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, 2022

OR

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

For the transition period from to

Commission file number 001-40263

Grove Collaborative Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**88-2840659**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1301 Sansome Street
San Francisco, California 94111
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**
Redeemable warrants, each whole warrant exercisable for one share of Class A common stock at an exercise price of $11.50 per share	**GROV.WS**	**New York Stock Exchange**

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 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 86,370,812 shares of Class A common stock and 80,627,804 shares of Class B common stock as of November 4, 2022.

Table of Contents

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 Statements

Grove Collaborative Holdings, Inc.

Condensed Consolidated Balance Sheets

(In thousands, except share and per share amounts)

	September 30, 2022	December 31, 2021
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 103,791	$ 78,376
Inventory, net	56,045	54,453
Prepaid expenses and other current assets	7,240	8,104
Total current assets	167,076	140,933
Property and equipment, net	15,390	15,932
Operating lease right-of-use assets	18,628	21,214
Other long-term assets	2,097	4,394
Total assets	$ 203,191	$ 182,473
Liabilities, Convertible Preferred Stock and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 13,642	$ 21,346
Accrued expenses	35,809	20,651
Deferred revenue	10,816	11,267
Operating lease liabilities, current	3,820	3,550
Other current liabilities	863	1,650
Debt, current	28,447	10,750
Total current liabilities	93,397	69,214
Debt, noncurrent	37,773	56,183
Operating lease liabilities, noncurrent	17,089	20,029
Derivative liabilities	27,737	—
Other long-term liabilities	2,160	5,408
Total liabilities	178,156	150,834
Commitments and contingencies (Note 7)		
Convertible preferred stock, $0.0001 par value – 100,000,000 and 115,527,580 shares authorized at September 30, 2022 and December 31, 2021, respectively; no and 114,795,034 shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively	—	487,918
Stockholders' equity (deficit):		
Common stock - Class A shares, $0.0001 par value – 600,000,000 shares authorized at September 30, 2022 and no shares authorized at December 31, 2021; 70,039,246 and no shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively; Class B shares, $0.0001 par value – 200,000,000 and 194,046,918 shares authorized at September 30, 2022 and December 31, 2021, respectively; 96,181,701 and 9,368,167 shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively	16	1
Additional paid-in capital	590,194	33,863
Accumulated deficit	(565,175)	(490,143)
Total stockholders' equity (deficit)	25,035	(456,279)
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	$ 203,191	$ 182,473

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

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		Contingently Redeemable Convertible Common Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
Balances at June 30, 2022 (Unaudited)	—	—	—	—	162,870	16	564,343	(572,837)	(8,478)
Issuance of shares under ELOC Agreement	—	—	—	—	41	—	138	—	138
Issuance of shares to settle Additional Shares Liability	—	—	—	—	3,275	—	16,310	—	16,310
Incremental direct transaction costs related to the Business Combination	—	—	—	—	—	—	(513)	—	(513)
Issuance of common stock upon exercise of stock options	—	—	—	—	11	—	21	—	21
Issuance of common stock upon exercise of warrants	—	—	—	—	24	—	12	—	12
Stock-based compensation	—	—	—	—	—	—	9,883	—	9,883
Net income	—	—	—	—	—	—	—	7,662	7,662
Balances at September 30, 2022 (Unaudited)	—	$ —	—	$ —	166,221	$ 16	$ 590,194	$ (565,175)	$ 25,035

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)

(In thousands)

	Convertible Preferred Stock [1]		Common Stock [1]		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balances at June 30, 2021 (Unaudited)	97,611	$ 487,918	7,516	$ 1	$ 25,382	$ (420,658)	$ (395,275)
Recapitalization	17,184	—	1,323	—	—	—	—
Balances at June 30, 2021 (Unaudited)	114,795	487,918	8,839	1	25,382	(420,658)	(395,275)
Issuance of common stock upon exercise of stock options	—	—	59	—	74	—	74
Vesting of early exercise of options	—	—	—	—	168	—	168
Issuance of common stock upon exercise of warrants	—	—	286	—	150	—	150
Stock-based compensation	—	—	—	—	3,663	—	3,663
Net loss	—	—	—	—	—	(37,498)	(37,498)
Balances at September 30, 2021 (Unaudited)	114,795	$ 487,918	9,184	$ 1	$ 29,437	$ (458,156)	$ (428,718)

[1] 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 as described in Note 3.

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)

(In thousands)

	Convertible Preferred Stock [1]		Contingently Redeemable Convertible Common Stock [1]		Common Stock [1]		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
Balances at December 31, 2021	97,611	$ 487,918	—	$ —	7,966	$ 1	$ 33,863	$ (490,143)	$ (456,279)
Recapitalization	17,184	—	—	—	1,402	—	—	—	—
Balances at December 31, 2021	114,795	487,918	—	—	9,368	1	33,863	(490,143)	(456,279)
Issuance of preferred stock and common stock upon exercise of warrants	168	989	—	—	180	—	12	—	12
Conversion of preferred stock warrant liability to common stock warrants	—	—	—	—	—	—	2,182	—	2,182
Convertible preferred stock and contingently redeemable common stock conversion	(114,963)	(488,907)	(2,750)	(27,473)	118,205	12	516,368	—	516,380
Issuance of common stock in connection with Business Combination, net of $17.6 million in transaction costs	—	—	—	—	20,921	2	79,466	—	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	—	—	—	—	14,000	1	—	—	1
Issuance of Class A common stock issued to employees, net of withholding taxes	—	—	—	—	32	—	(96)	—	(96)
Issuance of convertible common stock	—	—	2,750	27,473	—	—	—	—	—
Issuance of common stock upon exercise of stock options	—	—	—	—	216	—	354	—	354
Vesting of early exercised options	—	—	—	—	—	—	125	—	125
Repurchase of early exercise of options	—	—	—	—	(17)	—	—	—	—
Issuance of shares under ELOC Agreement	—	—	—	—	41	—	138	—	138
Issuance of shares to settle Additional Shares Liability	—	—	—	—	3,275	—	16,310	—	16,310
Stock-based compensation	—	—	—	—	—	—	34,668	—	34,668
Net loss	—	—	—	—	—	—	—	(75,032)	(75,032)
Balances at September 30, 2022 (Unaudited)	—	$ —	—	$ —	166,221	$ 16	$ 590,194	$ (565,175)	$ 25,035

[1] The shares of the Company's common, convertible preferred stock and contingently redeemable convertible common 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 as described in Note 3.

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)

(In thousands)

	Convertible Preferred Stock [1]		Common Stock [1]		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balances at December 31, 2020	97,611	$ 487,918	7,200	$ 1	$ 14,605	$ (354,247)	$ (339,641)
Recapitalization	17,184	—	1,268	—	—	—	—
Balances at December 31, 2020	114,795	487,918	8,468	1	14,605	(354,247)	(339,641)
Issuance of common stock for services	—	—	4	—	49	—	49
Issuance of common stock upon exercise of stock options	—	—	581	—	591	—	591
Issuance of common stock upon exercise of warrants	—	—	286	—	150	—	150
Vesting of early exercise of options	—	—	—	—	1,413	—	1,413
Repurchase of early exercised options	—	—	(155)	—	—	—	—
Issuance of common stock warrants	—	—	—	—	1,622	—	1,622
Stock-based compensation	—	—	—	—	11,007	—	11,007
Net loss	—	—	—	—	—	(103,909)	(103,909)
Balances at September 30, 2021 (Unaudited)	114,795	$ 487,918	9,184	$ 1	$ 29,437	$ (458,156)	$ (428,718)

[1] 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 as described in Note 3.

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)

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

Grove Collaborative Holdings, Inc.

Condensed Consolidated Statements of Cash Flows - Continued

(Unaudited)

(In thousands)

Supplemental Disclosure				
Cash paid for taxes	$	64	$	52
Cash paid for interest		4,803		3,285
Supplemental Disclosure of Non-Cash Investing and Financing Activities				
Purchase of property and equipment in accounts payable and accrued liabilities	$	91	$	102
Conversion of contingently redeemable convertible common stock and 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 equity		2,182		—
Net exercise of preferred stock warrants		989		—
Settlement of Additional Shares liability		16,310		—
Transaction costs and convertible preferred stock included in accounts payable and accrued liabilities		18,799		1,198
Vesting of early exercised stock options		125		1,413
Initial measurement of common stock warrants recorded as debt fees		—		1,622

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) 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. In the United States, the Company sells its products through two channels: a direct-to-consumer ("DTC") platform at 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 sell 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, and we plan to become 100% plastic-free by 2025. 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 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 ("NYSE") under the symbols "VGII" and "VGII.WS," respectively. On June 17, 2022, the Company's Class A common stock and public warrants began trading on ("NYSE"), under the symbols "GROV" and "GROV.WS," respectively. See Note 3, Recapitalization for additional details.

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 Legacy Grove's financial statements and accompanying notes as of and for the year ended December 31, 2021 (the "audited financial statements") that were included in the Company's Proxy Statement/Prospectus filed with the SEC on May 17, 2021. In management's opinion, these unaudited condensed consolidated financial statements have been prepared on the same basis as the annual 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, 2022 and the results of operations for the three and nine months ended September 30, 2022 and 2021. The results of operations for the three and nine months ended September 30, 2022 are not necessarily indicative of the results to be expected for the full year ending December 31, 2022 or any other future interim or annual period.

The accompanying condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and liabilities and commitments in the normal course of business. The Company has historically incurred losses and negative cash flows from operations and had an accumulated deficit of $565.2 million as of September 30, 2022. The Company's existing sources of liquidity as of September 30, 2022 include cash and cash equivalents of $103.8 million. Prior to the Business Combination, the Company historically funded operations primarily with issuances of convertible preferred stock and contingently redeemable convertible common stock and the incurrence of debt. Upon the Closing of the Business Combination, the Company received $72.6 million in cash proceeds, net of transaction costs. The Company believes the Business Combination eliminated the substantial doubt about the Company's ability to continue as a going concern from at least one year after 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.

Comprehensive Loss

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

Significant Accounting Policies

Except for the addition of the Business Combination and related derivative liabilities, 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 financial statements and the notes thereto for the year ended December 31, 2021.

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, 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.

The novel coronavirus ("COVID-19") pandemic has created significant global economic uncertainty and resulted in the slowdown of economic activity. As of the date of issuance of these condensed consolidated financial statements, the extent to which COVID-19 may impact the future financial condition or results of operations is still uncertain. The Company is not aware of any specific event or circumstance that would require revisions to estimates, updates to judgments, or adjustments to the carrying value of assets or liabilities. These estimates may change, as new events occur and additional information is obtained, and will be recognized in the condensed consolidated financial statements as soon as they become known. Actual results could differ from those estimates and any such differences may be material to the condensed consolidated financial statements.

Concentration of Risks

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains the majority of its cash and cash equivalents 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 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, 2022 and 2021, 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 recurring shipment 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 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 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, 2022 and December 31, 2021 the refund reserve, which is included in accrued liabilities in the condensed consolidated balance sheets, was $0.1 million.

Disaggregation of Revenue

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue, net:				
Grove Brands	$ 36,425	$ 45,762	$ 121,489	$ 145,516
Third-party products	41,308	49,416	126,002	150,905
Total revenue, net	$ 77,733	$ 95,178	$ 247,491	$ 296,421

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 $10.8 million and $0.3 million, respectively, as of September 30, 2022 and $11.3 million and $0.3 million, respectively, as of December 31, 2021. 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, 2022 that was previously included in deferred revenue and other current liabilities as of December 31, 2021 was $10.9 million and $0.2 million, respectively.

Customer Referral Credits

The Company has a customer referral program under which credits are issued for future purchases to customers when the referral results in the generation of a new customer order. The Company records a liability at the time of issuing the credit and reduce the liability upon application of the credit to a customer's purchase. The liability for customer referral credits was $0.1 million as of September 30, 2022 and December 31, 2021 and is included within other current liabilities in the condensed consolidated balance sheets.

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, 2022 and 2021, the Company recorded fulfillment costs of $19.5 million and $23.5 million, respectively, which included $12.3 million and $14.3 million in shipping and handling expenses, respectively, and $4.3 million and $5.7 million in Fulfillment Labor, respectively. For the nine months ended September 30, 2022 and 2021, the Company recorded fulfillment costs of $64.2 million and $72.5 million, respectively, which included $39.4 million and $43.2 million in shipping and handling expenses, respectively, and $15.4 million and $17.8 million in Fulfillment Labor, respectively. The Company's gross profit may not be comparable to other retailers or distributors.

Warrant Liabilities

The Company classifies Private Placement Warrants and Public Warrants (both defined and discussed in Note 9, Common Stock and Warrants) as liabilities. At the end of each reporting period, changes in fair value during the period are recognized within the condensed consolidated statements of operations. The Company will continue to adjust the warrant liability for changes in the fair value until the earlier of a) the exercise or expiration of the warrants or b) the redemption of the warrants, at which time the warrants will be reclassified to additional paid-in capital.

3. Recapitalization

As discussed in Note 1, Description of Business, on the Closing Date, 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, including the Backstop Tranche 2 shares, and proceeds from the PIPE investment (as defined below). The Company recorded $24.5 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 common stock, Public and Private Placement Warrants, Grove Earn-Out Shares, Downside Protection feature and Backstop Warrants (as defined below). Direct and incremental transaction costs allocated to equity-classified instruments have been 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. On the Closing Date, 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. See Note 8, Convertible Preferred Stock and Note 9, Common Stock and Warrants for additional details of the Company's equity balances prior to and subsequent to the Business Combination.

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 and represents the right to purchase one share of the Company's Class A common stock upon exercise of such warrant.

The Merger was accounted for as a reverse recapitalization with Legacy Grove as the accounting acquirer and VGAC II as the acquired company for accounting purposes. Legacy Grove was determined to be the accounting acquirer since Legacy Grove's shareholders prior to the business combination had the greatest voting interest in the combined entity, Legacy Grove's shareholders appointed the initial directors of the combined Board of Directors and control future appointments, Legacy Grove comprises all of the ongoing operations, and Legacy Grove's senior management directs operations of the combined entity. Accordingly, all historical financial information presented in these condensed consolidated financial statements represents the accounts of Legacy Grove. Net assets were stated at historical cost consistent with the treatment of the transaction as a reverse recapitalization of Legacy Grove.

Earn-Out

At the closing of the Business Combination, Class B common stock shareholders (including Grove stock option, restricted stock unit, and warrant holders) were issued 13,999,960 shares of New Grove Class B Common Stock ("Earn-Out Shares"), which will vest(i) with respect to 7,000,173 of the Earn-Out Shares, upon the closing price of the Company's Class A common stock equaling or exceeding $ 12.50 per share for any 20 trading days within any 30-trading-day period and (ii) with respect to 6,999,787 of the Earn-Out Shares, upon the closing price of the Company's Class A common stock equaling or exceeding $15.00 per share for any 20 trading days within any 30-trading-day period. Such events can occur during a period often years following the Mergers (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 it 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, 2022, the Company did not meet any Earn-Out thresholds.

PIPE Investment

On December 7, 2021, concurrently with the execution of the Merger Agreement, VGAC II entered into subscription agreements with certain investors (the "PIPE Investors") to which such investors collectively subscribed for an aggregate of 8,707,500 shares of the Company's Class A common stock at $10.00 per share for aggregate gross proceeds of $87,075,000 (the "PIPE Investment"). 8,607,500 shares of the Company's Class A common stock have been issued for aggregate proceeds of $86,075,000, which consummated concurrently with the closing to the Business Combination.

Backstop Financing

On March 31, 2022, VGAC II entered into a subscription agreement (the "Backstop Subscription Agreement") with Corvina Holdings Limited (the "Backstop Investor") and Legacy Grove. As part of the Backstop Subscription Agreement, the Backstop Investor subscribed for and purchased 2,338,352 shares of Legacy Grove Common Stock (the "Backstop Tranche 1 Shares") for aggregate proceeds of $27,500,000. The Company initially classified the Backstop Tranche 1 Shares as mezzanine (or temporary) equity on its balance sheet because the Backstop Tranche 1 Shares were contingently redeemable upon the occurrence of certain events not solely within the control of the Company that allow for the effective redemption of such shares in cash at the option of the holder. Upon Closing of the Business Combination, the Backstop Tranche 1 Shares were converted into 2,750,000 shares of Class A Common Stock and the Tranche 1 Shares were no longer contingently redeemable. The Company has classified these shares in permanent equity on its balance sheet at September 30, 2022.

In addition, the Backstop Investor agreed to subscribe for and purchase, on the closing date of the Business Combination, certain shares of New Grove class A common stock at a purchase price of $10.00 per share ("Backstop Tranche 2 Shares") for aggregate gross proceeds in an amount equal to (x) $22.5 million minus (y) the amount of aggregate cash remaining in VGAC II's trust account, after deducting any amounts paid to VGAC II shareholders who exercise their redemption rights in connection with the Business Combination. The Company issued to the Backstop Investor, as of immediately following the closing of the Mergers, 1,671,524 Backstop Tranche 2 Shares for aggregate proceeds of $16,715,240.

The Backstop Subscription Agreement also provided that the Company would issue additional shares of Class A common stock to the Backstop Investor for Backstop Tranche 1 Shares and Backstop Tranche 2 Shares if the volume weighted average price of Class A common stock was less than $ 10.00 during the 10 trading days commencing on the first trading date after the Company's first quarterly earnings call for the fiscal quarter ended June 30, 2022 ("Additional Shares"). In August 2022, the Company settled this obligation by issuing 3,275,182 shares of Class A common stock to the Backstop Investor.

As part of the Backstop Subscription Agreement, the Company issued to the Backstop Investor3,875,028 warrants to purchase New Grove Class A Common Stock (each warrant exercisable to purchase one share of New Grove Class A Common Stock for $0.01) (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. The Backstop Warrants were recorded in equity on the Company's balance sheet at September 30, 2022.

4. 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 and convertible preferred stock warrant liability, Additional Shares, Earn-Out Shares and Public and Private Placement Warrants. Cash equivalents, convertible preferred stock warrant liability, Earn-Out Shares and Public and Private Placement Warrant are stated at fair value on a recurring basis. Accounts payable and accrued liabilities are stated at their carrying value, which approximates fair value due to the short period time to the expected receipt or payment. The carrying amount of the Company's outstanding debt approximates the fair value as the debt bears interest at a rate that approximates prevailing market rate.

The Public Warrants are classified as Level 1 due to the use of an observable market quote in an active market. Private Placement Warrants are classified as Level 2 as the fair value approximates the fair value of the Public Warrants. The Private Placement Warrants are identical to the Public Warrants, with certain exception discussed in Note 9, Common Stock and Warrants. The Earn-Out Shares are classified as Level 3 and their fair values were estimated using a Monte Carlo options pricing model utilizing assumptions related to expected stock-price volatility, expected life, risk-free interest rate and dividend yield. The Company estimated the expected volatility assumption based on the implied common stock volatilities of a set of publicly traded peer companies. Changes in this assumption, including the selection of or quantities of companies with the peer company set, could materially affect the estimate of the fair value of these instruments and the related change in fair value of these instruments.

The following table sets forth the Company's financial instruments that were measured at fair value on a recurring basis as of September 30, 2022 and December 31, 2021 by level within the fair value hierarchy (in thousands):

	September 30, 2022			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Cash equivalents:				
Money market funds	$ 102,094	$ —	$ —	$ 102,094
Total	$ 102,094	$ —	$ —	$ 102,094
Financial Liabilities:				
Earn-Out Shares	—	—	24,345	24,345
Public Warrants	1,851	—	—	1,851
Private Placement Warrants	—	1,541	—	1,541
Total	$ 1,851	$ 1,541	$ 24,345	$ 27,737

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

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Cash equivalents:				
Money market funds	$ 77,771	$ —	$ —	$ 77,771
Total	$ 77,771	$ —	$ —	$ 77,771
Financial Liabilities:				
Convertible preferred stock warrant liability	$ —	$ —	$ 4,787	$ 4,787
Total	$ —	$ —	$ 4,787	$ 4,787

There were no transfers of financial assets or liabilities into or out of Level 1, Level 2, or Level 3 during the periods presented.

Additional Shares

At closing of the Mergers, the Company recorded a liability of $15.3 million related to the potential issuance of the Additional Shares related to the Backstop Subscription Agreement. Subsequent changes in fair value of the Additional Shares liability until settlement is recognized in the statements of operations.

The following table provides a summary of changes in the estimated fair value of the Additional Shares liability (in thousands):

Balance at December 31, 2021	$ —
Assumption of Additional Shares liability	15,340
Change in fair value	970
Settlement of Additional Shares liability	(16,310)
Balance at September 30, 2022	$ —

Earn-Out Shares

At Closing of the Mergers, certain Earn-Out Shares were accounted for as a liability totaling $70.5 million. Subsequent changes in fair value, until settlement or until equity classification is met, is recognized in the statements of operations.

The following table provides a summary of changes in the estimated fair value of the Earn-Out liability (in thousands):

Balance at December 31, 2021	$ —
Assumption of Earn-Out liability	70,481
Change in fair value	(46,136)
Balance at September 30, 2022	$ 24,345

Private Placement and Public Warrant Liabilities

As of September 30, 2022, the Company has Private Placement and Public Warrants defined and discussed in Note 9, Common Stock and Warrants. Such warrants are measured at fair value on a recurring basis.

The following table provides a summary of changes in the estimated fair value of the Private Placement Warrants and Public Warrants (in thousands):

	Private Placement Warrants	Public Warrants
Balance at December 31, 2021	$ —	$ —
Assumption of Private Placement and Public Warrants	3,350	4,025
Changes in fair value	(1,809)	(2,174)
Balance at September 30, 2022	$ 1,541	$ 1,851

Convertible Preferred Stock Warrant Liability

The fair value of the preferred stock warrant liability is determined using the Black-Scholes option pricing model, which involve inherent uncertainties and the application of management's judgment. The following table provides a summary of changes in the estimated fair value of the preferred stock warrant liability (in thousands):

Balance at December 31, 2021	$ 4,787
Change in fair value	(1,616)
Net exercise of preferred stock warrants	(989)
Balance before reclassification immediately prior to the Business Combination	2,182
Reclassification to additional paid-in capital	(2,182)
Balance at September 30, 2022	$ —

The Company recorded a gain of $1.6 million and a loss of $1.5 million on remeasurement of preferred stock warrant liability for the nine months ended September 30, 2022 and 2021, respectively. With the closing of the Business Combination, unexercised preferred stock warrants were converted into warrants of the Company to purchase shares of common stock and the preferred stock warrant liability is reclassified to additional paid-in capital.

5. Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	September 30, 2022	December 31, 2021
Inventory purchases	$ 2,685	$ 4,659
Compensation and benefits	2,944	2,072
Advertising costs	1,058	2,363
Fulfillment costs	2,209	1,120
Sales taxes	1,544	1,812
Transaction costs	18,764	1,846
Other accrued expenses	6,605	6,779
Total accrued expenses	$ 35,809	$ 20,651

6. Debt

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

	September 30, 2022	December 31, 2021
Silicon Valley Bank Loan Revolver	$ 5,947	$ 5,947
Silicon Valley Bank and Hercules Mezzanine Term Loan	59,383	59,237
Atel Loan Facility Draw 3	751	1,489
Atel Loan Facility Draw 4	139	260
Total debt	66,220	66,933
Less: debt, current	(28,447)	(10,750)
Total debt, noncurrent	$ 37,773	$ 56,183

Silicon Valley Bank Loan Facility

In December 2016, the Company entered into a loan and security agreement (the "SVB Loan Facility") with Silicon Valley Bank ("SVB"). The terms of the SVB Loan Facility, as amended and restated, provided for: (i) a revolving line of credit not to exceed $25.0 million ("Loan Revolver"), (ii) growth capital advance ("Term Loan") of $3.9 million and (iii) a letter of credit sublimit of $6.0 million. The Term Loan had a maturity date in December 2022 and bore interest at Prime Rate per annum, payable monthly. The Loan Revolver borrowing capacity was limited to 60% of eligible inventory balances.

In April 2021, the Company entered into an amendment to the SVB Loan Facility, which incurs a facility fee of0.20% per annum assessed on the daily average undrawn portion of revolving line of credit. In addition, the Loan Revolver letter of credit sublimit increased to $10.0 million and the Loan Revolver borrowing capacity increased to 65% of eligible inventory balances. The Loan Revolver borrowing capacity is reduced by outstanding letters of credit and credit available to the Company from certain credit card facilities, which amounted to $3.1 million and $1.5 million, respectively as of September 30, 2022. The amended Loan Revolver bears an interest rate equal to the greater of prime rate or 3.25% per annum and matures on March 31, 2023. Interest on the Loan Revolver is payable monthly in arrears.

In April 2021, all of the Company's outstanding amounts under the SVB Term Loan were refinanced directly through the SVB and Hercules Loan Facility (see below). The Company determined the refinance represented an extinguishment of the SVB Term Loan and recorded a loss on extinguishment of $1.0 million during the three months ended June 30, 2021.

The SVB Loan Facility is collateralized by substantially all of the Company's assets on a first priority basis and contains customary events of default. The SVB Loan Facility includes affirmative, negative, and financial covenants

that restrict the Company's ability to, among other things, incur additional indebtedness, other than permitted indebtedness, enter into mergers or acquisitions, sell or otherwise dispose of assets, pay dividends, or repurchase stock, subject to customary exceptions. The SVB Loan Facility contains certain financial covenants which requires the Company to maintain minimum liquidity of $45.0 million. Minimum liquidity is defined as the sum of the aggregate amount of unrestricted and unencumbered cash deposited with SVB plus amounts available to be drawn under the loan revolver, as adjusted for any outstanding standby letters of credit issued by SVB.

As of September 30, 2022, the Company was in compliance with all covenants and had $5.9 million outstanding under the revolving line of credit, with an effective interest rate of 5.60%.

Silicon Valley Bank and Hercules Loan Facility

In April 2021, the Company entered into a Mezzanine Loan and Security Agreement ("SVB and Hercules Loan Facility") with SVB and Hercules Capital, Inc. ("Hercules"). The availability period ran from the effective date until June 30, 2022, provides for advances of up to $60.0 million. In April 2021, the Company drew $25.0 million, which it used to directly settle the amounts outstanding under the SVB Term Loan. In September and December 2021, the Company drew down the remaining additional borrowings of $25.0 million and $10.0 million, respectively. The SVB and Hercules Loan Facility bears an annual interest at the greater of 8.75% or prime plus 5.5%, payable monthly. The principal repayment period commences on November 1, 2022 and continues for 30 monthly installments with an additional final payment equal to 6.75% of the aggregate term loan advances. SVB and Hercules have committed to fund 51.0% and 49.0%, respectively, of all draws made under the SVB and Hercules Loan Facility.

In May 2022, as part of the Closing of the Business Combination, the Company entered into an amendment with SVB and Hercules Loan Facility which increased the final payment from 6.75% to 8.75% of the aggregate term loan advances.

The SVB and Hercules Loan Facility is collateralized on a second priority basis, subordinate to the SVB Loan Facility, by substantially all of the Company's assets and contains affirmative and negative covenants that restrict the Company's ability to, among other things, incur additional indebtedness, other than permitted indebtedness, enter into mergers or acquisitions, sell or otherwise dispose of assets, pay dividends or repurchase stock, subject to customary exceptions. The SVB and Hercules Loan Facility does not include any financial covenants, but does contain 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, SVB and Hercules have 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 SVB and Hercules would exercise the subjective acceleration clause is remote.

As of September 30, 2022, the Company had an aggregate of $60.0 million outstanding under the SVB and Hercules Loan Facility, excluding unamortized debt issuance cost, with effective interest rates ranging from 15.78% to 18.83%. As of September 30, 2022, the Company was in compliance with all covenants.

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 that will become collateral. The loan agreement contains customary events of default.

As of September 30, 2022, the Company had $0.8 million outstanding on its third draw and $0.1 million outstanding on its fourth draw, which mature in April 2023 and May 2023, respectively. The effective interest rates on the loans are 19.23%. By the end of the equal monthly installments of principal and interest, the principal under each loan will be fully repaid.

7. Commitments and Contingencies

Merchandise Purchase Commitments

As of September 30, 2022 and December 31, 2021, the Company had obligations to purchase $17.9 million and $36.1 million, respectively, of merchandise.

Letters of Credit

The Company had irrevocable standby letters of credit in the amount of $3.1 million as of September 30, 2022 and December 31, 2021 related to the Company's operating leases. The letters of credit have expiration dates through January 2029.

Contingencies

The Company records loss contingencies when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company also discloses material contingencies when a loss is not probable but reasonably possible. Accounting for contingencies requires the Company to use judgment related to both the likelihood of a loss and the estimate of the amount or range of loss. Although the Company cannot predict with assurance the outcome of any litigation or non-income-based tax matters, the Company does not believe there are currently any such actions that, if resolved unfavorably, would have a material impact on the Company's financial position, operating results or cash flows.

8. Convertible Preferred Stock

The Company's outstanding convertible preferred stock consisted of the following as of December 31, 2021 (in thousands, except share and per share data):

	Original Issue Price	Shares Authorized	Shares Outstanding	Net Carrying Value	Liquidation Preference
Series Seed	$ 0.5245	9,693,116	9,693,115	$ 3,943	$ 5,084
Series A	0.5245	14,130,360	14,069,657	5,240	7,379
Series B	1.2450	12,689,363	12,563,418	15,545	15,642
Series C	2.4144	15,635,550	15,324,913	36,917	37,000
Series C-1	3.1669	8,554,106	8,554,106	27,003	27,090
Series D	7.0135	20,196,682	19,961,423	136,618	140,000
Series D-1	9.0731	5,314,209	5,314,209	48,146	48,216
Series D-2	6.1850	14,551,371	14,551,370	89,638	90,000
Series E	8.4672	14,762,823	14,762,823	124,868	125,000
Total		115,527,580	114,795,034	$ 487,918	$ 495,411

Conversion

At the closing of the Business Combination, all series of convertible preferred stock of Legacy Grove were converted on an as-converted basis to the Company's Class B common stock at an exchange ratio of approximately 1.1760. As of September 30, 2022, no shares of convertible preferred stock were outstanding.

9. Common Stock and Warrants

Prior to the Business Combination, Legacy Grove had one class of authorized common stock (Class B common stock). The outstanding shares of Legacy Grove common stock is presented on the consolidated balance sheet and on the statements of convertible preferred stock, contingently redeemable convertible common stock and stockholders' deficit for the year ended December 31, 2021.

Merger Transaction

On the Closing Date and in accordance with the terms and subject to the conditions of the Business Combination, each common stock, par value $0.0001 per share (other than Backstop Tranche 1 Shares), preferred stock, outstanding options (whether vested or unvested), restricted stock units (whether vested or unvested) and warrants of Legacy Grove was canceled and converted into a comparable number of awards (i) that consisted of either the rights to receive or acquire shares of the Company's Class B common stock, par value $0.0001 per share, as determined by the exchange ratio, and (ii) the right to receive a number of the Company's Earn-Out shares. Each Backstop Tranche 1 Shares issued to the Backstop Investor pursuant to the Backstop Subscription Agreement was canceled and converted into the right to receive a number of shares of the Company's Class B common stock equal to the exchange ratio, which were immediately exchanged on a one-for-one basis for shares of the Company's Class A common stock). The exchange ratio is approximately 1.1760.

On June 16, 2022, in connection with the closing of the Business Combination, the Company amended and restated its certificate of incorporation to authorize 900,000,000 shares, consisting of (a) 800,000,000 shares of common stock, including (i)600,000,000 shares of Class A common stock, and (ii) 200,000,000 shares of Class B common stock, and (b) 100,000,000 shares of preferred stock.

The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to number of voting rights. Holders of Class A common stock are entitled to one vote per share and holders of Class B common stock are entitled toten votes per share. Each share of Class B common stock is convertible into one share of Class A common stock any time at the option of the holder, and is automatically converted intoone share of Class A common stock upon transfer (except for certain permitted transfers). Once converted into Class A common stock, the Class B common stock will not be reissued. The Company's Board of Directors has the authority to issue shares of the Preferred Stock in one or more series and to determine the voting rights, designations, powers, preferences, other rights and restrictions of each such series of shares. As of September 30, 2022, no shares of preferred stock were issued and outstanding.

Class A Common Stock Warrants

As the accounting acquirer, Grove Collaborative, Inc. is deemed to have assumed 6,700,000 Private Placement Warrants for Class A common stock that were held by Virgin Group Acquisition Sponsor II LLC (the "Sponsor") at an exercise price of $11.50 and 8,050,000 Class A common stock Public Warrants that were held by VGAC II's shareholders at an exercise price of $11.50. The warrants will expire on July 16, 2027, or earlier upon redemption or liquidation.

Subsequent to the Closing of the Business Combination, the Private Placement and Public Warrants for shares of 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. Therefore, these warrants are classified as liabilities on the condensed consolidated balance sheets and amounted to $3.4 million as of September 30, 2022.

As of September 30, 2022, the following Warrants were outstanding:

Warrant Type	Shares	Exercise Price
Public Warrants	8,050,000	$ 11.50
Private Placement Warrants	6,700,000	$ 11.50

Public Warrants

The Public Warrants become exercisable into shares of Class A common stock commencing on July 16, 2022 and expire on July 16, 2027, or earlier upon redemption or liquidation. At closing, the Company assumed 8,050,000 public warrants. Each warrant entitles the holder to purchase one share of the Company's Class A common stock at a price of $11.50 per share, subject to certain adjustments.

The Company may redeem, with 30 days written notice, each whole outstanding Public Warrant for cash at a price of $0.01 per warrant if the Reference Value equals or exceeds $18.00 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 $11.50 per share, subject to certain adjustments. If the Company calls the Public Warrants for redemption, the Company will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis", as described in the warrant agreement. For purposes of the redemption, "Reference Value" shall mean the last reported sales price of the Company's Class A common stock for any 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.

