31, 2023. The Structural Debt Facility contains a subjective acceleration clause in the event that lenders determine that a material adverse change has or will occur within the business, operations, or financial condition of the Company or a material impairment of the prospect of repaying any portion of this financial obligation. In accordance with the loan agreement, Structural has been provided with our periodic financial statements and updated projections to facilitate their ongoing assessment of the Company. We believe the likelihood that lenders would exercise the subjective acceleration clause is remote. As of September 30, 2023, we were in compliance with these covenants.

#### ***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. The 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 \$11.5 million as of September 30, 2023, of which there was an outstanding principal amount of \$7.5 million.

The interest rates applicable to borrowings under the Siena Revolver 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 rate 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 0.5% and (3) 5.0% 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 and 3.75% to 5.50% per annum in the case of Term SOFR borrowings. The Siena Revolver also contains various financial covenants we must maintain to avoid an Event of Default, as defined by the agreement, including a subjective acceleration clause in the event that Siena determines that a material adverse change has or will occur with the business. We believe the likelihood of Siena exercising the subjective acceleration clause is remote. 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 at the earlier of March 10, 2026 or the maturity date of the Structural Debt Facility. As of September 30, 2023, 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:

**Nine Months Ended September 30,**

---

	<u>2023</u>	<u>2022</u>
	(in thousands)	
Net cash used in operating activities	\$ (9,102)	\$ (89,547)
Net cash used in investing activities	(2,383)	(3,580)
Net cash provided by financing activities	10,246	118,542
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>\$ (1,239)</u>	<u>\$ 25,415</u>

#### ***Operating Activities***

Net cash used in operating activities decreased by \$80.4 million for the nine months ended September 30, 2023 compared to September 30, 2022, primarily attributable to a decrease in net loss, net of noncash activities, of \$60.3 million. This decrease in net loss, net of non-cash activities, was primarily driven by a decrease in advertising expenses of \$42.0 million and a decrease in selling, general and administrative expenses of \$52.3 million and an increase of inflow related to changes in net operating assets and liabilities of \$20.1 million primarily driven by a decrease in inventory and accrued expenses. This was offset by decreases accounts payable due to timing of invoices from and payments to our vendors and suppliers.

#### ***Investing Activities***

Net cash used in investing activities of \$2.4 million and \$3.6 million for the nine months ended September 30, 2023 and 2022, respectively, was due to purchases of property and equipment.

#### ***Financing Activities***

Net cash provided by financing activities of \$10.2 million for the nine months ended September 30, 2023 primarily consisted of \$10.0 million in proceeds from the issuance of the 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 \$4.3 million, net outflows related to the settlement of stock options and restricted stock units of \$1.5 million and payment debt fees of \$0.9 million.

Net cash provided by financing activities of \$118.5 million for the nine months ended September 30, 2022 primarily consisted of proceeds of \$97.1 million from issuance of common stock upon the Closing of the Business Combination, including proceeds from the PIPE financing, and proceeds from issuance of contingently redeemable convertible preferred stock of \$27.6 million, partially offset by \$5.4 million payment of transaction issuance costs.

#### ***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 September 30, 2023.

#### ***Critical Accounting Estimates***

There have been no significant changes to our critical accounting policies since December 31, 2022, except as noted below. For a description of critical accounting policies that affect our significant judgments and estimates used in the preparation of our unaudited condensed consolidated financial statements, refer to Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained in our 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. As of June 12, 2023, 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 the average volatility for 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.

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

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, our financial statements may not be comparable to companies that comply with the new or revised accounting standards as of public company effective dates.

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

The Company is 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 the Company’s Annual Report on Form 10-K, and, similar to emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation. The Company will remain a smaller reporting company until the last day of the fiscal year in which (i) the market value of the Company’s common stocks held by non-affiliates exceeds \$250 million as of the end of that year’s second fiscal quarter and the Company’s annual revenue exceeds \$100 million during such completed fiscal year, or (ii) the market value of the Company’s common stock held by non-affiliates exceeds \$700 million.

### **Item 3. 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 4. 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 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 chief financial officer (the “Company’s Certifying Officers”), the

effectiveness of the Company's disclosure controls and procedures as of September 30, 2023, the end of the period covered by the Quarterly Report on Form 10-Q, 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 September 30, 2023.

*(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 nine months ended September 30, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

*Limitations on the Effectiveness of Controls*

The Company does not expect that its disclosure 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.

**Part II - Other Information**

**Item 1. Legal Proceedings**

See Note 6, Commitments and Contingencies, to our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

**Item 1A. Risk Factors**

There have been no material changes to our risk factors that we believe are material to our business, results of operations and financial condition from the risk factors previously disclosed in our Annual Report on Form 10-K filed with the SEC on March 16, 2023.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None

**Item 3. Defaults Upon Senior Securities**

None

**Item 4. Mine Safety Disclosures**

None

**Item 5. Other Information**

None

**Item 6. 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="#">Certificate of Amendment to Certificate of Incorporation of Grove Collaborative Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 23992519) filed with the SEC on June 5, 2023).</a>
3.3	<a href="#">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 August 14, 2023).</a>
3.4	<a href="#">Bylaws of Grove Collaborative Holdings, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Form 8-K (File No. 001-40263) filed with the SEC on June 23, 2022).</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>

<b>Exhibit Number</b>	<b>Description</b>
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>
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="#">Warrant to Purchase Common Stock, dated as of August 11, 2023, by and between Grove Collaborative Holdings, Inc. and Volition Capital Fund IV, L.P. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-40263) filed with the SEC on August 14, 2023).</a>
4.15	<a href="#">Warrant to Purchase Common Stock, dated as of August 11, 2023, by and between Grove Collaborative Holdings, Inc. and Volition Capital Fund IV, L.P. (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K (File No. 001-40263) filed with the SEC on August 14, 2023).</a>
4.16	<a href="#">Subscription Agreement, dated as of August 11, 2023, by and between Grove Collaborative Holdings, Inc., 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>
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</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</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</a>
5.4*+	<a href="#">Letter of Transition by and between Grove Collaborative Holdings, Inc. and Stuart Landesberg</a>



<b>Exhibit Number</b>	<b>Description</b>
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>
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>
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.

**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 thereunto duly authorized.

**Date: November 9, 2023**

**GROVE COLLABORATIVE HOLDINGS, INC.**

By: /s/ Sergio Cervantes

Name: Sergio Cervantes

Title: Chief Financial Officer

## GROVE COLLABORATIVE HOLDINGS, INC.

AGREEMENT FOR THE PAYMENT OF BENEFITS FOLLOWING TERMINATION OF  
EMPLOYMENT

AGREEMENT dated as of August 16, 2023 (the "Effective Date") between Grove Collaborative Holdings, Inc., a Delaware public benefit corporation (the "Company"), and Jeff Yurcisin (the "Executive").

WITNESSETH:

WHEREAS, the Executive is employed by the Company in the position of Chief Executive Officer of the Company; and

WHEREAS, the Company and the Executive desire to enter into this Agreement to set forth the separation benefits to be provided to the Executive in the event that his or her employment terminates under the circumstances described herein.

NOW, THEREFORE, in consideration of the foregoing, the parties agree as follows:

1. Definitions. For purposes of this Agreement, the following terms shall be defined as set forth below:

(a) "Accounting Firm" shall mean a nationally recognized accounting firm selected by the Company.

(b) "Base Salary" shall mean the Executive's annual base salary in effect immediately prior to the Date of Termination, provided that in the event the Base Salary shall have been reduced under circumstances giving rise to Good Reason, then Base Salary shall mean the Executive's annual base salary in effect immediately prior to such reduction.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Cause" shall mean, and shall be limited to, the occurrence of any one or more of the following events: (i) the Executive's commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) the Executive's attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (iii) the Executive's intentional, material violation of any contract or agreement between the Executive and the Company or of any material Company policy applicable to Executive or any statutory duty owed to the Company; (iv) the Executive's unauthorized use or disclosure of the Company's confidential information or trade secrets; or (v) the Executive's gross, or material deliberate, misconduct. The determination that a termination of the Executive's employment is either for Cause or without Cause will be made by the Board, in its sole discretion. Any determination by the Board that the Executive's employment was terminated with or without Cause for the purposes of this Agreement shall have no effect upon any determination of the rights or obligations of the Company or the Executive for any other purpose.

(e) "Change in Control" shall have the meaning assigned to such term under the Grove Collaborative Holdings, Inc. 2022 Equity and Incentive Plan, as in effect on the Effective Date.

(f) "Change in Control Period" shall mean the period beginning three (3) months prior to, and ending twelve (12) months following, the consummation of a Change in Control.

(g) "Code" shall mean the Internal Revenue Code of 1986, as amended.

---

(h) "Date of Termination" shall mean the date that the Executive's employment with the Company (or any successor) ends, which date shall be specified in the Notice of Termination. Notwithstanding the foregoing, the Executive's employment shall not be deemed to have been terminated solely as a result of the Executive becoming an employee of any direct or indirect successor to the business or assets of the Company.

(i) "Disability" shall mean the inability of the Executive to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve (12) months as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(j) "Good Reason" shall mean the Executive's voluntary termination following the occurrence of one of the following without the Executive's prior written consent: (i) a material reduction in the Executive's Base Salary excluding any reduction in Executive's Base Salary as part of an across-the-board reduction in base salaries of all Company executive officers so long as the percentage reduction in Executive's Base Salary is not greater than the percentage reduction applicable to other executive officers, for the same period as the reduction in other executive officer's reduction in salary and, in the event such reduction is later mitigated for other executive officers, Executive's Base Salary is then increased by the same percentage applicable to other executive officers; (ii) a material reduction in the Executive's authority, duties or responsibilities; or (iii) a relocation of the Executive's principal place of employment that results in an increase in the Executive's one-way driving distance by more than ten (10) miles from the Executive's then current principal residence. In order to resign for Good Reason, the Executive must provide written notice of the event giving rise to Good Reason to the Board within thirty (30) days after the condition arises, allow the Company thirty (30) days to cure such condition, and if the Company fails to cure the condition within such period, the Executive's resignation from all positions the Executive then held with the Company must be effective not later than thirty (30) days after the end of the Company's cure period.

