

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

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal year ended December 31, 2025

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 333-207889

GROWGENERATION CORP.

(Exact name of registrant as specified in its charter)

Colorado

46-5008129

(State or Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer
Identification No.)

**5619 DTC Parkway, Suite 900
Greenwood Village, Colorado**

80111

(Address of Principal Executive Offices)

(Zip Code)

(800) 935-8420

(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	GRWG	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Exchange Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Accelerated filer	<input type="checkbox"/>	Emerging Growth Company	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>		

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

If securities are registered pursuant to Section 12(b) of the Exchange Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any corrections of an error to previously issued financial statements are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of June 30, 2025: \$51,669,932.

As of March 16, 2026, the Company had 60,090,905 shares of its common stock issued and outstanding, par value \$0.001 per share.

Document Incorporated by Reference

Portions of a Definitive Proxy Statement for the registrant's 2026 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission within 120 days after the close of the fiscal year covered by this Form 10-K, are incorporated into Part III of this Form 10-K.

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PART I

Forward-Looking Information

This Annual Report of GrowGeneration Corp. on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to risks and uncertainties. Forward-looking statements generally can be identified through the use of words such as “guidance,” “outlook,” “projected,” “may,” “likely,” “anticipates,” “believes,” “expects,” “estimates,” “plans,” “intends,” “objectives,” and similar expressions. These statements reflect management’s best judgment based on factors known at the time of such statements. Actual events or results may differ materially from those discussed herein. The forward-looking statements contained in this Annual Report on Form 10-K have been compiled by our management on the basis of assumptions made by management and considered by management to be reasonable. Our future operating results, however, are impossible to predict and no representation, guaranty, or warranty is to be inferred from those forward-looking statements. The assumptions used for purposes of the forward-looking statements contained in this Annual Report on Form 10-K represent estimates of future events and are subject to uncertainty as to possible changes in economic, legislative, industry, and other circumstances. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives require the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and, accordingly, no opinion is expressed on the achievability of those forward-looking statements. No assurance can be given that any of the assumptions relating to the forward-looking statements specified in the following information are accurate, and we assume no obligation to update any such forward-looking statements, except as required by federal securities laws. There may be additional risks, uncertainties, and other factors that we do not currently view as material or that are not necessarily known.

Use of Certain Terms

Unless the context otherwise requires, the terms “Company”, “we”, “our”, “ours” “us” and “GrowGeneration” as used in this Annual Report on Form 10-K refer to GrowGeneration Corp. and its subsidiaries, including GrowGeneration USA, Inc., GrowGeneration Canada Corp., GrowGeneration Proprietary Brands, Inc., and GGen Distribution Corp., on a combined basis.

Public Announcements

We may announce material business and financial information to our investors using our investor relations website (<https://ir.growgeneration.com/>). We therefore encourage investors and others interested in GrowGeneration to review the information that we make available on our website, in addition to following our filings with the Securities and Exchange Commission (“SEC”), webcasts, press releases, and conference calls.

We file annual, quarterly, and current reports, proxy statements, and other information with the SEC electronically through the SEC’s Electronic Data Gathering, Analysis, and Retrieval (“EDGAR”) system. The SEC maintains a website, www.sec.gov, that contains reports, proxy and information statements, and other information regarding companies that file electronically with the SEC through EDGAR, which are available free of charge.

We also make available free of charge through our investor relations website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We are not, however, including any information contained on our website, or information that may be accessed through links on our website, as part of, or incorporating such information by reference into, this report.

ITEM 1. BUSINESS

BACKGROUND

GrowGeneration Corp. (together with all of its direct and indirect wholly owned subsidiaries, collectively “GrowGeneration” or the “Company”) was incorporated in Colorado in 2014. Since then, GrowGeneration has grown from a small chain of specialty retail hydroponic and organic garden centers to a multifaceted business with diverse assets. Today, GrowGeneration operates two major lines of business: our Cultivation and Gardening segment, composed of our hydroponic and organic gardening business; and our Storage Solutions segment, composed of our benching, racking, and storage solutions business.

BUSINESS SEGMENTS

We have two operating segments, each its own reportable segment, based on our major lines of business: the Cultivation and Gardening segment and the Storage Solutions segment. Refer to Note 15, Segments, of the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K ("Consolidated Financial Statements") for additional information regarding our reportable segments.

Cultivation and Gardening

GrowGeneration is a leading developer, marketer, retailer, and distributor of products for both indoor and outdoor hydroponic and organic gardening. We are dedicated to providing best-in-class selection, service, and solutions to all types of cultivators.

Our main business strategy has been to consolidate assets within the fragmented hydroponics industry to leverage efficiencies of a centralized organization. As a result, we have built a business that is driven by a wide selection of products, a strong portfolio of proprietary brands, a solutions-driven staff located in strategic markets around the country, and pick, pack, ship distribution and fulfillment capabilities.

We sell a variety of hydroponic and organic gardening related products, including nutrients, additives, growing media, lighting, environmental control systems, and other products for indoor and outdoor cultivation. Our products are capable of growing and maximizing yield and quality of a wide range of plants, from fruits and vegetables in backyards to cannabis and hemp in state-of-the-art commercial cultivation facilities. Our products include proprietary brands such as Charcoir, Drip Hydro, Power Si, Ion lights, The Harvest Company, Viagrow, and more, the development and expansion of which are a key component of our growth strategy.

We make our products available to growers through a variety of channels, including our hydroponic retail locations, a commercial sales division that provides white glove service to commercial cultivators, a wholesale division that markets to mass-market retailers and independent resellers in both the hydroponic and traditional gardening markets, and an online platform at growgeneration.com, which includes a B2B customer portal for commercial and wholesale customers. Management believes that the Company has the largest chain of specialty retail hydroponic and organic garden centers in the U.S., with 23 retail locations across 10 states as of December 31, 2025. The total physical footprint of our Cultivation and Gardening business spans over 563,000 square feet of retail and warehouse space, with garden centers and distribution and fulfillment centers strategically located throughout the U.S. to deliver product and service to customers quickly and efficiently.

Storage Solutions

Our Storage Solutions business, branded as "Mobile Media" or "MMI," provides customized storage solutions designed to enhance profitability, productivity, and efficiency for our customers by allowing them to save space and increase storage capacity. We cater to diverse markets with our products and services, including agriculture, retail, warehousing, office and administrative, food service, hospitality, golf and country clubs, and more. Our products include high-density mobile storage systems, static shelving, and other accessories such as desks, lockers, safes, and secured storage, offering a solution for every storage need. MMI also offers a wide variety of services, including site surveys, floor plan designs, capacity analysis, seismic calculations, permitting, and installation, in order to provide a comprehensive, turnkey solution for customers. Based in the Hudson Valley, New York, the MMI team has decades of experience successfully completing projects throughout the U.S., Canada, and Mexico.

MARKETS

Hydroponics and Gardening

Hydroponics is a specialized method of growing plants using mineral nutrient solutions in a water solvent, as opposed to soil. This method is typically used for indoor cultivation to allow growers to better regulate and control growing conditions, including nutrient delivery, light, air, water, humidity, pests, and temperature. Hydroponic growers benefit from these techniques by producing crops faster and with higher yields and quality as compared to traditional soil-based growers.

Controlled-environment agriculture ("CEA") is a technology-based approach to maintain optimal growing conditions throughout the development of a crop. Production takes place within an enclosed growing structure, such as a greenhouse or building, which can produce crops regardless of the season or weather conditions in a controlled

environment with increased yield and quality compared to traditional outdoor growers. Plants are often grown using hydroponic methods in order to supply precise amounts of water and nutrients to the root zone. CEA optimizes the use of resources such as water, energy, space, capital, and labor.

Indoor growing techniques and hydroponic products are being utilized in new and emerging industries or segments, including the growing of cannabis and hemp. The products we sell and the expert knowledge we provide are in demand due to the ever-increasing legalization of plant-based medicines, primarily cannabis and hemp, and the increasing number of licensed cultivation facilities. When commercial customers gain new cultivation licenses, they need lighting, benching, environmental control systems, irrigation, fertigation, and other products to outfit their facilities. Existing facilities also need consumable products for operations, as well as equipment updates from time to time. Commercial customers typically purchase large dollar amounts and sizes of products. Vertical farms producing organic fruits and vegetables also utilize hydroponics due to a rising shortage of farmland and environmental vulnerabilities, including drought, severe weather conditions, and pests.

Our target customers include commercial, craft, and home growers in the plant-based medicine market, as well as commercial and home gardeners that cultivate organic herbs, fruits, and vegetables. Our proprietary brand, The Harvest Company, is specifically targeted towards customers who grow organic herbs, fruits, and vegetables. Additionally, through our wholesale division, we distribute many of our proprietary products to customers that are wholesalers, resellers, major home improvement mass-market retailers, and retailers in the specialty retail hydroponic and organic gardening industry.

Storage Solutions

Target customers for our Storage Solutions segment generally include small, mid-size, and large businesses seeking vertical space-saving solutions that are custom tailored to their space and brand in an effort to maximize storage capacity or gain space in their real estate footprint. Many of our customers are involved in the construction and design industries and include retailers, general contractors, and architects involved in new constructions and remodels for retail stores as well as fulfillment centers. Our customer base also includes the golf industry, specifically country clubs needing to store more club bags and optimize their existing space, as well as CEA operators that cultivate indoors with vertical or rolling benching and racking.

COMPETITION

Cultivation and Gardening

The markets in which we sell our Cultivation and Gardening products are highly competitive. Our key competitors include many local and national vendors of gardening supplies, local product resellers of hydroponic and other specialty growing equipment and supplies, and online product resellers and large online marketplaces such as Amazon and eBay. Our industry is highly fragmented, with hundreds of specialty hydroponic and organic gardening product retailers and distributors throughout the U.S. by management's estimates.

Notwithstanding the foregoing, we believe we compete effectively in our industry by delivering a one-stop shopping experience that includes the widest selection of hydroponic products, end-to-end solutions for all types of cultivation environments, in-store sales and product support, direct manufacturer pricing, and industry-leading expertise and customer service. In addition, we continue to expand our portfolio of proprietary products and brands for our cultivation and wholesale customers. We expect that a greater proportion of sales driven from our own brands will enable us to improve gross margins for the Company while, in many cases, providing our customers with superior goods to the market at a lower cost.

Storage Solutions

Our Storage Solutions segment faces competition from a variety of competitors. Competitors vary by size, from large, broad-line distributors to small, local and regional competitors. We believe we differentiate ourselves by supplying a range of shelving options, accessories, and services to any market in need of a vertical space-saving solution.

PROPRIETARY BRANDS

As part of its one-stop solution, GrowGeneration provides its customers with a wide selection of top quality products across all categories. A key part of that selection of products is GrowGeneration's own portfolio of industry-leading proprietary brands, including Ion Lighting, PowerSi monosilicic acid, Charcoir coco pots, cubes, and medium, Drip Hydro liquid and powder nutrients and additives, MMI benching, racking, and storage solutions, The Harvest Company and

Viagrow gardening supplies, tools, and accessories, and other products. We believe that building proprietary brand offerings will not only drive positive experiences and outcomes for customers, but also will have a positive impact on our margins and profitability. As a company of growers ourselves, we understand the ever-changing needs and technologies within our industry and seek to acquire and develop a strong portfolio of proprietary products for our customers.

CUSTOMERS AND SUPPLIERS

We market our products primarily to customers located in the U.S. and its territories. We also occasionally transact with customers located outside the U.S. and its territories, particularly with customers located in international markets where cannabis is legal for medicinal or non-medicinal use.

Our key customers vary by location and segment. No single customer accounted for more than 10% of our net revenues for the years ended December 31, 2025, 2024, and 2023.

We source our products from numerous different manufacturers and distributors located both within and outside the U.S. Although the Company generally expects to maintain relationships with its suppliers, the loss of any single supplier would not be expected to have a severe impact on our business because of the competitive nature of the products that we sell. Certain components, ingredients, or other inputs for products we sell, however, may be limited source inputs, and a shortage, price shock, or other circumstance that disrupts our ability to source such inputs in the quantities we require, in a timely manner, and for a reasonable price may have an adverse impact on our business.

ACQUISITIONS AND OTHER GROWTH STRATEGIES

GrowGeneration's main growth strategy has been to consolidate assets within the fragmented hydroponics industry to leverage efficiencies of a centralized organization. As a result, we have built a business that is driven by a wide selection of products, a strong portfolio of proprietary brands, a solutions-driven staff located in strategic markets around the country, and pick, pack, ship distribution and fulfillment capabilities.

Since our founding in 2014, we have acquired or opened numerous specialty hydroponic and organic gardening center locations. Management believes that GrowGeneration has the largest chain of specialty retail hydroponic and organic garden centers in the U.S., with 23 retail locations across 10 states as of December 31, 2025. We have also acquired several other types of businesses within or complimentary to the hydroponic industry, such as online retailers, proprietary products, our wholesale distribution business, and our benching, racking, and storage solutions business, MMI.

Currently, our main growth strategies for our Cultivation and Gardening segment include expanding our commercial sales to sell more products to commercial cultivators for large grow operations, expanding our wholesale and distribution capabilities to sell more products to major home improvement mass-market retailers, independent retail garden centers and other resellers for resale, and expanding and promoting our portfolio of proprietary brands to increase its market share, product offerings, and profitability. We regularly seek and evaluate accretive acquisition opportunities with similar or complimentary businesses to those businesses we already operate, such as the Viagrow acquisition, which further diversified our home gardening and hydroponic gardening proprietary brand offerings as well as expanded our outreach to significant new customers through relationships with major home improvement mass-market retailers and e-commerce platforms. Our main growth strategies for the Storage Solutions segment include expanding the types of customers and industries to which we sell our Storage Solutions products, including greater penetration in CEA, industrial, and country club verticals.

Refer to Note 13, Acquisitions, of the Consolidated Financial Statements for additional information regarding our recent acquisitions.

SEASONALITY

Our Cultivation and Gardening business is subject to some seasonal influences. Historically, our highest volume of Cultivation and Gardening sales occurs in our second and third fiscal quarters, primarily based on the outdoor growing seasons, and the lower volume occurs during our first or fourth fiscal quarters. While not as pronounced as the seasonality within our Cultivation and Gardening business because our Storage Solutions products are largely used indoors only, our Storage Solutions sales typically align to retail industry capital planning cycles, which generally result in higher sales volumes in our second and third fiscal quarters.

INTELLECTUAL PROPERTY

Our intellectual property includes our brands and their related trademarks, domain names and websites, customer lists and affiliations, product knowledge and technology, patents, and marketing intangibles. We also hold rights to website addresses related to our business, including websites that are actively used in our day-to-day business such as www.GrowGeneration.com and www.MMIStorage.com. We own several federally registered trademarks, including for "GrowGeneration®", "Where the Pros Go to Grow®", "MMI®", and our proprietary brands.

SOCIAL ENGAGEMENT

GrowGeneration seeks to support its customers and their communities in various ways. GrowGeneration regularly supports communities through charitable donations to various causes, both within and outside the hydroponics industry. GrowGeneration has also sponsored social impact organizations and programs, such as the Whole Cities Foundation, a non-profit organization established by Whole Foods whose mission is to support community-based urban farms and access to healthy nutrition, Last Prisoner Project, a national, nonpartisan nonprofit dedicated to reforming the U.S. criminal justice system through progressive drug policy, and the NEXTGEN Micro Cultivation competition, an education and training support program for social equity license applicants.

HUMAN CAPITAL RESOURCES

We are committed to fostering a collaborative, inclusive, and high-performing workplace culture and view our people as a critical driver of our long-term success. As of December 31, 2025, we employ 253 employees: 248 full-time employees, 5 part-time employees, and no temporary or seasonal workers. Our workforce reflects meaningful diversity across multiple dimensions. Approximately 30.7% of employees represent ethnic diversity, 19.9% are female, including several in senior leadership positions, and 56.2% of our employees are part of the Millennial generation. None of our employees are subject to collective bargaining agreements, nor have we experienced any labor-related work stoppages.

In late 2021, we engaged an external compensation consultant to assess and enhance the competitiveness of our key employee compensation packages, and we continue to regularly evaluate our practices to remain competitive in the marketplace. We offer comprehensive and competitive employment terms, benefits, and incentives to attract, motivate and retain top talent. These offerings include employer-sponsored health and welfare benefits, performance-based bonus programs, employee discounts, and professional training opportunities. In 2022, we launched a company-wide wellness initiative focused on supporting the mental, physical, financial, and overall well-being of our employees, reflecting our ongoing commitment to workforce health and engagement.

In 2025, 34.6% of employee separations were voluntary, while 52.3% resulted from workforce reductions.

MARKET DEVELOPMENT AND GOVERNMENT REGULATION

We sell products, including hydroponic gardening products, that end users may purchase for use in new and emerging industries, including the growing of cannabis and hemp, that may not grow or achieve market acceptance in a manner that we can predict. Demand for our products depends on the uncertain acceptance and growth of these industries.

These new and emerging industries are also subject to varying, inconsistent, and rapidly changing laws, regulations, administrative practices, enforcement, judicial interpretations, and consumer perceptions. For example, a majority of U.S. states and territories have adopted frameworks that authorize, regulate, and tax the cultivation, processing, sale, and use of cannabis for medicinal and/or non-medicinal use, while the federal Controlled Substances Act and laws of other U.S. states prohibit such activities and use. Because demand for our products may be negatively impacted depending on how laws, regulations, administrative practices, enforcement, judicial interpretations, and consumer perceptions develop, we cannot reasonably predict the nature of such developments or the effect, if any, that such developments could have on our business. Notwithstanding this conflicted legal landscape, we believe that there is a continuing trend towards further legalization that will allow the Company to expand its marketplace opportunities.

ITEM 1A. RISK FACTORS

RISKS RELATING TO OUR BUSINESS

We face competition that could prohibit us from developing or increasing our customer base.

Both the specialty gardening and hydroponic industry and storage solutions industry are highly competitive. Companies with much greater financial resources which do not currently compete with us may be able to adapt their existing operations to sales of gardening and hydroponic products or storage products. Our competitors may also introduce new competitive products, and manufacturers may sell products direct to consumers. Due to this competition, we may encounter difficulties maintaining or increasing revenues or profits.

If we underestimate or overestimate demand for our products and do not maintain appropriate inventory levels, our net sales, working capital, or profitability could be negatively impacted.

In determining the required quantities of our products, we must make judgments and estimates based on production capacity, timing of shipments, inventory levels, market trends and other factors. Because of the inherent nature of estimates, there could be significant differences between our estimates and the actual amounts of products we require, which could negatively impact our net sales, profit margins, net earnings, working capital, or cash flow, hinder our ability to meet customer demand, or cause us to incur excess or obsolete inventory charges.

We may not successfully develop new products or improve existing products, or successfully manage various risks that we may be exposed to in connection with our proprietary brand offerings.

We expect to continue to grow our portfolio of proprietary brand offerings and have invested in development and procurement resources and marketing efforts relating to our proprietary brand offerings to meet evolving consumer needs and regulatory requirements. We may not be successful in developing, manufacturing, and marketing new products or product innovations that satisfy consumer needs or regulatory requirements in a timely manner. If we fail to successfully develop, manufacture, and market new products or product innovations, or if we fail to reach existing and potential consumers, our ability to maintain or grow our market share may be adversely affected, which in turn could adversely affect our business, financial condition, and results of operations. In addition, the development and introduction of new products and product innovations require development and marketing expenditures, which we may not recoup if such new products or innovations do not achieve market acceptance.

Although we believe that our proprietary brand products offer value to our customers at each price point and provide us with higher gross margins than comparable third-party branded products we sell, the expansion of our proprietary brand offerings also subjects us to certain specific risks in addition to those discussed elsewhere in this section, such as:

- Potential mandatory or voluntary product recalls;
- Increased regulatory compliance burdens, and potential product liability exposure;
- Potential competition with our vendors' products, which may adversely affect our vendor relationships;
- Our ability to successfully obtain, maintain, protect, and enforce our intellectual property and proprietary rights (including defending against counterfeit, grey-market, infringing, or otherwise unauthorized goods); and
- Our ability to successfully navigate and avoid claims related to the proprietary rights of third parties.

A significant interruption in the operation of our or our suppliers' facilities could impact our capacity to produce products and service our customers, which could adversely affect revenues and earnings.

Operations at our suppliers' facilities are subject to disruption for a variety of reasons, including fire, flooding, or other natural disasters, disease outbreaks or pandemics, acts of war, terrorism, government shut-downs, and work stoppages. A significant interruption in the operation of our suppliers' facilities, especially for those products manufactured at a limited number of facilities, such as our proprietary brand products, could significantly impact our capacity to sell products and service our customers in a timely manner, which could have a material adverse effect on our customer relationships, revenues, profits, and financial position.

The manufacture of some of our products is complex and requires precise, high-quality manufacturing that is difficult to achieve. We have in the past, and may in the future, experience difficulties in manufacturing our products on a timely, cost-effective basis and in sufficient quantities. Our failure to achieve and maintain the required high manufacturing standards could result in further delays or failures in product testing or delivery, cost overruns, product recalls or withdrawals, increased warranty costs, or other problems that could harm our business and prospects.

Disruptions in availability or prices of materials sourced by suppliers could adversely affect our results of operations.