Private Placement Warrants

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

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. The Company may, from time to time and at its sole discretion, direct the SEPA Investor to purchase Class A common stock in accordance with certain dollar thresholds as determined within the SEPA. 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, 2022, the Company has sold 40,833 shares under the SEPA for total gross proceeds of $0.1 million. As of September 30, 2022, there were 32,516,831 shares available to be sold to Yorkville under the SEPA.

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:

	September 30, 2022		December 31, 2021	
	Class A Common Stock	Class B Common Stock	Class A Common Stock	Class B Common Stock
Convertible preferred stock	—	—	—	115,287,015
Convertible preferred stock warrants	—	—	—	735,760
Private Placement Warrants	6,700,000	—	—	—
Public Warrants	8,050,000	—	—	—
Backstop Warrants	3,875,028	—	—	—
Common Stock Warrants	—	900,147	—	688,349
Outstanding Stock Options	9,225,954	14,942,882	—	27,882,520
Outstanding Restricted Stock Units	4,252,388	1,045,063	—	1,777,183
Remaining Shares available for issuance under 2016 Equity Incentive Plan	—	—	—	1,070,974
Remaining Shares available for issuance under 2022 Equity Incentive Plan	25,403,278	—	—	—
Shares available for issuance under 2022 Employee Stock Purchase Plan	3,274,070	—	—	—
Total shares of common stock reserved	60,780,718	16,888,092	—	147,441,801

10. Stock-Based Compensation

Equity Incentive Plan

In 2016, Legacy Grove adopted the 2016 Equity Incentive Plan (the "2016 Plan"). The Plan provides for the granting of stock-based awards to employees, directors and consultants under terms and provisions established by the Board of Directors. In April 2022, the Company's Board of Directors authorized an increase in the number of shares available for issuance under the 2016 Plan by 3,500,000. In addition, all equity awards of Legacy Grove that were issued under the 2016 Plan were converted into comparable equity awards that are settled or exercisable for shares of the Company's Class B common stock. As a result, each of Legacy Grove's equity awards were converted into an option to purchase shares of the Company's Class B common stock based on an exchange ratio of approximately 1.1760. As of the effective date of the 2022 Plan, no further stock awards have been or will be granted under the 2016 Plan.

In June 2022, the stockholders of the Company approved the Grove Collaborative Holdings, Inc. 2022 Stock Incentive Plan (the "2022 Plan"). The Plan provides for the granting of stock-based awards to eligible participants, specifically officers, other employees, non-employee directors, consultants, independent contractors under terms and provisions established by the Board of Directors.

The 2022 Plan authorizes the issuance of Class A common stock of up to24,555,528. The number of shares available shall increase annually on the first day of each calendar year, beginning with calendar year ending December 31, 2023 and continuing until (and including) calendar year December 31 2032, with annual increases equal to lesser of (i) 5% of the number of shares of Class A and Class B common stock issued and outstanding on December 31 of the immediately preceding fiscal year, and (ii) an amount determined by the Board.

Stock option activity under the 2016 Plan is as follows (in thousands, except share and per share amounts):

	Options Outstanding			
	Number of Options	Weighted–Average Exercise Price	Weighted-Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Balance – December 31, 2021	23,708,957	$ 3.05	7.99	$ 125,429
Recapitalization	4,173,563	(0.46)		
Balance – December 31, 2021	27,882,520	2.59	7.99	125,429
Exercised	(216,856)	1.61		
Cancelled/forfeited	(3,496,828)	3.30		
Balance – September 30, 2022	24,168,836	2.50	6.67	12,319
Options vested and exercisable – September 30, 2022	16,796,373	$ 2.50	5.98	$ 11,863

The weighted-average grant date fair value of options granted during the nine months ended September 30, 2021 was $3.71 per share. No options were granted during the nine months ended September 30, 2022. The total grant date fair value of options that vested during the nine months ended September 30, 2022 and 2021 was $10.2 million and $9.4 million, respectively. The aggregate intrinsic value of options exercised during the nine months ended September 30, 2022 and 2021 was $1.0 million and $2.6 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.

Early Exercise of Employee Options

The Company allows certain employees to exercise options granted under the Plan prior to vesting in exchange for shares of restricted common stock. The unvested shares, upon termination of employment, are subject to repurchase by the Company at the original purchase price. The proceeds are recorded in other current liabilities in the consolidated balance sheets at the time of the early exercise of stock options and reclassified to common stock and additional paid-in capital as the Company's repurchase right lapses (i.e., as the underlying stock options vest). No and

11,025 shares of common stock were issued due to early exercise of unvested stock options during the nine months ended September 30, 2022 and 2021. As of September 30, 2022 and December 31, 2021, the aggregate price of the restricted common stock subject to repurchase was zero and $0.2 million, respectively. A summary of the restricted common stock is as follows:

	Number of Options	Weighted–Average Exercise Price
Outstanding and unvested as of December 31, 2021	69,513	$ 2.25
Recapitalization	12,237	(0.33)
Outstanding and unvested as of December 31, 2021	81,750	1.92
Vested	(65,211)	1.92
Repurchase of early exercise	(16,539)	1.92
Outstanding and unvested as of September 30, 2022	—	$ —

Determination of Fair Value

The fair value of stock option awards granted to employees was estimated at the date of grant using the Black-Scholes option-pricing model, with the following assumptions:

	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
Fair value of common stock	$6.91	$5.06 – $6.91
Expected term (in years)	5.64 – 6.10	5.00 – 6.28
Volatility	65.74% – 65.96%	62.33% – 75.19%
Risk-free interest rate	0.81% – 0.88%	0.50% – 1.16%
Dividend yield	—	—

Market-Based Stock Options

In February 2021, the Company granted 1,017,170 stock options with market and liquidity event-related performance-based vesting criteria with an exercise price of $3.77 per share. 100% of awards vest upon valuation of the Company's stock at a stated price upon occurrence of specified transactions. Fair value was determined using the probability weighted expected term method ("PWERM"), which involves the estimation of future potential outcomes as well as values and probabilities associated with each potential outcome. Two potential scenarios were used in the PWERM that utilized 1) the value of the Company's common equity, and 2) a Monte Carlo simulation to specifically value the award. The total grant date fair value of the award was determined to be $5.5 million. Since a liquidity event is not deemed probable until such event occurs, no compensation cost related to the performance condition was recognized prior to the Business Combination on June 16, 2022. Subsequently, the Company recorded stock-based compensation expense of $4.6 million for service periods completed prior to the Business Combination. As of September 30, 2022, the market-based vesting criteria had not been met.

Performance-Based Restricted Stock Units

Performance-based restricted stock units activity under the 2016 Plan is as follows:

	Number of shares	Weighted–Average Grant Date Fair Value Per Share
Unvested – December 31, 2021	1,511,191	$ 8.62
Recapitalization	265,992	(1.29)
Unvested – December 31, 2021	1,777,183	7.33
Granted	4,748,063	5.93
Vested	(1,244,537)	5.94
Cancelled/forfeited	(1,227,795)	6.69
Balance – September 30, 2022	4,052,914	6.15
Vested but unissued – September 30, 2022	1,244,537	$ 5.94

RSUs granted under the 2016 Plan contain vesting conditions based on continuous service and the occurrence of a specified liquidity event, which is considered a performance condition. The performance condition is satisfied upon the consummation of (i) an initial underwritten public offering of the Company's common stock; (ii) a change in control event, or (iii) a merger, consolidation or similar transaction in which the Company's common stock outstanding immediately preceding such transaction are converted or exchanged into securities that are publicly-traded on an established exchange (the "Liquidity Event"), provided that the Liquidity Event occurs prior to the fifth anniversary of the grant date and the recipient continues to provide service to the Company on such date. The Company satisfied the performance condition on June 16, 2022 with the Closing of the Business Combination. Accordingly, the Company started recognizing stock compensation expense in the three months ended June 30, 2022 using the accelerated attribution method from the grant date. The total cumulative catch up expense related to prior periods recognized for the RSUs was $11.9 million. The vested but unissued RSUs will be issued to the common stockholders in November 2022 upon the termination of the Lock-Up Period, as defined in Section 7.10 of the Company's Bylaws. There are no other contingencies for the issuance of these RSUs other than passage of time.

Equity Award Modifications

During the nine months ended September 30, 2022, the Company modified options held by former and existing employees to accelerate vesting and to extend the post termination exercise period of the awards from 60 days to 1, 2 or 10 years after termination, as well as accelerated the vesting of certain RSUs. The modifications resulted in modification expenses of $0.5 million and $2.2 million during the three and nine months ended September 30, 2022, respectively.

On September 26, 2022, the Company's Board of Directors approved a stock option exchange to permit certain employee and non-employee option holders, subject to specified conditions, to exchange some or all of their outstanding options to purchase shares of the Company's common stock for a lesser amount of RSUs to be issued under the 2022 Plan (the "Option Exchange"). The Option Exchange was completed in October 2022, see Note 12, Subsequent Events.

Stock-Based Compensation Expense

For the three months ended September 30, 2022and 2021, the Company recognized a total of $9.8 million and $3.6 million of stock-based compensation expense, respectively. For the nine months ended September 30, 2022 and 2021, the Company recognized a total of $34.3 million and $10.9 million of stock-based compensation expense, respectively. 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, 2022, the total unrecognized compensation expense related to unvested options and RSUs was $33.3 million, which the Company expects to recognize over an estimated weighted average period of 2.2 years.

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

11. Net income (Loss) Per Share Attributable to Common Stockholders

The following table presents calculation of basic and diluted loss per share (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income (loss), basic and diluted	$ 7,662	$ (37,498)	$ (75,032)	$ (103,909)
Net income (loss) per share attributable to common stockholders, basic	$ 0.05	$ (4.24)	$ (1.13)	$ (12.42)
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, basic	154,995,402	8,837,011	66,393,538	8,366,464
Effect of dilutive common stock options outstanding	10,234,953	—	—	—
Effect of dilutive RSUs outstanding	554,947	—	—	—
Effect of dilutive common stock warrants outstanding	318,957	—	—	—
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, diluted	166,104,259	8,837,011	66,393,538	8,366,464
Net income (loss) per share attributable to common stockholders, diluted	$ 0.05	$ (4.24)	$ (1.13)	$ (12.42)

The following potentially dilutive shares were excluded from the computation of diluted net income (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,	
	2022	2021	2022	2021
Convertible preferred stock	—	115,287,015	—	115,287,015
Common stock options	8,099,055	27,718,087	24,168,836	27,718,087
Restricted stock units	303,643	640,348	4,052,914	640,348
Convertible preferred stock warrants	—	735,760	—	735,760
Common stock warrants	403,700	688,349	900,147	688,349
Private and Public Placement Warrants	14,750,000	—	14,750,000	—
Earn-Out Shares	13,999,960	—	13,999,960	—
Shares subject to repurchase	—	198,414	—	198,414
Total	37,556,358	145,267,973	57,871,857	145,267,973

12. Subsequent Events

In October 2022, the Company's Board of Directors approved the exchange of 12,977,484 options, with a weighted average exercise price of $3.24 for 9,582,252 RSUs due to the Option Exchange. The Company is currently assessing the accounting treatment and related impacts from the Option Exchange.

The Company sold 698,992 shares of Class A common stock to Yorkville under the SEPA discussed in Note 9 for gross proceeds of $2.3 million which settled on October 3, 2022.

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 agreed to issue and sell, on November 15, 2022, to HGI 1,984,126 shares of the Company's Class A common stock for aggregate proceeds of $2.5 million. Under the terms of the HGI Subscription Agreement, the Company is 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 HGI Subscription Agreement also provides that the Company will issue 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 $1.26 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 (the "HGI Additional Shares"). HGI may use all or a portion of each Subscribed Share once to determine the amount of any issuance of Additional Shares in connection with the Measurement Periods such that HGI may utilize, for example, half of the Subscribed Shares to receive further Additional Shares, and leave the remaining half of the Subscribed Shares available to utilize in connection with the remaining Measurement Periods. HGI must elect to receive HGI Additional Shares for one Measurement Period, or the right lapses or is superseded by the next measurement period. The Company is currently assessing the accounting for the obligation to issue these potential additional shares, if any.

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) will pay the Consultant an upfront fee of $150,000 and (ii) issued the Consultant 4,525,000 warrants (the "HGI Warrant Shares") to purchase shares of the Company's Class A common stock (the "HGI Warrants"), at an exercise price per share of $1.26 (the "Exercise Price"). On November 10, 2022,40% of the HGI Warrant Shares vested and became issuable, and the remaining HGI Warrant Shares shall vest and become exercisable if, prior to December 31, 2024, the Company achieves at least $100 million in quarterly net revenue on a consolidated basis or if the Company consummates a Change of Control, as defined in HGI Warrant. 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 by50%. The Company is currently assessing the accounting for the obligation to issue these warrants to purchase shares of the Company's class A common stock that have vested as of November 10, 2022 and those that may potentially vest at a future date, if any.

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

The following discussion and analysis provides information that management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition. You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our Registration Statement filed on May 17, 2022, including the audited financial statements of Grove Collaborative, Inc. (referred to as "Legacy Grove" herein) as of December 31, 2019, 2020 and 2021 and Management's Discussion and Analysis of Financial Condition and Results of Operations included therein, as well as the accompanying unaudited condensed consolidated financial statements and notes thereto included in this Form 10-Q.

In addition to historical information, this discussion and analysis contains forward-looking statements. These forward-looking statements are subject to risks and uncertainties, including those discussed in the section titled "Risk Factors" of this Form 10-Q, that could cause actual results to differ materially from historical results or anticipated results. Unless the context otherwise requires, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to the "Grove," "we," "us," and "our" refer to Grove Collaborative Holding, Inc., a Delaware public benefit corporation formerly known as Virgin Group Acquisition Corp. II., and its consolidated subsidiary. References to Virgin Group Acquisition Corp. II. or "VGAC II" refer to the Company prior to the consummation of the Business Combination.

OVERVIEW

Grove Collaborative Holdings, Inc., formally 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. Grove builds 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 grows both topline and expands margins as our innovation tends to be both market expanding and margin accretive. Since inception, we have grown rapidly and invested heavily in building out both our ecommerce platform and Grove Brands, and over this period we have operated at a loss and have an accumulated deficit of $565.2 million as of September 30, 2022. We anticipate that we will continue to incur losses in the future as we continue to invest in advertising and other strategic initiatives planned for future growth and as a result, we will need additional capital resources to fund our operations. Refer to Liquidity, Capital Resources and Requirements below for more information.

Reorganization

In March and August 2022, due to the ongoing impact of the pandemic, current market headwinds, and the steadfast commitment to building a sustainable business, we implemented company-wide reorganizations which included reductions in our workforce of approximately 30% of corporate employees to reduce operating expenses and strengthen key strategic areas across the business. In connection with the reorganization, we recorded charges totaling $3.0 million in the nine months ended September 30, 2022.

Business Combination

On June 16, 2022 (the "Closing Date"), we 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 ("VGAC II"), Treehouse Merger Sub, Inc. ("VGAC II Merger Sub I"), Treehouse Merger Sub II, LLC ("VGAC II Merger Sub II"), and Grove Collaborative, Inc. ("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").

On December 7, 2021, concurrently with the execution of the Merger Agreement, VGAC II entered into subscription agreements with certain investors (the "PIPE Investors") to which such investors collectively subscribed for an aggregate of 8,707,500 shares of Class A Common Stock at $10.00 per share for aggregate gross proceeds of $87,075,000 (the "PIPE Investment"). 8,607,500 shares of Class A Common Stock has been issued for aggregate proceeds of $86,075,000, which consummated concurrently with the closing to the Business Combination.

On March 31, 2022, VGAC II entered into the a Subscription Agreement with Corvina Holdings Limited (the "Backstop Investor"), where the Backstop Investor agreed to purchase, on the closing date of the Business Combination, certain shares of Class A Common Stock at a purchase price of $10.00 per share ("Backstop Tranche 2 Shares") for aggregate gross proceeds in an amount equal to (x) $22.5 million minus (y) the amount of aggregate cash remaining in VGAC II's trust account, after deducting any amounts paid to VGAC II shareholders who exercise their redemption rights in connection with the Business Combination.

We completed the Business Combination and PIPE Investment on June 16, 2022, pursuant to which we received total gross proceeds of $97.1 million, including proceeds from the issuance of Backstop Tranche 2 Shares.

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 will pursue 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. As a result, revenue has increased each year since our launch through fiscal 2021. 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. We have several initiatives underway that we believe may lower marketing and customer acquisition cost, but these may not be successful and our inability to drive success in new marketing initiatives would adversely impact our profitability and operating results.

In 2020, new customer acquisition, customer acquisition cost, average order value, promotion rates, and growth in order volume by cohort were favorably impacted to a substantial degree by the onset of the COVID-19 pandemic. This was driven both by the increasing use of DTC platform by customers sheltering in place and by substantially higher demand for many of our product categories, especially personal care and household paper and cleaning products. After several years of annual revenue growth, our revenues in the three months and nine months ended September 30, 2022 were approximately 18% and 17%, lower than in the prior year comparative periods, respectively, reflecting the challenges that the industry faces as a result of customers buying behaviors reverting to pre-pandemic levels. While we continue to believe that there are long term growth trends in the zero-waste industry and that we will be able to continue to grow our business in the long run, post-pandemic consumer behavior patterns and macro-economic factors will continue to be a risk to our business and will adversely impact our financial performance.

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 Drive Operating Efficiency and Leverage as We 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. We have made substantial operating and capital expenditures to build our operations for this opportunity and believe that realization will require sustained levels of investment for the foreseeable future. To achieve profitability over the longer term, we will need to leverage economies of scale in sourcing our products, generating brand awareness, acquiring customers, creating operating leverage over headcount and other overhead, and fulfilling orders. Our retail strategy is designed, in part, to help accelerate achievement of this scale, as we leverage the retail presence of our partners and minimize the fulfillment costs associated with our DTC platform and create new revenue streams for our product development efforts. However, we believe that maintaining our DTC presence will remain a key driver of our product innovation and customer satisfaction strategies and serves the need of an important and growing group of consumers that wants to shop online. If we are unable to achieve sufficient operating leverage in our business, we may need to curtail our expenditures, which would in turn compromise our prospects for growth and or negatively impact our ability to operate profitably.

Impact of COVID-19

The global COVID-19 pandemic has impacted and will continue to impact our operating results, financial condition and cash flows.

We have implemented a number of measures to protect the health and safety of our workforce. These measures include substantial modifications to employee travel, employee work locations, and virtualization or cancellation of in-person meetings, among other modifications. In our fulfillment centers, as well as for the staff employees who work in our

offices, we are following the guidance from public health officials and applicable government agencies, including implementation of enhanced cleaning measures, social distancing guidelines and the wearing of masks.

During the height of the COVID-19 outbreak in Q2 and Q3 2020, we perceived a marked increase in the attention and demand for our products, especially personal care and household paper and cleaning products. At the same time, the pandemic caused significant uncertainty in the overall business environment, including risks to business continuity in our fulfillment centers, as well as in inbound freight and inventory supply disruptions. We navigated this situation by significantly reducing our expenses for paid customer acquisition, while investing in the health and safety of our employees.

The inventory supply challenges adversely affected revenue due to an above-average out-of-stock rate. We responded to this and the ongoing challenges in global logistics by temporarily building up an increased level of inventory that can absorb more unpredictability within our inbound freight procurement processes. We continue to work with our existing manufacturing, logistics and other supply chain partners to ensure our ability to service our customers. We recognize that the COVID-19 pandemic may impact the global supply chain in ways that negatively impact our ability to source our products and the cost at which we are able to source products. While we have a number of efforts in place to ensure we maintain strong service levels for our consumers, if we are unable to navigate cost inflation and supply chain disruptions it will have a material impact on our operating results and financial performance.

We believe that the COVID-19 pandemic led to an increase in revenue and profitability leading to better operating results in 2020. The positive drivers were the increase in unpaid new customer acquisition, in general a more favorable customer marketing environment with lower advertising cost, a reduced need for promotion, and a higher activity level of our existing customer base. These factors drove up both revenue and profitability and more than offset the operational and inventory challenges which we successfully navigated. As COVID restrictions were lifted and to the extent the pandemic continues to subside, the rate of growth experienced in 2020 did not continue into 2021, and in the nine months ended September 30, 2022, our revenues were approximately 17% lower than the prior year comparative period.

The COVID-19 pandemic may have other adverse effects on our business, operations, and financial results and condition, including, among other things, adverse impacts on labor availability, our fulfillment center operations, supply chain and logistics disruptions, consumer behaviors, and on the overall economy, including recent high inflation levels impacting consumer spending. While most areas of the United States have reduced most or all COVID-19 restrictions, as the pandemic continues and if new outbreaks emerge, there remains uncertainty regarding the magnitude and duration of the economic and social effects of the COVID-19 pandemic, and therefore we cannot predict the full extent of the positive or negative impacts the pandemic will have on our business, operations, and financial results and condition in future periods. In particular, the positive trends on our operating results relating to changes in consumer behaviors relating to the pandemic that we have generally seen in 2020 did not continue into all of 2021, started declining in the later part of 2021, and could continue to decline in future periods.

Even after the COVID-19 pandemic subsides, we may experience materially adverse impacts to our business as a result of its economic impact. For additional discussion of COVID-19-related risks, see section entitled “Risk Factors”.

Key Operating and Financial Metrics

In addition to our 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. In 2022 we continued to expand into other retailers, including CVS, Kohl’s, Meijer, and Giant Eagle. 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 our Grove Brands' omnichannel presence and revenue, as well as our key DTC platform metrics.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except DTC Net Revenue Per Order and percentages)	2022	2021	2022	2021
Financial and Operating Data				
Grove Brands % Net Revenue	47 %	48 %	49 %	49 %
DTC Total Orders	1,242	1,672	4,116	5,152
DTC Active Customers	1,460	1,707	1,460	1,707
DTC Net Revenue Per Order	$ 61	$ 56	$ 58	$ 56

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, Grove Co. Paper (previously named "Seedling") 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.

DTC Total Orders

We determine our number of DTC Total Orders by counting the number of customer orders submitted through our website and mobile applications that have been shipped within the period. The metric includes orders that have been refunded, excludes reshipments of customer orders for any reason including damaged and missing products, and excludes retail orders. 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, 2022, DTC Total Orders declined due to softness in retention as the economy continues to emerge from the COVID-19 pandemic and due to our reduction in advertising spend. We expect this trend to continue at least into 2023.

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 our growth of our DTC channel. In the three and nine months ended September 30, 2022, DTC Active Customers declined due to continued softness in retention as the economy continues to emerge from the COVID-19 pandemic and due to our reduction in advertising spend.

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, 2022 compared to the prior year comparative periods as a result of net revenue management initiatives including 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 and Public and Private Placement Warrant liabilities; (5) transaction costs allocated to derivative liabilities upon Business Combination; (6) interest expense; (7) provision for income taxes, (8) restructuring expenses and (9) loss on extinguishment on debt. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by revenue. Because Adjusted EBITDA excludes these elements that are otherwise included in our GAAP financial results, this measure has limitations when compared to net income (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 income (loss) determined in accordance with GAAP.

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

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 recurring shipment 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 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 induce 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 in-bound 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 decrease from the 2021 fiscal year as a result of cash flow and customer acquisition cost management.

Product Development

Product development expenses relate to the product and packaging innovation in our Grove Brands product lines and costs related to the ongoing support and maintenance of the Company's proprietary technology, including the Company's DTC platform, as well as amortization of capitalized internally developed software. 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 to be consistent from 2021 as a percentage of revenue as we balance our investments in 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 have increased in recent periods as a result of activities related to the Business Combination and becoming a public company, we expect selling, general and administrative expense to decrease in the future, as we scale our fulfillment costs by adjusting capacity to changes in order volumes and our selling and administrative infrastructure, which will offset additional costs associated with operating as a public company.

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 increase in the future on a per order basis primarily from shipping rate increases from our carriers.

Interest and Other Expense (Income), Net

Interest expense consists primarily of interest expense associated with our debt financing arrangements. With increases in the prime rate, we anticipate cash payments for interest and interest expense to increase in the future.

Other expense (income), net consists primarily of losses or gains on remeasurement of our convertible preferred stock warrant liabilities, changes in fair values of Additional Shares, Earn-Out Shares and Public and Private Placement Warrant liabilities, and transaction costs allocated to derivative liabilities upon Business Combination. These changes in fair value 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 statement and income tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. 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,	
	2022	2021	2022	2021
	(in thousands)			
Revenue, net	$ 77,733	$ 95,178	$ 247,491	$ 296,421
Cost of goods sold	39,566	47,194	127,630	147,179
Gross profit	38,167	47,984	119,861	149,242
Operating expenses:				
Advertising	8,668	32,459	59,359	90,611
Product development	5,765	5,586	17,927	16,436
Selling, general and administrative	46,295	46,100	155,160	140,609
Operating loss	(22,561)	(36,161)	(112,585)	(98,414)
Interest expense	2,546	1,213	6,918	3,272
Loss on extinguishment on debt	—	—	—	1,027
Change in fair value of Additional Shares liability	(1,045)	—	970	—
Change in fair value of Earn-Out liability	(28,791)	—	(46,136)	—
Change in fair value of Public and Private Placement Warrants liability	(2,803)	—	(3,983)	—
Other expense, net	(140)	113	4,643	1,157
Interest and other expense (income), net	(30,233)	1,326	(37,588)	5,456
Income (loss) before provision for income taxes	7,672	(37,487)	(74,997)	(103,870)
Provision for income taxes	10	11	35	39
Net income (loss)	$ 7,662	$ (37,498)	$ (75,032)	$ (103,909)

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,	
	2022	2021	2022	2021
	(as a percentage of revenue)			
Revenue, net	100 %	100 %	100 %	100 %
Cost of goods sold	51	50	52	50
Gross profit	49	50	48	50
Operating expenses:				
Advertising	11	34	24	31
Product development	7	6	7	6
Selling, general and administrative	60	48	63	47
Operating loss	(29)	(38)	(45)	(33)
Interest expense	3	1	3	1
Loss on extinguishment on debt	—	—	—	—
Change in fair value of Additional Shares liability	(1)	—	—	—
Change in fair value of Earn-Out liability	(37)	—	(19)	—
Change in fair value of Public and Private Placement Warrants liability	(4)	—	(2)	—
Other expense, net	—	—	2	—
Interest and other expense (income), net	(39)	1	(15)	2
Income (loss) before provision for income taxes	10	(39)	(30)	(35)
Provision for income taxes	—	—	—	—
Net income (loss)	10 %	(39)%	(30)%	(35)%

Comparisons of the Three Months and Nine Months Ended September 30, 2022 and September 30, 2021

Revenue, Net

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2022	2021	Amount	%	2022	2021	Amount	%
			(in thousands)					
Revenue, net:								
Grove Brand	$ 36,425	$ 45,762	$ (9,337)	(20)%	$ 121,489	$ 145,516	$ (24,027)	(17)%
Third-party product	41,308	49,416	(8,108)	(16)%	126,002	150,905	(24,903)	(17)%
Total revenue, net	$ 77,733	$ 95,178	$ (17,445)	(18)%	$ 247,491	$ 296,421	$ (48,930)	(17)%

Revenue decreased by $17.4 million, or 18%, and $48.9 million, or 17% for the three and nine months ended September 30, 2022, respectively, as compared to the three and nine months ended September 30, 2021, primarily driven by a decrease in DTC Total Orders caused by a reduction in DTC Active Customers. We believe the decline in 2022 is due to continued softness in retention as the economy continues to emerge from the COVID-19 pandemic and due to our 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	
	2022	2021	Amount	%	2022	2021	Amount	%
			(in thousands)					
Cost of goods sold	$ 39,566	$ 47,194	$ (7,628)	(16)%	$ 127,630	$ 147,179	$ (19,549)	(13)%
Gross profit	38,167	47,984	(9,817)	(20)%	119,861	149,242	(29,381)	(20)%
Gross margin	49 %	50 %		(1)%	48 %	50 %		(2)%

Cost of goods sold decreased by $7.6 million, or 16%, for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021, and decreased by $19.5 million, or 13%, for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily due to an overall decrease in DTC Total Orders, partially offset by increases to inventory reserves.

Gross margin in the three months and nine months ended September 30, 2022 decreased by 131 and 192 basis points, respectively, compared to the three months and nine months ended September 30, 2021 due to an increase in product costs, including in-bound freight costs, increases in sales from retail sales, which produce lower margins than our DTC sales channels, and increases to inventory reserves, partially offset by the impacts of net revenue management initiatives including the introduction of strategic price increases on Grove Brands and third party products.

Operating Expenses

Advertising Expenses

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2022	2021	Amount	%	2022	2021	Amount	%
			(in thousands)					
Advertising	8,668	$ 32,459	$ (23,791)	(73)%	$ 59,359	$ 90,611	$ (31,252)	(34)%

Advertising expenses decreased by $23.8 million, or 73%, for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021, primarily due to our cash flow and customer acquisition cost

management. Online advertising expenses decreased by $15.8 million and television advertising expenses decreased by $6.8 million. Cost associated with the production of advertising decreased by $1.1 million. This was offset by an increase $1.5 million in other advertising campaigns, including advertising focused specifically to attract retail consumers.

Advertising expenses decreased by $31.3 million, or 34%, for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily due to our cash flow and customer acquisition cost management. Online advertising expenses decreased by $34.1 million, television advertising expenses decreased by $5.3 million. This was offset by an increase of $7.0 million in other advertising campaigns, including advertising focused specifically to attract retail consumers and $2.0 million in costs associated with the production of advertising.

Product Development Expenses

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2022	2021	Amount	%	2022	2021	Amount	%
	(in thousands)							
Product development	$ 5,765	$ 5,586	$ 179	3 %	$ 17,927	$ 16,436	$ 1,491	9 %

Product development expenses increased by $0.2 million, or 3% for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021, primarily due to $0.7 million of restructuring related expenses related to a company-wide reorganization which occurred in August 2022, $0.5 million of stock based compensation related to expense recognition beginning in June 2022 for RSUs previously granted due to the Company going public thereby meeting the performance vesting condition, offset by $1.0 million decrease in salaries and benefits primarily from a reduction in headcount.

Product development expenses increased by $1.5 million, or 9% for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily due to $1.4 million catch-up of stock based compensation related expense due to the Company going public thereby meeting the performance vesting condition, $1.1 million increase in restructuring related expenses as a result of the company-wide reorganizations, offset by $1.6 million decrease in salaries and benefit primarily from a reduction in headcount.

Selling, General and Administrative Expenses

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2022	2021	Amount	%	2022	2021	Amount	%
	(in thousands)							
Selling, general and administrative	$ 46,295	$ 46,100	$ 195	— %	$ 155,160	$ 140,609	$ 14,551	10 %

Selling, general and administrative remained flat for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021Increases were primarily driven by an increase of $5.4 million in stock based compensation related to expense recognition beginning in June 2022 for RSUs previously granted due to the Company going public thereby meeting the performance vesting condition. Increases were offset by decreases in fulfillment costs of $4.0 million, including a $2.0 million decrease in shipping and handling expenses and a $1.4 million decrease in Fulfillment Labor. The decrease in shipping and handling expenses was driven by a decrease in the volume of orders partially offset by an increase in carrier rates. The decrease in Fulfillment Labor was due to decrease in the volume of orders and efficiencies gained, partially offset by expanded investments in wages and benefits for fulfillment members. In addition, facilities expenses and other general and administrative expenses, excluding stock-based compensation, decreased by $1.1 million, primarily due to decreases in professional fees and personnel expenses, related to our cost management initiatives, offset by $0.7 million in restructuring related expenses as a result of the company-wide reorganization and an increase in costs related to being a public company.

Selling, general and administrative expenses increased by $14.6 million, or 10% for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. The increase was primarily driven by an

increase of $21.1 million in stock based compensation partially due to catch-up of expense 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, including $2.2 million related to equity award modification expenses as a result of the company-wide reorganization. Fulfillment costs decreased by $8.3 million, including $3.8 million decrease in shipping and handling expenses and a $2.4 million decrease in Fulfillment Labor. The decrease in shipping and handling expenses was driven by a decrease in the volume of orders partially offset by an increase in carrier rates. The decrease in Fulfillment Labor was due to decrease in the volume of orders, offset by expanded investments in wages and benefits for fulfillment members and efficiencies gained. In addition, facilities expenses and other general and administrative expenses, excluding stock-based compensation, increased by $1.8 million, from increases in corporate salaries and benefits, including $1.9 million in restructuring related expenses as a result of company-wide reorganizations, and an increase in costs related to being a public company, offset by professional fees and personnel expenses, related to our cost management initiatives.

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2022	2021	Amount	%	2022	2021	Amount	%
			(in thousands)					
Interest expense	$ 2,546	$ 1,213	$ 1,333	110 %	$ 6,918	$ 3,272	$ 3,646	111 %

Interest expense increased by $1.3 million, or 110% and $3.6 million, or 111% for the three and nine months ended September 30, 2022 as compared to the three and nine months ended September 30, 2021 primarily due to draws under the SVB and Hercules Term Loan in the second half of 2021 and increases in prime interest rates. See the section titled "Liquidity and Capital Resources — Loan Facilities" below for further details.

Loss on extinguishment of debt

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2022	2021	Amount	%	2022	2021	Amount	%
			(in thousands)					
Loss on extinguishment of debt	$ —	$ —	$ —	*	$ —	$ 1,027	$ 1,027	*

_____

* Percentage change not meaningful.

Loss on extinguishment of debt resulted from refinancing of certain of our loan facilities during the nine months ended September 30, 2021. See the section titled "Liquidity and Capital Resources—Loan Facilities" below for further details.

