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DELTA REPORT

10-Q

GROVE COLLABORATIVE HOLDI

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2406
CHANGES	197
DELETIONS	1356
ADDITIONS	853

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023 March 31, 2024

OR

o **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	**San Francisco, California 94111**
(Address of Principal Executive Offices)	**(Zip Code)**

Tel.: (800) 231-8527
(Address, including zip code, and Registrants telephone number, including area code, of registrant's principal executive offices) code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.0001	**GROV**	**New York Stock Exchange**

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

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 x No o

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

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer	x	Smaller reporting company	x
		Emerging growth company	x

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.o

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

The registrant had outstanding 31,414,013 32,730,421 shares of Class A common stock and 6,035,945 5,451,615 shares of Class B common stock as of November 6, 2023 May 9, 2024.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

Part I - Financial Information

Item 1. Financial Statement Statements

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

	September 30, 2023	December 31, 2022
	(Unaudited)	

	March 31, 2024		March 31, 2024	December 31, 2023
	(Unaudited)			

Assets

Assets

Assets	**Assets**		
Current assets:	Current assets:		

Current assets:

Current assets:

Cash and cash equivalents

Cash and cash equivalents

Cash and cash equivalents	Cash and cash equivalents	$ 86,094	$ 81,084
Restricted cash	Restricted cash	5,850	11,950
Inventory, net	Inventory, net	32,712	44,132
Prepaid expenses and other current assets	Prepaid expenses and other current assets	5,551	4,844
Total current assets	Total current assets	130,207	142,010
Restricted cash	Restricted cash	2,802	2,951
Property and equipment, net	Property and equipment, net	12,627	14,530
Operating lease right-of-use assets	Operating lease right-of-use assets	12,629	12,362
Other long-term assets	Other long-term assets	2,697	2,192
Total assets	Total assets	$ 160,962	$174,045
Liabilities and Stockholders' Equity	**Liabilities and Stockholders' Equity**		
Current liabilities:	Current liabilities:		

Current liabilities:

Current liabilities:

Accounts payable

Accounts payable

Accounts payable	Accounts payable	$ 8,863	$ 10,712
Accrued expenses	Accrued expenses	16,549	31,354
Deferred revenue	Deferred revenue	7,745	10,878
Operating lease liabilities, current	Operating lease liabilities, current	4,094	3,705
Other current liabilities	Other current liabilities	486	249
Debt, current		—	575

Total current liabilities	Total current liabilities	37,737	57,473	
Debt, noncurrent	Debt, noncurrent	70,791	60,620	
Operating lease liabilities, noncurrent	Operating lease liabilities, noncurrent	15,318	16,192	
Derivative liabilities	Derivative liabilities	13,025	13,227	
Total liabilities	Total liabilities	136,871	147,512	
Commitments and contingencies (Note 6)	Commitments and contingencies (Note 6)			Commitments and contingencies (Note 6)
Redeemable convertible preferred stock, $0.0001 par value - 100,000,000 shares authorized at September 30, 2023 and December 31, 2022; 10,000 and no shares outstanding at September 30, 2023 and December 31, 2022, respectively		10,000	—	
Redeemable convertible preferred stock, $0.0001 par value - 100,000,000 shares authorized at March 31, 2024 and December 31, 2023; 10,000 shares issued and outstanding at March 31, 2024 and December 31, 2023				
Stockholders’ equity:	Stockholders’ equity:			
Common stock - $0.0001 par value – 600,000,000 Class A shares authorized at September 30, 2023 and December 31, 2022; 30,379,905 and 25,123,332 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively; 200,000,000 Class B shares authorized at September 30, 2023 and December 31, 2022; 7,070,053 and 10,447,927 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively		4	4	
Stockholders’ equity:				
Stockholders’ equity:				

Common stock - $0.0001 par value – 600,000,000 Class A shares authorized at March 31, 2024 and December 31, 2023; 32,477,667 and 32,183,695 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively; 200,000,000 Class B shares authorized at March 31, 2024 and December 31, 2023; 5,704,431 and 5,724,199 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			
Common stock - $0.0001 par value – 600,000,000 Class A shares authorized at March 31, 2024 and December 31, 2023; 32,477,667 and 32,183,695 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively; 200,000,000 Class B shares authorized at March 31, 2024 and December 31, 2023; 5,704,431 and 5,724,199 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			
Common stock - $0.0001 par value – 600,000,000 Class A shares authorized at March 31, 2024 and December 31, 2023; 32,477,667 and 32,183,695 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively; 200,000,000 Class B shares authorized at March 31, 2024 and December 31, 2023; 5,704,431 and 5,724,199 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively			
Additional paid-in capital	Additional paid-in capital	625,692	604,387
Accumulated deficit	Accumulated deficit	(611,605)	(577,858)
Total stockholders’ equity	Total stockholders’ equity	14,091	26,533
Total liabilities, redeemable convertible preferred stock and stockholders’ equity	Total liabilities, redeemable convertible preferred stock and stockholders’ equity	$ 160,962	$174,045

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

Grove Collaborative Holdings, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

(In thousands, except share and per share amounts)

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

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Revenue, net	$ 53,545	$ 71,565
Cost of goods sold	23,805	34,310
Gross profit	29,740	37,255
Operating expenses:		
Advertising	2,053	8,673
Product development	3,626	4,216
Selling, general and administrative	24,594	38,021
Operating loss	(533)	(13,655)
Non-operating expenses:		
Interest expense	4,129	3,729
Changes in fair value of derivative liabilities	(198)	292
Other income, net	(1,083)	(4,617)

Total non-operating expenses (income), net	2,848	(596)
Loss before provision for income taxes	(3,381)	(13,059)
Provision for income taxes	10	10
Net loss	$ (3,391)	$ (13,069)
Less: Accumulated dividends on redeemable convertible preferred stock	(150)	—
Net loss attributable to common stockholders, basic and diluted	$ (3,541)	$ (13,069)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.10)	$ (0.39)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	36,262,917	33,747,855

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

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

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

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balances at December 31, 2023	10	$ 10,000	37,908	$ 4	$ 629,208	$ (621,090)	$ 8,122
Issuance of common stock upon settlement of restricted stock units, net of tax withholdings	—	—	274	—	(381)	—	(381)
Stock-based compensation	—	—	—	—	3,164	—	3,164
Net loss	—	—	—	—	—	(3,391)	(3,391)
Balances at March 31, 2024	10	$ 10,000	38,182	$ 4	$ 631,991	$ (624,481)	$ 7,514

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

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)

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

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

Grove Collaborative Holdings, Inc.

Condensed Consolidated Statement of Redeemable Convertible Preferred Stock, Common Stock and Stockholders' Equity

(Unaudited)

(In thousands)

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

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

Grove Collaborative Holdings, Inc.

Condensed Consolidated Statements of Convertible Preferred Stock, Contingently Redeemable Convertible Common Stock and Stockholders' Equity (Deficit)

(Unaudited)

(In thousands)

	Convertible Preferred Stock (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	22,959	$ 487,918	—	$ —	1,874	$ —	$ 33,864	$ (490,143)	$ (456,279)
Issuance of preferred stock and common stock upon net exercise of warrants	34	989	—	—	36	—	12	—	12

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

(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

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

Grove Collaborative Holdings, Inc.

Condensed Consolidated Statements of Convertible Preferred Stock, Contingently Redeemable Convertible Common Stock and Stockholders' Equity (Deficit) - Continued

(Unaudited)

(In thousands)

	Convertible Preferred Stock (1)		Contingently Redeemable Convertible Common Stock (1)		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
Repurchase of early exercise of options	—	—	—	—	(3)	—	—	—	—

	Common Stock Shares	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
Balances at December 31, 2022					
Balances at December 31, 2022					
Balances at December 31, 2022					

Issuance of common stock upon exercise of stock options										
Cancellation of Earn-Out Shares										
Issuance of common stock upon settlement of restricted stock units, net of tax withholdings										
Reduction in transaction costs										
Stock-based compensation	Stock-based compensation	—	—	—	—	—	—	34,668	—	34,668
Net loss	Net loss	—	—	—	—	—	—	—	(75,032)	(75,032)
Balances at September 30, 2022		—	$ —	—	$ —	33,243	$ 3	$590,207	$ (565,175)	$ 25,035
Balances at March 31, 2023										

(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

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, 2023	Nine Months Ended September 30, 2022	
	Three Months Ended March 31, 2024		2024	Three Months Ended March 31, 2023
Cash Flows from Operating Activities	**Cash Flows from Operating Activities**			
Net loss	Net loss	$ (33,747)	$ (75,032)	
Net loss				
Net loss				
Adjustments to reconcile net loss to net cash used in operating activities:	Adjustments to reconcile net loss to net cash used in operating activities:			
Remeasurement of convertible preferred stock warrant liability		—	(1,616)	

Gain on lease modification			
Gain on lease modification			
Gain on lease modification			
Stock-based compensation expense	Stock-based compensation expense	11,941	34,348
Depreciation and amortization	Depreciation and amortization	4,359	4,291
Changes in fair value of derivative liabilities	Changes in fair value of derivative liabilities	1,298	(49,149)
Reduction in transaction costs allocated to derivative liabilities upon Business Combination	Reduction in transaction costs allocated to derivative liabilities upon Business Combination	(3,745)	—
Deferred offering costs allocated to derivative liabilities upon Business Combination		—	6,873
Non-cash interest expense	Non-cash interest expense	2,872	447
Inventory reserve	Inventory reserve	1,123	3,540
Other non-cash expenses	Other non-cash expenses	99	170
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Inventory			
Inventory			
Inventory	Inventory	10,297	(5,132)
Prepaids and other assets	Prepaids and other assets	(574)	715
Accounts payable	Accounts payable	(1,846)	(7,550)
Accrued expenses	Accrued expenses	2,469	(1,826)
Deferred revenue	Deferred revenue	(3,133)	(451)
Operating lease right-of-use assets and liabilities	Operating lease right-of-use assets and liabilities	(752)	(84)
Other liabilities	Other liabilities	237	909
Net cash used in operating activities	**Net cash used in operating activities**	(9,102)	(89,547)

Cash Flows from Investing Activities	**Cash Flows from Investing Activities**		
Cash Flows from Investing Activities			
Cash Flows from Investing Activities			
Purchase of property and equipment			
Purchase of property and equipment			
Purchase of property and equipment	Purchase of property and equipment	(2,383)	(3,580)
Net cash used in investing activities	**Net cash used in investing activities**	(2,383)	(3,580)
Cash Flows from Financing Activities	**Cash Flows from Financing Activities**		
Proceeds from issuance of common stock upon Closing of Business Combination		—	97,100
Proceeds from issuance of redeemable convertible preferred stock, convertible common stock and common stock warrants		10,000	27,638
Payment of transaction costs related to the Business Combination, redeemable convertible preferred stock, contingently redeemable convertible common stock and settlement of Additional Shares liability		(4,295)	(5,358)
Cash Flows from Financing Activities			
Cash Flows from Financing Activities			
Payment of transaction costs related to the Business Combination			
Payment of transaction costs related to the Business Combination			
Payment of transaction costs related to the Business Combination			
Proceeds from issuance of debt	Proceeds from issuance of debt	7,500	—
Payment of debt issuance costs	Payment of debt issuance costs	(925)	(211)
Repayment of debt	Repayment of debt	(575)	(865)

Net proceeds (payments) related to stock-based award activities	(1,459)	238
Net cash provided by financing activities	10,246	118,542
Payments related to stock-based award activities		
Net cash (used in) provided by financing activities		
Net increase (decrease) in cash, cash equivalents and restricted cash	(1,239)	25,415
Net decrease in cash, cash equivalents and restricted cash		
Net decrease in cash, cash equivalents and restricted cash		
Net decrease in cash, cash equivalents and restricted cash		
Cash, cash equivalents and restricted cash at beginning of period Cash, cash equivalents and restricted cash at beginning of period	95,985	78,376
Cash, cash equivalents and restricted cash at end of period Cash, cash equivalents and restricted cash at end of period	$ 94,746	$103,791

Grove Collaborative Holdings, Inc.

Condensed Consolidated Statements of Cash Flows - Continued

(Unaudited)

(In thousands)

Supplemental Disclosure				
Cash paid for taxes	$	43	$	64
Cash paid for interest		8,953		4,803
Supplemental Disclosure of Non-Cash Investing and Financing Activities				
Purchase of property and equipment in accounts payable and accrued liabilities	$	76	$	91
Gain on settlement allocated to equity instruments		9,609		—
Settlement of Additional Shares liability		1,500		16,310
Settlement of Earn-Out due to cancellation of shares		347		—
Transaction costs, redeemable convertible preferred stock and contingently redeemable convertible common stock issuance costs included in accounts payable and accrued liabilities		281		18,799
Net exercise of preferred stock warrants		—		989

Conversion of contingently redeemable convertible common stock and convertible preferred stock to common stock	—	516,365
Assumption of derivative liabilities upon Business Combination	—	93,196
Reclassification of Grove's preferred stock warrant liability to additional paid-in capital	—	2,182
Vesting of early exercised stock options	—	125

Supplemental Disclosure		
Cash paid for taxes	$ 10	$ 9
Cash paid for interest	3,192	2,734
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Purchase of property and equipment in accounts payable and accrued liabilities	$ 24	$ 113
Reduction in transaction costs allocated to equity instruments	—	9,609

Reconciliation of cash, cash equivalents, and restricted cash:	**Reconciliation of cash, cash equivalents, and restricted cash:**			
		September 30,		
		2023	2022	
		March 31,		
		March 31,		
		March 31,		
	2024		2024	2023
Cash and cash equivalents	Cash and cash equivalents	$86,094	$103,791	
Restricted cash	Restricted cash	8,652	—	
Total cash, cash equivalents and restricted cash	Total cash, cash equivalents and restricted cash	$94,746	$103,791	

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

Grove Collaborative Holdings, Inc.

Notes to Condensed Consolidated Financial Statements

(Unaudited)

1. Description of Business

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

On June 16, 2022 (the “Closing Date”), the Company consummated the previously-announced transactions contemplated by the Agreement and Plan of Merger, dated December 7, 2021, amended and restated on March 31, 2022 (the “Merger Agreement”), among Virgin Group Acquisition Corp. II, a blank check company incorporated as a Cayman Islands exempt company in 2020 (“VGAC II”), Treehouse Merger Sub, Inc. (“VGAC II Merger Sub I”), Treehouse Merger Sub II, LLC (“VGAC II Merger Sub II”), and

Legacy Grove (“the Merger”). In connection with the Merger, VGAC II changed its jurisdiction of incorporation from the Cayman Islands to the State of Delaware and changed its name to Grove Collaborative Holdings, Inc (the “Domestication”), a public benefit corporation. On the Closing Date, VGAC Merger Sub II merged with and into Legacy Grove with Legacy Grove being the surviving corporation and a wholly-owned subsidiary of the Company (the “Initial Merger”), and, immediately following the Initial Merger, and as part of the same overall transaction as the Initial Merger, Legacy Grove merged with and into VGAC Merger Sub II, the separate corporate existence of Legacy Grove ceased, and Merger Sub II continued as the surviving company and a wholly-owned subsidiary of the Company and changed its name to Grove Collaborative, Inc.(together with the Merger and the Domestication, the “Business Combination”).

The Business Combination is accounted for as a reverse recapitalization with Legacy Grove being the accounting acquirer and VGAC II as the acquired company for accounting purposes. Accordingly, all historical financial information from prior to the Closing Date presented in the unaudited condensed consolidated financial statements represents the accounts of Legacy Grove. The shares and net loss per common share prior to the Closing have been retroactively restated as shares reflecting the exchange ratio established in the Closing.

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

Reverse Stock Split

On May 24, 2023, the Company’s board of directors and stockholders approved a one-for-five five-for-one reverse split (the “Reverse Split”) of the Company’s issued and outstanding Class A and Class B common stock. Unless otherwise noted herein, the number of shares underlying stock options and other equity instruments was proportionately adjusted for the Reverse Split, including any exercise prices. The Class A common stock began trading on a split adjusted basis on the NYSE at the market open on June 6, 2023. No fractional shares were issued in connection with the reverse stock split. All issued and outstanding Class A and Class B common stock, options to purchase common stock, shares available or reserved for issuance, warrants and/or warrant shares, as applicable, and per share amounts contained in the condensed consolidated financial statements have been retroactively adjusted to reflect the reverse stock split for all periods presented, unless otherwise stated herein.

2. Summary of Significant Accounting Policies

Basis of Presentation and Liquidity

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

These condensed consolidated financial statements have been prepared in accordance with GAAP applicable to interim financial statements. These financial statements are presented in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) and do not include all disclosures normally required in annual consolidated financial statements prepared in accordance with GAAP. As such, the information included herein should be read in conjunction with the Company’s financial statements and accompanying notes as of and for the year ended December 31, 2022 December 31, 2023 (the “audited financial statements”) that were included in the Company’s Form 10-K filed with the SEC on March 16, 2023 March 20, 2024. In management’s opinion, these unaudited condensed consolidated financial statements have been prepared on the same basis as the audited financial statements and reflect all adjustments, which include normal recurring adjustments, necessary for the fair statement of the Company’s financial position as of September 30, 2023 March 31, 2024 and the results of operations for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023. The results of operations for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results to be expected for the full year ending December 31, 2023 December 31, 2024 or any other future interim or annual period.

The Company has historically incurred losses and negative cash flows from operations and had an accumulated deficit of $611.6 million $624.5 million as of September 30, 2023 March 31, 2024. The Company’s existing sources of liquidity as of September 30, 2023 March 31, 2024 include unrestricted cash and cash equivalents of $86.1 million $77.8 million and availability of debt from the Siena Revolver (defined in Note 5, *Debt*). The Company has historically funded operations primarily with issuances of redeemable convertible preferred stock, convertible preferred stock, contingently redeemable convertible common stock and the

incurrence of debt. The Company believes its existing cash and cash equivalents will be sufficient to fund its operations for a period of at least one year from the date of issuance of this quarterly report on Form 10-Q (the “Quarterly Report”). Over the longer-term, the Company will need to raise additional capital through debt or equity financing to fund future operations until it generates positive cash flows from profitable operations. There can be no assurance that such additional debt or equity financing will be available on terms acceptable to the Company, or at all.