We and our suppliers source products and components thereof from both inside and outside the U.S. The general availability and price of those products and components can be affected by forces beyond our control, including political instability, armed conflict, laws and regulations, duties and tariffs, price controls, currency fluctuations, and weather.

A significant disruption in the availability of any of our key products or components thereof could negatively impact our business. In addition, increases in the prices of key commodities and other materials could adversely affect our ability to manage our cost structure. Market conditions may limit our ability to raise selling prices to offset increases in product or raw material costs. For certain products, new sources of supply may be difficult to locate or have to be qualified under regulatory standards, which can require additional investment and delay bringing a product to market.

Economic conditions could adversely affect our business.

Uncertain economic conditions, both in the U.S. and globally, driven by circumstances such as rising interest rates, uncertainty around cannabis reforms at the federal level, and armed conflict abroad, could adversely affect our business. Negative global economic trends, such as decreased consumer and business spending, high inflation and interest rates, and declining consumer and business confidence, pose challenges to our business and could result in declining revenues, profitability, and cash flow. Although we continue to devote significant resources to support our brands, unfavorable economic conditions may negatively affect demand for our products.

Changes to trade policies, including additional or potential tariffs, or a global trade war could increase the cost of our products, which could adversely impact the competitiveness of our products and our financial results.

Changes to trade policies, including tariffs or other trade restrictions, have increased, and may continue to increase, the prices of certain imported products used in our business and could continue to adversely affect our costs and supply chain. While we have taken steps to mitigate some of these cost pressures, including adjusting product pricing and product sourcing strategies, there can be no assurance that these actions will fully offset the impact of tariffs or other trade restrictions. Additional tariffs, retaliatory trade measures, or further changes in international trade policies could adversely affect the demand for our products and have a material adverse effect on our business and results of operations.

Our operations may be impaired if our information technology systems, or those of our third-party vendors, fail to perform adequately, or if we or our third-party vendors are the subject of a data breach or cyber-attack.

We rely on information technology systems to operate our business, including communicating with employees, ordering and managing materials from suppliers, selling and shipping products to customers, analyzing and reporting results of operations, and storing confidential information. While we have taken steps to ensure the functionality and security of our information technology systems, our measures or those of our third-party vendors may not be effective and our or our vendors' information technology systems may nevertheless be vulnerable to computer viruses, security breaches, and other disruptions from unauthorized users, as well as failures of such information technology systems to operate as expected. In addition, as we replace or upgrade our technology systems, or integrate new systems, issues may arise, such as failure of such systems to perform as expected, that disrupt our business and cause us to lose customers or incur unanticipated expenditures. If our or our third-party vendors' information technology systems are damaged or cease to be available or function properly, whether as a result of a cyber incident or otherwise, our ability to operate our business, including to communicate, coordinate supply chain, inventory, and ordering, manage internal and external reporting, and protect confidential information could be impaired, which may adversely impact our business.

Additionally, the techniques used to obtain unauthorized, improper, or illegal access to information technology systems are constantly evolving, may be difficult to detect quickly, and often are not recognized until after they have been launched against a target. We may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventative or remedial measures. Any operational failure or breach of security from these cyber threats could lead to the loss or disclosure of our or third-party information, which could result in expensive and time-consuming regulatory or other legal proceedings and have a material adverse effect on our business and reputation. In addition, we may incur significant costs and operational consequences related to investigating, mitigating, remediating, eliminating, and putting in place additional tools and devices designed to prevent future security incidents, as well as in connection with complying with any notification or other obligations resulting from any security incidents. Because we do not control our third-party vendors or the processing of data by our third-party vendors, our ability to monitor our third-party vendors' data security is limited and we cannot ensure the integrity or security of the measures they take to protect and prevent the loss of our or our consumers' data. As a result, we are subject to the risk that cyber-attacks on, or other security incidents affecting, our third-party vendors may adversely affect our business even if an attack or breach does not directly impact our systems.

Acquisitions, strategic alliances, and other investments could result in operating difficulties, dilution, and other consequences that may adversely impact our business and results of operations.

Acquisitions are an important element of our overall corporate strategy. These transactions could entail material investments by us and be material to our financial condition and results of operations. We expect to evaluate and enter into discussions regarding a variety of potential strategic transactions. The process of integrating an acquired company, business, or product has created, and will continue to create, unforeseen operating difficulties and expenditures. The areas where we face risks may include, but are not limited to:

- Diversion of management's time and focus from operating our business to acquisition integration challenges;
- Failure to successfully further develop the acquired business or products;
- Implementation or remediation of controls, procedures, and policies at the acquired company;
- Integration of the acquired company's accounting and other administrative systems;
- Transition of operations, employees, and customers onto our existing platforms;
- Cultural challenges associated with integrating employees from the acquired company into our organization, and retention of employees from the businesses we acquire;
- Failure to recognize expected synergies from an acquisition;
- Reliance on strategic partners with respect to market development, sales, regulatory compliance, and other operational matters;
- Failure to obtain required governmental approvals on a timely basis, if at all, or conditions placed upon approval, under competition and antitrust laws, could, among other things, delay or prevent us from completing a transaction or otherwise restrict our ability to realize expected financial or strategic goals of an acquisition;
- Liability for or reputational harm from activities of the acquired company before the acquisition or from our strategic partners, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities, and other known and unknown liabilities; and
- Litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former stockholders, or other third parties.

Our due diligence may fail to identify all liabilities and risks associated with acquisitions, and we may not accurately assess the relative benefits and detriments of acquisitions and may pay acquisition consideration exceeding the value of the acquired business. Our failure to address these risks or other problems related to past or future acquisitions, investments, or strategic alliances could cause us to fail to realize the anticipated benefits of such transactions, incur unanticipated liabilities, and harm our business generally.

Our acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, or amortization expenses, impairment of goodwill and purchased long-lived assets, and restructuring charges, any of which could harm our financial condition or results of operations and cash flows.

Although acquisitions are an important element of our overall corporate strategy, there can be no assurance that we will be able to identify appropriate acquisition targets, successfully acquire identified targets, or successfully integrate the business of acquired companies to realize the full, anticipated benefits of such acquisitions.

If we are unable to hire and retain employees, we may not be able to implement our business plan and our business may be materially adversely affected.

Our future success depends to a large extent on our ability to attract, hire, train, and retain qualified managerial, operational, and other personnel. If we are unable to hire and retain qualified personnel, our business will be materially adversely affected. We face significant competition for diverse, qualified, and experienced employees and, as a result, we may be unable to attract and retain the personnel needed to successfully conduct and grow our operations. In addition, we do not maintain key man life insurance on any of our executive officers and directors. Key personnel, including members of management, may leave and compete against us, or may not perform well in their roles with us. If one or more of our executive officers are unable or unwilling to continue in their present positions, we may not be able to replace them readily, if at all, and may face disruption in our operations and incur additional expenses, including to recruit and retain new talent as a result.

Our products may be purchased for use in new and emerging industries subject to varying, inconsistent, and rapidly changing laws, regulations, administrative practices, enforcement, judicial interpretations, and consumer perceptions.

We sell products, including hydroponic gardening products, that end users may purchase for use in new and emerging industries, including the growing of cannabis and hemp, that may not grow or achieve market acceptance in a manner that we can predict. Demand for our products depends on the uncertain acceptance and growth of these industries.

These new and emerging industries are also subject to varying, inconsistent, and rapidly changing laws, regulations, administrative practices, enforcement, judicial interpretations, and consumer perceptions. For example, a majority of U.S. states and territories have adopted frameworks that authorize, regulate, and tax the cultivation, processing, sale, and use of cannabis for medicinal and/or non-medicinal use, while the federal Controlled Substances Act and laws of other U.S. states prohibit such activities and use. Because demand for our products may be negatively impacted depending on how laws, regulations, administrative practices, enforcement, judicial interpretations, and consumer perceptions develop, we cannot reasonably predict the nature of such developments or the effect, if any, that such developments could have on our business. Notwithstanding this conflicted legal landscape, we believe that there is a continuing trend towards further legalization that will allow the Company to expand its marketplace opportunities.

Litigation may adversely affect our business, financial condition, and results of operations.

From time to time in the normal course of our business, we may become subject to litigation that may result in liability material to our consolidated financial statements as a whole or that may negatively affect our operating results if changes to our business operation are required. The cost to defend such litigation may be significant and may require a diversion of our resources and attention of management. There also may be adverse publicity associated with litigation that could negatively affect customer, vendor, and public perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation may adversely affect our business, financial condition, and results of operations.

There can be no assurance that future developments related to pending claims or claims filed in the future, whether as a result of adverse outcomes or as a result of significant defense costs, will not have a material effect on our business, financial condition, and results of operations. We believe that our assessment of contingencies is reasonable and that the related accruals, in the aggregate, are adequate; however, there can be no assurance that the final resolution of these matters will not have a material effect on our financial condition, results of operations, or cash flows.

Third parties may initiate legal proceedings alleging that we are infringing their intellectual property rights, the outcome of which could have a material adverse effect on our business, financial condition, or results of operations.

As a result of building and continuing to build our proprietary brands and new product technologies, we may become party to, or threatened with, adversarial proceedings or litigation regarding intellectual property or proprietary rights with respect to our products and technology, including proceedings before the U.S. Patent and Trademark Office or non-U.S. opposition proceedings. A successful claim of intellectual property or proprietary right infringement, misappropriation, or other violation against us, or any other successful challenge to the use of our intellectual property and proprietary rights, could subject us to damages or prevent us from providing certain products or services or using certain of our recognized brand names, which could have a material adverse effect on our business, financial condition, and results of operations. As a result of any such intellectual property claims, regardless of merit, or to avoid potential claims, we may choose or be compelled to seek intellectual property licenses from third parties. These licenses may not be available to us on acceptable terms, or at all. Any such license would likely obligate us to pay license fees, royalties, or other payments, and the rights granted to us could be nonexclusive, meaning that our competitors could obtain licenses to the same intellectual property. We could be prevented from commercializing a product or technology or be forced to cease some of our business operations if, as a result of actual or threatened intellectual property claims, we are unable to enter into licenses of the relevant intellectual property on acceptable terms. Further, if we attempt to modify a product or technology or to develop alternative methods or products in response to intellectual property claims or to avoid potential claims, we could incur substantial costs or encounter delays in product introductions or interruptions in sales.

If our owned or in-licensed trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

The registered or unregistered trademarks, trade names, and service marks that we own or in-license from third parties may be challenged, infringed, circumvented, declared generic, or determined to be infringing on or dilutive of other marks. Additionally, competitors may adopt trademarks, trade names, or service marks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. If we are unable to establish name recognition based on our owned and in-licensed trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected.

We may also license our trademarks, trade names, or service marks out to third parties, such as our distributors. Though these license agreements may restrict how our trademarks, trade names, or service marks may be used, a breach of these agreements or misuse of our trademarks, trade names, or service marks by our licensees may jeopardize our rights or diminish the goodwill associated therewith. Any efforts to enforce or protect our intellectual property and proprietary rights related to trademarks, trade names, and service marks may be ineffective and could result in substantial costs and diversion of resources and thereby adversely affect our business, financial condition, results of operations, and prospects.

Compliance with, or violation of, environmental, health, and safety laws and regulations, including laws pertaining to the use of pesticides, could result in significant costs that adversely impact our reputation, businesses, financial position, results of operations, and cash flows.

International, federal, state, provincial, and local laws and regulations relating to environmental, health, and safety matters affect us in several ways in light of the ingredients that are used in our products, including growing media, nutrients, and additives. In the U.S., certain products such as those containing pesticides must be registered with the Environmental Protection Agency ("EPA") and similar state agencies before they can be sold or applied. These products are either granted a registration by the EPA or exempt from such a registration and may be evaluated by the EPA as part of its ongoing exposure risk assessment. The failure by us or one of our business relationships to obtain, or the cancellation or non-renewal of, any such registration, or the withdrawal from the marketplace of such products, could have an adverse effect on our businesses, the severity of which would depend on the products involved, whether other products could be substituted, and whether our competitors were similarly affected. We cannot predict the outcome or the severity of the effect on our business of future evaluations, if any, conducted by the EPA.

In addition, certain of our products are subject to complex and overlapping laws and regulation by various international, federal, state, provincial, and local environmental and public health agencies. Even if we are able to comply with all such laws and regulations and obtain all necessary registrations and licenses, the products could nonetheless be alleged to cause injury to the environment, to people, or to animals, or such products could be banned in certain circumstances. The costs of compliance, noncompliance, investigation, remediation, combating reputational harm, or defending civil or criminal proceedings, products liability, personal injury, or other lawsuits could have a material adverse impact on our reputation, businesses, financial position, results of operations, and cash flows.

If product liability lawsuits are brought against us, we may incur substantial liabilities.

We face a potential risk of product liability as a result of any of the products that we offer for sale. For example, we may be sued if any product we sell allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing, or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability, and a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities. Even successful defense could require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- Decreased demand for products that we may offer for sale;
- Injury to our reputation;
- Costs to defend the related litigation;
- Diversion of management's time and our resources;
- Substantial monetary awards to trial participants or patients;
- Product recalls, withdrawals or labeling, marketing or promotional restrictions; or
- Decline in our stock price.

Our insurance coverage may not be sufficient to avoid material impact on our financial position or results of operations resulting from liabilities against us, and we may not be able to obtain insurance coverage in the future.

We maintain insurance coverage to manage exposure to liabilities that may adversely impact our business, but liabilities against us may exceed such coverage and have a material adverse impact on our financial position or results of operations. We maintain commercial liability and operations-focused insurance coverage including property, cyber, workers compensation, and general liability. While we expect to be able to continue our insurance coverages, there can be no assurance we will be able to continue such insurance coverage, or that policy limits will be adequate to cover any liability we may incur, or that our premiums will continue to be available at a cost similar to our cost today. Additionally, it is possible one or more of our insurers could exclude from our policy certain liabilities.

Cost-cutting measures could be insufficient to drive profitability and could have unanticipated negative consequences, including hindering strategic initiatives and future growth of our business.

In response to a significant and prolonged industry downturn, we have undergone various cost-cutting measures, including store consolidations and staffing reductions. While management believes such measures are prudent to improve our financial position and results of operations, they may not achieve their anticipated impact on profitability. In addition, cost-cutting measures may have unanticipated negative consequences, such as customer and employee attrition. Reducing costs also means fewer resources are available for strategic initiatives and operational improvements to support future growth, such as improvements to supply chain operations and information technology systems, which could have a negative impact on our business and results of operations.

We are subject to collection risk that can impact the results of our operations.

We extend credit to customers in the ordinary course of our business in the form of accounts receivable and promissory notes. We seek to ensure our customers are creditworthy before extending credit, but we cannot guarantee that we will receive repayment in full. The industries we serve are also newer and more fragmented, and some of our counter parties are smaller and/or newer businesses and therefore may be at higher credit risk. In addition, we may seek to strategically deploy capital in new markets, or with new business partners. Such new markets or partners may present higher risk.

If we do not maintain effective internal control over financial reporting, the accuracy and timing of our financial reporting may be adversely affected, along with investor confidence in our company and, as a result, the value of our common stock.

Effective internal control over financial reporting is necessary for us to provide reliable financial reports. Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC require an annual management assessment of the effectiveness of our internal control over financial reporting. While we have hired accounting and financial staff as well as leveraged outside resources with appropriate public company experience and technical accounting knowledge to compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404, our internal financial and accounting team is leanly staffed, which can lead to inefficiencies. If we fail to properly and efficiently maintain an effective internal control over financial reporting, we could fail to report our financial results accurately.

A “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. As discussed in Item 9A of this report, management had previously identified a material weakness related to our Storage Solutions business, MMI and thereby concluded that internal control over financial reporting was not effective as of December 31, 2024. During fiscal year 2025, management executed a comprehensive remediation plan to address the underlying causes of the material weakness. As a result, management concluded that the previously reported material weakness was remediated as of December 31, 2025.

Material weaknesses could result in a misstatement of account balances or disclosures that could result in a material misstatement to the annual or interim financial statements that would not be prevented or detected on a timely basis. Failure to implement and maintain effective internal control over financial reporting could result in errors in our consolidated financial statements that could result in a restatement of our consolidated financial statements and cause us to fail to meet our reporting obligations.

The occurrence of, or failure to remediate, any material weakness we have identified or any other material weakness could cause investors to lose confidence in the accuracy and completeness of our financial reports, could cause the market price of our common stock to decline, and could result in sanctions or investigations by the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to capital.

Although we have remediated the previously identified material weaknesses as discussed in Item 9A of this report, there is no assurance that the remedial measures we have taken to date, or any remedial measures we may take in the future, will be sufficient to prevent and avoid future material weaknesses or significant deficiencies in our internal control over financial reporting.

We may be required to record impairment charges against the carrying value of our goodwill and other intangible assets in the future.

We are required to test for impairment of the carrying value of our goodwill and intangible assets at least annually and whenever evidence of impairment exists. In prior years, we have recorded impairment charges related to our goodwill and intangible assets. We may be required in the future to record additional impairment charges that could have a material adverse effect on our reported results.

The estimates and judgments we make, or the assumptions on which we rely, in preparing our consolidated financial statements could prove inaccurate.

The preparation of our consolidated financial statements in accordance with generally accepted accounting principles (“GAAP”) requires us to make estimates and judgments that affect the reported amounts of our assets, liabilities, revenues, and expenses, the amounts of charges accrued by us, and related disclosures of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. We cannot assure, however, that our estimates, or the assumptions underlying them, will not change over

time or otherwise prove inaccurate. Any potential litigation related to the estimates and judgments we make, or the assumptions on which we rely, in preparing our consolidated financial statements could have a material adverse effect on our financial results, harm our business, and cause our share price to decline.

We occupy many of our facilities under long-term, non-cancellable leases, and we may be unable to renew our leases at the end of their terms.

Many of our facilities are located on leased premises subject to non-cancellable leases. Typically, our leases have initial terms ranging from three to ten years, with options to renew for specified periods of time. We believe that our future leases will likely also be long-term and non-cancellable and have similar renewal options. If we close or stop fully utilizing a facility, we will most likely remain obligated to perform under the applicable lease, which would include, among other things, paying base rent, insurance, taxes, and other expenses for the remainder of the lease term. Our inability to terminate a lease when we close or stop fully utilizing a facility can have an adverse impact on our financial condition, operating results, and cash flows.

In addition, at the end of the lease term and any renewal period for a facility, we may be unable to renew the lease without substantial additional cost, if at all. If we are unable to renew our facility leases, we may close or relocate a facility, which could subject us to construction and other costs and risks, which in turn could have a material adverse effect on our business and operating results. Further, we may not be able to secure a replacement facility in a location that is as commercially viable. Having to close a facility, even briefly to relocate, could reduce the sales that such facility would have contributed to our revenues.

Public health emergencies and efforts to mitigate their impact may adversely affect our business, liquidity, results of operations, and financial condition and the price of our securities.

Public health emergencies, including pandemics, epidemics, or other widespread outbreaks of infectious diseases, and the measures taken to combat them, may have an adverse effect on our business. Public health authorities and governments may implement various measures to respond to such events, including voluntary or mandatory quarantines, restrictions on travel or movement, limitations on business operations, social distancing requirements, testing, and vaccination mandates, or other public health directives.

Such measures, as well as the broader economic and operational disruptions associated with public health emergencies, could negatively impact our workforce, supply chain, customers, service providers, and overall business operations. These conditions may reduce demand for our products or services, disrupt our operations or those of our customers and suppliers, and adversely affect our liquidity, results of operations, financial condition, and the trading price of our securities.

The scope, duration, and ultimate impact of any future public health emergency are uncertain and difficult to predict, and similar events in the future could have material adverse effects on our business and financial performance.

If we need additional capital to fund our operations, we may not be able to obtain sufficient capital and may be forced to limit the scope of our operations.

In connection with our growth strategies, an economic downturn, decline in the performance of our business, or other adverse circumstances, we may experience increased capital needs and accordingly, we may not have sufficient capital to fund our future operations without additional capital investments. There can be no assurance that additional capital will be available to us, including as a result of our relationship with the cannabis industry. If we cannot obtain sufficient capital to fund our operations, we may be forced to limit the scope of our expansion.

Ongoing and future armed conflicts could create or exacerbate certain risks we face to our business, financial condition, and results of operations.

Present and future armed conflicts such as the ongoing conflict between Russia and Ukraine and geopolitical instability in the Middle East, including the current conflict in Iran and its potential escalation as well as the ongoing conflict between Israel and Palestine, could create or exacerbate certain risks we face to our business, financial condition, and results of operations. Global responses to ongoing and future armed conflicts, including the imposition of financial and economic sanctions by the United States and other countries, may create supply constraints and drive inflation that could impact our operations and could create or exacerbate other risks facing our business.

Damage to our reputation could have an adverse effect on our business.

Maintaining our strong reputation is a key component in our success. Product recalls, disputes and litigation, unauthorized employee statements on social media, our inability to ship, sell, or transport our products, and other matters may harm our reputation and acceptance of our products, which may materially and adversely affect our business operations, decrease sales and increase costs.

In addition, perceptions that the products we distribute and market are not safe could adversely affect us and contribute to the risk of legal action against us. We distribute and market a variety of products, such as nutrients and growing media. On occasion, allegations or news reports may be made that some of these products have failed to perform up to expectations or have caused damage or injury to individuals or property. In addition, our products or their use by our customers may be alleged to be damaging to the environment. Public perception that the products we distribute or market harm human health or the environment could impair our reputation, involve us in litigation, damage our brand names, and have a material adverse effect on our business, financial condition, and results of operations.