Other expense (income), net

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2022	2021	Amount	%	2022	2021	Amount	%
			(in thousands)					
Change in fair value of Additional Shares liability	$ (1,045)	$ —	$ (1,045)	*	$ 970	$ —	$ 970	*
Change in fair value of Earn-Out liability	(28,791)	—	(28,791)	*	(46,136)	—	(46,136)	*
Change in fair value of Public and Private Placement Warrants liability	(2,803)	—	(2,803)	*	(3,983)	—	(3,983)	*
Other expense, net	$ (140)	$ 113	$ (253)	*	$ 4,643	$ 1,157	$ 3,486	*

_____

* Percentage 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 months ended September 30, 2022 was driven by the decrease in our stock price from the Closing of the Business Combination to September 30, 2022.

Other expense, net decreased by $0.3 million for the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 primarily due to a increases in investment income due to higher cash balances after the Business Combination

Other expense, net increased by $3.5 million for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily due to a $6.9 million expense related to transaction costs that were allocated to liability classified derivative liabilities as a result of the Company going public partially offset by a $3.1 million gain on remeasurement of preferred stock warrant liability.

Liquidity, Capital Resources and Requirements

As of September 30, 2022, we had $103.8 million of cash and cash equivalents, an accumulated deficit of approximately $565.2 million, working capital of $73.7 million and incurred negative cash flows from operating activities of $89.5 million for the nine months ended September 30, 2022. To date, we have funded our operations principally through convertible preferred stock and contingently redeemable convertible common stock financings, the incurrence of debt and the Closing of the Business Combination. We received cash proceeds, net of transaction costs from the Closing of the Business Combination on June 16, 2022 of $72.6 million. We have total outstanding indebtedness of $66.2 million as of September 30, 2022. Beginning in November 2022, we will be required to repay our indebtedness under the SVB and Hercules Loan Facility over a period of 30 months. We expect repayment of approximately $4.0 million in the fourth quarter of 2022, and quarterly payments of $6.0 million for 2023. 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 32,557,664 of our shares of common stock at our request until July 18, 2025, subject to certain conditions. As of September 30, 2022, there were 32,516,831 shares available to be sold to Yorkville under the SEPA.

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. The Company's SVB and Hercules Loan 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 (see Loan Facilities - *Silicon Valley Bank and Hercules Loan Facility*). Cash from operations could also 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 Purchase Agreement, 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 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, 2022, we had $17.9 million of enforceable and legally binding inventory purchase commitments predominantly due within one year. For information on our contractual obligations for operating leases, please see "Leases" in Note 7 of the Notes to our audited financial statements as of and for the years ended December 31, 2019, 2020 and 2021 included in the proxy statement/consent solicitation statement/prospectus filed with the SEC on May 16, 2022.

Loan Facilities

Silicon Valley Bank Loan Facilities

In December 2016, we entered into a loan and security agreement (the "SVB Loan Facility") with Silicon Valley Bank ("SVB"). The terms of the SVB Loan Facility, as amended and restated, provided for: (i) a revolving line of credit not to exceed $25.0 million ("Loan Revolver"), (ii) growth capital advance ("Term Loan") of $3.9 million and (iii) a letter of credit sublimit of $6.0 million. The Term Loan had a maturity date in December 2022 and bore interest at Prime Rate, payable monthly. The Loan Revolver borrowing capacity was limited to 60% of eligible inventory balances.

In April 2021, we entered into an amendment to the SVB Loan Facility. The terms of the amendment provided for the Loan Revolver letter of credit sublimit to increase to $10.0 million and an increased borrowing capacity to 65% of eligible inventory balances. The Loan Revolver borrowing capacity is reduced by outstanding letters of credit and credit available to the Company from certain credit card facilities, which amounted to $3.1 million and $1.5 million, respectively, as of September 30, 2022. The Loan Revolver incurs a facility fee of 0.20% per annum assessed on the daily average undrawn portion of revolving line of credit. The amended Loan Revolver bears an interest rate equal to the greater of prime rate or 3.25% and matures on March 31, 2023. Interests on the Loan Revolver is payable monthly in arrears. In April 2021, all of our outstanding borrowings under the SVB Term Loan were refinanced directly through the SVB and Hercules Loan Facility (see below).

The SVB Loan Facility is collateralized by substantially all of our assets on a first priority basis and contains customary events of default and covenants that restrict our ability to, among other things, incur additional indebtedness, other than permitted indebtedness, enter into mergers or acquisitions, sell or otherwise dispose of assets, pay dividends, or repurchase stock, subject to customary exceptions. The SVB Loan Facility contains a financial covenant which requires us to maintain minimum liquidity of $45.0 million. Minimum liquidity is defined as the sum of the aggregate amount of unrestricted and unencumbered cash deposited with SVB plus amounts available to be drawn under the loan revolver, as adjusted for any outstanding standby letters of credit issued by SVB.

As of September 30, 2022, we were in compliance with all covenants and had $5.9 million outstanding under the Loan Revolver. The effective interest rate is 5.60% on the revolving line of credit.

Silicon Valley Bank and Hercules Loan Facility

In April 2021, we entered into a Mezzanine Loan and Security Agreement ("SVB and Hercules Loan Facility") with SVB and Hercules Capital, Inc. ("Hercules"). The SVB and Hercules Loan Facility provides for a draw period, which runs from the effective date until March 31, 2022, for advances of up to $60.0 million. In April 2021, we drew $25.0 million, which was used to directly settle the amounts outstanding under the SVB Term Loan and the Triplepoint Loan Facility (see below). In September and December 2021, we drew down the remaining additional borrowings of $25.0 and $10.0 million, respectively, on the SVB and Hercules Loan Facility. The SVB and Hercules Loan Facility bears interest at the greater of 8.75% or prime plus 5.5%, payable monthly. The principal repayment period commences on November 1, 2022 and continues for 30 monthly installments with an additional final payment equal to 6.75% of the aggregate term loan advances. SVB and Hercules have committed to fund 51.0% and 49.0%, respectively, of all draws made under the SVB and Hercules Loan Facility.

In May 2022, as part of the Closing of the Business Combination, the Company entered into an amendment with SVB and Hercules Loan Facility to increase the final payment from 6.75% to 8.75% of the aggregate term loan advances. Total fees paid for the amendment, including bank legal fees were $0.2 million.

The SVB and Hercules Loan Facility is collateralized on a second priority basis, subordinate to the SVB Loan Facility, by substantially all of our assets and contains restrictive covenants that are substantially similar to the SVB Loan Facility. The SVB and Hercules Loan Facility does not include any financial covenants, but does contain 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, we have provided SVB and Hercules with periodic financial statements and projections to facilitate their ongoing assessment company performance. We believe the likelihood that SVB and Hercules would exercise the subjective acceleration clause is remote.

As of September 30, 2022, we owe an aggregate of $60.0 million outstanding under the SVB and Hercules Loan Facility with effective interest rates ranging from 15.78% to 18.83%. As of September 30, 2022, we were in compliance with all covenants under the SVB and Hercules Loan Facility.

Atel Loan Facility

In July 2018, we entered into an equipment financing arrangement (the "Atel Loan Facility") with Atel Ventures, Inc. ("Atel") to fund purchases of machinery and warehouse equipment that are held as collateral under the Atel Loan Facility.

As of September 30, 2022, we had an aggregate of $0.9 million outstanding borrowing under the Atel Loan Facility through two separate loan draws that will be fully repaid in April 2023, and May 2023, respectively. As of September 30, 2022, we were in compliance with all of our covenants under the Atel Loan Facility.

Cash Flows

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

	Nine Months Ended September 30,	
	2022	2021
	(in thousands)	
Net cash used in operating activities	$ (89,547)	$ (88,753)
Net cash used in investing activities	(3,580)	(4,268)
Net cash provided by financing activities	118,542	25,715
Net increase (decrease) in cash and cash equivalents	$ 25,415	$ (67,306)

Operating Activities

Net cash used in operating activities increased by $0.8 million for the nine months ended September 30, 2022 compared to September 30, 2021, primarily attributable to an decrease in net loss of $28.9 million. This decrease in net loss was primarily driven by changes in fair value of derivative liabilities of $49.1 million and offset by an increase of stock based compensation expense of $23.5 million. The Company saw an increase of other non-cash expenses of $3.3 million. This was offset by a cash inflow related to changes in operating assets and liabilities of $8.7 million, from decreases in inventory and prepaids and other assets, offset by increase in accrued expenses due to timing of invoices from and payments to our vendors and suppliers.

Investing Activities

Net cash used in investing activities of $3.6 million and $4.3 million for the nine months ended September 30, 2022 and 2021, respectively was due to purchases of property and equipment.

Financing Activities

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 PIPE financing, and proceeds from issuance of contingently redeemable convertible common stock of $27.5 million, partially offset by $5.4 million payment of transaction issuance costs.

Net cash provided by financing activities of $25.7 million for the nine months ended September 30, 2021 primarily consisted of proceeds from issuance of debt of $50.0 million, offset by repayment of debt of $21.5 million, payment of debt extinguishment of $2.5 million, payment of debt issuance costs of $0.4 million.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with GAAP. The preparation of our financial statements and related disclosures requires us to make estimates, assumptions and judgments that can have a significant impact on the amounts reported in those financial statements and accompanying notes. We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial statements and, therefore, we consider these to be our critical accounting policies. Accordingly, we evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions and conditions. Our significant accounting policies are described in Note 2 to our audited financial statements as of and for the years ended December 31, 2019, 2020 and 2021 included in the proxy statement/consent solicitation statement/prospectus filed with the SEC on May 16, 2022, with the addition of Earn-Out Share Liability below.

Earn-Out Share Liability

At the closing of the Business Combination, certain Legacy Grove shareholders were issued an aggregate of 13,999,960 shares of Grove Class B Common Stock ("Earn-Out Shares"). Such shares are subject to vesting and forfeitures based upon certain triggering events that can occur during a period of ten years following the closing of the Business Combination (the "Earn-Out Period"). The triggering events that will result in the vesting of the Grove Earn-Out Shares during the Earn-Out Period are the following:

• 7,000,173 shares will vest if the share price of New Grove Class A Common Stock is greater than or equal to $12.50 over any 20 trading days within any consecutive 30 trading day period during the Earn-Out Period;

• 6,999,787 shares will vest, including the shares subject to the $12.50 threshold if not previously vested, if the share price of New Grove Class A Common Stock is greater than or equal to $15.00 over any 20 trading days within any 30 consecutive trading day period during the Earn-Out Period; and

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

If, at any time prior to the expiration of the Earn-Out Period, any holder of Grove Earn-Out Shares forfeits all or any portion of such holder's Grove options and restricted stock units, all unvested Grove Earn-Out Shares issued to such holder with respect to any such awards shall be automatically forfeited to the Company and distributed to the other holders of Legacy Grove securities as of immediately prior to the closing of the Business Combination on a pro rata basis.

Earn-Out shares which are subject to a service condition are accounted for under ASC 718. See Note 3—Recapitalization and Note 4— Fair Value Measurements and Fair Value of Financial Instruments.

Earn-Out Shares which are not subject to service conditions were accounted for as liability classified instruments in accordance with ASC 815-40, as such shares were not solely indexed to the common stock of the Company and the events that determine the number of Earn-Out Shares required to vest include events that are not solely indexed to the fair value of common stock of the Company. Such Earn-Out Shares will be measured at fair value at each reporting date until they are settled or meet the criteria for equity classification, and changes in the fair value will be recorded in the unaudited condensed consolidated statements of operations. The fair value of the Earn-Out Shares liability is estimated using the Monte Carlo simulation of the stock prices based on historical and implied market volatility of a peer group of public companies.

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

Inventories

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

Stock-Based Compensation

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

For stock option awards with service only vesting conditions, we recognize expense on a straight-line basis over the requisite service period, which is generally the vesting period of the award. We estimate the grant-date fair value of the

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

Fair value of Common Stock – As our common stock is not currently publicly traded, the fair value of our underlying common stock was determined by our board of directors based upon a number of objective and subjective factors, as described in the section titled "—Common Stock Valuation" below.

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

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

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

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

For restricted stock unit ("RSU") awards with performance vesting conditions, we evaluate the probability of achieving the performance vesting condition at each reporting date. All RSUs issued by the Company prior to the Closing of the Business Combination contained a performance vesting condition, among other vesting conditions, that was satisfied at the Closing.
As a result, we began to recognize expense for RSUs with performance vesting conditions using an accelerated attribution method on June 16, 2022 when the performance condition was met. The fair value of RSU awards is determined using the price of our common stock on the grant date, as determined by our board of directors.

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

Common Stock Valuation

Given the absence of a public market of our common stock, and in accordance with the American Institute of Certified Public Accountants, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, our board of directors exercises significant judgment and considers numerous factors to determine the best estimate of fair value of our common stock, including the following:

- independent third-party valuations of our common stock;
- the rights, preferences and privileges of our redeemable convertible preferred stock relative to our common stock;
- our operating results, financial position and capital resources;
- our stage of development and current business conditions and projections, including the introduction of new products;
- the lack of marketability of our common stock;
- the hiring of key personnel and the experience of our management;
- the likelihood of achieving a liquidity event, such as an initial public offering or a sale of our company given the prevailing market conditions;
- and the nature and history of our business;
- industry trends and competitive environment;
- trends in consumer spending, including consumer confidence; and

- the overall economic, regulatory and capital market conditions.

For common stock valuations performed prior to March 31, 2022, we performed valuations of our common stock that took into account the factors described above. We primarily used a combination of the market and income approach to determine the equity value of our business. The income approach estimates equity value based on the expectation of future cash flows that a company will generate. These future cash flows, and an assumed terminal value, are discounted to their present values using a discount rate based on a weighted-average cost of capital that reflects the risks inherent in the cash flows. The market approach estimates equity value based on a comparison of the subject company to comparable public companies in a similar line of business. From the comparable companies, a representative market value multiple is determined and then applied to the subject company's financial forecasts to estimate the value of the subject company. The resulting common stock value is then discounted by a non-marketability factor. Public company trading revenue multiple comparisons provide a quantitative analysis that our board of directors' reviews in addition to the qualitative factors described above in order to determine the fair value of our common stock.

Application of these approaches involves the use of estimates, judgment, and assumptions that are highly complex and subjective, such as those regarding our expected future revenue, expenses, and future cash flows, discount rates, market multiples, the selection of comparable companies and the probability of possible future events. Changes in any or all of these estimates and assumptions or the relationships between those assumptions impact our valuations as of each valuation date and may have a material impact on the valuation of our common stock.

For the common stock valuation performed as of March 31, 2022, we used the Backstop Subscription Agreement as an initial indication of value of our common stock, as this was an arms-length length transaction with a sophisticated investor. Our common share value was modified and iterated so that the aggregate value of each component of the transactions contemplated by the Backstop Subscription Agreement summed to the total consideration paid by the investor. When determining the value of each component, we assumed maximum redemptions of common stock prior to the Mergers, based on redemption rates of companies that have recently become a public company through a SPAC transaction (i.e. Inspirato Incorporated and Sonder Holdings Inc.). We also assumed 100% probability that the Mergers would occur because, in connection with the execution with the Backstop Subscription Agreement, we waived the condition to the consummation of the Mergers requiring that the aggregate cash proceeds from VGAC II's trust account, together with the proceeds from the issuance and sale of an aggregate of 8,707,500 shares of New Grove Class A Common Stock at a price of $10.00 from certain investors, equal no less than $175,000,000 (after deducting any amounts paid to VGAC II shareholders that exercise their redemption rights in connection with the Business Combination).

For valuations after the Business Combination, our board of directors will determine the fair value of each share of underlying common stock based on the closing price of our common stock as reported on the date of grant. Future expense amounts for any particular period could be affected by changes in our assumptions or market conditions.

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.

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, 2022, 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, 2022.

Remediation of Previously Reported Material Weaknesses

The material weakness in our internal control over financial reporting reported in Amendment No. 1 to our quarterly report on Form 10-Q/A for the period ended June 30, 2022 related to our financial statement tie-out preparation and review process has been remediated. Specifically, we identified a design deficiency within the financial statement tie-out preparation and review control which failed to prevent the misstatement of the weighted-average shares outstanding used in computing net loss per share attributable to common stockholders, basic and diluted ("WASO") for the three and six months ended June 30, 2021 (collectively, the "Affected Periods"), which incorrectly did not give effect to the exchange ratio as prescribed by the Merger Agreement. As a result of this error, the net loss per share attributable to common stockholders, basic and diluted was materially overstated for the Affected Periods and therefore resulted in a restatement of these financial statements to correct the loss per share amounts for the Affected Periods. This material weakness has been remediated as of September 30, 2022.

To improve our internal control over financial reporting and remediate this prior period material weakness, we immediately implemented additional control attributes within our existing financial statement review control for the tie out of our consolidated financial statements, including retaining evidence of preparer and their related tie-out procedures, including review steps taken by the reviewer to ensure the preparer has completed all required tie-out procedures in accordance with this control.

(b) Changes in Internal Control over Financial Reporting

During the quarter ending September 30, 2022, we undertook efforts to remediate the material weakness reported in Amendment No. 1 to our quarterly report on Form 10-Q/A for the period ended June 30, 2022 related to our financial statement tie-out preparation and review process. We immediately implemented additional control attributes within our existing financial statement review control for the tie out of our consolidated financial statements, including retaining evidence of preparer and their related tie-out procedures, including review steps taken by the reviewer to ensure the preparer has completed all required tie-out procedures in accordance with this control. This material weakness has been remediated as of September 30, 2022.

Except for the remediation of the material weaknesses and changes described above, there were no changes during the quarter ended September 30, 2022 in our internal control over financial reporting that have materially affected, or are 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

From time to time, we are subject to various claims, charges and litigation matters that arise in the ordinary course of business. We believe these actions are a normal incident of the nature and kind of business in which we are engaged. While it is not feasible to predict the outcome of these matters with certainty, we do not believe that any asserted or unasserted legal claims or proceedings, individually or in the aggregate, will have a material adverse effect on our business, financial condition, results of operations or prospects.

As noted below in "Item 1A. Risk Factors", the Consumer Protection Division of the Santa Clara County District Attorney's Office, in conjunction with other county and city prosecutors, is currently investigating our automatic renewal practices, and the Federal Trade Commission is currently investigating our billing and automatic renewal practices. As of the date of this filing, no legal proceeding has commenced regarding these investigations.

Item 1A. Risk Factors

Investing in our securities involves risks. Before you make a decision to buy our securities, in addition to the risks and uncertainties discussed above under "Cautionary Note Regarding Forward-Looking Statements," you should carefully consider the specific risks set forth herein. If any of these risks actually occur, it may materially harm our business, financial condition, liquidity and results of operations. As a result, the market price of our securities could decline, and you could lose all or part of your investment. Additionally, the risks and uncertainties described in this prospectus or any amendment or supplement to this prospectus are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may become material and adversely affect our business.

Risks Related to Our Business

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

Our business depends on consumer discretionary spending. Some of the factors that may negatively influence consumer spending include high levels of unemployment; higher consumer debt levels; reductions in net worth, declines in asset values, and related market uncertainty; home foreclosures and reductions in home values; fluctuating interest rates and credit availability; global pandemics, including the COVID-19 pandemic and the loosening of restrictions as the pandemic conditions improve; fluctuating fuel and other energy costs; fluctuating commodity prices; the high rate of inflation and general uncertainty regarding the overall future political and economic environment. Furthermore, any increases in consumer discretionary spending during times of crisis may be temporary, such as those related to government stimulus programs or remote-work environments, and consumer spending may decrease when those programs or circumstances end. In addition, economic conditions in certain regions may be affected by natural disasters, such as hurricanes, tropical storms, earthquakes, and wildfires; other public health crises; and other major unforeseen events. Consumer purchases of discretionary items, including the merchandise that we offer, generally decline during recessionary periods or periods of economic uncertainty, when disposable income is reduced or when there is a reduction in consumer confidence. Any decline in consumer discretionary spending could negatively impact our revenue, which could have a material adverse effect on our business, financial condition and results of operations.

Our significant growth may not be indicative of our future growth and, if we continue to grow rapidly, we may not be able to effectively manage our growth or evaluate our future prospects. If we fail to effectively manage our future growth, our business could be adversely affected.

We have experienced significant growth since our launch in 2012. For example, our revenue grew from approximately $7 million in 2016 to $384 million in the year ended December 31, 2021. This growth has placed significant demands on our management, financial, operational, technological and other resources. The anticipated growth and expansion of our business depends on a number of factors, including our ability to increase awareness of our brand and successfully compete with other companies; price our products effectively so that we are able to attract new consumers and expand sales to our existing consumers; expand distribution to new retail partners; continue to innovate and introduce new products; maintain and improve our technology platform supporting our e-commerce business; expand our supplier and fulfillment capacities; expand internationally; and maintain quality control over our product offerings.

Such growth and expansion of our business places significant demands on our management and operations teams and requires significant additional resources, financial and otherwise, to meet our needs, which may not be available in a cost-

effective manner, or at all. We expect to continue to expend substantial resources on marketing efforts to increase brand awareness; product innovation and development; technology platform maintenance and improvements to support sales; and general administration, including increased finance, legal, and accounting expenses associated with being a public company.

These investments may not result in the growth of our business. Even if these investments do result in the growth of our business, if we do not effectively manage our growth, we may not be able to execute on our business plan, respond to competitive pressures, take advantage of market opportunities, satisfy consumer requirements or maintain high-quality product offerings, any of which could adversely affect our business, financial condition, results of operations and prospects. You should not rely on our historical rate of revenue growth as an indication of our future performance or the rate of growth which we may experience in any new category or from international expansion.

In addition, to support continued growth, we must effectively integrate, develop and motivate a large number of new employees while maintaining our corporate culture. We face significant competition for personnel. To attract top talent, we must offer competitive compensation and benefits packages before we can validate the productivity of new employees. We may also need to increase our employee compensation levels to remain competitive in attracting and retaining talented employees. Additionally, we may not be able to hire new employees quickly enough to meet our needs. The risks associated with a rapidly growing workforce will be particularly acute to the extent we expand into new product categories and markets outside of the United States. If we fail to effectively manage our hiring needs or successfully integrate new hires, our efficiency, ability to meet forecasts and employee morale, productivity and retention could suffer, which could have an adverse effect on our business, financial condition, results of operations and prospects.

We are also required to manage numerous relationships with vendors and other third parties. Further growth of our operations, vendor base, fulfillment centers, information technology systems or internal controls and procedures may not be adequate to support our operations. If we are unable to manage the growth of our organization effectively, our business, financial condition, results of operations and prospects may be adversely affected.

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

Our quarterly operating results fluctuate for a variety of reasons, many of which are beyond our control. Our revenue has fluctuated for a variety of reasons, including as a result of adverse market conditions due to the COVID-19 pandemic and the associated imposition and easing of restrictions on retail and travel opportunities; the seasonality of market transactions; our success in attracting new and maintaining relationships with existing retail and ecommerce partners; our success in executing on our strategy and the impact of any changes in our strategy; the timing and success of product launches, including new products that we may introduce; the success of our marketing efforts; general market conditions; disruptions or defects in our technology platform, such as privacy or data security breaches, errors in our software or other incidents that impact the availability, reliability, or performance of our platform; the impact of competitive developments and our response to those developments; supply chain issues; and our ability to recruit and retain employees. Historically, we have realized a higher portion of our net revenues in the first quarter when customers are focused on improving their lifestyle and quality of living, which we believe makes our products and marketing messages particularly appealing, and a lower portion of our net revenues in the fourth quarter when many customers are focused on holiday shopping. In addition, our operating expenses fluctuate from period to period, in part in anticipation of their seasonality.

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

We believe that our quarterly operating results may vary in the future and that period-to-period comparisons of our operating results may not be meaningful. For example, our overall historical growth rate and the impacts of the COVID-19
pandemic may have overshadowed the effect of seasonal variations on our recent historical operating results. Any seasonal effects may change or become more pronounced over time, which could also cause our operating results to fluctuate. You should not rely on the results of any given quarter as an indication of future performance.

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

We have incurred significant losses since our inception. For the years ended December 31, 2021 and December 31, 2020, we incurred net losses of $136 million and $72 million, respectively. As of September 30, 2022, we had an accumulated deficit of $565 million.

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

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

We expect to continue to incur significant expenses and operating losses for the foreseeable future.

We believe that our existing cash and cash equivalents will be sufficient to fund our planned operations for at least the next 12 months. However, our operating plan may change as a result of many factors, and we may need additional funds sooner than planned.

In July 2022, we entered into a Standby Equity Purchase Agreement (the "Equity Purchase Agreement") with YA II PN, Ltd. ("Yorkville"), whereby we have the right, but not the obligation, to sell to Yorkville up to $100.0 million of our shares of common stock at our request until July 18, 2025, subject to certain conditions. The shares of our common stock that may be issued under the Equity Purchase Agreement may be sold by us to the Yorkville at our discretion from time to time and sales of our common stock under the Equity Purchase Agreement will depend upon market conditions and other factors. We may ultimately decide to sell all or some of the shares of our common stock that may be available for us to sell pursuant to the Equity Purchase Agreement. Because the purchase price per share to be paid by Yorkville for the shares of common stock that we may elect to sell under the Equity Purchase Agreement will fluctuate based on the market prices of our common stock during the applicable pricing period for each of those sales, it is not possible for us to predict, as of the date of this Form 10-Q and prior to any such sales, the number of shares of common stock that we will sell under the Equity Purchase Agreement, the purchase price per share or the aggregate gross proceeds that we will receive from those purchases under the Equity Purchase Agreement. Further, the resale by Yorkville of a significant amount of shares at any given time, or the perception that these sales may occur, could cause the market price of our common stock to decline and to be highly volatile.

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

We may not be able to compete successfully.

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

Our business includes a variety of product types and delivery channels. Our current and potential competitors include: (1) companies that sell household and personal care products online and in physical stores; (2) physical, e-commerce, and omnichannel retailers, vendors, distributors, and manufacturers of the products we offer and sell to consumers; and (3) web search engines, comparison shopping websites, social networks, and other online and app-based

means of discovering, using, or acquiring goods, either directly or in collaboration with other retailers. We compete based on various product attributes, including sustainability, price, and quality.

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

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

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

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

Our vision to grow our business will require us to innovate and develop more sustainable ways of doing business. In a world where resources are scarce and demand for them continues to increase, it is critical that we succeed in reducing our resource consumption and converting to sustainably sourced supplies. In doing this, we are dependent on the efforts of partners and various certification bodies. There can be no assurance that we will be successful developing sustainable business solutions and our failure to do so could limit our growth and profit potential and damage our corporate reputation.

Today, Grove is completely plastic neutral, which means that for every ounce of plastic that we ship to our customers, we, through our partner rePurpose Global, collect and retire the same amount of nature bound plastic pollution. To quantify the amount of plastic we ship to our customers, we weigh and record the amount of plastic in every Grove Brand product we sell, and receive data on plastic weight from the makers of third-party products sold on our platform. Using these numbers, we calculate how much plastic we send in each order. Furthermore, Grove has a stated goal of our products being plastic-free by 2025. If Grove is unable to remain plastic neutral or unable to meet our goal of our products being plastic-free by 2025, our brand reputation may suffer. Not only is there a risk around finding appropriate replacement materials, but due to high demand, the cost of alternative packaging materials could significantly increase in the foreseeable future and this could impact our business performance. Similarly, the cost associated with collecting and recycling nature bound plastic could significantly increase in the foreseeable future and this could impact our business performance.

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

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

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

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

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

Changes to our DTC business designed to attract new customers and retain existing customers, including, but not limited to expanded shopping personalization, non-subscription options, and user generated and editorial content may not perform as well as our historical DTC platform which could negatively impact our results of operations.

Other factors may reduce our ability to acquire, maintain and further engage with customers, including the effectiveness of our marketing efforts and other expenditures we make to continue to acquire new customers and
maintain and increase engagement with existing customers; system updates to app stores and advertising platforms; changes in search algorithms by search engines; the development of new search engines or social media sites that reduce traffic on existing search engines and social media sites; and consumer behavior changes as a result of the COVID-19 pandemic, or otherwise.

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

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

We must expend resources to maintain consumer awareness of our brand, build brand loyalty and generate interest in our products. Our marketing strategies and channels will evolve and our efforts may or may not be successful.

To remain competitive and expand and keep market share for our products across our various channels, we need to increase our marketing and advertising spending. Substantial advertising and promotional expenditures may be required to maintain or improve our brand's market position or to introduce new products to the market, and we are increasingly engaging with more traditional media, such as television and web-based streaming services, which may not prove successful. An increase in our marketing and advertising efforts may not maintain our current reputation, lead to increased brand awareness, or attract new customers. If we are unable to maintain and promote a favorable perception of our brand and products on a cost-effective basis, our business, financial condition, results of operations and prospects could be adversely affected.

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

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

the markets in which the affected product was distributed. Any such issues or recalls could negatively affect our ability to achieve or maintain profitability and brand image.

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

Further, our customers may engage with us online through social media platforms by providing feedback and public commentary about all aspects of our business. Information concerning us, whether accurate or not, may be posted on social media platforms at any time and may have a disproportionately adverse impact on our brand, reputation, or business. The harm may be immediate without affording us an opportunity for redress or correction and could have a material adverse effect on our business, results of operations, financial condition, and prospects.

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

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

The COVID-19 global pandemic and related government, private sector and individual consumer responsive actions may adversely affect our business operations, employee availability, financial performance, liquidity and cash flow for an unknown period of time.

The outbreak of COVID-19 was declared a pandemic by the World Health Organization and continues to spread in the U.S., Canada, and in many other countries globally. Related government and private sector responsive actions have adversely affected, and may continue to adversely affect, our business operations. It is impossible to predict the effect and ultimate impact of the COVID-19 pandemic, as the situation continues to evolve and variant strains of the virus have led to increased uncertainty. The COVID-19 pandemic has disrupted the global supply chain and may cause disruptions to our operations if a significant number of employees are ill, quarantined or if they are otherwise limited in their ability to work at our locations or travel. Any worsening of the COVID-19 pandemic, including the unknown potential impact of variant strains, and any future actions in response to the COVID-19 pandemic by federal, state or local authorities, including those that order the shutdown of non-essential businesses or limit the ability of our employees to travel to work, could impact our ability to take or fulfill our customers' orders and operate our business. If surges related to the COVID-19 pandemic or any future pandemics outpace our capacity or occur at unexpected times, we may be unable to fully meet our customers' demands for our products.

As a result of the COVID-19 pandemic, many of our personnel are working remotely and it is possible that this could have a negative impact on the execution of our business plans and operations. If a natural disaster, power outage, connectivity issue, or other event occurred that impacted our employees' ability to work remotely, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The increase in remote working may also result in consumer privacy, IT security and fraud concerns, increase our exposure to potential wage and hour issues, and decrease the cohesiveness of our teams and our ability to maintain our corporate culture. We may experience increased costs as we prepare our facilities for a safe return to work environment and experiment with hybrid work models.

Plans to open new fulfillment centers or to expand the capacity of our existing fulfillment centers over the next few years may also be delayed or made more costly by the continuing spread of COVID-19 and variant strains. Disruptions to the operations of our fulfillment centers and delays or increased costs in the expansion of our fulfillment center capacity may negatively impact our financial performance and slow our future growth.

Quantifying the adverse impact of the COVID-19 pandemic is difficult given the pervasive disruptions and changes to society that it has caused. At the onset of the pandemic, we incurred approximately $600,000 in costs associated with additional cleaning and sanitization measures such as sanitation stations, supplies, and installation of disinfecting lights. In

early 2020, we also reduced our marketing spending because of the economic uncertainty associated with the pandemic, potentially resulting in a reduction of our new customer acquisition since new customer acquisition is primarily driven by our marketing activities. As the pandemic has continued, its disruption has spread to our shipping, supply chain and labor, along with inflation resulting from the pandemic. For example, from fiscal year 2020 into 2021, we experienced an increase of approximately 10% in wages for employees at our fulfillment centers due to labor shortages and macroeconomic trends in labor markets, and increased inbound shipping rates that reduced margins on our Grove-owned brands by approximately 200 basis points. These costs have continued to increase in 2022 compared to 2021. As a result of supply chain disruptions and increased shipping costs, we are also placing orders with our suppliers further in advance, which negatively impacts our cash flow. While we believe some of these upward cost trends have stabilized, others may continue to increase in the future which may result in further adverse financial impacts.

At the same time, the COVID-19 pandemic drove a surge in demand for direct-to-consumer businesses such as ours. Early in the pandemic, we saw substantial growth in our customer base and orders, particularly for certain cleaning products, as consumers have opted for ecommerce solutions rather than in-person shopping, but the pandemic also caused many customers to over-purchase and cancel their subscriptions. As the COVID-19 pandemic and restrictions related thereto wind down, we have begun to experience a softening of demand compared to the COVID-19 pandemic surge as consumers return to "normal" shopping activities.

The uncertainty around the duration of business disruptions and the extent of the spread of the virus in the U.S. and to other areas of the world will likely continue to adversely impact the national or global economy and negatively impact consumer spending. Any of these outcomes could have a material adverse impact on our business, financial condition, operating results and ability to execute and capitalize on our strategies. The full extent of the COVID-19 pandemic's impact on our operations and financial performance depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic, its impact on capital and financial markets and any new information that may emerge concerning the severity of the virus, its spread to other regions as well as the actions taken to contain it, among others. The COVID-19 pandemic has adversely affected our business operations, costs of doing business, availability of labor, access to inventory, supply chain operations and financial results since the start of the pandemic and will continue to adversely affect our business for a period of time that is currently unknown.