Emerging Growth Company

The Company is an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. The JOBS Act permits companies with emerging growth company status to take advantage of an extended transition period to comply with new or revised accounting standards, delaying the adoption of these accounting standards until they would apply to private companies. Following the closing of the Business Combination, the 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.

Significant Accounting Policies

There have been no significant changes in the Company's significant accounting policies from those that were disclosed in Note 2, *Summary of Significant Accounting Policies*, included in the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2023.

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 reserve 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 the fair value of the Structural Derivative Liability. Actual results could differ from those estimates, and such estimates could be material to the Company's financial position and the results of operations.

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

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

The Company's participating securities included the Company's redeemable convertible preferred stock, as the holders are entitled to receive cumulative dividends in the event that a dividend is paid on common stock. The Company also considers any shares issued on the early exercise of stock options subject to repurchase to be

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

Basic net income (loss) loss per share attributable to common stockholders is calculated by dividing the net income (loss), loss, as adjusted for any accumulated dividends on Series A Redeemable Convertible Preferred Stock (Note 8, *Redeemable Convertible Preferred Stock*) for the period, attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, adjusted for outstanding shares that are subject to repurchase or outstanding shares that are contingently returnable by the holder. Contingently issuable shares, including shares that

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

are issuable for little or no cash consideration, are considered outstanding common shares and included in net income (loss) loss per share as of the date that all necessary conditions have been satisfied. Such shares include the Backstop Warrants (Note 7, *Common Stock and Warrants*) and Volition Penny Warrants (Note 8, - *Redeemable Convertible Preferred Stock*).

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

Comprehensive Loss

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

Significant Accounting Policies

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

Use of Estimates

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

Restricted Cash

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

Concentration of Risks

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, cash equivalents and restricted cash. The Company maintains the majority of its cash, cash equivalents and restricted cash in accounts with one financial institution within the United States, generally in the form of demand accounts. Deposits in this institution may exceed federally insured limits. Management believes minimal

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

The Company depends on a limited number of vendors to supply products sold by the Company. For the three and nine months ended September 30, 2023 March 31, 2024, the Company's top five suppliers combined represented approximately 40% of the Company's total inventory purchases. For the three and nine months ended September 30, 2022 March 31, 2023, the Company's top five suppliers combined represented approximately 50% of the Company's total inventory purchases.

Revenue Recognition

The Company primarily generates revenue from the sale of both third-party and Grove Brands products through its DTC platform. Customers purchase products through the website or mobile application through a combination of directly selecting items from the catalog, items that are suggested by the Company's recommendation engine, and features that appear in marketing on-site, in emails and on the Company's mobile application. Most customers purchase a combination of products recommended by the Company based on previous purchases and new products discovered through marketing or catalog browsing. Customers can opt to have orders auto-shipped to them on a specified date or shipped immediately through an option available on the website and mobile application. In order to reduce the environmental impact of each shipment and to reduce shipping costs, 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 ability to receive free shipping, free gifts and early access to exclusive sales, all of which are available at the customers' option, should they elect to make future purchases of the Company's products within their annual VIP membership benefit period. Many customers receive a free 60-day 75-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 may proactively enroll in a VIP membership via their account settings and pay an annual VIP membership fee, which fee. After a customer enrolls in VIP membership, the membership 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 recognizes these allocated amounts upon the shipment of a qualifying customer order. To date, customers buying patterns closely approximate a ratable revenue attribution method over the customers VIP Membership period.

The Company deducts discounts, sales tax, customer service credits and estimated refunds to arrive at net revenue. Sales tax collected from customers is not considered revenue and is included in accrued liabilities until remitted to the taxing authorities. The Company has made the policy election to account for shipping and handling as activities to fulfill the promise to transfer the good. Shipping, handling and packaging expenses are recognized upon shipment and classified within selling, general and administrative expenses. Discounts are recorded as a reduction to revenue when revenue is recognized. The Company records a refund reserve based on historical refund patterns. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 the refund reserve, which is included in accrued liabilities in the condensed consolidated balance sheets was not material.

Disaggregation of Revenue

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

		Three Months Ended September 30,		Nine Months Ended September 30,			
		2023	2022	2023	2022		
	Three Months Ended March 31,					Three Months Ended March 31,	
	2024					2024	2023
Revenue, net:	Revenue, net:						
Grove Brands							
Grove Brands							
Grove Brands	Grove Brands	$27,648	$36,425	$ 92,397	$121,489		
Third-party products	Third-party products	34,102	41,308	107,024	126,002		
Total revenue, net	Total revenue, net	$61,750	$77,733	$199,421	$247,491		

Contractual Liabilities

The Company has three types of contractual liabilities from transactions with customers: (i) cash collections for products which have not yet shipped, which are included in deferred revenue and are recognized as revenue upon the Company's delivery to a third-party carrier, (ii) cash collections of VIP membership fees, which are included in deferred revenue and (iii) customer service credits, which are included in other current liabilities and are recognized as a reduction in revenue when provided to the customer. Contractual liabilities included in deferred revenue and other current liabilities were $7.7 million $6.6 million and $0.1 million, respectively, as of September 30, 2023 March 31, 2024 and $10.9 million $7.2 million and $0.2 million $0.1 million, respectively, as of December 31, 2022 December 31, 2023. 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 three months ended September 30, 2023 March 31, 2024 that was previously included in deferred revenue and other current liabilities as of December 31, 2022 December 31, 2023 was $10.6 million $3.7 million and $0.2 million $0.1 million, respectively.

Fulfillment Costs

Fulfillment costs represent those costs incurred in operating and staffing the Company's fulfillment centers, including costs attributable to receiving, inspecting and warehousing inventories, picking, packaging, and preparing customer orders for shipment ("Fulfillment Labor"), shipping and handling expenses, packaging materials costs and payment processing and related transaction costs. These costs are included within selling, general and administrative expenses in the condensed consolidated statements of operations. For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recorded fulfillment costs of $13.6 million $12.1 million and $19.5 million $17.0 million, respectively, which included $8.3 million $7.3 million and $12.3 million $10.4 million in shipping and handling expenses, respectively, and $3.0 million $2.8 million and $4.3 million $3.9 million in Fulfillment Labor, respectively. For

Recently Issued Accounting Standards

In October 2023, Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2023-06, Disclosure Improvements ("ASU 2023-06"), to clarify or improve disclosure and presentation requirements of a variety of topics and align the nine months ended September 30, 2023 requirements in the FASB ASC with the SEC's regulations. The amendments in ASU 2023-06 will become effective on the date the related disclosures are removed from Regulation S-X or Regulation S-K by the SEC, and 2022, will no longer be effective if the SEC has not removed the applicable disclosure requirement by June 30, 2027. Early adoption is prohibited. The Company recorded fulfillment costs is currently evaluating the impact of $45.5 million ASU 2023-06 on its consolidated financial statements and $64.2 million disclosures.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 enhances public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. Disclosure requirements under ASU 2023-07 are required for all public entities, including those with a single reportable segment. ASU 2023-07 takes effect for fiscal years starting after December 15, 2023, respectively, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company does not expect to early adopt ASU 2023-07 and is currently evaluating its impact on its consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures ("ASU 2023-09"), which included $27.6 million will require incremental income tax disclosures on an annual basis for all public entities. The amendments require that public business entities disclose specific categories in the rate reconciliation and $39.4 million in shipping provide additional information for reconciling items meeting a quantitative threshold. The amendments also require disclosure of income taxes paid to be disaggregated by jurisdiction, and handling expenses, respectively, the disclosure of income tax expense disaggregated by federal, state, and $10.4 million foreign. ASU 2023-09 is effective for annual reporting beginning with the fiscal years starting after December 15, 2024. Early adoption is permitted. The Company does not expect to early adopt ASU 2023-09 and $15.4 million in Fulfillment Labor, respectively. The Company's gross profit may not be comparable to other retailers or distributors. is currently evaluating the impact ASU 2023-09 will have on its consolidated financial statements and disclosures.

Notes to Condensed Consolidated Financial Statements (continued)

(Unaudited)

3. Fair Value Measurements and Fair Value of Financial Instruments

The Company measures certain financial assets and liabilities at fair value on a recurring basis. The Company determines fair value based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as determined by either the principal market or the most advantageous market. Inputs used in the valuation techniques to derive fair values are classified based on a three-level hierarchy. These levels are:

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

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

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

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

TheOn June 12, 2023, the NYSE delisted the Public Warrants were historically classified as Level 1 from trading due to the use of an observable market quote in an active market. Private Placement their low price levels. See Note 7, *Common Stock and Warrants were historically classified as Level 2 as the fair value approximated the fair value of the Public Warrants.* for additional details. The Private Placement Warrants are identical to the Public Warrants, with certain exceptions as defined in Note 7, *Common Stock and Warrants*. Five Public Warrants or Private Placement Warrants must be bundled together to receive one share of the Company's Class A common stock. During the nine months ended September 30, 2023, the entire balance of the Public Warrants and The Private Placement Warrants was transferred out of Level 1 and Level 2, respectively, into Public Warrants are classified as Level 3 due to the warrants being delisted by the NYSE in response to the low trading price of the warrants.

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

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

	March 31, 2024	**December 31, 2023**
Fair value of common stock	$0.33	$0.35
Exercise Price	$11.50	$11.50
Risk-free interest rate	4.40%	3.93%
Expected term (in years)	3.29	3.54
Volatility	75.39%	71.77%
Dividend yield	—	—

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

The Structural Derivative Liability is a compound embedded derivative related to features within the Structural Debt Facility, including an increase in interest rate upon an event of default and the contingent issuance of the Structural Subsequent Shares as defined in Note 5, *Debt*. This liability is classified as Level 3 and is valued using a risk-neutral income approach related to an event of default occurring and expected cash flows in such a scenario and

an income and Black-Scholes pricing model for the contingent issuance of the Structural Subsequent Shares utilizing assumptions related to expected stock price volatility, expected life, risk-free interest rate and dividend yield. The Company estimated the expected volatility assumption using an average of the implied volatility of its common stock and an implied volatility based on its peer companies.

Grove Collaborative Holdings, Inc.

Notes to Condensed Consolidated Financial Statements (continued)

(Unaudited)

The following tables set forth the Company's financial instruments that were measured at fair value on a recurring basis as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 by level within the fair value hierarchy (in thousands):

		September 30, 2023			
		Level 1	Level 2	Level 3	Total
	March 31, 2024				March 31, 2024
	Level 1	Level 1	Level 2	Level 3	Total
Financial Assets:	Financial Assets:				
Cash equivalents:	Cash equivalents:				
Cash equivalents:					
Cash equivalents:					
Money market funds					
Money market funds					
Money market funds	Money market funds	$85,511	$ —	$ —	$85,511
Total	Total	$85,511	$ —	$ —	$85,511
Financial Liabilities:	Financial Liabilities:				
Earn-Out Shares					
Earn-Out Shares					
Earn-Out Shares	Earn-Out Shares	$ —	$ —	$ 4,472	$ 4,472
Public Warrants	Public Warrants	—	—	113	113
Private Placement Warrants	Private Placement Warrants	—	—	100	100
Structural Derivative Liability	Structural Derivative Liability	—	—	8,340	8,340
Total	Total	$ —	$ —	$13,025	$13,025

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Cash equivalents:				
Money market funds	$ 74,990	$ —	$ —	$ 74,990
Total	$ 74,990	$ —	$ —	$ 74,990
Financial Liabilities:				
Additional Shares	$ —	$ —	$ 580	$ 580
Earn-Out Shares	—	—	4,122	4,122
Public Warrants	805	—	—	805
Private Placement Warrants	—	670	—	670
Structural Derivative Liability	—	—	7,050	7,050
Total	$ 805	$ 670	$ 11,752	$ 13,227

Additional Shares Liability

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

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Cash equivalents:				
Money market funds	$ 83,431	$ —	$ —	$ 83,431
Total	$ 83,431	$ —	$ —	$ 83,431
Financial Liabilities:				
Earn-Out Shares	—	—	2,973	2,973
Public Warrants	—	—	31	31
Private Placement Warrants	—	—	37	37
Structural Derivative Liability	—	—	8,470	8,470
Total	$ —	$ —	$ 11,511	$ 11,511

Earn-Out Shares

At Closing of the Business Combination, certain Certain Earn-Out Shares were accounted for as a liability. liability, refer to Note 7, Common Stock and Warrants. Subsequent changes in fair value, until settlement or until equity classification is met, is recognized in the statements of operations.

Public and Private Placement and Public Warrants Liabilities

As of September 30, 2023 March 31, 2024, the Company has Public and Private Placement and Public Warrants defined and discussed in Note 7, Common Stock and Warrants. Such warrants are accounted for as a liability. Subsequent changes in fair value, until settlement, is recognized in the statement of operations.

Structural Derivative Liability

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

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

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

	Earn-Out Shares	Public Warrants	Private Placement Warrants	Structural Derivative Liability	Total
Balance at December 31, 2023	$ 2,973	$ 37	$ 31	$ 8,470	$ 11,511
Change in fair value	(251)	(5)	(2)	60	(198)
Balance at March 31, 2024	$ 2,722	$ 32	$ 29	$ 8,530	$ 11,313

4. Accrued Expenses

Accrued expenses consisted of the following (in thousands):

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Inventory purchases	Inventory purchases	$ 3,122	$ 2,757		
Compensation and benefits	Compensation and benefits	4,250	1,714		
Advertising costs	Advertising costs	1,301	1,203		
Fulfillment costs	Fulfillment costs	1,069	1,725		
Sales taxes	Sales taxes	1,201	1,374		
Transaction costs		281	17,500		
Other accrued expenses	Other accrued expenses	5,325	5,081		
Total accrued expenses	Total accrued expenses	$ 16,549	$ 31,354		

5. Debt

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

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

	March 31, 2024	December 31, 2023
Structural Debt Facility	$ 65,033	$ 64,162
Siena Revolver	7,500	7,500
Total debt, noncurrent	$ 72,533	$ 71,662

Structural Debt Facility

In December 2022, the Company entered into a Loan and Security Agreement ("Structural Debt Facility") with Structural Capital Investments III, LP, Structural Capital Investments IV, LP and Series PCI Grove series of Structural Capital Primary Co-Investment Fund, LLC (collectively, "Structural Funds") and Avenue Sustainable Solutions Fund, L.P. (“Avenue”) (collectively “Structural Lenders”) to borrow $72.0 million which was used primarily to settle previously outstanding obligations with a prior lender. The Structural Debt Facility bears an annual rate of interest at the greater of 15.00% or 7.50% plus the prime rate, payable monthly. The principal repayment period commences on July 1, 2025 and continues until the maturity date of December 21, 2026. The Company may prepay all outstanding amounts under this facility at any time. Under the agreement, when amounts are prepaid or repaid in full at the Maturity Date, maturity date, the Company may be obligated to pay additional fees which would allow for Structural Funds and Avenue to reach a Minimum Return, as defined by the agreement.

The Structural Debt Facility is collateralized by the assets of the Company and includes financial covenants the Company must meet in order to avoid an Event of Default, as defined by the agreement. Such covenants include (i) maintaining a minimum of $57.0 million in unrestricted cash at all times and (ii) achieving certain revenue targets for the trailing four quarter period beginning with the fiscal quarter ended March 31, 2023. The Structural Debt Facility contains a subjective acceleration clause in the event that lenders determine that a material adverse change has or will occur within the business, operations, or financial condition of the Company or a material impairment of the prospect of repaying any portion of this financial obligation. In accordance with the loan agreement, Structural Lenders has been provided with the Company’s periodic financial statements and updated projections to facilitate their ongoing assessment of the Company. The Company believes the likelihood that Structural Lenders would exercise the subjective acceleration clause is remote. As of September 30, 2023 March 31, 2024, the Company was in compliance with these debt covenants.

On December 21, 2022, in connection with the closing of the Structural Debt Facility, the Company issued to Structural Funds, including certain affiliates, and to Avenue a total of 990,000 shares of the Company’s Class A common stock (the “Structural Closing Shares”). The Company recorded a debt discount of $1.1 million related to the issuance of these shares, with a corresponding offset to the Company’s Class A common stock and additional paid-in capital. Further, if there are outstanding obligations relating to the Structural Debt Facility on July 21, 2025, representing the thirty-month anniversary of such closing, the Company agrees to issue to Structural Funds, including certain affiliates, and to Avenue, the aggregate number of shares of the Company’s Class A common stock equal to $9,900,000, divided by the lower of (i) $10.00 and (ii) the volume weighted average price of the Company’s Class A common stock for the sixty trading days prior to such date, as further described in the related issuance agreements (the "Structural Subsequent Shares”).

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

Closing costs consisted of $3.3 million in costs directly related to the issuance of the Structural Facility to third parties, issuance of certain Structural Closing Shares amounting to $1.1 million and incurrence of an additional Structural Derivative Liability amount of $7.1 million. At September 30, 2023 As of March 31, 2024, the Company had $72.0 million in principal outstanding under the Structural Debt Facility with an effective interest rate of 21.11% 20.84%.

Siena Revolver

In March 2023, the Company entered into a Loan and Security Agreement (the “Siena Revolver”) with Siena Lending Group, LLC (“Siena”) which permits the Company to receive funding through a revolving line of credit with an initial commitment of $35.0 million. The Company’s borrowing capacity under the Siena Revolver is subject to certain conditions, including the Company’s eligible inventory and accounts receivable balances among other limitations as specified in the agreement. In connection with this facility the Company incurred $1.1 million of debt issuance costs which have been included in other assets on the Company’s balance sheet and being amortized through the Revolver’s scheduled maturity date. Additional borrowing capacity from the Siena Revolver was $11.5 million $9.1 million as of September 30, 2023 March 31, 2024.