Climate change and other environmental issues could adversely affect our brands, business, results of operations, and financial condition.

Climate change continues to receive increasing global attention. The possible effects of climate change could include severe weather, natural disasters, changes in rainfall patterns, changing temperature levels, and changes in legislation, regulation, and international accords. These changes could over time affect, for example, the availability and cost of raw materials, commodities, and energy, which in turn may impact our ability to procure goods or services required for our business. Consumers also may change their behavior as a result of the impact of climate change, governmental regulations, and public perceptions. Additionally, the impacts of climate change and other environmental issues may present physical risks, such as damage to facilities, which could disrupt our operations or those of our customers or suppliers, and therefore our results of operations.

Unanticipated changes in our tax provisions, the adoption of new tax legislation or exposure to additional tax liabilities could affect our profitability and cash flows.

We are subject to income and other taxes in the U.S. federal jurisdiction and various local, state and foreign jurisdictions. Our effective tax rate in the future could be adversely affected by changes to our operating structure, changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets (such as net operating losses and tax credits) and liabilities, changes in tax laws and the discovery of new information in the course of our tax return preparation process. In particular, the carrying value of deferred tax assets, which are predominantly related to our operations in the U.S., is dependent on our ability to generate future taxable income of the appropriate character in the relevant jurisdiction.

From time to time, tax proposals are introduced or considered by the U.S. Congress or the legislative bodies in local, state and foreign jurisdictions that could also affect our tax rate, the carrying value of our deferred tax assets, or our tax liabilities. Our tax liabilities are also affected by the amounts we charge for inventory, services, licenses and funding. We are subject to ongoing tax audits in various jurisdictions. In connection with these audits (or future audits), tax authorities may disagree with our determinations and assess additional taxes. We regularly assess the likely outcomes of our audits in order to determine the appropriateness of our tax provision. As a result, the ultimate resolution of our tax audits, changes in tax laws or tax rates, and the ability to utilize our deferred tax assets could materially affect our tax provision, net income and cash flows in future periods.

RISKS RELATING TO THE CANNABIS INDUSTRY

We are subject to a number of risks associated with the cannabis industry because cannabis is illegal under federal law.

Under the Controlled Substances Act of 1970 (the "CSA"), the federal government currently lists cannabis as a Schedule I controlled substance (i.e., deemed to have no medical value), rendering its manufacturing (cultivation), distribution, or possession federally illegal. The U.S. Supreme Court has ruled in 2001 that the federal government has the right to regulate and criminalize cannabis, even for medical purposes. Although the U.S. Department of Justice issued a notice of proposed rulemaking in 2024 to reclassify cannabis as a Schedule III substance, and a Presidential Executive Order in December 2025 directed the Attorney General to expedite this process, such rescheduling has not yet been finalized. Until a final rule is effective, cannabis remains a Schedule I substance, and illegality of cannabis under federal law continues to preempt state laws legalizing its use. Furthermore, even if reclassified to Schedule III, cannabis would remain subject to significant federal regulation by the DEA and FDA, and its commercial sale without federal approval would continue to be a violation of the CSA. Therefore, any change to the enforcement priorities of the federal government, including strict enforcement of federal law regarding cannabis or a failure to finalize the rescheduling process, could materially and adversely affect our business, financial condition, and results of operations.

Federal courts have denied bankruptcies for cannabis businesses upon the bases that businesses cannot violate federal law and then claim the benefits of federal bankruptcy for the same activity and that courts cannot ask a bankruptcy trustee to take possession of and distribute cannabis assets, as such action would violate the CSA. Therefore, we may have difficulties collecting outstanding payments if any of our customers in the cannabis industry declare bankruptcy.

In addition, insurance that is otherwise readily available, such as general liability and directors and officer's insurance, may be more difficult or impossible to find, and more expensive.

Our growth to a certain extent is dependent on the U.S. cannabis market. In the past, California regulations caused licensing shortages and future regulations may create other limitations that decrease the demand for our products. State level regulations adopted in the future may adversely impact our business. Supply and demand and prevailing prices for cannabis may also adversely impact our business.

The base of cannabis growers in the United States has grown over the past 20 years since the legalization of cannabis in various U.S. states such as California, Colorado, Michigan, Nevada, Oregon and Washington, with growers depending on products similar to those we distribute. If the U.S. cannabis cultivation market does not grow as expected, our business, financial condition and results of operations could be adversely impacted.

Cannabis remains illegal under U.S. federal law, with cannabis currently listed as a Schedule I substance under the CSA. Notwithstanding laws in various states permitting certain cannabis activities, all cannabis activities, including possession, distribution, processing and manufacturing of cannabis and investment in, and financial services or transactions involving proceeds of, or promoting such activities remain illegal under various U.S. federal criminal and civil laws and regulations, including the CSA, as well as laws and regulations of several states that have not legalized some or any cannabis activities to date. Compliance with applicable state laws regarding cannabis activities does not protect a business from federal prosecution or other enforcement action, such as seizure or forfeiture remedies, nor does it provide any defense to such prosecution or action. Cannabis activities conducted in or related to conduct in multiple states may potentially face a higher level of scrutiny from federal authorities. Regulation of the cannabis industry impact those that we believe represent many end-users for our products and, accordingly, there can be no assurance that changes in regulation of the industry and more rigorous enforcement by federal authorities will not have a material adverse effect on us.

Participants in the cannabis industry have difficulty accessing the service of banks, which makes it difficult for us to operate.

Despite rules issued by the U.S. Department of the Treasury mitigating the risk to banks that do business with cannabis companies permitted under state law, as well as guidance from the U.S. Department of Justice, banks remain wary to accept funds from businesses in the cannabis industry or serving the cannabis industry, such as ours. So far we have been able to find certain banking institutions willing to provide banking services to us; however, there can be no assurance that we will be able to maintain these banking relationships since the production, sale and use of cannabis remains illegal under federal law. An inability to open and maintain bank accounts may make it difficult for us and our customers to do business.

In addition, we have a high volume of cash transactions, which exposes us to associated risks of holding large sums of cash, such as theft and embezzlement, as well as potential seizures of cash by federal authorities if they determine such cash is tied to activities that are illegal under federal law.

If cannabis were to become legal under federal law, its sale and use could become regulated by the Food and Drug Administration ("FDA") or another federal agency, which could result in a decrease in cannabis sales and have a material adverse impact on the demand for our products.

We sell our products through third-party retailers and resellers which do not exclusively sell to the cannabis industry. Some of our products are sold to cannabis industry participants and used in connection with cannabis businesses that are subject to federal and state controlled substance laws and regulations. If cannabis were to become legal under federal law, its sale and use could become regulated by the FDA or another federal agency and extensive regulations may be imposed on the sale or use of cannabis. Such regulations could result in a decrease in cannabis sales and have a material adverse impact on the demand for our products. If we or our customers who are participants in the cannabis industry are unable to comply with any applicable regulations and/or registration prescribed by the FDA, we may be unable to continue to transact with retailers and resellers who sell products to cannabis businesses and/or our financial condition may be adversely impacted.

In addition, federal legalization, or legalization in foreign countries such as Mexico, may significantly increase competition and consolidation in our and our customers' markets. If we do not manage to successfully compete in such an environment, our revenues and results of operations will be adversely affected.

RISKS RELATING TO OUR COMMON STOCK

There are risks, including stock market volatility, inherent in owning our common stock.

The market price and volume of our common stock have been, and may continue to be, subject to significant fluctuations. These fluctuations may arise from general stock market conditions, the impact of risk factors described herein on our results of operations and financial position, or a change in opinion in the market regarding our business prospects or other factors, many of which may be outside our immediate control.

We may incur indebtedness that ranks senior or equally to our common stock as to liquidation preference and other rights and that may dilute our stockholders' ownership interest.

Shares of our common stock are common equity interests in us and, as such, will rank junior to all of our existing and future indebtedness and other liabilities. In addition, any additional capital raised through the sale of equity or equity-backed securities may dilute our stockholders' ownership percentages and could also result in a decrease in the market value of our common stock.

Our security holders may be diluted by future issuances of securities by us. The market price of our common stock could be negatively affected by future sales of our common stock.

In the future, we may issue our authorized but previously unissued equity securities, including additional shares of capital stock or securities convertible into or exchangeable for our capital stock. Such issuance of additional securities would dilute the ownership stake in us held by our existing stockholders and could adversely affect the value of our securities.

As of the date of this report, we have 1.1 million shares of unvested restricted stock units, no outstanding stock options, and no outstanding stock purchase warrants. The vesting of the restricted stock units will result in dilution of our security holders. In the future, we may also issue additional shares of our common stock, restricted stock units, options, warrants, or other securities that are convertible into or exercisable for the purchase of shares of our common stock in connection with compensation to employees or consultants, acquisitions, sales of securities for capital raising, or for other business purposes. The future issuance of any such additional shares of our common stock or other securities, for any reason including those stated above, may have a negative impact on the market price of our common stock. There can be no assurance that the issuance of any additional shares of common stock, warrants or other convertible securities in the future may not be at a price (or exercise prices) below the current price of the common stock.

If our existing stockholders, directors, or executive officers, or any of their affiliates, sell a substantial number of shares of our common stock in the public market, the market price of our common stock could decrease significantly. The perception in the public market that these stockholders might sell our common stock could also depress the market price of our common stock and could impair our future ability to obtain capital, especially through an offering of equity securities.

We do not intend to pay dividends for the foreseeable future and, as a result, investor's ability to achieve a return on their investment will depend on appreciation in the price of our common stock.

The decision to pay cash dividends on our common stock rests with our board of directors and will depend on our earnings, unencumbered cash, capital requirements and financial condition. We have never paid any cash dividends on our common stock and we do not anticipate declaring any dividends in the foreseeable future, as we intend to retain funds and future earnings to fund our operations and growth. Investors in our common stock should not expect to receive dividend income on their investment, and investors will be dependent on the appreciation of our common stock to earn a return on their investment.

If securities or industry analysts do not publish research or reports about our business, or they publish negative reports about our business, our share price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business, our market and our competitors. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

If we fail to meet the continued listing standards of Nasdaq, our common stock may be delisted, which may adversely affect the market price and liquidity of our common stock.

Our common stock is currently traded on the Nasdaq. Nasdaq requires us to meet certain financial, public float, bid price and liquidity standards on an ongoing basis in order to continue the listing of our common stock, including that we maintain a minimum closing bid price of \$1.00 per share. There can be no assurance that we will be able to maintain compliance with the requirements for continued listing of our common stock on Nasdaq. If our common stock is delisted and we are unable to list our common stock on another U.S. national securities exchange, we expect our securities would be quoted on an over-the-counter market. If this were to occur, our stockholders could face significant material adverse consequences, including limited availability of market quotations for our common stock and reduced liquidity for the trading of our securities. Furthermore, if our common stock were delisted it could adversely affect our ability to obtain financing for the continuation of our operations and/or result in the loss of confidence by investors, customers, suppliers and employees.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

RISK MANAGEMENT AND STRATEGY

We have established policies and processes for assessing, identifying, and managing material risk from cybersecurity threats and have integrated these processes into our overall risk management systems and processes. We routinely assess material risks from cybersecurity threats that may result in adverse effects on the confidentiality, integrity, or availability of our information systems or any information residing therein.

We conduct periodic risk assessments to identify cybersecurity threats, as well as assessments in the event of a material change in our business practices that may affect information systems that are vulnerable to such cybersecurity threats. These risk assessments include identification of reasonably foreseeable internal and external risks, the likelihood and potential damage that could result from such risks, and the sufficiency of existing policies, procedures, systems, and safeguards in place to manage such risks.

Following these risk assessments, we re-design, implement, and maintain reasonable safeguards to minimize identified risks, reasonably address any identified gaps in existing safeguards, and regularly monitor the effectiveness of our safeguards. We devote significant resources and designate high-level personnel to manage the risk assessment and mitigation process.

We engage consultants and other third parties in connection with our risk assessment policies and processes. These service providers assist us to design and implement our cybersecurity policies and procedures, as well as to monitor and test our safeguards.

We require third-party service providers to certify their ability to implement and maintain appropriate security measures, consistent with all applicable laws, to implement and maintain reasonable security measures in connection with their work with us, and to promptly report any suspected breach of their security measures that may affect the Company.

As part of our overall risk management strategies, we also conduct cybersecurity trainings for personnel at all levels and in all departments.

For additional information regarding whether any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect our company, including our business strategy, results of operations, or financial condition, please refer to Item 1A, "Risk Factors," in this Annual Report on Form 10-K.

GOVERNANCE

One of the key functions of our Board of Directors is informed oversight of our risk management process, including risks from cybersecurity threats. Our Board of Directors is responsible for monitoring and assessing strategic risk exposure, and our executive officers are responsible for the day-to-day management of the material risks we face. Our Board of Directors administers its cybersecurity risk oversight function primarily through the Audit Committee. Our CFO, who oversees the information technology department led by our Director of Information Technology, provides periodic briefings to the Audit Committee regarding our cybersecurity risks and activities, including any recent cybersecurity incidents and related responses, cybersecurity policies and procedures, activities of third parties, and the like.

Our Director of Information Technology and the information technology team are primarily responsible for assessing and managing our material risks from cybersecurity threats. The collective team has extensive experience in information security and cybersecurity risk management, and they monitor the prevention, detection, mitigation, and remediation of cybersecurity incidents on an ongoing basis using a combination of security tooling, automated systems and manual processes, including information technology log reviews from across teams or reports received from network systems and applications if any unusual activity occurs, such as email system notification of items opened that could be malicious.

ITEM 2. PROPERTIES

REAL ESTATE

Our real estate portfolio consists primarily of leased retail stores and related storage, warehouse and distribution centers, and offices located across the U.S. Our principal offices are located at 5619 DTC Parkway, Suite 900, Greenwood Village, CO 80111. In total, the Company utilizes 713,000 square feet of space, which primarily consists of 22,000 square feet of corporate office space, 286,000 square feet of warehouse and distribution center space, and 405,000 square feet of retail and related storage space. The table below summarizes our real estate portfolio by reporting segment and by state as of December 31, 2025.

	Cultivation and Gardening	Storage Solutions	Corporate	Total Locations
Alaska	1	—	—	1
California	6	—	—	6
Colorado	2	—	1	3
Maine	3	—	—	3
Michigan	3	—	—	3
Missouri	1	—	—	1
New York	—	4	—	4
Ohio	1	—	—	1
Oklahoma ⁽¹⁾	3	—	—	3
Oregon	2	—	—	2
Rhode Island	1	—	—	1
Utah	—	1	—	1
Washington	2	—	—	2
Total Locations	<u>25</u>	<u>5</u>	<u>1</u>	<u>31</u>

⁽¹⁾ The Company owns a retail location in Oklahoma.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we have been and may again become involved in legal proceedings arising in the ordinary course of our business, including the initiation and defense of proceedings related to contract and employment disputes. Due to the unpredictable nature of litigation, the outcome of a litigation matter and the amount or range of potential loss at particular points in time is normally difficult to ascertain.

During the year ended December 31, 2025, the Company was engaged in two ongoing legal matters related to a California employment class action dispute and a vendor contract dispute, resulting in a loss contingency accrual of \$1.1 million.

In December 2021, the Company was sued in the U.S. District Court for the Southern District of Texas related to a Promissory Note & Asset Acquisition Rights Option ("Note & Option") with TGC Systems, LLC ("Total Grow"). The case was dismissed and the parties submitted the matter to arbitration pursuant to the arbitration clause of the Note & Option. Among other claims, Total Grow alleged that the Company was liable to Total Grow for failing to consummate the acquisition of Total Grow by the Company. The Company asserted counterclaims for repayment of \$1.5 million in principal loaned by the Company to Total Grow pursuant to the Note & Option, plus interest and certain costs. In July 2023, the arbitrator rendered an arbitration award denying all of Total Grow's claims and defenses and awarding the Company more than \$2.0 million in total, consisting of principal, interest, and certain costs. Total Grow voluntarily filed for bankruptcy in October 2023. In February 2024, the Company received \$0.3 million from the bankruptcy proceedings, which was recorded as a recovery on the \$1.5 million Note & Option. The remainder of the Note & Option, which were fully reserved, were written off during the year ended December 31, 2024.

It is our opinion that the legal proceedings disclosed above, in addition to the other legal proceedings and claims in which we have been involved, individually and in the aggregate are not expected to have a material adverse effect on our financial condition, results of operations or cash flows. There can be no assurance that future developments related to pending claims or claims filed in the future, whether as a result of adverse outcomes or as a result of significant defense costs, will not have a material effect on our financial condition, results of operations or cash flows. We believe that our assessment of contingencies is reasonable and that the related accruals, in the aggregate, are adequate; however, there can be no assurance that the final resolution of these matters will not have a material effect on our financial condition, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

The Company commenced trading on the Nasdaq Capital Market on December 2, 2019 under the symbol "GRWG". Prior to that date, our stock traded on the OTCQX Best Market since October 10, 2017, prior to which it was traded on the OTCQB Market since November 11, 2016.

HOLDERS

The approximate number of stockholders of record as of March 16, 2026 was 71. The number of stockholders of record does not include beneficial owners of our common stock whose shares are held in the names of various dealers, clearing agencies, banks, brokers, and other fiduciaries.

DIVIDENDS

We have never paid any cash dividends on our common stock. We anticipate that we will retain funds and future earnings to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board of Directors and will depend on our financial condition, results of operations, capital requirements, and other factors that our Board of Directors deems relevant. In addition, the terms of any future debt or credit financings may preclude us from paying dividends.

RECENT SALES OF UNREGISTERED SECURITIES

Shares of Common Stock Issued In Connection with Asset Purchases

Refer to issuances of shares of common stock in connection with acquisitions during 2023, 2024, and 2025 disclosed in the notes to the Consolidated Financial Statements. These shares were issued in reliance on the exemption under Section 4(a)(2) of the Securities Act.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis of our financial condition and results of operations should be read together with our Consolidated Financial Statements and the related notes and the other information included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties and are not guarantees of future performance. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this report, particularly those under "Risk Factors." Dollars in tabular format are presented in thousands, except per share data, or otherwise indicated.

OVERVIEW

GrowGeneration Corp. (together with all of its direct and indirect wholly owned subsidiaries, collectively "GrowGeneration" or the "Company") was incorporated in Colorado in 2014. Since then, GrowGeneration has grown from a small chain of specialty retail hydroponic and organic garden centers to a multifaceted business with diverse assets. Today, GrowGeneration operates two major lines of business: our Cultivation and Gardening segment, composed of our hydroponic and organic gardening business; and our Storage Solutions segment, composed of our benching, racking, and storage solutions business.

GrowGeneration sources certain proprietary branded products and components used in our Cultivation & Gardening segment, including coir substrates, nutrients, irrigation parts, and lighting components, from suppliers located in India, Mexico, China, and other jurisdictions outside the United States. Beginning in the first quarter of 2025, the United States announced changes to U.S. trade policy, including increasing tariffs on imports, in some cases significantly, and potentially negotiating or terminating existing trade agreements. In April 2025, the United States announced changes to its trade policy, including a 10% baseline tariff on imports and additional country-specific tariffs for select trading partners. These new measures, implemented under Executive Order 14257, under presidential authority provided by the International Emergency Economic Powers Act ("IEEPA") and other statutory authorities, reflected a markedly more dynamic tariff environment. The policies created cost and supply chain impacts for importers and providers of international goods. These actions have resulted in cost increases for certain imported products that collectively represent less than 10% of total company cost of goods sold. We have partially offset these cost pressures through (i) improved purchasing leverage and volume-based supplier discounts, (ii) targeted price adjustments on affected product categories, and (iii) a continuing shift in sourcing toward lower-tariff regions, including the United States and Southeast Asia. We are also expanding domestic manufacturing, assembly and packaging for select proprietary brands to reduce reliance on high-tariff import categories. On February 20, 2026, subsequent to our fiscal year ended December 31, 2025, the U.S. Supreme Court struck down certain tariffs imposed under the IEEPA. The President immediately imposed replacement tariffs under Section 122 of the Trade Act of 1974, which are temporary (150-day maximum duration, unless such period is extended by Congress), and has indicated intent to impose tariffs under other statutory authorities going forward. It is unclear at this time what impact this decision will have on our future financial results, including whether we will be able to obtain refunds of amounts previously paid for the IEEPA tariffs or any fluctuations of the level of replacement tariffs imposed or the addition of any new tariffs through other means. We continue to actively monitor these developments and explore strategies to mitigate these risks and potential negative effects on our business and results from operations. Management believes these initiatives will enhance long-term supply-chain flexibility and margin stability.

On June 6, 2025, we purchased substantially all of the assets of Hydro Generation Inc. (referred to as "Viagrow"), a domestic supplier of gardening and hydroponic equipment. The acquisition further diversifies our home gardening and hydroponic gardening proprietary brand product offerings as well as expands our outreach to significant new customers through relationships with major home improvement mass-market retailers and e-commerce platforms. Refer to Note 13, Acquisitions, of the Consolidated Financial Statements in this report for additional information regarding the Viagrow acquisition.