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

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

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

Our distribution centers, as well as our headquarters, are located in areas that have a history of natural disasters, including severe weather events, rendering our distribution centers vulnerable to damage. Any large-scale damage, to or catastrophic loss of, products stored in our distribution centers due to natural disasters or man-made disasters such as arson, theft, power disruptions, computer viruses, data security breaches or terrorism, could result in the reduction in value of our inventory and a significant disruption in our business. Further, natural disasters such as earthquakes, hurricanes, tornadoes, fires, floods and other adverse weather and climate conditions; unforeseen health crises, such as pandemics and epidemics, political crises, such as terrorist attacks, war and other political instability (including, for example, cyberattacks or other attacks carried out by Russia following its invasion of Ukraine in February 2022); or other catastrophic events, could disrupt our operations in any of our offices, our remote workforce and distribution centers. For example, in March 2020, we temporarily closed our corporate offices to slow the spread of COVID-19 and protect our employees. Such closures have slowed and may in the future slow or temporarily halt our operations and harm our business, results of operations and financial condition.

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

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

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

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

If we cannot successfully manage the unique challenges presented by international markets, we may not be successful in expanding our operations outside of the United States.

We offer our products and services in the contiguous United States. Although international expansion is part of our strategy, we may never pursue international expansion and may not be successful if we do so. We would be subject to a variety of risks inherent in doing business internationally, including political, social and/or economic instability; risks related to governmental regulations in foreign jurisdictions and unexpected changes in regulatory requirements and enforcement; fluctuations in currency exchange rates; higher levels of credit risk and payment fraud; enhanced difficulties of integrating any foreign acquisitions; burdens of complying with a variety of foreign laws; lesser protection for intellectual property rights in some countries; difficulties in staffing and managing global operations and the increased travel, infrastructure and legal compliance costs associated with operating from international locations and subsidiaries; different regulations and practices with respect to employee/employer relationships, existence of workers' councils and labor unions, and other challenges caused by distance, language, and cultural differences; compliance with statutory equity requirements; and management of tax consequences and compliance.

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

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

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

We purchase significant amounts of product from a limited number of suppliers with limited supply capabilities. There can be no assurance that our current suppliers will be able to accommodate our anticipated growth or continue to supply current quantities at preferential prices. In the past, we have experienced supply shortages of certain goods that have resulted in lost sales. We generally do not maintain long-term supply contracts with any of our suppliers and any of our

suppliers could discontinue selling to us at any time. An inability of our existing suppliers to provide materials in a timely or cost-effective manner could impair our growth and have an adverse effect on our business, financial condition, results of operations and prospects.

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

We utilize cloud services from third-party data center facilities operated by AWS. Any damage to, failure of or interference with our cloud service that is hosted by us, AWS or by third-party providers we may utilize in the future, whether as a result of our actions, actions by the third-party data centers, actions by other third parties, or acts of God, could result in interruptions in our cloud service and/or the loss of our or our customers' data, including personal information. Impairment of, or interruptions in, our cloud services may subject us to claims and litigation and adversely affect our ability to attract new customers. Our business will also be harmed if our customers and potential customers believe our services are unreliable. Additionally, any limitation of the capacity of our data centers could impede our ability to scale, onboard new customers or expand the usage of existing customers, which could adversely affect our business, financial condition and results of operations. While we have some disaster recovery arrangements in place, our preparations may not be adequate to account for disasters or similar events that may occur in the future and may not effectively permit us to continue operating in the event of any problems with respect to our systems or those of our third-party data centers or any other third-party facilities. Our disaster recovery and data redundancy measures may be inadequate, and our business interruption insurance may not be sufficient to compensate us for the losses that could occur.

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

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

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

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

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

We operate warehouse fulfillment centers located in Reno, Nevada, Elizabethtown, Pennsylvania, and St. Peters, Missouri. If we do not optimize and operate our warehouse fulfillment centers successfully and efficiently, it could result in excess or insufficient fulfillment capacity, an increase in costs or impairment charges or harm our business in other ways.

In addition, if we do not have sufficient fulfillment capacity or experience a problem fulfilling orders in a timely manner, our consumers may experience delays in receiving their purchases, which could harm our reputation and our relationship with our consumers.

We have designed and established our own fulfillment center infrastructure, including customizing inventory and package handling software systems, which is tailored to meet the specific needs of our business. If we continue to add fulfillment and warehouse capabilities, add new businesses or categories with different fulfillment requirements or change the mix in products that we sell, our fulfillment network will become increasingly complex and operating it will become more challenging. Failure to successfully address such challenges in a cost-effective and timely manner could impair our ability to timely deliver purchases to our consumers and merchandise inventory to our retail and ecommerce partners, and could have an adverse effect on our reputation and ultimately, our business, financial condition, results of operations and prospects.

If we grow faster than we anticipate, we may exceed our fulfillment center capacity sooner than we anticipate, we may experience problems fulfilling orders in a timely manner or our consumers may experience delays in receiving their purchases, which could harm our reputation and our relationships with our consumers. In such event, we would need to increase our capital expenditures generally and in a shorter time frame than anticipated. Our ability to expand our fulfillment center capacity, including our ability to secure suitable facilities and recruit qualified employees, have been and may in the future be adversely affected by the COVID-19 pandemic and related governmental orders. Many of the expenses and investments with respect to our fulfillment centers are fixed, and any expansion of such fulfillment centers will require additional investment of capital. We expect to incur higher capital expenditures in the future for our fulfillment center operations as our business continues to grow.

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

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

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

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

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

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

contractual indemnifications or liability contained in merchant agreements and similar contracts, and we may lose our ability to accept payment cards for payment for our goods and services, which could materially impact our operations and financial performance.

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

We also occasionally receive orders placed with fraudulent data and we may ultimately be held liable for the unauthorized use of a cardholder's card number in an illegal activity and be required by card issuers to pay charge-back fees. Charge-backs result not only in our loss of fees earned with respect to the payment, but also leave us liable for the underlying money transfer amount. If our charge-back rate becomes excessive, card associations also may require us to pay fines or refuse to process our transactions. In addition, we may be subject to additional fraud risk if third-party service providers or our employees fraudulently use consumer information for their own gain or facilitate the fraudulent use of such information. Overall, we may have little recourse if we process a criminally fraudulent transaction. If we fail to adequately control fraudulent credit card transactions, we may face civil liability, diminished public perception of our security measures, and significantly higher credit card-related costs, each of which could harm our business, results of operations and financial condition.

We have only recently expanded to offer our own branded products in retail stores and our inability to secure, maintain and increase our presence in retail stores could adversely impact our revenue.

Our omnichannel strategy includes selling our products through third-party ecommerce and retail partners (including their websites). Our retail operations were established in 2021 and include sales to retail stores and their related websites. The success of our business is largely dependent on our continuing development of strong relationships with major retail chains. Prior to our recently announced partnerships with CVS, Kohl's, Meijer, Giant Eagle and other retailers, our only retail partnership has been with Target, and our experience operating through the retail channel is extremely limited. Factors that could affect our ability to maintain or expand our sales and our current or any future retail distribution partners include: failure to accurately identify the needs of our customers; a lack of customer acceptance of new products or product expansions; unwillingness of our retail distribution partners and customers to attribute premium value to our new or existing products or product expansions relative to competing products; failure to obtain floor space from retail distribution partners, new, well-received product introductions by competitors; damage to our relationships with our retail distribution partners due to brand or reputational harm; delays or defaults on our retail distribution partners' payment obligations to us; and store closures, decreased foot traffic, recession or other adverse effects resulting from public health crises such as the current COVID-19 pandemic (or other future pandemics or epidemics).

The loss of our relationship with Target or other current or future large retail partner could have a significant impact on our revenue. In addition, we may be unable to secure adequate shelf space in new markets, or any shelf space at all, until we develop relationships with the retailers that operate in such markets. We may not be successful in developing those relationships. Consequently, growth opportunities through our retail operations may be limited and our revenue, business, financial condition, results of operations and prospects could be adversely affected if we are unable to successfully establish relationships with other retailers in new or current markets. To date, our retail sales have not comprised a significant percentage of our total revenue.

We also face competition to display our products on store shelves and obtain optimal presence on those shelves. Due to the intense competition for limited shelf space, retailers are in a position to negotiate favorable terms of sale, including price discounts, allowances and product return policies. To the extent we increase discounts or allowances in an effort to secure shelf space, our operating results could be adversely affected. We may not be able to increase or sustain our volume of retail shelf space or offer retailers price discounts sufficient to overcome competition. As a result, our retail distribution channels may not continue to grow and may shrink, and our sales and results of operations could be adversely affected. In addition, many of our competitors have significantly greater financial, manufacturing, marketing, management and other resources than we do, and may have greater name recognition, a more established distribution network and a larger base of wholesale customers and distributors. Furthermore, our retail sales, to the extent successful, may compete with and erode our DTC business. If we are unable to address these challenges, our business may be adversely affected.

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

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

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

Worldwide, we have 16 issued patents and 11 patent applications pending. We cannot offer any assurances about which, if any, patents will issue from our applications, the breadth of any such patents, or whether any issued patents will be found invalid and unenforceable or will be threatened by third parties. Any successful opposition to these patents or any other patents owned by or, if applicable in the future, licensed to us could deprive us of rights necessary for the successful commercialization of products that we may develop. Since patent applications in the United States and most other countries are confidential for a period of time after filing, we cannot be certain that we were the first to file on the technologies covered in several of the patent applications related to our technologies or products. Furthermore, a derivation proceeding can be provoked by a third party, or instituted by the U.S. Patent and Trademark Office (USPTO), to determine who was the first to invent any of the subject matter covered by the patent claims of our applications.

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

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

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

Third parties may knowingly or unknowingly infringe our intellectual property and proprietary rights, third parties may challenge our intellectual property and proprietary rights, pending and future patent, copyright, trademark and other applications may not be approved and we may not be able to prevent infringement without incurring substantial expense. If the protection of our proprietary rights is inadequate to prevent use or appropriation by third parties, the value of our brand and other intangible assets may be diminished and competitors may be able to more effectively mimic our service and methods of operations. With respect to any intellectual property rights claim, we may have to seek a license to continue practices found to be in violation of a third parties rights, which may not be available on reasonable terms and may significantly increase our operating expenses. A license to continue such practices may not be available to us at all.

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

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

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

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

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

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

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

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

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

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

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

We have identified the need to significantly expand, scale and improve our information technology systems and personnel to support recent and expected future growth. As such, we are in the process of implementing, and will continue to invest in and implement, significant modifications and upgrades to our information technology systems and procedures, including replacing legacy systems with successor systems, making changes to legacy systems or acquiring new systems with new functionality, hiring employees with information technology expertise and building new policies, procedures, training programs and monitoring tools. There are inherent costs and risks associated with replacing and changing these systems, including impairment of our ability to fulfill customer orders, potential disruption of our internal control structure, substantial capital expenditures, additional administration and operating expenses, the need to acquire and retain sufficiently skilled personnel to implement and operate the new systems, demands on management time, the introduction of errors or vulnerabilities and other risks and costs of delays or difficulties in transitioning to or integrating new systems into our current systems. These implementations, modifications and upgrades may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. Additionally, difficulties with implementing new technology systems, delays in our timeline for planned improvements, significant system failures, or our inability to successfully modify our information systems to respond to changes in our business needs may cause disruptions in our business operations and could have an adverse effect on our business, financial condition, results of operations and prospects.

If we (or our vendors) are unable to protect against or adequately respond to mitigate the impacts of a service interruption, data corruption, or cybersecurity attack, our operations could be disrupted, our reputation may be harmed and we could face significant costs to remediate the incident and defend against claims by business partners, customers,

or regulators. Such security breaches or other cybersecurity incidents may harm our reputation and expose us to loss of consumers and business.

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

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

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

The risk of unauthorized circumvention of our security measures or those of our third-party providers, has been heightened by the increased use of the Internet and telecommunications technologies (including mobile and other connected devices) to conduct financial and other business transactions, advances in computer and software capabilities and the increasing sophistication of hackers who employ complex techniques, including without limitation, the theft or misuse of personal and financial information, counterfeiting, "phishing" or social engineering incidents, ransomware, extortion, publicly announcing security breaches, account takeover attacks, denial or degradation of service attacks, malware, fraudulent payment and identity theft. Because the techniques used by hackers change frequently, we may be unable to anticipate these techniques or implement adequate preventive measures. Our applications, systems, networks, software and physical facilities could have material vulnerabilities, be breached, or personal or confidential information could be otherwise compromised due to employee error or malfeasance, such as where third parties fraudulently induce our personnel or our consumers to disclose information or user names and/or passwords, or otherwise compromise the security of our networks, systems and/or physical facilities. Third-party criminals regularly attempt to exploit vulnerabilities in, or obtain unauthorized access to, platforms, software, applications, systems, networks, sensitive information, and/or physical facilities utilized by us or our vendors. Improper access to our systems or databases could result in the theft, publication, deletion or modification of personal information, confidential or proprietary information, financial information and other information. An actual or perceived breach of our security systems or those of our third-party service providers may require notification under applicable data privacy regulations or contractual obligations, or for consumer relations or publicity purposes, which could result in reputational harm, costly litigation (including class action litigation), material contract

breaches, liability, settlement costs, loss of sales, regulatory scrutiny, actions or investigations, a loss of confidence in our business, systems and processing, a diversion of management's time and attention, and significant fines, penalties, assessments, fees and expenses.

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

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

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

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

Although we have implemented policies and tools to regulate the use and incorporation of open source software into our platform, we cannot be certain that we have not incorporated open source software in our platform in a manner that is inconsistent with such policies. Therefore, we may inadvertently use open source in a manner that we do not intend or that could expose us to claims for breach of contract or intellectual property infringement, misappropriation or other violation.

Any of the foregoing could have a material adverse effect on our business, financial condition, prospects and results of operations.

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

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

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

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

In the United States, our obligations include rules and regulations promulgated under the authority of the Federal Trade Commission, the Electronic Communications Privacy Act, the Computer Fraud and Abuse Act, the California Consumer Privacy Act (the "CCPA") and other state and federal laws relating to privacy and data security. The CCPA, which took effect on January 1, 2020, requires companies that process information of California residents to make new disclosures to consumers about their data collection, use and sharing practices, allows consumers to opt out of the sale of personal information with third parties and prohibits covered businesses from discriminating against California residents (for example, charging more for services) for exercising any of their rights under the CCPA. The law also provides a private right of action and statutory damages for certain data breaches that result in the loss of personal information. This private right of action is expected to increase the likelihood of, and risks associated with, data breach litigation. However, it remains unclear how various provisions of the CCPA will be interpreted and enforced. Therefore, the CCPA may increase our compliance costs and potential liability.

In addition, California voters recently approved the California Privacy Rights Act of 2020 (the "CPRA") that goes into effect on January 1, 2023. The CPRA will significantly modify the CCPA, and will impose additional data protection obligations on companies doing business in California, potentially resulting in further complexity. The law will, among other things, give California residents the ability to limit the use of their sensitive information, provide for penalties for CPRA violations concerning California residents under the age of 16, and establish a new California Privacy Protection Agency to implement and enforce the law. The effects of this legislation are potentially far-reaching and may impact our business. Some observers have noted that the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the United States, which could increase our potential liability and adversely affect our business, financial condition, results of operations and prospects.

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

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

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

We are subject to general business regulations and laws as well as regulations and laws specifically governing the Internet and ecommerce, including consumer protection regulations that regulate retailers and govern the promotion and sale of merchandise. Existing and future regulations and laws could impede the growth of the Internet, ecommerce or mobile commerce, which could in turn adversely affect our growth. These regulations and laws may involve taxes, tariffs, privacy and data security, anti-spam, content protection, electronic contracts and communications, consumer protection, sales practices, subscription programs and Internet neutrality. It is not clear how existing laws governing issues such as property ownership, sales and other taxes and consumer privacy apply to the Internet as the vast majority of these laws were adopted prior to the advent of the Internet and do not contemplate or address the unique issues raised by the Internet or ecommerce. It is possible that general business regulations and laws, or those specifically governing the Internet or ecommerce, may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. We cannot be sure that our practices have complied, comply or will comply fully with all such laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation, a loss in business and proceedings or actions against us by governmental entities, customers, suppliers or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts in defense of these proceedings, distract our management, increase our costs of doing business, decrease the use of our website and mobile applications by customers and suppliers and may result in the imposition of monetary liabilities and burdensome injunctions that could, for example, require changes to our business practices. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of noncompliance with any such laws or regulations. As a result, adverse developments with respect to these laws and regulations could have an adverse effect on our business, financial condition, results of operations and prospects.

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

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

Consumer class actions, actions from industry groups such as the National Advertising Division of the Better Business Bureau, and public enforcement actions have been brought against numerous companies that market "natural," "sustainable," or other ecologically conscious products or ingredients, asserting false, misleading and deceptive advertising and labeling claims.

These suits often identify ingredients or components of a product for which certain marketing claims may not be fully accurate, and claim that their presence in the product renders the statements false and deceptive. For example, some actions concerning "natural" claims have focused on the presence of genetically modified and/or synthetic ingredients or components in products, including synthetic forms of otherwise natural ingredients.

Many of our products are subject to regulatory enforcement:

- The FDA regulates product labels and other product claims for the consumer products subject to its jurisdiction and has the authority to challenge product labels and claims that it believes are non-compliant or false or misleading, through the use of a variety of enforcement tools (e.g., Warning Letters, untitled letters, and seizure actions). In limited circumstances, the FDA has taken regulatory action against products labeled "natural" but that nonetheless contain synthetic ingredients or components.

- The FTC has the authority to challenge claims made in product advertising and requires that such claims are adequately substantiated prior to use. The FTC similarly has enforcement tools that it uses to challenge advertising claims that it deems non-compliant with the law.

- The USDA enforces federal standards for organic production and use of the term "organic" on product labeling. These laws prohibit a company from selling or labeling products as organic unless they are produced and handled in accordance with the applicable federal law. Failure to comply with these requirements may subject us to liability or regulatory enforcement. Consumers may also pursue state law claims challenging use of the organic label as being intentionally mislabeled or misleading or deceptive to consumers.

- In addition, certain products, including the disinfectant products, we sell may require approval from and registration with the EPA and state regulatory agencies prior to sale. Products that expressly or impliedly claim to control microorganisms that pose a threat to human health may be subject by additional regulatory scrutiny and need to be supported by additional efficacy data. Should we advertise or market these regulated products with claims that are not permitted by the terms of their registration or are otherwise false or misleading, the EPA and states may be authorized to take enforcement action to prevent the sale or distribution of disinfectant products.

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

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

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

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

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

Selling consumer product goods and personal care products involves inherent legal and other risks, and there is increasing governmental scrutiny of, and public awareness regarding, product safety. Such products are highly regulated by numerous government agencies.

Some of the products we sell or manufacture expose us to product liability claims relating to personal injury or illness, death, or environmental or property damage, and can require product recalls or other actions. Third parties who sell products using our services also expose us to product liability claims. Although we maintain liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. In addition, some of our agreements with our vendors and sellers do not indemnify us from product liability.

Adverse reactions, including illnesses, injury or death related to ingredients, allergens, or foreign material contamination in our products or other product safety incidents or efficacy failures with our products, or involving our suppliers, could result in the disruption or discontinuance of sales of these products or our relationships with such suppliers, or otherwise result in increased operating costs, regulatory enforcement actions (e.g., seizure), and harm to our reputation.

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

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

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

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

We are subject to a broad range of federal, state, local, and foreign laws and regulations intended to protect public and worker health and safety, natural resources, the environment and consumers. Our operations are subject to regulation by the Occupational Safety and Health Administration ("OSHA"), the FDA, the CPSC, the USDA, the FTC, EPA, and by various other federal, state, local and foreign authorities regarding the manufacture, processing, packaging, storage, sale,

order fulfillment, advertising, labeling, import and export of our products. In addition, we and our manufacturing partners are subject to additional regulatory requirements, including environmental, health and safety laws and regulations administered by the EPA, state, local and foreign environmental, health and safety legislative and regulatory authorities and the National Labor Relations Board, covering such areas as discharges and emissions to air and water, the use, management, disposal and remediation of, and human exposure to, hazardous materials and wastes, and public and worker health and safety, and Current Good Manufacturing Practice requirements, or GMPs, enforced by the FDA.

In addition, as the provider of products with a subscription-based element, a variety of laws and regulations govern the ability of users to cancel subscriptions and auto-payment renewals. California's automatic renewal law in particular has been the basis for both consumer class actions and government enforcement.

Violations of or liability under any of these laws and regulations may result in administrative, civil or criminal fines, penalties or sanctions against us, revocation or modification of applicable permits, licenses or authorizations, environmental, health and safety investigations or remedial activities, voluntary or involuntary product recalls, warning or untitled letters or cease and desist orders against operations that are not in compliance, among other things. Such laws and regulations generally have become more stringent over time and may become more so in the future, and we may incur (directly, or indirectly through our manufacturing partners) material costs to comply with current or future laws and regulations or in any required product recalls. For example, in just the last year or so, California, New York, Illinois, Delaware, and Colorado all enacted more robust requirements for subscription programs.

Liabilities under, and/or costs of compliance, and the impacts on us of any non-compliance, with or investigations under any such laws and regulations could have an adverse effect on our business, financial condition, results of operations and prospects. For example, the Consumer Protection Division of the Santa Clara County District Attorney's Office, in conjunction with other county and city prosecutors, is currently investigating our automatic renewal practices, and the Federal Trade Commission is currently investigating our billing and automatic renewal practices, and the cost of responding to their information requests could be significant irrespective of the outcome of the investigation. We may be subject to future claims under auto-payment renewal laws and regulations that could have a material adverse effect on our business. In addition, changes in the laws and regulations to which we are subject, or in the prevailing interpretations of such laws and regulations by courts and enforcement authorities, could impose significant limitations and require changes to our business, which may increase our compliance expenses, make our business more costly and less efficient to conduct, and compromise our growth strategy, which could have an adverse effect on our business, financial condition, results of operations and prospects.

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

These developments, depending on the outcome, could have an adverse effect on our reputation, business, financial condition, results of operations and prospects.

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

The regulatory environment in which we operate has changed in the past and could change significantly and adversely in the future. For example, in December 2009, the FTC substantially revised its Guides Concerning the Use of Endorsements and Testimonials in Advertising ("Endorsement Guides") to eliminate a safe harbor principle that formerly recognized that advertisers could publish consumer testimonials that conveyed truthful but extraordinary results from using the advertiser's product as long as the advertiser clearly and conspicuously disclosed that the endorser's results were not typical. Similarly, in 2012, the FTC announced revisions to its Green Guides discussed above, which assist advertisers in avoiding the dissemination of false or deceptive environmental claims for their products. The Green Guides revisions introduced new and proscriptive guidance regarding advertisers' use of product certifications and seals of approval, "recyclable" claims, "renewable materials" claims, "carbon offset" claims and other environmental benefit claims. In October 2021, California passed a new environmental marketing law banning recyclability claims unless a product and/or its packaging meets specifically enumerated benchmarks focused on the practical realities of the recycling process; the

benchmarks, which have not yet been enumerated, may be more stringent than those currently imposed by the FTC's Green Guides.

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

Moreover, any change in laws, regulations or guidance relating to manufacturing, advertising, labeling or packaging for our products may lead to an increase in costs or interruptions in production, either of which could adversely affect our business, financial condition, results of operations and prospects. New or revised government laws, regulations or guidelines could result in additional compliance costs and, in the event of non-compliance, civil remedies, including fines, injunctions, withdrawals, recalls or seizures and confiscations, as well as potential criminal sanctions, any of which could have an adverse effect on our business, financial condition, results of operations and prospects.

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

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

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

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

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

While not required by Delaware law or the terms of our Charter, we have elected to have our social and environmental performance, accountability and transparency assessed against the proprietary criteria established by an independent non-profit organization. As a result of this assessment, we have been designated as a "Certified B Corporation," which refers to companies that are certified as meeting certain levels of social and environmental performance, accountability and transparency. The standards for Certified B Corporation certification are set by an independent organization and may change over time. Currently, we are required to recertify as a Certified B Corporation once every three years, with our next certification required by October 20, 2023. Our reputation could be harmed if we lose our status as a Certified B Corporation, whether by our choice or by our failure to continue to meet the certification

requirements, if that failure or change were to create a perception that we are more focused on financial performance and are no longer as committed to the values shared by Certified B Corporations. Likewise, our reputation could be harmed if our publicly reported Certified B Corporation score declines.

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

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

We may be unable or slow to realize the benefits we expect from actions taken to benefit our stakeholders, including suppliers, crew members and local communities, which could adversely affect our business, financial condition and results of operations, which in turn could cause our stock price to decline.

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

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

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

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

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

liability that may be imposed. As litigation is inherently unpredictable, we cannot assure you that any potential claims or disputes will not harm our business, results of operations and financial condition.

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

Risks Relating to Ownership of Company Securities

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

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

- changes in the industries in which we and our customers operate;
- variations in our operating performance and the performance of our competitors in general;
- material and adverse impact of the COVID-19 pandemic on the markets and the broader global economy;
- actual or anticipated fluctuations in our quarterly or annual results of operation;
- publication of research reports by securities analysts about us or our competitors or our industry;
- the public's reaction to our press releases, our other public announcements, and our filings with the SEC;
- our failure or the failure of our competitors to meet analysts' projections or guidance that we or our competitors may give to the market;
- additions and departures of key personnel;
- changes in laws and regulations affecting our business;
- commencement of, or involvement in, litigation involving us;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of our Class A Common Stock available for public sale;
- sales of shares of our Class A Common Stock by the PIPE Investors; and
- general economic and political conditions such as recessions, interest rates, fuel prices and general inflationary pressures, foreign currency fluctuations, international tariffs, social, political, and economic risks, and acts of war or terrorism.

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

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

Outstanding Public Warrants and Private Placement Warrants to purchase an aggregate of 14,750,000 shares of Class A Common Stock may become exercisable in accordance with the terms of the warrant agreement governing those securities with an exercise price of $11.50 per share. However, there is no guarantee that the Public Warrants or the Private Placement Warrants will ever be in the money prior to their expiration, and as such, the Public Warrants and the Private Placement Warrants may expire worthless. See below risk factor, "*The Public Warrants may never be in the money, and they may expire worthless and the terms of the Public Warrants may be amended in a manner adverse to a holder if holders of at least 65% of the then-outstanding Public Warrants approve of such amendment.*"

Outstanding warrants to purchase an aggregate of 900,147 shares of Class B Common Stock may become exercisable in accordance with the terms of the warrant agreements governing those securities, the forms of which have been filed as Exhibit 4.5 through Exhibit 4.12 of the Company's Current Report on Form 8-K filed with the SEC on June 23, 2022. The exercise prices of the Legacy Grove Warrants are set forth in such warrant agreements, as subsequently adjusted pursuant to the Business Combination.

Outstanding Backstop Warrants to purchase an aggregate of 3,875,028 shares of Class A Common Stock are exercisable in accordance with the terms of the Backstop Subscription Agreement governing those securities with an exercise price of $0.01 per share.

To the extent any of the Public Warrants, Private Placement Warrants, Legacy Grove Warrants or Backstop Warrants are exercised, additional shares of Class A Common Stock will be issued, which will result in dilution to the holders of Class A Common Stock and an increase in the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market or the fact that such warrants may be exercised or shares be issued, as applicable, could adversely affect the prevailing market prices of Class A Common Stock.

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

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

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

We have the ability to redeem outstanding Public Warrants at any time after they become exercisable and prior to their expiration, at a price of $0.01 per warrant, provided that the last reported sales price of the Class A Common Stock equals or exceeds $18.00 per share (as adjusted for share subdivisions, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations, and the like) for any 20 trading days within a 30-trading-day period ending on the third trading day prior to the date we send the notice of redemption to the warrant holders. If and when the Public Warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding Public Warrants could force holders of Public Warrants to: (i) exercise the Public Warrants and pay the exercise price therefor at a time when it may be disadvantageous for such holder to do so; (ii) sell the Public Warrants at the then-current market price when the holder of such Public Warrant might otherwise wish to hold their Public Warrants; or (iii) accept the nominal redemption price which, at the time the outstanding Public Warrants are called for redemption, is likely to be substantially less than the market value of such Public Warrants.

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

Our dual-class structure may impact the stock price of our Class A Common Stock.

We cannot predict whether our dual-class structure will result in a lower or more volatile market price of our Class A Common Stock or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indices. In July 2017, FTSE Russell and S&P Dow Jones announced that they would cease to allow most newly-public companies utilizing dual or multi-class capital structures to be included in their indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400, and S&P SmallCap 600, which together make up the S&P Composite 1500. Beginning in 2017, MSCI, a leading stock index provider, opened public consultations on their treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities "with unequal voting structures" in its indices and to launch a new index that

specifically includes voting rights in its eligibility criteria. Under the announced policies, our dual-class capital structure makes us ineligible for inclusion in certain indices, and as a result, mutual funds, exchange-traded funds, and other investment vehicles that attempt to passively track those indices will not invest in our Class A Common Stock. These policies are still fairly new and it is unclear what effect, if any, they will have on the valuations of publicly traded companies excluded from the indices, but it is possible that they may depress these valuations compared to those of other similar companies that are included. Because of our dual-class structure, we will likely be excluded from certain of these indices and we cannot assure you that other stock indices will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from stock indices would likely preclude investment by many of these funds and could make shares of our Class A Common Stock less attractive to other investors. As a result, the market price of shares of our Class A Common Stock could be adversely affected.

We are an emerging growth company within the meaning of the Securities Act, and if we take advantage of certain exemptions from disclosure requirements available to "emerging growth companies," this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies.

We are an "emerging growth company" within the meaning of the Securities Act, as modified by the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, our stockholders may not have access to certain information they may deem important. We will remain an emerging growth company under the JOBS Act until the earliest of (a) December 31, 2026, (b) the last date of our fiscal year in which we have total annual gross revenue of at least $1.235 billion, (c) the date on which we are deemed to be a "large accelerated filer" under the rules of the SEC with at least $700.0 million of outstanding securities held by non-affiliates or (d) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the previous three years. We cannot predict whether investors will find our securities less attractive because we will rely on these exemptions. If some investors find our securities less attractive as a result of our reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices of our securities may be more volatile.

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

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

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

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

The sale of shares of our Class A Common Stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our Class A Common Stock. These sales, or the possibility that these

sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

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

In addition, Class A Common Stock reserved for future issuance under our equity incentive plans will become eligible for sale in the public market once those shares are issued, subject to provisions relating to various vesting agreements, lock-up provisions, and, in some cases, limitations on volume and manner of sale applicable to affiliates under Rule 144, as applicable. As of September 30, 2022, the aggregate number of shares of Class A Common Stock reserved for future issuance under our Incentive Equity Plan is 25,403,278. The Compensation Committee of the Board may determine the exact number of shares to be reserved for future issuance under our equity incentive plans at its discretion. We will file one or more registration statements on Form S-8 under the Securities Act to register shares of Class A Common Stock or securities convertible into or exchangeable for shares of Class A Common Stock issued pursuant to our Equity Incentive Plan. Any such Form S-8 registration statements will automatically become effective upon filing. Accordingly, shares registered under such registration statements will be available for sale in the open market.

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

Currently, our Class A Common Stock and Public Warrants are publicly traded on the NYSE under the symbols GROV and GROV.WS, respectively. We cannot assure you that our securities will continue to be listed on the NYSE. In order to continue listing our securities on the NYSE, we must maintain certain financial, distribution and share price levels. Generally, we must maintain a minimum number of holders of our securities (400 public holders). If the NYSE delists our securities from trading on its exchange and we are not able to list our securities on another national securities exchange, we expect our securities could be quoted on an over-the-counter market. If this were to occur, we could face significant material adverse consequences, including:

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

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

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

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

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

The trading market for our Class A Common Stock will rely in part on the research and reports that industry or financial analysts publish about the us or our business. We will not control these analysts. If one or more of the analysts who do cover us downgrade our stock or industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our stock could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

We will incur significant increased expenses and administrative burdens as a public company, which could have an adverse effect on its business, financial condition and results of operations.

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

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

We have in the past identified material weaknesses and significant deficiencies in our internal controls, including for our quarter ended June 30, 2022. The material weakness has been remediated, however, our discovery of additional material weaknesses or significant deficiencies in our internal control over financial reporting could harm our operating results, adversely affect our reputation, or result in inaccurate financial reporting. Furthermore, should any such deficiencies arise we could be subject to lawsuits, sanctions or investigations by regulatory authorities, including SEC enforcement actions and we could be required to restate our financial results, any of which would require additional financial and management resources.

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

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

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

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

- a classified board of directors;
- the dual-class structure that provides for Class B Common Stock being entitled to ten votes per share;
- the ability of the Board to issue shares of preferred stock, including “blank check” preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;

- the limitation of the liability of, and the indemnification of, our directors and officers;
- the requirement that a special meeting of stockholders may only be called by a majority of the entire Board, the Chairman of the Board, or our Chief Executive Officer, which could delay the ability of stockholders to force consideration of a proposal or to take action, including the removal of directors;
- controlling the procedures for the conduct and scheduling of Board and stockholder meetings;
- the ability of the Board to amend the Bylaws, which may allow the Board to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the Bylaws to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to the Board or to propose matters to be acted upon at a stockholders' meeting, which could preclude stockholders from bringing matters before annual or special meetings of stockholders and delay changes in the Board, and also may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

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

Our Charter designates a state or federal court located within the State of Delaware as the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, stockholders, employees, or agents.