The interest rates applicable to borrowings under the Siena Revolver are based on a fluctuating rate of interest measured by reference to either, at the Company’s option, (i) a Base Rate, plus an applicable margin, or (ii) the Term SOFR rate then in effect, plus 0.10% and an applicable margin. The Base Rate is defined as the greatest of: (1) Prime Rate as published in the Wall Street Journal, (2) Federal Funds Rate plus 0.5% and (3) 5.0% per annum. The

applicable margin for Siena Revolver borrowings is based on the Company’s monthly average principal balance outstanding and ranges from 2.75% to 4.50% per annum in the case of Base Rate Borrowings, as defined by the Siena Revolver, and 3.75% to 5.50% per annum in the case of Term SOFR borrowings. Borrowings, as defined by the Siena Revolver. The Siena Revolver also contains various financial covenants the Company must maintain to avoid an Event of Default, as defined by the agreement, including a subjective acceleration clause in the event that Siena determines that a material adverse change has or will occur within the business, operations, or financial condition of the Company or a material impairment of the prospect of repaying any portion of this financial obligation. In accordance with the agreement, Siena has been provided with the Company’s periodic financial statements and updated projections to facilitate their ongoing assessment of the Company. The Company believes the likelihood that Siena would exercise the subjective acceleration clause is remote. As of September 30, 2023 March 31, 2024, the Company was in compliance with these debt covenants.

The Siena Revolver matures at the earlier of March 10, 2026 or the maturity date of the Structural Debt Facility. As of September 30, 2023 March 31, 2024, the Company has an outstanding principal balance of $7.5 million under the Siena Revolver. The interest rate on the outstanding balance at September 30, 2023 as of March 31, 2024 was 9.16% 9.18%.

Atel Loan Facility

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

6. Commitments and Contingencies

Merchandise Purchase Commitments

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had obligations to purchase $13.7 million $10.7 million and $18.7 million $14.1 million, respectively, of merchandise.

Letters of Credit

The Company had irrevocable standby letters of credit in the amount of $3.4 million $1.2 million and $3.1 million $3.4 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, primarily related to the Company’s operating leases. The letters of credit have expiration dates through January 2029.

Lease Modification

In March 2024, the Company entered into an amendment to the lease agreement (the “Lease Amendment”) for its headquarters located in San Francisco, California, to provide for, among other things, a reduction of the amount of space being leased and of the monthly lease payments owed to the lessor. The Company concluded this was a modification of the existing lease agreement.

In connection with the execution of the Lease Amendment, the Company paid $4.8 million which was determined to be consideration for the remaining space being leased and was considered in remeasuring the Company's ROU asset and lease liability upon execution of the amendment. The Lease Amendment requires the Company to make escalating undiscounted annual base rent payments of up to $0.4 million, payable monthly. The lease term under the Lease Amendment expires in May 2027. The Company previously recognized an impairment loss due to the abandonment of portions of the underlying asset. For the three months ended March 31, 2024, the Company recognized a gain of $3.1 million within selling, general and administrative expense within its consolidated statements of operations upon remeasuring its lease liability and right of use asset.

Contingencies

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

The Santa Clara County District Attorney’s Office, in conjunction with other representatives from other California district and city attorneys’ offices, is currently investigating the Company’s compliance with California’s Automatic Renewal Law (“ARL”), California’s Unfair Competition Law, and False Advertising Law (the "CA “CA ARL Matter”). The Company has met with this task force of multiple California district attorneys (“CART” (called the California Autorenewal Task Force, or “CART”) and has provided documents and information upon request and discussed proposed remediation. Based on recent discussions with CART, it is probable that the Company will incur a loss with regard to

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

this matter. However, based on the current information, the Company does not have enough information to make a reasonable estimate of the loss or range of loss at this time.

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

7. Common Stock and Warrants

On June 16, 2022 (the "Closing Date"), the Company consummated the transactions contemplated by an Agreement and Plan of Merger, dated December 7, 2021, amended and restated on March 31, 2022 (the "Merger Agreement"), among Virgin Group Acquisition Corp. II, a blank check company incorporated as a Cayman Islands exempt company in 2020 ("VGAC II"), Treehouse Merger Sub, Inc., Treehouse Merger Sub II, LLC ("VGAC II Merger Sub II"), and Legacy Grove Acquisition

As discussed in Note 1, *Description* *("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* BusinessCompany (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, completed the acquisition separate corporate existence of Legacy Grove ceased, and acquired 100% VGAC Merger Sub II continued as the surviving company and a wholly-owned subsidiary of Legacy Grove's shares the Company and changed its name to Grove Collaborative, Inc. (together with the Merger and the Domestication, the "Business Combination").

The Business Combination was accounted for as a reverse recapitalization with Legacy Grove received gross proceeds of $97.1 million, which includes proceeds from issuance of common stock upon being the consummation of accounting acquirer and VGAC II as the Business Combination. During the year ended December 31, 2022, the Company recorded $24.4 million of transaction costs, which consisted of legal, acquired company for accounting and other professional services directly related to the Business Combination. Transaction costs were allocated on a relative fair value basis between the issuance of equity and liability instruments.purposes.

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

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

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

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

Earn-Out Shares

At the closing of the Business Combination, Class B common stock shareholders (including Grove stock option, restricted stock unit, and warrant holders) were issued an aggregate 2,799,696 shares of the Company's Class B Common Stock ("Earn-Out Shares"). During the three months ended March 31, 2023, certain Certain shareholders have since surrendered an aggregate 197,142 197,284 Earn-Out Shares, which per terms of the Merger Agreement, were cancelled by the Company and not reallocated among to the remaining holders. The remaining 2,602,554 2,602,412 Earn-Out Shares will can vest within a period of ten years following the Business Combination (the "Earn-Out Period") (i) with respect to

Grove Collaborative Holdings, Inc.

Notes to Condensed Consolidated Financial Statements (continued)

1,301,277 1,301,206 of the Earn-Out Shares, upon the closing price of the Company's Class A common stock equaling or exceeding $62.50 per share for any 20 trading days within any 30-trading-day period and (ii) with respect to 1,301,277 1,301,206 of the Earn-Out Shares, upon the closing price of the Company's Class A common stock equaling or exceeding $75.00 per share for any 20 trading days within any 30-trading-day period. Such events can occur during a period of ten years following the Business Combination (the "Earn-Out Period").

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

If, upon the expiration of the Earn-Out Period, any Earn-Out Shares shall have not vested, then such Earn-Out Shares shall be automatically forfeited by the holders thereof and canceled by the Company. The settlement amount to be paid to the selling shareholders of the Earn-Out Shares can change and is not indexed to the Company's stock. Due to the change in control event contingency and variable number of Earn-Out shares to be settled to the holders, the Earn-Out Shares fail the equity scope exception and are accounted for as a derivative in accordance with ASC 815, *Derivatives and Hedging*, and will be remeasured on a recurring basis at fair value, with changes in fair value recorded in the condensed consolidated statements of operations. As of September 30, 2023 March 31, 2024, the Company did not meet any Earn-Out thresholds.

Class A Common Stock Warrants

As the accounting acquirer,

On the Closing Date, the Company was deemed to have assumed assumed 6,700,000 Private Private Placement Warrants for the Company's Class A common stock that were held by Virgin Group Acquisition Sponsor II LLC (the "Sponsor") and 8,050,000 of the Company's Class A common stock Public Warrants that were held by VGAC II's shareholders. The warrants will expire on July 16, 2027, or earlier upon redemption or liquidation. Five whole warrants must be bundled together in order to receive one share of the Company's Class A common stock at an effective exercise price of $57.50. On June 16, 2023, the Company agreed to cancel 749,269 Public Warrants from certain holders.$57.50.

Subsequent to the Closing of the Business Combination, the The Private Placement and Public Warrants for shares of the Company's Class A common stock meet liability classification requirements since the warrants may be required to be settled in cash under a tender offer. In addition, Private Placement warrants are potentially subject to a different settlement amount as a result of being held by the Sponsor which precludes the private placement warrants from being considered indexed to the entity's own stock, and therefore classified as liabilities on the condensed consolidated balance sheets.

As of September 30, 2023 March 31, 2024, the following warrants were outstanding on an as-converted basis:

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

Public Warrants

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

The Company may redeem, with 30 days written notice, each whole outstanding Public Warrant for cash at a price of $0.01 per warrant if the Reference Value equals or exceeds $90.00 per share, subject to certain adjustments. The warrant holders have the right to exercise their outstanding warrants prior to the scheduled redemption date during the Redemption Period at an effective price of $57.50 per share, subject to certain adjustments. Five whole warrants must be bundled together in order to receive one share of the Company's Class A common stock.If the Company calls the Public Warrants for redemption, the Company will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis", as described in the warrant agreement. For purposes of the redemption, "Reference Value" shall mean the last reported sales price of the Company's Class A common stock for any twenty20 trading days within the thirty30 trading-day period ending on the third trading day prior to the date on which notice of the redemption is given.

Private Placement Warrants

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

Backstop Warrants

In connection with the Business Combination, the Company issued to the Corvina Holdings limited Limited (the “Backstop Investor”) warrants to purchase 775,005 shares of the Company’s Class A common stock with an exercise price of $0.05 per share (such warrants, the “Backstop Warrants”). The Backstop Warrants are exercisable by the Backstop Investor at any time on or before June 16, 2027, and are on terms customary for warrants of such nature. None of these warrants have been exercised as of September 30, 2023 March 31, 2024.

Standby Equity Purchase Agreement

On July 18, 2022, the Company entered into a Standby Equity Purchase Agreement (the “SEPA”) with YA II PN, LTD (“Yorkville” or “SEPA Investor”), pursuant to which Yorkville has agreed to purchase up to $100 million of common stock from time to time over a period of 36 months, subject to certain conditions. The shares of the Company’s common stock that may be issued under the SEPA may be sold by us to Yorkville at our discretion from time to time and sales of the Company’s common stock under the SEPA will depend upon market conditions and other factors. Additionally, in no event may the Company sell more than 6,511,532 shares of common stock to Yorkville under the SEPA, which number of shares is equal to 19.99% of the shares of the Company's common stock outstanding immediately prior to the execution of the Equity Purchase Agreement (the “Exchange Cap”), unless stockholder approval is obtained to issue shares of common stock in excess of the Exchange Cap in accordance with applicable NYSE rules or comply with certain other requirements as described in the Equity Purchase Agreement. As a result, unless the Company’s stock price exceeds $15.33, the Company will be unable to sell the full $100.0 million commitment to Yorkville without seeking stockholder approval to issue additional shares in excess of the Exchange Cap. The purchase price per share for Class A common stock will be 97.55% of the Volume-Weighted Average Price (“VWAP”) of the Company’s Class A common stock over the Pricing Period, as defined by the agreement. The Company deferred $0.7 million of transaction costs related to the SEPA and will offset these costs against proceeds of any sales under the SEPA. As of September 30, 2023 March 31, 2024, the Company has sold 147,965 shares under the SEPA for total gross proceeds of $2.4 million. Issuance costs related to these shares are not material. As of September 30, 2023 March 31, 2024, there were 6,363,567 shares available to be sold to Yorkville under the Exchange Cap.

HGI Subscription Agreement

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

The HGI Subscription Agreement also provides that the Company will issue additional shares (the “HGI Additional Shares”) of the Company’s Class A common stock to HGI in the event that the volume weighted average price of the Company’s Class A common stock is less than $6.30 during the three trading days commencing on the first trading day after (i) the Company files the Subscribed Shares Registration Statement (the “Registration Date”), (ii) the three-month anniversary of the Registration Date, (iii) the six-month anniversary of the Registration Date, or (iv) the nine-month anniversary of the Registration Date (“Measurement Periods” and each “Measurement Period”) upon HGI’s election to receive such additional shares. Following the effectiveness of the Subscribed Shares Registration Statement, HGI exercised their right to receive all HGI Additional Shares issuable under the HGI Subscription Agreement. On August 1, 2023, the Company issued to HGI 714,285 shares of the Company’s Class A common stock which settled all obligations under the HGI Additional Shares liability.

Concurrent with the HGI Subscription Agreement, the Company also entered into a consulting services agreement (the “Consulting Agreement”) with HCI Grove Management LLC (the “Consultant”). In consideration for the services under the Consulting Agreement, the Company (i) paid the Consultant an upfront fee of $150,000 and (ii) issued the Consultant warrants to purchase 905,000 shares (the “HGI Warrant Shares”) of the Company’s Class A common stock (the “HGI Warrants”), at an exercise price per share of $6.30 (the “Exercise Price”). On November 10, 2022, 40% of the HGI Warrant Shares vested and became issuable (the “Vested Warrants”), and the remaining HGI Warrant Shares (the “Unvested Warrants”) shall vest and become exercisable if, prior to December 31, 2024, the Company achieves at least $100.0 million in quarterly net revenue on a consolidated basis or if the Company consummates a Change of Control, as defined in HGI Warrants. If, as a result of the Change of Control, the

Company's equity holders own less than 25% of the equity securities of the surviving entity in such Change of Control, the Exercise Price shall be increased by 50%.

The Company determined the Vested Warrants and Unvested Warrants qualify as stock based compensation to a nonemployee. The Company recorded $1.2 million in stock based compensation expense on the execution date of the HGI Subscription Agreement. The Company performs a probability reassessment related to the Unvested Warrants each reporting period and will recognize the cumulative catch-up adjustment based on the grant-date fair value when the vesting conditions are probable of being achieved. Any remaining expense will continue to ratably recognized until the date the revenue target is achieved, and the Unvested Warrants are fully vested.

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

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

Reserved for Issuance

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

	September 30, 2023		December 31, 2022	
	Class A Common Stock	Class B Common Stock	Class A Common Stock	Class B Common Stock
	March 31, 2024		December 31, 2023	
	Class A Common Stock	Class B Common Stock	Class A Common Stock	Class B Common Stock
Private Placement Warrants	1,340,000	—	1,340,000	—
Public Warrants	1,460,146	—	1,610,000	—
Backstop Warrants	775,005	—	775,005	—
Volition Penny Warrants	20,905	—	—	—
Shares issuable upon conversion of redeemable convertible preferred stock	4,739,336	—	—	—
Other outstanding common stock warrants	2,484,778	113,776	905,000	113,776

Outstanding stock options	Outstanding stock options	1,116,664	809,847	1,264,302	839,705
Outstanding restricted stock units	Outstanding restricted stock units	5,145,481	16,272	3,864,448	32,149
CEO Award (Note 9)		850,000	—	—	—
Shares available for issuance under 2022 Equity Incentive Plan	Shares available for issuance under 2022 Equity Incentive Plan	4,456,933	—	4,158,872	—
Shares available for issuance under 2022 Employee Stock Purchase Plan	Shares available for issuance under 2022 Employee Stock Purchase Plan	908,746	—	654,814	—
Total shares of common stock reserved	Total shares of common stock reserved	23,297,994	939,895	14,572,441	985,630

8. Redeemable Convertible Preferred Stock

On August 11, 2023 (the “Preferred Stock Closing Date”), the Company entered into a subscription agreement (the “Preferred Stock Subscription Agreement”) with Volition Capital Fund IV, L.P. (“Volition”) where the Company received gross proceeds of $10.0 million in exchange for 10,000 shares of the Company’s Series A Redeemable Convertible Preferred Stock (the “Preferred Stock”), the issuance of a warrant to purchase 1,579,778 shares of Grove’s Class A common stock at an exercise price of $6.33 per share (the “Volition Warrant”) and the issuance of a separate warrant to Volition to purchase 20,905 shares of Grove’s Class A common stock at an exercise price of $0.01 per share (the “Volition Penny Warrant”). The Volition Warrant and the Volition Penny Warrant each expire on the three-year anniversary of the Preferred Stock Closing Date and are not became exercisable until six months following the Preferred Stock Closing Date.

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

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

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

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

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

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

Significant provisions of the Preferred Stock are as follows:

Dividends – The holders of the outstanding shares of Preferred Stock shall be entitled to receive, only when, as and if declared by the Board of Directors, out of any funds and assets legally available therefore, dividends at the rate of 6% per annum of the original issuance price for each share of Preferred Stock, prior and in preference to any declaration or payment of any other dividend (other than dividends on shares of Class A common stock payable in shares of Class A common stock). The dividends on shares of the Preferred Stock accrue from day to day, whether or not declared, and shall be cumulative, provided, however, such accruing dividends shall be payable only when, as, and if declared by the Board of Directors and the Company shall be under no obligation to pay such accruing dividends. Total cumulative undeclared dividends as of September 30, 2023 March 31, 2024 was $0.1 $0.4 million.

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

Voting – Each holder of Preferred Stock is entitled to the number of votes equal to the number of shares of Class A common stock into which such shares of the Preferred Stock are then convertible based on the Conversion Price conversion price as of the record date for determining stockholders entitled to vote on such matter and shall have voting rights and powers equal to the voting rights and powers of the Class A common stock (except as otherwise expressly provided herein or as required by law, voting together with the Class A common stock as

a single class) and shall be entitled to notice of any such stockholders' meeting in accordance with the Bylaws of the Company. For so long as an original purchaser of the Preferred Stock beneficially holds 20% or more of the shares of Class A Common Stock (calculated on as converted basis based on the Conversion Price (as adjusted for stock splits, combinations, stock dividends, recapitalizations and the like)) such purchaser acquired pursuant to the Preferred Stock Subscription Agreement, such purchaser shall have the right to designate up to one director for election to the Board of Directors as a Class I Director.

Grove Collaborative Holdings, Inc.

Notes to Condensed Consolidated Financial Statements (continued)

(Unaudited)

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

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

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

The Company evaluated these features and determined that the Preferred Stock is appropriately classified as temporary equity due to the redemption provisions allowing the holders to redeem the Preferred Stock upon a liquidation transaction or following the seventh anniversary of the closing date. The Volition Warrants and Volition Penny Warrants are classified within additional paid-in capital on the Company's balance sheet at September 30, 2023 as of March 31, 2024.