MARKETS AND BUSINESS SEGMENTS

We have two operating segments, each its own reportable segment, based on our major lines of business: the Cultivation and Gardening segment and the Storage Solutions segment. We recognize specifically identifiable operating costs such as cost of sales, distribution expenses, and store operations and other operational expenses within each segment. Selling, general, and administrative expenses, such as administrative and management expenses, salaries, and benefits, share-based compensation, director fees, legal expenses, accounting and consulting expenses, and technology costs, are not allocated to specific segments and are reflected in the enterprise results.

Cultivation and Gardening Segment

We are a leading developer, marketer, retailer, and distributor of products for both indoor and outdoor hydroponic and organic gardening. Our main business strategy within the hydroponic and organic gardening sector has been to consolidate assets within the fragmented hydroponics industry to leverage efficiencies of a centralized organization.

We sell a variety of hydroponic and organic gardening related products, including nutrients, additives, growing media, lighting, environmental control systems, and other products for indoor and outdoor cultivation. Our products include proprietary brands such as Charcoir, Drip Hydro, Power Si, Ion lights, The Harvest Company, Viagrow, and more, the development and expansion of which are a key component of our growth strategy. Our target customers include commercial, craft, and home growers in the plant-based medicine market, as well as commercial and home gardeners who grow organic herbs, fruits, and vegetables. Additionally, through our wholesale division, we distribute many of our proprietary products to customers that are wholesalers, resellers, major home improvement mass-market retailers, and retailers in the specialty retail hydroponic and organic gardening industry.

We make our products available to growers through a variety of channels, including our hydroponic retail locations, a commercial sales division that provides white glove service to commercial cultivators, a wholesale division that markets to mass-market retailers and independent resellers in both the hydroponic and traditional gardening markets, and an online platform at growgeneration.com, which includes a B2B customer portal for commercial and wholesale customers. Management believes that the Company has the largest chain of specialty retail hydroponic and organic garden centers in the U.S., with 23 retail locations across 10 states as of December 31, 2025. We closed eight retail locations during the year ended December 31, 2025. We continue to evaluate our retail footprint to identify cost redundancies and optimize coverage by leveraging nearby locations and our online sales platforms.

Storage Solutions Segment

Our Storage Solutions business, branded as "Mobile Media" or "MMI," provides customized storage solutions designed to enhance profitability, productivity, and efficiency for our customers by allowing them to save space and increase storage capacity. We cater to diverse markets with our products and services, including agriculture, retail, warehousing, office and administrative, food service, hospitality, golf and country clubs, and more. Our products include high-density mobile storage systems, static shelving, and other accessories such as desks, lockers, safes, and secured storage, offering a solution for every storage need. MMI also offers a wide variety of services, including site surveys, floor plan designs, capacity analysis, seismic calculations, permitting, and installation, in order to provide a comprehensive, turnkey solution for customers. Based in the Hudson Valley, New York, the MMI team has decades of experience successfully completing projects throughout the U.S., Canada, and Mexico.

Our target customers generally include small, mid-size, and large businesses seeking vertical space-saving solutions that are custom tailored to their space and brand in an effort to maximize storage capacity or gain space in their real estate footprint. Many of our customers are involved in the construction and design industries and include retailers, general contractors, and architects involved in new constructions and remodels for retail stores and fulfillment centers. Our customer base also includes the golf industry, specifically country clubs needing to store more club bags and optimize their existing space, as well as controlled environment agriculture (CEA) operators that cultivate indoors with vertical or rolling benching and racking.

Strategic Restructuring Plan

In July 2024, we announced a strategic restructuring plan focused on long-term profitability and advancing growth initiatives in key areas of our Cultivation and Gardening segment such as our proprietary brands, commercial sales, and e-commerce business. The restructuring plan primarily included product development costs, digital transformation initiatives, reductions in cost structure by closing and consolidating 12 redundant or underperforming retail locations, in addition to the 7 retail locations closed in the first half of 2024, workforce reductions, and other operational improvements in inventory management, sales and marketing, and administrative activities.

As of March 31, 2025, we had substantially completed our restructuring activities. As of December 31, 2025, there was no outstanding restructuring liability, and we do not expect to incur significant additional restructuring and restructuring-related costs in future periods. Overall, we incurred a total of approximately \$3.5 million in restructuring and restructuring-related costs, including \$1.1 million during the year ended December 31, 2025 and \$2.4 million previously incurred in fiscal year 2024. As a result of these restructuring activities, we expect improvement in our gross profit margin and profitability while generating annualized cost savings of approximately \$12.0 million.

Our restructuring and restructuring-related charges consisted of inventory disposal costs, retail location closure costs including related contract termination costs and fixed asset disposals, employee termination benefits, asset impairments including the impairment of operating lease right-of-use assets, and other associated costs. Restructuring and restructuring-related costs incurred during the years ended December 31, 2025 and 2024 were presented on the Consolidated Statements of Operations as follows:

	Year ended December 31,	
	2025	2024
Cultivation and Gardening segment:		
Cost of sales ⁽¹⁾	\$ —	\$ 1,048
Gross profit	—	(1,048)
Store operations and other operational expenses ⁽²⁾	765	842
Restructuring costs in segment income from operations	(765)	(1,890)
Corporate expenses:		
Selling, general, and administrative ⁽³⁾	376	205
Impairment loss ⁽⁴⁾	—	220
Other expense (income) ⁽⁵⁾	—	50
Total restructuring and restructuring related activities	\$ (1,141)	\$ (2,365)

⁽¹⁾ Includes inventory disposal costs

⁽²⁾ Costs consist primarily of property and equipment disposals, lease contract termination costs and employee termination benefits

⁽³⁾ Costs consist of corporate operational and administrative contract terminations and employee termination benefits

⁽⁴⁾ Consists of asset impairments for operating lease right-of-use assets

⁽⁵⁾ Includes non-operating losses related to retail location closures

In conjunction with our restructuring activities to support operational and administrative improvements, we reassessed and shortened the estimated useful life of certain capitalized software assets. These capitalized software assets became fully amortized and were retired during the year ended December 31, 2025.

Refer to Note 17, Restructuring, of the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K ("Consolidated Financial Statements") for additional information regarding restructuring activities.

GROWTH STRATEGIES

Our main growth strategy has been to consolidate assets within the fragmented hydroponics industry to leverage efficiencies of a centralized organization. As a result, we have built a business that is driven by a wide selection of products, a strong portfolio of proprietary brands, a solutions-driven staff located in strategic markets around the country, and pick, pack, ship distribution and fulfillment capabilities.

Since our founding in 2014, we have acquired or opened numerous specialty hydroponic and organic gardening center locations. Management believes that GrowGeneration has the largest chain of specialty retail hydroponic and organic garden centers in the U.S., with 23 retail locations across 10 states as of December 31, 2025. We have also acquired several other types of businesses within or complimentary to the hydroponic industry, such as online retailers, proprietary products, our wholesale distribution business, and our benching, racking, and storage solutions business, MMI. We regularly seek and evaluate accretive acquisition opportunities with similar or complimentary businesses to those businesses it already operates, such as the Viagrow acquisition, which further diversified our home gardening and hydroponic gardening proprietary brand product offerings as well as expanded our outreach to significant new customers through relationships with major home improvement mass-market retailers and e-commerce platforms.

Our main growth strategies for the Storage Solutions segment include expanding the types of customers and industries to which we sell our Storage Solutions products, including greater penetration in CEA, industrial, and country club verticals.

For further detail on all acquisitions please see Note 13, Acquisitions, of the Consolidated Financial Statements.

COMPONENTS OF RESULTS OF OPERATIONS

Net Sales

We primarily generate net sales from the selling and distribution of proprietary and non-proprietary brand hydroponic and organic gardening products. In addition to our hydroponic and organic gardening product sales, we sell and install commercial fixtures through our benching, racking, and storage solutions business. Net sales reflect the amount of consideration that we expect to receive, which is derived from a list price reduced by variable consideration, including applicable sales discounts and estimated expected sales returns.

These sales vary by the type of product: consumables, such as nutrients, additives, growing media, and supplies that are subject to regular replenishment, and durables, such as lighting, environmental control systems, and storage solutions. Generally, in new markets where legalization of plant-based medicines is recent and licensors are starting new grow operations, there is an initial increase of durable product purchases for facility build-outs, which decrease over time as growers establish their operations. Thereafter, we tend to observe cultivators focus their purchasing patterns to consumables as the primary source of product need. In more mature markets, the sales patterns tend to favor higher percentages of consumable purchasing in comparison to emerging markets.

Cost of Sales

Cost of sales includes cost of goods and shipping costs. Cost of goods consists of cost of merchandise, inbound freight, and other inventory-related costs, such as shrinkage costs and lower of cost or market adjustments. Occupancy expenses of our retail locations and distribution centers, which consist of payroll, rent, and other lease required costs, including common area maintenance and utilities, are included as a component of operating expenses within Store operations and other operational expenses in the Consolidated Statements of Operations.

Gross Profit

We calculate gross profit as net sales less cost of sales. Gross profit excludes depreciation and amortization, which are presented separately as a component of operating expenses in the Consolidated Statements of Operations. Our gross profit as a percentage of net sales, or gross profit margin, varies with our product mix, in particular the percentage of sales of proprietary brand products compared to non-proprietary brand products and of consumable products compared to durable products. Proprietary products typically have higher gross margins compared to non-proprietary products, and consumable products typically have higher gross margins compared to durable products.

Operating Expenses

Operating expenses are comprised of the following components: store operations and other operational expenses; selling, general, and administrative; estimated credit losses; depreciation and amortization; and impairment losses. Store operations and other operational expenses consist primarily of payroll, rent and utilities, and specifically identifiable operating costs related to our retail locations and distribution centers. Selling, general, and administrative expenses consist of corporate salaries, stock-based compensation, advertising and promotions, travel and entertainment, professional fees, insurance, and other corporate administrative costs. Selling, general, and administrative expenses as a percentage of net sales typically does not increase commensurate with an increase in net sales. Our largest expenses are generally related to employee compensation and leases, which are primarily fixed and not variable. Our advertising and marketing expenses are largely controllable and variable depending on the particular market.

RESULTS OF OPERATIONS

A discussion regarding our financial condition and results of operations for the year ended December 31, 2025 compared to the year ended December 31, 2024 is presented below. A discussion regarding our financial condition and results of operations for the year ended December 31, 2024 compared to the year ended December 31, 2023 can be found under Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on March 13, 2025.

Condensed Results of Operations for the Years Ended December 31, 2025 and 2024

The following table presents, for the periods indicated, selected information from our consolidated financial results, including information presented as a percentage of net sales:

	For the Years Ended December 31,				Year-to-Year Variance	
	2025		2024			
Net sales	\$ 161,741	100.0 %	\$ 188,866	100.0 %	\$ (27,125)	(14.4)%
Cost of sales	118,466	73.2 %	145,144	76.9 %	(26,678)	(18.4)%
Gross profit	43,275	26.8 %	43,722	23.1 %	(447)	(1.0)%
Operating expenses	68,860	42.6 %	95,694	50.7 %	(26,834)	(28.0)%
Loss from operations	(25,585)	(15.8)%	(51,972)	(27.5)%	26,387	50.8 %
Other income	1,730	1.1 %	2,620	1.4 %	(890)	(34.0)%
Net loss before taxes	(23,855)	(14.7)%	(49,352)	(26.1)%	25,497	51.7 %
Provision for income taxes	(191)	(0.1)%	(158)	(0.1)%	(33)	(20.9)%
Net loss	\$ (24,046)	(14.9)%	\$ (49,510)	(26.2)%	\$ 25,464	51.4 %

Net Sales

Net sales for the year ended December 31, 2025 were \$161.7 million, a decrease of \$27.1 million, or 14.4% as compared to net sales of \$188.9 million for the year ended December 31, 2024.

The decrease in net sales was primarily related to our Cultivation and Gardening segment, which had net sales of \$134.2 million for the year ended December 31, 2025 and \$163.5 million for the year ended December 31, 2024. This decrease in net sales was primarily due to the closure of 19 retail locations during 2024, which included the 12 redundant or underperforming retail locations consolidated in the second half of 2024 in conjunction with the restructuring plan, as well as the closure of an additional eight retail locations during 2025. Additionally, the Cultivation and Gardening segment experienced slowness in its net sales in the first half of 2025 related to declines in consumer confidence and uncertainty surrounding the potential macroeconomic and market impacts of tariffs. These decreases in Gardening and Cultivation net sales from retail store closures and economic uncertainty were partially offset by the retention of customers associated to closed retail stores through redirecting those sales to other sales channels, such as our online platforms and dedicated sales representatives, as well as improvements in durable product sales driven by increased demand for capital investments by our customers in the second half of 2025. Proprietary brand sales as a percentage of Cultivation and Gardening net sales increased to 32.8% for the year ended December 31, 2025 as compared to 24.2% for the year ended December 31, 2024, largely driven by our strategic initiatives to increase sales volume with our expanded portfolio of proprietary brands and various product launches. The percentage of Cultivation and Gardening net sales related to consumable products remained relatively consistent for the year ended December 31, 2025, decreasing slightly to 71.9% compared to 72.2% for the year ended December 31, 2024.

Net sales of commercial fixtures within our Storage Solutions segment increased to \$27.5 million for the year ended December 31, 2025 compared to \$25.4 million for the year ended December 31, 2024.

Cost of Sales

Cost of sales for the year ended December 31, 2025 was \$118.5 million, a decrease of \$26.7 million or 18.4%, compared to \$145.1 million for the year ended December 31, 2024. The decrease in cost of sales largely corresponds to the 14.4% decrease in sales as previously discussed, in addition to \$1.0 million of inventory disposal costs incurred in connection with the restructuring plan in the year ended December 31, 2024. The remaining decrease in cost of sales relates to the sales mix of proprietary brands compared to non-proprietary brands described above.

Gross Profit

Gross profit was \$43.3 million for the year ended December 31, 2025 compared to \$43.7 million for the year ended December 31, 2024, a decrease of \$0.4 million or 1.0%. The decrease in gross profit was primarily related to the Storage Solutions segment, which decreased \$0.5 million, or 4.1%, in the year ended December 31, 2025 compared to the year ended December 31, 2024, primarily due to industry pricing compression. The Cultivation and Gardening segment gross profit remained consistent at \$32.2 million for the years ended December 31, 2025 and 2024. Our consistent gross profit in

Cultivation and Gardening segment despite the reduction in sales volume predominately caused by the store consolidations discussed above was largely a result of our strategic initiatives to improve the proportion of our sales volume attributable to our expanded portfolio of proprietary brands and our ability to retain customers who were previously associated to closed retail stores by redirecting those sales to other sales channels in the year ended December 31, 2025. Additionally, the effects of the strategic restructuring plan in the year ended December 31, 2024 included an estimated \$0.9 million in inventory sales discounts, an additional \$1.0 million of inventory disposal costs, and the strategic rationalization of our product offerings.

Gross profit margin was 26.8% for the year ended December 31, 2025, an increase of 370 basis points from a gross profit margin of 23.1% for the year ended December 31, 2024. The increase in gross profit margin was largely driven by the Cultivation and Gardening segment, which had a gross profit margin of 24.0% for the year ended December 31, 2025 as compared to 19.7% for the year ended December 31, 2024. The improvement in the Cultivation and Gardening segment was primarily driven by our strategic initiatives to increase sales mix of our expanded portfolio of proprietary brands in the year ended December 31, 2025 as well as the effects of the additional cost of sales and inventory sales discounts incurred with the strategic restructuring plan in the year ended December 31, 2024. The Storage Solutions segment gross profit margin decreased to 40.3% in the year ended December 31, 2025 from 45.6% in the year ended December 31, 2024 due to industry pricing compression.

Operating Expenses

Operating expenses are comprised of store operations and other operational expenses, selling, general, and administrative, estimated credit losses, depreciation and amortization, and impairment loss. Operating expenses were \$68.9 million for the year ended December 31, 2025 and \$95.7 million for the year ended December 31, 2024, a decrease of \$26.8 million or 28.0%.

Store operating costs and other operational expenses, which consisted primarily of payroll, rent and utilities, and allocated corporate overhead costs, were \$30.7 million for the year ended December 31, 2025 compared to \$40.2 million for the year ended December 31, 2024, a decrease of \$9.5 million or 23.5%. The decrease in store operating costs was primarily due to the 19 retail locations closed during 2024, including the 12 redundant or underperforming retail locations consolidated in the second half of 2024 in conjunction with the restructuring plan, as well as the closure of an additional eight retail locations during 2025.

Total corporate overhead, which is comprised of selling, general, and administrative, estimated credit losses, and depreciation and amortization, was \$38.0 million for the year ended December 31, 2025 as compared to \$48.6 million for the year ended December 31, 2024, a decrease of \$10.6 million or 21.8%. The decrease in corporate overhead was primarily due to the \$8.1 million or 41.9% decrease in depreciation and amortization expense, which was largely attributed to the \$5.3 million accelerated depreciation and amortization for certain capitalized software assets reassessed as part of our restructuring activities in the year ended December 31, 2024. Selling, general, and administrative expenses decreased \$3.0 million or 10.2% primarily due to cost rationalization initiatives, which resulted in decreased professional fees, corporate expenses, employee costs, and lower share-based compensation. These decreases were partially offset by a \$0.5 million increase in estimated credit losses in the year ended December 31, 2025 compared to the year ended December 31, 2024, primarily due to a \$0.3 million credit recovery settlement received in bankruptcy proceedings related to a note receivable in the year ended December 31, 2024 which had been reserved for in the prior year.

Impairment loss was \$0.1 million in the year ended December 31, 2025, as compared to \$6.9 million in the year ended December 31, 2024. The \$6.9 million impairment loss incurred in the year ended December 31, 2024 was predominately related to impairments of our goodwill and intangible assets. Additionally, in conjunction with our strategic restructuring activities in 2024, we assessed the right-of-use assets of certain closed retail locations for impairment when we anticipated the total remaining lease cost for the term to be greater than the anticipated sublease income, which resulted in an impairment loss of \$0.2 million in the year ended December 31, 2024. The \$0.1 million impairment loss incurred in the year ended December 31, 2025 related to a closed, wholly-owned retail location classified as held for sale. Refer to the discussion within Critical Accounting Policies and Estimates section as well as Note 5, Property and Equipment, and Note 6, Goodwill and Intangible Assets, of the Consolidated Financial Statements for additional information regarding our impairment losses.

Other Income

Other income for the year ended December 31, 2025 was \$1.7 million, a decrease of \$0.9 million as compared to other income of \$2.6 million for the year ended December 31, 2024. The decrease in other income was primarily attributable to decreased investment income on our marketable securities.

Use of Non-GAAP Financial Information

The following non-GAAP financial measures of EBITDA and Adjusted EBITDA are not in accordance with, or an alternative for, generally accepted accounting principles ("GAAP") and should be considered in addition to, and not as a substitute for, the most directly comparable GAAP financial measures. We believe these non-GAAP financial measures, when used in conjunction with their most directly comparable GAAP financial measures, net income (loss), provide meaningful supplemental information to both management and investors, facilitating the evaluation of performance across reporting periods, identify trends affecting our business, and project future performance. Management uses these non-GAAP financial measures for internal planning and reporting purposes, and we believe that these non-GAAP financial measures may be useful to investors in their assessment of our operating performance, our ability to generate cash, and valuation. In addition, these non-GAAP financial measures address questions routinely received from analysts and investors and, in order to ensure that all investors have access to the same data, we have determined that it is appropriate to make this data available to all investors. These non-GAAP financial measures may be different from non-GAAP financial measures used by other companies.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-GAAP financial measures commonly used in our industry and should not be construed in isolation as substitutions to net income (loss) as indicators of operating performance or as alternatives to cash flow provided by operating activities as a measure of liquidity (each as determined in accordance with GAAP). GrowGeneration defines EBITDA as net income (loss) before interest income, interest expense, income tax expense, depreciation and amortization, and Adjusted EBITDA as further adjusted to exclude certain items such as stock-based compensation, impairment losses, restructuring and corporate rationalization costs, and other non-core or non-recurring expenses and to include income from our marketable securities as these investments are part of our operational business strategy and increase the cash available to us.

Set forth below is a reconciliation of EBITDA and Adjusted EBITDA to net loss (in thousands):

	Year ended December 31,		
	2025	2024	2023
Net loss	\$ (24,046)	\$ (49,510)	\$ (46,496)
Provision for income taxes	191	158	32
Interest income	(1,730)	(2,703)	(2,696)
Interest expense	—	70	97
Depreciation and amortization	11,295	19,436	16,607
EBITDA	\$ (14,290)	\$ (32,549)	\$ (32,456)
Share-based compensation	1,513	2,422	3,171
Investment income	1,741	2,582	2,696
Acquisition transaction costs	69	—	—
Impairment loss	130	6,875	15,659
Restructuring plan ⁽¹⁾	1,141	3,009	—
Consolidation and other charges ⁽²⁾	3,742	3,160	5,376
Adjusted EBITDA	\$ (5,954)	\$ (14,501)	\$ (5,554)

⁽¹⁾ See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview" in this Annual Report on Form 10-K for further information. 2024 results also included an estimated additional \$0.9 million loss in gross profit due to inventory discounts offered in conjunction with the restructuring plan.