(k) "Notice of Termination" shall mean a written notice which shall indicate the specific termination provision in this Agreement relied upon for the termination of the Executive's employment and the Date of Termination.

(l) "Qualified Termination Event" shall mean (i) a termination of the Executive's employment by the Company other than for Cause, death or Disability or (ii) the Executive's resignation from the Company for Good Reason.

(m) "Restrictive Covenants Agreement" shall mean the Confidential Information, Invention Assignment and Arbitration Agreement or similar agreement entered into between the Executive and the Company.

2. Termination Benefits Generally. In the event the Executive's employment with the Company is terminated for any reason, the Company shall pay or provide to the Executive (i) any earned but unpaid salary, (ii) unpaid expense reimbursements in accordance with Company policy, (iii) accrued but unused vacation or leave entitlement, (iv) any vested benefits the Executive may have under any

employee benefit plan of the Company in accordance with the terms and conditions of such employee benefit plan, and (v) in the event the Executive's employment with the Company is terminated by the Company other than for Cause or by the Executive without Good Reason, any performance cash award under the Company's annual incentive plan for any fiscal year preceding the year in which the Date of Termination occurs that is earned but unpaid as of the Date of Termination (collectively, the "Accrued Benefits"), within the time required by law but in no event more than sixty (60) days after the Date of Termination or, in the case of the prior year annual cash incentive award, no later than March 15th following the conclusion of the performance year.

3. Termination Not in Connection with a Change in Control. In the event a Qualified Termination Event occurs at any time other than during the Change in Control Period, with respect to such Executive, in addition to the Accrued Benefits, subject to his or her execution of a general release of claims in favor of the Company and related persons and entities (the "Release"), which shall include

---

provisions relating to confidentiality, return of property, and non-disparagement and a reaffirmation of the Restrictive Covenants Agreement and the Release becoming irrevocable, in no event more than sixty (60) days after the Date of Termination, and subject to the Executive complying with this Agreement and the Release, the Company shall:

(a) pay the Executive an amount equal to nine (9) months' Base Salary;

(b) if the Executive was participating in the Company's group health plan immediately prior to the Date of Termination and elects COBRA health continuation, then the Company shall pay to the Executive a monthly cash payment in an amount equal to the monthly employer cost of such continued coverage for the Executive and Executive's dependents, until the earlier of (i) nine (9) months after the Date of Termination or (ii) the date on which the Executive obtains other employment; and

(c) cause the outstanding and unvested equity awards with time-based vesting held by the Executive and which were granted to the Executive on or after the Effective Date to become vested, exercisable or nonforfeitable as of the Date of Termination with respect to the portions of such awards that would have become vested, exercisable or nonforfeitable, respectively, on or before the date that occurs nine (9) months following the Date of Termination had the Executive remained employed by the Company through such date, with such portions to be distributed in accordance with the underlying equity award agreements; provided, that the performance conditions applicable to any outstanding and unvested equity awards subject to performance conditions will be deemed satisfied at the actual level or such other level specified in the terms of the applicable award agreement; provided, further, that any awards that are unvested as of the Date of Termination but would vest upon the execution and non- revocation of the Release, shall remain outstanding and shall not be exercisable or distributable until the execution and non-revocation of the Release.

The amounts payable under Section 3(a) and (b), as applicable, shall be paid out in substantially equal installments in accordance with the Company's payroll practice over nine (9) months after the Date of Termination, with the first payment commencing within sixty (60) days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, the amounts shall be paid in the second calendar year no later than the last day of such 60-day period; provided further, that the initial payment shall include a catch-up payment to cover amounts retroactive to the day immediately following the Date of Termination.

4. Termination in Connection with a Change in Control. In the event a Qualified Termination Event occurs within the Change in Control Period, then with respect to such Executive, in addition to the Accrued Benefits and the payments and benefits described in Sections 3(a) and 3(b) and in

lieu of the equity vesting described in Section 3(c) above, subject to his or her execution and non- revocation of Release and the Release becoming irrevocable, in no event more than sixty (60) days after the Date of Termination, and subject to the Executive complying with this Agreement and the Release, the Company shall:

(a) cause 100% of the outstanding and unvested equity awards with time-based vesting held by the Executive and which were granted to the Executive on or after the Effective Date to immediately become fully vested, exercisable or nonforfeitable as of the Date of Termination (or, in the case of the Change in Control that occurs following the Date of Termination, as of the date of the Change in Control) and to be distributed in accordance with the underlying equity award agreements; provided, that the performance conditions applicable to any outstanding and unvested equity awards subject to performance conditions will be deemed satisfied at the actual level or such other level specified in the terms of the applicable award agreement; provided, further, that any awards that are unvested as of the Date of Termination but would vest upon the execution and non-revocation of the Release, shall remain outstanding and shall not be exercisable or distributable until the execution and non-revocation of the Release;

5. Additional Limitation.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of the

---

Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code and the applicable regulations thereunder (the "Aggregate Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, then the Aggregate Payments shall be reduced (but not below zero) so that the sum of all of the Aggregate Payments shall be \$1.00 less than the amount at which the Executive becomes subject to the excise tax imposed by Section 4999 of the Code; provided that such reduction shall only occur if it would result in the Executive receiving a higher After Tax Amount (as defined below) than the Executive would receive if the Aggregate Payments were not subject to such reduction. In the event of such reduction, the Aggregate Payments shall be reduced in the following order, in each case, in reverse chronological order beginning with the Aggregate Payments that are to be paid the furthest in time from consummation of the transaction that is subject to Section 280G of the Code: (i) cash payments not subject to Section 409A of the Code; (ii) cash payments subject to Section 409A of the Code; (iii) equity-based payments and acceleration; and (iv) non-cash forms of benefits; provided that in the case of all the foregoing Aggregate Payments all amounts or payments that are not subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c) shall be reduced before any amounts that are subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c).

(b) For purposes of this Section 5, the "After Tax Amount" means the amount of the Aggregate Payments less all federal, state, and local income, excise and employment taxes imposed on the Executive as a result of the Executive's receipt of the Aggregate Payments. For purposes of determining the After Tax Amount, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in each applicable state and locality, net of the maximum reduction in federal income taxes (if any) which could be obtained from deduction of such state and local taxes.

(c) The determination as to whether a reduction in the Aggregate Payments shall be made pursuant to Section 5(a) shall be made by the Accounting Firm, which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or

the Executive. Any determination by the Accounting Firm shall be binding upon the Company and the Executive.

6. Restrictive Covenants Agreement. As a condition to entering into this Agreement, each Executive shall continue to comply with the terms and conditions contained in the Restrictive Covenants Agreements or similar agreement entered into between the Executive and the Company.

7. Withholding. All payments made by the Company under this Agreement shall be subject to any tax or other amounts required to be withheld by the Company under applicable law.

8. Section 409A.

(a) Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive's "separation from service" within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement would be considered deferred compensation subject to the twenty (20) percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (i) six (6) months and one (1) day after the Executive's separation from service, or (ii) the Executive's death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule.

(b) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code and that all amounts payable hereunder shall be exempt from Section 409A of the Code to the maximum extent possible, under either the separation pay exemption pursuant to Treasury regulation §1.409A-1(b)(9)(iii) or as short-term deferrals pursuant to Treasury regulation §1.409A-

1(b)(4). To the extent that any provision of this Agreement is not exempt from Section 409A of the Code and ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner to comply with Section 409A of the Code. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(c) To the extent that any payment or benefit described in this Agreement constitutes “non-qualified deferred compensation” under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive’s termination of employment, then such payments or benefits shall be payable only upon the Executive’s “separation from service.” The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(d) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by the Executive during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year (except for any lifetime or other aggregate limitation applicable

to medical expenses). Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(e) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

#### 9. Notice and Date of Termination.

(a) Notice of Termination. A termination of the Executive’s employment shall be communicated by Notice of Termination from the Company to the Executive or vice versa in accordance with this Section 9.

(b) Notice to the Company. Any notices, requests, demands, and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by registered or certified mail, postage prepaid, to the Executive at the last address the Executive has filed in writing with the Company, or to the Company at the following physical or email address:

Grove Collaborative Holdings, Inc. Attention: Head of People Experience 1301 Sansome  
Street  
San Francisco, CA 94111

10. No Mitigation. The Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company under this Agreement.

11. Benefits and Burdens. This Agreement shall inure to the benefit of and be binding upon the Company and the Executive, their respective successors, executors, administrators, heirs and permitted assigns. In the event of the Executive’s death after a termination of employment but prior to the completion by the Company of all payments due to him or her under this Agreement, the Company shall continue such payments to the Executive’s beneficiary designated in writing to the Company prior to his or her death (or to his or her estate, if the Executive fails to make such designation).

12. Enforceability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this

---

Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

13. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

14. Non-Duplication of Benefits and Effect on Other Plans. Notwithstanding any other provision in this Agreement to the contrary, the benefits provided hereunder shall be in lieu of any other severance payments and/or benefits provided by the Company, including any such payments and/or benefits pursuant to an employment agreement or offer letter between the Company and the Executive.

15. No Contract of Employment. Nothing in this Agreement shall be construed as giving any Executive any right to be retained in the employ of the Company or shall affect the terms and conditions of the Executive's employment with the Company.

16. Amendment. The parties may amend this Agreement by written agreement between the parties.

17. Governing Law. This Agreement shall be construed under and be governed in all respects by the laws of the State of Delaware, without giving effect to the conflict of laws principles.

