

Q3 2022 Earnings Presentation





Forward-Looking Statements / Non-GAAP Financial Measures

Forward-Looking Statements

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

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

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

SEC Regulation G

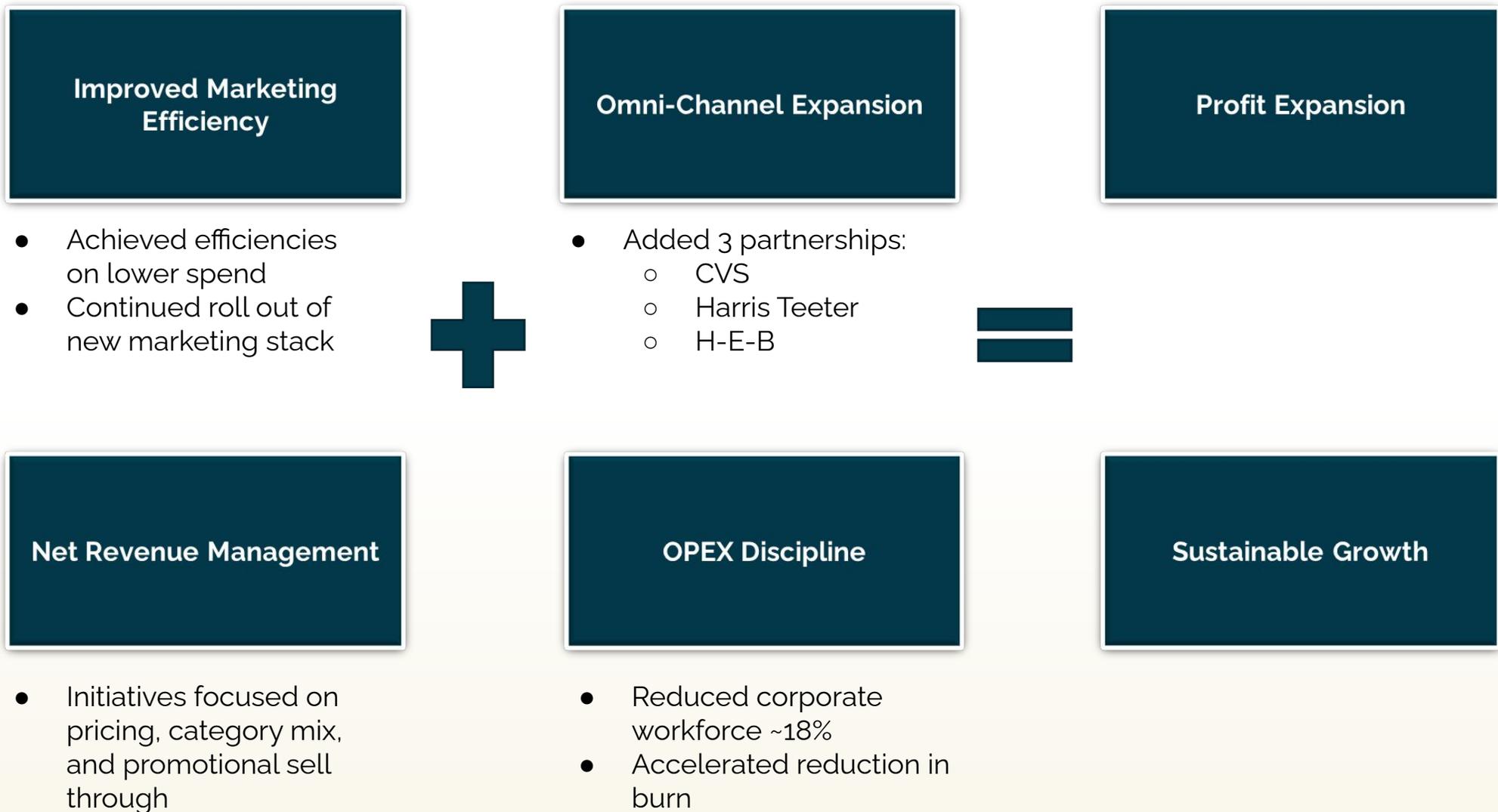
This presentation includes the non-GAAP measure Adjusted EBITDA. The description and reconciliation of this measure from GAAP is included in our November 10, 2022 earnings press release, which is available on investors.grove.co.