⁽²⁾ Consists primarily of expenditures related to legal settlements and contingencies, the activity of store and distribution consolidation and one-time severances outside of the restructuring plan announced July 2024, and other non-core or non-recurring expenses

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2025, we had working capital of \$77.8 million, compared to working capital of \$88.9 million as of December 31, 2024, a decrease of \$11.2 million. The decrease in working capital from December 31, 2024 to December 31, 2025 was due primarily to a net decrease in cash, cash equivalents, and marketable securities as a result of net cash used in operating activities.

As of December 31, 2025, we had cash, cash equivalents, and marketable securities of \$46.1 million. Currently, we are not aware of any extraordinary demands, commitments, or uncertainties that would materially reduce our current working capital. Our material future cash requirements from contractual and other obligations relate primarily to our operating leases. Refer to Note 8, Leases, of the Consolidated Financial Statements for additional information regarding leases.

On June 6, 2025, we purchased substantially all of the assets of Viagrow, a domestic supplier of gardening and hydroponic equipment. The total consideration for the purchase of Viagrow was \$1.3 million, including \$1.0 million cash paid and \$0.2 million common stock issued, with certain additional amounts to be paid in future periods. Refer to Note 13, Acquisitions, of our Notes to Consolidated Financial Statements in this report for additional information regarding the Viagrow acquisition.

We may need additional financing through equity offerings and/or debt financings in the future to continue to expand our business consistent with our growth strategies. However, management believes that the Company is adequately funded to support current and future operations for at least one year from the date of this filing. To date we have financed our operations through the issuance of common stock, convertible notes, and warrants, as well as cash generated from operations.

Cash Flows

The following discussion sets forth the major sources and uses of cash for the year ended December 31, 2025 and December 31, 2024. A discussion regarding the major sources and uses of cash for the year ended December 31, 2023 can be found under Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the SEC on March 13, 2025.

Operating Activities

Net cash and cash equivalents used in operating activities for the year ended December 31, 2025 was \$9.4 million, compared to net cash used in operating activities of \$1.8 million for the year ended December 31, 2024. The increase in cash used in operating activities was primarily related to changes in our operating assets and liabilities, which was driven by the difference in sell through of inventory for the year ended December 31, 2025 as compared to the year ended December 31, 2024 as well as the timing of payments and receipts. This was partially offset by the reduction in operating expenses, excluding non-cash changes such as depreciation and amortization and impairment loss, in the year ended December 31, 2025 compared to the year ended December 31, 2024 as previously discussed in the Results of Operations section.

Investing Activities

Net cash and cash equivalents provided by investing activities was \$12.6 million for the year ended December 31, 2025 compared to net cash provided by investing activities of \$5.7 million for the year ended December 31, 2024. Investing activities for the year ended December 31, 2025 were primarily related to investment of excess cash into marketable securities of \$35.7 million, acquisitions of \$1.0 million, and purchases of property and equipment of \$0.5 million, which were offset by maturity of marketable securities of \$49.8 million. Investing activities for the year ended December 31, 2024 were primarily related to investment of excess cash into marketable securities of \$52.6 million, and the purchase of property and equipment of \$2.0 million, offset by maturities of marketable securities of \$60.2 million.

Financing Activities

Net cash and cash equivalents used in financing activities for the year ended December 31, 2025 was \$0.2 million, and was attributable to common stock withheld for employee payroll taxes. Net cash and cash equivalents used in financing activities for the year ended December 31, 2024 was \$6.2 million, primarily attributable to common stock repurchased under our share repurchase program.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments regarding matters that are uncertain and susceptible to change that affect the reported amounts of assets, liabilities, revenue, and expense. Critical accounting estimates are defined as those policies that are reflective of significant judgments, estimates and uncertainties, which could potentially result in materially different results under different assumptions and conditions. Management regularly reviews the estimates and assumptions used in the preparation of the financial statements for reasonableness and adequacy based on historical experience and various other market-specific and other relevant assumptions.

Our significant accounting policies are discussed in Note 2, Summary of Significant Accounting Policies, of the Consolidated Financial Statements and should be read in conjunction with this discussion. However, the following discussion pertains to accounting policies we believe reflect the more significant judgments and estimates used in preparation of the Consolidated Financial Statements. Other companies in similar businesses may use different estimation policies and methodologies, which may affect the comparability of our financial condition, results of operations and cash flows to those of other companies.

Goodwill Impairment

Goodwill represents the excess purchase price over the fair value of identifiable assets acquired and liabilities assumed in connection with acquisitions in accordance to ASC 805, *Business Combinations*. Goodwill is not amortized but instead is tested for impairment at the reporting unit level at least annually, or more frequently if indicators of impairment exist. We perform our goodwill impairment assessment for each of our reporting units that have remaining goodwill on December 1 of each fiscal year.

We assess goodwill using either a qualitative or quantitative approach to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The qualitative assessment evaluates factors including macro-economic conditions, industry-specific and company-specific considerations, legal and regulatory environments, and historical performance. If we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying value, a quantitative assessment is performed. Otherwise, no further assessment is required. Additionally, an election can be made to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing a quantitative goodwill impairment assessment for a reporting unit.

The quantitative approach compares the estimated fair value of the reporting unit, including goodwill, to its carrying amount. We perform a quantitative impairment assessment for our reporting units using a fair value method based on management's judgments and assumptions or third-party valuations. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. We determine fair value using the income approach, where estimated future cash flows are discounted to present value at an appropriate rate of return. Multiples of earnings based on historical averages and published multiples of earnings of comparable entities with similar operations and economic characteristics are also used in developing estimated fair values. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, *Fair Value Measurement*.

These calculations contain uncertainties as they require management to make assumptions about market comparables, future cash flows, and appropriate discount rates to reflect the risk inherent in the future cash flows and to derive a reasonable enterprise value and related premium. The estimated future cash flows reflect management's latest assumptions of the financial projections based on current and anticipated competitive landscape, including estimates of revenue based on production volumes over the foreseeable future and long-term growth rates, and operating margins based on historical trends and future cost containment activities. A change in any of these estimates and assumptions could produce a different fair value, which could have a material impact on the results of the goodwill impairment assessment and the our results of operations.

The estimated fair value is then compared with the carrying amount of the reporting unit, including recorded goodwill. The Company is subject to financial statement risk to the extent that the carrying amount exceeds the estimated fair value.

For the goodwill impairment test performed on December 1, 2025, we elected to qualitatively review our reporting units for events and circumstances which would indicate whether it was more likely than not reporting unit fair values were below carrying values. Of our four reporting units, only two had remaining goodwill balances. The qualitative assessment did not identify any indicators of impairment, and accordingly, no further impairment assessments were necessary.

For the goodwill impairment test performed on December 1, 2024, we elected different approaches based on the circumstances surrounding each reporting unit. Of our four reporting units, only three had remaining goodwill balances. We elected to qualitatively review one reporting unit for events and circumstances which would indicate whether it was more than likely than not reporting unit fair values were below carrying values. The qualitative assessment did not identify any indicators of impairment, and accordingly, no further impairment assessments were necessary. For the remaining two reporting units, we elected to bypass the qualitative assessment and proceed directly to a quantitative assessment. The estimated fair value of each reporting unit was compared to each respective carrying amount, and, as a result of changes to the business and future projections, we recorded a goodwill impairment loss of \$5.9 million. Refer to Note 6, Goodwill and Intangible Assets, of the Consolidated Financial Statements.

Recoverability of Long-Lived Assets

We review the recoverability of our long-lived assets, including property and equipment, operating leases right-of-use assets, and intangible assets, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future pretax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, the estimated fair value must be determined and an impairment loss is recognized for the difference between estimated fair value and carrying value.

The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations. The estimated fair values of the assets are measured using an income approach, which utilizes forecasted discounted cash flows. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, *Fair Value Measurement*, and primarily consist of expected future operating margins and cash flows, weighted average cost of capital rates, estimated salable values and third-party appraisal techniques such as market comparables. To the extent that profitability declines as compared to forecasted profitability or if adverse changes occur to key assumptions or other fair value measurement inputs, further impairment of long-lived assets could occur in the future.

For the year ended December 31, 2025, we did not identify any events or changes in circumstances that would indicate the carrying value of our long-lived assets may not be recoverable and accordingly, no further impairment assessments were necessary.

For the year ended December 31, 2024, we evaluated the recoverability of our long-lived assets for impairment in conjunction with our annual goodwill impairment assessment. Certain of our finite-lived intangible assets did not appear to be recoverable and as a result, we compared the fair value to the carrying value of these assets which resulted in a \$0.7 million impairment loss. Refer to Note 6, Goodwill and Intangible Assets, of the Consolidated Financial Statements. Additionally, for the year ended December 31, 2024, we also identified a \$0.2 million impairment loss related to operating lease right-of-use assets of certain closed retail locations in conjunction with our strategic restructuring plan.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Refer to Note 3, Recent Accounting Pronouncements, of the Consolidated Financial Statements for information regarding recently issued accounting standards.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of economic losses due to adverse changes in financial market prices and rates.

Interest Rate Risk

We currently have no material exposure to interest rate risk from investments. We currently invest a portion of our excess cash primarily in money market funds and fixed-income securities with short-term maturities, including debt instruments of the U.S. government and its agencies, high quality corporate bonds, and commercial paper. Due to the short-term nature of these investments, we do not believe that there will be material exposure to interest rate risk arising from our investments.

Impact of Inflation

Our results of operations and financial condition are presented based on historical costs. Inflation affects our cost of sales and operating expenses. We maintain strategies to mitigate the impact of higher raw material, energy, and commodity costs, which include cost reduction, sourcing, passing along certain cost increases to customers, and other actions, which may offset only a portion of the adverse impact.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

Stockholders and Board of Directors
GrowGeneration Corp.
Greenwood Village, Colorado

Opinion on the financial statements

We have audited the accompanying consolidated balance sheet of GrowGeneration Corp. (the “Company”) as of December 31, 2025, the related consolidated statements of operations, stockholders’ equity, and cash flows for the year then ended, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Inventory - Valuation

As described in Note 2 to the consolidated financial statements, the Company’s inventory consists predominantly of gardening supplies and materials, fixtures, and equipment. Inventory is valued at the lower of cost (moving average cost method) or net realizable value, inclusive of write-downs and write-offs in connection with its assessment of market conditions, slow-moving or obsolete inventory, and overstocked inventory based on trends and experience, including demand-based product rankings. At December 31, 2025, the Company’s inventory balance was \$38.8 million and the Company recognized inventory write-downs and write-offs of \$2.4 million during the year.

We identified the auditing of certain inputs used to determine the inventory write-downs or write-offs, which include inventory quantities on hand and historical sales data, as well as assumptions over demand-based product rankings and the

associated write-down or write-off percentages applied as a critical audit matter. Auditing these inputs and assumptions involved especially challenging auditor judgment due to the nature and extent of audit effort required to address this matter.

The primary procedures we performed to address this critical audit matter included:

- Testing the completeness and accuracy of underlying data inputs including inventory quantities on hand and historical sales data.
- Evaluating the reasonableness of the demand-based product rankings and write-downs and write-offs percentages applied by performing a retrospective comparison of prior estimates over customer demand to actuals.
- Testing the mathematical accuracy of the analysis used to determine inventory write-downs or write-offs.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2025.

Denver, Colorado

March 20, 2026

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
GrowGeneration Corp.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheet of GrowGeneration Corp. (a Colorado corporation) and subsidiaries (the “Company”) as of December 31, 2024, the related consolidated statements of operations, stockholders’ equity, and cash flows for the years ended December 31, 2024 and December 31, 2023, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the years ended December 31, 2024 and December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Grant Thornton LLP

We have served as the Company’s auditor from 2022 to 2025.

Denver, Colorado
March 13, 2025

GROWGENERATION CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	December 31, 2025	December 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 30,406	\$ 27,471
Marketable securities	15,658	28,984
Accounts receivable, net of allowance for credit losses of \$2,109 and \$2,177 at December 31, 2025 and 2024, respectively	10,668	7,361
Notes receivable, current, net of allowance for credit losses of \$214 and \$— at December 31, 2025 and 2024, respectively	507	1,056
Inventory	38,776	40,295
Prepaid income taxes	60	145
Prepaid and other current assets	7,672	7,896
Total current assets	<u>103,747</u>	<u>113,208</u>
Property and equipment, net	9,795	15,493
Operating lease right-of-use assets, net	27,050	34,453
Intangible assets, net	3,326	8,779
Goodwill	2,080	1,605
Other assets	1,042	814
TOTAL ASSETS	<u><u>\$ 147,040</u></u>	<u><u>\$ 174,352</u></u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	8,775	8,146
Accrued liabilities	3,269	2,358
Payroll and payroll tax liabilities	2,589	2,655
Customer deposits	4,015	2,404
Sales tax payable	872	1,313
Current maturities of operating lease liabilities	6,455	7,398
Total current liabilities	<u>25,975</u>	<u>24,274</u>
Operating lease liabilities, net of current maturities	23,022	29,633
Other long-term liabilities	544	352
Total liabilities	<u>49,541</u>	<u>54,259</u>
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Common stock; \$.001 par value; 100,000,000 shares authorized; 60,090,905 and 59,402,628 shares issued and outstanding as of December 31, 2025 and 2024, respectively	60	59
Additional paid-in capital	377,128	375,677
Accumulated deficit	(279,689)	(255,643)
Total stockholders' equity	<u>97,499</u>	<u>120,093</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 147,040</u></u>	<u><u>\$ 174,352</u></u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

GROWGENERATION CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share)

	For the Years Ended December 31,		
	2025	2024	2023
Net sales	\$ 161,741	\$ 188,866	\$ 225,882
Cost of sales (exclusive of depreciation and amortization shown below)	118,466	145,144	164,624
Gross profit	43,275	43,722	61,258
Operating expenses:			
Store operations and other operational expenses	30,732	40,198	48,082
Selling, general, and administrative	26,266	29,243	29,799
Estimated credit losses (recoveries)	437	(58)	955
Depreciation and amortization	11,295	19,436	16,607
Impairment loss	130	6,875	15,659
Total operating expenses	68,860	95,694	111,102
Loss from operations	(25,585)	(51,972)	(49,844)
Other income (expense):			
Other (expense) income	—	(13)	781
Interest income	1,730	2,703	2,696
Interest expense	—	(70)	(97)
Total other income	1,730	2,620	3,380
Net loss before taxes	(23,855)	(49,352)	(46,464)
Provision for income taxes	(191)	(158)	(32)
Net loss	\$ (24,046)	\$ (49,510)	\$ (46,496)
Net loss per share, basic	\$ (0.40)	\$ (0.82)	\$ (0.76)
Net loss per share, diluted	\$ (0.40)	\$ (0.82)	\$ (0.76)
Weighted average shares outstanding, basic	59,671	60,176	61,181
Weighted average shares outstanding, diluted	59,671	60,176	61,181

The accompanying notes are an integral part of these Consolidated Financial Statements.

GROWGENERATION CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance as of December 31, 2022	61,010	\$ 61	—	\$ —	\$ 369,938	\$ (153,603)	\$ 216,396
Common stock issued for share-based compensation	439	—	—	—	—	—	—
Common stock withheld for employee payroll taxes	—	—	—	—	(263)	—	(263)
Share-based compensation	—	—	—	—	2,985	—	2,985
Non-cash repurchase of liability awards	—	—	—	—	653	—	653
Liability redemption associated with business acquisition	35	—	—	—	120	—	120
Net loss	—	—	—	—	—	(46,496)	(46,496)
Balance as of December 31, 2023	61,484	\$ 61	—	\$ —	\$ 373,433	\$ (200,099)	\$ 173,395
Common stock issued for share-based compensation	436	1	—	—	—	—	1
Common stock withheld for employee payroll taxes	—	—	—	—	(177)	—	(177)
Share-based compensation	—	—	—	—	2,421	—	2,421
Repurchase of common stock	—	—	(2,517)	(6,037)	—	—	(6,037)
Cancellation of common stock	(2,517)	(3)	2,517	6,037	—	(6,034)	—
Net loss	—	—	—	—	—	(49,510)	(49,510)
Balance as of December 31, 2024	59,403	\$ 59	—	\$ —	\$ 375,677	\$ (255,643)	\$ 120,093
Common stock issued for share-based compensation	567	1	—	—	—	—	1
Common stock withheld for employee payroll taxes	—	—	—	—	(221)	—	(221)
Share-based compensation	—	—	—	—	1,513	—	1,513
Common stock issued in connection with acquisitions	121	—	—	—	159	—	159
Net loss	—	—	—	—	—	(24,046)	(24,046)
Balance as of December 31, 2025	60,091	\$ 60	—	\$ —	\$ 377,128	\$ (279,689)	\$ 97,499

The accompanying notes are an integral part of these Consolidated Financial Statements.

GROWGENERATION CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,		
	2025	2024	2023
Cash flows from operating activities:			
Net loss	\$ (24,046)	\$ (49,510)	\$ (46,496)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation and amortization	11,295	19,436	16,607
Estimated credit losses (recoveries)	437	(58)	955
Share-based compensation	1,513	2,421	3,171
Impairment loss on held for sale property and equipment	130	—	—
Impairment loss related to goodwill and intangible assets	—	6,655	15,526
Impairment loss on operating lease right-of-use assets	—	220	133
Loss on asset disposition	773	685	218
Change in value of marketable securities	(796)	(1,326)	(1,438)
Changes in operating assets and liabilities (net of the effect of acquisitions):			
Accounts and notes receivable	(3,195)	835	(300)
Inventory	1,794	24,557	13,773
Prepaid expenses and other assets	91	477	3,898
Accounts payable and accrued liabilities	1,511	(3,712)	(3,035)
Operating leases	(151)	(173)	46
Customer deposits	1,595	(2,955)	1,021
Payroll and payroll tax liabilities	(66)	486	(2,502)
Sales taxes payable	(441)	128	(156)
Other	109	35	—
Net cash and cash equivalents (used in) provided by operating activities	<u>(9,447)</u>	<u>(1,799)</u>	<u>1,421</u>
Cash flows from investing activities:			
Acquisitions, net of cash acquired	(1,013)	—	(3,050)
Purchase of property and equipment	(536)	(1,978)	(6,698)
Purchase of marketable securities	(35,665)	(52,639)	(98,680)
Maturities of marketable securities	49,787	60,193	96,758
Proceeds from disposals of assets	29	150	265
Net cash and cash equivalents provided by (used in) investing activities	<u>12,602</u>	<u>5,726</u>	<u>(11,405)</u>
Cash flows from financing activities:			
Principal payments on long-term debt	—	—	(50)
Common stock withheld for employee payroll taxes	(220)	(176)	(263)
Common stock repurchased	—	(6,037)	—
Net cash and cash equivalents used in financing activities	<u>(220)</u>	<u>(6,213)</u>	<u>(313)</u>
Net increase (decrease) in cash and cash equivalents	2,935	(2,286)	(10,297)
Cash and cash equivalents at beginning of year	27,471	29,757	40,054
Cash and cash equivalents at end of year	<u>\$ 30,406</u>	<u>\$ 27,471</u>	<u>\$ 29,757</u>
Supplemental Information:			
Right-of-use assets obtained in exchange for new or modified operating lease liabilities	\$ 1,049	\$ 3,506	\$ 4,289
Fair value of common stock issued in business combination	\$ 159	\$ —	\$ —
Fair value of contingent consideration	\$ 83	\$ —	\$ —
Cash paid for interest	\$ —	\$ 70	\$ 98
Non-cash repurchase of liability awards	\$ —	\$ —	\$ 653
Non-cash issuance of a note receivable	\$ —	\$ —	\$ 299
Liability redemption associated with business acquisition	\$ —	\$ —	\$ 120

The accompanying notes are an integral part of these Consolidated Financial Statements.

GROWGENERATION CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

GrowGeneration Corp. (together with its direct and indirect wholly-owned subsidiaries, collectively "GrowGeneration" or the "Company") was incorporated in Colorado in 2014. Since then, GrowGeneration has grown from a small chain of specialty retail hydroponic and organic garden centers to a multifaceted business with diverse assets. Today, GrowGeneration operates two major lines of business: its Cultivation and Gardening segment, composed of the Company's hydroponic and organic gardening business; and its Storage Solutions segment, composed of the Company's benching, racking, and storage solutions business.

As of December 31, 2025, GrowGeneration has 23 retail locations across 10 states in the U.S. The Company also operates an online superstore at growgeneration.com, as well as a wholesale distribution business for resellers and mass-market retailers, and a benching, racking, and storage solutions business, Mobile Media or MMI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP") and the applicable rules and regulations of the Securities and Exchange Commission (the "SEC") and reflect the financial position, results of operations and cash flows of the Company.

The Consolidated Financial Statements include the accounts of GrowGeneration Corp. and its direct and indirect wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

All amounts included in the accompanying notes to the Consolidated Financial Statements, except per share data, are in thousands (000).

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Revenue Recognition

The Company's revenue is primarily generated from sales of its hydroponic and organic gardening proprietary brand products and non-proprietary brand products through its retail locations, e-commerce platforms, wholesale distribution, and commercial sales organization. In addition to its hydroponic and organic gardening product sales, the Company sells and installs commercial fixtures through its benching, racking, and storage solutions business.