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

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

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

During the three months ended September 30, 2022, the Company issued 40,833 shares of Class A common stock (the "Shares") to Yorkville under the SEPA for net proceeds of $0.1 million. The Shares were issued to Yorkville in transactions not involving an underwriting and not requiring registration under Section 5 of the Securities Act of 1933, as amended, in reliance on the exemption afforded by Section 4(a)(2) of the Securities Act promulgated thereunder as a transaction by an issuer not involving a public offering without any form of general solicitation or general advertising.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

None

Item 5. Other Information

Subscription Agreement

On November 10, 2022, the Company entered into a Subscription Agreement (the "Subscription Agreement") with HCI Grove LLC, a Delaware limited liability company (the "Subscriber"). Pursuant to the Subscription Agreement, among other things, (i) the Subscriber agreed to subscribe for and purchase, and the Company agreed to issue and sell to the Subscriber, 1,984,126 shares of the Company's Class A Common stock at $1.26 per share (the "Per Share Price") for an aggregate purchase price of $2.5 million (the "Subscribed Shares"). The Per Share Price for the Subscribed Shares was based on the closing price of the Company's Class A common stock on November 9, 2022, the date preceding the execution of the Subscription Agreement. Under the terms of the Subscription Agreement, the Company is 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").

In addition, if the volume weighted average price of the Company's Class A Common stock is less than $1.26 during the three trading days (the "Measurement Period VWAP") commencing on the first trading day (a) after the Company files the Subscribed Shares Registration Statement (the "Registration Date"), (b) after the three-month anniversary of the Registration Date (the "Three-Month Measurement Period"), (c) after the six-month anniversary of the Registration Date (the "Six-Month Measurement Period") or (d) after the nine-month anniversary of the Registration Date (the "Nine-Month Measurement Period" and together with the Three-Month Measurement Period and the Six-Month Measurement Period, the "Measurement Periods" and each a "Measurement Period"), then Subscriber may elect to receive a number of additional shares of Class A Common stock in connection with a Measurement Period equal to the product of (x) the Subscribed Shares which Subscriber is electing to utilize for such Measurement Period multiplied by (y) a fraction, (i) the numerator of which is the Per Share Price minus the product of (a) the Measurement Period VWAP and (b) 0.90, and (ii) the denominator which is the product of (a) the Measurement Period VWAP and (b) 0.90 (such additional shares of Common Stock, "Additional Shares"); provided, however, that if the Measurement Period VWAP is lower than $0.50, then $0.50 shall be the Measurement Period VWAP used to calculate the above Additional Shares. Subscriber may use all or a portion of each Subscribed Share once to determine the amount of any issuance of Additional Shares in connection with the Measurement Periods such that Subscriber may utilize, for example, half of the Subscribed Shares to receive further Additional Shares, and leave the remaining half of the Subscribed Shares available to utilize in connection with the remaining Measurement Periods.

The Subscription Agreement contains customary representations and warranties of the parties. The Subscribed Shares are being offered and sold in reliance on the exemption from registration afforded by Section 4(a)(2) under the Securities Act. The Subscription Agreement also contains certain indemnification provisions under which we and the Subscriber agree to indemnify each other against certain liabilities.

Pursuant to the Subscription Agreement, the Company agreed to register the Subscribed Shares for resale under the Securities Act by filing with the SEC a registration statement covering the resale of the Subscribed Shares (the "PIPE Registration Statement") upon the Company becoming eligible to file a registration statement on Form S-3 and in any event prior to July 15, 2023 and the Company agreed to use commercially reasonable efforts to have the PIPE Registration Statement declared effective. The Company's obligations to use commercially reasonable efforts to maintain the effectiveness of the PIPE Registration Statement with respect to the Subscribed Shares will terminate upon the earlier of when Subscriber ceases to hold any Subscribed Shares and the first date on which the Subscriber can sell all of its Subscribed Shares under Rule 144 of the Securities Act without limitation as to the manner of sale or the amount of such Subscribed Shares that may be sold. The Company has also agreed to register the Additional Shares for resale under the Securities Act by filing registration statements on Form S-3 within seven business days following the expiration of the Measurement Date of such Additional Shares to be registered.

The foregoing description of the Subscription Agreement is subject to and qualified in its entirety by reference to the full text of the Subscription Agreement, a copy of which is included as Exhibit 10.27 hereto, and the terms of which are incorporated by reference.

Consulting Agreement

On November 10, 2022, the Company entered into a Consulting Services Agreement (the "Consulting Agreement") with HCI Grove Management LLC, a Delaware limited liability company (the "Consultant"). Pursuant to the Consulting Agreement, Consultant has agreed to provide certain strategic consulting services to the Company to help identify consolidation opportunities within its industry. In consideration for the services under the Consulting Agreement, the Company (i) paid Consultant an upfront fee of $150,000 and (ii) issued Consultant a warrant to purchase shares of the Company's Class A Common Stock (the "Warrant").

The Warrant provides Consultant the option to purchase up to an aggregate of 4,525,000 shares of Class A Common Stock (the "Warrant Shares") at an exercise price per share equal to the Per Share Price (the "Exercise Price"). On November 10, 2022, 40% of the Warrant Shares vested and became issuable, and the remaining Warrant Shares shall vest and become exercisable if, prior to December 31, 2024, the Company achieves at least $100,000,000 in quarterly revenue on a consolidated basis or if the Company consummates a Change of Control (as defined in the Warrant); provided that, 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%. Subject to the vesting conditions of the Warrant, the Warrant is exercisable until May 11, 2027 (or such earlier date as provided in the Warrant).

In addition, if the Company consummates certain transactions during the term of the Consulting Agreement or within the twelve month period following the termination of the Consulting Agreement, the Company shall use its reasonable best efforts to offer Consultant (or, at Consultant's option, one of Consultant's affiliates) with the opportunity to make a preferred equity investment in the Company simultaneously with the closing of the transaction. The terms of any such investment shall be mutually agreed by the parties and, unless agreed otherwise between the parties, consistent with certain terms specified in the Consulting Agreement.

The foregoing description of the Consulting Agreement is subject to and qualified in its entirety by reference to the full text of the Consulting Agreement, a copy of which is included as Exhibit 10.28 hereto, and the terms of which are incorporated by reference.

The foregoing description of the Warrant is subject to and qualified in its entirety by reference to the full text of the Warrant, a copy of which is included as Exhibit 4.13 hereto, and the terms of which are incorporated by reference.
The offering and sale of the Subscribed Shares and the Warrant were exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended, for a transaction by an issuer not involving any public offering within the meaning of Section 4(a)(2) thereunder.

Item 6. Exhibits

(a) Exhibits.

Exhibit Number	Description
2.1†	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).
3.1	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).
3.2	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).
4.1	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).
4.2	Warrant Agreement, dated as of March 22, 2021, between Virgin Group Acquisition Corp. II and Continental Stock Transfer & 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).
4.3	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).
4.4	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).
4.5	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).
4.6	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).

Exhibit Number	Description
4.7	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).
4.8	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).
4.9	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).
4.10	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).
4.11	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).
4.12	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).
4.13*	Warrant Agreement, dated November 10, 2022, between Grove Collaborative Holdings, Inc. andHCI Grove Management LLC.
10.22	Standby Equity Purchase Agreement, dated as of July 18, 2022, between Grove Collaborative Holdings, Inc. and YA II PN, Ltd. (incorporated by reference to Exhibit 10.22 of the Company's Form S-1 (File No. 333-266197), filed with the SEC on July 18, 2022).
10.23+	Form of Restricted Stock Unit Award Notice and Restricted Stock Unit Agreement (Executive Version) under the Grove Collaborative Holdings, Inc. 2022 Incentive Equity Plan (incorporated by reference to Exhibit 10.23 of the Company's Form 10-Q, filed with the SEC on August 12, 2022).
10.24+	Form of Stock Option Grant Notice and Option Agreement (Executive Version) under the Grove Collaborative Holdings, Inc. 2022 Incentive Equity Plan (incorporated by reference to Exhibit 10.24 of the Company's Form 10-Q, filed with the SEC on August 12, 2022).
10.25+	Form of Vested Option New Restricted Stock Unit Award Notice under Grove Collaborative Holdings, Inc. 2022 Equity and Incentive Plan (incorporated by reference to Exhibit (a)(1)(L) of the Company's Tender Offer Statement Under Section 14(d)(1) or 13(e)(1), filed with the SEC on September 26, 2022).
10.26+	Form of Unvested Option New Restricted Stock Unit Award Notice under Grove Collaborative Holdings, Inc. 2022 Equity and Incentive Plan (incorporated by reference to Exhibit (a)(1)(M) of the Company's Tender Offer Statement Under Section 14(d)(1) or 13(e)(1), filed with the SEC on September 26, 2022).
10.27*†	Subscription Agreement, dated November 10, 2022, between Grove Collaborative Holdings, Inc. and HCI Grove LLC.
10.28*†	Consulting Agreement, dated November 10, 2022, between Grove Collaborative Holdings, Inc. and HCI Grove Management LLC
31.1*	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.
31.2*	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.
32.1*	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.
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.

Exhibit Number	Description
101.LAB*	Inline Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.
\+ Indicates management contract or compensatory plan or arrangement.
† Schedules and exhibits to this Exhibit omitted pursuant to Regulation S-K Item 601(b)(2). The Registrant agrees to furnish supplementally a copy of any omitted schedule of exhibit to the SEC upon request.
†† The Registrant has redacted provisions or terms of this Exhibit pursuant to Regulation S-K Item 601(b)(10)(iv). The Registrant agrees to furnish an unredacted copy of the Exhibit to the SEC upon its request.

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 10, 2022

GROVE COLLABORATIVE HOLDINGS, INC.

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

Exhibit 4.13

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE 1933 ACT, OR AN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO THE ISSUER HEREOF, TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED UNDER THE 1933 ACT AS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT IS AVAILABLE.

Grove Collaborative Holdings, Inc.

WARRANT TO PURCHASE CLASS A COMMON STOCK

Warrant No.: 100

Date of Issuance: November 10, 2022

Grove Collaborative Holdings, Inc., a Delaware public benefit corporation (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, HCI Grove Management LLC, a Delaware limited liability company, the registered holder hereof or its registered permitted assigns (collectively, the "**Holder**"), is entitled, subject to the terms set forth below to purchase from the Company, at the Exercise Price (as defined below), at any time or times on or after the date hereof (the "**Issuance Date**") until the Expiration Date (as defined below), 4,525,000 fully paid nonassessable shares of Class A Common Stock (as defined below), subject to adjustment as provided herein (the "**Warrant Shares**"). Except as otherwise defined herein, capitalized terms in this Warrant to Purchase Class A Common Stock (including any Warrants to Purchase Class A Common Stock issued in exchange, transfer or replacement hereof, this "**Warrant**"), shall have the meanings set forth in Section 15 hereof. This Warrant has been issued in connection with that certain Consulting Services Agreement, dated as of 10, 2022, by and between the Company and Holder (as amended, restated, supplemented, refinanced, extended or otherwise modified from time to time, the "**Consulting Services Agreement**"), and entitles the Holder to certain rights and benefits under the Subscription Agreement, dated as of November 10, 2022, between HCI Grove LLC and the Company ("**Subscription Agreement**"). The Warrant Shares shall vest in accordance with the vesting conditions set forth on Schedule 1 hereto (the "**Vesting Schedule**") For clarity, no portion of the Warrant may be exercised in any case until it has vested in accordance with the Vesting Schedule.

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof (including, without limitation, the limitations set forth in Section 1(d) and the achievement of the vesting condition set forth in the Vesting Schedule), this Warrant may be exercised by the Holder at any time or times on or after the achievement of the vesting condition set forth on the Vesting Schedule until the Expiration Date, in whole or in part, by (i) delivery of a written notice, in the form attached hereto as Exhibit B (the "**Exercise Notice**"), of the Holder's election to exercise all or part of this Warrant and (ii)(A) payment to the Company of an amount equal to the Exercise Price multiplied by the number of Warrant Shares as to which this Warrant is being exercised (the "**Aggregate Exercise Price**") in cash by wire transfer of immediately available funds or (B) by instructing the Company to withhold a number of Warrant Shares issuable upon such exercise of this Warrant with an aggregate Fair Market Value as of the date of the Exercise Notice equal to the Aggregate Exercise Price (a "**Cashless Exercise**"). The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder, nor shall any ink-original signature or medallion guarantee (or other type of guarantee or notarization) with respect to any Exercise Notice be required. Execution and delivery of the Exercise Notice with respect to a number of Warrant Shares that is less than all of the Warrant Shares shall have the same effect as cancellation of the original Warrant and the issuance of a new Warrant, on the same terms contained herein, evidencing the right to purchase the remaining number of Warrant Shares. Promptly following the Company's receipt of an Exercise Notice, the Company shall transmit by electronic mail an acknowledgment of confirmation of receipt of the Exercise Notice to the Holder and the Company's transfer agent (the "**Transfer Agent**") and shall provide to the Holder instructions for payment of the Aggregate Exercise Price, if applicable. No later than two (2) Trading Days (or, if less, the number of Trading Days then constituting the Standard Settlement Period) following the date on which the Company has received the Exercise Notice (the "**Share Delivery Date**"), so long as the Holder delivers the Aggregate Exercise Price (or notice of a Cashless Exercise) on or prior to noon Eastern Time on the Share Delivery Date (provided that if the Aggregate Exercise Price (or notice of a Cashless Exercise) has not been delivered by such date, the Share Delivery Date shall be two (2) Business Days after the Aggregate Exercise Price (or notice of a Cashless Exercise) is delivered), the Company shall (i) in the case of an Exercise Notice delivered at a time when

none of the Unrestricted Conditions is satisfied with respect to such Warrant Shares, credit such aggregate number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's account with the Transfer Agent or, if requested by the Holder, by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee or (ii) in the case of an Exercise Notice delivered at a time when any of the Unrestricted Conditions is met in respect of such Warrant Shares, by causing the Transfer Agent to electronically transmit the Warrant Shares issuable upon such exercise to the Holder by crediting the account of the Holder's prime broker with The Depository Trust Company ("**DTC**"), through its Deposit/Withdrawal at Custodian ("**DWAC**") system, as specified in the relevant Exercise Notice,. The Company shall be responsible for all fees and expenses incurred in connection with the issuance of the Warrant Shares, including the fees and expenses of the Transfer Agent, if any. Upon delivery of the Exercise Notice and the Aggregate Exercise Price (or notice of a Cashless Exercise) therefore, the Holder shall be deemed for all purposes to have become the holder of record and beneficial owner of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date such Warrant Shares are delivered. If this Warrant is physically delivered by the Holder to the Company in connection with any exercise pursuant to this Section 1(a) and the number of Warrant Shares available for exercise pursuant to this Warrant is greater than the number of Warrant Shares that the Holder seeks to acquire pursuant to the current exercise, then the Company shall as soon as practicable and in no event later than five (5) Business Days after such exercise and at its own expense, issue a new Warrant (on the same terms contained herein and in accordance with Section 6(e)) representing the right to purchase the number of Warrant Shares issuable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised. No fractional Warrant Shares are to be issued upon the exercise of this Warrant, but rather the number of Warrant Shares to be issued shall be rounded down to the nearest whole number. The Company's obligations to issue and deliver Warrant Shares in accordance with the terms and subject to the conditions hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination; provided, however, that the Company shall not be required to deliver Warrant Shares with respect to an exercise prior to the Holder's delivery of the Aggregate Exercise Price (or notice of a Cashless Exercise) with respect to such exercise.

(b) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means $1.26 per Warrant Share, subject to adjustment as provided herein, including pursuant to Schedule 1 hereto.

(c) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 10 hereof.

(d) Limitations on Exercise.

(i) Notwithstanding anything to the contrary contained herein, the Company shall not effect the exercise of any portion of this Warrant, and the Holder shall not have the right to exercise any portion of this Warrant, and any such exercise shall be null and void and treated as if never made, to the extent that after giving effect to such exercise, the Holder together with its Attribution Parties collectively would beneficially own in excess of 9.99% (the "**Maximum Percentage**") of the shares of Common Stock outstanding immediately after giving effect to such exercise. For purposes of the preceding sentences, the aggregate number of shares of Common Stock beneficially owned by the Holder and the other Attribution Parties shall include the number of shares of Common Stock held by the Holder and all other Attribution Parties plus the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which the determination of such sentence is being made, but shall exclude shares of Common Stock which would be issuable upon (A) exercise of the remaining, unexercised portion of this Warrant beneficially owned by the Holder or any of the other Attribution Parties and (B) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company (including, without limitation, any convertible notes or convertible preferred stock or warrants, including other warrants issued concurrently herewith) beneficially owned by the Holder or any other Attribution Party subject to a limitation on conversion or exercise analogous to the limitation contained in this Section 1(d). For purposes of this Section 1(d), beneficial ownership shall be calculated in accordance with Section 13(d) of the 1934 Act and the rules and regulations promulgated by the SEC thereunder.

(ii) Additionally, the Holder shall not be entitled to exercise this Warrant for a number of Warrant Shares in excess of that number of Warrant Shares which, upon giving effect to such exercise, would result any required filing and clearance under the Hart-Scott-Rodino Antitrust Improvements Act (the "**HSR Act**") if one has not been made and pre-approval obtained (or any applicable waiting period shall have lapsed). If Holder or the Company determines that the issuance of Warrant Shares is subject to notification under the HSR Act, each of Holder and the Company agrees to (i) file its respective notification under the HSR Act within ten (10)

Business Days of Holder or the Company informing the other party of its determination that a notification is required in connection with such exercise; (ii) cooperate with the other party in the other party's preparing and making such submission and any responses to inquiries of the Federal Trade Commission ("FTC") and/or Department of Justice ("DOJ"); and (iii) prepare and make any submission required to be filed by the Company or Holder, as applicable, under the HSR Act and respond to inquiries of the FTC and DOJ in connection therewith. The Company shall pay the costs of any required filing fees for any such submissions under the HSR Act.

(iii) No prior inability to exercise this Warrant pursuant to this Section 1(d) shall have any effect on the applicability of the provisions of this Section 1(d) with respect to any subsequent determination of exercisability. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 1(d) to the extent necessary to correct this paragraph or any portion of this Section 1(d) which may be defective or inconsistent with the intended beneficial ownership or Applicable Law limitation contained in this Section 1(d) or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitation contained in this Section 1(d) may not be waived and shall apply to a successor holder of this Warrant.

(iv) For purposes of Rule 144 promulgated under the Securities Act of 1933, as amended, it is intended, understood and acknowledged that the Warrant Shares issued in a Cashless Exercise transaction shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares shall be deemed to have commenced, on the date this Warrant was originally issued (unless that the U.S. Securities and Exchange Commission takes the position that such treatment is improper at the time of such exercise).

(e) Required Reserve Amount. So long as this Warrant remains outstanding, the Company shall at all times keep reserved for issuance, free from preemptive or any other contingent purchase rights (other than those of the Holder), under this Warrant a number of shares of Class A Common Stock equal to at least 100% of the maximum number of shares of Class A Common Stock as shall be necessary to satisfy the Company's obligation to issue shares of Class A Common Stock under this Warrant (without regard to any limitations on exercise contained herein) (the "**Required Reserve Amount**"). At no time shall the number of shares of Class A Common Stock reserved pursuant to this Section 1(e) be reduced other than proportionally in connection with any exercise of this Warrant or such other event covered by Section 2 below.

(f) Insufficient Authorized Shares. If, notwithstanding Section 1(e), and not in limitation thereof, at any time while this Warrant remains outstanding the Company does not have a sufficient number of authorized and unreserved shares of Class A Common Stock to satisfy its obligation to reserve the Required Reserve Amount (an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company's authorized shares of Class A Common Stock to an amount sufficient to allow the Company to reserve the Required Reserve Amount. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall file a proxy statement for a meeting of its stockholders for the approval of an increase in the number of authorized shares of Class A Common Stock. In connection with such meeting, the Company shall provide each stockholder with a proxy statement, the Company's board of directors shall recommend each stockholder vote in favor of such increase in authorized shares of Class A Common Stock, the Company shall use its best efforts to solicit its stockholders' approval of such increase in authorized shares of Class A Common Stock and promptly after receipt of such approval the Company shall file an amendment to its certificate of incorporation with the Secretary of State of the State of Delaware reflecting the increased in authorized shares of Class A Common Stock.

(g) Charges, Taxes and Expenses. Issuance and delivery of certificates for shares of Common Stock upon exercise of this Warrant shall be made without charge to the Holder for any issue or transfer tax, transfer agent fee or other incidental tax or expense (excluding any applicable stamp duties) in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company; *provided, however*, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the registration of any certificates for Warrant Shares or the Warrants in a name other than that of the Holder or an Affiliate thereof. The Holder shall be responsible for all other tax liability that may arise as a result of holding or transferring this Warrant or receiving Warrant Shares upon exercise hereof.

2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES. The Exercise Price and the number of Warrant Shares shall be adjusted from time to time as follows:

(a) Adjustment Upon Dividend, Subdivision or Combination of Common Stock. If the Company shall, at any time or from time to time after the Issuance Date, (i) pay a dividend or make any other distribution upon the Class A Common Stock without consideration or (ii) reclassify or subdivide (including by any

stock split, stock dividend, recapitalization, substitutions, exchange or otherwise) its outstanding shares of Class A Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to any such dividend, distribution, reclassification or subdivision will be proportionately reduced and the number of Warrant Shares issuable upon exercise of this Warrant shall be proportionately increased. If the Company at any time on or after the Issuance Date combines (by combination, reverse stock split or otherwise) its outstanding shares of Class A Common Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares issuable upon exercise of this Warrant shall be proportionately decreased. Any adjustment under this Section 2(a) will become effective at the close of business Eastern Time on the date the subdivision or combination becomes effective. The provisions of this Section 2 will similarly apply to successive stock dividends, stock splits or combinations, reclassifications, exchanges, substitutions, or other events.

(b) Number of Warrant Shares; Calculations. Simultaneously with any adjustment to the Exercise Price pursuant to Section 2 or Section 3, the number of Warrant Shares that may be purchased upon exercise of this Warrant shall be increased or decreased proportionately, so that after such adjustment the aggregate Exercise Price payable hereunder for the increased or decreased number of Warrant Shares shall be the same as the aggregate Exercise Price in effect immediately prior to such adjustment. All calculations under this Section 2 and Section 3 shall be made to the nearest one-thousandth of one cent or the nearest share, as applicable.

(c) Certificate as to Adjustment. As promptly as reasonably practicable following any adjustment of the Exercise Price or other adjustments pursuant to this Section 2 or Section 3, but in any event not later than ten (10) Business Days thereafter, the Company shall furnish to the Holder a certificate of an executive officer setting forth in reasonable detail such adjustment and the facts upon which it is based and certifying the calculation thereof. As promptly as reasonably practicable following the receipt by the Company of a written request by the Holder, but in any event not later than ten (10) Business Days thereafter, the Company shall furnish to the Holder and to the Company's Transfer Agent a certificate of an executive officer certifying the Exercise Price then in effect and the number of Warrant Shares or the amount, if any, of other shares of stock, securities or assets then issuable upon exercise of the Warrant.

3. FUNDAMENTAL TRANSACTIONS; DISTRIBUTION RIGHTS; PURCHASE RIGHTS.

(a) If, at any time while this Warrant is outstanding (i) the Company effects any merger or consolidation of the Company with or into another Person, in which the Company is not the surviving entity, (ii) the Company effects any sale to another Person of all or substantially all of its assets in one transaction or a series of related transactions, (iii) pursuant to any tender offer or exchange offer (whether by the Company or another Person), holders of capital stock tender shares representing more than 50% of the voting power of the capital stock of the Company and the Company or such other Person, as applicable, accepts such tender for payment, (iv) the Company consummates a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement but not including any underwritten offering, registered direct offering, private placement or other transaction with the primary purpose of financing or fund raising for the Company) with another Person whereby such other Person acquires more than the 50% of the voting power of the capital stock of the Company (except for any such transaction in which the stockholders of the Company immediately prior to such transaction maintain, in substantially the same proportions, the voting power of such Person immediately after the transaction), or (v) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (other than as a result of a subdivision or combination of shares of Common Stock covered by Section 2(a) above) (in any such case, a "**Fundamental Transaction**"), then upon such Fundamental Transaction the Holder shall have the right to receive, upon exercise of this Warrant, the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of Warrant Shares then issuable upon exercise in full of this Warrant without regard to any limitations on exercise contained herein (the "**Alternate Consideration**"). The Company shall not effect any Fundamental Transaction in which the Company is not the surviving entity or the Alternate Consideration includes securities of another Person unless (i) the Alternate Consideration is solely cash and the Company provides for the simultaneous Cashless Exercise of this Warrant pursuant to Section 1 or (ii) prior to or simultaneously with the consummation thereof, any successor to the Company, surviving entity, ultimate parent (if the Company is a subsidiary of another Person) or other Person (including any purchaser of assets of the Company) shall assume the obligation to deliver to the Holder such Alternate Consideration as, in accordance with the foregoing provisions, the Holder may be entitled to receive, and the other obligations under this Warrant. The provisions of this paragraph (c) shall similarly apply to subsequent transactions analogous of a Fundamental Transaction type. Notice of such adjustments shall be given in accordance with Section 2(c).

(b) In addition to any adjustments pursuant to Section 2 and this Section 3, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property, options, evidence of indebtedness or any other assets by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "**Distribution**"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of Warrant Shares acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant, including without limitation, the Maximum Percentage or the other limitations set forth in Section 1(d)) immediately before the date on which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution.

(c) In addition to any adjustments pursuant to Section 2 and this Section 3, if at any time the Company grants, issues or sells any Capital Stock or rights to purchase Capital Stock or other property pro rata to the record holders of any class of Common Stock (the "**Purchase Rights**"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations or restrictions on exercise of this Warrant, including without limitation, the Maximum Percentage or the other limitations set forth in Section 1(d)) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issuance or sale of such Purchase Rights.

4. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its certificate of incorporation or bylaws, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all of the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (i) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Class A Common Stock upon the exercise of this Warrant and (ii) shall, so long as any of the Warrants are outstanding, take all action necessary to reserve and keep available out of its authorized and unissued and otherwise unreserved shares of Class A Common Stock, solely for the purpose of effecting the exercise of the Warrants as herein provided, the number of shares of Class A Common Stock as shall from time to time be necessary to effect the exercise of the Warrants then outstanding (without regard to any limitations on exercise), free from preemptive rights or any other contingent purchase rights of persons other than the Holder (taking into account the adjustments and restrictions set forth herein).

5. HOLDER NOT DEEMED A STOCKHOLDER; LEGEND; REGISTRATION RIGHTS.

(a) No Stock Rights. Except as otherwise specifically provided herein, the Holder, solely in such Person's capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of capital stock of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Person's capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which such Person is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company.

(b) Legend. Except as otherwise provided in this Section 5(b), each Warrant Share initially issued upon the exercise of this Warrant, and each Warrant Share issued to any subsequent transferee of any such Warrant Share, in either case whether in certificated or book-entry form, shall be stamped or otherwise bear a legend in substantially the following form (the "**Securities Act Legend**"):

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SECURITIES UNDER THE 1933 ACT, OR AN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO THE ISSUER HEREOF, TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED UNDER THE 1933 ACT AS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE 1933 ACT IS AVAILABLE.

Certificates or book entries evidencing the Warrant Shares shall not contain, and the Holder shall be entitled to the removal of, any legend (including the Securities Act Legend), (i) while a registration statement covering the resale of such Warrant Shares is effective under the 1933 Act, (ii) if such Warrant Shares have been sold, or are substantially contemporaneously being sold, pursuant to Rule 144 or an effective registration statement under the 1933 Act, (iii) if such Warrant Shares are eligible for sale under Rule 144 without volume or manner-of-sale restrictions, (iv) if at any time on or after the date hereof that the Holder certifies that it is not an "affiliate" of the Company (within the meaning of Rule 144) and that the Holder's holding period for purposes of Rule 144 (including, for the avoidance of doubt, subsection (d)(3)(ii) thereof) of at least six (6) months, or (v) if such legend is not required under applicable requirements of the 1933 Act (including judicial interpretations and pronouncements issued by the staff of the U.S. Securities and Exchange Commission) (collectively, the "**Unrestricted Conditions**"). The Company agrees that following such time as such legend is no longer required under this Section 5(b) and upon the request of the Holder, the Company will promptly following the delivery by the Holder to the Company or the Transfer Agent of Warrant Shares issued with a Securities Act Legend deliver or cause to be delivered to the Holder Warrant Shares free from any Securities Act Legend or other legend. The Company will ensure any legend (including the Securities Act Legend) is removed in accordance with this Section 5(b), including by causing its legal counsel to deliver a legal opinion to the Transfer Agent, if required in connection therewith. If any of the Unrestricted Conditions is met at the time of issuance of the Warrant Shares then such Warrant Shares shall be issued free of all legends and stop-transfer instructions.

6. REISSUANCE OF WARRANTS.

(a) Registration of Warrant. The Company shall register this Warrant, upon the records to be maintained by the Company for that purpose (the "**Warrant Register**"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary. The Company shall also register any transfer, exchange, reissuance or cancellation of any portion of this Warrant in the Warrant Register. No service charge shall be made to the Holder for any registration of transfer, but the Company may require payment of a sum sufficient to cover any transfer taxes required in connection with making of any such transfer.

(b) Transfer of Warrant. Subject to applicable securities laws, if this Warrant is to be transferred by the Holder, the Holder shall surrender this Warrant to the Company or its Transfer Agent, as directed by the Company, together with all applicable transfer taxes, whereupon the Company will, or will cause its Transfer Agent to, forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 6(e)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 6(e)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred. The acceptance of the new Warrant by the transferee thereof shall be deemed the acceptance by such transferee of all of the rights and obligations in respect of the new Warrant that the Holder has in respect of this Warrant.

(c) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form (but without the obligation to post a bond) and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 6(e)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(d) Exchangeable for Multiple Warrants; No Fractional Warrant Shares. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 6(e)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, that the Company or its Transfer Agent, as directed by the Company, shall not be required to issue Warrants for

fractional shares of Class A Common Stock hereunder, but rather the number of Warrant Shares to be issued shall be rounded down to the nearest whole number.

(e) Issuance of New Warrants. Whenever the Company or its Transfer Agent, as directed by the Company, is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant shall (i) be of like tenor with this Warrant, (ii) represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 6(b) or Section 6(c), the Warrant Shares designated by the Holder which, when added to the number of shares of Class A Common Stock underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date and (iv) have the same rights and conditions as this Warrant.

(f) No Fractional Shares. No fractional Warrant Shares will be issued in connection with any exercise of this Warrant. In lieu of any fractional shares that would otherwise be issuable, the number of Warrant Shares to be issued shall be rounded down to the next whole number and the Company shall pay the Holder in cash the Fair Market Value for any such fractional shares.

7. NOTICES. Any notice or communication required or permitted hereunder shall be in writing and either delivered personally, emailed or sent by overnight mail via a reputable overnight carrier, or sent by certified or registered mail, postage prepaid, and shall be deemed to be given and received (a) when so delivered personally, (b) when sent, with no mail undeliverable or other rejection notice, if sent by email, or (c) five (5) Business Days after the date of mailing to the address below or to such other address or addresses as such person may hereafter designate by notice given hereunder:

(i) if to the Company, to:

Grove Collaborative Holdings, Inc.
1301 Sansome St.
San Francisco, California 94111
Attention: Nathan Francis
Email: nfrancis@grove.co

with a copy (which copy shall not constitute notice) to:

1001 Page Mill Road
Building 1
Palo Alto, California 94304
Attention: Martin A. Wellington
Email: mwellington@sidley.com

(ii) if to the Holder, to:

HCI Grove Management LLC
98 San Jacinto Blvd, 4th Floor
Austin, TX 78701
Attention: Ross Berman
Email: ross@humanco.com

with a copy (which copy shall not constitute notice) to:

Katten Muchin Rosenman LLP
50 Rockefeller Plaza
New York, New York 10020
Attention: David Kravitz, Mark Wood and Bret Diskin
Email: david.kravitz@katten.com; mark.wood@katten.com; bret.diskin@katten.com

8 . AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended or waived and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Holder. No waiver by the Company or the Holder of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in

respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Warrant shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

9 . GOVERNING LAW; JURISDICTION; JURY TRIAL. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of Delaware. Each of the parties irrevocably consents to the exclusive jurisdiction and venue of the Court of Chancery of the State of Delaware, provided that if subject matter jurisdiction over the matter that is the subject of the legal proceeding is vested exclusively in the U.S. federal courts, such legal proceeding shall be heard in the U.S. District Court for the District of Delaware, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. The parties hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to the parties at the respective address set forth in Section 7(i) above or such other address as the respective party subsequently delivers to the other party and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude a party from bringing suit or taking other legal action against the other party in any other jurisdiction to collect on a party's obligations to the other party, to realize on any collateral or any other security for such obligations, or to enforce a judgment or other court ruling in favor of the other party. **THE PARTIES HEREBY IRREVOCABLY WAIVE ANY RIGHT SUCH PARTY MAY HAVE, AND AGREE NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

1 0 . DISPUTE RESOLUTION. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall submit the disputed determinations or arithmetic calculations in writing (including via facsimile or email) within two (2) Business Days of receipt of the Exercise Notice giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within three (3) Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within two (2) Business Days submit in writing (including via facsimile or email) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Holder. The Company shall cause at its expense the investment bank to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten (10) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

1 1 . REMEDIES, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

12. TRANSFER.

(a) This Warrant and all rights hereunder are transferable, in whole or in part, by the Holder without charge to the Holder, upon surrender of this Warrant to the Company at its then principal executive offices with a properly completed and duly executed instrument of assignment; provided, that the Holder shall not transfer this Warrant to any Person other than an Affiliate of Holder without the Company's prior written consent and may only transfer this Warrant pursuant to an effective registration statement under the 1933 Act or an exemption from registration under the 1933 Act. Within three (3) Trading Days of such surrender and delivery (the

"Transfer Delivery Period"), the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant, if any, not so assigned and this Warrant shall promptly thereafter be cancelled. Notwithstanding anything herein to the contrary, this Warrant, if properly assigned in accordance herewith, may be exercised by a new Holder for the purchase of Warrant Shares immediately upon such assignment without having a new Warrant issued.