Q3 2022 Business Highlights



Executing Against Value Creation Plan to Achieve Profitable Growth in 2024



New Product Launches



Twilight Wonder Collection - Limited Edition

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

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



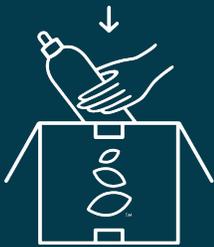
Our Journey Beyond Plastic



TODAY

Plastic Neutral

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



STEP 1

Measure

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



STEP 2

Collect

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

BY 2025

Plastic-Free

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



PHASE 1

Beyond Plastic

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



PHASE 2

Beyond Plastic

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

OUR TOTAL PLASTIC FOOTPRINT

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

BEYOND PLASTIC: TRACKING OUR PROGRESS*

1.03 lbs / \$100 in Net Revenue

PLASTIC INTENSITY

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

13%

REUSABLE OR REFILLABLE PRODUCTS

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

758,323 lbs

TOTAL PLASTIC WEIGHT

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

Grove Brands

0.85 lbs / \$100 in Net Revenue

PLASTIC INTENSITY

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

40%

Reusable or Refillable Products

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

63%

Beyond Plastic™

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

Q3 2022 Financial Update



Q3 Fiscal 2022 • Financial Highlights



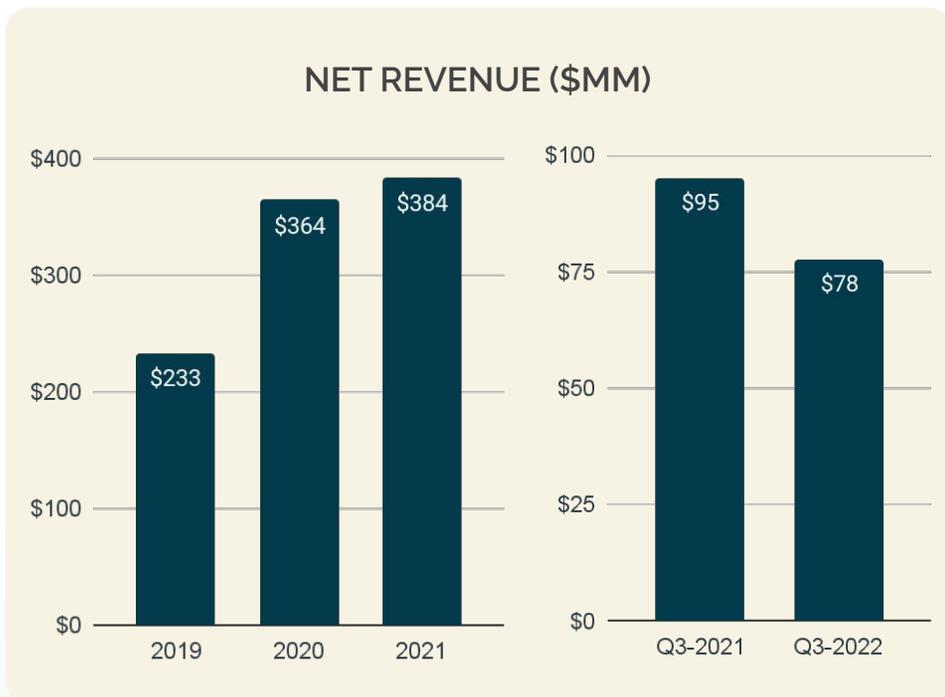
Three months ended

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

- (1) Adjusted EBITDA and adjusted EBITDA margin are non-GAAP financial measures. See "Non-GAAP Financial Measures" for additional information on non-GAAP financial measures and a reconciliation to the most comparable GAAP measures.
- (2) Grove Brands % of Net Revenue is total net revenue across all channels attributable to Grove Brands, including: Grove Co, Honu, Peach, Rooted Beauty, Grove Co Paper, and Superbloom divided by our total net revenue
- (3) DTC Total Orders is the number of customer orders submitted through our website and mobile applications that have been shipped within the period. The metric includes orders that have been refunded, excludes reshipments of customer orders for any reason including damaged and missing products, and excludes retail orders
- (4) DTC Active Customers are customers who have ordered, and for whom an order has shipped, at least once during the preceding 364-day period.
- (5) DTC Net Revenue per Order is DTC Total Net Revenue in a given reporting period, divided by the DTC Total Orders in that period