The Company recognizes revenue when performance obligations under the terms of a contract with its customer are satisfied. Revenue is recognized at the point in time when the Company has satisfied its performance obligation and the customer has obtained control of the products or when services have been completed. In evaluating the timing of the transfer of control of products to customers, the Company considers several control indicators, including significant risks and rewards of products, the Company's right to payment, and the legal title of the products. Based on the assessment of control indicators, product sales are typically recognized when product is delivered to or picked up by the customer. Promises related to product installation are considered a separate and distinct performance obligation from the product sale because the products can be used without customization or modification and the installation is not complex and can be performed by other vendors. Installation revenue is recognized upon completion of the installation services.

Revenues are measured as the amount of consideration that the Company expects to receive, which is derived from a list price, reduced by variable consideration including applicable sales discounts and estimated expected sales returns. The majority of the Company's returns come from retail sales. Estimating future returns requires judgment based on current and historical trends, and actual returns may vary from management's estimates. Sales and other taxes collected concurrent with revenue producing activities are also excluded from revenue.

GROWGENERATION CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company provides standard assurance type warranties that its products and installation services will comply with all agreed-upon specifications. No services beyond an assurance type warranty are provided to customers.

Payment for goods and services sold by the Company is typically due upon satisfaction of the performance obligations. Under certain circumstances, the Company does provide goods and services to customers on a credit basis which are due under customary payment terms (see *Accounts Receivable*, *Notes Receivable* and *Concentration of Credit Risk* below). When the Company receives payment from customers before the customer obtains control of the merchandise or the service has been performed, the amount received is recorded as a customer deposit in the accompanying Consolidated Balance Sheets until the sale or service is complete.

In accordance with ASC 606, *Revenue from Contracts with Customers*, the Company has elected the practical expedient to exclude the value of remaining performance obligations for contracts with an original term of one year or less and the practical expedient for shipping and handling costs. Shipping and handling costs incurred to deliver products to customers are accounted for as fulfillment activities, rather than a promised service, and as such are included in Cost of sales in the Consolidated Statements of Operations.

Cost of Sales

Cost of sales includes cost of goods and shipping costs. Cost of goods consists of cost of merchandise, inbound freight, and other inventory-related costs, such as shrinkage costs and lower of cost or net realizable value adjustments. Occupancy expenses of the Company's retail locations and distribution centers, which consist of payroll, rent, and other lease required costs, including common area maintenance and utilities, are included as a component of Store operations and other operational expenses on the Consolidated Statements of Operations. The Company does not consider these occupancy expenses to be part of the costs to bring its products to the finished condition and therefore records such costs as Store operations and other operational expenses rather than Cost of sales.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Company's cash equivalents consist primarily of money market funds.

Financial instruments that potentially expose the Company to concentrations of risk consist primarily of cash and cash equivalents and accounts receivable, which are generally not collateralized. The Company's policy is to place its cash and cash equivalents with high-quality financial institutions in order to limit the amount of credit exposure. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Additionally, certain cash equivalents maintained with investment institutions are insured by a combination of the Securities Investor Protection Corporation ("SIPC") up to \$500,000, which includes a \$250,000 limit for cash, and additional private insurance, which mitigates the Company's exposure. As of December 31, 2025, the Company had \$27.4 million in excess of the FDIC, SIPC, and other insurance limits.

Marketable Securities

Marketable securities investments primarily consist of fixed-income securities with short-term maturities, including debt instruments of the U.S. government and its agencies as well as high quality corporate bonds, which are not actively traded by the Company. The marketable securities are classified as available-for-sale and are carried at fair value based on quoted market prices. Changes in fair value of marketable securities, principally derived from accretion of discounts, were \$0.8 million, \$1.3 million and \$1.4 million for the years ended December 31, 2025, 2024 and 2023, respectively, and are included in Interest income on the Consolidated Statements of Operations.

Accounts Receivable

Accounts receivable consist primarily of trade receivables stated at the amount of consideration that the Company expects to collect from balances outstanding at period-end, net of allowances for credit losses. The Company estimates its allowance for credit losses and the related expected credit loss based upon the Company's historical credit loss experience and the age of the account adjusted for asset-specific risk characteristics, current economic conditions, relationship with the customer, and reasonable forecasts. Accounts receivable are written off or fully reserved when collection of amounts due is deemed improbable. Indicators of improbable collection include client bankruptcy, client litigation, client cash flow

GROWGENERATION CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

difficulties, and ongoing service or billing disputes. Credit is generally extended on a short-term basis, thus current receivables do not bear interest. Interest on past due balances are subject to an interest charge of 1.5% per month.

Notes Receivable

From time-to-time, the Company has executed notes receivable to third parties secured by collateral. Notes receivable generally have terms of 12 months to 18 months and bear interest from 12 to 14% per annum. Generally, the underlying collateral is product or equipment financed by the note receivable.

Notes receivable are stated at the amount the Company expects to collect from balances outstanding at period-end, net of allowances for credit losses. The Company estimates its allowance for credit losses and the related expected credit loss based upon the Company's historical credit loss experience and the age of the account adjusted for asset-specific risk characteristics, current economic conditions, relationship with the customer, and reasonable forecasts. A reserve for uncollectible notes receivable is established when collection of amounts due is deemed improbable. Indicators of improbable collection include client bankruptcy, client litigation, client cash flow difficulties, and ongoing service or billing disputes.

When management determines, after considering economic and business conditions and collection efforts, that an allowance for credit losses is necessary for a note receivable or collection of interest on the note is improbable, the accrual of interest on the instrument ceases. Any payment received on such non-accrual note receivable is recorded as interest income when the payment is received. Once payments of principal and interest are current, the Company resumes accruing interest on the note receivable.

The Company periodically reviews the value of the underlying collateral for the note receivable and evaluates whether the value of the collateral continues to provide adequate security for the note. Should the value of the underlying collateral become less than the outstanding principal and interest, the Company will determine whether an allowance or impairment of the note receivable and related accrued interest is necessary. As of December 31, 2025 and 2024, the Company believes the value of the underlying collateral to be sufficient and in excess of the respective outstanding principal and accrued interest, net of recognized allowance for credit losses.

Concentration of Credit Risk

The Company is exposed to credit risk in the normal course of business, primarily related to accounts receivable and notes receivable. The Company is affected by general economic conditions in the U.S. To limit credit risk, management periodically reviews and evaluates the financial condition of customers and maintains an allowance for credit losses. As of December 31, 2025 and 2024, the Company does not believe that it has significant credit risk.

Inventory

Inventory consists predominantly of gardening supplies and materials, fixtures, and equipment, and is recorded at the lower of cost (moving average cost method) or net realizable value. The inventory balance includes raw materials of \$2.2 million and \$2.4 million each of the years ended December 31, 2025 and 2024, respectively, with the remainder consisting of finished goods. The Company periodically reviews the value of items in inventory and provides write-downs or write-offs of inventory based on its assessment of market conditions, slow-moving or obsolete inventory, and overstocked inventory based on trends and experience, including demand-based product rankings. Write-downs and write-offs are recorded to cost of sales on the Consolidated Statements of Operations and charges during the years ended December 31, 2025, 2024 and 2023, were \$2.4 million, \$6.5 million and \$4.8 million, respectively.

Property and Equipment

Property and equipment are recorded at cost, or at fair value for assets acquired in accordance with ASC 805, *Business Combinations*, and depreciated on a straight-line basis over their estimated useful lives. Leasehold improvements are amortized on a straight-line basis over the shorter of the remaining term of the lease or the useful life of the improvement. Renewals and betterment that materially extend the life of the asset are capitalized. With respect to constructed assets, all materials, direct labor, and contract services, as well as certain indirect costs, are capitalized. Costs for maintenance and repairs are expensed as incurred.

GROWGENERATION CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Computer software development costs and website development costs are expensed as incurred, except for internal-use software or website development costs that qualify for capitalization in accordance with ASC 350, *Intangibles—Goodwill and Other*, and include certain employee related expenses, including salaries, bonuses, benefits, and share-based compensation expenses; costs of computer hardware and software; and costs incurred in developing features and functionality. The Company expenses costs incurred in the preliminary project and post-implementation stages of software development and capitalizes costs incurred in the application development stage and costs associated with significant enhancements to existing internal use software applications. Costs incurred related to less significant modifications and enhancements as well as maintenance are expensed as incurred. These capitalized software costs are amortized on a straight-line basis over an estimated useful life commencing when the software project is ready for its intended use.

The general range of estimated useful lives for property and equipment are as follows:

	Estimated Lives
Vehicles	5 years
Buildings	20 - 30 years
Furniture, fixtures and equipment	3 -7 years
Capitalized software	3 - 8 years
Leasehold improvements	3 - 10 years, not to exceed lease term

The Company reviews for impairment indicators and recoverability of long-lived assets, including property and equipment, when circumstances indicate that the carrying value of the asset may not be recoverable. Refer to the *Recoverability of long-lived assets* significant accounting policy.

Intangible Assets

Intangible assets primarily include trade names, customer relationships, non-compete agreements, and intellectual property with finite lives identified in connection with acquisitions in accordance to ASC 805, *Business Combinations*. For each acquisition, the Company allocates the purchase price to the identifiable assets acquired and liabilities assumed, including intangible assets, based on estimated fair values. The Company determines the appropriate useful life of intangible assets by performing an analysis of cash flows based on historical experience of the acquired businesses. Intangible assets are amortized over their estimated useful lives on a straight-line basis, which approximates the pattern in which the economic benefits associated with the asset are expected to be consumed. The estimated useful lives for trade names, customer relationships, non-compete agreements, and intellectual property are generally five to nine years.

Goodwill

Goodwill represents the excess purchase price over the fair value of identifiable assets acquired and liabilities assumed in connection with acquisitions in accordance to ASC 805, *Business Combinations*. Goodwill is not amortized but instead is tested for impairment at the reporting unit level at least annually, or more frequently if indicators of impairment exist. The Company performs its required annual goodwill impairment test as of December 1.

Goodwill is assessed using either a qualitative or quantitative approach to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The qualitative assessment evaluates factors including macro-economic conditions, industry-specific and company-specific considerations, legal and regulatory environments, and historical performance. If the Company determines that it is more likely than not that the fair value of a reporting unit is less than its carrying value, a quantitative assessment is performed. Otherwise, no further assessment is required. Companies also have the unconditional option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the quantitative goodwill impairment test for a reporting unit.

The quantitative approach compares the estimated fair value of the reporting unit, including goodwill, to its carrying amount. Impairment is indicated if the estimated fair value of the reporting unit is less than the carrying amount, and an impairment loss is recognized for the differential. The Company performs a quantitative impairment assessment for a reporting unit using a fair value method based on management's judgments and assumptions or third-party valuations. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. The Company determines fair value using the income approach, where estimated future cash flows are discounted to present value at an appropriate rate of return. Multiples of earnings

GROWGENERATION CORP. AND SUBSIDIARIES
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based on the average of historical, published multiples of earnings of comparable entities with similar operations and economic characteristics are also used in developing estimated fair values. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, *Fair Value Measurement*.

Impairment losses related to goodwill are included in Impairment loss on the Consolidated Statements of Operations. Refer to Note 6, Goodwill and Intangible Assets, for additional information regarding the Company's impairment assessments.

Recoverability of Long-Lived Assets

The Company reviews the recoverability of long-lived assets, including property and equipment, operating leases right-of-use assets, and intangible assets, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future pretax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value.

The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations. The estimated fair values of the assets are measured using an income approach, which utilizes forecasted discounted cash flows. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, *Fair Value Measurement*, and primarily consist of expected future operating margins and cash flows, weighted average cost of capital rates, estimated salable values and third-party appraisal techniques such as market comparables.

Impairment losses related to long-lived assets are included in Impairment loss on the Consolidated Statements of Operations. Refer to Note 6, Goodwill and Intangible Assets, and Note 8, Leases, for additional information regarding the Company's long-lived asset impairment assessments.

Leases

Leases are accounted for in accordance with ASC 842, *Leases*. Contracts are evaluated to determine whether the arrangement contains a lease at inception. Leases are classified as either finance leases or operating leases based on criteria in ASC 842, *Leases*. The Company's operating leases primarily consist of real estate leases for its retail stores, distribution centers, warehouses, and offices. The Company does not have finance leases. Additionally, the Company subleases certain of its operating leases related to closed retail locations.

Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of the future minimum lease payments over the lease term. The lease liabilities represent the present value of remaining lease payments over the lease term. The right-of-use assets represent the Company's right to use an underlying asset and are based upon the lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment of right-of-use assets.

The majority of the Company's leases do not provide an implicit rate; therefore, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future payments for those leases. The Company's incremental borrowing rate for a lease is the rate of interest it would pay to borrow on a collateralized basis over a similar term to the lease in a similar economic environment.

The lease term includes the non-cancelable period of the lease and may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The exercise of lease renewal options is at the Company's sole discretion.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term operating leases that have a lease term of one year or less and that do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. Short-term lease costs include expenses related to leases with terms greater than one month but less than 12 months, and the expense is recognized on a straight-line basis over the lease term.

The Company has elected the practical expedient to account for lease and non-lease components as a single component for all leases.

GROWGENERATION CORP. AND SUBSIDIARIES
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The Company monitors for triggering events or conditions that require a reassessment of its leases. When the reassessment requires a re-measurement of the lease liability, a corresponding adjustment is made to the carrying amount of the right-of-use asset. Additionally, the Company reviews for impairment indicators of its right-of-use assets and other long-lived assets as described in the *Recoverability of long-lived assets* significant accounting policy.

Lease expense is recorded within the Company's Consolidated Statements of Operations based upon the nature of the operating lease right-of-use assets. Where assets are used to directly serve customers, such as retail locations and distribution centers, lease costs are recorded in Store operations and other operational expenses. Facilities and assets which serve management and support functions are expensed through Selling, general, and administrative. Variable lease payments are expensed as incurred and include certain non-lease components, such as maintenance and other services provided by the lessor, and other charges included in the lease, as applicable.

The Company's subleases generally do not relieve it of its primary obligations under the corresponding head lease. As a result, the Company accounts for the head lease based on the original assessment at inception. Additionally, the Company determines if the sublease arrangement is either a sales-type, direct financing, or operating lease at inception. The Company recognizes sublease income within Store operations and other operational expenses.

If the total remaining lease cost on the head lease for the term of the sublease is greater than the anticipated sublease income, the right-of-use asset is assessed for impairment. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value.

Fair Value Measurements

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies, and similar techniques.

To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and all other current liabilities approximate fair values due to their short-term nature. The fair value of notes receivable approximates the outstanding balance net of reserves for expected credit losses. The marketable securities are classified as available-for-sale and are carried at fair value based on quoted market prices.

	Level	December 31, 2025	December 31, 2024
Cash equivalents	1	\$ 20,431	\$ 16,945
Marketable securities	2	\$ 15,658	\$ 28,984

Business Combinations

The Company accounts for acquisitions in accordance with ASC 805, *Business Combinations*. Assets acquired and liabilities assumed are recognized at their estimated fair values in accordance with ASC 820, *Fair Value Measurements*, as

GROWGENERATION CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

of the acquisition date. For all acquisitions, the preliminary allocation of the purchase price was based upon a preliminary valuation, and the Company's estimates and assumptions are subject to change as valuations are finalized within the measurement period, which cannot extend beyond one year from the acquisition date. Measurement period adjustments are recognized in the reporting period in which the adjustments were determined and calculated as if the accounting had been completed at the acquisition date. The process for estimating fair values requires the use of significant estimates, assumptions and judgments, including determining the timing and estimates of future cash flows and developing appropriate discount rates. Any changes to these estimates may have a material impact on the Company's operating results or financial position. All transaction costs are expensed as incurred and recorded in Selling, general and administrative expense in the Consolidated Statements of Operations. Refer to Note 13, Acquisitions, for additional information regarding the Company's business combinations.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740, *Income Taxes*, which requires the recognition of deferred tax assets and liabilities for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. Valuation allowances are established to reduce deferred tax assets to the amount that will more likely than not be realized. To the extent that a determination was made to establish or adjust a valuation allowance, the expense or benefit is recorded in the period in which the determination is made.

From time to time, the Company engages in transactions in which the tax consequences may be subject to uncertainty. Significant judgment is required in assessing and estimating the tax consequences of these transactions. The Company prepares and files tax returns based on its interpretation of tax laws and regulations. In the normal course of business, the tax returns are subject to examination by various taxing authorities. Such examinations may result in future tax, interest and penalty assessments by these taxing authorities. In determining the Company's income tax provision for financial reporting purposes, the Company establishes a reserve for uncertain income tax positions unless such positions are determined to be more likely than not of being sustained upon examination, based on their technical merits. The Company only recognizes tax benefits taken on the tax return that the Company believes are more likely than not of being sustained upon examination. There is considerable judgment involved in determining whether a position taken on the tax return is more likely than not of being sustained.

The Company adjusts its tax reserve estimates periodically because of ongoing examinations by, and settlements with, the various taxing authorities, as well as changes in tax laws, regulations and interpretations. The consolidated income tax provision of any given year includes adjustments to prior year income tax accruals that are considered appropriate and any related estimated interest and penalties. The Company's policy is to recognize, when applicable, interest and penalties on uncertain income tax positions as part of its income tax provision.

Advertising

The Company expenses advertising and promotional costs when incurred. Advertising and promotional expenses for the years ended December 31, 2025, 2024, and 2023 amounted to \$1.6 million, \$2.0 million, and \$1.8 million, respectively.

Earnings Per Share

The Company computes net earnings per share under ASC 260-10, *Earnings Per Share*. Basic earnings or loss per share ("EPS") is computed by dividing net income or loss available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS is computed by dividing net income or loss by the weighted average of all potentially dilutive shares of common stock that were outstanding during the periods presented.

The treasury stock method is used in calculating diluted EPS for potentially dilutive stock options, restricted stock units, and common stock warrants, which assumes that any proceeds received from the exercise of in-the-money stock options, restricted stock units, and common stock warrants, would be used to purchase common shares at the average market price for the period.

GROWGENERATION CORP. AND SUBSIDIARIES
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Share-Based Compensation

The Company uses share-based compensation, primarily restricted stock units, to provide long-term performance incentives for its employees, non-employee members of its Board of Directors, and consultants.

The Company records share-based compensation in accordance with ASC 718, *Compensation-Stock Compensation*. Restricted stock units are valued using the market value on the grant date. The fair value of all share-based payment awards is recognized as an expense over the requisite service period using the straight-line single-option method and is included in Selling, general, and administrative expense in the Consolidated Statements of Operations. Forfeitures are recognized as they occur.

Periodically, the Company has issued stock options and common stock warrants for which the fair value is estimated on the grant date using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires subjective assumptions, including future stock price volatility and expected time to exercise, which affect the calculated values. The expected term of options granted is derived from historical data on employee exercises and post-vesting employment termination behavior. The risk-free rate used in the option pricing model is based on the U.S. Treasury rate that corresponds to the expected life of the grant effective as of the date of the grant. The expected volatility is based on the historical volatility of the Company's stock price. These factors could change in the future, affecting the determination of share-based compensation expense in future periods.

The Company has also periodically issued certain stock awards classified as liabilities based on the guidance set forth at ASC 480, *Distinguishing Liabilities from Equity*, and ASC 718, *Compensation-Stock Compensation*. These awards generally entitle the employees to receive a specified dollar value of common stock on future dates and vest over time subject to the employee's continued employment. The Company recognizes compensation expense for these awards over the requisite service period.

Refer to Note 9, Share-Based Payments, for additional information regarding the Company's share-based compensation and share-based payment awards.

Treasury Stock

The Company recognizes common stock repurchased as treasury stock at the amount paid to repurchase its shares, including incremental direct costs to repurchase the common stock, as a reduction to stockholders' equity on the Consolidated Balance Sheets.

In accordance with ASC 505, *Equity*, the retirement of treasury stock is recognized as a deduction from common stock for the shares' par value and any excess cost over par value is recognized as a deduction from retained earnings. Treasury stock is retired on a first in, first out basis.

Segment Reporting

The Company continually monitors and reviews its segment reporting structure in accordance with authoritative guidance for changes in management's approach or changes in other facts and circumstances that might result in different segment reporting. Consistent with the prior year, the Company has two operating segments, each its own reportable segment, based on its major lines of business: the Cultivation and Gardening segment, composed of the Company's hydroponic and organic gardening business; and the Storage Solutions segment, composed of the Company's benching, racking, and storage solutions business. Refer to Note 15, Segments, for additional information regarding the Company's reportable segments.

Restructuring Activities

The Company's restructuring and restructuring related charges consists of inventory disposal costs, retail location closure costs including related contract termination costs and fixed asset disposals, employee termination benefits, asset impairments including the impairment of operating lease right-of-use assets, and other associated costs. Certain of the Company's restructuring activities include the recognition of exit or disposal costs, which are recognized in accordance with ASC 420, *Exit or Disposal Cost Obligations*. Exit or disposal costs include, but are not limited to, the costs of termination benefits, such as one-time involuntary severance or retention bonuses, one-time contract termination costs (excluding leases), and other costs associated with non-termination type costs related to restructuring initiatives. Liabilities

GROWGENERATION CORP. AND SUBSIDIARIES
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from exit and disposal costs are recorded for estimated costs to be incurred. Refer to Note 17, Restructuring, for additional information related to restructuring activities.

3. RECENT ACCOUNTING PRONOUNCEMENTS

From time to time, the FASB or other standard setting bodies issue new accounting pronouncements. Updates to the FASB Accounting Standards Codification are communicated through the issuance of an Accounting Standards Update ("ASU"). The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements. In addition to the accounting pronouncements discussed below, no other new accounting pronouncement issued or effective during the fiscal year had or is expected to have a material effect on the Company's Consolidated Financial Statements or disclosures.