18. Obligations of Successors. In addition to any obligations imposed by law upon any successor to the Company, any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company shall expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

19. Protected Rights. Nothing in this Agreement or otherwise is intended to, or does, prohibit the Executive from (i) filing a charge or complaint with, providing truthful information to, or cooperating with an investigation being conducted by a governmental agency (such as the Equal Employment Opportunity Commission, another other fair employment practices agency, the National Labor Relations Board, the Department of Labor, or the Securities and Exchange Commission (the "SEC")); (ii) engaging in other legally-protected activities; (iii) giving truthful testimony or making statements under oath in response to a subpoena or other valid legal process or in any legal proceeding; (iv) otherwise making truthful statements as required by law or valid legal process; or (v) disclosing a trade secret in confidence to a governmental official, directly or indirectly, or to an attorney, if the disclosure is made solely for the purpose of reporting or investigating a suspected violation of law. Accordingly, the Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In the event the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose the trade secret(s) of the Company to his attorney and use the trade secret information in the court proceeding, if the Executive (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order. In accordance with applicable law, and notwithstanding any other provision of this Agreement, nothing in this Agreement or any of any policies or agreements of the Company or any affiliate applicable to the Executive (i) impedes the Executive's right to communicate with the SEC or any other governmental agency about possible violations of federal securities or other laws or regulations or (ii) requires the Executive to provide any prior notice to the Company or its affiliates or obtain their prior approval before engaging in any such communications.

20. Miscellaneous.

---



(a) The headings of this Agreement are included for convenience and shall not affect the meaning or interpretation of this Agreement.

(b) The invalidity of unenforceability of one or more provisions of this Agreement shall not affect the enforceability of any other provision of this Agreement.

(c) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and such counterparts will together constitute one Agreement.

*(Signature page to follow)*

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized officer and attested to and the Executive has set his or her hand as of the date first above written.

Grove Collaborative Holdings, Inc.

/s/Sergio Cervantes

Sergio Cervantes  
Chief Financial Officer

ATTEST:

/s/Janae De Crescenzo

Janae De Crescenzo  
Secretary

JEFF YURCISIN

/s/Jeff Yurcisin

## GROVE COLLABORATIVE HOLDINGS, INC.

## Employee Inducement Performance-Based Restricted Stock Unit Award Notice

## Jeff Yurcisin

You have been awarded a performance-based restricted stock unit (“PSU”) award with respect to shares of Class A Common Stock of Grove Collaborative Holdings, Inc., a Delaware corporation (the “Company”). This Award is being granted to you as an “employment inducement award” under Section 303A.08 of the New York Stock Exchange Listed Company Manual and is granted outside of the Grove Collaborative Holdings, Inc. 2022 Equity and Incentive Plan (the “Plan”). Notwithstanding that the Award is being granted outside of the Plan, except as expressly provided otherwise, the Award will be administered in a manner consistent with the terms and conditions of the Plan. This Award is subject to all of the terms and conditions as set forth in this Award Notice and in the Performance-Based Restricted Stock Unit Award Agreement (together with this Award Notice, the “Agreement”), a copy of which is attached hereto. Capitalized terms not defined herein shall have the meanings specified in the Plan or the Agreement.

Target PSUs: You have been awarded a PSU award with respect to a target of 510,000 Shares, par value \$0.0001 per share, subject to adjustment as provided in the Plan.

Grant Date: August 16, 2023

Performance Period: August 16, 2023 – August 16, 2028

---

Performance Measures:

Your PSUs are subject to both time- and performance-based vesting conditions. Your PSUs will be earned based on attainment of the following Performance Measures during the Performance Period; provided, that, as of any time, the percentage of the PSUs that are vested shall not exceed the percentage of the PSUs that are vested under the Time-Based Vesting Schedule set forth below as of such time (except as otherwise provided in Section 3.2(b) of the Agreement). PSUs that would have vested pursuant to the preceding sentence but for the proviso thereof shall vest at such time as doing so would not violate such proviso. Any PSUs that are subject to a Performance Measure that has not been achieved as of the applicable date indicated below shall be immediately and automatically forfeited by you and cancelled by the Company.

Cumulative Vested Percentage  
90-Day Volume Weighted Average Trading Price

25%  
\$5.00\*

50%  
\$8.00\*

75%  
\$12.50\*

100%  
\$21.10\*\*

\* Must be achieved on or before the four-year anniversary of the Grant Date.

\*\* Must be achieved on or before the five-year anniversary of the Grant Date.

Time-Based Vesting Schedule:

Except as otherwise provided in the Plan, the Agreement or any other agreement between the Company or any of its Subsidiaries and Holder in effect as of the Grant Date and subject to the achievement of the performance-based vesting conditions set forth above, the Award shall vest 25% on August 15, 2024 and in twelve (12) equal quarterly installments thereafter on the Company's standard quarterly vesting date (i.e., February 15, May 15, August 15 and November 15 of each calendar year (or, if such date occurs on a weekend or federal holiday, the next business day)), if, and only if, you are, and have been, continuously (except for any absence for vacation, leave, etc. in accordance with the Company's or its Subsidiaries' policies): (i) employed by the Company or any of its Subsidiaries; (ii) serving as a Non-Employee Director; or (iii) providing services to the Company or any of its Subsidiaries as an advisor or consultant, in each case, from the date of this Agreement through and including the applicable vesting date.

---

GROVE COLLABORATIVE HOLDINGS, INC.

By: /s/Sergio Cervantes

Name: Sergio Cervantes

Title: CFO

Acknowledgment, Acceptance and Agreement:

By signing below and returning this Award Notice to Grove Collaborative Holdings, Inc., I hereby accept the Award granted to me and acknowledge and agree to be bound by the terms and conditions of this Award Notice and the Agreement.

/s/Jeff Yurcisin

Date: August 13, 2023

Executive

**GROVE COLLABORATIVE HOLDINGS, INC.**

**EMPLOYEE INDUCEMENT PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT**

Grove Collaborative, Holdings Inc., a Delaware corporation (the “Company”), hereby grants to the individual (the “Holder”) named in the award notice attached hereto (the “Award Notice”) as of the date set forth in the Award Notice (the “Grant Date”), a performance-based restricted stock unit award (the “Award”) with respect to the target number of shares of the Company’s Class A Common Stock, par value \$0.0001 per share (“Stock”), set forth in the Award Notice. This Award is being granted to Holder as an “employment inducement award” under Section 303A.08 of the New York Stock Exchange Listed Company Manual and is granted outside of the Grove Collaborative Holdings, Inc. 2022 Equity and Incentive Plan (the “Plan”). Notwithstanding that the Award is being granted outside of the Plan, except as expressly provided otherwise, the Award will be administered in a manner consistent with the terms and conditions of the Plan. This Award is subject to all of the terms and conditions set forth in this agreement (the “Agreement”) and in the Award Notice. Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless the Holder accepts this Agreement by executing the Award Notice in the space provided therefor and returning an original execution copy of the Award Notice to the Company or electronically accepting this Agreement within the Holder’s stock plan account with the Company’s stock plan administrator according to the procedures then in effect.
  2. Rights as a Stockholder. The Holder shall not be entitled to any privileges of ownership with respect to the shares of Stock subject to the Award unless and until, and only to the extent, such shares become vested pursuant to Section 3 hereof and the Holder becomes a stockholder of record with respect to such shares. The Award includes a right to dividend
-

equivalents equal to the value of any dividends paid on the Stock for which the dividend record date occurs between the Grant Date and the date the Award is settled or forfeited. Subject to vesting, each dividend equivalent entitles the Holder to receive the equivalent cash value of any such dividends paid on the number of shares of Stock underlying the Award that are outstanding during such period. Dividend equivalents will be accrued (without interest) and will be subject to the same conditions as the shares of Stock to which they are attributable, including, without limitation, the vesting conditions, the provisions governing the time and form of settlement of the Award.

3. Restriction Period and Vesting.

1.1. Performance-Based Vesting Condition. The number of performance-based restricted stock units that may be earned by and for which shares of Stock become issuable to the Holder (the "Earned Units") shall be based upon the achievement of the performance criteria as reviewed and approved by the Committee and reflected in the Award Notice (the "Performance Goals") over the performance period or periods reflected in the Award Notice (the "Performance Period") and the remaining terms of this Agreement (the "Vesting Conditions"). The determination by the Committee with respect to the achievement of the Performance Goals shall be made as soon as administratively practicable following the achievement of the applicable Performance Goal, after all necessary Company information is available.

1.2. Termination of Employment.

(a) Termination of Employment Due to Death or Disability. If the Holder's employment with the Company terminates prior to the end of the Performance Period by reason of the Holder's death or termination by the Company due to Disability, then in any such case, the time-based vesting condition set forth in the Award Notice shall be deemed 100% achieved and the Award shall vest as of the Holder's death or termination by the Company due to Disability to the extent that the underlying Performance Goals have been achieved as of such termination of employment. The portion of the Award that does not vest pursuant to the preceding sentence shall be immediately and automatically forfeited by the Holder and cancelled by the Company.

(b) Termination of Employment Without Cause or For Good Reason. Subject to the Holder's execution and non-revocation of a general release of claims in favor of the Company and related persons and entities (the "Release"), if the Holder's employment with the Company terminates prior to the end of the Performance Period and prior to a Change in Control (i) by the Company without Cause or (ii) by the Holder for Good Reason, in each case, then to the extent the underlying Performance Goals have been achieved as of the date of such termination of employment, the portion of the Award that would have vested on or before the date that occurs nine (9) months following the termination date had the Holder remained employed by the Company through such date, based on the Vesting Schedule set forth on the Award Notice shall vest as of such termination of employment. Subject to Section 3.3(b) below, the portion of the Award that does not vest pursuant to the preceding sentence shall be immediately and automatically forfeited by the Holder and cancelled by the Company.

(c) Termination of Employment For Cause or Without Good Reason. If the Holder's employment with the Company terminates prior to the end of the Performance Period and prior to a Change in Control by the Company for Cause or by the Holder without Good Reason, then the Award shall be immediately and automatically forfeited by the Holder and cancelled by the Company.

1.3. Change in Control.

---

(a) Vesting of Award Not Assumed. In the event of a Change in Control prior to the end of the Performance Period pursuant to which the Award is not effectively assumed or continued by the surviving or acquiring corporation in such Change in Control (as determined by the Board or Committee, with appropriate adjustments to the number and kind of shares, in each case, that preserve the value of the shares subject to the Award and other material terms and conditions of the outstanding Award as in effect immediately prior to the Change in Control), the Award shall vest in its entirety as of the date of the Change in Control.