9. Stock-Based Compensation

Stock Options

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

	Options Outstanding					
	Number of Options		**Weighted–Average Exercise Price**	**Weighted-Average Remaining Contractual Life (years)**		**Aggregate Intrinsic Value**
Balance – December 31, 2022	2,104,007	$	7.95	4.87	$	61
Exercised	(37,334)	$	1.90			
Cancelled/forfeited	(140,162)	$	11.68			
Balance – September 30, 2023	1,926,511	$	7.80	4.41	$	194
Options vested and exercisable – September 30, 2023	1,710,736	$	6.41	4.04	$	194

	Options Outstanding					
	Number of Options		**Weighted–Average Exercise Price**	**Weighted-Average Remaining Contractual Life (years)**		**Aggregate Intrinsic Value**
Balance – December 31, 2023	1,894,303	$	7.82	4.23	$	32
Cancelled/forfeited	(81,541)	$	12.10			
Balance – March 31, 2024	1,812,762	$	7.63	4.08	$	27
Options vested and exercisable – March 31, 2024	1,603,102	$	6.15	3.72	$	27

No options were granted during the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023. The total grant date fair value of options that vested during nine three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $0.2 million nominal. No options were exercised during three months ended March 31, 2024 and $10.2 million, respectively. The the aggregate intrinsic value of options exercised during the nine three months ended September 30, 2023 and 2022 March 31,2023 was nominal and $1.0 million, respectively. nominal. The aggregate intrinsic value is the difference between the current fair value of the underlying common stock and the exercise price for in-the-money stock options.

Market-Based Stock Options

In February 2021, the Company granted 203,434 stock options with market and liquidity event-related performance-based vesting criteria with an exercise price of $18.85 per share. 100% of the stock options vest upon valuation of the Company's stock at a stated price upon occurrence of specified transactions. Fair value was determined using the probability weighted expected term method ("PWERM"), which involves the estimation of future potential outcomes as well as values and probabilities associated with each potential outcome. Two potential scenarios were used in the PWERM that utilized 1) the value of the Company's common equity, and 2) a Monte Carlo simulation to specifically value the award. The total grant date fair value of the award was determined to be $5.5

million. Since a liquidity event is not deemed probable until such event occurs, no compensation cost related to the performance condition was recognized prior to the Business Combination on June 16, 2022 $5.5 million. Subsequently, the Company recorded stock-based compensation expense of $4.6 million for service periods completed prior to the Business Combination. As of September 30, 2023 March 31, 2024, the market-based vesting criteria had not been met. All expense related to this award has been recognized in prior periods.

Restricted Stock Units (RSUs)

The following table summarizes the activity for all RSUs under all of the Company's equity incentive plans for the nine three months ended September 30, 2023 March 31, 2024:

		Number of shares	Weighted–Average Grant Date Fair Value Per Share
Unvested – December 31, 2022		3,896,597	$ 8.78
	Number of shares	Number of shares	Weighted–Average Grant Date Fair Value Per Share
Unvested – December 31, 2023			
Granted	Granted	3,895,883	$ 2.22
Vested	Vested	(1,979,024)	$ 6.45
Cancelled/forfeited	Cancelled/forfeited	(651,703)	$ 5.97
Balance – September 30, 2023		5,161,753	$ 4.40
Balance – March 31, 2024			

CEO Award

On August 16, 2023, In August 2023, the Company's Board of Directors granted its Chief Executive Officer an aggregate of 850,000 Class A common stock RSUs (the "CEO Award") separate from the Grove Collaborative Holdings, Inc. 2022 Equity and Incentive Plan. A portion of the CEO Award contains market based vesting requirements consisting of four tranches that vest separately upon the Company's public stock price meeting certain price thresholds. Additionally, the CEO Award also contains a service requirement with 25% of the shares vesting each year from the grant date for four years.

The CEO Award has a total aggregate value of $2.0 million. During the three months ended September 30, 2023 March 31, 2024, the Company recorded $0.1 million of stock-based compensation expense related to the CEO Award.

Executive Chair Award

In February 2024, the Company's Board of directors granted its Executive Chairman of the Board of directors 286,000 shares of market-based restricted stock units (the "Executive Chair Award"). The Executive Chair Award consists of the four tranches that vest separately upon the Company's public stock price meeting certain price thresholds. Additionally, the Executive Chair Award also contains a service requirement with 33% of the shares vesting each year from the grant date for three years.

The Executive Chair Award has a total aggregate fair value of $0.4 million. During the three months ended March 31, 2024, stock based compensation expense related to the Executive Chair Award was not material.

Employee Stock Purchase Plan

In May 2022, the Company's board of directors adopted the 2022 Employee Stock Purchase Plan (the "ESPP"), which was subsequently approved by the Company's stockholders. The ESPP went into effect on November 16, 2022. Subject to certain limitations contained therein, the ESPP allows eligible employees to contribute, through payroll deductions, up to 20% of their eligible compensation to purchase the Company's Class A common stock at a discounted price per share.

Stock-Based Compensation Expense

The Company recognized a total of $2.1 million $3.1 million and $9.8 million $4.9 million of stock-based compensation expense for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $11.9 million and $34.3 million of stock-based compensation expense for the nine months ended September 30, 2023 and 2022 2023, respectively, related to stock options and RSUs granted to employees and non-employees. Stock-based compensation expense was predominately recorded in selling, general and administrative expenses in the statements of operations for each period presented. As of September 30, 2023 March 31, 2024, the total unrecognized compensation expense related to unvested options and RSUs was $21.6 $15.6 million, which the Company expects to recognize over an estimated weighted average period of 2.1 1.8 years.

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

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

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

	Three Months Ended March 31,	
	2024	2023
Net loss, basic and diluted	$ (3,391)	$ (13,069)
Less: Series A accumulated dividends	(150)	$ —
Net loss attributable to common stockholders, basic and diluted	$ (3,541)	$ (13,069)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.10)	$ (0.39)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	36,262,917	33,747,855

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

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
Redeemable convertible preferred stock					
Redeemable convertible preferred stock					
Redeemable convertible preferred stock	Redeemable convertible preferred stock	4,739,336	—	4,739,336	—
Common stock options	Common stock options	1,926,511	1,619,811	1,926,511	4,833,767
Common stock options					
Common stock options					
Restricted stock units					
Restricted stock units					
Restricted stock units	Restricted stock units	5,161,753	60,728	5,161,753	810,582
Common stock warrants	Common stock warrants	2,598,554	80,740	2,598,554	180,029
Common stock warrants					
Common stock warrants					
Private and Public Placement Warrants					
Private and Public Placement Warrants					
Private and Public Placement Warrants	Private and Public Placement Warrants	2,800,146	2,950,000	2,800,146	2,950,000
Earn-Out Shares	Earn-Out Shares	2,602,554	2,799,696	2,602,554	2,799,696
Earn-Out Shares					
Earn-Out Shares					
ESPP shares					
ESPP shares					
ESPP shares					
Total	Total	19,828,854	7,510,975	19,828,854	11,574,074
Total					
Total					

30 26

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

The following discussion and analysis of the financial condition and results of operations of Grove Collaborative Holdings, Inc. ("Grove," "we," "us," and "our") should be read with the condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and the audited consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. This discussion and analysis contains forward-looking statements based upon current expectations that involve involves risks and uncertainties. Grove's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the section entitled "Risk Factors" herein or in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 or in other parts of this Quarterly Report on Form 10-Q. Grove's historical results are not necessarily indicative of the results that may be expected for any period in the future. Except as otherwise noted, all references to 2022 2023 refer to the year ended December 31, 2022 December 31, 2023.

Overview

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

OVERVIEW

Grove Collaborative Holdings, Inc., formerly Virgin Group Acquisition Corp. II, is a digital-first, sustainability-oriented consumer products innovator. company. We use our connection with consumers to create and curate authentic, disruptive brands and products. We build natural products that perform as well as or better than many leading CPG consumer packaged goods ("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 with a selection of curated products across many categories and brands. We refer to this part of our business as "DTC." We expanded into brick-and-mortar retail in April 2021 with the launch of a curated assortment of Grove Co. best sellers in cleaning, laundry, hand and dish categories at Target and have since established additional retail partnerships with Amazon, CVS, Meijer, and Kroger. Our products were sold in over 10,000 stores across these retail partnerships as of March 31, 2024. We believe our retail strategy will generate additional brand awareness, especially as consumer concerns about single-use plastic continue to rise.

Grove is a public benefit corporation and a Certified B Corporation, meaning we adhere to third party standards for prioritizing social, environmental, and community well-being. We have a history of doing well by doing good, which is supported by our flywheel: as we have grown, our product development capabilities and data have improved. Over the long term, we believe that improved innovation will fuel grows both top line growth topline and, margin expansion over the long term, can expand margins as our innovation has historically tended to be both market expanding and margin accretive. Since inception, we have grown and invested heavily in building out both our e-commerce platform and Grove Brands, and over this period we have operated at a loss and loss. We have an accumulated deficit of $611.6 million $624.5 million as of September 30, 2023 March 31, 2024. Beginning in the second half of 2022, we have moved to substantially reduce reduced our operating expenses across the business in support of our drive toward profitability. These expense reductions, particularly in advertising, have resulted in a substantial decline in our revenue. While

On June 16, 2022, we have made significant progress, we anticipate that we will continue consummated the transactions contemplated by an Agreement and Plan of Merger, dated December 7, 2021, amended and restated on March 31, 2022 (the "Business Combination"). Refer to incur losses Note 7, Common Stock and Warrants, included in the future unless and until we can rekindle revenue growth to the point where our revenue exceeds our operating expenses. Refer to Liquidity, Capital Resources and Requirements below financial statements found in Item 1 of this form 10-Q for more information.

Business Combination

On June 16, 2022 (the "Closing Date"), we became a publicly traded company as a result of the consummation of Grove Collaborative, Inc.'s ("Legacy Grove") merger with Virgin Group Acquisition Corp. II, a Cayman-domiciled blank check company ("VGAC II"), which we refer to herein as the "Business Combination". Prior to the Business Combination, VGAC II's public shares, and public warrants were listed on the New York Stock Exchange (the "NYSE") under the symbols "VGII" and "VGII.WS," respectively. On June 17, 2022, the Company's Class A common stock and public warrants ("Public Warrants") began trading on the NYSE, under the symbols "GROV" and "GROV.WS," respectively. Due to a low trading price, the Public Warrants were delisted by the NYSE on June 12, 2023. further details.

Reverse Stock Split

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

Key Factors Affecting Our Operating Performance

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

Ability To Grow our Brand Awareness

Our brand is integral to the growth of our business and is essential to our ability to engage with our community. Our performance will depend on our ability to profitably attract new customers and encourage consumer spending across our product portfolio. We believe the core elements of continuing to grow our brand awareness and thus increase in a manner that increases our market penetration are highlighting our products' qualities of being natural, sustainable and effective, the efficacy effectiveness 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 research and development team, which includes experienced chemists and formulators, who work closely with our Sustainability 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 find ways to maintain this important feedback loop. As a result of our cost reductions in recent periods, we have substantially reduced our investment in product innovation. Our continued future success in research and development and ability to assess customer needs and develop sustainable and effective products will be central to attracting and retaining consumers in the future and to growing our market penetration and our impact on human and environmental health.

Ability to Expand our Retail Distribution

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

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

Our ability to attract new customers is a key factor for our future growth. To date we have successfully acquired new customers through many online and offline marketing channels. In recent periods, years, 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 in these channels to increase consistently. We made changes in 2023 to our online purchase flow and subscription process. During the transition, we experienced a reduction of the rate at which visitors convert into subscribers, which has made it more difficult to cost-effectively acquire subscribers. We began to launch further improvements to this process in 2024, which initially caused a negative impact on conversion, but we have since experienced improving conversion. Failure to effectively adapt to changes in online marketing dynamics or changes to our internet platform, or to otherwise to attract customers on a cost-efficient cost-efficient basis would adversely impact our path to revenue growth, profitability and our operating results. Recently, we have implemented a lower-spend strategy to optimize the cost of acquiring new customers. customers but as conversion improves, we plan to spend more on advertising to drive growth in future quarters. Our ability to balance cost-efficient acquisitions while driving consumer awareness may impact the cost of acquiring new customers, profitability and operating results.

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

Ability to Achieve Profitable Growth; Positive Cash Flow and Scale

We believe we are in the early stages of realizing a substantial opportunity to transform the consumer products industry into a force for human and environmental good by relentlessly creating and curating planet-first, high-performance brands and products. After experiencing very high rates of growth prior to and in part driven by the COVID-19 pandemic, in recent periods 2022 and 2023 we have substantially reduced our expense structure and operations in light of declining revenue, and as a result we have reduced our operating losses and cash consumption commensurately. consumption. To re-ignite growth grow and achieve profitability over the longer term, we will need to expand our DTC business, continue to grow our retail presence and achieve scale that will allow us to drive efficiencies in generating brand awareness, acquiring customers, creating operating leverage over headcount and other overhead, and fulfilling orders. Our recent gains in approaching profitability may not be sustainable in the near term due to the effects of seasonality, steps we may take to drive growth or other factors. If we are unable to achieve profitable growth, our prospects may be materially and adversely affected.

Key Operating and Financial Metrics

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

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

We believe that the future of CPG brand building and consumer demand is omnichannel. Our DTC platform remains a core part of our strategy and customer value proposition in addition to providing key data and customer feedback driving our innovation process. We kicked off our expansion into brick and mortar retail in April 2021 with the launch of a curated assortment of Grove Co. products at Target. We continued to expand into other retailers, including Amazon, CVS, Walmart, Meijer, and Kroger. As we aim to continue

The following table presents 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 key operating metrics reflect our core strategic focus on growing Grove Brands' omnichannel presence and revenue, as well as our key DTC platform metrics. for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
(in thousands, except DTC Net Revenue Per Order and percentages)	2023	2022	2023	2022	2024	2023
Financial and Operating Data						
Grove Brands % Net Revenue	45 %	47 %	46 %	49 %	43 %	49 %
DTC Total Orders	917	1,242	2,988	4,116		
DTC Active Customers	1,019	1,460	1,019	1,460		
DTC Net Revenue Per Order	$ 65	$ 61	$ 64	$ 58		

Grove Brands % Net Revenue

We define Grove Brands % Net Revenue as total net revenue across all channels attributable to Grove Brands, including: including Grove Co., Honu, Peach, Rooted Beauty and Superbloom divided by our total net revenue. On our Our total DTC Platform, our total net revenue includes revenue from both Grove Brands and third-party brands that we carry, whereas for while our retail sales total net revenues is comprised exclusively of revenue from Grove Brand products. We view Grove Brands % Net Revenue as a key indicator of the success of our product innovation and growth strategy, and customers' acceptance of our products. In the three and nine months ended September 30, 2023 March 31, 2024, Grove Brands % Net Revenue declined due to a decrease in Grove Brands products in existing customer orders as we continue to expand our third-party offering offerings and a decrease in new customer orders, which typically include more Grove Brands products.

DTC Total Orders

We determine our number of DTC Total Orders by counting the number of customer orders submitted through our website and mobile application that have been shipped within the period. The metric includes orders that have been refunded, excludes reshipments of customer orders for any reason including damaged and missing products, and excludes retail orders. Refunded orders are included in DTC Total Orders as we believe this provides more meaningful order management performance metrics, including fulfillment cost efficacy and refund rates. Changes in DTC Total Orders in a reporting period capture both the inflow of new customers, changes in order frequency of existing customers and customer attrition. We view the number of Total DTC Orders as a key indicator of trends in our DTC platform, and our future success in this channel will depend in part on our ability to drive growth through new customer acquisition and by increasing existing customer engagement. In the three and nine months ended September 30, 2023 March 31, 2024, DTC Total Orders declined primarily due to our reduction in advertising spend, resulting in fewer new customers and therefore fewer overall orders. We expect this trend to continue through 2023 as advertising remains at current levels.

DTC Active Customers

As of the last day of each reporting period, we determine our number of DTC Active Customers by counting the number of individual customers who submitted orders through our DTC platform, and for whom an order has shipped, at least once during the preceding 364-day period. The change in active customers in a reporting period captures both the inflow of new customers as well as the outflow of customers who have not made a purchase in the last 364 days. We view the number of active customers as one of the key indicators of growth in our DTC channel. In the three and nine months ended September 30, 2023 March 31, 2024, DTC Active Customers declined primarily due to our reduction in advertising spend resulting in fewer new customers and therefore fewer overall orders.

DTC Net Revenue Per Order

We define DTC Net Revenue Per Order as our DTC Total Net Revenue in a given reporting period, divided by the DTC Total Orders in that period. We view DTC Net Revenue per Order as a key indicator of the performance of our DTC business. DTC Net Revenue Per Order increased in the three and nine months ended September 30, 2023 March 31, 2024 compared to the prior year comparative periods period as a result of launching decreases in the Supply Chain Fee, which allows us number of lower-net revenue first orders, increased number of products sold per order due to continue prioritizing sustainability and maintain our commitment to fair wages, a higher percentage of higher DTC Net Revenue Per Order from existing customer orders compared to new customer orders, as well as the introduction of strategic price increases on Grove Brands and third party products. expanded product offering.

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

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

We calculate Adjusted EBITDA as net income (loss), adjusted to exclude: (1) stock-based compensation expense; (2) depreciation and amortization; (3) remeasurement of convertible preferred stock warrant liability; (4) changes in fair values of Additional Shares, Earn-out Shares, Public Private Placement Warrant, Structural Derivative derivative liabilities; (5) transaction costs allocated to derivative liabilities upon closing of the Business Combination; (6) interest income; (7) interest expense; (8) restructuring and severance related costs; (9) provision for income taxes and (10) certain litigation and legal settlement expenses. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by net revenue. Because Adjusted EBITDA excludes these elements that are otherwise included in our GAAP financial results, this measure has limitations when compared to net loss determined in accordance with GAAP. Further, Adjusted EBITDA is not necessarily comparable to similarly titled measures used by other companies. For these reasons, investors should not consider Adjusted EBITDA in isolation from, or as a substitute for, net loss determined in accordance with GAAP.