Q3 Fiscal 2022 • Financial Highlights



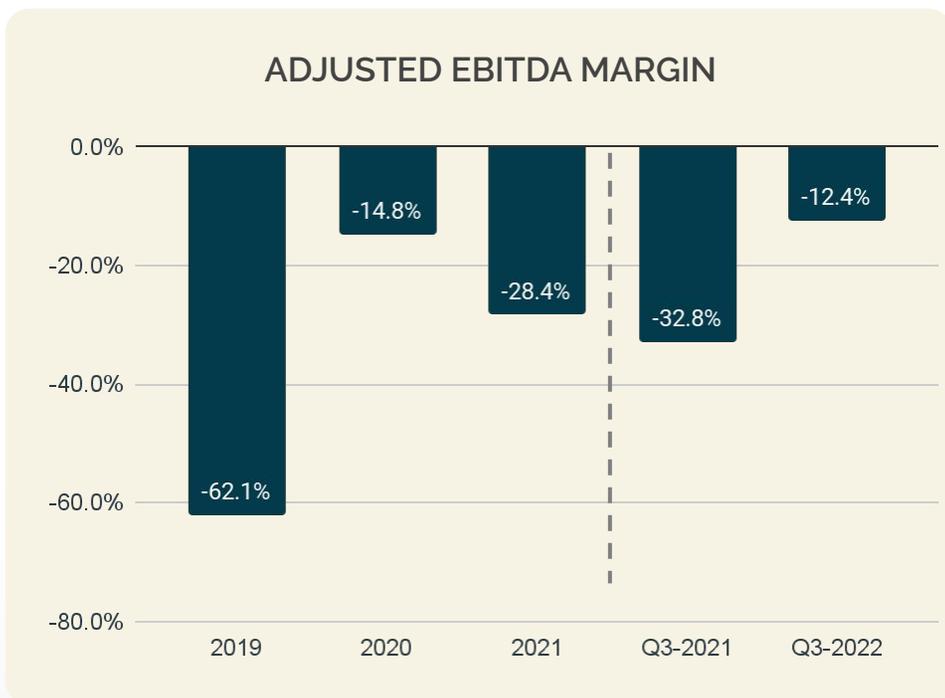
Net revenue was \$78 million, a year-over-year decrease of 18 percent. The decrease was primarily driven by fewer new and existing customer orders as a result of fewer active customers and the reduction in advertising spend with Grove's prioritization of increasing profitability. The decrease in orders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