Recently Adopted Accounting Pronouncements

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740)—Improvements to income tax disclosures* ("ASU 2023-09"), expanding the disclosures requirement for income taxes primarily by requiring more detailed disclosure for income taxes paid and the effective tax rate reconciliation. The Company adopted ASU 2023-09 on a prospective basis for the annual reporting period beginning January 1, 2025. Refer to Note 7, Income Taxes for changes in disclosures resulting from adoption of ASU 2023-09.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)* ("ASU 2024-03"), which requires disclosure on an annual and interim basis of disaggregated information about certain income statement expense line items in the notes to the financial statements. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption is permitted, and adoption of ASU 2024-03 can be applied prospectively or retrospectively. The Company is currently evaluating the impact of this standard.

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments—Credit Losses (Topic 326)—Measurement of Credit Losses for Accounts Receivable and Contract Assets* ("ASU 2025-05"), which provides a practical expedient to measure credit losses on accounts receivable and contract assets. ASU 2025-05 is effective for annual periods beginning after December 15, 2025. Early adoption of ASU 2025-05 is permitted and should be applied prospectively. The Company will adopt the standard for the annual reporting period beginning January 1, 2026 and does not expect the standard to have a material impact on the consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)—Targeted Improvements to the Accounting for Internal-Use Software* ("ASU 2025-06"), which amends current guidance for capitalizing internal use software costs by removing all references to prescriptive and sequential software development stages to better align with current iterative development methods. ASU 2025-06 is effective for interim and annual periods beginning after December 15, 2027. Early adoption is permitted as of the beginning of an annual reporting period, and ASU 2025-06 can be applied prospectively, retrospectively, or on a modified transition approach. The Company will adopt the standard prospectively as of January 1, 2026 and does not expect the standard to have a material impact on the consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU No. 2025-11, *Interim Reporting (Topic 270)—Narrow-Scope Improvements* ("ASU 2025-11"), which is intended to clarify interim disclosure requirements and the applicability of Topic 270. ASU 2025-11 also addresses the form and content of such financial statements, interim disclosures requirements, and establishes a principle under which an entity must disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted, and adoption of ASU 2025-11 can be applied either prospectively or retrospectively. The Company is currently evaluating the impact of this standard.

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4. REVENUE RECOGNITION

Disaggregation of Revenues

Net sales are disaggregated by the Company's segments, which represent its principal lines of business, as well as by major product line, including proprietary brands, non-proprietary brands, and commercial fixtures, and by product type, including consumable and durable products. Refer to Note 15, Segments, for disaggregated revenue disclosures.

Accounts Receivable and Contract Liabilities

Depending on the timing of when title of product transfers to a customer and when a customer makes payments for such product, the Company recognizes an accounts receivable or a customer deposit. The opening and closing balances of the Company's accounts receivables and customer deposits were as follows:

	Accounts Receivable, Net	Customer Deposits
Balance as of January 1, 2025	\$ 7,361	\$ 2,404
Balance as of December 31, 2025	10,668	4,015
Increase	<u>\$ 3,307</u>	<u>\$ 1,611</u>
Balance as of January 1, 2024	\$ 8,895	\$ 5,359
Balance as of December 31, 2024	7,361	2,404
Decrease	<u>\$ (1,534)</u>	<u>\$ (2,955)</u>

Of the total amount of customer deposits as of January 1, 2025, \$1.9 million was reported as revenue during the year ended December 31, 2025. Of the total amount of customer deposits as of January 1, 2024, \$4.8 million was reported as revenue during the year ended December 31, 2024. Of the total amount of customer deposits as of January 1, 2023, \$3.4 million was reported as revenue during the year ended December 31, 2023.

The Company also has notes receivable under longer term financing arrangements at interest rates typically ranging from 12% to 14% with repayment terms typically ranging for 12 to 18 months.

Notes receivable at December 31, 2025 and 2024 were as follows:

	December 31,	
	2025	2024
Notes receivable	\$ 721	\$ 1,056
Allowance for credit losses	(214)	—
Notes receivable, net	<u>\$ 507</u>	<u>\$ 1,056</u>

During the year ended December 31, 2024, the Company received a \$0.3 million settlement related to a \$1.5 million note receivable, which had been fully reserved as of December 31, 2023. Refer to Note 16, Commitment and Contingencies, for additional information regarding the settlement.

GROWGENERATION CORP. AND SUBSIDIARIES
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5. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2025 and 2024 consisted of the following:

	December 31,	
	2025	2024
Vehicles	\$ 2,504	\$ 2,553
Buildings and land	1,991	2,121
Leasehold improvements	10,312	12,086
Furniture, fixtures and equipment	11,704	13,051
Capitalized software	9,155	16,446
Construction-in-progress	58	49
Property and equipment, gross	35,724	46,306
Accumulated depreciation and amortization	(25,929)	(30,813)
Property and equipment, net	<u>\$ 9,795</u>	<u>\$ 15,493</u>

Depreciation and amortization expense related to property and equipment was \$5.4 million, \$12.8 million and \$7.9 million for the years ended December 31, 2025, 2024 and 2023, respectively. In conjunction with the Company's restructuring activities as discussed in Note 17, Restructuring, the Company reassessed and shortened the estimated useful life of certain capitalized software assets, which resulted in a \$5.3 million increase to depreciation and amortization expense related to property and equipment for the year ended December 31, 2024. These capitalized software assets became fully amortized and were retired during the year ended December 31, 2025. Refer to Note 17, Restructuring, for additional information on the restructuring activities.

During the year ended December 31, 2025, the Company concluded that a closed retail location, wholly-owned by the Company, met the criteria for classification as held for sale. The Company determined that the carrying value of the building and related improvements was greater than the fair value less costs to sell and recognized a \$0.1 million impairment loss in the year ended December 31, 2025. Property and equipment in the above table includes building and land amounts classified as held for sale with a carrying value of \$0.3 million. As of December 31, 2025, the Company continues to actively market the asset and expects to sell the asset within one year.

6. GOODWILL AND INTANGIBLE ASSETS

The Company performs goodwill impairment testing annually on December 1, or more frequently if events or circumstances were to occur that would more likely than not reduce the fair value of reporting units below the carrying amount. The Company would recognize an impairment loss for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill. The adjusted carrying amount of goodwill shall be its new accounting basis.

For the goodwill impairment test performed on December 1, 2025, only two of the Company's four reporting units had remaining goodwill balances. The Company elected to qualitatively review both reporting units for events and circumstances which would indicate whether it was more than likely than not reporting unit fair values were below carrying values. The qualitative assessment did not identify any indicators of impairment, and accordingly, no further impairment assessments were necessary.

For the goodwill impairment test performed on December 1, 2024, the Company elected different approaches based on the circumstances surrounding each reporting unit. Of the Company's four reporting units, only three had remaining goodwill balances. The Company elected to qualitatively review one reporting unit for events and circumstances which would indicate whether it was more than likely than not reporting unit fair values were below carrying values. The qualitative assessment did not identify any indicators of impairment, and accordingly, no further impairment assessments were necessary. For the remaining two reporting units, the Company elected to bypass the qualitative assessment and proceed directly to a quantitative assessment. The fair value of each reporting unit was primarily determined using the income approach, which discounts estimated future cash flows to present value using an appropriate rate of return. Multiples of earnings based on the average of historical, published multiples of earnings of comparable entities with similar operations and economic characteristics are also used in developing estimated fair values. The estimated fair value of each reporting

GROWGENERATION CORP. AND SUBSIDIARIES
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unit was compared to each respective carrying amount, and, as a result of changes to the business and future projections, the Company recorded a goodwill impairment loss of \$5.9 million for the year ended December 31, 2024.

In conjunction with the quantitative impairment assessment on December 1, 2024, the Company performed a recoverability test on the following finite-lived intangible assets: customer relationships and trade names. The Company determined the fair value of these finite-lived intangible assets using the income approach. The estimated fair values of the finite-lived intangible assets were compared to the respective carrying values, and as a result, the Company identified a \$0.7 million impairment loss, for the year ended December 31, 2024.

For the goodwill impairment test performed on December 1, 2023, the Company completed a quantitative goodwill impairment assessment for each of its four reporting units. The fair value of each reporting unit was determined using the income approach, which discounts estimated future cash flows to present value using an appropriate rate of return. The estimated fair value of each reporting unit was compared to its carrying amount, and, as a result of changes to the business and future projections, the Company identified a \$9.3 million impairment loss related to its goodwill for the year ended December 31, 2023.

In conjunction with its annual goodwill impairment assessment on December 1, 2023, the Company quantitatively evaluated the recoverability of its long-lived assets, including its finite-lived intangible assets, for impairment. The recoverability assessment compared the carrying value of long-lived asset groups to their expected future pretax cash flows (undiscounted and without interest charges). If the undiscounted cash flows were less than the carrying values, an impairment loss was recognized for the difference between the estimated fair values using an income approach and the related carrying values. As a result, the Company identified a \$6.2 million impairment loss for the year ended December 31, 2023 related to its finite-lived intangible assets, including trade names, patents, customer relationships, non-competes, and intellectual property.

The changes in goodwill, including the impairments discussed above, by segment for the years ended December 31, 2025 and 2024 were as follows:

	Cultivation and Gardening	Storage Solutions	Total
Balance as of December 31, 2023	\$ 5,920	\$ 1,605	\$ 7,525
Impairment	(5,920)	—	(5,920)
Balance as of December 31, 2024	—	1,605	1,605
Acquisitions and measurement period adjustments	475	—	475
Balance as of December 31, 2025	<u>\$ 475</u>	<u>\$ 1,605</u>	<u>\$ 2,080</u>

Accumulated impairment for goodwill related entirely to the Cultivation and Gardening segment and totaled \$131.9 million, \$131.9 million and \$125.9 million as of December 31, 2025, 2024, and 2023, respectively.

The changes in intangible assets, including the impairments discussed above, by segment for the years ended December 31, 2025 and 2024 were as follows:

	Cultivation and Gardening	Storage Solutions	Total
Balance as of December 31, 2023	\$ 13,501	\$ 2,679	\$ 16,180
Amortization	(5,885)	(781)	(6,666)
Impairment	(735)	—	(735)
Balance as of December 31, 2024	6,881	1,898	8,779
Amortization	(5,221)	(702)	(5,923)
Acquisitions	470	—	470
Balance as of December 31, 2025	<u>\$ 2,130</u>	<u>\$ 1,196</u>	<u>\$ 3,326</u>

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On June 6, 2025, the Company purchased substantially all of the assets of Hydro Generation Inc. (referred to as "Viagrow"), a domestic supplier of gardening and hydroponic equipment. The acquisition related assets in the preceding tables represent the estimated fair values of goodwill and identified intangible assets. As of December 31, 2025, the Company has finalized its purchase price allocation. Refer to Note 13, Acquisitions, for additional information regarding the Viagrow acquisition.

Intangible assets on the Company's Consolidated Balance Sheets consisted of the following:

	December 31, 2025			December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade names	\$ 27,790	\$ (26,764)	\$ 1,026	\$ 27,790	\$ (21,908)	\$ 5,882
Customer relationships	13,339	(11,040)	2,299	12,869	(9,974)	2,895
Non-competes	860	(859)	1	860	(858)	2
Intellectual property	1,136	(1,136)	—	1,136	(1,136)	—
Patents, trademarks	69	(69)	—	69	(69)	—
Total	<u>\$ 43,194</u>	<u>\$ (39,868)</u>	<u>\$ 3,326</u>	<u>\$ 42,724</u>	<u>\$ (33,945)</u>	<u>\$ 8,779</u>

Amortization expense for the years ended December 31, 2025, 2024, and 2023 was \$5.9 million, \$6.7 million and \$8.7 million, respectively. Future amortization expense as of December 31, 2025 was as follows:

2026	\$ 2,067
2027	817
2028	135
2029	77
2030	52
Thereafter	178
Total	<u>\$ 3,326</u>

7. INCOME TAXES

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted into law, introducing significant changes to U.S. federal income tax law. The OBBBA made permanent or modified several provisions originally enacted under the Tax Cuts and Jobs Act of 2017, and introduced new rules affecting both domestic and international tax regimes. Under ASC 740, the effects of new tax legislation are recognized in the period that includes the enactment date. The Company has evaluated the provisions of the OBBBA and their impact on its financial statements as of the enactment date, in accordance with ASC 740. The legislation did not have a material impact on the Company's income tax expense or effective income tax rate for the year ended December 31, 2025. The ultimate impact of the OBBBA on the Company's tax position and financial statements will depend on future guidance, the Company's actual results, and potential changes in state tax conformity.

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The Company's income is derived solely from operations in the in the United States. The provision for income taxes for the years ended December 31, 2025, 2024, and 2023 consisted of the following:

	Year Ended December 31,		
	2025	2024	2023
Current tax expense (benefit):			
Federal	\$ —	\$ —	\$ (115)
State	191	158	147
Deferred tax (benefit):			
Federal	—	—	—
State	—	—	—
Provision for income taxes	<u>\$ 191</u>	<u>\$ 158</u>	<u>\$ 32</u>

The tax effects of temporary differences that gave rise to the Company's deferred tax assets and liabilities as of December 31, 2025 and 2024 were as follows:

	December 31,	
	2025	2024
Deferred tax assets:		
Net operating losses and attributes carryovers	\$ 31,800	\$ 24,897
Deferred right-of-use lease liabilities	7,420	9,750
Share-based compensation	88	586
Accumulated depreciation and amortization	29,929	31,804
Capitalized research costs	280	397
Accruals and other	2,638	2,039
Total deferred tax assets	<u>72,155</u>	<u>69,473</u>
Deferred tax liabilities:		
Deferred right-of-use lease assets	(6,809)	(9,071)
Total deferred tax liabilities	<u>(6,809)</u>	<u>(9,071)</u>
Net deferred tax asset	65,346	60,402
Valuation allowance	(65,346)	(60,402)
Net deferred tax asset after valuation allowance	<u>\$ —</u>	<u>\$ —</u>

The Company regularly assesses the ability to realize deferred tax assets recorded based upon the weight of available evidence, including such factors as recent earnings history and expected future taxable income on a jurisdiction by jurisdiction basis. In the event that the Company changes its determination as to the amount of realizable deferred tax assets, the Company will adjust its valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made. The Company's management believes that, based on a number of factors, it is more likely than not, that all or some portion of the deferred tax assets will not be realized; and accordingly, for the year ended December 31, 2025, the Company has provided a valuation allowance against the Company's U.S. net deferred tax assets. The net change in the valuation allowance for the year ended December 31, 2025 was an increase of \$4.9 million.

As of December 31, 2025, the Company had cumulative federal net operating losses of \$126.8 million, which have an indefinite carryforward period. As of December 31, 2025 and 2024, the Company had cumulative state net operating loss carryforwards of \$100.7 million and \$81.6 million, respectively. State net operating loss carryforwards will begin to expire in calendar year 2035.

In certain circumstances, due to ownership changes, the Company's net operating loss carryforwards may be subject to limitations under Section 382 of the Internal Revenue Code ("IRC"). The Company has not completed a study to assess whether an ownership change has occurred, as defined by IRC Section 382, or whether there have been ownership changes since the Company's formation due to the complexity of cost associated with such a study. The Company estimates that if

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such a change did occur, the federal and state net operating loss carryforwards that can be utilized in the future could be significantly limited. There can be no assurance that the Company will ever be able to realize the benefit of some or all of the federal and state loss carryforwards, either due to ongoing operating losses or due to ownership change limitations.

The Company has assessed potential limitations on its tax attributes and has assigned a full valuation allowance against them as of December 31, 2025.

A reconciliation of the U.S. federal statutory income tax rate to our effective tax rate after the adoption of ASU 2023-09 for the year ended December 31, 2025 is as follows:

	<u>Year ended December 31,</u>	
	<u>2025</u>	
	<u>(in thousands)</u>	<u>Percent</u>
Tax at U.S. Statutory Rate	\$ (4,976)	21 %
State and Local Income Taxes, Net of Federal Benefit ⁽¹⁾	1,533	(6)%
Changes in Valuation Allowances	3,121	(13)%
Nondeductible items	164	(1)%
Other items adjustments	349	(1)%
Effective Tax Rate	<u>\$ 191</u>	<u>— %</u>

⁽¹⁾ The states and local jurisdictions that contribute to the majority (greater than 50%) of the tax effect in this category include California and Michigan.

A reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate prior to the adoption of ASU 2023-09 for the years ended December 31, 2024 and 2023 was as follows:

	<u>Year Ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Federal statutory income tax rate	21 %	21 %
State and local income taxes (net of federal tax benefit)	3 %	4 %
Share-based compensation	— %	(1)%
Valuation allowance	(22)%	(24)%
Other	(2)%	— %
Effective income tax rate	<u>— %</u>	<u>— %</u>

The amounts of cash income taxes paid by the Company during the year ended December 31, 2025 were as follows:

	<u>Year ended</u>
	<u>December 31,</u>
	<u>2025</u>
State and local	\$ 141
Income taxes, net of amounts refunded	<u>\$ 141</u>

The Company paid \$0.1 million of cash for income taxes during each of the years ended December 31, 2024 and 2023.

Uncertain Tax Benefits

The Company has not identified any uncertain tax positions as of December 31, 2025. The Company recognizes interest and penalties accrued related to uncertain tax benefits in the income tax provision. There were no interest and penalties included in other long-term liabilities on the accompanying Consolidated Balance Sheets for years ended December 31, 2025 and 2024. The Company does not expect any significant changes in its unrecognized tax benefits within 12 months of the reporting date. The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. No tax years for the Company are currently under examination by the IRS or state and local tax authorities for income tax purposes. Generally, the Company's 2022 through 2024 fiscal years remain open for examination and assessment. For

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various states, the examination and assessment remain open for 2020 through 2024. Years prior to 2020 remain open solely for purpose of examination of the Company's loss and credit carryforwards.

8. LEASES

The right-of-use assets and corresponding liabilities related to the Company's operating leases were as follows:

	December 31,	
	2025	2024
Operating lease right-of-use assets, net	\$ 27,050	\$ 34,453
Current maturities of operating lease liabilities	6,455	7,398
Operating lease liabilities, net of current maturities	23,022	29,633
Total lease liabilities	<u>\$ 29,477</u>	<u>\$ 37,031</u>

The weighted-average remaining lease terms and weighted-average discount rates for operating leases were as follows:

	December 31,	
	2025	2024
Weighted average remaining lease term	4.9 years	5.5 years
Weighted average discount rate	6.1 %	6.2 %

The components of lease costs were as follows:

	Year Ended December 31,		
	2025	2024	2023
Operating lease costs	\$ 8,971	\$ 9,880	\$ 11,248
Variable lease costs	1,959	2,126	2,559
Short-term lease costs	341	373	268
Sublease income	(1,777)	(1,420)	(1,148)
Total operating lease costs	<u>\$ 9,494</u>	<u>\$ 10,959</u>	<u>\$ 12,927</u>

In conjunction with the Company's restructuring activities as discussed in Note 17, Restructuring, the Company assessed and impaired the right-of-use assets of certain closed retail locations, which resulted in an impairment loss of \$0.2 million in the year ended December 31, 2024. Refer to Note 17, Restructuring, for additional information on the restructuring activities. The Company also identified a \$0.1 million impairment related to its operating lease right-of-use assets for the year ended December 31, 2023, which is included in Impairment loss on the Consolidated Statements of Operations.

Future maturities of the Company's operating lease liabilities and receipts from subleases as of December 31, 2025 were as follows:

	Lease Payments	Sublease Receipts
2026	\$ 8,017	\$ (2,175)
2027	6,476	(2,332)
2028	6,032	(2,533)
2029	5,402	(2,619)
2030	4,911	(2,309)
Thereafter	3,259	(1,383)
Total lease payments (receipts)	<u>34,097</u>	<u>\$ (13,351)</u>
Less: imputed interest	(4,620)	
Operating lease liabilities as of December 31, 2025	<u>\$ 29,477</u>	

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Supplemental and other information related to leases was as follows:

	Year Ended December 31,		
	2025	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flow from operating leases	\$ 9,138	\$ 10,024	\$ 11,139

9. SHARE-BASED PAYMENTS

Equity Incentive Plans Overview

The Company maintains a long-term incentive plan, the Second Amended and Restated 2018 Equity Incentive Plan (collectively with all amendments referred to as the "2018 Plan"), for employees, non-employee members of its Board of Directors (the "Board"), and consultants. The plan, which is administered by the Board, allows the Company to grant equity-based compensation awards, including stock options, stock appreciation rights, performance share units, restricted stock units, restricted stock awards, common stock warrants, or a combination of awards (collectively, "share-based awards"). The Board also has broad authority to determine the terms and conditions of each option or other kind of equity award, adopt, amend and rescind rules and regulations for the administration of the 2018 Plan and amend or modify outstanding options, grants and awards.