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

	Three Months Ended March 31,		Three Months Ended March 31,	
	2024		2024	2023

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Reconciliation of Net Loss to Adjusted EBITDA				
Reconciliation of Net Loss to Adjusted EBITDA				
Reconciliation of Net Loss to Adjusted EBITDA				
Reconciliation of Net Loss to Adjusted EBITDA	(in thousands)			
	(in thousands)			
Net loss				
Net loss	$(9,811)	$ 7,662	$(33,747)	$(75,032)
Net loss				
Net loss				
Stock-based compensation				
Stock-based compensation	2,100	9,814	11,941	34,348
Depreciation and amortization				
Depreciation and amortization	1,462	1,427	4,359	4,291
Remeasurement of convertible preferred stock warrant liability	—	—	—	(1,616)
Change in fair value of Additional Shares liability	600	(1,045)	920	970
Change in fair value of Earn-Out liability	1,408	(28,791)	350	(46,136)
Change in fair value of Public and Private Placement Warrants liability	125	(2,803)	(1,262)	(3,983)
Change in fair value of Structural Derivative liability	600	—	1,290	—

Deferred offering costs allocated to derivative liabilities upon Business Combination		—	200	—	6,873			
Changes in fair value of derivative liabilities								
Reduction in transaction costs allocated to derivative liabilities upon Business Combination	Reduction in transaction costs allocated to derivative liabilities upon Business Combination	—	—	(3,745)	—			
Interest income	Interest income	(1,180)	—	(2,625)	—			
Interest expense	Interest expense	4,145	2,546	11,918	6,918			
Restructuring and severance related costs		—	1,356	553	2,992			
Restructuring and severance related costs(1)								
Provision for income taxes	Provision for income taxes	7	10	28	35			
Litigation and legal settlement expenses		700	—	700	—			
Total Adjusted EBITDA	Total Adjusted EBITDA	$ 156	$(9,624)	$ (9,320)	$(70,340)			
Net loss margin	Net loss margin	(15.9)%	9.9 %	(16.9)%	(30.3)%	Net loss margin	(6.3)%	(18.3)%
Adjusted EBITDA margin (loss)	Adjusted EBITDA margin (loss)	0.3 %	(12.4)%	(4.7)%	(28.4)%	Adjusted EBITDA margin (loss)	3.5 %	(9.5)%

(1)Restructuring expenses for the three months ended March 31, 2024 consisted of a $3.1 million gain from the Company's modification of its lease at its San Francisco headquarters offset by $0.3 million in severance-related charges. For the three months ended March 31, 2023, restructuring expenses consisted solely of severance-related charges.

Components of Results of Operations

Revenue, Net

We generate revenue primarily from the sale of both third-party and our Grove Brands products through our DTC platform. Customers purchase products through the our website or mobile application through a combination of directly selecting items from the catalog, items that are suggested by our recommendation engine, and featured products that appear in marketing on-site, in emails and on our mobile app. application. Most customers purchase a combination of products recommended by us based on previous purchases and new products discovered through marketing or catalog browsing. Customers can opt to 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 through 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 the cost of goods sold. Gross margin is gross profit expressed as a percentage of revenue. We generally record higher gross margins associated with sales of Grove Brands products compared to sales of third-party products. To help motivate first-time customers to purchase on our DTC platform, we generally offer higher discounts and free product offerings, and as a result our overall margins can be adversely affected in periods of rapid new customer acquisition. Our gross margin also fluctuates from period to period based on promotional activity, product and channel mix, the timing of promotions and launches, and inbound transportation rates, among other factors. Our gross profit and gross margin may not be comparable with that of other retailers because we include certain fulfillment related costs in selling, general, and administrative expenses while other retailers may include these expenses in cost of merchandise goods sold.

Operating Expenses

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

Advertising

Advertising expenses costs are expensed as incurred and consist primarily of our customer acquisition costs associated with online advertising, as well as advertising on television, direct mail campaigns and other media. Costs associated with the production of advertising are expensed when the first advertisement is shown. We expect to increase our investment in advertising costs to continue to decrease from the 2022 expenses as we improve our first order conversion rate through fiscal year as we implement a lower-spend strategy which optimizes 2024 in an effort to optimize the cost of acquiring new customers, while balancing driving consumer awareness and cash flow management.

Product Development

Product development expenses are related to the ongoing support and maintenance of our proprietary technology, including our DTC platform, as well as amortization of capitalized, internally developed software, and related to the product and packaging innovation in our Grove Brands products. Product development expenses consist primarily of personnel-related expenses, including salaries, bonuses, benefits and stock-based compensation expense. Product development costs also include allocated facilities, equipment, depreciation and overhead costs. We expect product development costs as a percentage of revenue to be consistent with 2022 2023 as we balance our investments in our proprietary technology, the expansion of our product line, innovative packaging and product improvements with revenue growth.

Selling, General and Administrative

Selling, general and administrative expenses consist primarily of compensation and benefit costs for personnel involved in general corporate functions, including stock-based compensation expense, and certain fulfillment costs, as further outlined below. Selling, general and administrative expenses also include the allocated facilities, equipment, depreciation and overhead costs, marketing costs including qualified cost of credits issued through our referral program, costs associated with our customer service operation, and costs of environmental offsets. While selling, general and administrative expenses increased as a result of activities related to the Business Combination and becoming a public company, since 2022, selling, Selling, general and administrative expenses have declined from 2023 as a result of decreases in fulfillment costs, the absence of IPO related charges and transactional expenses related to our becoming a publicly traded-company and cost management initiatives offsetting inflationary pressures initiatives. We expect to continue to drive efficiencies in 2023. selling, general & administrative expenses throughout 2024.

Fulfillment costs represent those costs incurred in operating and staffing our fulfillment centers, including costs attributable to receiving, inspecting and warehousing inventories, picking, packing and preparing customer orders for shipment (“Fulfillment Labor”), shipping and handling expenses, packing materials costs and payment processing and related transaction costs. These costs are included within selling, general and administrative expenses in the statements of operations. We expect fulfillment costs to continue improving in the future be consistent with 2023 on a per order basis, compared to the 2022 fiscal year. basis.

Interest and Other Income, Net

Interest expense consists primarily of interest expense associated with our debt financing arrangements. Due In recent periods we have recorded higher interest expense due to higher interest rates on our Structural Debt Facility (as defined below) and increases in the prime rate, rate. To the extend there are changes in prevailing interest rates in future periods we anticipate cash payments for interest and interest expense to fluctuate as interest rates change in the future.

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

significant increase in fluctuate with interest expense related to our borrowings. Changes in the fair value of our derivative liabilities may fluctuate significantly in future periods primarily due to fluctuations in the fair value of our common stock.

Provision for Income Taxes

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

Results of Operations

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

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
Revenue, net					
Revenue, net					
Revenue, net	Revenue, net	$ 61,750	$ 77,733	$ 199,421	$ 247,491
Cost of goods sold	Cost of goods sold	28,516	39,566	94,624	127,630
Cost of goods sold					
Cost of goods sold					
Gross profit					
Gross profit					
Gross profit	Gross profit	33,234	38,167	104,797	119,861
Operating expenses:	Operating expenses:				
Operating expenses:					
Operating expenses:					
Advertising					
Advertising					
Advertising	Advertising	4,062	8,668	17,392	59,359
Product development	Product development	3,578	5,765	11,846	17,927
Product development					
Product development					
Selling, general and administrative					
Selling, general and administrative					
Selling, general and administrative	Selling, general and administrative	29,699	46,295	102,879	155,160
Operating loss	Operating loss	(4,105)	(22,561)	(27,320)	(112,585)
Operating loss					
Operating loss					
Non-operating expenses:					
Non-operating expenses:					
Non-operating expenses:					
Interest expense	Interest expense	4,145	2,546	11,918	6,918
Change in fair value of Additional Shares liability		600	(1,045)	920	970
Change in fair value of Earn-Out liability		1,408	(28,791)	350	(46,136)
Change in fair value of Public and Private Placement Warrants liability		125	(2,803)	(1,262)	(3,983)

Change in fair value of Structural Derivative liability	600	—	1,290	—
Other expense (income), net	(1,179)	(140)	(6,817)	4,643
Interest and other expense (income), net	5,699	(30,233)	6,399	(37,588)
Income (loss) before provision for income taxes	(9,804)	7,672	(33,719)	(74,997)
Interest expense				
Interest expense				
Changes in fair value of derivative liabilities				
Changes in fair value of derivative liabilities				
Changes in fair value of derivative liabilities				
Other income, net				
Other income, net				
Other income, net				
Total non-operating expenses (income), net				
Total non-operating expenses (income), net				
Total non-operating expenses (income), net				
Loss before provision for income taxes				
Loss before provision for income taxes				
Loss before provision for income taxes				
Provision for income taxes Provision for income taxes	7	10	28	35
Net income (loss)	$ (9,811)	$ 7,662	$ (33,747)	$ (75,032)
Provision for income taxes				
Provision for income taxes				
Net loss				
Net loss				
Net loss				

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	2024			
	2024			
	2024			
Revenue, net				

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

Provision for income taxes	Provision for income taxes	—		—		—		—	
Net income (loss)		(16)	%	10	%	(17)	%	(30)	%

Provision for income taxes

Provision for income taxes

Net loss

Net loss

Net loss

Comparisons of the Three and Nine Months Ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023

Revenue, Net

	Three Months Ended March 31, 2024										Three Months Ended March 31, 2024	2023
		Three Months Ended September 30, 2023	2022	Change Amount	%	Nine Months Ended September 30, 2023	2022	Change Amount	%			
		(in thousands)								(in thousands)		
Revenue, net:	Revenue, net:											
Grove Brand	Grove Brand	$27,648	$36,425	$ (8,777)	(24)%	$ 92,397	$121,489	$(29,092)	(24)%			
Grove Brand												
Grove Brand										$23,046	$34,976	$(11,930)
Third-party product	Third-party product	34,102	41,308	(7,206)	(17)%	107,024	126,002	(18,978)	(15)%	Third-party product 30,499	36,589 36,589	(6,090) (6,090)
Total revenue, net	Total revenue, net	$61,750	$77,733	$(15,983)	(21)%	$199,421	$247,491	$(48,070)	(19)%	Total revenue, net $53,545 $	$71,565 $	$(18,020)

Revenue decreased by $16.0 million $18.0 million, or 21%, and $48.1 million, or 19% 25%, for the three and nine months ended September 30, 2023, respectively, March 31, 2024 as compared to the three and nine months ended September 30, 2022 March 31, 2023, primarily driven by a decrease in DTC Total Orders caused by and a reduction in DTC Active Customers primarily due primarily to the reduction in advertising spend, partially offset by increases in DTC Net Revenue Per Order.

Cost of Goods Sold and Gross Profit

	Three Months Ended March 31, 2024									Three Months Ended March 31, 2024	2023	Change Amount	%
	Three Months Ended September 30, 2023	2022	Change Amount	%	Nine Months Ended September 30, 2023	2022	Change Amount	%					
	(in thousands)												
	(in thousands)												
	(in thousands)												
	(in thousands)												
Cost of goods sold	Cost of goods sold	$ 28,516	$ 39,566	$(11,050)	(28)%	$ 94,624	$ 127,630	$(33,006)	(26)%	Cost of goods sold	$23,805	$ 34,310	$ (10,505)	(31)%

Gross profit	Gross profit	33,234	38,167	(4,933)	(13)%	104,797	119,861	(15,064)	(13)%	Gross profit	29,740	37,255	(7,515)	(20)%
Gross margin	Gross margin	54 %	49 %			53 %	48 %							

Cost of goods sold decreased by $11.1 million $10.5 million, or 28%, and $33.0 million, or 26% 31%, for the three and nine months ended September 30, 2023, respectively, March 31, 2024 as compared to the three and nine months ended September 30, 2022 March 31, 2023, primarily due to a decrease in DTC Total Orders, increases in our estimates related to our vendor funding allowance and reductions to our in inventory reserve charges as compared to the prior period.

Gross margin in the three months ended September 30, 2023 March 31, 2024 increased by 472 348 basis points compared to the three months ended September 30, 2022 March 31, 2023 due to reductions increases in our estimates related to our vendor funding allowance and reductions in inventory reserve charges as compared to the prior period and a decrease in the number of lower-margin first orders as a percentage of total orders, partially offset by a decrease in Grove Brands mix as a percentage of total revenue.

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

Operating Expenses

Advertising Expenses

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

	Three Months Ended March 31,		Change	
	2024	2023	Amount	%
		(in thousands)		
Advertising	$ 2,053	$ 8,673	$ (6,620)	(76)%

Advertising expenses decreased by $4.6 million $6.6 million, or 53% 76%, for the three months ended September 30, 2023 March 31, 2024 as compared to the three months ended September 30, 2022 March 31, 2023, primarily due to implementing the implementation of a lower-spend strategy which optimizes to optimize the cost of acquiring new customers, while balancing driving consumer awareness and cash flow management. Television Performance partnerships and advertising expenses decreased by $1.2 million, other advertising campaigns, including advertising focused specifically to attract aimed at attracting retail customers declined by $1.2 million $3.1 million, social media and other online advertising expenses decreased by $1.1 million.

Advertising expenses decreased by $42.0 million, or 71%, for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, primarily due to implementing a lower-spend strategy which optimizes the cost of acquiring new customers, while balancing driving consumer awareness and cash flow management. Online advertising expenses decreased by $17.1 million, television advertising expenses decreased by $12.7 million, creative content production costs decreased by $3.9 million and audio advertising decreased by $2.0 million $2.3 million and television, audio and direct mail advertising decreased $0.9 million.

Product Development Expenses

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

	Three Months Ended March 31,		Change	
	2024	2023	Amount	%
		(in thousands)		
Product development	$ 3,626	$ 4,216	$ (590)	(14)%

Product development expenses decreased by $2.2 million $0.6 million, or 38% 14% for the three months ended September 30, 2023 March 31, 2024 as compared to the three months ended September 30, 2022 March 31, 2023, primarily due to a $1.4 million $0.3 million decrease in salaries and benefits from reductions in headcount expenses related to the impacts of restructuring and a $0.5 million $0.2 million decrease in stock based stock-based compensation.

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

Selling, General and Administrative Expenses

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

	Three Months Ended March 31,		Change	
	2024	2023	Amount	%
		(in thousands)		
Selling, general and administrative	$ 24,594	$ 38,021	$ (13,427)	(35)%

Selling, general and administrative expenses decreased by $16.6 million $13.4 million, or 36% 35% for the three months ended September 30, 2023 March 31, 2024 as compared to the three months ended September 30, 2022 March 31, 2023.Stock-based compensation expense decreased by $6.9 million $1.4 million driven by lower expense under the accelerated attribution method for awards granted prior to the closing of the Business Combination and reductions of headcount. Fulfillment costs decreased by $5.9 million $4.9 million, including a $4.0 million $3.1 million decrease in shipping and handling expenses and $1.3 million $1.1 million decrease in Fulfillment Labor. fulfillment labor. The decrease in shipping and handling expenses was driven by a decrease in the volume of orders and carrier mix, partially offset by an increase in carrier rates. orders. The decrease in Fulfillment Labor fulfillment labor was due to a decrease in the volume of orders and the ability to fulfill orders more efficiently. Other general and administrative expenses, excluding stock-based compensation expense and fulfillment costs, decreased by $3.8 million $7.1 million, due to a $3.1 million gain from our modification of the lease related to our headquarters and $2.2 million due to decreases in corporate salaries and benefits from reductions in headcount related to our cost management initiatives, offset by an increase in costs related to being a public company.

Selling, general and administrative expenses decreased by $52.3 million, or 34% for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022.Stock-based compensation expense decreased by $20.4 million as the Company was required to record $11.0 million of catch-up of expense in June 2022 for the Company's restricted stock units and certain stock options as a result of meeting the performance vesting condition when the Company went public and reductions in headcount. Fulfillment costs decreased by $18.7 million, including a $11.8 million decrease in shipping and handling expenses and $5.0 million decrease in Fulfillment labor. The decrease in shipping and handling expenses was driven by a decrease in the volume of orders and carrier mix, initiatives. These decreases were partially offset by an increase in carrier rates. The decrease in Fulfillment Labor was increased depreciation charges due to a decrease the closure of our facility in the volume of orders and the ability to fulfill orders more efficiently. Other general and administrative expenses, excluding stock-based compensation expense and fulfillment costs, decreased Missouri by $13.2 million, from decreases in corporate salaries and benefits from reductions in headcount and decrease in professional fees and marketing expenses related to our cost management initiatives, offset by an increase in costs related to being a public company.$0.9 million.

Interest expense

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

	Three Months Ended March 31,		Change	
	2024	2023	Amount	%
		(in thousands)		

Interest expense	$	4,129	$	3,729	$	400	11 %

Interest expense increased by $1.6 million $0.4 million, or 63%, and $5.0 million, or 72% 11%, for the three and nine months ended September 30, 2023, respectively, March 31, 2024 as compared to the three and nine months ended September 30, 2022 March 31, 2023 primarily due to increases in rates incurred on the amount of our debt facilities. outstanding debt. See the section titled "Liquidity and Capital Resources" below for further details.

Changes in fair value of liabilities and other expense (income), Non-operating income, net

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

	Three Months Ended March 31,		Change	
	2024	2023	Amount	%
	(in thousands)			
Changes in fair value of derivative liabilities	(198)	292	$ (490)	*
Other income, net	(1,083)	(4,617)	3,534	(77)%

*Percent change Change not meaningful

The change in the fair value of Additional Shares liability, Earn-Out liability and Public and Private Placement Warrants liability derivative liabilities for the three and nine ended September 30, 2023 March 31, 2024, other than the Structural Derivative liability, was primarily driven by the changes in our stock price from December 31, 2022 December 31, 2023 through September 30, 2023 March 31, 2024. The change in fair value of the Structural Derivative liability for the three and nine ended September 30, 2023 March 31, 2024 was driven by the passage of time to when the Structural Subsequent Shares could be issued.

Other expense (income), income, net increased decreased by $1.0 million $3.5 million, or 742% 77% for the three months ended September 30, 2023 March 31, 2024 as compared to the three months ended September 30, 2022 March 31, 2023 primarily due to a $0.5 million increase in interest income from our operating accounts due to increases in market rates and a $0.2 million the 2023 reduction of transaction costs allocated to liability instruments acquired in the Business Combination.
Other expense, net decreased by $11.5 million, or 247% for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 primarily due to a $10.5 million reduction of transaction costs allocated to liability instruments acquired in the Business Combination and a $2.6 million increase in interest income from our operating accounts due to increases in market rates.

Liquidity, Capital Resources and Requirements

As of September 30, 2023 March 31, 2024, we had $86.1 million $77.8 million in unrestricted cash (excluding restricted cash of $8.7 $3.8 million) and cash equivalents and working capital of $92.5 million. equivalents. We incurred negative cash flows from operating activities of $9.1 million $12.4 million for the nine three months ended September 30, 2023 March 31, 2024. We have incurred significant losses since inception and have an accumulated deficit of approximately $611.6 million $624.5 million. To date, we have funded our operations principally through convertible preferred stock and common stock financings, the incurrence of debt and the Closing of the Business Combination. We have total outstanding indebtedness of $79.5 million $72.5 million, net of debt issuance costs, as of September 30, 2023 March 31, 2024.