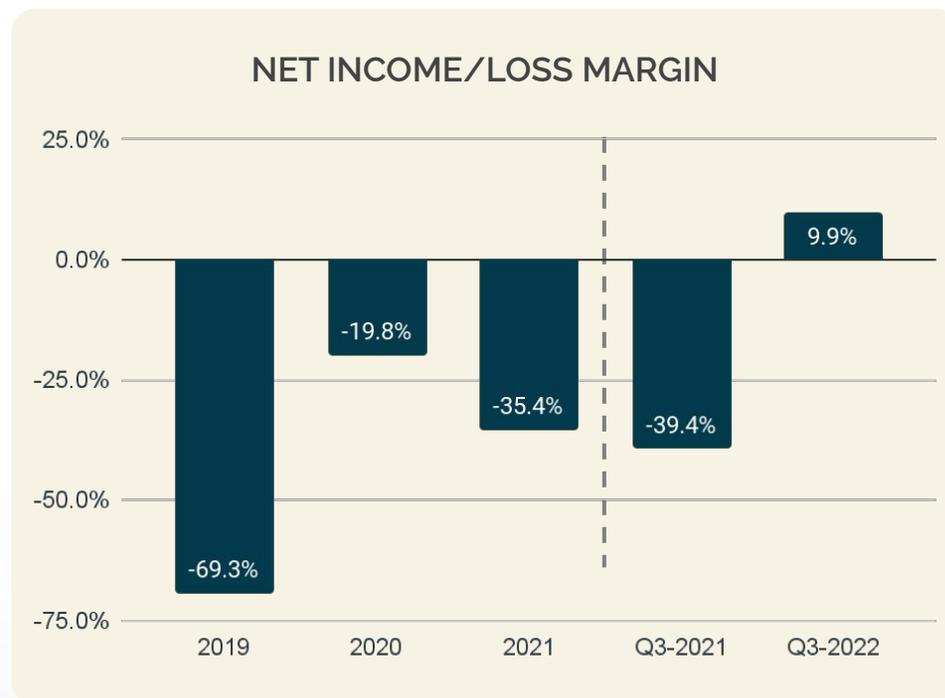
Gross margin was down 130 bps year-over-year to 49.1% due to an increase in product costs, including inbound freight costs, an increase in sales from retail sales, which produce lower margins than our DTC channel sales, and an increase to inventory reserves, partially offset by the impacts of net revenue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



Q3 Fiscal 2022 • Financial Highlights



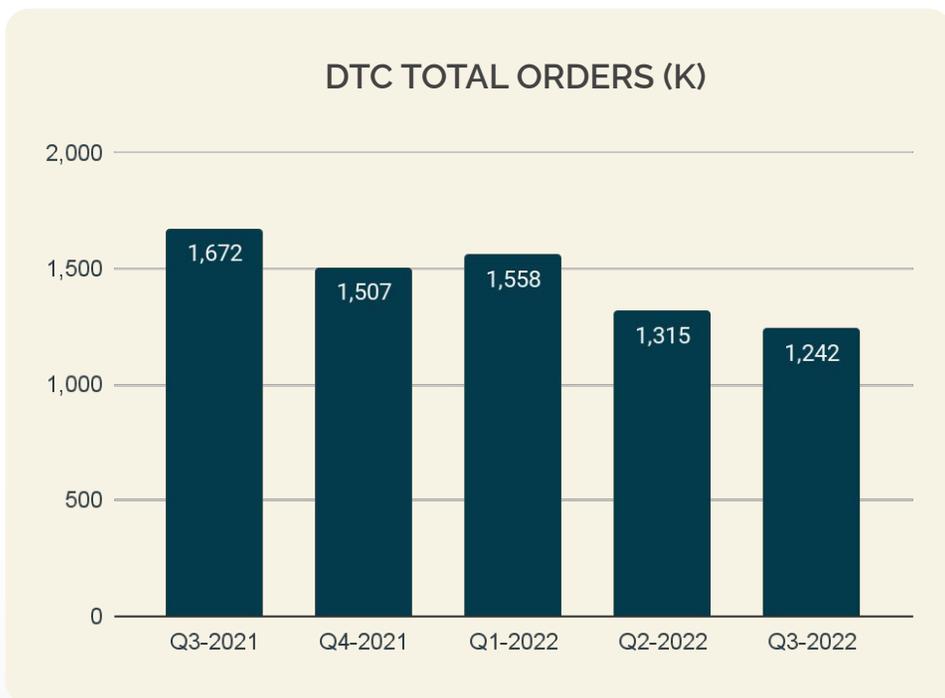
Adjusted EBITDA Margin improved 2,040 bps year-over-year, driven primarily by reduced operating and advertising costs, offset by a lower gross margin and higher outbound shipping costs.