(b) Vesting of Award Assumed. In the event of a Change in Control prior to the end of the Performance Period pursuant to which the Award is effectively assumed or continued by the surviving or acquiring corporation in such Change in Control (as determined by the Board or Committee, with appropriate adjustments to the number and kind of shares, in each case, that preserve the value of the shares subject to the Award and other material terms and conditions of the outstanding Award as in effect immediately prior to the Change in Control) and (i) the Holder remains continuously employed through the end of the Performance Period or (ii) the Company terminates the Holder's employment without Cause or the Holder resigns for Good Reason within three (3) months prior to or twelve (12) months following such Change in Control (the "CIC Protection Period") and subject to the Holder's execution and non-revocation of the Release, in any such case, the Award shall become fully vested as of the earlier of (x) end of the Performance Period and (y) the Holder's termination of employment during the CIC Protection Period; provided, however, if the Holder's employment is terminated during the three (3) months prior to a Change in Control by the Company without Cause or by the Holder due to Good Reason, then the portion of the Award that does not vest in accordance with Section 3.2(b) shall remain outstanding but not distributable upon such termination and shall vest upon the occurrence of a Change in Control within three (3) months following such termination and, if the Change in Control does not occur within such three (3) months, the Award shall remain subject to Section 3.2(b). If, following a Change in Control, the Holder experiences a termination of employment other than as set forth in Section 3.2(a) or this Section 3.3(b), the Award shall be immediately and automatically forfeited by the Holder and cancelled by the Company.

#### 1.4. Definitions.

(a) Cause. For purposes of this Award, (i) "Cause" shall have the meaning assigned to such term in any written employment or similar agreement between the Company or any of its Subsidiaries and the Holder in effect on the Grant Date or (ii) if Holder is not party to an employment or similar agreement in effect on the Grant Date which defines "Cause," then "Cause" shall mean: (A) the Holder's commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (B) the Holder's attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (C) the Holder's intentional, material violation of any contract or agreement between the Holder and the Company, of any material Company policy applicable to Holder or of any statutory duty owed to the Company; (D) the Holder's unauthorized use or disclosure of the Company's confidential information or trade secrets; or (E) the Holder's gross, or material deliberate, misconduct. The determination that a termination of the Holder's employment is either for Cause or without Cause will be made by the Company (or, in the event the Holder is subject to Section 16 of the Exchange Act, the Committee), in its sole discretion. Any determination by the Company (or, if applicable, the Committee) that the Holder's employment was terminated with or without Cause for the purposes of this Award shall have no effect upon any determination of the rights or obligations of the Company or the Holder for any other purpose.

(b) Disability. For purposes of this Award, "Disability" shall mean the inability of the Holder to engage in any substantial gainful activity by reason of any medically

---

determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve (12) months as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and will be determined by the Company (or, in the event the Holder is subject to Section 16 of the Exchange Act, the Committee) on the basis of such medical evidence as the Company (or, in the event the Holder is subject to Section 16 of the Exchange Act, the Committee) deems warranted under the circumstances.

(c) Good Reason. For purposes of this Award, (i) “Good Reason” shall have the meaning assigned to such term in any written employment or similar agreement between the Company or any of its Subsidiaries and the Holder in effect on the Grant Date or (ii) if Holder is not party to an employment or similar agreement in effect on the Grant Date which defines “Good Reason,” then “Good Reason” shall mean Holder’s voluntary termination following: (A) a material reduction in the Holder’s base salary; (B) a material reduction in the Holder’s authority, duties or responsibilities, provided, however, that a change in job position (including a change in title) shall not be deemed a “material reduction” unless the Holder’s new authority, duties or responsibilities are substantially reduced from the prior authority, duties or responsibilities; or (C) a relocation of the Holder’s principal place of employment that results in an increase in the Holder’s one-way driving distance by more than ten (10) miles from the Holder’s then current principal residence. In order to resign for Good Reason, the Holder must provide written notice of the event giving rise to Good Reason to the Company’s Chief Executive Officer (or, in the event the Holder is subject to Section 16 of the Exchange Act, the Board) within thirty (30) days after the condition arises, allow the Company thirty (30) days to cure such condition, and if the Company fails to cure the condition within such period, the Holder’s resignation from all positions the Holder then held with the Company must be effective not later than thirty (30) days after the end of the Company’s cure period.

4. Issuance or Delivery of Shares. To the extent that the Committee determines that some or all of the Performance Goals and the Vesting Conditions have been achieved, then as of the Vesting Date or as soon as administratively practicable thereafter (but in any event no later than 60 days following the applicable Vesting Date or the vesting event, subject to Section 6.13 below and the Award Notice), the Company shall issue the number of shares of Stock issuable to Grantee, for the Earned Units determined pursuant to the Committee’s determination of the level of achievement of the Performance Goals, subject to Section 6.1 below.

5. Transfer Restrictions and Investment Representation.

1.1. Non-Transferability of Award. The Award may not be transferred by the Holder other than by will or the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Company. Except to the extent permitted by the foregoing sentence, the Award may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award, the Award and all rights hereunder shall immediately become null and void.

1.2. Investment Representation. The Holder hereby covenants that (a) any sale of any share of Stock acquired upon the vesting of the Award shall be made either pursuant to an effective registration statement under the Securities Act of 1933, as amended (the “Securities Act”), and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws and (b) the Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over

---

the issuance of the shares and, in connection therewith, shall execute any documents which the Committee shall in its sole discretion deem necessary or advisable.

6. Additional Terms and Conditions of Award.

1.1. Withholding Taxes.

(a) As a condition precedent to the delivery of the Shares upon vesting of the Award, the Holder shall, upon request by the Company, pay to the Company such amount as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the Award. If the Holder shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to the Holder.

(b) The Holder may elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (i) a cash payment to the Company; (ii) delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole Shares having an aggregate Fair Market Value, determined as of the date on which such withholding obligation arises (the "Tax Date"), equal to the Required Tax Payments; (iii) authorizing the Company to withhold whole Shares which would otherwise be delivered to the Holder having an aggregate Fair Market Value, determined as of the Tax Date, equal to the Required Tax Payments; or (iv) any combination of (i), (ii) and (iii). Shares to be delivered or withheld may not have a Fair Market Value in excess of the minimum amount of the Required Tax Payments (or such higher amount as elected by the Holder and which does not raise adverse accounting consequences). Any fraction of a Share which would be required to satisfy any such obligation shall be disregarded and the remaining amount due shall be paid in cash by the Holder. No Shares shall be delivered until the Required Tax Payments have been satisfied in full.

1.2. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares of Stock subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares hereunder, the shares of Stock subject to the Award shall not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent, approval or other action.

1.3. Award Confers No Rights to Continued Employment. In no event shall the granting of the Award or its acceptance by the Holder, or any provision of the Agreement or the Plan, give or be deemed to give the Holder any right to continued employment by the Company, any Subsidiary or any affiliate of the Company or affect in any manner the right of the Company, any Subsidiary or any affiliate of the Company to terminate the employment of any person at any time.

1.4. Decisions of Board or Committee. The Board or the Committee shall have the right to resolve all questions which may arise in connection with the Award. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or this Agreement shall be final, binding and conclusive.

---



1.5. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon the death of the Holder, acquire any rights hereunder in accordance with this Agreement or the Plan.

1.6. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Company, to Grove Collaborative Holdings, Inc., Attn: Chief Legal Officer, 1301 Sansome Street, San Francisco, California 94111, and if to the Holder, to the last known mailing address of the Holder contained in the records of the Company. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

1.7. Governing Law. This Agreement, the Award and all determinations made and actions taken pursuant hereto and thereto, to the extent not governed by the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

1.8. Administration Consistent with the Plan. Notwithstanding that the Award is being granted outside of the Plan, except as expressly provided otherwise, the Award will be administered in a manner consistent with the terms and conditions of the Plan. In the event that the provisions of this Agreement and the Plan conflict, the Agreement shall control. The Holder hereby acknowledges receipt of a copy of the Plan.

1.9. Entire Agreement. This Agreement and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Holder with respect to the subject matter hereof, and may not be modified adversely to the Holder's interest except by means of a writing signed by the Company and the Holder.

1.10. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted.

1.11. Amendment and Waiver. The Company may amend the provisions of this Agreement at any time; provided that an amendment that would adversely affect the Holder's rights under this Agreement shall be subject to the written consent of the Holder. No course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

1.12. Counterparts. The Award Notice may be executed in two counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

1.13. Compliance With Section 409A of the Code. This Award is intended to be exempt from or comply with Section 409A of the Code, and shall be interpreted and construed accordingly, and each payment hereunder shall be considered a separate payment for purposes of Section 409A of the Code. To the extent this Agreement provides for the Award to become

---

vested and be settled upon the Holder's termination of employment, the applicable shares of Stock shall be transferred to the Holder or his or her beneficiary upon the Holder's "separation from service," within the meaning of Section 409A of the Code; provided that if the Holder is a "specified employee," within the meaning of Section 409A of the Code, then to the extent the Award constitutes nonqualified deferred compensation, within the meaning of Section 409A of the Code, such shares of Stock shall be transferred to the Holder or his or her beneficiary upon the earlier to occur of (i) the six-month anniversary of such separation from service and (ii) the date of the Holder's death. In the event the Award constitutes nonqualified deferred compensation, within the meaning of Section 409A of the Code, and the Award is scheduled to vest and be settled upon execution and non-revocation of a Release and the 60-day settlement period begins in one calendar year and ends in a second calendar year, the Award shall be settled in the second calendar year no later than the last day of such 60-day period.