On August 11, 2023 (the "Preferred Stock Closing Date"), we entered into a subscription agreement (the "Preferred Stock Subscription Agreement") with Volition Capital Fund IV, L.P. ("Volition") and received gross proceeds of $10.0 million in exchange for 10,000 shares of our Series A Redeemable Convertible Preferred Stock (the "Preferred

Stock”), a warrant to purchase 1,579,778 shares of our Class A common stock at an exercise price of $6.33 (the “Volition Warrants”) and a warrant to purchase 20,905 shares of our Class A common stock at an exercise price of $0.01 per share (the “Volition Penny Warrants”). Following the seventh anniversary of the Preferred Stock Closing Date, Volition can redeem for cash all shares of Preferred Stock. The holders of the Preferred Stock are entitled to receive cumulative dividends at the rate of 6% per annum of the original issuance price of each share. Such accruing dividends are payable only when, as and if declared by our Board of Directors.

On March 10, 2023, we entered into the Siena Revolver (defined below) with Siena Lending Group, LLC (“Siena”) which permits us to receive funding through a revolving line of credit with an initial commitment of $35.0 million. The total borrowing capacity under the Siena Revolver is subject to certain conditions, including our inventory and accounts receivable balances and other limitations as specified in the agreement. Additional borrowing capacity from the Siena Revolver was $11.5 million $9.1 million as of September 30, 2023 March 31, 2024.

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

On July 18, 2022, we entered into the Standby Equity Purchase Agreement (“SEPA”) with YA II PN, LTD. (“Yorkville”), whereby we have the right, but not the obligation, to sell to Yorkville up to $100.0 million of our shares of common stock at our request until July 18, 2025, subject to certain conditions. The shares of our common stock that may be issued under the SEPA may be sold by us to the Yorkville at our discretion from time to time and sales of our common stock under the SEPA will depend upon market conditions and other factors. Additionally, in no event may we sell more than 6,511,532 shares of our common stock to Yorkville under the SEPA, which number of shares is equal to 19.99% of the shares of the Company's common stock outstanding immediately prior to the execution of the SEPA (the “Exchange Cap”), unless we obtain stockholder approval to issue shares of common stock in excess of the Exchange Cap in accordance with applicable NYSE rules or comply with certain other requirements as described in the SEPA. As a result, unless our average stock price under the SEPA exceeds $15.33 we will be unable to sell the full $100.0 million commitment to Yorkville without seeking stockholder approval to issue additional shares in excess of the Exchange Cap. As of September 30, 2023 April 30, 2024, our average trading price in 2023 was $2.35, without considering our average daily trading volumes and other market demand factors for our stock, under the terms of the SEPA we would be able to raise gross proceeds of approximately $14.2 million, net of issuance costs, under the SEPA. $9.3 million. As of September 30, 2023 March 31, 2024, we have sold 147,965 shares under the SEPA and there were 6,363,567 shares available to be sold to Yorkville under the Exchange Cap.

Management believes that currently available resources will provide sufficient funds to enable the Company to meet its obligations for at least one year past following the date these condensed consolidated financial statements are available to be issued. We anticipate that we will continue to incur operating losses and generate negative cash flows from operations in the future as we continue to invest in advertising and other strategic incentives planned for future growth. Cash from operations could be affected by our customers and other risks detailed in the section of our titled “Risk Factors.” As a result, we will need additional capital resources to execute strategic initiatives and fund our operations, prior to achieving break even or positive operating cash flow. We expect to continue to opportunistically seek access to additional funds by utilizing the SEPA, through additional public or private equity offerings or debt financings, through partnering or other strategic arrangements, through the exercise of certain of our warrants, or a combination of the foregoing. There can be no assurance that such additional debt or equity financing will be available on terms acceptable to the Company, or at all.

Our ability to raise additional capital may be adversely impacted by potential worsening global economic conditions and the recent disruptions to and volatility in the credit and financial markets in the United States and worldwide, including the trading price of common stock. To the extent that we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. Debt financing arrangements may require us to pledge certain assets or enter into covenants that could restrict our operations or our ability to pay dividends or other distributions on our common stock or incur further indebtedness. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. In addition, our Class A Common Stock trading price may not exceed the respective exercise prices of our Public Warrants, Private Placement Warrants, warrants granted to HGI (as defined below),

Volition Warrants and/or our Legacy Grove Warrants before the respective warrants expire, and therefore we may not receive any proceeds from the exercise of warrants to fund our operations. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition would be materially and adversely affected.

Contractual Obligations and Other Commitments

Our most significant contractual obligations relate to our loan facilities, purchase commitments on inventory and operating lease obligations on our fulfillment centers and corporate offices. As of September 30, 2023 March 31, 2024, we had $13.7 million $10.7 million of enforceable and legally binding inventory purchase commitments predominantly due within one year. For information on our contractual obligations for operating leases, see “Leases” in Note 8 of the Notes to our audited consolidated financial statements as of and for the years ended December 31, 2022, 2021 December 31, 2023 and 2020 December 31, 2022 included in Form 10-K filed with the SEC on March 16, 2023 March 20, 2024.

On April 19, 2023, the Company In March 2024, we entered into an amendment to the lease agreement (the “Amendment”) for its warehousing facility our headquarters located in St. Peters, Missouri San Francisco, California, to provide for, among other things, an extension a reduction of the amount of space being leased and a reduction in the monthly lease term payments owed to September 2028. the lessor. At the option execution of the Company, the lease may be extended an additional 5 years. Amendment, we paid $4.8 million. The amendment Amendment requires the Company us to make escalating undiscounted annual base rent payments of up to $0.7 million $0.4 million, payable monthly. The lease term under the Amendment expires in May 2027.

Loan Facilities

Structural Debt Facility

In December 2022, we entered into a Loan and Security Agreement (“Structural Debt Facility”) with third-party lenders to borrow gross proceeds of $72.0 million which was used primarily to settle other outstanding obligations with a prior lender. The Structural Debt Facility bears an annual rate of interest at the greater of 15.00% or 7.50% plus the prime rate, payable monthly. As of September 30, 2023 March 31, 2024, the Company’s contractual interest rate on the Structural debt facility Debt Facility was 16.00%. The principal repayment period commences on July 1, 2025 and continues until the maturity date of December 21, 2026. The Company may prepay all outstanding amounts under this facility at any time. Under the agreement, when amounts are prepaid or repaid in full at the Maturity Date, maturity date, the Company may be obligated to pay additional fees which would allow for the lenders to reach a Minimum Return. minimum return.

The Structural Debt Facility is collateralized by the assets of the Company and includes financial covenants we must meet in order to avoid an Event of Default, as defined by the agreement. Such covenants include (i) maintaining a minimum of $57.0 million in unrestricted cash at all times and (ii) achieving certain revenue targets for the trailing four quarter period beginning with the fiscal quarter ending ended March 31, 2023. The Structural Debt Facility contains a subjective acceleration clause in the event that lenders determine that a material adverse change has or will occur within the business, operations, or financial condition of the Company or a material impairment of the prospect of repaying any portion of this financial obligation. In accordance with the loan agreement, Structural has been provided with our periodic financial statements and updated projections to facilitate their ongoing assessment of the Company. We believe the likelihood that lenders would exercise the subjective acceleration clause is remote. As of September 30, 2023 March 31, 2024, we were in compliance with these covenants.

Siena Revolver

On March 10, 2023, we entered into a Loan and Security Agreement (the "Siena Revolver") with Siena Lending Group, LLC which permits us to receive funding through a revolving line of credit with an initial commitment of $35.0 million. The borrowing capacity under the Siena Revolver is subject to certain conditions, including our inventory and accounts receivable balances and other limitations as specified in the agreement. Additional borrowing capacity from the Siena Revolver was $11.5 $9.1 million as of September 30, 2023 March 31, 2024, of which there was an outstanding principal amount of $7.5 million.

The interest rates applicable to borrowings under the Siena Revolver are based on a fluctuating rate of interest measured by reference to either, at our option, (i) a Base Rate, plus an applicable margin, or (ii) the Term SOFR rate then in effect, plus 0.10% and an applicable margin. The Base Rate is defined as the greatest of: (1) Prime Rate as published in the Wall Street Journal, (2) Federal Funds Rate plus 0.5% and (3) 5.0% per annum. The applicable margin for the Siena Revolver borrowings is based on the Company's monthly average principal balance outstanding and ranges from 2.75% to 4.50% per annum in the case of Base Rate Borrowings, as defined by the Siena Revolver, and 3.75% to 5.50% per annum in the case of Term SOFR borrowings. borrowings, as defined by the Siena Revolver. The Siena Revolver also contains various financial covenants we must maintain to avoid an Event of Default, as defined by the agreement, including a subjective acceleration clause in the event that Siena determines that a material adverse change has or will occur with the business. We believe the likelihood of Siena exercising the subjective acceleration clause is remote. In accordance with the agreement, Siena has been provided with our periodic financial statements and updated projections to facilitate their ongoing assessment of the Company. The Siena Revolver matures at the earlier of March 10, 2026 or the maturity date of the Structural Debt Facility. As of September 30, 2023 March 31, 2024, we were in compliance with all covenants related to the Siena Revolver.

Cash Flows

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

Nine Months Ended September 30,

	Three Months Ended March 31,		**Three Months Ended March 31,**
	2024	**2024**	**2023**

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

Net cash (used in) provided by financing activities
Net decrease in cash, cash equivalents and restricted cash

Operating Activities

Net cash used in operating activities decreased increased by $80.4 million $5.6 million for the nine three months ended September 30, 2023 March 31, 2024 compared to September 30, 2022 March 31, 2023, primarily attributable to an increase in outflow related to changes in net operating assets and liabilities of $13.7 million and a decrease in net loss, net of noncash activities, of $60.3 million $8.1 million. This The increase in outflow was primarily driven by an increase in inventory and a decrease in accounts payable and accrued expenses, as well as a one-time $4.9 million payment related to our operating leases. The decrease in net loss, net of non-cash activities, was primarily driven by a decrease in advertising expenses of $42.0 million $6.6 million and a decrease in selling, general and administrative expenses of $52.3 million and an increase of inflow related to changes in net operating assets and liabilities of $20.1 million primarily driven by a decrease in inventory and accrued expenses. This was offset by decreases accounts payable due to timing of invoices from and payments to our vendors and suppliers. $13.4 million.

Investing Activities

Net cash used in investing activities of $2.4 million $0.5 million and $3.6 $0.8 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, respectively, 2023was primarily due to purchases the capitalization of property and equipment. internally developed software costs.

Financing Activities

Net cash used in financing activities of $0.4 million for the three months ended March 31, 2024 which consists of payments related to stock-based award activities.

Net cash provided by financing activities of $10.2 million $2.0 million for the nine three months ended September 30, 2023 March 31, 2023 primarily consisted of $10.0 million in proceeds from the issuance of the Preferred Stock and related warrants, $7.5 million in proceeds from the Siena Revolver offset by the payment of transaction costs related to the Business Combination and redeemable convertible preferred stock issuance costs of $4.3 million, net outflows related to the settlement of stock options and restricted stock units of $1.5 million $4.2 million and payment of debt fees of $0.9 million $0.8 million.

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

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financing arrangements, as defined in Item 303 of Regulation S-K, as of September 30, 2023 March 31, 2024.

Critical Accounting Estimates

There have been no significant changes to our critical accounting policies since December 31, 2022, except as noted below. December 31, 2023. For a description of critical accounting policies that affect our significant judgments and estimates used in the preparation of our unaudited condensed consolidated financial statements, refer to Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained in our Annual Report on Form 10-K.

Public Warrants and Private Placement Warrants

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

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

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

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

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

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

Emerging Growth Company Status

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

Smaller Reporting Company Status

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, is recorded, processed, summarized, and reported within the time period specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure. The Company evaluated, with the participation of the current chief executive officer and chief financial officer (the "Company's Certifying Officers"), the

effectiveness of the Company's disclosure controls and procedures as of September 30, 2023 March 31, 2024, the end of the period covered by the Quarterly Report on Form 10-Q, pursuant to Rule 13a-15(b) under the Exchange Act. The Company's Certifying Officers concluded that our disclosure controls and procedures were effective as of September 30, 2023 March 31, 2024.

(b) Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the nine three months ended September 30, 2023 March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

The Company does not expect that its disclosure controls and procedures will prevent all errors and all instances of fraud. Disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Further, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and the benefits must be considered relative to their costs. Because of the inherent limitations in all disclosure controls and procedures, no evaluation of disclosure controls and procedures can provide absolute assurance that we have detected all our control deficiencies and instances of fraud, if any. The design of disclosure controls and procedures also is based partly on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Part II - Other Information

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There

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

Summary of Risk Factors

Below is a summary of material factors that make an investment in our securities speculative or risky. Importantly, this summary does not address all of the risks and uncertainties that we face. The below summary is qualified in its entirety by the more complete discussions of risks and uncertainties that follows. You should consider carefully the risks and uncertainties described in Part 1, Item 1A, “Risk Factors” in this Form 10-Q as part of your evaluation of an investment in our securities.

Risks Related to Our Business

- We rely on consumer discretionary spending, which may be adversely affected by macroeconomic conditions or trends.
- Advertising inaccuracies or product mislabeling may have an adverse effect on our business.
- Our revenue has declined for two consecutive years. If we are unable to achieve profitable growth in the future, our business could be adversely affected.
- Our quarterly operating results fluctuate, which could cause our stock price to decline.
- We have incurred significant losses since inception, we expect to incur losses in the future, and we may not be able to generate sufficient revenue to achieve and maintain profitability.
- We will require additional financing to achieve our goals, and a failure to obtain this necessary capital when needed could adversely impact us.
- Success of our retail and product innovation strategies depends on a variety of factors.
- We may not be able to compete successfully
- If we fail to cost-effectively acquire new consumers or retain our existing consumers, our business could be adversely affected.
- Our reduction in spending to achieve profitability may adversely affect us.
- Our brand and reputation may be diminished due to real or perceived quality, safety, efficacy or environmental impact issues with our products.
- Failure to introduce new products that meet the expectations of our customers may adversely affect us.
- Government regulation of the Internet and ecommerce is evolving, and unfavorable changes or failure by us to comply with these regulations could have an adverse effect on our business.
- We may become subject to product liability claims, which could materially harm our business and liquidity.
- We are subject to a number of other laws and regulations, which could impact our business.
- We may experience damage or destruction to our distribution centers, which may harm our business.
- We are dependent on our management team, and the loss of one or more key employees or groups could harm our business.
- Labor-related matters, including labor disputes, may adversely affect our operations.
- Our business, including our costs and supply chain, is subject to risks associated with 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.
- Shipping is a critical part of our business and any changes in our shipping arrangements or any interruptions in shipping could adversely affect our operating results.
- Risks associated with the outsourcing of our fulfillment process and other technology-related functions could materially and adversely affect our business.

- We are seeking to expand the offering of 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.
- We may be unable to adequately obtain, maintain, protect, defend and enforce our intellectual property rights.
- Indemnity provisions in various agreements to which we are party potentially expose us to substantial liability for infringement, misappropriation or other violation of intellectual property rights.
- We must successfully maintain, scale and upgrade our information technology systems, and our failure to do so could have an adverse effect on our business.
- If we (or our vendors) are unable to protect against or adequately respond to mitigate the impacts of a service interruption, data corruption, or cybersecurity attack, our operations could be disrupted, our reputation may be harmed and we could face significant costs to remediate the incident and defend against claims by business partners, customers, or regulators.
- The 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.
- Changes in existing laws or regulations or related official guidance, or the adoption of new laws or regulations or guidance, may adversely affect our business.

- Failure by our network of retail and ecommerce partners, suppliers or manufacturers to comply with laws and regulations, or with the specifications and requirements of our products, may adversely affect our business.
- Our status as a public benefit corporation and a Certified B Corporation may not result in anticipated benefits.
- As a public benefit corporation, our duty to balance a variety of interests may result in actions that do not maximize stockholder value.
- As a public benefit corporation, we may be subject to increased derivative litigation concerning our duty to balance stockholder and public benefit interests.
- We and our directors and executive officers may be subject to litigation.

Risks Relating to Ownership of Our Securities

- The price of our Class A Common Stock may be volatile.
- Warrants are or may become exercisable for shares of our common stock which could result in dilution to our stockholders.
- Warrants may never be in the money, and they may expire worthless and the terms of the warrants may be amended in a manner adverse to a holder.
- Our dual-class structure may impact the stock price of our Class A Common Stock.
- We may incur debt or assume contingent or other liabilities or dilute our stockholders.
- The NYSE may delist our securities from trading on its exchange.
- Because there are no current plans to pay cash dividends on our Class A Common Stock , holders of our Class A Common Stock may not receive any return on investment.
- The Series A Preferred Stock contains covenants that may limit our business flexibility.
- Holders of the Series A Preferred Stock may convert their securities into Class A Common Stock.
- If we are unable to maintain effective internal control over financial reporting, investors may lose confidence in the accuracy of our reported financial information and this may lead to a decline in our stock price.
- Delaware law and our governing documents contain certain provisions, including anti-takeover provisions, that limit the ability of stockholders to take certain actions and could delay or discourage takeover attempts.
- 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.

Risks Related to Our Business

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

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

decline in consumer discretionary spending could negatively impact our revenue, which could have a material adverse effect on our business, financial condition and results of operations.

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

Many products that we sell are labeled and advertised with claims as to their origin, ingredients or health, wellness, environmental or other benefits, including, by way of example, the use of the term “natural”, “organic”, “clean”, or “sustainable”, or similar synonyms or implied statements relating to such benefits. Grove’s brand as a whole is marketed using similar environmental language. The Federal Trade Commission’s (FTC) Guides For The Use Of Environmental Marketing Claims, or the “Green Guides,” provide guidance on how to use environmental marketing claims, provide specific guidance for certain terms (e.g. “recyclable”), and recommend against using unqualified statements about environmental benefits such as “eco-friendly”. 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.