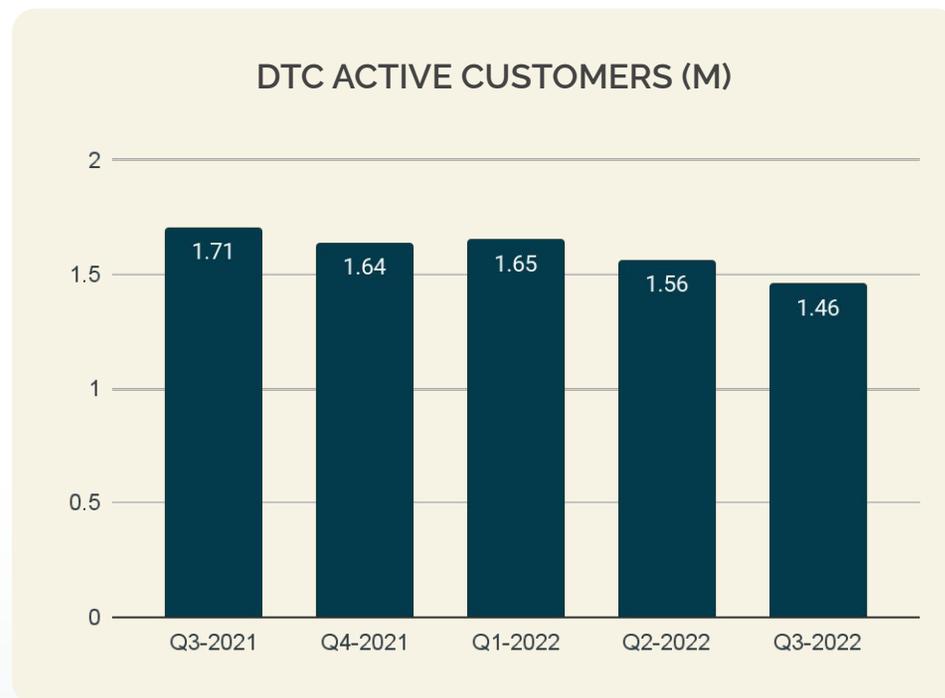
Net Income/Loss Margin improved 4,930 bps year-over-year, primarily driven due to improved Adjusted EBITDA margin and the decrease in the fair value of the Earn-Out liability.



Q3 Fiscal 2022 • Financial Highlights



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

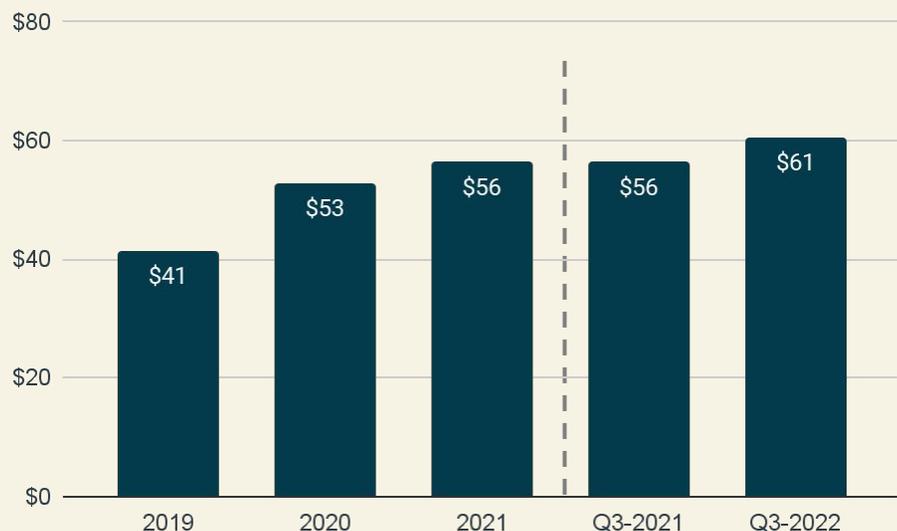


DTC Active customers were down 15% year-over-year following COVID-related tailwinds in 2021. Similar to orders, the reduction of customer acquisition spend also contributed to this decline as the company shifts its focus to profitability.