1.14. Protected Rights. Nothing in this Agreement or otherwise is intended to, or does, prohibit the Holder from (i) filing a charge or complaint with, providing truthful information to, or cooperating with an investigation being conducted by a governmental agency (such as the U.S. Equal Employment Opportunity Commission, another other fair employment practices agency, the U.S. National Labor Relations Board, the U.S. Department of Labor, or the U.S. Securities and Exchange Commission (the "SEC")); (ii) engaging in other legally-protected activities; (iii) giving truthful testimony or making statements under oath in response to a subpoena or other valid legal process or in any legal proceeding; (iv) otherwise making truthful statements as required by law or valid legal process; or (v) disclosing a trade secret in confidence to a governmental official, directly or indirectly, or to an attorney, if the disclosure is made solely for the purpose of reporting or investigating a suspected violation of law. Accordingly, the Holder shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In the event the Holder files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Holder may disclose the trade secret(s) of the Company to the Holder's attorney and use the trade secret information in the court proceeding, if the Holder (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order. In accordance with applicable law, and notwithstanding any other provision of the Plan or this Agreement, nothing in the Plan, this Agreement or any of any policies or agreements of the Company or any affiliate applicable to the Holder (i) impedes the Holder's right to communicate with the SEC or any other governmental agency about possible violations of federal securities or other laws or regulations or (ii) requires the Holder to provide any prior notice to the Company or its affiliates or obtain their prior approval before engaging in any such communications.

1.15. Clawback. The Award and any cash payment or shares of Stock delivered pursuant to the Award are subject to forfeiture, recovery by the Company or other action pursuant to any clawback or recoupment policy in effect as of the Grant Date or which the Company may adopt from time to time to comply with applicable law, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

## GROVE COLLABORATIVE HOLDINGS, INC.

## Employee Inducement Restricted Stock Unit Award Notice

Jeff Yurcisin

You have been awarded a restricted stock unit award with respect to shares of Class A Common Stock of Grove Collaborative Holdings, Inc., a Delaware corporation (the "Company"). This Award is being granted to you as an "employment inducement award" under Section 303A.08 of the New York Stock Exchange Listed Company Manual and is granted outside of the Grove Collaborative Holdings, Inc. 2022 Equity and Incentive Plan (the "Plan"). Notwithstanding that the Award is being granted outside of the Plan, except as expressly provided otherwise, the Award will be administered in a manner consistent with the terms and conditions of the Plan. This Award is subject to all of the terms and conditions as set forth in this Award Notice and in the Restricted Stock Unit Award Agreement (together with this Award Notice, the "Agreement"), a copy of which is attached hereto. Capitalized terms not defined herein shall have the meanings specified in the Plan or the Agreement.

Restricted Stock Units: You have been awarded a restricted stock unit award with respect to 340,000 Shares, par value \$0.0001 per share, subject to adjustment as provided in the Plan.

Grant Date: August 16, 2023

Vesting Schedule: Except as otherwise provided in the Plan, the Agreement or any other agreement between the Company or any of its Subsidiaries and Holder in effect as of the Grant Date, the Award shall vest 25% on August 15, 2024 and in twelve (12) equal quarterly installments thereafter on the Company's standard quarterly vesting date (i.e., February 15, May 15, August 15 and November 15 of each calendar year (or, if such date occurs on a weekend or federal holiday, the next business day)), if, and only if, you are, and have been, continuously (except for any absence for vacation, leave, etc. in accordance with the Company's or its Subsidiaries' policies): (i) employed by the Company or any of its Subsidiaries; (ii) serving as a Non-Employee Director; or (iii) providing services to the Company or any of its Subsidiaries as an advisor or consultant, in each case, from the date of this Agreement through and including the applicable vesting date.

GROVE COLLABORATIVE HOLDINGS, INC.

By: /s/ Sergio Cervantes

Name: Sergio Cervantes

Title: Chief Financial Officer

Acknowledgment, Acceptance and Agreement:

By signing below and returning this Award Notice to Grove Collaborative Holdings, Inc., I hereby accept the Award granted to me and acknowledge and agree to be bound by the terms and conditions of this Award Notice and the Agreement.

/s/ Jeff Yurcin

Date: August 13, 2023

Chief Executive Officer

**GROVE COLLABORATIVE HOLDINGS, INC.**

**EMPLOYEE INDUCEMENT RESTRICTED STOCK UNIT AWARD AGREEMENT**

Grove Collaborative, Holdings Inc., a Delaware corporation (the “Company”), hereby grants to the individual (the “Holder”) named in the award notice attached hereto (the “Award Notice”) as of the date set forth in the Award Notice (the “Grant Date”), a restricted stock unit award (the “Award”) with respect to the number of shares of the Company’s Class A Common Stock, par value \$0.0001 per share (“Stock”), set forth in the Award Notice. This Award is being granted to Holder as an “employment inducement award” under Section 303A.08 of the New York Stock Exchange Listed Company Manual and is granted outside of the Grove Collaborative Holdings, Inc. 2022 Equity and Incentive Plan (the “Plan”). Notwithstanding that the Award is being granted outside of the Plan, except as expressly provided otherwise, the Award will be administered in a manner consistent with the terms and conditions of the Plan. This Award is subject to all of the terms and conditions set forth in this agreement (the “Agreement”) and in the Award Notice. Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless the Holder accepts this Agreement by executing the Award Notice in the space provided therefor and returning an original execution copy of the Award Notice to the Company or electronically accepting this Agreement within the Holder’s stock plan account with the Company’s stock plan administrator according to the procedures then in effect.

2. Rights as a Stockholder. The Holder shall not be entitled to any privileges of ownership with respect to the shares of Stock subject to the Award unless and until, and only to the extent, such shares become vested pursuant to Section 3 hereof and the Holder becomes a stockholder of record with respect to such shares. The Award includes a right to dividend equivalents equal to the value of any dividends paid on the Stock for which the dividend record date occurs between the Grant Date and the date the Award is settled or forfeited. Subject to vesting, each dividend equivalent entitles the Holder to receive the equivalent cash value of any such dividends paid on the number of shares of Stock underlying the Award that are outstanding during such period. Dividend equivalents will be accrued (without interest) and will be subject to the same conditions as the shares of Stock to which they are attributable, including, without limitation, the vesting conditions, the provisions governing the time and form of settlement of the Award.

3. Restriction Period and Vesting.

3.1. Service-Based Vesting Condition. Except as otherwise provided in this Section 3, the Award shall vest in accordance with the vesting schedule set forth in the Award

---

Notice. The period of time prior to the full vesting of the Award shall be referred to herein as the “Restriction Period.”

### 3.2. Termination of Employment.

(a) Termination of Employment Due to Death or Disability. If the Holder’s employment with the Company terminates prior to the end of the Restriction Period by reason of the Holder’s death or termination by the Company due to Disability, then in any such case, the Award shall be 100% vested upon such termination of employment.

(b) Termination of Employment Without Cause or For Good Reason. Subject to the Holder’s execution and non-revocation of a general release of claims in favor of the Company and related persons and entities (the “Release”), if the Holder’s employment with the Company terminates prior to the end of the Restriction Period and prior to a Change in Control (i) by the Company without Cause or (ii) by the Holder for Good Reason, in each case, the portion of the Award that would have vested on or before the date that occurs nine (9) months following the termination date had the Holder remained employed by the Company through such date shall vest as of such termination of employment. Subject to Section 3.3(b) below, the portion of the Award that does not vest pursuant to the preceding sentence shall be immediately and automatically forfeited by the Holder and cancelled by the Company.

(c) Termination of Employment For Cause or Without Good Reason. If the Holder’s employment with the Company terminates prior to the end of the Restriction Period and prior to a Change in Control by the Company for Cause or by the Holder without Good Reason, then the Award shall be immediately and automatically forfeited by the Holder and cancelled by the Company.

### 3.3. Change in Control.

(a) Vesting of Award Not Assumed. In the event of a Change in Control prior to the end of the Restriction Period pursuant to which the Award is not effectively assumed or continued by the surviving or acquiring corporation in such Change in Control (as determined by the Board or Committee, with appropriate adjustments to the number and kind of shares, in each case, that preserve the value of the shares subject to the Award and other material terms and conditions of the outstanding Award as in effect immediately prior to the Change in Control), the Award shall vest in its entirety as of the date of the Change in Control.

(b) Vesting of Award Assumed. In the event of a Change in Control prior to the end of the Restriction Period pursuant to which the Award is effectively assumed or continued by the surviving or acquiring corporation in such Change in Control (as determined by the Board or Committee, with appropriate adjustments to the number and kind of shares, in each case, that preserve the value of the shares subject to the Award and other material terms and conditions of the outstanding Award as in effect immediately prior to the Change in Control) and (i) the Holder remains continuously employed through the end of the Restriction Period or (ii) the Company terminates the Holder’s employment without Cause or the Holder resigns for Good Reason within three (3) months prior to or twelve (12) months following such Change in Control (the “CIC Protection Period”) and subject to the Holder’s execution and non-revocation of the Release, in any such case, the Award shall become fully vested as of the earlier of (x) the end of the Restriction Period and (y) the Holder’s termination of employment during the CIC Protection Period; provided, however, if the Holder’s employment is terminated during the three (3) months prior to a Change in Control by the Company without Cause or by the Holder due to Good Reason, then the portion of the Award that does not vest in accordance with Section 3.2(b), shall remain outstanding but not distributable upon such termination and shall vest upon the occurrence of a Change in Control within three (3) months following such termination and, if the

---

Change in Control does not occur within such three (3) months, the unvested portion of the Award shall be immediately and automatically forfeited by the Holder and cancelled by the Company. If, following a Change in Control, the Holder experiences a termination of employment other than as set forth in Section 3.2(a) or this Section 3.3(b), the Award shall be immediately and automatically forfeited by the Holder and cancelled by the Company.

#### 3.4. Definitions.

(a) Cause. For purposes of this Award, (i) "Cause" shall have the meaning assigned to such term in any written employment or similar agreement between the Company or any of its Subsidiaries and the Holder in effect on the Grant Date or (ii) if Holder is not party to an employment or similar agreement in effect on the Grant Date which defines "Cause," then "Cause" shall mean: (A) the Holder's commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (B) the Holder's attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (C) the Holder's intentional, material violation of any contract or agreement between the Holder and the Company, of any material Company policy applicable to Holder or of any statutory duty owed to the Company; (D) the Holder's unauthorized use or disclosure of the Company's confidential information or trade secrets; or (E) the Holder's gross, or material deliberate, misconduct. The determination that a termination of the Holder's employment is either for Cause or without Cause will be made by the Company (or, in the event the Holder is subject to Section 16 of the Exchange Act, the Committee), in its sole discretion. Any determination by the Company (or, if applicable, the Committee) that the Holder's employment was terminated with or without Cause for the purposes of this Award shall have no effect upon any determination of the rights or obligations of the Company or the Holder for any other purpose.