13. SEVERABILITY; CONSTRUCTION; HEADINGS. If any provision of this Warrant is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Warrant so long as this Warrant as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s). This Warrant shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any Person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

14. COUNTERPARTS. This Agreement may be executed in any number of original or facsimile counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

15. REPRESENTATIONS AND WARRANTIES.

(a) The Company hereby represents and warrants to the Holder and covenants that:

(i) Organization; Authorization. The Company is a public benefit corporation duly organized, validly existing and in good standing under the laws of the state of Delaware and has all requisite corporate power and authority to carry on its business as presently conducted or proposed to be conducted. The Company further represents and warrants to the Holder that it has taken all necessary corporate action and has obtained all necessary approvals in connection with the issuance of this Warrant and the Warrant Shares issuable upon exercise thereof. Except as described in this Warrant, no Company shareholder approval is required in connection with the issuance of this Warrant or the Warrant Share issuable upon exercise thereof. This Warrant, when executed and delivered by the Company, shall constitute a valid and legally binding obligation of the Company, enforceable in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and by general equitable principles.

(ii) Capitalization. The Company now has, and shall at all times keep reserved for issuance, free from preemptive or any other contingent purchase rights (other than those of the Holder), under this Warrant a number of shares of Class A Common Stock reserved for issuance equal to the Required Reserve Amount. The Warrant Shares have been duly and validly reserved for issuance, and upon issuance in accordance with the terms of the Warrant, will be duly and validly issued, fully paid and nonassessable and free of any liens or encumbrances.

(iii) Non-Contravention. The execution and delivery of this Warrant does not, and the issuance of the Warrant Shares in accordance with the terms of this Warrant will not (A) violate the Company's certificate of incorporation or bylaws, (B) violate any law or regulation applicable to the Company or order or decree of any court or public authority having jurisdiction over the Company, or (C) result in a breach of any material mortgage, indenture, contract, agreement or undertaking to which the Company is a party or by which it is bound.

(iv) Other. The representations and warranties set forth in the Subscription Agreement are hereby incorporated herein, *mutatis mutandis*.

(b) Representations and Warranties of the Holder. The Holder hereby represents and warrants to the Company as follows:

(i) Organization; Authorization. The Holder is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with full corporate, partnership or limited liability company power and authority to enter into and to consummate the transactions contemplated by this Warrant and otherwise to carry out its obligations hereunder. The execution and delivery of this Warrant has been duly authorized by all necessary corporate, partnership or limited liability company action on the part of the Holder. This Warrant has been duly executed by the Holder, and when delivered by the Holder in accordance with the terms hereof, will constitute the valid and legally binding obligation of the Holder, enforceable against it in accordance with its terms, except as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally.

(ii) Understandings or Arrangements. The Holder is acquiring this Warrant as principal for its own account and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of this Warrant or the Warrant Shares (this representation and warranty not limiting the Holder's right to sell the Warrant Shares pursuant to any effective registration statement or otherwise in compliance with applicable federal and state securities laws).

(iii) Status. At the time the Holder was offered this Warrant, it was, and as of the date hereof it is, either: (i) an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the 1933 Act or (ii) a "qualified institutional buyer" as defined in Rule 144A(a) under the 1933 Act. The Holder is not required to be registered as a broker-dealer under Section 15 of the 1934 Act.

(iv) Experience of the Holder. The Holder, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in this Warrant, and has so evaluated the merits and risks of such investment. The Holder is able to bear the economic risk of an investment in this Warrant and, at the present time, is able to afford a complete loss of such investment.

15. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "**1933 Act**" means the Securities Act of 1933, as amended.

(b) "**1934 Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

(c) "**Affiliate**" means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, it being understood for purposes of this definition that "control" of a Person means the power directly or indirectly either to vote 10% or more of the stock having ordinary voting power for the election of directors of such Person or direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

(d) "**Attribution Parties**" means, with respect to any Person, any other Person (including any other Persons with whom the first Person is deemed to be acting with together as a group) whose beneficial ownership would be aggregated with such first Person's (including by aggregation with one or more other Attribution Parties) for purposes of Section 13(d) of the 1934 Act. For clarity, the purpose of the foregoing is to subject collectively the Holder and all other Attribution Parties to the Maximum Percentage.

(e) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

(f) "**Capital Stock**" means (a) any shares, interests, participations or other equivalents (however designated) of capital stock of a corporation; (b) any ownership interests in a Person other than a corporation, including membership interests, partnership interests, joint venture interests and beneficial interests; and (c) any warrants, options, convertible or exchangeable securities, subscriptions, rights (including any preemptive or similar rights), calls or other rights to purchase or acquire any of the foregoing.

(g) "**Class A Common Stock**" means (i) the Company's Class A common stock, par value $0.0001 per share, and (ii) any capital stock into which such Class A Common Stock shall have been changed or any capital stock resulting from a reclassification of such Class A Common Stock.

(h) "**Common Stock**" means (i) the Class A Common Stock, (ii) the Company's Class B common stock, par value $0.0001 per share, and (iii) any capital stock into which such Common Stock shall have been changed or any capital stock resulting from a reclassification of such Common Stock.

(i) "**Expiration Date**" means the earlier of (i) May 11, 2027 and (ii) the date of the termination of the Consulting Agreement by the Company in connection with Consultant's (as defined in the Consulting Agreement) or its employee's, officer's, director's or agent's engagement in illegal conduct constituting a felony or gross misconduct in carrying out the terms of the Consulting Agreement.

(j) "**Fair Market Value**" means, as of any particular date: (a) the volume weighted average of the closing sales prices of the Class A Common Stock for such day on all domestic securities exchanges on which the Class A Common Stock may at the time be listed; (b) if there have been no sales of the Class A Common Stock on any such exchange on any such day, the average of the highest bid and lowest asked prices for the Class A Common Stock on all such exchanges at the end of such day; (c) if on any such day the Class A Common Stock is not listed on a domestic securities exchange, the closing sales price of the Class A Common Stock as quoted on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association for such day; or (d) if there have been no sales of the Class A Common Stock on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association on such day, the average of the highest bid and lowest asked prices for the Class A Common Stock quoted on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association at the end of such day; in each case, averaged over twenty (20) consecutive Business Days ending on the Business Day immediately prior to the day as of which "Fair Market Value" is being determined; provided, that if the Class A Common Stock is listed on any domestic securities exchange, the term "Business Day" as used in this sentence means Business Days on which such exchange is open for trading. If at any time the Class A Common Stock is not listed on any domestic securities exchange or quoted on the OTC Bulletin Board, the Pink OTC Markets or similar quotation system or association, the "Fair Market Value" of the Class A Common Stock shall be the fair market value per share as determined by the Company's board of directors in good faith.

(k) "**Person**" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

(l) "**Standard Settlement Period**" means the standard settlement period for equity trades effected by U.S. broker-dealers, expressed in a number of Trading Days, as in effect on the applicable date.

(m) "**Trading Day**" means any day on which the Common Stock is traded for any period on the New York Stock Exchange, or if the Common Stock is no longer listed on the New York Stock Exchange on the other United States securities exchange or market on which the Common Stock is then being principally traded. If the Common Stock is not so listed or traded, then "Trading Day" means a Business Day.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have caused this Warrant to be duly executed as of the Issuance Date set out above.

GROVE COLLABORATIVE HOLDINGS, INC.

By: /s/ Stu Landesberg
Name: Stuart Landesberg
Title: Chief Executive Officer

Accepted and agreed:

HCI GROVE MANAGEMENT LLC

By: /s/ Ross Berman
Name: Ross Berman
Title: Authorized Signatory

[*Signature Page to Warrant to Purchase Class A Common Stock*]

SCHEDULE 1

VESTING SCHEDULE

1. 40% of the Warrant Shares shall vest and become exercisable on the Issuance Date.

2. The remaining Warrant Shares shall vest and become exercisable if, prior to the earlier of (A) the Expiration Date and (B) three months following the termination of the Consulting Agreement for a Fundamental Breach (as defined in the Consulting Agreement):

    a. the Company (or any surviving entity following a Transaction (as defined in the Consulting Agreement)) achieves at least $100,000,000 in quarterly revenue on a consolidated basis during any fiscal quarter ending on or prior to December 31, 2024 (including pro forma historical quarterly revenue during the fiscal quarter ending immediately prior to a Transaction); or

    b. the Company consummates a Change of Control on or before December 31, 2024; provided that if as a result of the Change of Control, the Company's equityholders would own, directly or indirectly, less than 25% of the equity securities of the surviving entity in such Change of Control, the Exercise Price shall be increased by 50%.

For purposes of Schedule 1, "**Change of Control**" means the occurrence in a single transaction or as a result of a series of related transactions, of one or more of the following events:

A. any person or any group of persons acting together which would constitute a "group" for purposes of Section 13(d) of the 1934 Act or any successor provisions thereto (excluding a corporation or other entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company) (x) is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding voting securities or (y) has or acquires control of the board of directors of the Company;

B. a merger, consolidation, reorganization or similar business combination transaction involving the Company, and, immediately after the consummation of such transaction or series of transactions, either (x) the board of directors of the Company immediately prior to the merger or consolidation does not constitute at least a majority of the board of directors of the company surviving the merger or, if the surviving company is a subsidiary, the ultimate parent thereof, or (y) the voting securities of the Company immediately prior to such merger or consolidation do not continue to represent or are not converted into more than fifty percent (50%) of the combined voting power of the then outstanding voting securities of the person resulting from such transaction or series of transactions or, if the surviving company is a subsidiary, the ultimate parent thereof; or

C. the sale, lease or other disposition, directly or indirectly, by the Company of all or substantially all of the assets of the Company and its subsidiaries, taken as a whole, other than such sale or other disposition by the Company of all or substantially all of the assets of the Company and its subsidiaries, taken as a whole, to an entity at least a majority of the combined voting power of the voting securities of which are owned by stockholders of the Company.

EXHIBIT A

EXERCISE NOTICE

[To be executed only upon exercise of this Warrant]

To: Grove Collaborative Holdings, Inc.

The undersigned registered owner of the Warrant to Purchase Class A Common Stock issued on [_], 2022 (the "**Warrant**") irrevocably exercises the Warrant for the purchase of _____ shares of Class A common stock, par value $0.0001 per share (the "**Warrant Shares**") of Grove Collaborative Holdings, Inc. (the "**Company**") and hereby elects to pay the Exercise Price therefore in full as follows (check applicable box):

□ pursuant to Section 1(a)(ii)(A) of the Warrant by delivery to the Company of a certified or official bank check payable to the order of the Company or by wire transfer of immediately available funds to an account designated in writing by the Company, in the amount of such Aggregate Exercise Price[, or

□ pursuant to the "Cashless Exercise" option set forth in Section 1(a)(ii)(B) of the Warrant,]

all at the price and on the terms and conditions specified in the Warrant and requests that certificates (if any) for the Warrant Shares hereby purchased (and any securities or other property issuable upon such exercise) be issued in the name of and delivered to

_____, whose address is

_____

and, if such Warrant Shares shall not include all of the Warrant Shares issuable as provided in the Warrant and the Warrant is provided herewith, that a new Warrant of like tenor and date for the balance of the Warrant Shares issuable thereunder be delivered to the undersigned or as provided in the Warrant.

By its delivery of this Exercise Notice, the undersigned represents and warrants to the Company that in giving effect to the exercise evidenced hereby the Holder, the Holder and its Affiliates and any other Persons whose beneficial ownership of Common Stock is aggregated with the Holder's on Holder's Schedule 13D beneficially own an aggregate of _____ shares of Common Stock, as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and under Section 1(d) of the Warrant to which this notice relates.

_____
(Name of Registered Owner)

_____
(Signature of Registered Owner)

_____
(Street Address)

_____
(City) (State) (Zip Code)

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant)

Exhibit 10.27
Execution Version

SUBSCRIPTION AGREEMENT

This SUBSCRIPTION AGREEMENT (this "**Subscription Agreement**") is entered into this 10th day of November 2022 (the "**Effective Date**"), by and between Grove Collaborative Holdings, Inc., a Delaware public benefit corporation ("**Grove**"), and HCI Grove LLC, a Delaware limited liability company ("**Subscriber**").

WHEREAS, Subscriber desires to subscribe for and purchase from Grove, on the date hereof, 1,984,126 shares (the "**Initial Subscribed Shares**") of Grove's Class A common stock (the "**Common Stock**") equal to $2,499,998.76 (the "**Purchase Price**") for a purchase price per share of $1.26 (the "**Per Share Price**"), together with any Additional Shares (as defined below) that may become issuable as provided herein (the Initial Subscribed Shares, together with any Additional Shares, the "**Subscribed Shares**"), and Grove desires to issue and sell to Subscriber the Subscribed Shares in consideration of the payment of the Purchase Price therefor by or on behalf of Subscriber to Grove, all on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties and covenants, and subject to the conditions, herein contained, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

1. Subscription; Additional Shares.

1.1. Subscription. Subject to the terms and conditions hereof, at the Closing (as defined below), Subscriber hereby agrees to subscribe for and purchase, and Grove hereby agrees to issue and sell to Subscriber, upon the payment of the Purchase Price, the Subscribed Shares.

1.2. Additional Shares. In the event that the volume-weighted average price of the Common Stock over the period of three Trading Days (as defined below) (the "**Measurement Period VWAP**") for any of the following periods, commencing on the first Trading Day (a) after the Registration Date (as defined below) (the "**Initial Measurement Period**"), (b) after the three-month anniversary of the Registration Date (the "**Three-Month Measurement Period**"), (c) after the six-month anniversary of the Registration Date (the "**Six-Month Measurement Period**") or (d) after the nine-month anniversary of the Registration Date (the "**Nine-Month Measurement Period**," and together with the Initial Measurement Period, Three-Month Measurement Period and the Six-Month Measurement Period, the "**Measurement Periods**" and each a "**Measurement Period**"), is less than $1.26 per Common Stock, then Subscriber may elect to receive a number of additional shares of Common Stock in connection with a Measurement Period equal to the product of (x) the Initial Subscribed Shares which Subscriber is electing to utilize for such Measurement Period multiplied by (y) a fraction, (i) the numerator of which is the Per Share Price (as adjusted for any stock split, reverse stock split or similar adjustment following the Closing Date) minus the product of (a) the Measurement Period VWAP and (b) 0.90, and (ii) the denominator which is the product of (a) the Measurement Period VWAP and (b) 0.90 (such additional shares of Common Stock, "**Additional Shares**"); provided, however, that if the Measurement Period VWAP is lower than $0.50, then $0.50 shall be the Measurement Period VWAP used to calculate the above Additional Shares. Subscriber shall be entitled to utilize each Initial Subscribed Share once to determine the amount of any issuance of Additional Shares in connection with the Measurement Periods. By means of example, if after the Initial Measurement Period Subscriber elects to utilize half of the Initial Subscribed Shares to receive further Additional Shares, the remaining half of the Initial Subscribed Shares shall remain available to Subscriber to utilize in connection with the Three-Month Measurement Period, Six-Month Measurement Period or Nine-Month Measurement Period. Grove will issue the Additional Shares to Subscriber promptly (but in any event within

five Business Days) after the last day of each Measurement Period (the "**Measurement Date**") in which Subscriber elects to receive Additional Shares. In order to elect to receive Additional Shares in connection with a Measurement Period, Subscriber must provide written notice (which may be by e-mail) to Grove electing to receive shares for such Measurement Period prior to 11:59 p.m. (New York City time) on the Measurement Date. Notwithstanding anything to the contrary herein, no fraction of a share of Common Stock will be delivered pursuant to this Section 1.2, and if Subscriber would otherwise be entitled to a fraction of a share of Common Stock, Subscriber shall instead have the number of Additional Shares issued to Subscriber rounded to the nearest whole share of Common Stock. For purposes of this Subscription Agreement, "**Trading Day**" means a day on which the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question is open for trading: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market or the New York Stock Exchange (or any successors to any of the foregoing). "**Registration Date**" means the earlier of the (i) date the Initial Registration Statement required pursuant to Section 5.1.1 is declared effective and (ii) Effectiveness Deadline with respect thereto.

1.3. [Reserved]

1.4. Trading Restrictions.

1.1.1. Subscriber agrees that until the earlier of (a) the 12-month anniversary of the Effective Date and (b) the date of termination of the Consulting Agreement, dated as of the date hereof, between HCI Grove Management LLC and Grove (the "**Consulting Agreement**"), neither Subscriber nor any of its affiliates (as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended) shall offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of in any manner, either directly or indirectly, any it any Subscribed Shares, any Additional Shares, that certain warrant issued pursuant to Section 5 of the Consulting Agreement (the "**Consulting Warrant**"), any shares issued upon conversion of the Consulting Warrant, any securities issued pursuant to Section 6 of the Consulting Agreement, or any securities of the Company issued as a dividend or distribution on, or involving a recapitalization or reorganization with respect to, such securities (collectively, "**Covenant Securities**"). Notwithstanding the foregoing, Subscriber may transfer the Covenant Securities (i) to any affiliates of Subscriber or any of their respective equityholders or partners, (ii) by virtue of Subscriber's certificate of incorporation or bylaws (or equivalent) upon dissolution of Subscriber; (iii) in connection with a bona fide gift or charitable contribution without consideration; (iv) with the written consent of the board of directors of Grove; (v) in the event (A) there is a Change of Control, (B) any liquidation, dissolution or winding up of Grove (whether voluntary or involuntary) is initiated, (C) any bankruptcy, reorganization, debt arrangement or similar proceeding under any bankruptcy, insolvency or similar law, or any dissolution or liquidation proceeding, is instituted by or against Grove, or a receiver is appointed for Grove or a substantial part of its assets or properties or (D) Grove makes an assignment for the benefit of creditors, or petitions or applies to any Governmental Authority for, or consents or acquiesces to, the appointment of a custodian, receiver or trustee for all or substantially all of its assets or properties; provided that as a condition to any such transfer such transferee agrees to be bound to this Subscription Agreement as if it were Subscriber hereunder.

1.1.2. So long as Subscriber holds Covenant Securities, Subscriber shall not, directly or indirectly, engage in any swap, hedge, derivative instrument, or any other

agreement or any transaction that transfers, limits, caps, collars, sets a floor, offsets or otherwise modifies, in whole or in part, directly or indirectly, the economic consequences of ownership of any Grove securities held by Subscriber or its affiliates.

1.1.3. Any sale, assignment or other transfer of Grove securities by the Subscriber or any of its affiliates, as applicable, in violation of the provisions of this Section 1.4 shall be null and void, and the transferee shall not be recognized by Grove as the holder or owner of the securities sold, assigned, or transferred for any purpose (including, without limitation, voting or dividend rights). Grove, or, at the instruction of Grove, the transfer agent of Grove, may place a legend on any certificate representing Covenant Shares stating that such shares are subject to the restrictions contained in this Section 1.4. Upon the expiration of the Term, Grove agrees to facilitate the timely preparation and delivery of certificates representing the Covenant Shares to be sold by Subscriber or any affiliate free of any restrictive legends and in such denominations and registered in such names as Subscriber or such affiliate may request in connection with such sale. Subscriber shall remain responsible for and guarantee its affiliates' performance in connection with this Agreement, and shall cause each such affiliate to comply fully with the provisions of this Agreement in connection with such performance. Subscriber hereby expressly waives any requirement that Grove exhaust any right, power or remedy, or proceed directly against such an affiliate, for any obligation or performance hereunder, prior to proceeding directly against Grove.

2. Representations, Warranties and Agreements.

1.1. Subscriber's Representations, Warranties and Agreements. To induce Grove to issue the applicable Subscribed Shares, Subscriber hereby represents and warrants to Grove and acknowledges and agrees with Grove, as of the date hereof and as of the Closing Date, as follows:

1.1.1. Subscriber has been duly formed or incorporated and is validly existing in good standing under the laws of its jurisdiction of incorporation or formation, with power and authority to enter into, deliver and perform its obligations under this Subscription Agreement.

1.1.2. This Subscription Agreement has been duly authorized, validly executed and delivered by Subscriber. Assuming that this Subscription Agreement constitutes the valid and binding agreement of Grove, this Subscription Agreement is the valid and binding obligation of Subscriber, and is enforceable against Subscriber in accordance with its terms, except as may be limited or otherwise affected by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws relating to or affecting the rights of creditors generally, and (ii) principles of equity, whether considered at law or equity.

1.1.3. The execution, delivery and performance by Subscriber of this Subscription Agreement and the consummation of the transactions contemplated herein do not and will not (i) result in any violation of the provisions of the organizational documents of Subscriber or any of its subsidiaries or (ii) result in any violation of any statute or any judgment, order, rule or regulation of any court or governmental agency or body, domestic or foreign, having jurisdiction over Subscriber that would reasonably be expected to have a material adverse effect on the legal authority and ability of Subscriber to enter into and timely perform its obligations under this Subscription Agreement (a "**Subscriber Material Adverse Effect**").

1.1.4. Subscriber (i) is (a) an "accredited investor" within the meaning of Rule 501(a) under the Securities Act and (b) a sophisticated institutional investor, experienced in investing in transactions of the type contemplated by this Subscription Agreement and capable of evaluating investment risks independently, in each case, satisfying the applicable requirements set forth on Schedule A, (ii) is acquiring the Subscribed Shares for its own account and not for the account of others, or if Subscriber is subscribing for the Subscribed Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a qualified institutional buyer, and Subscriber has full investment discretion with respect to each such account, and the full power and authority to make the acknowledgements, representations, warranties and agreements herein on behalf of each owner of each such account, for investment purposes only and not with a view to any distribution of the Subscribed Shares in any manner that would violate the securities laws of the United States or any other applicable jurisdiction and (iii) is not acquiring the Subscribed Shares with a view towards, any distribution thereof in violation of the Securities Act; provided, however, that by making the representations herein, Subscriber does not agree to hold any of the Subscribed Shares or any other securities for any minimum or other specific term and reserves the right to dispose of the Subscribed Shares at any time in accordance with or pursuant to a registration statement or an exemption under the Securities Act. Subscriber is not an entity formed for the specific purpose of acquiring the Subscribed Shares.

1.1.5. Subscriber understands that the Subscribed Shares are being offered in a transaction not involving any public offering within the meaning of the Securities Act and that the Subscribed Shares have not been registered under the Securities Act. Except in respect of any stock lending program, Subscriber understands that the Subscribed Shares may not be resold, transferred, pledged or otherwise disposed of by Subscriber absent an effective registration statement under the Securities Act, except (i) to the issuer of such Subscribed Shares or a subsidiary thereof, (ii) to non-U.S. persons pursuant to offers and sales that occur solely outside the United States within the meaning of Regulation S under the Securities Act or (iii) pursuant to another applicable exemption from the registration requirements of the Securities Act (including Rule 144), and in each of cases (i) and (iii), in accordance with any applicable securities laws of the states and other jurisdictions of the United States, and that the Subscribed Shares shall be subject to a legend to such effect (provided that such legends will be eligible for removal upon compliance with the relevant resale as set forth in this Subscription Agreement). Subscriber acknowledges that the Subscribed Shares will not be eligible for resale pursuant to Rule 144A promulgated under the Securities Act. Subscriber understands and agrees that unless the resale of the Subscribed Shares is covered by an effective registration statement under the Securities Act, the Subscribed Shares will be subject to the foregoing restrictions and, as a result, Subscriber may not be able to readily resell the Subscribed Shares and may be required to bear the financial risk of an investment in the Subscribed Shares for an indefinite period of time. Subscriber understands that it has been advised to consult independent legal counsel prior to making any offer, resale, pledge or transfer of any of the Subscribed Shares. Subscriber has determined based on its own independent review and such professional advice as it deems appropriate that the Subscribed Shares are a suitable investment for Subscriber, notwithstanding the substantial risks inherent in investing in or holding the Subscribed Shares, and that Subscriber is able at this time and in the foreseeable future to bear the economic risk of a total loss of Subscriber's investment in Grove.

1.1.6. Subscriber understands and agrees that Subscriber is purchasing the Subscribed Shares from Grove. Subscriber further acknowledges that there have been

no representations, warranties, covenants or agreements made to Subscriber by Grove or any of their respective officers or directors, expressly or by implication, other than those representations, warranties, covenants and agreements expressly set forth in this Subscription Agreement. Subscriber acknowledges specifically that a possibility of total loss exists.

1.1.7. If Subscriber is an employee benefit plan that is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), Subscriber represents and warrants that its acquisition and holding of the Subscribed Shares will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Internal Revenue Code of 1986, as amended (the "**Code**"), or any applicable other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "**Similar Laws**").

1.1.8. In making its decision to purchase the Subscribed Shares, Subscriber represents that it has relied solely upon independent investigation made by Subscriber and the representations, warranties and covenants of Grove contained in this Subscription Agreement. Without limiting the generality of the foregoing, Subscriber has not relied on any statements or other information provided by anyone, other than Grove and their respective representatives concerning Grove or the Subscribed Shares or the offer and sale of the Subscribed Shares. Subscriber acknowledges and agrees that Subscriber has received access to and has had an adequate opportunity to review such information as Subscriber deems necessary in order to make an investment decision with respect to the Subscribed Shares, including with respect to Grove. Subscriber represents and agrees that Subscriber and Subscriber's professional advisor(s), if any, have had the full opportunity to ask such questions, receive such answers and obtain such information as Subscriber and Subscriber's professional advisor(s), if any, have deemed necessary to make an investment decision with respect to the Subscribed Shares. Subscriber represents and warrants it is relying exclusively on its own investment analysis and due diligence (including professional advice it deems appropriate) with respect to the Subscribed Shares and the business, condition (financial and otherwise), management, operations, properties and prospects of Grove, including but not limited to all business, legal, regulatory, accounting, credit and tax matters.

1.1.9. Subscriber became aware of this offering of the Subscribed Shares solely by means of direct contact between Subscriber and Grove or one of their respective representatives. Subscriber did not become aware of this offering of the Subscribed Shares, nor were the Subscribed Shares offered to Subscriber, by any general solicitation. Subscriber acknowledges that Grove represents and warrants that the Subscribed Shares were not offered by any form of general solicitation or general advertising, including methods described in section 502(c) of Regulation D under the Securities Act.

1.1.10. Subscriber understands and agrees that no federal or state agency has passed upon or endorsed the merits of the offering of the Subscribed Shares or made any findings or determination as to the fairness of an investment in the Subscribed Shares.

1.1.11. Subscriber represents and warrants that Subscriber is not (i) a person or entity named on the List of Specially Designated Nationals and Blocked Persons administered by the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**") or in any Executive Order issued by the President of the United States

and administered by OFAC ("**OFAC List**"), or a person or entity prohibited by any OFAC sanctions program, (ii) a Designated National as defined in the Cuban Assets Control Regulations, 31 C.F.R. Part 515 or (iii) a non-U.S. shell bank or providing banking services indirectly to a non-U.S. shell bank. Subscriber agrees to provide law enforcement agencies, if requested thereby, such records as required by applicable law, provided that Subscriber is permitted to do so under applicable law. If Subscriber is a financial institution subject to the Bank Secrecy Act (31 U.S.C. Section 5311 et seq.), as amended by the USA PATRIOT Act of 2001, and its implementing regulations (collectively, the "**BSA/PATRIOT Act**"), Subscriber represents that it maintains policies and procedures reasonably designed to comply with applicable obligations under the BSA/PATRIOT Act. Subscriber also represents that, to the extent required, it maintains policies and procedures reasonably designed for the screening of its investors against the OFAC sanctions programs, including the OFAC List. Subscriber further represents and warrants that, to the extent required, it maintains policies and procedures reasonably designed to ensure that the funds held by Subscriber and used to purchase the Subscribed Shares were legally derived.

1.1.12. If Subscriber is an employee benefit plan that is subject to Title I of ERISA, a plan, an individual retirement account or other arrangement that is subject to section 4975 of the Code or an employee benefit plan that is a governmental plan (as defined in section 3(32) of ERISA), a church plan (as defined in section 3(33) of ERISA), a non-U.S. plan (as described in section 4(b)(4) of ERISA) or other plan that is not subject to the foregoing but may be subject to provisions under any other Similar Laws or an entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement (each, a "**Plan**"), Subscriber represents and warrants that none of Grove or any of its affiliates (the "**Transaction Parties**") has acted as the Plan's fiduciary, or has been relied on for advice, with respect to its decision to acquire and hold the Subscribed Shares, and none of the Transaction Parties shall at any time be relied upon as the Plan's fiduciary with respect to any decision to acquire, continue to hold or transfer the Subscribed Shares.

1.1.13. Subscriber is not a foreign person (as defined in 31 C.F.R. Part 800.224) in which the national or subnational governments of a single foreign state have a substantial interest (as defined in 31 C.F.R. Part 800.244) and that will acquire a substantial interest in Grove as a result of the purchase and sale of Subscribed Shares hereunder such that a declaration to the Committee on Foreign Investment in the United States would be mandatory under 31 C.F.R. Part 800.401, and no foreign person will have control (as defined in 31 C.F.R. Part 800.208) over Grove from and after the Closing as a result of the purchase and sale of the Subscribed Shares hereunder.

1.1.14. On each date any portion of the Subscription Amounts would be required to be funded to Grove pursuant to Section 3.2, Subscriber will have sufficient immediately available funds to pay such portion of the Subscription Amounts pursuant to Section 3.2.

1.1.15. No broker, finder or other financial consultant has acted on behalf of Subscriber in connection with this Subscription Agreement or the transactions contemplated hereby in such a way as to create any liability on Grove.

1.1.16. Subscriber agrees that, from the date of this Subscription Agreement until the Closing, none of Subscriber, its controlled affiliates, or any person or entity acting on behalf of Subscriber or any of its controlled affiliates or pursuant to any

understanding with Subscriber or any of its controlled affiliates will engage in any Short Sales with respect to securities of Grove. For the purposes hereof, "**Short Sales**" shall mean all "short sales" as defined in Rule 200 promulgated under Regulation SHO under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), but shall not include pledging in the ordinary course of business as part of prime brokerage arrangements. Notwithstanding the foregoing, (a) nothing herein shall prohibit any entities under common management or that share an investment advisor with Subscriber (including Subscriber's controlled affiliates and/or affiliates) from entering into any Short Sales and (b) in the case of a Subscriber that is a multimanaged investment vehicle whereby separate portfolio managers manage separate portions of such Subscriber's assets, this Section 4.1.16 shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Subscribed Shares covered by this Subscription Agreement. For the avoidance of doubt, this Section 2.1.16 shall not apply to (i) any sale (including the exercise of any redemption right) of securities of Grove (A) held by Subscriber, its controlled affiliates or any person or entity acting on behalf of Subscriber or any of its controlled affiliates prior to the execution of this Subscription Agreement or (B) purchased by Subscriber, its controlled affiliates or any person or entity acting on behalf of Subscriber or any of its controlled affiliates in an open market transaction after the execution of this Subscription Agreement or (ii) ordinary course, non-speculative hedging transactions.

1.1. Grove Representations, Warranties and Agreements. To induce Subscriber to purchase the Subscribed Shares, assuming the accuracy of the representations and warranties of the Subscriber set forth in Section 2.1 and except as set forth in the SEC Documents (as defined below), but excluding any disclosures set forth under the headings "Risk Factors," or disclosure of risks set forth in any "forward-looking statements" disclaimer, or disclosures in any other statements that are similarly cautionary or predictive in nature (collectively, "Risk Disclosures") which disclosures serve to qualify these representations and warranties in their entirety, Grove hereby represents and warrants and agrees with Subscriber (and not as to any other Person), that the statements contained in this Section 2.2 are true and correct as of the date hereof and as of the Closing Date:

1.1.17. Grove is duly incorporated and (i) is validly existing and in good standing under the laws of the State of Delaware, (ii) is duly licensed or qualified to conduct its business and, if applicable, in good standing under the laws of each jurisdiction (other than its jurisdiction of incorporation) in which the conduct of its business or the ownership of its properties or assets requires such license or qualification, except, with respect to the foregoing clause (ii), where the failure to be in good standing would not reasonably be expected to have a Grove Material Adverse Effect (as defined below), (iii) has all requisite power and authority to own, lease and operate its properties and conduct its business as presently conducted and to enter into, deliver and perform its obligations under this Subscription Agreement.

1.1.18. The Subscribed Shares and the shares of Common Stock issuable upon exercise of the Consulting Warrant (such shares, the "Warrant Shares" and, together with the Subscribed Shares and the Consulting Warrant, the "Securities") will be duly authorized and, when issued and delivered to Subscriber in accordance with the terms hereof or the Consulting Warrant (as applicable), will be free and clear of all liens, encumbrances and other restrictions (other than restrictions on transfer arising under applicable securities laws) and, upon such issuance, the Subscribed Shares and the Warrant Shares will be validly issued, fully paid and non-assessable and will not have

been issued in violation of or subject to any preemptive or similar rights under Grove's constitutive agreements or applicable law.

1.1.19. This Subscription Agreement has been and the Consulting Warrant will be duly authorized, validly executed and delivered by Grove and, assuming that this Subscription Agreement constitutes the valid and binding obligation of Subscriber, is (or upon execution will be) the valid and binding obligation of Grove, enforceable against Grove in accordance with its terms, except as may be limited or otherwise affected by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws relating to or affecting the rights of creditors generally and (ii) principles of equity, whether considered at law or equity.