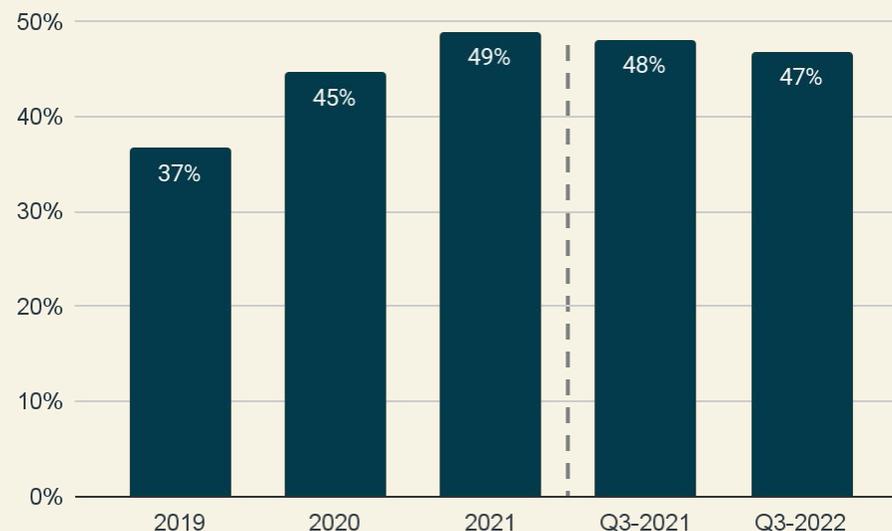
Q3 Fiscal 2022 • Financial Highlights

DTC NET REVENUE PER ORDER



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

GROVE BRANDS % NET REVENUE



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

Guidance



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

FISCAL YEAR 2022 GUIDANCE

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



Financial Statements



Balance Sheets

(IN THOUSANDS)

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

Statement of Operations

(IN THOUSANDS)
(Unaudited)

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

Statements of Cash Flows

(IN THOUSANDS)
(Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss

Adjustments to reconcile net loss to net cash used in operating activities:

Remeasurement of convertible preferred stock warrant liability

Stock-based compensation

Depreciation and amortization

Changes in fair value of derivative liabilities

Transaction costs allocated to derivative liabilities upon Business Combination

Non-cash interest expense

Inventory reserve

Loss on extinguishment of debt

Other non-cash expenses

Changes in operating assets and liabilities

Inventory

Prepays and other assets

Accounts payable

Accrued expenses

Deferred revenue

Operating lease right-of-use assets and liabilities

Other liabilities

Net cash used in operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issuance of common stock upon Closing of Business Combination

Proceeds from issuance of contingently redeemable convertible common stock

Proceeds from issuance of shares under the ELOC Agreement

Payment of transaction costs related to the Closing of the Business Combination, the ELOC Agreement and convertible preferred stock issuance costs

Proceeds from issuance of debt

Repayment of debt

Payment of debt issuance costs

Payment of debt extinguishment

Proceeds from exercise of stock options, net of withholding taxes paid related to common stock issued to employees, and warrants

Repurchase of common stock

Net cash provided by financing activities

Net decrease (decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of period

Cash and cash equivalents at end of period

Nine Months Ended September 30,

	2022	2021
	\$ (75,032)	\$ (103,909)
	(1,616)	1,526
	34,348	10,858
	4,291	3,633
	(49,149)	—
	6,873	—
	447	509
	3,540	1,933
	—	1,027
	170	396
	(5,132)	(14,819)
	715	(2,081)
	(7,550)	7,400
	(1,826)	5,431
	(451)	159
	(84)	62
	909	(878)
	(89,547)	(88,753)
	(3,580)	(4,268)
	(3,580)	(4,268)
	97,100	—
	27,500	—
	138	—
	(5,358)	(340)
	—	50,000
	(865)	(21,523)
	(211)	(375)
	—	(2,499)
	270	749
	(32)	(297)
	118,542	25,715
	25,415	(67,306)
	78,376	176,523
	\$ 103,791	\$ 109,217





Non-GAAP Financial Measures

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

Adjusted EBITDA and Adjusted EBITDA as a % of net revenues

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

\$K

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

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Thank you

Grove[®]
COLLABORATIVE