(b) Disability. For purposes of this Award, "Disability" shall mean the inability of the Holder to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve (12) months as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and will be determined by the Company (or, in the event the Holder is subject to Section 16 of the Exchange Act, the Committee) on the basis of such medical evidence as the Company (or, in the event the Holder is subject to Section 16 of the Exchange Act, the Committee) deems warranted under the circumstances.

(c) Good Reason. For purposes of this Award, (i) "Good Reason" shall have the meaning assigned to such term in any written employment or similar agreement between the Company or any of its Subsidiaries and the Holder in effect on the Grant Date or (ii) if Holder is not party to an employment or similar agreement in effect on the Grant Date which defines "Good Reason," then "Good Reason" shall mean Holder's voluntary termination following: (A) a material reduction in the Holder's base salary; (B) a material reduction in the Holder's authority, duties or responsibilities, provided, however, that a change in job position (including a change in title) shall not be deemed a "material reduction" unless the Holder's new authority, duties or responsibilities are substantially reduced from the prior authority, duties or responsibilities; or (C) a relocation of the Holder's principal place of employment that results in an increase in the Holder's one-way driving distance by more than ten (10) miles from the Holder's then current principal residence. In order to resign for Good Reason, the Holder must provide written notice of the event giving rise to Good Reason to the Company's Chief Executive Officer (or, in the event the Holder is subject to Section 16 of the Exchange Act, the Board) within thirty (30) days after the condition arises, allow the Company thirty (30) days to cure such condition, and if the Company fails to cure the condition within such period, the

---

Holder's resignation from all positions the Holder then held with the Company must be effective not later than thirty (30) days after the end of the Company's cure period.

4. Issuance or Delivery of Shares. Subject to Section 6.13 and except as otherwise provided for herein, within 60 days after the vesting of the Award, the Company shall issue or deliver, subject to the conditions of this Agreement, the vested shares of Stock to the Holder (the date such shares of Stock are issued to the Holder, the "Issuance Date"). Such issuance or delivery shall be evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance or delivery, except as otherwise provided in Section 6. Prior to the issuance to the Holder of the shares of Stock subject to the Award, the Holder shall have no direct or secured claim in any specific assets of the Company or in such shares of Stock, and will have the status of a general unsecured creditor of the Company.

5. Transfer Restrictions and Investment Representation.

5.1. Non-Transferability of Award. The Award may not be transferred by the Holder other than by will or the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Company. Except to the extent permitted by the foregoing sentence, the Award may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award, the Award and all rights hereunder shall immediately become null and void.

5.2. Investment Representation. The Holder hereby covenants that (a) any sale of any share of Stock acquired upon the vesting of the Award shall be made either pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws and (b) the Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance of the shares and, in connection therewith, shall execute any documents which the Committee shall in its sole discretion deem necessary or advisable.

6. Additional Terms and Conditions of Award.

6.1. Withholding Taxes.

(a) As a condition precedent to the delivery of the Shares upon vesting of the Award, the Holder shall, upon request by the Company, pay to the Company such amount as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the Award. If the Holder shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to the Holder.

(b) The Holder may elect to satisfy his or her obligation to advance the Required Tax Payments by any of the following means: (i) a cash payment to the Company; (ii) delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole Shares having an aggregate Fair Market Value, determined as of the date on which such withholding obligation arises (the "Tax Date"), equal to the Required Tax Payments; (iii) authorizing the Company to withhold whole Shares which would otherwise be delivered to the Holder having an aggregate Fair Market Value, determined

---

as of the Tax Date, equal to the Required Tax Payments; or (iv) any combination of (i), (ii) and (iii). Shares to be delivered or withheld may not have a Fair Market Value in excess of the minimum amount of the Required Tax Payments (or such higher amount as elected by the Holder and which does not raise adverse accounting consequences). Any fraction of a Share which would be required to satisfy any such obligation shall be disregarded and the remaining amount due shall be paid in cash by the Holder. No Shares shall be delivered until the Required Tax Payments have been satisfied in full.

6.2. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the shares of Stock subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares hereunder, the shares of Stock subject to the Award shall not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent, approval or other action.

6.3. Award Confers No Rights to Continued Employment. In no event shall the granting of the Award or its acceptance by the Holder, or any provision of the Agreement or the Plan, give or be deemed to give the Holder any right to continued employment by the Company, any Subsidiary or any affiliate of the Company or affect in any manner the right of the Company, any Subsidiary or any affiliate of the Company to terminate the employment of any person at any time.

6.4. Decisions of Board or Committee. The Board or the Committee shall have the right to resolve all questions which may arise in connection with the Award. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or this Agreement shall be final, binding and conclusive.

6.5. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon the death of the Holder, acquire any rights hereunder in accordance with this Agreement or the Plan.

6.6. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Company, to Grove Collaborative Holdings, Inc., Attn: Chief Legal Officer, 1301 Sansome Street, San Francisco, California 94111, and if to the Holder, to the last known mailing address of the Holder contained in the records of the Company. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

6.7. Governing Law. This Agreement, the Award and all determinations made and actions taken pursuant hereto and thereto, to the extent not governed by the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

---



6.8. Administration Consistent with the Plan. Notwithstanding that the Award is being granted outside of the Plan, except as expressly provided otherwise, the Award will be administered in a manner consistent with the terms and conditions of the Plan. In the event that the provisions of this Agreement and the Plan conflict, the Agreement shall control. The Holder hereby acknowledges receipt of a copy of this Plan.

6.9. Entire Agreement. This Agreement and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Holder with respect to the subject matter hereof, and may not be modified adversely to the Holder's interest except by means of a writing signed by the Company and the Holder.

6.10. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provision was omitted.

6.11. Amendment and Waiver. The Company may amend the provisions of this Agreement at any time; provided that an amendment that would adversely affect the Holder's rights under this Agreement shall be subject to the written consent of the Holder. No course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

6.12. Counterparts. The Award Notice may be executed in two counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

6.13. Compliance With Section 409A of the Code. This Award is intended to be exempt from or comply with Section 409A of the Code, and shall be interpreted and construed accordingly, and each payment hereunder shall be considered a separate payment for purposes of Section 409A of the Code. To the extent this Agreement provides for the Award to become vested and be settled upon the Holder's termination of employment, the applicable shares of Stock shall be transferred to the Holder or his or her beneficiary upon the Holder's "separation from service," within the meaning of Section 409A of the Code; provided that if the Holder is a "specified employee," within the meaning of Section 409A of the Code, then to the extent the Award constitutes nonqualified deferred compensation, within the meaning of Section 409A of the Code, such shares of Stock shall be transferred to the Holder or his or her beneficiary upon the earlier to occur of (i) the six-month anniversary of such separation from service and (ii) the date of the Holder's death. In the event the Award constitutes nonqualified deferred compensation, within the meaning of Section 409A of the Code, and the RSUs are scheduled to vest and be settled upon execution and non-revocation of a Release and the 60-day settlement period begins in one calendar year and ends in a second calendar year, the RSUs shall be settled in the second calendar year no later than the last day of such 60-day period.

6.14. Protected Rights. Nothing in this Agreement or otherwise is intended to, or does, prohibit the Holder from (i) filing a charge or complaint with, providing truthful information to, or cooperating with an investigation being conducted by a governmental agency (such as the U.S. Equal Employment Opportunity Commission, another other fair employment practices agency, the U.S. National Labor Relations Board, the U.S. Department of Labor, or the U.S. Securities and Exchange Commission (the "SEC")); (ii) engaging in other legally-protected activities; (iii) giving truthful testimony or making statements under oath in response to a subpoena or other valid legal process or in any legal proceeding; (iv) otherwise making truthful statements as required by law or valid legal process; or (v) disclosing a trade secret in confidence to a governmental official, directly or indirectly, or to an attorney, if the disclosure is made solely for the purpose of reporting or investigating a suspected violation of law. Accordingly, the

---

Holder shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In the event the Holder files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Holder may disclose the trade secret(s) of the Company to the Holder's attorney and use the trade secret information in the court proceeding, if the Holder (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order. In accordance with applicable law, and notwithstanding any other provision of the Plan or this Agreement, nothing in the Plan, this Agreement or any of any policies or agreements of the Company or any affiliate applicable to the Holder (i) impedes the Holder's right to communicate with the SEC or any other governmental agency about possible violations of federal securities or other laws or regulations or (ii) requires the Holder to provide any prior notice to the Company or its affiliates or obtain their prior approval before engaging in any such communications.

6.15. Clawback. The Award and any cash payment or shares of Stock delivered pursuant to the Award are subject to forfeiture, recovery by the Company or other action pursuant to any clawback or recoupment policy in effect as of the Grant Date or which the Company may adopt from time to time to comply with applicable law, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

PRIVILEGED AND CONFIDENTIAL



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 Executive Chairman of the Board (“*Executive Chairman*”).

1 . **Position and Duties.** Upon the Effective Date (as defined below), you agree to provide services as Executive Chairman of the Company pursuant to this letter agreement (“*Agreement*”), reporting directly to the Board. As Executive Chairman, your responsibilities will include assisting with transition to new Chief Executive Officer, chairing Board meetings and participating in Board activities as a non-independent director, providing leadership in corporate development and capital formation strategy, business strategy, investor relations, media relations and other key stakeholder relationships, and assisting in Board member and management recruiting. You and the Company agree that based on the anticipated level of services that you will perform for the Company during the Term (as defined below), you are not expected to experience a “separation from service” under Section 409A of the Internal Revenue Code of 1986, as amended (the “*Code*”).