After a number of years of rapid growth, since the beginning of 2022 we have seen substantial declines in our revenues and business operations, particularly as we have shifted our operating strategy to achieve profitability. If we are unable to achieve profitable growth in the future, our business prospects could be adversely affected and our stock price could be adversely affected.

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

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

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 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. We could experience short-term liquidity issues, our ability to retain or attract key personnel may diminish, and other unanticipated issues may arise.

We believe that our quarterly operating results may vary in the future and that period-to-period comparisons of our operating results may not be meaningful. Any seasonal effects may change or become more pronounced over time, which could also cause our operating results to fluctuate. You should not rely on the results of any given quarter 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, 2023, 2022 and 2021 we incurred net losses of $43.2 million, $87.7 million and $135.9 million, respectively. As of March 31, 2024, we had an accumulated deficit of $624.5 million.

We expect to continue to incur significant expenses and operating losses for the foreseeable future as we broaden our customer base, expand our retail distribution platform, 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, or reduce our investments in advertising and other strategic initiatives planned for future growth.

We expect to continue to incur significant expenses for the foreseeable future. We believe that our existing cash and cash equivalents will be sufficient to fund our planned operations for at least the next 12 months. However, our operating plan may change as a result of many factors, and we may need or decide to seek 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 Yorkville at our discretion from time to time and sales of our common stock under the Equity Purchase Agreement will depend upon market conditions and other factors. Additionally, in no event may we sell more than 6,511,532 shares of our common stock to Yorkville under the Equity Purchase Agreement, which number of shares is equal to 19.99% of the shares of the Company's common stock outstanding immediately prior to the execution of the Equity Purchase Agreement (the “Exchange Cap”), unless we obtain stockholder approval to issue shares of common stock in excess of the Exchange Cap in accordance with applicable NYSE rules or comply with certain other requirements as described in the Equity Purchase Agreement. As a result, unless our stock price exceeds $15.33, we will be unable to sell the full $100.0 million commitment to Yorkville without seeking stockholder approval to issue additional shares in excess of the Exchange Cap. As of April 30, 2024, under the terms of the Equity Purchase Agreement we would be able to raise gross proceeds of approximately $9.3 million. We may ultimately decide to sell all or some of the shares of our common stock that may be available for us to sell pursuant to the Equity Purchase Agreement. Because the purchase price per share to be paid by Yorkville for the shares of common stock that we may elect to sell under the Equity Purchase Agreement will fluctuate based on the market prices of our common stock during the applicable pricing period for each of those sales, it is not possible for us to predict, as of the date of this report and prior to any such sales, the number of shares of common stock that we will sell under the Equity Purchase Agreement, the purchase price per share or the aggregate gross proceeds that we will receive from those purchases under the Equity Purchase Agreement. Further, the resale by Yorkville of a significant amount of shares at any given time, or the perception that these sales may occur, could cause the market price of our common stock to decline and to be highly volatile.

In December 2022, we entered into a Loan and Security Agreement (the “Loan Agreement”) with Ocean II PLO LLC as administrative and collateral agent, and the lending institutions party thereto that replaced our existing credit facilities by and among (i) Grove and Silicon Valley Bank dated as of July 29, 2020 and (ii) Grove, Silicon Valley Bank, as administrative agent and collateral agent thereunder and the lenders party thereto, dated as of July 29, 2020. Among other things, the Loan Agreement provides for a four-year $72.0 million term loan. The term loan bears interest at the greater of (i) fifteen percent (15.0%), and (ii) seven and one-half of one percent (7.50%) plus the Prime Rate then in effect. Our obligations under the Loan Agreement may be accelerated or the commitments terminated upon the occurrence of an event of default under the Loan Agreement, which includes payment events of default, breaches in the performance of certain affirmative and negative covenants, the inaccuracy of representations or warranties, bankruptcy and insolvency related events of default, events of default arising in connection with changes in control and other customary events of default. Any such acceleration could have a material adverse effect on our business, results of operations, financial condition and prospects.

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.

Success of our retail and product innovation strategies depends on a variety of factors including, but not limited to, our ability to obtain additional financing, costs to scale, global economic downturns and other macroeconomic conditions or trends.

Our ability to successfully increase our retail presence and maintain our investment on product innovation depends on several factors, including, but not limited to, obtaining additional financing, our ability to execute our growth strategy, the level of investment required to scale, and external factors such as global economic slowdowns and changing customer preferences. Failure to effectively manage these risks and investments could have a material adverse effect on our business, financial condition, and results of operations.

Expanding our retail presence may require significant investments in infrastructure, including facilities, technology, and personnel. These investments may be more significant than anticipated, and we may not be able to generate sufficient revenue through retail channels to offset these costs, which could negatively impact our financial performance. We may also experience delays or unexpected difficulties in our plan, which could result in lost opportunities and harm our relationships with existing and potential customers. Our retail success may also be affected by global economic slowdowns or other macroeconomic factors beyond our control. An economic slowdown could lead to decreased consumer spending, which could reduce demand for our products.

There can be no assurance that we will be able to achieve sufficient levels of sales, profitability, or market acceptance to justify our investments in our retail presence and innovate new products. Additionally, the success of our retail expansion and product development will depend on our ability to compete effectively against established and emerging competitors, some of whom may have greater financial, marketing, and other resources than us.

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 may adversely affect our business, operating results and financial condition.

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

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

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

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

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

Our success depends on our ability to attract new customers and engage existing customers cost-effectively. To acquire and engage customers, we must, among other things, promote and sustain our platform, 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 also diversified our marketing initiatives designed to acquire customers through increased emphasis on 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 our acquisition efforts which could negatively affect our results of operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The occurrence of adverse reactions, ineffectiveness or other safety incidents associated with our products could also adversely affect the price and availability of affected ingredients or products, resulting in higher costs, disruptions in supply and a reduction in our sales. Furthermore, any safety, contamination, defects, or regulatory noncompliance issues, whether or not caused by our actions, could compel us, our suppliers, 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 the last few years, California, New York, Illinois, Delaware, and Colorado all enacted more robust requirements regulating subscription programs.

Liabilities under, and/or costs of compliance, and the impacts on us of any non-compliance, with or investigations under any such laws and regulations could have 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 subscription renewal practices, and the Federal Trade Commission is currently investigating our billing and automatic subscription renewal practices, and the cost of responding to their investigation 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, birth defects or other reproductive harm, unless the exposure is below the warning level. We have in the past been subject to lawsuits brought under Prop 65, and if we fail to comply with Prop 65 in the future, it may result in lawsuits and regulatory enforcement that could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects. Further, the inclusion of warnings on our products to comply with Prop 65 could also reduce overall consumption of our products or leave consumers with the perception (whether or not valid) that our products do not meet their health and wellness needs, all of which could adversely affect our reputation, business, financial condition, results of operations and prospects.

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

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

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

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

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

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

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

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

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

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

All of the products we offer are supplied or manufactured by a limited number of third-party suppliers and manufacturers, and as a result, we may be subject to price fluctuations or supply disruptions. Our operating results would be negatively impacted by increases in the costs of our products, and we have no guarantees that costs will not rise. In addition, as we expand into new categories and product types, we expect that we may not have strong purchasing power in these new areas, which could lead to higher costs than we have historically seen in our current categories. We may not be able to pass increased costs on to consumers, which could adversely affect our operating results. Moreover, in the event of a significant disruption in the supply of the materials used to manufacture the products we offer, we and the vendors that we work with might not be able to locate alternative suppliers of materials of comparable quality at an acceptable price. Furthermore, our reliance on suppliers and manufacturers outside of the United States, many of which are located in China, the number of third parties with whom we transact and the number of jurisdictions to which we sell complicates our efforts to comply with customs duties and excise taxes; 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 demand or continue to supply current quantities at preferential prices. In the past, we have experienced supply shortages of certain goods that have resulted in lost sales. We generally do not maintain long-term supply contracts with any of our suppliers and any of our suppliers could discontinue selling to us at any time. An inability of our existing suppliers to provide materials in a timely or cost-effective manner could impair our growth and have an adverse effect on our business, financial condition, results of operations and prospects.

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

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

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

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

We continually seek to expand our base of suppliers, especially as we identify new products that necessitate new or additional materials. We also require our new and existing suppliers to meet our ethical and business partner standards.

Suppliers may also have to meet governmental and industry standards and any relevant standards required by our consumers, which may require additional investment and time on behalf of suppliers and us.

Our reputation and our consumers' willingness to purchase our products depend in part on our suppliers', manufacturers', and 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 and contract with a third party for the fulfillment of our products distributed to our retail partners. We have made the decision to close our Missouri location in the second quarter of 2024 to optimize for cost and operational efficiencies. If we do not successfully optimize and operate our warehouse fulfillment centers successfully and efficiently, it could result in excess or insufficient fulfillment capacity, an increase in costs or impairment charges or harm our business in other ways. In addition, if we do not have sufficient fulfillment capacity or experience a problem fulfilling orders in a timely manner, our consumers may experience delays in receiving their purchases, which could harm our reputation and our relationship with our consumers.

We have designed and established our own fulfillment center infrastructure, including customizing inventory and package handling software systems, which is tailored to meet the specific needs of our business. If we add fulfillment and warehouse capabilities, add new businesses or categories with different fulfillment requirements or change the mix in products that we sell, our fulfillment network will become increasingly complex and operating it will become more challenging. In connection with our decision to close one of our fulfillment facilities, we will need to move fulfillment capacity to our other fulfillment centers. We could face difficulty in such a transition and it could result in shipping delays, an increase in our shipping costs or other adverse circumstances, which could harm our business, financial condition and results of operations.

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

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

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

We have outsourced portions of our fulfillment process, as well as certain technology-related functions, to third-party service providers. Specifically, we rely on third parties in a number of foreign countries and territories. We are dependent on third-party vendors for credit card processing and use third-party hosting and networking providers to host our sites. We also contract with a third-party fulfillment provider for the distribution of our products to our retail partners. 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 be subject to lawsuits, have to pay onerous and significant fines, penalties and assessments arising out of the major card brands' rules and regulations, contractual indemnifications or liability contained in merchant agreements and similar contracts, and we may lose our ability to accept payment cards for payment for our goods and services, any of which could materially impact our operations and financial performance.

Furthermore, as our business changes, we may be subject to different rules under existing standards, which may require new assessments that involve costs above what we currently pay for compliance. 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 are seeking to expand our offering of our own branded products in retail stores and platforms 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. Our future growth in initiatives depend in part on our continuing development of strong relationships with major retail chains. Despite our expansion into additional retailers, Target remains our largest retail partner, and our experience operating through the retail channel is 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.

The loss of our relationship with Target or other current or future large retail partners could have a significant impact on our revenue growth. 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 18 issued patents and 8 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.

If we move into new markets and expand our products or services offerings, incumbent participants in such markets may assert their intellectual property and other proprietary rights against us as a means of slowing our entry into such markets or as a means to extract substantial license and royalty payments from us. In addition, our agreements with some of our customers, suppliers or other entities with whom we do business 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 may include indemnification provisions under which we agree to indemnify or otherwise be liable for losses suffered or incurred as a result of claims of infringement, misappropriation or other violation of intellectual property rights or other liabilities relating to or arising from our products, our acts or omissions under such agreements or other contractual obligations. Some of these indemnity agreements provide for uncapped liability and some indemnity provisions survive termination or expiration of the applicable agreement. As we continue to grow, the possibility of infringement claims and other intellectual property rights claims against us may increase. For any intellectual property rights indemnification claim against us or our customers, we will incur significant legal expenses and may have to pay damages, settlement fees, license fees or stop using products or technology found to be in violation of the third party's rights. Large indemnity payments could harm our business, financial condition and results of operations.

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

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

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

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

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

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

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

As is common in the digital world we operate in, we and our third-party service providers have experienced occasional security incidents involving unauthorized access to our account credentials; however, all such incidents have been remediated and we are not aware of any significant impact resulting from such incidents. While we regularly defend against and respond to cybersecurity threats and attacks, our efforts to contain, mitigate and remediate a data security incident may not be successful, resulting in unexpected interruptions, delays, cessation of service, negative publicity, and other harm to our business and our competitive position. The costs to respond to a significant security breach or security vulnerability, including to provide breach notification where required, can be substantial. We may have to notify stakeholders of security breaches, which may harm our reputation and expose us to loss of consumers and business. Breach notification can lead to negative publicity, may cause our consumers to lose confidence in the effectiveness of our security measures, and could require us to expend significant capital and other resources to respond to and/or alleviate problems caused by the actual or perceived security breach. A security breach could lead to claims by our 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.

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, requires companies that process information of California residents to make new disclosures to consumers about their data collection, use and sharing practices, allows consumers to opt out of the sale of personal information with third parties and prohibits covered businesses from discriminating against California residents (for example, charging more for services) for exercising any of their rights under the CCPA. The law also provides a private right of action and statutory damages for certain data breaches that result in the loss of personal information. This private right of action is expected to increase the likelihood of, and risks associated with, data breach litigation. However, it remains unclear how various provisions of the CCPA will be interpreted and enforced. Therefore, the CCPA may increase our compliance costs and potential liability.

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

Other jurisdictions in the United States have already passed or are considering laws similar to the CCPA, with potentially greater penalties and more rigorous compliance requirements relevant to our business. Many state legislatures have already adopted legislation that regulates how businesses operate online, including measures relating to privacy, data security, data breaches and the protection of sensitive and personal information. For example, on March 2, 2021, Virginia enacted the Virginia Consumer Data Protection Act (the “CDPA”), a comprehensive privacy statute that shares similarities with the CCPA, CPRA, and legislation proposed in other states. The CDPA, which became effective on January 1, 2023, has required and will require us to incur additional costs and expenses in an effort to comply with it. Colorado also has a similar law, the Colorado Privacy Act (the “CPA”), which became 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.

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. In 2022, the FTC issued the “Health Products Compliance Guide” which provides guidance from FTC on how companies can ensure that claims about the benefits and safety of health-related products are truthful, not misleading, and supported by science. In particular, the FTC Guide sets out the FTC’s expectations regarding the substantiation of health-related claims, including that claim substantiation will require randomized, controlled human clinical testing. California has enacted a law and the FTC has proposed regulations pertaining to the disclosure of all components of the cost of products to consumers, including mandatory fees and charges other than taxes and fees imposed by a government and reasonably and actually incurred postage or shipping charges. We anticipate that additional states will enact similar laws. We charge amounts that are subject to the disclosure requirements of the California law and FTC proposed regulation. As a result, we anticipate that we will change the manner in which we disclose fees and costs to consumers and may determine to stop charging certain fees and/or costs, increase prices as a result or make other changes. These actions and changes may negatively impact consumer shopping behavior on our website or our operating results, which could adversely impact our business and financial results.

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

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

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

Failure by our network of 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. 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 we serve even though there is no immediate return to our stockholders; or in responding to a possible proposal to acquire the Company, our board of directors may be influenced by the interests of our stakeholders, including suppliers, crew members and local communities, whose interests may be different from the interests of our stockholders.

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

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

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

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

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

Our directors and executive officers may also be subject to litigation. The limitation of liability and indemnification provisions that are included in our amended and restated Charter, our amended and restated bylaws 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 value of our securities, including our Class A Common Stock and our warrants, may fluctuate due to a variety of factors, including:

- changes in the industries in which we and our customers operate;
- variations in our operating performance and the performance of our competitors in general;
- 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; and
- general economic and political conditions such as recessions, interest rates, fuel prices and general inflationary pressures, foreign currency fluctuations, international tariffs, social, political, and economic risks, and acts of war or terrorism.

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

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

Outstanding Public Warrants and Private Placement Warrants to purchase an aggregate of 2,800,146 shares of our Class A Common Stock may become exercisable in accordance with the terms of the warrant agreement governing those securities with an exercise price of $57.50 per share. However, there is no guarantee that the Public Warrants or the Private Placement Warrants will ever be in the money prior to their expiration, and as such, the Public Warrants and the Private Placement Warrants may expire worthless. 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 113,776 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 10-K 8-K filed with the SEC on March 16, 2023 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 775,005 shares of our Class A Common Stock are exercisable in accordance with the terms of the Backstop Subscription Agreement governing those securities with an exercise price of $0.05 per share.

We entered into a subscription agreement (the "Preferred Stock Subscription Agreement") with Volition Capital Fund IV, L.P. ("Volition") and issued Volition a warrant to purchase 1,579,778 shares of our Class A Common Stock at an exercise price of $6.33 (the "Volition Warrants") and a warrant to purchase 20,905 shares of our Class A Common Stock at an exercise price of $0.01 per share (the "Volition Penny Warrants"). All of the Volition Warrants and Volition Penny Warrants are outstanding and exercisable in accordance with the warrant agreements governing those securities.

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

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

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

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

We have the ability to redeem outstanding Public Warrants at any time after they become exercisable and prior to their expiration, at a price of $0.01 per warrant, provided that the last reported sales price of our Class A Common Stock equals or exceeds $90.00 per share (as adjusted for share subdivisions, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations, and the like) for any 20 trading days within a 30-trading-day period ending on the third trading day prior to the date we send the notice of redemption to the warrant holders. If and when the Public Warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding Public Warrants could force holders of Public Warrants to: (i) exercise the Public Warrants and pay the exercise price therefor at a time when it may be disadvantageous for such holder to do so; (ii) sell the Public Warrants at the then-current market price when the holder of such Public Warrant might otherwise wish to hold their Public Warrants; or (iii) accept the nominal redemption price which, at the time the outstanding Public Warrants are called for redemption, is likely to be substantially less than the market value of such Public Warrants.

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

Our 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.