1.1.20. The execution, delivery and performance of this Subscription Agreement and the Consulting Warrant (including compliance by Grove with all of the provisions hereof and thereof), the issuance and sale of the Securities to be issued by Grove and the consummation of the other transactions contemplated herein and in the Consulting Warrant will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of Grove or any of its subsidiaries pursuant to the terms of any indenture, mortgage, charge, deed of trust, loan agreement, lease, license or other agreement or instrument to which Grove or any of its subsidiaries is a party or by which Grove or any of its subsidiaries is bound or to which any of the property or assets of Grove or any of its subsidiaries is subject, which would reasonably be expected to have a material adverse effect on the business, properties, financial condition, stockholders' equity or results of operations of Grove and its respective subsidiaries, taken as a whole or materially and adversely affects the ability of Grove to timely perform its obligations under this Subscription Agreement (collectively, a "**Grove Material Adverse Effect**"), (ii) result in any violation of the provisions of the organizational documents of Grove or any of its subsidiaries or (iii) result in any violation of any statute or any judgment, order, rule or regulation of any court or governmental agency or body, domestic or foreign, having jurisdiction over Grove or any of its subsidiaries or any of its properties that would reasonably be expected to have a Grove Material Adverse Effect. Grove has obtained all consents required of Grove for the consummation of the transactions contemplated hereby and by the Consulting Warrant.

1.1.21. Neither Grove, nor any person acting on its behalf has, directly or indirectly, made any offers or sales of any security of Grove nor solicited any offers to buy any security under circumstances that would adversely affect reliance by Grove on Section 4(a)(2) of the Securities Act for the exemption from registration for the transactions contemplated hereby or would require registration of the issuance of any of the Securities under the Securities Act.

1.1.22. Neither Grove, nor any person acting on its behalf has conducted any general solicitation or general advertising, including methods described in section 502(c) of Regulation D under the Securities Act, in connection with the offer or sale of any of the Securities and neither Grove, nor any person acting on its behalf has offered any of the Securities in a manner involving a public offering under, or in a distribution in violation of, the Securities Act or any state securities laws.

1.1.23. As of the date of this Subscription Agreement, the authorized share capital of Grove consists of 900,000,000 shares of capital stock, 600,000,000 of which

are designated as Common Stock, 200,000,000 of which are designated Class B common stock and 100,000,000 of which are designated as preferred stock, each $0.0001 par value per share. As of the date hereof, 86,931,834 shares of Common Stock, 80,066,782 shares of Class B common stock and no shares of preferred stock are issued and outstanding. Without limiting the foregoing, Schedule 2.2.7 to this Agreement sets forth the capitalization of the Company as of September 30, 2022, including the number of shares of Common Stock, Class B common stock and preferred stock: (i) issued and outstanding; (ii) issuable upon exercise or conversion of options, warrants, restricted unit awards, purchase rights, indebtedness and other securities, in each case, whether or not vested (and the exercise, conversion or exchange price therefor); (iii) reserved for issuance (directly or indirectly) pursuant to any equity incentive plans; and (iv) issuable pursuant to earnout or similar provisions. Schedule 2.2.7 is true, correct and complete in all material respects.

1.1.24. All issued and outstanding shares of capital stock of Grove have been duly authorized and validly issued, are fully paid, non-assessable and are not subject to preemptive or similar rights.

1.1.25. Assuming the accuracy of Subscriber's representations and warranties set forth in Section 2.1, (i) no registration under the Securities Act is required for the offer and sale of the Securities by Grove to Subscriber and (ii) no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority is required on the part of Grove in connection with the consummation of the transactions contemplated by this Subscription Agreement, except for filings pursuant to Regulation D of the Securities Act and applicable state securities laws.

1.1.26. As of the date hereof, there are no pending or, to the knowledge of Grove, threatened, suits, claims, actions, or proceedings, which, if determined adversely, would, individually or in the aggregate, reasonably be expected to have a Grove Material Adverse Effect. As of the date hereof, there is no unsatisfied judgment, any open injunction, or any decree, ruling or order of any governmental authority or arbitrator outstanding against or binding upon Grove, which would, individually or in the aggregate, reasonably be expected to have a Grove Material Adverse Effect.

1.1.27. Grove is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority, self-regulatory organization or other person in connection with the execution, delivery and performance by Grove of this Subscription Agreement or the Consulting Warrant (including, without limitation, the issuance of the applicable Securities), other than (i) filings with the Commission of a Form 8-K (disclosing the transactions contemplated hereby) and a Form D, (ii) notice filings required by applicable state securities laws, (iii) filings required in accordance with Section 5 of this Agreement, (iv) filing of a supplemental listing application with the New York Stock Exchange (the "**NYSE**") and (v) filings, the failure of which to obtain would not be reasonably expected to have, individually or in the aggregate, a Grove Material Adverse Effect.

1.1.28. Grove has made available to Subscriber (including via the Commission's EDGAR system) a true, correct and complete copy of each form, report, statement, schedule, prospectus, proxy, registration statement and other documents filed by Grove with the Commission since June 16, 2022 and prior to the date of this

Subscription Agreement (the "**SEC Documents**"), which SEC Documents, as of their respective filing dates, complied in all material respects with the requirements of the Exchange Act applicable to the SEC Documents and the rules and regulations of the Commission promulgated thereunder and applicable to the SEC Documents. As of their respective dates, all SEC Documents required to be filed by Grove with the Commission prior to the date hereof complied in all material respects with the applicable requirements of the Securities Act and the Exchange Act and the rules and regulations of the Commission promulgated thereunder. None of the SEC Documents filed under Securities Act or the Exchange Act, contained, when filed or, if amended prior to the date of this Subscription Agreement, as of the date of such amendment with respect to those disclosures that are amended, any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of Grove included in the SEC Documents complied in all material respects with applicable accounting requirements and the rules and regulations of the Securities and Exchange Commission (the "**Commission**") with respect thereto as in effect at the time of filing and fairly present in all material respects the financial condition of Grove as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, year-end audit adjustments, and such financial statements have been prepared in conformity with GAAP applied on a consistent basis during the periods involved (except as may be disclosed therein or in the notes thereto, and except that the unaudited financial statements may not contain all footnotes required by GAAP); except, in each case, as set forth in any subsequent SEC Document filed or furnished with the SEC on or prior to the date hereof. Effective as of June 23, 2023, at least one year shall have elapsed since date on which Grove filed with the SEC a Current Report on Form 8-K that includes current "Form 10 information" (within the meaning of Rule 144) reflecting Grove's status as an entity that is no longer an issuer described in paragraph (i)(1)(i) of Rule 144.

1.1.29. No broker, finder or other financial consultant has acted on behalf of Grove in connection with this Subscription Agreement, the Consulting Warrant or the transactions contemplated hereby.

1.1.30. Grove is not in default or violation (and no event has occurred which, with notice or the lapse of time or both, would constitute a default or violation) of any term, condition or provision of (i) the organizational documents of Grove, (ii) any loan or credit agreement, guarantee, note, bond, mortgage, indenture, lease or other agreement, permit, franchise or license to which, as of the date of this Subscription Agreement, Grove is a party or by which such Grove's properties or assets are bound or (iii) any statute or any judgment, order, rule or regulation of any court or governmental agency, taxing authority or regulatory body, domestic or foreign, having jurisdiction over such Issuer or any of its properties, except, in the case of clauses (ii) and (iii), for defaults or violations that have not had and would not be reasonably likely to have, individually or in the aggregate, a Grove Material Adverse Effect.

1.1.31. Grove is in compliance with all applicable laws, except where such non-compliance would not be reasonably likely to have a Grove Material Adverse Effect.

1.1.32. As of the date hereof, the issued and outstanding shares of Common Stock are registered pursuant to Section 12(b) of the Exchange Act, and are listed for trading on NYSE under the symbol "GROV". Grove is in compliance with all applicable NYSE continued listing requirements. There is no suit, action, proceeding or

investigation pending or, to the knowledge of Grove, threatened against Grove by NYSE or the Commission with respect to any intention by such entity to deregister the Common Stock or prohibit or terminate, or otherwise with respect to, the listing of the Common Stock on NYSE and Grove has not received any notice of, nor to Grove's knowledge is there any reasonable basis for, the delisting of the Common Stock. Grove has taken no action that is designed to terminate the registration of the Common Stock under the Exchange Act or the listing of the Common Stock on the NYSE.

1.1.33. The execution, delivery and performance of this Subscription Agreement and the Consulting Warrant by Grove and the consummation by Grove of the transactions contemplated hereby and thereby (including the issuance of the Securities) will not result in any noncompliance by Grove with any NYSE requirements or require stockholder approval.

1.1.34. Legal Proceedings. There are no legal, governmental or regulatory investigations, actions, suits or proceedings pending to which Grove or its subsidiaries are or may reasonably be expected to become a party or to which any property of Grove or its subsidiaries are or may reasonably be expected to become the subject that, individually or in the aggregate, would reasonably be expected to have a Grove Material Adverse Effect.

1.1.35. No Integrated Offering. Neither Grove nor any Person acting on its behalf has, directly or indirectly, made any offers or sales of any Company security or solicited any offers to buy any Company security, under circumstances that would adversely affect reliance by Grove on Section 4(a)(2) and Regulation D for the exemption from registration for the transactions contemplated hereby or would require registration of the Securities under the 1933 Act.

1.1.36. Private Placement. Assuming the accuracy of the representations and warranties of the Investors set forth in Section 5, the offer and sale of the Shares to the Investors as contemplated hereby is exempt from the registration requirements of the 1933 Act. The issuance and sale of the Securities does not contravene the rules and regulations of NYSE.

1.1.37. Internal Controls. Grove has established and maintains disclosure controls and procedures (as defined in Rules 13a-15 and 15d-15 under the 1934 Act), which are designed to ensure that material information relating to Grove, including its subsidiary, is made known to Grove's principal executive officer and its principal financial officer by others within those entities. Since the end of Grove's most recent audited fiscal year, except as described in the SEC Filings, there have been no significant deficiencies or material weaknesses in Grove's internal control over financial reporting (whether or not remediated) and no change in Grove's internal control over financial reporting that has materially affected, or would reasonably be expected to materially affect, Grove's internal control over financial reporting. Grove is not aware of any change in its internal controls over financial reporting that has occurred during its most recent fiscal quarter that has materially affected, or would reasonably be expected to materially affect, Grove's internal control over financial reporting.

1.1.38. Investment Company. Grove is not required to be registered as, and immediately following the Closing will not be required to register as, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

3. Closing.

1.1. The closing of the subscription contemplated hereby (the "**Closing**") shall occur on the second Business Day following the Effective Date (such date, the "**Closing Date**"). At the Closing, (i) Subscriber shall pay or cause to be paid to Grove, by wire transfer of United States dollars in immediately available funds to an account designated in writing by Grove, the Purchase Price and (ii) Grove shall issue to Subscriber (or the funds and accounts designated by Subscriber if so designated by Subscriber, or its nominee in accordance with its delivery instructions) or to a custodian designated by Subscriber, as applicable, the Subscribed Shares, free and clear of any liens or other restrictions whatsoever (other than those arising under state or federal securities laws), which Subscribed Shares, unless otherwise determined by Grove, shall be uncertificated, with record ownership reflected only in the register of shareholders of Grove. For purposes of this Subscription Agreement, "**Business Day**" means any day that, in New York, New York, is neither a legal holiday nor a day on which banking institutions are generally authorized or required by law or regulation to close.

4. Conditions to Subscription.

1.2. Conditions to Closing of Grove. Grove's obligations to sell and issue the Subscribed Shares at the Closing are subject to the fulfillment or (to the extent permitted by applicable law) written waiver by Grove, on or prior to the Closing Date, of each of the following conditions:

1.1.1. Representations and Warranties Correct. The representations and warranties made by Subscriber in Section 2.1 shall be true and correct in all material respects when made (unless they specifically speak as of another date in which case they shall be true and correct in all material respects as of such date) (other than representations and warranties that are qualified as to materiality or Subscriber Material Adverse Effect, which representations and warranties shall be true and correct in all respects), and shall be true and correct in all material respects on and as of the Closing Date (unless they specifically speak as of another date in which case they shall be true and correct in all material respects as of such date) (other than representations and warranties that are qualified as to materiality or Subscriber Material Adverse Effect, which representations and warranties shall be true in all respects) with the same force and effect as if they had been made on and as of said date.

1.1.2. Compliance with Covenants. Subscriber shall have performed, satisfied and complied in all respects with the covenants, agreements and conditions required by this Subscription Agreement to be performed, satisfied or complied with by Subscriber at or prior to the Closing, except where the failure of such performance or compliance would not or would not reasonably be expected to prevent, materially delay, or materially impair the ability of Subscriber to consummate the Closing. Grove shall have delivered to Subscriber a certificate in customary form from an executive officer of Grove certifying as to the satisfaction of the conditions set forth in Sections 4.1.1 and 4.1.2 of this Agreement prior to the Closing.

1.1.3. Legality. There shall not be in force any order, judgment, injunction, decree, writ, stipulation, determination or award, in each case, entered by or with any governmental authority, statute, rule or regulation enjoining or prohibiting the consummation of the transactions contemplated by this Subscription Agreement.

1.3. Conditions to Closing of Subscriber. Subscriber's obligation to purchase the Subscribed Shares at the Closing is subject to the fulfillment or (to the extent permitted by applicable law) written waiver by Subscriber, on or prior to the Closing Date, of each of the following conditions:

1.1.1. Representations and Warranties Correct. The representations and warranties made by Grove in Section 2.2 shall be true and correct in all material respects when made (unless they specifically speak as of another date in which case they shall be true and correct in all material respects as of such date) (other than representations and warranties that are qualified as to materiality or Grove Material Adverse Effect, which representations and warranties shall be true and correct in all respects), and shall be true and correct in all material respects on and as of the Closing Date (unless they specifically speak as of another date in which case they shall be true and correct in all material respects as of such date) (other than representations and warranties that are qualified as to materiality or Grove Material Adverse Effect, which representations and warranties shall be true and correct in all respects) with the same force and effect as if they had been made on and as of said date.

1.1.2. Compliance with Covenants. Grove shall have performed, satisfied and complied in all respects with the covenants, agreements and conditions required by this Subscription Agreement to be performed, satisfied or complied with by Grove at or prior to the Closing, except where the failure of such performance or compliance would not or would not reasonably be expected to prevent, materially delay, or materially impair the ability of Grove to consummate the Closing.

1.1.3. Legality. There shall not be in force any order, judgment, injunction, decree, writ, stipulation, determination or award, in each case, entered by or with any governmental authority, statute, rule or regulation enjoining or prohibiting consummation of the transactions contemplated by this Subscription Agreement and no such governmental authority shall have instituted or threatened in writing a proceeding seeking to impose any such restraint or prohibition.

1.1.4. Listing. No suspension of the qualification of the Common Stock for offering or sale or trading in any jurisdiction, and no suspension or removal from listing of the Common Stock on the NYSE or Nasdaq, and no initiation or threatening of any proceedings for any of such purposes or delisting, shall have occurred, and the Subscribed Shares shall be approved for listing on the NYSE or Nasdaq, as applicable, subject to official notice of issuance.

5. Registration Statement.

1.1. Filing and Effectiveness

1.1.1. Grove agrees that as promptly as practicable following Grove becoming eligible to file a registration statement on Form S-3 and in any event prior to July 15, 2023 (the earlier of the date of such filing and July 15, 2023, the "**Filing Date**"), Grove will file with the Securities and Exchange Commission (the "**Commission**") (at Grove's sole cost and expense) a registration statement (the "**Initial Registration Statement**") registering the resale of the Registrable Securities (as defined below) on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, and Grove shall use its commercially reasonable efforts to have the Initial Registration Statement declared effective as soon as practicable after the filing thereof, but no later than the

earlier of (i) the 60th calendar day (or 90th calendar day if the Commission notifies Grove that it will "review" the Initial Registration Statement) following the Filing Date and (ii) the 5th Business Day after the date Grove is notified (orally or in writing, whichever is earlier) by the Commission that the Initial Registration Statement will not be "reviewed" or will not be subject to further review (such earlier date, the "**Effectiveness Deadline**"). "**Registrable Securities**" means (1) the Initial Subscribed Shares, (2) any Warrant Shares issued or issuable upon exercise of, or otherwise pursuant to, the Consulting Warrant (without giving effect to any limitations on exercise set forth in the Consulting Warrant), (3) any shares of Common Stock issued or issuable in connection with any anti-dilution provisions in, or adjustments under, the Consulting Warrant, (4) any shares of capital stock issued or issuable as a dividend on or in exchange for or otherwise with respect to any of the foregoing, and (5) any additional shares of Common Stock issued or issuable in connection with any anti-dilution provisions in the Consulting Warrant, and (6) any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to any of the foregoing. For purposes of clarification, any failure by Grove to file the Initial Registration Statement by the Filing Date or to effect such Initial Registration Statement by the Effectiveness Deadline shall not otherwise relieve Grove of its obligations to file or effect the Initial Registration Statement as set forth above in this Section 5. For purposes of this Section 5, "Subscriber" shall include any person to which the rights under this Section 5 shall have been duly assigned. Grove will provide a draft of the Initial Registration Statement to Subscriber for review at least two (2) Business Days in advance of filing the Initial Registration Statement. Subject to any comments from the Commission, the Initial Registration Statement shall contain a "plan of distribution" reasonably acceptable to Subscriber and in no event shall Subscriber be identified as an underwriter in the Initial Registration Statement unless requested by the Commission and consented to by Subscriber. If the Commission requests that Subscriber be identified as an underwriter in the Initial Registration Statement, Subscriber will have an opportunity to withdraw from the Initial Registration Statement.

1.1.2. Registration of Additional Shares. Grove agrees to prepare, and, as soon as practicable but in no event later than each Additional Filing Deadline (as defined below), file with the Commission an additional registration statement on Form S-3 (or, if Form S-3 is not then available, on Form S-1 or such other form of Registration Statement as is then available to effect a registration of the Registrable Securities, subject to the consent of Subscriber, which consent shall not be unreasonably withheld or delayed) (such registration statements, the "**Additional Share Registration Statements**" and together with the Initial Registration Statement, the "**Registration Statements**") covering the resale of all Additional Shares issued or issuable hereunder (collectively, the "**Additional Share Registrable Securities**") not already covered by an existing and effective Registration Statement. Grove shall use its commercially reasonable efforts to have each such Additional Share Registration Statement declared effective as soon as practicable after the filing thereof, but no later than the earlier of (i) the 60th calendar day (or 90th calendar day if the Commission notifies Grove that it will "review" the Additional Share Registration Statement) following the date such Additional Share Registration Statement is filed (or, if earlier, required to be filed) with the Commission and (ii) the 5th Business Day after the date Grove is notified (orally or in writing, whichever is earlier) by the Commission that such Additional Share Registration Statement will not be "reviewed" or will not be subject to further review. For purposes hereof, "**Additional Filing Deadline**" means, with respect to each Additional Share Registration Statement that may be required pursuant to this Section 5.1.2 to register Additional Share Registrable Securities, seven (7) Business Days following the expiration

of the Measurement Date in respect of which such Additional Shares comprising part of such Additional Share Registrable Securities are issued or issuable.

1.1. In the case of each registration effected by Grove pursuant to this Subscription Agreement, Grove shall, upon reasonable request, inform Subscriber as to the status of such registration. At its expense, Grove shall:

1.1.3. except for such times as Grove is permitted hereunder to suspend the use of the prospectus forming part of a Registration Statement, use its commercially reasonable efforts to keep such registration, and any qualification, exemption or compliance under state securities laws which Grove determines to obtain, continuously effective and available for the resale of all of the Registrable Securities, and to keep the applicable Registration Statement or any subsequent shelf registration statement free of any material misstatements or omissions, until the earlier of the following: (i) Subscriber ceases to hold any Registrable Securities and (ii) the date all Registrable Securities held by Subscriber may be sold without restriction under Rule 144, including without limitation, any volume and manner of sale restrictions which may be applicable to affiliates under Rule 144 and without the requirement for Grove to be in compliance with the current public information required under Rule 144(c)(1) (or Rule 144(i)(2), if applicable); *provided*, that for as long as Grove is required to keep a Registration Statement effective pursuant to the immediately preceding sentence, Grove will use commercially reasonable efforts to file all reports, and provide all customary and reasonable cooperation, necessary to enable Subscriber to resell the Subscribed Shares pursuant to the Registration Statement.

1.1.4. advise Subscriber, as promptly as practicable but in any event within five (5) Business Days:

(a) when a Registration Statement or any post-effective amendment thereto has become effective;

(b) of any request by the Commission for amendments or supplements to any Registration Statement or the prospectus included therein or for additional information;

(c) of the issuance by the Commission of any stop order suspending the effectiveness of any Registration Statement or the initiation of any proceedings for such purpose;

(d) of the receipt by Grove of any notification with respect to the suspension of the qualification of the Registrable Securities included therein for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and

(e) subject to the provisions in this Subscription Agreement, of the occurrence of any event that requires the making of any changes in any Registration Statement or prospectus so that, as of such date, the statements therein are not misleading and do not omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading.

Notwithstanding anything to the contrary set forth herein, Grove shall not, when so advising Subscriber of such events, provide Subscriber with any material, nonpublic information regarding Grove or subject the Subscriber to any duty of confidentiality;

1.1.5. use its commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of any Registration Statement as soon as reasonably practicable; and

1.1.6. upon the occurrence of any event contemplated in Section 5.2.2(e), except for such times as Grove is permitted hereunder to suspend, and has suspended, the use of a prospectus forming part of a Registration Statement, Grove shall use its commercially reasonable efforts to as soon as reasonably practicable prepare a post-effective amendment to such Registration Statement or a supplement to the related prospectus, or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities included therein, such prospectus will not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

1.1. Notwithstanding anything to the contrary in this Subscription Agreement, Grove shall be entitled to delay or postpone the effectiveness of the Registration Statement, and from time to time to require Subscriber not to sell under the Registration Statement or to suspend the effectiveness thereof, if the filing, effectiveness or continued use of any Registration Statement would require Grove to make any public disclosure of material non-public information, which disclosure, in the good faith determination of the board of directors of Grove, after consultation with counsel to Grove, (a) would be required to be made in any Registration Statement in order for the applicable Registration Statement not to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading, (b) would not be required to be made at such time if the Registration Statement were not being filed, and (c) Grove has a bona fide business purpose for not making such information public (each such circumstance, a "**Suspension Event**"); provided, however, that Grove may not delay or suspend the Registration Statement on more than two occasions, for more than sixty (60) consecutive calendar days, or more than ninety (90) total calendar days, in each case, during any twelve-month period or less than sixty (60) days following the expiration of any prior suspension pursuant to this Section 5.3. Upon receipt of any written notice from Grove (which notice shall not contain any material non-public information regarding Grove and which notice shall not be subject to any duty of confidentiality) of the happening of any Suspension Event during the period that the Registration Statement is effective or if as a result of a Suspension Event the Registration Statement or related prospectus contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made (in the case of the prospectus) not misleading, Subscriber agrees that it will immediately discontinue offers and sales of the Subscribed Shares under the Registration Statement (excluding, for the avoidance of doubt, sales conducted pursuant to Rule 144 or any other exemption from registration under the Securities Act and the consummation of any sale pursuant to a contract entered into, or order placed, by any holder prior to the delivery of such notice) until Subscriber receives copies of a supplemental or amended prospectus (which Grove agrees to promptly prepare) that corrects the misstatement(s) or omission(s) referred to above and receives notice that any post-effective amendment has become effective or unless otherwise notified by Grove that it may resume such offers and sales (which notice shall not contain any material non-public information regarding Grove and which notice shall not be subject to any duty of confidentiality).

1.2. Subscriber may deliver written notice (including via email in accordance with Section 5.3 (an "**Opt-Out Notice**") to Grove requesting that Subscriber not receive notices from Grove otherwise required by Section 5.3; *provided*, *however*, that Subscriber may later revoke any such Opt-Out Notice in writing. Following receipt of an Opt-Out Notice from Subscriber (unless subsequently revoked), (i) Grove shall not deliver any such notices to Subscriber and Subscriber shall no longer be entitled to the rights associated with any such notice and (ii) each time prior to Subscriber's intended use of an effective Registration Statement, Subscriber will notify Grove in writing at least two (2) Business Days in advance of such intended use, and if a notice of a Suspension Event was previously delivered (or would have been delivered but for the provisions of this Section 5.4) and the related suspension period remains in effect, Grove will so notify Subscriber, within one (1) Business Day of Subscriber's notification to Grove, by delivering to Subscriber a copy of such previous notice of Suspension Event, and thereafter will provide Subscriber with the related notice of the conclusion of such Suspension Event immediately upon its availability (which notices shall not contain any material non-public information regarding Grove and which notice shall not be subject to any duty of confidentiality).

1.3. The parties agree that:

1.1.7. Grove shall, notwithstanding the termination of this Subscription Agreement, indemnify and hold harmless, to the extent permitted by law, Subscriber (to the extent a seller under the Registration Statement), the officers, directors, agents, partners, members, managers, shareholders, affiliates, employees and investment advisers of each Subscriber, each person who controls such Subscriber (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), and the officers, directors, partners, members, managers, shareholders, agents, affiliates, employees and investment advisers of each such controlling from and against any and all losses, claims, damages, liabilities, costs and expenses (including, without limitation, any reasonable attorneys' fees and expenses incurred in connection with defending or investigating any such action or claim) (collectively, "**Losses**"), as incurred, that arise out of or are based upon (i) any untrue or alleged untrue statement of material fact contained in any Registration Statement (or incorporated by reference therein), prospectus included in any Registration Statement or preliminary prospectus or any amendment thereof or supplement thereto or arising out of or relating to any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading or (ii) any violation or alleged violation by Grove of the Securities Act, Exchange Act or any state securities law or any rule or regulation thereunder, in connection with the performance of its obligations under this Section 5, except insofar as the same are caused by or contained in any information furnished in writing to Grove by or on behalf of Subscriber expressly for use therein or Subscriber has omitted a material fact from such information; provided, however, that the indemnification contained in this Section 5.5 shall not apply to amounts paid in settlement of any Losses if such settlement is effected without the consent of Grove (which consent shall not be unreasonably withheld, conditioned or delayed), nor shall Grove be liable for any Losses to the extent they arise out of or are based upon a violation which occurs (A) in reliance upon and in conformity with written information furnished by Subscriber expressly for use in such Registration Statement or preliminary prospectus or any amendment thereof or supplement thereto, (B) in connection with any failure of such person to deliver or cause to be delivered a prospectus made available by Grove in a timely manner, (C) as a result of offers or sales effected by or on behalf of any person by means of a "free writing prospectus" (as defined in Rule 405 under the

Securities Act) that was not authorized in writing by Grove, or (D) in connection with any offers or sales effected by or on behalf of Subscriber in violation of Section 5.3. Grove shall notify Subscriber promptly of the institution, threat or assertion of any proceeding arising from or in connection with the transactions contemplated by this Section 5 of which Grove is aware.

1.1.8. Subscriber agrees to indemnify and hold harmless, to the extent permitted by law, Grove, its directors, officers, employees and agents and each person who controls Grove (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) against any and all Losses, as incurred, that arise out of or are based upon any untrue or alleged untrue statement of material fact contained in any Registration Statement, prospectus included in any Registration Statement or preliminary prospectus or any amendment thereof or supplement thereto or arising out of or relating to any omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, but only to the extent that such untrue statement or omission is contained in any information or affidavit so furnished in writing by Subscriber expressly for use therein; provided, however, that the indemnification contained in this Section 5.5 shall not apply to amounts paid in settlement of any Losses if such settlement is effected without the consent of Subscriber (which consent shall not be unreasonably withheld, conditioned or delayed). Notwithstanding anything to the contrary herein, in no event shall the liability of Subscriber be greater in amount than the dollar amount of the net proceeds received by Subscriber upon the sale of the Subscribed Shares purchased pursuant to this Subscription Agreement giving rise to such indemnification obligation.

1.1.9. Any person entitled to indemnification herein shall (1) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give prompt notice shall not impair any person's right to indemnification hereunder to the extent such failure has not prejudiced the indemnifying party) and (2) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party shall not be subject to any liability for any settlement made by the indemnified party without its consent. An indemnifying party who elects not to assume the defense of a claim shall not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of legal counsel to any indemnified party a conflict of interest exists between such indemnified party and any other of such indemnified parties with respect to such claim. No indemnifying party shall, without the consent of the indemnified party (which consent shall not be unreasonably withheld, conditioned or delayed), consent to the entry of any judgment or enter into any settlement which cannot be settled in all respects by the payment of money (and such money is so paid by the indemnifying party pursuant to the terms of such settlement) or which settlement does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

1.1.10. The indemnification provided for under this Subscription Agreement shall remain in full force and effect regardless of any investigation made by

or on behalf of the indemnified party and shall survive the transfer of the Subscribed Shares purchased pursuant to this Subscription Agreement.

1.1.11. If the indemnification provided under this Section 5.5 from the indemnifying party is unavailable or insufficient to hold harmless an indemnified party in respect of any Losses referred to herein, then the indemnifying party, in lieu of indemnifying the indemnified party, shall contribute to the amount paid or payable by the indemnified party as a result of such losses, claims, damages, liabilities and expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and indemnified party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, was made by, or relates to information supplied by, such indemnifying party or indemnified party, and the indemnifying party's and indemnified party's relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the Losses or other liabilities referred to above shall be deemed to include, subject to the limitations set forth above, any legal or other fees, charges or expenses reasonably incurred by such party in connection with any investigation or proceeding. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution pursuant to this Section 5.5 from any person who was not guilty of such fraudulent misrepresentation. Each indemnifying party's obligation to make a contribution pursuant to this Section 5.5 shall be individual, not joint and several, and in no event shall the liability of Subscriber be greater in amount than the dollar amount of the net proceeds received by Subscriber upon the sale of the Subscribed Shares purchased pursuant to this Subscription Agreement giving rise to such contribution obligation.

6. Antitrust.

1.1. If Subscriber determines that the issuance of Securities is subject to notification under the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended, and the related rules and regulations promulgated thereunder (collectively, the "**HSR Act**"), each of Grove and Subscriber agrees to (i) file its respective notification under the HSR Act within ten (10) Business Days of Subscriber informing Grove of its determination that a notification is required in connection with such exercise; (ii) cooperate with the other party in the other party's preparing and making such submission and any responses to inquiries of the Federal Trade Commission ("**FTC**") and/or Department of Justice ("**DOJ**"); and (iii) prepare and make any submission required to be filed by Grove or Subscriber, as applicable, under the HSR Act and respond to inquiries of the FTC and DOJ in connection therewith. Grove shall pay the costs of any required filing fees for any such submissions under the HSR Act.

1.2. No party hereto shall take any action that would reasonably be expected to adversely affect or materially delay the approval of any Governmental Authority, or the expiration or termination of any waiting period of any required filings or applications under Antitrust Laws, including by agreeing to merge with or acquire any other person or acquire a substantial portion of the assets of or equity in any other person. The parties hereto further covenant and agree, with respect to a threatened or pending preliminary or permanent injunction or other order, decree or ruling or statute, rule, regulation or executive order that would adversely affect the ability of the parties hereto to consummate the issuances referenced in Section 6.1, to

use reasonable best efforts to prevent or lift the entry, enactment or promulgation thereof, as the case may be.

7. Miscellaneous.

1.3. Further Assurances. At the Closing, the parties hereto shall execute and deliver such additional documents and take such additional actions as the parties reasonably may deem to be practical and necessary in order to consummate the transactions contemplated by this Subscription Agreement.

1.1.1. Subscriber acknowledges that Grove will rely on the acknowledgments, understandings, agreements, representations and warranties made by Subscriber contained in this Subscription Agreement. Prior to the Closing, Subscriber agrees to promptly notify Grove if any of the acknowledgments, understandings, agreements, representations and warranties made by Subscriber set forth herein are no longer accurate in all material respects. Grove acknowledges that Subscriber will rely on the acknowledgments, understandings, agreements, representations and warranties made by Grove contained in this Subscription Agreement. Prior to the Closing, Grove agrees to promptly notify Subscriber if any of the acknowledgments, understandings, agreements, representations and warranties made by Grove set forth herein are no longer accurate in all material respects (other than those acknowledgments, understandings, agreements, representations and warranties qualified by materiality, in which case Grove shall notify Subscriber if they are no longer accurate in any respect).

1.1.2. Each of Grove and Subscriber is entitled to rely upon this Subscription Agreement and is irrevocably authorized to produce this Subscription Agreement or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

1.1.3. Each of Subscriber and Grove shall pay all of their own respective expenses in connection with this Subscription Agreement and the transactions contemplated herein (it being agreed that all expenses related to the Registration Statement are for the account of Grove, and Grove shall be responsible for the fees of its transfer agent and all of DTC's fees associated with the issuance of the Subscribed Shares); provided, that Grove shall pay $100,000 of Subscriber's legal and other customary out-of-pocket expenses incurred in connection with the transactions contemplated by this Subscription Agreement.

1.1.4. Each of Subscriber and Grove shall take, or cause to be taken, all actions and do, or cause to be done, all things necessary, proper or advisable to consummate the Closing on the date hereof on the terms set forth herein.

1.4. [Reserved]

1.5. Notices. Any notice or communication required or permitted hereunder shall be in writing and either delivered personally, emailed or sent by overnight mail via a reputable overnight carrier, or sent by certified or registered mail, postage prepaid, and shall be deemed to be given and received (i) when so delivered personally, (ii) when sent, with no mail undeliverable or other rejection notice, if sent by email, or (iii) three (3) Business Days after the date of mailing to the address below or to such other address or addresses as such person may hereafter designate by notice given hereunder:

(i) if to Subscriber:

HCI Grove LLC
98 San Jacinto Blvd, 4th Floor
Austin, TX 78701
Attention: Ross Berman
Email: ross@humanco.com

with a copy (which copy shall not constitute notice) to:

Katten Muchin Rosenman LLP
50 Rockefeller Plaza
New York, New York 10020
Attention: David Kravitz, Mark Wood and Bret Diskin
Email: david.kravitz@katten.com; mark.wood@katten.com; bret.diskin@katten.com

(ii) if to Grove:

Grove Collaborative Holdings, Inc.
1301 Sansome St.
San Francisco, California 94111
Attention: Nathan Francis
Email: nfrancis@grove.co

with a copy to:

Sidley Austin LLP
1001 Page Mill Road
Building 1
Palo Alto, California 94304
Attention: Martin A. Wellington
Email: mwellington@sidley.com

1.6. Entire Agreement. This Subscription Agreement constitutes the entire agreement, and supersedes all other prior agreements, understandings, representations and warranties, both written and oral, among the parties, with respect to the subject matter hereof, including any commitment letter entered into relating to the subject matter hereof.