During the Term, you shall devote your business time and efforts to the business and affairs of the Company and its subsidiaries, provided that, during the Term, you shall be entitled to perform outside activities so long as you do not (i) compete with the Company, including serving as an advisor or consultant to any of the Competitive Companies listed on Exhibit A, as determined by the Board in its sole discretion; (ii) accept full-time employment with another company or entity; or (iii) take on external responsibilities or activities that would materially interfere with the performance of your duties to the Company. For the avoidance of doubt, you shall be entitled to serve on civic, charitable, educational, religious, public interest or public service boards, and to manage your personal and family investments, in each case, to the extent such activities do not materially interfere with the performance of your duties and responsibilities to the Company. In addition and notwithstanding the foregoing, you shall be entitled to serve as a member of the board of directors of one other public company, provided that you shall receive the prior approval of the nominating and corporate governance Committee of the Board, which shall not be unreasonably withheld.

2 . **Effectiveness; Term.** Your services as Executive Chairman under the terms of this Agreement shall commence upon the appointment by the Board of your successor as Chief Executive Officer of the Company (the “*Effective Date*”). Upon the Effective Date, you will cease to serve as Chief Executive Officer of the Company. On and following the Effective Date, you agree to serve as Executive Chairman and an employee until this Agreement and your employment is terminated by the Company or you for any reason (the “*Term*”). In addition, during the Term, the Company shall cause you to be nominated for election as a member of the Board, with your continued service on the Board subject to approval by the Company’s stockholders.

Upon termination of your employment for any reason and unless otherwise agreed to by the parties, you shall be deemed to have resigned, without any further action by you, from any and all officer and director positions that you, immediately prior to such termination, held with the

---

Company or any of its affiliates or with any other entities at the direction of, or as a result of your affiliation with, the Company or any of its affiliates. If for any reason this Agreement is deemed to be insufficient to effectuate such resignations, then you shall, upon the Company's request, execute any documents or instruments that the Company may deem necessary or desirable to effectuate such resignations.

### 3. **Compensation.**

(a) **Base Salary.** During the Term, you shall be compensated for your services hereunder at the rate of \$500,000 per annum, to be paid in accordance with the Company's payroll procedures. Notwithstanding the foregoing, your base salary may be decreased as part of an across-the-board reduction in base salaries of all Company executive officers so long as the percentage reduction in your base salary is not greater than the percentage reduction applicable to other executive officers, for the same period as the reduction in other executive officer's reduction in salary and, in the event such reduction is later mitigated for other executive officers, your base salary is then increased by the same percentage applicable to other executive officers. The term "Base Salary" will refer to your base salary as may be in effect from time to time.

(b) **Annual Incentive Plan.** For each completed fiscal year of the Company during the Term, you will be entitled to participate in the Company's Annual Incentive Plan (the "**AIP**"), pursuant to which you will be eligible to earn an annual cash bonus (the "**Annual Bonus**") with a target bonus opportunity equal to 50% of your then current base salary (the "**Target Bonus**"), payable based upon the achievement of one or more performance goals established by the Board (or the Compensation Committee of the Board) with the potential to earn greater than the Target Bonus for achievements that exceed the established goals. Any Annual Bonus will be subject to the terms and conditions of the AIP, as such are established by the Board (or the Compensation Committee of the Board) and will be earned and paid within 2-1/2 months after the Company's fiscal year to which it relates, subject to your continuous employment through the applicable payment date.

(c) **Performance Bonus.** In addition to the Annual Bonus described above, for calendar year 2024, you shall be eligible to receive a one-time performance bonus in a lump sum amount equal to \$500,000 (the "**2024 Performance Bonus**"), with such bonus payable based on

(i) your reasonable cooperation in the transition of your Chief Executive Officer duties to the new Chief Executive Officer (as determined by the Board in good faith), (ii) your continued employment through December 31, 2024 and (iii) the Company's achievement of positive adjusted EBITDA, with any earned 2024 Performance Bonus to be paid no later than March 15, 2025. In the event your employment is terminated by the Company without Cause or by you due to Good Reason during 2024, then the continued service requirement in clause (ii) of the prior sentence shall be disregarded and you shall remain eligible to receive the 2024 Transition Bonus, subject to your successful transition of the Chief Executive Officer duties and achieving positive adjusted EBITDA. The definitions of Cause and Good Reason are set forth on Exhibit A attached hereto. For purposes hereof, adjusted EBITDA means net income/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) interest income; (8) provision for income taxes, (9) restructuring expenses; (10) loss on extinguishment of debt; (11) unbudgeted legal settlements; and (12) transaction costs from acquisitions or financing events.

(d) **Equity Awards.** Subject to approval by the Board (or the Compensation Committee of the Board) each Company fiscal year during the Term (but in any event no earlier than the 2024 fiscal year) and subject to your active employment with the Company on the annual grant date, you shall receive annual Company equity awards having an aggregate annual target grant date fair value (as determined in accordance with the Company's methodology for determining equity awards to its executive officers) equal to 50% of the aggregate grant date fair value of the annual Company equity awards approved for issuance to the Company's Chief Executive Officer (the "**Annual Equity Awards**") for such year (excluding, for the avoidance of doubt, any inducement grants, sign-on grants, or retention grants awarded to the Company's Chief

---

Executive Officer); provided, that, (i) if in 2024 the Chief Executive Officer receives a partial grant due to the timing of his start date in 2023 and his receipt of inducement grants in connection therewith, the value of your grant will be calculated as if the Chief Executive Officer had received a grant that was not so reduced based on the benchmarking and level of grants used for determining annual equity grants for the executive team generally and (ii) commencing with the first Company fiscal year that commences following the first Annual Equity Award pursuant to this paragraph and for each Company fiscal year immediately thereafter the percentage set forth in this sentence shall be reduced to 40%. The Annual Equity Awards granted to you in any Company fiscal year during the Term shall be in the same form(s) as granted to the Company's Chief Executive Officer and shall vest, and have such other terms, as are not less favorable to you than those set forth in the Chief Executive Officer's annual equity awards for such fiscal year. In addition, during the Term, your Company equity awards that are outstanding as of the Effective Date will continue to

vest (and be exercisable, as applicable) in accordance with their terms, subject to this Agreement. Further, any employment-based vesting conditions applicable under your Company equity awards shall be deemed to be satisfied by your continued service on the Board through the applicable vesting date.

#### 4. **Benefits and Expenses.**

(a) **Benefits.** As an employee of the Company, during the Term you shall be entitled to participate in the health, welfare, retirement, pension, life insurance, disability and similar plans, programs and arrangements generally made available to employees of the Company.

(b) **Expenses.** The Company will, in accordance with applicable Company policies and guidelines, reimburse you for all reasonable and necessary expenses you incur in connection with your performance of services on behalf of the Company. Furthermore, upon your execution of this Agreement, the Company will reimburse your reasonable legal fees and expenses incurred in connection with this Agreement and any related agreements, up to a maximum reimbursement of \$50,000.

#### 5. **Severance.**

(a) **Payments on Termination.** In the event this Agreement and your employment is terminated by the Company without Cause, you terminate your employment for Good Reason or, in the case of clause (ii) only with respect to equity acceleration, your termination due to death or Disability, you shall be eligible to receive (i) a cash severance payment equal to the sum of (A) one-year of Base Salary and (B) your target Annual Bonus for the year in which such termination occurs, pro-rated based on the number of full months for which you were employed by the Company during such year, payable in a lump sum within 60 days following your termination of employment (the "**Cash Severance**") and (ii) with respect to your equity awards, you shall receive the greater of (x) twelve months of accelerated vesting plus pro-rata vesting for the remaining unvested portion of such equity awards based on the number of days you were employed during the applicable vesting period and (y) the vesting acceleration provided for in the applicable equity award agreement, with the awards to be settled or exercised, as applicable, within 60 days following your termination of employment (or such later time specified in the equity award agreements to the extent necessary to comply with Section 409A of the Code), in each case, subject to your execution and non-revocation of the Company's customary form of release of claims within 52 days following your termination of employment. Any equity awards that are options that are accelerated in accordance with this paragraph will remain outstanding but will not be exercisable until the release of claims becomes effective in accordance with its terms. For the avoidance of doubt, you shall not be eligible to receive the Cash Severance in the event your employment is terminated due to your death, Disability, termination by the Company for Cause or you resign other than for Good Reason. The definition of Disability is set forth on Exhibit A attached hereto.

(b) **No Mitigation.** You shall not be required to mitigate the amount of any payment provided for in this Section 5 by seeking other employment or otherwise, nor shall the amount of any benefit provided for in this Section 5 be reduced by any compensation you earn as

---

the result of employment by another employer or by retirement benefits after the termination of this Agreement or otherwise.

6. **Code Section 280G.**

(a) Notwithstanding anything to the contrary contained in this Agreement, to the extent that any amount, equity awards or benefits paid or distributed to you pursuant to this Agreement or any other agreement, plan or arrangement between the Company or its subsidiaries or affiliates, on the one hand, and you on the other hand (collectively, the “**280G Payments**”) (i) constitute a “parachute payment” within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the “**Code**”) and (ii) but for this provision would be subject to the excise tax imposed by Section 4999 of the Code (the “**Excise Tax**,” then the 280G Payments shall be payable either (a) in full, notwithstanding that some or all portion of such payment may be subject to the Excise Tax or (b) in such lesser amount that would result in no portion of such 280G Payments being subject to Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income or excise taxes (including the Excise Tax) results in your receipt on an after-tax basis, of the greatest amount or benefits under this Agreement, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code.

(b) To the extent permitted by applicable law, and not a violation of Code Sections 280G, 409A or 4999, you shall be entitled to elect the order in which payments will be reduced. If your electing the order in which payments will be reduced would result in violation of Code Section 409A or loss of the benefit of reduction under Code Sections 280G or 4999, payments shall be reduced in the following order (i) your cash severance payment; (ii) other cash payments; (iii) any equity awards accelerated or otherwise valued at full value, provided such equity awards are not permitted to be valued under Treasury Regulations Section 1.280G-1 Q/A- 24(c); (iv) acceleration of vesting of all other equity awards; and (v) within any category, reductions shall be from the last due payment to the first.