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

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

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

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

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

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

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

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

In addition, our Class A Common Stock reserved for future issuance under our equity incentive plans will become eligible for sale in the public market once those shares are issued, subject to provisions relating to various vesting agreements, lock-up provisions, and, in some cases, limitations on volume and manner of sale applicable to affiliates under Rule 144, as applicable. As of March 31, 2024, the aggregate number of shares of our Class A Common Stock reserved for future issuance under our Incentive Equity Plan is 5,794,026. 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 our Class A Common Stock or securities convertible into or exchangeable for shares of our Class A Common Stock issued pursuant to our Equity Incentive Plan. 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 is publicly traded on the NYSE under the symbol GROV. We cannot assure you that our securities will continue to be listed on the NYSE. On December 14, 2022, we received notice from the NYSE that the average per share trading price of our common stock was below the NYSE's continued listing standard rule relating to minimum average share price. Rule 802.01C of the NYSE's Listed Company Manual requires that our common stock trade at a minimum average closing price of $1.00 over a consecutive 30 trading-day period. Pursuant to Section 802.01C, we had a period of six months following the receipt of the Notice to regain compliance with the minimum share price requirement. While we regained compliance, we may fall out of compliance in the future. In order to continue listing our securities on the NYSE, we must maintain certain financial, distribution, market capitalization and share price levels. Generally, we must maintain a minimum number of holders of our securities (400 public holders). If the NYSE delists our securities from trading on its exchange and we are not able to list our securities on another national securities exchange, we expect our securities could be quoted on an over-the-counter market. If this were to occur, we could face significant material adverse consequences, including:

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

The National Securities Markets Improvement Act of 1996, which is a federal statute, prevents or preempts the states from regulating the sale of certain securities, which are referred to as "covered securities." Since our Class A Common Stock is listed on the NYSE, they are covered securities. 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 sell their Class A Common Stock for a price greater than that which such holder paid for it.

We intend to retain future earnings, if any, for future operations, expansion and debt repayment and there are no current plans to pay any cash dividends for the foreseeable future. The declaration, amount and payment of any future dividends on shares of our Class A Common Stock will be at the sole discretion of our Board. 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.

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

In connection with any sale or liquidation of Grove, holders of our Series A Convertible Preferred Stock ("Series A Preferred Stock") are entitled to receive the greater of (i) an aggregate of $10 million plus declared but unpaid dividends, if any, and (ii) the amount they would have received had the converted their Series A Preferred Stock into Class A Common Stock prior and in preference to any distributions to holders of Class A Common Stock, which may limit the value of you stock in any such transaction. In addition, for so long as at least 50% of the shares of Series A Preferred Stock remain outstanding, we may not, without first obtaining the approval of the holders of at least a majority of the Series A Preferred Stock take certain actions including amending our certificate of incorporation or bylaws in a manner that adversely affects the Series A Preferred Stock, increasing or decreasing the authorized number of shares of Series A Preferred Stock or issuing stock that sis senior to the Series A Preferred Stock, which may limit our flexibility to raise additional equity capital or take other corporate actions. There is no guarantee that the holders of Series A Preferred Stock would approve any such restricted action, even where such an action would be in the best interests of our stockholders. Any failure to obtain such approval could harm our business and result in a decrease in value of our Class A Common Stock. In addition, the Series A Preferred Stock are convertible into our Class A common stock at the option of the holders thereof. Accordingly, any conversion of convertible preferred stock would dilute the ownership of our holders of our Class A Common Stock. The potential dilutive effect of the conversion of shares of Series A Preferred Stock may also adversely affect our ability to obtain additional financing on favorable terms or at all.

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

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

If there are outstanding obligations relating to the Structural Debt Facility on July 21, 2025, we have agreed to issue to the third-party lenders and certain of their affiliates the aggregate number of shares of our Class A Common Stock equal to $9,900,000, divided by the lower of (i) $10.00 and (ii) the volume weighted average price of our Class A Common Stock for the sixty trading days prior to such date as further described in the related issuance agreements of our Class A Common Stock. If we are unable to refinance this debt on acceptable terms, or at all, prior to that date, it would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders. Our principal payments on the Structural Debt Facility also begin on July 1, 2025. If we are unable to refinance this debt on acceptable terms, or at all, prior to that date, or are unable to generate sufficient cash flow to pay our debt service after that date, our financial condition may be materially and adversely affected.

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

As a publicly-traded company, we now face increased legal, accounting, administrative and other costs and expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002 or the Sarbanes-Oxley Act, including the requirements of Section 404, to the extent applicable to us, as well as rules and regulations subsequently implemented by the SEC, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the rules and regulations promulgated and to be promulgated thereunder, the PCAOB and the securities exchanges, impose additional reporting and other obligations on public companies. Compliance with public company requirements may increase costs and make certain activities more time consuming. 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. All previously identified material weaknesses have been remediated, however, our discovery of additional material weaknesses or significant deficiencies in our internal control over financial reporting could harm our operating results, adversely affect our reputation, or result in inaccurate financial reporting. Furthermore, should any such deficiencies arise we could be subject to lawsuits, sanctions or investigations by regulatory authorities, including SEC enforcement actions and we could be required to restate our financial results, any of which would require additional financial and management resources.

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

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

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

Our governing documents and the DGCL contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by the Board 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, our Chief Executive Officer or when requested in writing by the holders of not less than 20% of all votes entitled to be cast at the meeting, which could delay the ability of stockholders to force consideration of a proposal or to take action, including the removal of directors;
- controlling the procedures for the conduct and scheduling of Board 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

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

None

Item 5. Other Information

None

Item 6. Exhibits

(a) Exhibits.

Exhibit Number	Description
2.1†	Agreement and Plan of Merger, dated as of December 7, 2021, by and among Virgin Group Acquisition Corp. II, Treehouse Merger Sub, Inc. and Grove Collaborative, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Form 8-K (File No. 001-40263), filed with the SEC on December 8, 2021).

Exhibit Number	Description
2.2†	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	Certificate of Amendment to Certificate of Incorporation of Grove Collaborative Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 23992519) filed with the SEC on June 5, 2023).
3.3	Certificate of Designations of Series A Convertible Preferred Stock of Grove Collaborative Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-40263) filed with the SEC on August 14, 2023).
3.4	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).

Exhibit Number	Description
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).
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).

Exhibit Number	Description
4.13	Warrant Agreement, dated November 10, 2022, between Grove Collaborative Holdings, Inc. and HCI Grove Management LLC (incorporated by reference to Exhibit 4.13 of the Company's Form 10-Q, filed with the SEC on November 10, 2022).
4.14	Warrant to Purchase Common Stock, dated as of August 11, 2023, by and between Grove Collaborative Holdings, Inc. and Volition Capital Fund IV, L.P. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No. 001-40263) filed with the SEC on August 14, 2023).
4.15	Warrant to Purchase Common Stock, dated as of August 11, 2023, by and between Grove Collaborative Holdings, Inc. and Volition Capital Fund IV, L.P. (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K (File No. 001-40263) filed with the SEC on August 14, 2023).
4.16	Subscription Agreement, dated as of August 11, 2023, by and between Grove Collaborative Holdings, Inc., and Volition Capital Fund IV, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-40263) filed with the SEC on August 14, 2023)
5.1*+ 10.1+	Agreement for the the Payment of Benefits Following Termination of Employment dated dated as of August 16, 2023, by and between Grove Collaborative Holdings,, Inc. and Jeff Yurcisin Yurcisin (incorporated by reference to Exhibit 5.1 of the Company's Form 10-Q filed with the SEC on November 9, 2023)
5.2*+ 10.2+	Employee Employee Inducement Performance Based Restricted Stock Unit Award Notice dated as of August 16, 2023, by and between Grove Collaborative Holdings, Inc and Jeff Yurcisin
5.3*+	Employee Inducement Restricted Stock Unit Award Notice dated dated as of August 16, 2023, by and between Grove Collaborative Holdings, Inc and Jeff Yurcisin Yurcisin (incorporated by reference to Exhibit 5.2 of the Company's Form 10-Q filed with the SEC on November 9, 2023)
5.4*+	
10.3+	Letter Employee Inducement Restricted Stock Unit Award Notice dated as of TransitionAugust 16, 2023, by and between Grove Collaborative Holdings, Inc and Jeff Yurcisin (incorporated by reference to Exhibit 5.3 of the Company's Form 10-Q filed with the SEC on November 9, 2023)
10.4+	Letter of Transition by and between Grove Collaborative Holdings, Inc. and Stuart Stuart Landesberg (incorporated by reference to Exhibit 5.4 of the Company's Form 10-Q filed with the SEC on November 9, 2023)

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

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

SIGNATURES

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

Date: November 9, 2023 May 14, 2024

GROVE COLLABORATIVE HOLDINGS, INC.

By: /s/ Sergio Cervantes

Name: Sergio Cervantes

Title: Chief Financial Officer

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Exhibit 5.1

EXECUTION VERSION

GROVE COLLABORATIVE HOLDINGS, INC.

AGREEMENT FOR THE PAYMENT OF BENEFITS FOLLOWING TERMINATION OF EMPLOYMENT

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

W I T N E S S E T H:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Termination Benefits Generally. In the event the Executive’s employment with the Company is terminated for any reason, the Company shall pay or provide to the Executive (i) any earned but unpaid salary, (ii) unpaid expense reimbursements in accordance with Company policy, (iii) accrued but unused vacation or leave entitlement, (iv) any vested benefits the Executive may have under any employee benefit plan of the Company in accordance with the terms and conditions of such employee benefit plan, and (v) in the event the Executive’s employment with the Company is terminated by the Company other than for Cause or by the Executive without Good Reason, any performance cash award under the Company’s annual incentive plan for any fiscal year preceding the year in which the Date of Termination occurs that is earned but unpaid as of the Date of Termination (collectively, the “Accrued Benefits”), within the time required by law but in no event more than sixty (60) days after the Date of Termination or, in the case of the prior year annual cash incentive award, no later than March 15th following the conclusion of the performance year.

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

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

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

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

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

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

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

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

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

5. Additional Limitation.

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

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

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

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

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

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

8. Section 409A.

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

(b) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code and that all amounts payable hereunder shall be exempt from Section 409A of the Code to the maximum extent possible, under either the separation pay exemption pursuant to Treasury regulation §1.409A-1(b)(9)(iii) or as short-term deferrals pursuant to Treasury regulation §1.409A-1(b)(4). To the extent that any provision of this Agreement is not exempt from Section 409A of the Code and ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner to comply with Section 409A of the Code. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

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

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

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

9. Notice and Date of Termination.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20. Miscellaneous.

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

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

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

(Signature page to follow)

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

Grove Collaborative Holdings, Inc.

/s/Sergio Cervantes

Sergio Cervantes
Chief Financial Officer

ATTEST:

/s/Janae De Crescenzo

Janae De Crescenzo
Secretary

JEFF YURCISIN

/s/Jeff Yurcisin

Exhibit 5.2

GROVE COLLABORATIVE HOLDINGS, INC.

Employee Inducement Performance-Based Restricted Stock Unit Award Notice

Jeff Yurcisin

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

Target PSUs:	You have been awarded a PSU award with respect to a target of 510,000 Shares, par value $0.0001 per share, subject to adjustment as provided in the Plan.
Grant Date:	August 16, 2023
Performance Period:	August 16, 2023 – August 16, 2028

Performance Measures:

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

Cumulative Vested Percentage	90-Day Volume Weighted Average Trading Price
25%	$5.00*
50%	$8.00*
75%	$12.50*
100%	$21.10**

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

Time-Based Vesting Schedule:

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

GROVE COLLABORATIVE HOLDINGS, INC.

By: /s/Sergio Cervantes

Name: Sergio Cervantes

Title: CFO

Acknowledgment, Acceptance and Agreement:

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

/s/Jeff Yurcisin Date: August 13, 2023

Executive

GROVE COLLABORATIVE HOLDINGS, INC.

EMPLOYEE INDUCEMENT PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT

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

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

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

3. Restriction Period and Vesting.

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

1.2. Termination of Employment.

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

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

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

1.3. Change in Control.

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

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

1.4. Definitions.

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

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

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

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

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

5. Transfer Restrictions and Investment Representation.

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

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

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

6. Additional Terms and Conditions of Award.

1.1. Withholding Taxes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Exhibit 5.3

GROVE COLLABORATIVE HOLDINGS, INC.

Employee Inducement Restricted Stock Unit Award Notice

Jeff Yurcisin

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

Restricted Stock Units:	You have been awarded a restricted stock unit award with respect to 340,000 Shares, par value $0.0001 per share, subject to adjustment as provided in the Plan.
Grant Date:	August 16, 2023
Vesting Schedule:	Except as otherwise provided in thePlan, the Agreement or any other agreement between the Company or any of its Subsidiaries and Holder in effect as of the Grant Date, the Award shall vest 25% on August 15, 2024 and in twelve (12) equal quarterly installments thereafter on the Company's standard quarterly vesting date (i.e., February 15, May 15, August 15 and November 15 of each calendar year (or, if such date occurs on a weekend or federal holiday, the next business day)), if, and only if, you are, and have been, continuously (except for any absence for vacation, leave, etc. in accordance with the Company's or its Subsidiaries' policies): (i) employed by the Company or any of its Subsidiaries; (ii) serving as a Non-Employee Director; or (iii) providing services to the Company or any of its Subsidiaries as an advisor or consultant, in each case, from the date of this Agreement through and including the applicable vesting date.

GROVE COLLABORATIVE HOLDINGS, INC.

By: /s/ Sergio Cervantes

Name: Sergio Cervantes

Title: Chief Financial Officer

Acknowledgment, Acceptance and Agreement:

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

/s/ Jeff Yurcisin Date: August 13, 2023

Chief Executive Officer

GROVE COLLABORATIVE HOLDINGS, INC.

EMPLOYEE INDUCEMENT RESTRICTED STOCK UNIT AWARD AGREEMENT

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

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

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

3. Restriction Period and Vesting.

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

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

3.2. Termination of Employment.

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

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

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

3.3. Change in Control.

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

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

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

3.4. Definitions.

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

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

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

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

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

5. Transfer Restrictions and Investment Representation.

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

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

6. Additional Terms and Conditions of Award.

6.1. Withholding Taxes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Exhibit 5.4

PRIVILEGED AND CONFIDENTIAL

![grovelogoexhibit54.jpg]

Mr. Stuart Landesberg

Dear Stu:

On behalf of Grove Collaborative Holdings, Inc. (the “***Company***”) and its Board of Directors (the “***Board***”), I want to thank you for your many years of service to the Company, during which you have demonstrated remarkable leadership and have made immeasurable contributions to the Company. We appreciate your willingness to provide continued support and expertise to the Company as Executive Chairman of the Board (“***Executive Chairman***”).

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

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

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

Upon termination of your employment for any reason and unless otherwise agreed to by the parties, you shall be deemed to have resigned, without any further action by you, from any and all officer and director positions that you, immediately prior to such termination, held with the Company or any of its affiliates or with any other entities at the direction of, or as a result of your affiliation with, the Company or any of its affiliates. If for any reason this Agreement is deemed to be insufficient to effectuate such resignations, then you shall, upon the Company’s request, execute any documents or instruments that the Company may deem necessary or desirable to effectuate such resignations.

3. **Compensation**.

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

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

(c) Performance Bonus. In addition to the Annual Bonus described above, for calendar year 2024, you shall be eligible to receive a one-time performance bonus in a lump sum amount equal to $500,000 (the “***2024 Performance Bonus***”), with such bonus payable based on (i) your reasonable cooperation in the transition of your Chief Executive Officer duties to the new Chief Executive Officer (as determined by the Board in good faith), (ii) your continued employment through December 31, 2024 and (iii) the Company’s achievement of positive adjusted EBITDA, with any earned 2024 Performance Bonus to be paid no later than March 15, 2025. In the event your employment is terminated by the Company without Cause or by you due to Good Reason during 2024, then the continued service requirement in clause (ii) of the prior sentence shall be disregarded and you shall remain eligible to receive the 2024 Transition Bonus, subject to your successful transition of the Chief Executive Officer duties and achieving positive adjusted EBITDA. The definitions of Cause and Good Reason are set forth on Exhibit A attached hereto. For purposes hereof, adjusted EBITDA means net income/loss, adjusted to exclude: (1) stock- based compensation expense; (2) depreciation and amortization; (3) remeasurement of convertible preferred stock warrant liability; (4) changes in fair values of Additional Shares, Earn-out Shares and Public and Private Placement Warrant liabilities; (5) transaction costs allocated to derivative liabilities upon Business Combination; (6) interest expense; (7) interest income; (8) provision for income taxes, (9) restructuring expenses; (10) loss on extinguishment of debt; (11) unbudgeted legal settlements; and (12) transaction costs from acquisitions or financing events.

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

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

4. **Benefits and Expenses**.

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

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

5. **Severance**.

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

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

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

6. **Code Section 280G**.

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

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

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

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

8. **Miscellaneous**.

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

(b) Section 409A.

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

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

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

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

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

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

If to the Company:	Grove Collaborative Holdings, Inc.
If to you:	Your home address on file with the Company.

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

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

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

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

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

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

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

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

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

(k) Protected Rights. Notwithstanding anything in this agreement to the contrary, you understand that nothing contained in this agreement limits your ability to report possible violations of law or regulation to or file a charge or complaint with any federal, state or local governmental agency or commission or regulatory authority (collectively, "Government Agencies"). You further understand that this agreement does not limit your ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. Furthermore (I) you shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that:
(A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (II) if you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose a trade secret to your attorney and use the trade secret information in the court proceeding, if you file any document containing the trade secret under seal and do not disclose the trade secret except pursuant to court order.

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

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

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

Sincerely,

GROVE COLLABORATIVE HOLDINGS, INC.

By: /s/ Sergio Cervantes

Name: Sergio Cervantes
Title: Chief Financial Officer

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

/s/ Stu Landesberg

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Exhibit A
Definitions

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

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

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

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

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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, Jeff Yurcisin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Grove Collaborative Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2023 May 14, 2024

By: /s/ Jeff Yurcisin
Jeff Yurcisin
Chief Executive 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, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeff Yurcisin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2023	By:	/s/ Jeff Yurcisin
		Jeff Yurcisin
		Chief Executive Officer

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

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2023	By:	/s/ Sergio Cervantes
		Sergio Cervantes
		Chief Financial Officer

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 9, 2023 May 14, 2024 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 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jeff Yurcisin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 14, 2024 By: /s/ Jeff Yurcisin

Jeff Yurcisin
Chief Executive Officer

In connection with the Quarterly Report of Grove Collaborative Holdings, Inc. (the “Company”) on Form 10-Q for the period ending March 31, 2024 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: May 14, 2024	By:	/s/ Sergio Cervantes
		Sergio Cervantes
		Chief Financial Officer

DISCLAIMER

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