1.7. Modifications and Amendments. This Subscription Agreement may not be amended, modified, supplemented or waived except by an instrument in writing, signed by the party against whom enforcement of such amendment, modification, supplement or waiver is sought.

1.8. Assignment. Neither this Subscription Agreement nor any rights, interests or obligations that may accrue to the parties hereunder (other than the Subscribed Shares acquired hereunder and the rights set forth in Section 5) may be transferred or assigned without the prior written consent of the Subscriber and Grove; provided that (i) all or a portion of Subscriber's rights and obligations hereunder (including Subscriber's rights to purchase the Subscribed Shares) may be assigned to one or more of its affiliates (including any fund or account managed by the same investment manager as Subscriber), or by an affiliate of such investment manager, without the prior consent of Grove, provided that such assignee(s) agrees in

writing to be bound by the terms hereof, and upon such assignment by a Subscriber, the assignee(s) shall become Subscriber hereunder and have the rights and obligations and be deemed to make the representations and warranties of Subscriber provided for herein to the extent of such assignment and (ii) the Subscriber's rights under Section 5 may be assigned to any transferee of any Registrable Securities; provided further that, no assignment shall relieve the assigning party of any of its obligations hereunder, including any assignment to any fund or account managed by the same investment manager as Subscriber.

1.9. Benefit. Except as otherwise provided herein, this Subscription Agreement shall be binding upon, and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives, and permitted assigns, and the agreements, representations, warranties, covenants and acknowledgments contained herein shall be deemed to be made by, and be binding upon, such heirs, executors, administrators, successors, legal representatives and permitted assigns. Except as otherwise provided herein, this Subscription Agreement shall not confer rights or remedies upon any person other than the parties hereto and their respective successors and assigns. Notwithstanding the foregoing, each of HCI Grove Management LLC and any of its Affiliates (as defined in the Consulting Agreement) to which the Consulting Warrant is transferred pursuant to Section 12 of the Consulting Warrant shall be an express third party beneficiary of Section 2.2 and Section 5 and shall be entitled to enforce the rights and remedies available thereunder with the same force and effect as if each such Person were the Subscriber and a signatory hereto.

1.10. Governing Law. This Subscription Agreement, and any claim or cause of action hereunder based upon, arising out of or related to this Subscription Agreement (whether based on law, in equity, in contract, in tort or any other theory) or the negotiation, execution, performance or enforcement of this Subscription Agreement, shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any rules or principles of conflicts of law that would result in the application of the substantive law of any other jurisdiction.

1.11. Consent to Jurisdiction; Waiver of Jury Trial. Each of the parties irrevocably consents to the exclusive jurisdiction and venue of the Court of Chancery of the State of Delaware, provided that if subject matter jurisdiction over the matter that is the subject of the legal proceeding is vested exclusively in the U.S. federal courts, such legal proceeding shall be heard in the U.S. District Court for the District of Delaware (together with the Court of Chancery of the State of Delaware, "**Chosen Courts**"), in connection with any matter based upon or arising out of this Subscription Agreement. Each party hereby waives, and shall not assert as a defense in any legal dispute, that (i) such person is not personally subject to the jurisdiction of the Chosen Courts for any reason, (ii) such legal proceeding may not be brought or is not maintainable in the Chosen Courts, (iii) such person's property is exempt or immune from execution, (iv) such legal proceeding is brought in an inconvenient forum or (v) the venue of such legal proceeding is improper. Each party hereby consents to service of process in any such proceeding in any manner permitted by Delaware law, further consents to service of process by nationally recognized overnight courier service guaranteeing overnight delivery, or by registered or certified mail, return receipt requested, at its address specified pursuant to Section 7.3 and waives and covenants not to assert or plead any objection which they might otherwise have to such manner of service of process. Notwithstanding the foregoing in this Section 7.9, a party may commence any action, claim, cause of action or suit in a court other than the Chosen Courts solely for the purpose of enforcing an order or judgment issued by the Chosen Courts. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH OF THE PARTIES WAIVES ANY RIGHT TO TRIAL BY JURY ON ANY CLAIMS OR COUNTERCLAIMS ASSERTED IN ANY LEGAL DISPUTE RELATING TO THIS

SUBSCRIPTION AGREEMENT WHETHER NOW EXISTING OR HEREAFTER ARISING. IF THE SUBJECT MATTER OF ANY SUCH LEGAL DISPUTE IS ONE IN WHICH THE WAIVER OF JURY TRIAL IS PROHIBITED, NO PARTY SHALL ASSERT IN SUCH LEGAL DISPUTE A NONCOMPULSORY COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS SUBSCRIPTION AGREEMENT. FURTHERMORE, NO PARTY SHALL SEEK TO CONSOLIDATE ANY SUCH LEGAL DISPUTE WITH A SEPARATE ACTION OR OTHER LEGAL PROCEEDING IN WHICH A JURY TRIAL CANNOT BE WAIVED.

1.12. Severability. If any provision of this Subscription Agreement shall be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions of this Subscription Agreement shall not in any way be affected or impaired thereby and shall continue in full force and effect.

1.13. No Waiver of Rights, Powers and Remedies. No failure or delay by a party hereto in exercising any right, power or remedy under this Subscription Agreement, and no course of dealing between the parties hereto, shall operate as a waiver of any such right, power or remedy of such party. No single or partial exercise of any right, power or remedy under this Subscription Agreement by a party hereto, nor any abandonment or discontinuance of steps to enforce any such right, power or remedy, shall preclude such party from any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The election of any remedy by a party hereto shall not constitute a waiver of the right of such party to pursue other available remedies. No notice to or demand on a party not expressly required under this Subscription Agreement shall entitle the party receiving such notice or demand to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the party giving such notice or demand to any other or further action in any circumstances without such notice or demand.

1.14. Remedies.

1.1.1. The parties agree that irreparable damage would occur if this Subscription Agreement is not performed or the Closing is not consummated in accordance with its specific terms or is otherwise breached and that money damages or other legal remedies would not be an adequate remedy for any such damage. It is accordingly agreed that the parties hereto shall be entitled to equitable relief, including in the form of an injunction or injunctions, to prevent breaches or threatened breaches of this Subscription Agreement and to enforce specifically the terms and provisions of this Subscription Agreement in an appropriate court of competent jurisdiction as set forth in Section 9.9, this being in addition to any other remedy to which any party is entitled at law or in equity, including money damages. The right to specific enforcement shall include the right of the parties hereto to cause the other parties hereto to cause the transactions contemplated hereby to be consummated on the terms and subject to the conditions and limitations set forth in this Subscription Agreement. The parties hereto further agree (i) to waive any requirement for the security or posting of any bond in connection with any such equitable remedy, (ii) not to assert that a remedy of specific enforcement pursuant to this Section 7.12 is unenforceable, invalid, contrary to applicable law or inequitable for any reason and (iii) to waive any defenses in any action for specific performance, including the defense that a remedy at law would be adequate.

1.1.2. The parties acknowledge and agree that this Section 7.12 is an integral part of the transactions contemplated hereby and without that right, the parties hereto would not have entered into this Subscription Agreement.

1.15. Survival of Representations and Warranties and Covenants. All representations and warranties made by the parties hereto, and all covenants and other agreements of the parties hereto, in this Subscription Agreement shall survive the Closing.

1.16. Headings and Captions. The headings and captions of the various subdivisions of this Subscription Agreement are for convenience of reference only and shall in no way modify or affect the meaning or construction of any of the terms or provisions hereof.

1.17. Counterparts. This Subscription Agreement may be executed in one or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other parties, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or any other form of electronic delivery, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

1.18. Construction. The words "*include*," "*includes*," and "*including*" will be deemed to be followed by "without limitation." Pronouns in masculine, feminine, and neuter genders will be construed to include any other gender, and words in the singular form will be construed to include the plural and vice versa, unless the context otherwise requires. The words "*this Subscription Agreement*," "*herein*," "*hereof*," "*hereby*," "*hereunder*," and words of similar import refer to this Subscription Agreement as a whole and not to any particular subdivision unless expressly so limited. The parties hereto intend that each representation, warranty, and covenant contained herein will have independent significance. If any party hereto has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which such party hereto has not breached will not detract from or mitigate the fact that such party hereto is in breach of the first representation, warranty, or covenant. All references in this Subscription Agreement to numbers of shares, per share amounts and purchase prices shall be appropriately adjusted to reflect any stock split, stock dividend, stock combination, recapitalization or the like occurring after the date hereof.

1.19. Mutual Drafting. This Subscription Agreement is the joint product of the parties hereto and each provision hereof has been subject to the mutual consultation, negotiation and agreement of the parties and shall not be construed for or against any party hereto.

8. Non-Reliance. Subscriber acknowledges that it is not relying upon, and has not relied upon, any statement, representation or warranty made by any person, firm or corporation, other than the representations and warranties of Grove expressly set forth in this Subscription Agreement, in making its investment or decision to acquire the Subscribed Shares.

9. Rule 144. From and after June 23, 2023 or such earlier time as the benefits of Rule 144 promulgated under the Securities Act or any other similar rule or regulation of the Commission that may allow Subscriber to sell securities of Grove to the public without registration are available to holders of Common Stock and for so long as Subscriber holds the Subscribed Shares, Grove agrees to:

1.20. make and keep public information available, as those terms are understood and defined in Rule 144; and

1.21. file with the Commission in a timely manner all reports and other documents required of Grove under the Securities Act and the Exchange Act so long as Grove is and remains subject to such requirements and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

1.22. furnish to Subscriber so long as it owns Registrable Securities, as promptly as practicable upon request, (x) a written statement by Grove, if true, that it has complied with the reporting requirements of Rule 144, the Securities Act and the Exchange Act, and (y) such other information as may be reasonably requested to permit Subscriber to sell such securities pursuant to Rule 144 without registration.

Grove shall, if requested by the Subscriber (i) cause the removal of all restrictive legends (and stop transfer or similar instructions), including legends related to compliance with the securities laws from the Subscribed Shares, (ii) cause its legal counsel to deliver an opinion, if necessary, to the transfer agent in connection with the instruction under subclause (i) to the effect that removal of such legends (and stop transfer or similar instructions) in such circumstances may be effected in compliance under the Securities Act, and (iii) issue the applicable Subscribed Shares without any such legend in certificated or book-entry form or by electronic delivery through The Depository Trust Company, at Subscriber's option, within two (2) Business Days of such request, if (A) such Subscribed Shares may be sold by the Subscriber under Rule 144, without any volume and manner of sale restrictions, (B) the Subscriber has sold or transferred, or is selling substantially contemporaneously with such request, Subscribed Shares pursuant to a registration statement under the Securities Act or in compliance with Rule 144, (C) while a registration statement covering the sale or resale of such securities is effective under the Securities Act, or (D) if Subscriber certifies that it is not an "affiliate" (within the meaning of Rule 144 and that its holding period for purposes of Rule 144 is at least six (6) months (the conditions specified in clauses (A) through (D), the "Unrestricted Conditions"). If any of the Unrestricted Conditions is satisfied at a time when any of the Additional Shares are issued, Grove shall cause such Additional Shares to be issued free of any restrictive legends (or stop transfer or similar instructions) in book-entry form or by electronic delivery through DTC, at Subscriber's option. Grove's obligation to remove legends under this paragraph may be conditioned upon the Subscriber providing such customary representations and certifications (including, in the case of a sale pursuant to Rule 144, broker representation letters) as are reasonably necessary and customarily required in connection with the removal of restrictive legends related to compliance with the federal securities laws under similar circumstances.

[*Signature Page Follows*]

IN WITNESS WHEREOF, each of Grove and Subscriber has executed or caused this Subscription Agreement to be executed by its duly authorized representative as of the date set forth below.

GROVE COLLABORATIVE HOLDINGS, INC.
By: /s/ Stu Landesberg
Name: Stu Landesberg
Title: CEO

HCI GROVE LLC
By: /s/ Ross Berman
Name: Ross Berman
Title: Authorized Signatory

CONSULTING SERVICES AGREEMENT

This CONSULTING SERVICES AGREEMENT (this "Agreement") is entered into as of November 10, 2022 (the "Effective Date"), by and between Grove Collaborative Holdings, Inc., a Delaware corporation (the "Company"), and HCI Grove Management LLC (the "Consultant").

Preliminary Statement

WHEREAS, the Company and HCI Grove LLC, an affiliate of Consultant are parties to that certain Subscription Agreement of even date herewith (the "Subscription Agreement");

WHEREAS, Consultant is an affiliate of HumanCo LLC and its subsidiaries (collectively, the "HumanCo Group");

WHEREAS, in partial consideration of the consulting services to be provided by Consultant as more fully set forth herein (the "Services"), the Company is granting Consultant the Warrant (as defined herein);

WHEREAS, the Consultant is willing to provide the Services, all on the terms and conditions set forth more fully herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties, intending to be legally bound, hereby agree as follows:

1. Definitions. All capitalized terms used but not defined herein shall have the meanings given in the Subscription Agreement.

2. Services. During the Term (as defined herein), Consultant shall perform the Services described on Exhibit A annexed hereto and made a part hereof.

3. Compensation.

a. In consideration for the Services to be rendered hereunder, the Company shall concurrent with the execution of this Agreement, (i) issue the Warrant (as defined herein) to the Consultant and (ii) pay Consultant a fee of $150,000 (the "Fee").

b. All reasonable and documented out-of-pocket costs and expenses incurred by Consultant in connection with the performance of any Services under this Agreement shall be reimbursed by the Company within thirty (30) days after submission of the receipts or other supporting documentation thereof to the Company. The reimbursable costs and expenses under this Section 3(b) shall not exceed $50,000 without the prior written consent of the Company. For the avoidance of doubt, the salaries and other compensation of any personnel of Consultant shall not be reimbursable under this Section 3(b).

4. Confidential Information.

c. Each party (the "Receiving Party") agrees that commencing on the date hereof and following the termination of this Agreement, for whatever reason, the Receiving Party will not, without the authorization of the other party (the "Disclosing Party"), use the Disclosing Party's Confidential Information for any purpose other than for the performance of its obligations hereunder, or divulge, disclose or otherwise communicate to any Person any

Confidential Information (defined below) that it has learned or may learn by reason of its association with the Disclosing Party or any of its subsidiaries and affiliates. Confidential Information shall exclude information that: (i) at or after the time of disclosure, is or becomes generally available to the public (other than as a result of its unauthorized disclosure by the Receiving Party or any Person or entity to whom the Receiving Party disclosed any such Confidential Information); (ii) was known by the Receiving Party prior to disclosure by the Disclosing Party; (iii) following its disclosure by the Disclosing Party hereunder, was disclosed to Receiving Party by a third party who, to the knowledge of the Receiving Party, did not owe a duty of confidentiality to the Disclosing Party; (iv) is developed by the Receiving Party or one of its affiliates, advisors or representative without reference to or use of Confidential Information; or (e) is required to be disclosed by the Receiving Party pursuant to applicable law or an order of a governing authority applicable to the Receiving Party, in which case the Receiving Party shall, to the extent legally permissible, provide the Disclosing Party with prompt written notice of such requirement, and the Receiving Party shall cooperate with the Disclosing Party, at the Disclosing Party's expense, to seek to limit such disclosure, including, if requested, taking all reasonable steps to resist or avoid any such legal, judicial, regulatory or administrative process. The Receiving Party shall be permitted to disclose Confidential Information to employees, advisors and/or representatives of the Receiving Party (such Receiving Party's "Representatives") (but only if the Representatives either have agreed to be bound by obligations of confidentiality or otherwise owe a duty of confidentiality to the Receiving Party). Each party will be responsible for any breach of this Agreement by it or any deemed breach of this Agreement by any of its Representatives. Consultant is aware, and will advise its Representatives to whom any Confidential Information is disclosed, of the restrictions imposed by the United States securities laws on the purchase or sale of securities by any person who has received material, nonpublic information about the issuer of such securities and on the communication of such information to any other person when it is reasonably foreseeable that such other person is likely to purchase or sell such securities in reliance upon such information. Consultant agrees that it and its Representatives will refrain from trading in the securities of the Company in violation of applicable law.

d. For purposes of this Agreement, "Confidential Information" consists of information proprietary to the Disclosing Party which is not generally known to the public, and which the Disclosing Party disclosed to the Receiving Party or the Receiving Party acquired through or as a consequence of the Receiving Party's relationship with the Disclosing Party. By way of example and without limitation, "Confidential Information" consists of trade secrets, patented processes, inventions, copyrights, techniques, recipes, formulas, technologies, software, applications, platforms, codes, designs and other technical information in any way concerning or referring to the Disclosing Party's products or services, research, concepts, processes, machines, manufacturing or engineering and development operations and capabilities, vendor lists, templates, and other proprietary information and materials. Confidential Information also includes, without limitation, information in any way concerning or referring to the Disclosing Party's business methods, business plans, forecasts and projections, operations, organizational structure, finances, customers, customer lists, investor lists, pricing, costing, marketing, purchasing, merchandising, employees or their compensation, data processing, and all other information not generally known to the public designated by the Disclosing Party as "confidential" or reasonably understood to be confidential, including without limitation, this Agreement and the Grant Agreement.

e. Upon the expiration or termination of this Agreement and receipt of written request from a Disclosing Party, the applicable Receiving Party shall, at its election, return or destroy all of such Disclosing Party's Confidential Information in its possession, custody or

control, and certify in writing to the Disclosing Party that it has done so. Notwithstanding the foregoing, the obligation to return or destroy shall not apply to any backup copies of the Disclosing Party's Confidential Information created and stored automatically by the routine operation of the Receiving Party's systems, or to a copy of such information maintained for purposes of enforcing the Receiving Party's rights under this Agreement.

5. Warrant.

f. Concurrently with the execution of this Agreement and subject to the terms and conditions of the Warrant, the Company shall issue to Consultant, and Consultant shall acquire from the Company, a warrant from the Company in the form attached hereto as Exhibit B (the "Warrant") to purchase shares of Class A Common Stock, par value $0.0001, of the Company (the "Class A Common Stock ") that, upon the exercise of such Warrant in full, will entitle Consultant to receive the number of duly authorized, validly issued, fully paid and non-assessable shares of Class A Common Stock set forth in the Warrant.

6. Investment Opportunity.

g. If the Company consummates a Transaction (a "Closing") during the Term or within the twelve (12) month period following the termination of this Agreement (or three (3) months in the case of a termination of this Agreement by the Company for a Fundamental Breach (as defined herein)), the Company shall use its reasonable best efforts to offer Consultant (or, at Consultant's option, one of Consultant's affiliates) with the opportunity to make a preferred equity investment (the "Investment") in the Company simultaneously with the Closing. The terms of any such Investment shall be mutually agreed by both Consultant and the Company and, unless agreed otherwise as between Consultant and the Company, consistent with the terms set forth in Exhibit C. The Company shall provide Consultant with notice of such Transaction prior to the Closing thereof and in any event not less than forty five (45) business days prior to the Closing, which notice shall include the identity of the prospective counterparty and all of the material terms of such Transaction known to the Company at such time. For the avoidance of doubt, neither the Company nor Consultant shall have an obligation to consummate any Investment pursuant to this Section 6. The parties shall negotiate the terms and conditions of the Investment in good faith consistent with the terms set forth on Exhibit C and the Company agrees to promptly notify Consultant in writing of any material changes to the terms and conditions of the Transaction prior to the Closing.

h. In the event that shareholder approval is necessary for any reason in connection with the Investment, the Company hereby covenants to use its reasonable best efforts to obtain such favorable vote or otherwise stage or structure the Investment to accomplish the Investment without the need for such shareholder approval. The Company agrees to otherwise use its reasonable best efforts to take any and all other actions to facilitate the consummation of the Investment.

i. A "Transaction" means (i) any merger, consolidation, tender offer, recapitalization, share exchange, business combination, acquisition or similar transaction or series of transactions (1) involving the direct or indirect acquisition of a majority of the total voting power of the capital stock or other ownership interests of a Target by the Company or one of its Subsidiaries (collectively, the "Company Group"), (2) involving the direct or indirect acquisition of a majority of the consolidated assets (based on the fair market value thereof) of a Target by a member of the Company Group or (3) pursuant to which a member of the Company Group or its equityholders would own, directly or indirectly, a majority of the equity securities of

a Target or a majority of the equity securities of the surviving entity in a merger involving a member of the Company Group and such Target or the resulting direct or indirect parent of such Target or such surviving entity or (ii) any other transaction or series of transactions involving the Company Group, which, if consummated, would result in a direct or indirect acquisition by a member of the Company Group of a majority of the total voting power of the capital stock or other ownership interests, or a majority of the consolidated assets (based on the fair market value thereof), of a Target, in one transaction or a series of transactions; provided, however, that the Target in such Transaction must have been identified, discussed, pursued or otherwise contemplated between the Company and Consultant and Consultant must have performed Services in respect of such Target at the direction of the Company, in each case during the Term. A " Target" is a Person with an enterprise value as of the end of the last trading day before the public announcement of a Transaction equal or greater than to the lesser of (x) 50% of the Company Group's enterprise value as of the end of the last trading day before the public announcement of a Transaction and (y) one hundred million dollars. In the event of any merger, consolidation, tender offer, recapitalization, share exchange, business combination, acquisition or similar transaction or series of transactions pursuant to which a member of the Company Group or its equityholders would own, directly or indirectly, less than a majority but at least 25% of the equity securities of the surviving entity in a merger involving a member of the Company Group and such Target or the resulting direct or indirect parent of such Target or such surviving entity, the Company will use its reasonable efforts to offer Consultant (or, at Consultant's option, one of Consultant's affiliates) with the opportunity to make an investment in the surviving entity simultaneously with the Closing.

j. "Fundamental Breach" means (i) Consultant's or its employee's, officer's, director's or agent's gross negligence, bad faith or willful misconduct in connection with the provision of the Services; (ii) Consultant's willful and continued failure to perform the Services hereunder, including being appropriately responsive to the Company, in any material respect; (iii) either Jason Karp or Ross Berman no longer providing Services to the Company (including in the event that either Jason Karp or Ross Berman is no longer affiliated with Consultant) during any continuous 30 day period between the Effective Date and June 1, 2023; (iv) Consultant failing to use its commercially reasonable best efforts to identify and analyze candidates for a potential Transaction if directed or consented to by the Company; (v) Consultant publicly disparaging the Company or its officers and directors, in any manner that would reasonably be expected to be materially harmful to them or their business, business prospects, business reputation or personal reputation; or (vi) Consultant, without the prior written consent of the Company, introduces a third party to a Target that has been identified, discussed, pursued or otherwise contemplated between the Company and Consultant and Consultant must have performed Services in respect of such Target at the direction of the Company, in each case during the Term, for the purposes of effecting a transaction similar to a Transaction between such Target and third party; provided, that in the case of clauses (ii)-(vi), the Company must provide written notice of such breach or failure, and Consultant shall have ten (10) business days to cure such Fundamental Breach if such Fundamental Breach is of the nature that can be cured.

k. A "Person" means any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, governmental entity or other entity of any kind or nature.

7. Term; Termination.

l. Term. Unless sooner terminated as provided herein, the term of this Agreement (the "Term") shall commence as of the date hereof and continue until terminated in accordance with this Agreement.

m. Termination. From and after the date that is three (3) months following the Effective Date, either party may terminate this Agreement for any reason by providing five (5) day's prior written notice to the other party of such termination.

n. Mutual Termination. The parties may mutually agree in writing, executed and exchanged between them, to terminate this Agreement at any time.

o. Survival. Notwithstanding any termination of this Agreement, the provisions set forth in Sections 4, 6, this 7(d), and 8 – 16 hereof shall survive such termination; provided, that if this Agreement is terminated by the Company in connection with Consultant's or its employee's, officer's, director's or agent's engagement in illegal conduct constituting a felony or gross misconduct in carrying out the terms of this Agreement, Section 6 shall not survive such termination.

8. Representations and Warranties. Each party hereby represents and warrants to the other that: (a) it has all power and authority to enter into this Agreement, and the person signing for such party below is fully authorized to do so; and (b) its entry into and performance under this Agreement will not conflict with or violate any other agreement to which such party is bound.

9. Indemnification.

p. The Company shall indemnify, defend and hold harmless the Consultant, each member of the HumanCo Group and each of their respective officers, managers, directors, members, employees, agents, permitted successors and permitted assigns from and against any and all losses, liabilities, damages, injuries, actions, causes of action, claims, settlements, lawsuits, judgements, demands, costs and expenses (including, without limitation, reasonable outside attorneys' fees and expenses, including any incurred in enforcement of this provision) (collectively, "Losses") arising out of, resulting from, or related to this Agreement, except as a result of gross negligence, willful misconduct or material breach of this Agreement by Consultant or its employees, officers, directors, agents or affiliates.

q. Consultant shall indemnify, defend and hold harmless the Company, and its officers, managers, directors, members, employees, agents, permitted successors and permitted assigns from and against any and all Losses arising out of, resulting from, or related to Consultant's or its employee's, officer's, director's, agent's or affiliate's gross negligence, bad faith, willful misconduct or material breach of this Agreement.

r. A party seeking indemnification under this Section 9 (the "Indemnified Party") shall give prompt written notice to the Company (the "Indemnifying Party") of any third party claim, demand, action, or cause of action (each, a "Claim") giving rise to an indemnification obligation hereunder, provided that failure to do so shall not relieve the Indemnifying Party from its obligations hereunder unless the Indemnifying Party is materially prejudiced by such failure. The Indemnifying Party shall have sole control over the defense and settlement of all Losses, provided that the Indemnifying Party shall not agree to any settlement, judgment or compromise without the Indemnified Party's prior written consent, which shall not be unreasonably withheld, delayed or conditioned. The Indemnified Party shall reasonably cooperate with and assist the Indemnifying Party, at the Indemnifying Party's expense, and shall have the right to participate

in the defense with counsel of its own choosing, at its own expense. Notwithstanding the foregoing, the Indemnifying Party shall not be entitled to control the defense or settlement of any Claim to the extent that, in the good faith judgment of the Indemnified Party, the Indemnifying party failed or is failing to vigorously prosecute or defend.

10. Disclaimer. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, THE SERVICES AND ALL OTHER INFORMATION AND MATERIALS THAT MAY BE PROVIDED OR MADE AVAILABLE BY CONSULTANT ARE PROVIDED "AS IS." EXCEPT AS EXPRESSLY PROVIDED IN SECTION 8 OF THIS AGREEMENT, CONSULTANT DOES NOT MAKE OR GIVE ANY REPRESENTATION OR WARRANTY OR CONDITION OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT, OR ANY REPRESENTATION, WARRANTY OR CONDITION FROM COURSE OF DEALING OR USAGE OF TRADE, AND ALL OTHER WARRANTIES, EXPRESS AND IMPLIED, ARE EXPRESSLY DISCLAIMED. WITHOUT LIMITING THE FOREGOING, EXCEPT AS SET FORTH HEREIN, CONSULTANT MAKES NO REPRESENTATION, WARRANTY OR GUARANTEE OF ANY KIND THAT ANY SERVICES, DELIVERABLES, INFORMATION, OR MATERIALS, OR ANY PRODUCTS OR RESULTS OF THE USE THEREOF, WILL MEET ANY OTHER PERSON OR ENTITY'S REQUIREMENTS, ACHIEVE ANY INTENDED RESULT, OR BE ACCURATE, COMPLETE, OR ERROR-FREE.

11. Limitation of Liability.

s. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY LOSS OF USE, REVENUE, OR PROFIT OR LOSS OF DATA OR DIMINUTION IN VALUE, OR FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES UNDER THIS AGREEMENT, WHETHER ARISING OUT OF BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, REGARDLESS OF WHETHER SUCH DAMAGE WAS FORESEEABLE AND WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND NOTWITHSTANDING THE FAILURE OF ANY AGREED OR OTHER REMEDY OF ITS ESSENTIAL PURPOSE.

t. THE COMPANY ALSO AGREES THAT CONSULTANT SHALL HAVE NO LIABILITY WHATSOEVER TO THE COMPANY OR ANY OF ITS EQUITY HOLDERS, SUBSIDIARIES, AFFILIATES OR CREDITORS OR ANY OTHER PERSON OR ENTITY ASSERTING CLAIMS ON BEHALF OF THE COMPANY RELATED TO OR ARISING OUT OF THIS AGREEMENT OR THE PERFORMANCE BY CONSULTANT OF THE SERVICES CONTEMPLATED HEREIN, EXCEPT FOR SUCH DAMAGES, IF ANY, DETERMINED IN A FINAL, NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF CONSULTANT. IN SUCH A CASE, THE COMPANY'S SOLE REMEDY.

12. Independent Contractor. The Consultant is not, and Consultant shall not be deemed to be at any time during the Term of this Agreement, an employee of the Company, and therefore the Consultant shall not be entitled to any benefits provided by Company to its employees (such as health and disability benefits), except as provided herein. Consultant's status and relationship to the Company is that of an independent contractor. Consultant is not an agent of the Company

and is not authorized to bind or act on behalf of the Company. Nothing herein shall create, expressly or by implication, a partnership, joint venture or other association between the parties.

13. Notices. Any notice required or permitted by this Agreement shall be in writing and shall be deemed delivered (i) upon receipt, if delivered personally or by courier, (ii) the next business day, if sent by recognized overnight delivery service, or (iii) upon receipt, if delivered via email (to be followed by delivery using one of the methods specified in clause (i) or (ii)), if such notice is addressed to the party to be notified at such party's address set forth below, or as subsequently modified by written notice.

To the Company:

Grove Collaborative Holdings, Inc.
1301 Sansome Street
San Francisco, CA 94111
Attention: Nathan Francis
Email: nfrancis@grove.co

with a copy (which shall not constitute notice) to:

Sidley Austin LLP
1001 Page Mill Road
Building 1
Palo Alto, CA 94304
Attention: Martin A. Wellington
Email: mwellington@sidley.com

To the Consultant:

HCI Grove Management LLC
98 San Jacinto Blvd, 4th Floor
Austin, TX 78701
Attention: Ross Berman
Email: ross@humanco.com

with a copy (which shall not constitute notice) to:

Katten Muchin Rosenman LLP
50 Rockefeller Plaza
New York, New York 10020
Attention: David Kravitz, Mark Wood and Bret Diskin
Email: david.kravitz@katten.com; mark.wood@katten.com; bret.diskin@katten.com

14. Severability. If a court of competent jurisdiction determines that any term or provision hereof is invalid or unenforceable: (i) the remaining terms and provisions hereof will be unimpaired; and (ii) such court will have the authority to replace such invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the parties relating to the invalid or unenforceable term or provision.

15. Miscellaneous. The Services to be performed hereunder are personal and neither the Company nor Consultant shall assign their respective rights hereunder or delegate their respective obligations without the prior written consent of the other party, which shall not be unreasonably withheld. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, executors and administrators. Except as specifically provided herein, there are no third party beneficiaries of this Agreement. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to its conflicts of law provisions. This Agreement may not be modified or amended except in a writing executed by the duly authorized representatives of the Company and the Consultant. No waiver by either party of any right or remedy hereunder shall be valid unless the same shall be in writing and signed by the party giving such waiver. Any waiver by a party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of such provision or any other provision hereof. This Agreement, together with the Grant Agreement, constitutes the entire understanding of the parties with respect to the subject matter hereof, and supersedes all prior proposals and agreements, written or oral, and all other communications between the parties relating to the subject matter of this Agreement. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and which together shall constitute one agreement binding on the parties hereto. Executed counterparts to this Agreement may be delivered via facsimile or via PDF in electronic mail with the same force and effect as an original signature, all of which, when taken together, shall constitute a single enforceable instrument.

16. Jurisdiction; Waiver of Jury Trial.

u. Each party hereby irrevocably and unconditionally submits to the exclusive jurisdiction of any Delaware State court, or Federal court of the United States of America, sitting in the State of Delaware, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, and each party hereby irrevocably and unconditionally (a) agrees not to commence any such action or proceeding except in such courts; (b) agrees that any claim in respect of any such action or proceeding may be heard and determined in such Delaware State court or, to the extent permitted by law, in such Federal court; (c) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any such action or proceeding in any such Delaware State or Federal court; and (d) waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such Delaware State or Federal court. Each Party agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each party irrevocably consents to service of process in the manner provided for notices in Section 13. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable law.

v. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE EITHER OF SUCH WAIVERS; (II) IT UNDERSTANDS AND HAS CONSIDERED THE

IMPLICATIONS OF SUCH WAIVERS; (III) IT MAKES SUCH WAIVERS VOLUNTARILY; AND (IV) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 16(b).

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned have executed this Consulting Services Agreement as of the date set forth above.

GROVE COLLABORATIVE HOLDINGS, INC.
By: /s/ Stu Landesberg
Name: Stu Landesberg
Title: CEO

HCI GROVE MANAGEMENT LLC
By: /s/ Ross Berman
Name: Ross Berman
Title: Authorized Signatory

[Signature Page to Consulting Services Agreement]

Exhibit 31.1

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, Stuart Landesberg, 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 10, 2022

By: /s/ Stuart Landesberg
Stuart Landesberg
Chief Executive Officer

Exhibit 31.2

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 10, 2022

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

Exhibit 32.1

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, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stuart Landesberg, 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 10, 2022 By: /s/ Stuart Landesberg

Stuart Landesberg
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, 2022 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 10, 2022 By: /s/ Sergio Cervantes

Sergio Cervantes
Chief Financial Officer