(c) All determinations required to be made under this Section 6, including whether you will receive a full payment or a reduced payment and the assumptions to be utilized in arriving at such determination, shall be made by a nationally recognized certified public accounting firm as may be designated by the Company and reasonably acceptable to you (the “**Accounting Firm**”), which Accounting Firm shall provide detailed supporting calculations both to the Company and you within fifteen (15) business days of the receipt of notice from the Company that there is or may be made a 280G Payment. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and you.

7. **Other Agreements.** As a reminder, you agree that during the Term and thereafter in accordance with their terms you remain subject to any proprietary information and inventions agreement between the Company and you as in effect prior to the date of this Agreement.

8. **Miscellaneous.**

(a) **Severability.** If any provision of this Agreement is held to be illegal, invalid or unenforceable under existing or future laws effective during the Term, such provisions shall be fully severable, the Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal and enforceable.

(b) **Section 409A.**

(i) This Agreement is intended to comply with, or be exempt from, Section 409A of the Code and the regulations promulgated thereunder (“**Section 409A**”), and will

---

be interpreted, administered and operated in a manner consistent with that intent. If any amounts that become due under this Agreement constitute “nonqualified deferred compensation” within the meaning of Section 409A, payment of such amounts shall not commence until you incur a “Separation from Service” (as defined below) if and only if necessary to avoid accelerated taxation or tax penalties in respect of such amounts.

(ii) Notwithstanding anything herein to the contrary, if you are a “Specified Employee” (as defined below) for purposes of Section 409A, on the date on which you incur a Separation from Service, any payment hereunder that provides for the “deferral of compensation” within the meaning of Section 409A shall be paid on the first (1st) business day after the date that is six (6) months following your Separation from Service (the “**409A Delayed Payment Date**”); *provided, however*, that such delay shall apply if and only if necessary to avoid accelerated taxation or tax penalties in respect of such amounts; *provided, further*, that a payment delayed pursuant to the preceding clause shall commence earlier than the 409A Delayed Payment Date in the event of your death prior to the end of the six (6) month period. On the 409A Delayed Payment Date, you shall be paid a lump sum payment in cash equal to any payments delayed because of the preceding sentence (the “**Catch-Up Amount**”), plus interest on the Catch-Up Amount equal to the short-term federal rate applicable under Section 7872(f)(2)(A) of the Code for the month in which occurs your Separation from Service. Such interest shall be paid at the same time that the Catch-Up Amount is paid. Thereafter, you shall receive any remaining benefits as if there had not been an earlier delay.

(iii) For purposes of this Agreement, “**Separation from Service**” shall have the meaning set forth in Section 409A(a)(2)(A)(i) of the Code and determined in accordance with the default rules under Section 409A. “**Specified Employee**” shall have the meaning set forth in Section 409A(a)(2)(B)(i) of the Code, as determined in accordance with the uniform methodology and procedures adopted by the Company and then in effect.

(iv) For purposes of Section 409A, each of the payments that may be made under this Agreement are designated as separate payments. Anything in this Agreement to the contrary notwithstanding, (1) no reimbursement payable to you pursuant to any provisions of this Agreement or pursuant to any plan or arrangement of the Company covered by this Agreement shall be paid later than the last day of the calendar year following the calendar year in which the related expense was incurred, except to the extent that the right to reimbursement does not provide for a “deferral of compensation” within the meaning of Section 409A, (2) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit and (3) no amount reimbursed during any calendar year shall affect the amounts eligible for reimbursement in any other calendar year.

(c) Notices. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when (i) delivered personally; (ii) sent by facsimile or other similar electronic device and confirmed; (iii) delivered by courier or overnight express; or (iv) three (3) business days after being sent by registered or certified mail, postage prepaid, addressed as follows:

If to the Company: Grove Collaborative Holdings, Inc.

If to you: Your home address on file with the Company.

or to such other address as a party may furnish to the other party in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

(d) No Waiver. No waiver by either party hereto of any breach of any provision of this Agreement shall be deemed a waiver of any preceding or succeeding breach of such provision or any other provision herein contained.

---

( e ) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, without giving effect to the conflict of law principles thereof.

( f ) Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto with respect to the subject matter hereof, and are intended to supersede all prior or

contemporaneous negotiations, understandings and agreements (whether written or oral). No provision of this Agreement may be waived or changed, except by a writing signed by the party to be charged with such waiver or change.

( g ) Successors; Binding Agreement. Neither of the parties hereto shall have the right to assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party; *provided, however*, that this Agreement shall inure to the benefit or and be binding upon the successors and assigns of the Company upon any sale of all or substantially all of the Company's assets, or upon any merger or consolidation of the Company with or into any other corporation, all as though such successors and assigns of the Company and their respective successors and assigns were the Company. Insofar as you are concerned, this Agreement, being personal, cannot be assigned; *provided, however*, that this Agreement shall be binding upon and inure to the benefit of you and your executors, administrators and legal representatives.

( h ) Counterparts. This Agreement may be executed in counterparts, each of which shall be an original, but together shall constitute one and the same instrument.

( i ) Headings. The headings and captions set forth in this Agreement are for ease of reference only and shall not be deemed to constitute a part of the agreement formed hereby or be relevant to the interpretation of any provisions of this Agreement.

( j ) Saturdays, Sundays and Holidays, etc. Whenever any determination is to be made or action to be taken on a date specified in this Agreement, if such date shall fall upon a Saturday, Sunday or a legal holiday in the State of California, the date for such determination or action shall be extended to the first (1st) business day immediately thereafter. Any reference herein to a determination of the Board or the Compensation Committee of the Board "in its discretion" shall mean a determination in the sole discretion of such body.

( k ) Protected Rights. Notwithstanding anything in this agreement to the contrary, you understand that nothing contained in this agreement limits your ability to report possible violations of law or regulation to or file a charge or complaint with any federal, state or local governmental agency or commission or regulatory authority (collectively, "Government Agencies"). You further understand that this agreement does not limit your ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. Furthermore (I) you shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that:

(A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (II) if you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose a trade secret to your

attorney and use the trade secret information in the court proceeding, if you file any document containing the trade secret under seal and do not disclose the trade secret except pursuant to court order.

( l ) Clawbacks. Any payments to you pursuant to this Agreement or otherwise are subject to forfeiture or recovery by the Company or other action pursuant to any clawback or recoupment policy which the Company may adopt from time to time, including without limitation any such policy or provision that the Company has included in any of its existing compensation programs or plans or that it may be required to adopt under the Dodd-Frank Wall Street Reform

---



and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

(m) Company Policies. You shall be subject to additional Company policies as they may exist from time-to-time, including policies with regard to stock ownership by senior executives and policies regarding trading of securities.

Again, thank you for your many years of dedicated service to the Company and your agreement to assist the Company in its leadership transition.

Sincerely,

GROVE COLLABORATIVE HOLDINGS, INC.

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

This Agreement correctly reflects our understanding, and I hereby confirm my agreement to the same as of the date set forth above.

/s/ Stu Landesberg

---

PRIVILEGED AND CONFIDENTIAL

**Exhibit A**

**Definitions**

“Cause” shall mean: (i) your commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (B) your attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (C) your intentional, material violation of any contract or agreement between you and the Company or of any statutory duty owed to the Company; (D) your unauthorized use or disclosure of the Company’s confidential information or trade secrets; or (E) your gross, or material deliberate, misconduct.

“Competitive Companies” means the following: Amazon.com, Inc.; S.C. Johnson & Son Inc.; Method Products; Unilever PLC; Shameless Pets, LLC; Aunt Fannie’s, Inc.; New Chapter, Inc.; Maddiebrit Products, LLC; Enviroscant, Inc.; Soapberri (dba Tree to Tub), Molly’s Suds, LLC, The Procter & Gamble Company, The Clorox Company, The Honest Company, Inc., Chewy, Inc., Barkbox, Inc., One Home Brands, Inc. (dba Blueland), Bobbie Baby, Inc., DYPER Inc., Thrive Market, Inc. and Hello Bello.

“Disability” shall mean the inability of your to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve (12) months as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, as determined by the Company on the basis of such medical evidence as the Company deems warranted under the circumstances.

“Good Reason” means the occurrence of any of the following events without your consent, unless such events are corrected in all material respects by the Company within thirty (30) days following written notification by you to the Company of the occurrence of one of the reasons set forth hereafter: (i) a material breach by the Company of a material term of this Agreement; (ii) relocation of your primary work location by more than fifty (50) miles from the current location as of the Effective Date; (iii) a material reduction in Base Salary or Target Bonus (excluding, for the avoidance of doubt, any reduction in Base Salary in accordance with Paragraph 3(a) of the Agreement or a reduction in a bonus amount due to the failure to achieve the applicable performance goals or as provided for in the terms of the Annual Bonus program); or (iv) a material reduction or elimination of your titles, duties or authorities; provided, however, that any assertion by you of a termination for Good Reason shall not be effective unless (A) you provide written notice of the event purportedly constituting Good Reason within sixty (60) days of its first occurrence, (B) the Company does not cure any such event within thirty (30) days of such notice, and (C) you terminate your employment with the Company within ten (10) days of the expiration of the cure period.

**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 Quarterly Report on Form 10-Q 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: November 9, 2023

By:

/s/ Jeff Yurcisin

\_\_\_\_\_  
Jeff Yurcisin  
Chief Executive Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Grove Collaborative Holdings, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeff Yurcisin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2023

By: \_\_\_\_\_  
/s/ Jeff Yurcisin  
Jeff Yurcisin  
Chief Executive Officer

In connection with the Quarterly Report of Grove Collaborative Holdings, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Sergio Cervantes, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2023

By: \_\_\_\_\_  
/s/ Sergio Cervantes  
Sergio Cervantes  
Chief Financial 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, Sergio Cervantes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: November 9, 2023

By:

/s/ Sergio Cervantes

Sergio Cervantes

Chief Financial Officer