On January 7, 2018, the Board adopted the 2018 Equity Incentive Plan, which was approved by shareholders on April 20, 2018. On February 7, 2020, the Board approved the amendment and restatement of the 2018 Equity Incentive Plan to increase the number of shares issuable thereunder from 2.5 million to 5.0 million, and the amendment was approved by the shareholders on May 11, 2020. On April 22, 2024, the Board approved another amendment to increase the number of shares issuable thereunder from 5.0 million to 6.5 million, which was approved by shareholders on June 20, 2024. As of December 31, 2025, there were 1.2 million shares available for issuance under the 2018 Plan.

No options, stock purchase rights or awards may be made under the 2018 Plan on or after the ten-year anniversary of the adoption of the 2018 Plan by the Board, but the 2018 Plan will continue thereafter while previously granted options, stock appreciation rights or awards remain subject to the 2018 Plan. Options granted under the 2018 Plan may be either "incentive stock options" that are intended to meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code") or "non-statutory stock options" that do not meet the requirements of Section 422 of the Code. The Board will determine the exercise price of options granted under the 2018 Plan. The exercise price of stock options may not be less than the fair market value, on the date of grant, per share of the Company's common stock issuable upon exercise of the option (or 110% of fair market value in the case of incentive options granted to a 10% stockholder). No option may be exercisable for more than ten years (five years in the case of an incentive stock option granted to a 10% stockholder) from the date of grant.

Share-Based Compensation

The Company accounts for share-based payments through the measurement and recognition of compensation expense for share-based awards made to employees, non-employee members of the Board, and consultants of the Company, including stock options and restricted stock units. The following table presents share-based compensation expense for the years ended December 31, 2025, 2024 and 2023.

	Year ended December 31,		
	2025	2024	2023
Restricted stock units	\$ 1,513	\$ 2,421	\$ 3,171

As of December 31, 2025, the Company had \$1.7 million of unamortized share-based compensation for share-based awards, which are expected to be recognized over a weighted average period of 1.9 years.

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Restricted Stock Units

The Company issues shares of restricted stock units to eligible employees, which are subject to forfeiture until the end of an applicable vesting period. The awards generally vest annually or biannually over three to five years following the date of grant, subject to the employee's continuing employment as of that date. Restricted stock units are valued using the market value on the grant date.

Restricted stock unit activity for the year ended December 31, 2025 is presented in the following table:

	Shares	Weighted Average Grant Date Fair Value
Nonvested as of December 31, 2024	1,403	\$ 2.57
Granted	623	\$ 1.30
Vested	(717)	\$ 2.55
Forfeited	(173)	\$ 2.33
Nonvested as of December 31, 2025	<u>1,136</u>	<u>\$ 1.92</u>

The weighted-average grant-date fair value per restricted stock unit granted during the years ended December 31, 2025, 2024 and 2023 was \$1.30, \$2.14 and \$3.73, respectively.

10. EARNINGS PER SHARE

The following table sets forth the composition of the weighted average shares (denominator) used in the basic and diluted loss per share computation for the years ended December 31, 2025, 2024 and 2023.

	Year Ended December 31,		
	2025	2024	2023
Net loss	\$ (24,046)	\$ (49,510)	\$ (46,496)
Weighted average shares outstanding, basic	59,671	60,176	61,181
Effect of dilutive outstanding restricted stock units and stock options	—	—	—
Weighted average shares outstanding, diluted	59,671	60,176	61,181
Basic loss per share	\$ (0.40)	\$ (0.82)	\$ (0.76)
Diluted loss per share	\$ (0.40)	\$ (0.82)	\$ (0.76)

Diluted loss per share calculations for the years ended December 31, 2025, 2024 and 2023 excluded 5.9 thousand, 0.5 million, and 0.6 million shares of common stock issuable upon exercise of stock options that would have been anti-dilutive, respectively. Diluted loss per share calculations for the years ended December 31, 2025, 2024 and 2023 excluded 1.3 million, 0.9 million and 1.0 million non-vested restricted stock units that would have been anti-dilutive, respectively.

11. STOCKHOLDERS' EQUITY

On March 20, 2024, the Board authorized a share repurchase program, whereby the Company could repurchase up to \$6.0 million worth of its common stock in open market transactions pursuant to Rule 10b-18 of the Exchange Act and a 10b5-1 trading plan. The program began on April 1, 2024, and, as of December 31, 2024, the Company completed all purchases available under the stock repurchase program. This share repurchase program was intended to enhance long-term shareholder value. The program did not obligate the Company to acquire any specific number of shares or to acquire any shares over any specific period of time. The timing and amount of any repurchases was dependent upon factors such as the stock price, trading volumes, market conditions, and regulatory requirements. The stock repurchase program could be amended, suspended, or discontinued at any time by the Company.

During the year ended December 31, 2024, the Company repurchased 2.5 million shares of common stock at an average price of \$2.38 per share, exclusive of incremental direct costs. The Company retired all 2.5 million shares of treasury stock

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acquired under the share repurchase program during the year ended December 31, 2024. The shares were returned to the status of authorized but unissued shares.

12. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) Savings Retirement Plan that covers substantially all full-time employees who meet the plan's eligibility requirements and provides for an employee elective contribution. The Company made immaterial matching contributions to the plan in the years ended December 31, 2025 and 2024, and matching contributions of \$0.6 million in the year ended December 31, 2023.

13. ACQUISITIONS

The Company's acquisition strategy has been primarily to acquire (i) well-established, profitable hydroponic garden centers in markets where the Company does not have a market presence or in markets where it is increasing its market presence; and (ii) proprietary brands.

The Company accounts for acquisitions in accordance with ASC 805, *Business Combinations*. Assets acquired and liabilities assumed are recognized at their estimated fair values in accordance with ASC 820, *Fair Value Measurements*, as of the acquisition date. For all acquisitions, the preliminary allocation of the purchase price was based upon a preliminary valuation, and the Company's estimates and assumptions are subject to change as valuations are finalized within the measurement period, which cannot extend beyond one year from the acquisition date. Measurement period adjustments are recognized in the reporting period in which the adjustments were determined and calculated as if the accounting had been completed at the acquisition date. The process for estimating fair values requires the use of significant estimates, assumptions and judgments, including determining the timing and estimates of future cash flows and developing appropriate discount rates. Any changes to these estimates may have a material impact on the Company's operating results or financial position.

During the year ended December 31, 2025, the Company recognized measurement period adjustments of \$0.5 million resulting in a reduction to estimated fair value of acquired intangible assets and an increase to deferred equity compensation payments in excess of the initial holdback liability. As a result of this measurement period adjustments, the Company increased acquired goodwill, which represents the expected value of organic growth and an opportunity for the Company to expand into a new market. There were no measurement period adjustments during the years ended December 31, 2024 and 2023.

All transaction costs are expensed as incurred and recorded in Selling, general and administrative expense in the Consolidated Statements of Operations. Acquisition costs were less than \$0.1 million for the years ended December 31, 2025 and 2023. The Company incurred no acquisition costs in the year ended December 31, 2024.

2025 Acquisitions

On June 6, 2025, the Company purchased substantially all of the assets of Viagrow, a domestic supplier of gardening and hydroponic equipment. The acquisition further diversifies the Company's home gardening and hydroponic gardening proprietary brand product offerings as well as expands the Company's outreach to significant new customers through relationships with major home improvement mass-market retailers and e-commerce platforms.

The total consideration transferred for the purchase of Viagrow was \$1.3 million including cash paid and common stock issued on the date of acquisition, with certain additional amounts to be paid in future periods. The purchase price included deferred equity consideration, which was issued in the fourth quarter of 2025 upon settling discrepancies of net assets acquired, and contingent consideration, which is to be paid in cash over three years dependent on the achievement of certain performance goals. As of December 31, 2025, the Company has finalized its purchase price allocation.

GROWGENERATION CORP. AND SUBSIDIARIES
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The table below details the acquisition-date fair value of consideration transferred and the purchase price allocation of acquired net assets during the year December 31, 2025.

	Viagrow
Consideration	
Cash	\$ 1,013
Common stock	109
Contingent consideration	83
Deferred equity consideration	50
Total consideration	<u>1,255</u>
Assets and liabilities acquired	
Inventory	275
Prepays and other current assets	10
Property and equipment	41
Intangible assets	470
Goodwill	475
Customer deposits	(16)
Total	<u>\$ 1,255</u>

The following table represents the estimated fair value of identified intangible assets and the related estimated remaining useful lives.

	Estimated Fair Value	Estimated Useful Life
Customer relationships	\$ 470	9.0 years

The following table represents the revenue and earnings included in the Consolidated Statement of Operations from the date of acquisition for the year ended December 31, 2025.

	Viagrow
Net sales	\$ 714
Net loss	\$ (134)

The following table represents the pro forma Condensed Consolidated Statement of Operations as if the acquisition was completed on January 1, 2024.

(Unaudited)	Year ended December 31,	
	2025	2024
Net sales	\$ 163,015	\$ 191,520
Net loss	\$ (23,740)	\$ (49,568)

The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the Viagrow acquisition had been consummated as of the beginning of the periods presented or of results that may occur in the future.

2024 Acquisitions

The Company had no acquisitions during the year ended December 31, 2024.

2023 Acquisitions

On May 23, 2023, the Company purchased substantially all of the assets of Southside Garden Supply ("SGS"), a two-store chain of indoor/outdoor garden centers in Alaska. The total consideration for the purchase of the SGS assets was \$2.0 million, including \$1.9 million in cash and an indemnity holdback of \$0.1 million. The SGS asset acquisition also

GROWGENERATION CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

included acquired goodwill of \$0.6 million, which represents the value expected to rise from organic growth and an opportunity for the Company to expand into a new market. SGS is included in the Company's Cultivation and Gardening segment.

Additionally, the Company made other, individually immaterial acquisitions during the year ended December 31, 2023. Total consideration for these purchases was \$1.2 million, including \$1.1 million paid in cash and indemnity holdbacks of less than \$0.1 million. These individually immaterial acquisitions also included aggregate acquired goodwill of \$0.3 million, which represents the value expected to rise from organic growth and an opportunity for the Company to expand into a new market. These acquisitions are included in the Company's Cultivation and Gardening segment.

The table below represents the allocation of the purchase price to the acquired net assets during the year ended December 31, 2023.

	SGS	Other	Total
Inventory	\$ 720	\$ 867	\$ 1,587
Prepays and other current assets	292	1	293
Furniture and equipment	—	47	47
Operating lease right-of-use asset	612	620	1,232
Operating lease liability	(612)	(620)	(1,232)
Customer relationships	440	—	440
Goodwill	577	253	830
Total	<u>\$ 2,029</u>	<u>\$ 1,168</u>	<u>\$ 3,197</u>

The table below represents the consideration paid for the net assets acquired in business combinations during the year ended December 31, 2023.

	SGS	Other	Total
Cash	\$ 1,922	\$ 1,128	\$ 3,050
Indemnity holdback	107	40	147
Total	<u>\$ 2,029</u>	<u>\$ 1,168</u>	<u>\$ 3,197</u>

The following table discloses the date of the acquisitions noted above and the revenue and earnings included in the Consolidated Statement of Operations for the year ended December 31, 2023.

	SGS	Other	Total
Acquisition date	May 23, 2023		
Net sales	\$ 2,040	3,167	5,207
Net income (loss)	\$ 41	(40)	1

The following represents the pro forma Consolidated Statement of Operations as if the acquisitions had been included in the consolidated results of the Company for the entire period for the year ended December 31, 2023.

	Year ended December 31, 2023
(Unaudited)	
Net sales	\$ 228,032
Net loss	\$ (46,524)

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14. RELATED PARTIES

The Company has engaged with a firm that employs an immediate family member of an officer of the Company as partner. The firm provides certain legal services. Amounts paid to that firm in total were \$0.3 million, \$0.2 million and \$0.2 million for the years ended December 31, 2025, 2024 and 2023, respectively. As of December 31, 2025, 2024 and 2023, there was an immaterial amount outstanding due to the firm.

15. SEGMENTS

The Company has two operating segments, each its own reportable segment, based on its major lines of business: the Cultivation and Gardening segment, composed of the Company's hydroponic and organic gardening business; and the Storage Solutions segment, composed of the Company's benching, racking, and storage solutions business.

In addition to sales by operating segment, which represent the Company's principal lines of business, the chief operating decision maker ("CODM") evaluates the Company's operations by regularly reviewing sales by major product line, including proprietary brands, non-proprietary brands, and commercial fixtures, and by product type, including consumable and durable products. The profit measure that is evaluated for each reportable segment is based on segment income from operations with identifiable expenses allocated to each reporting unit from which the expense line item was derived.

The CODM compares actual results to prior year and current year budgeted income statements to identify areas for improvement and make capital allocation decisions. The CODM uses gross profit measures to evaluate pricing decisions and product mix, also reviewing proprietary brand versus non-proprietary brand sales to assess the Company's progress with key performance initiatives. The Company's CODM is the chief executive officer.

Disaggregated revenue by segment is presented in the following tables:

Net sales	Year ended December 31,		
	2025	2024	2023
Cultivation and Gardening			
Proprietary brand sales	\$ 43,986	\$ 39,528	\$ 36,473
Non-proprietary brand sales	90,252	123,982	157,991
Total Cultivation and Gardening	134,238	163,510	194,464
Storage Solutions			
Commercial fixture sales	27,503	25,356	31,418
Total Storage Solutions	27,503	25,356	31,418
Total	\$ 161,741	\$ 188,866	\$ 225,882

Net sales	Year ended December 31,		
	2025	2024	2023
Cultivation and Gardening			
Consumables	\$ 96,470	\$ 118,088	\$ 139,431
Durables	37,768	45,422	55,033
Total Cultivation and Gardening	134,238	163,510	194,464
Storage Solutions			
Durables	27,503	25,356	31,418
Total Storage Solutions	27,503	25,356	31,418
Total	\$ 161,741	\$ 188,866	\$ 225,882

GROWGENERATION CORP. AND SUBSIDIARIES
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Selected disaggregated information by segment, including significant segment expenses, is presented in the following tables for the years ended:

	Year ended December 31, 2025		
	Cultivation & Gardening	Storage Solutions	Total
Net sales	\$ 134,238	\$ 27,503	\$ 161,741
Cost of sales	102,045	16,421	118,466
Gross profit	32,193	11,082	43,275
Operating expenses			
Store operations and other operational expenses:			
Employee costs	9,499	2,876	12,375
Facilities	10,256	1,450	11,706
External service providers	490	52	542
Other segment items ⁽¹⁾	5,255	854	6,109
Total store operations and other operational expenses	25,500	5,232	30,732
Segment income from operations	6,693	5,850	12,543
Other corporate operating expenses			
Selling, general, and administrative			26,266
Estimated credit losses			437
Depreciation and amortization			11,295
Impairment loss			130
Total other corporate expenses			38,128
Loss from operations			(25,585)
Other income			1,730
Net loss before taxes			\$ (23,855)

⁽¹⁾ Other segment items for each reportable segment include travel expenses, transaction fees, and other miscellaneous expenses.

GROWGENERATION CORP. AND SUBSIDIARIES
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	Year ended December 31, 2024		
	Cultivation & Gardening	Storage Solutions	Total
Net sales	\$ 163,510	\$ 25,356	\$ 188,866
Cost of sales	131,346	13,798	145,144
Gross profit	32,164	11,558	43,722
Operating expenses			
Store operations and other operational expenses:			
Employee costs	13,720	3,007	16,727
Facilities	12,850	1,270	14,120
External service providers	1,127	89	1,216
Other segment items ⁽¹⁾	7,246	889	8,135
Total store operations and other operational expenses	34,943	5,255	40,198
Segment (loss) income from operations	(2,779)	6,303	3,524
Other corporate operating expenses			
Selling, general, and administrative			29,243
Estimated credit recoveries			(58)
Depreciation and amortization			19,436
Impairment loss			6,875
Total other corporate expenses			55,496
Loss from operations			(51,972)
Other income			2,620
Net loss before taxes			\$ (49,352)

⁽¹⁾ Other segment items for each reportable segment include travel expenses, transaction fees, and other miscellaneous expenses.

GROWGENERATION CORP. AND SUBSIDIARIES
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Year ended December 31, 2023

	Cultivation & Gardening	Storage Solutions	Total
Net sales	\$ 194,464	\$ 31,418	\$ 225,882
Cost of sales	147,060	17,564	164,624
Gross profit	47,404	13,854	61,258
Operating expenses			
Store operations and other operational expenses:			
Employee costs	18,208	2,962	21,170
Facilities	14,145	1,057	15,202
External service providers	1,290	61	1,351
Other segment items ⁽¹⁾	9,496	863	10,359
Total store operations and other operational expenses	43,139	4,943	48,082
Segment income from operations	4,265	8,911	13,176
Other corporate operating expenses			
Selling, general, and administrative			29,799
Estimated credit losses			955
Depreciation and amortization			16,607
Impairment loss			15,659
Total other corporate expenses			63,020
Loss from operations			(49,844)
Other income			3,380
Net loss before taxes			\$ (46,464)

⁽¹⁾ Other segment items for each reportable segment include marketing costs, travel expenses, transaction fees, and other miscellaneous expenses.

The Company does not evaluate segments by assets or capital expenditures as it is not practical and does not inform any of its decision making processes. The CODM neither reviews nor requests this information.

Customer and supplier concentrations

No customer accounted for more than 10% of the Company's sales for the years ended December 31, 2025, 2024 and 2023. As of December 31, 2025, the loss of any supplier or vendor would not have a severe impact on the Company's business.

16. COMMITMENTS AND CONTINGENCIES

Legal Matters

From time to time, the Company has been and may again become involved in legal proceedings arising in the ordinary course of its business, including the initiation and defense of proceedings related to contract and employment disputes. In accordance with ASC 450, *Contingencies*, the Company regularly evaluates the status of its legal proceedings and establishes a liability for litigation and loss contingencies when information related to those contingencies show both that it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Due to the unpredictable nature of litigation, the outcome of a litigation matter and the amount or range of potential loss at particular points in time is normally difficult to ascertain. Legal and loss contingency accruals are recorded within Accrued liabilities on the Consolidated Balance Sheets and within Selling, general, and administrative expense in the Consolidated Statements of Operations.

During the year ended December 31, 2025, the Company was engaged in two ongoing legal matters related to a California employment class action dispute and a vendor contract dispute resulting in a loss contingency accruals of \$1.1 million.

GROWGENERATION CORP. AND SUBSIDIARIES
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In December 2021, the Company was sued in the U.S. District Court for the Southern District of Texas related to a Promissory Note & Asset Acquisition Rights Option ("Note & Option") with TGC Systems, LLC ("Total Grow"). The case was dismissed and the parties submitted the matter to arbitration pursuant to the arbitration clause of the Note & Option. Among other claims, Total Grow alleged that the Company was liable to Total Grow for failing to consummate the acquisition of Total Grow by the Company. The Company asserted counterclaims for repayment of \$1.5 million in principal loaned by the Company to Total Grow pursuant to the Note & Option, plus interest and certain costs. In July 2023, the arbitrator rendered an arbitration award denying all of Total Grow's claims and defenses and awarding the Company more than \$2.0 million in total, consisting of principal, interest, and certain costs. Total Grow voluntarily filed for bankruptcy in October 2023. In February 2024, the Company received \$0.3 million from the bankruptcy proceedings, which it recorded as a recovery on the \$1.5 million Note & Option. The remainder of the Note & Option, which were fully reserved, were written off during the year ended December 31, 2024.

It is the Company's opinion that the legal proceedings disclosed above, in addition to the other legal proceedings and claims in which the Company has been involved, individually and in the aggregate are not expected to have a material adverse effect on its financial condition, results of operations or cash flows. There can be no assurance that future developments related to pending claims or claims filed in the future, whether as a result of adverse outcomes or as a result of significant defense costs, will not have a material effect on the Company's financial condition, results of operations or cash flows. The Company believes that its assessment of contingencies is reasonable and that the related accruals, in the aggregate, are adequate; however, there can be no assurance that the final resolution of these matters will not have a material effect on the Company's financial condition, results of operations or cash flows.

Indemnifications

In the ordinary course of its business, the Company makes certain indemnities under which it may be required to make payments in relation to certain transactions. As of December 31, 2025, the Company did not have any liabilities associated with indemnities.

In addition, the Company, as permitted under Colorado law and in accordance with its amended and restated certificate of incorporation and amended and restated bylaws, in each case, as amended to date, indemnifies its officers and directors for certain events or occurrences, subject to certain limits, while the officer or director is or was serving at the Company's request in such capacity. The duration of these indemnifications varies. The Company has a director and officer insurance policy that may enable it to recover a portion of any future amounts paid. The Company accrues for losses for any known contingent liability, including those that may arise from indemnification provisions, when future payment is probable. No such losses have been recorded to date.

17. RESTRUCTURING

On July 22, 2024, the Company announced a strategic restructuring plan focused on long-term profitability and advancing growth initiatives in key areas of its Cultivation and Gardening segment such as its proprietary brands, commercial sales, and e-commerce business. The restructuring plan primarily included reductions in cost structure by closing and consolidating 12 redundant or underperforming retail locations, workforce reductions, and other operational improvements in inventory management, sales and marketing, and administrative activities.

The Company's restructuring and restructuring related charges consists of inventory disposal costs, retail location closure costs including related contract termination costs and fixed asset disposals, employee termination benefits, asset impairments including the impairment of operating lease right-of-use assets, and other associated costs.

The Company substantially completed its restructuring activities as of March 31, 2025. Overall, the Company incurred aggregate restructuring and restructuring-related costs of \$3.5 million, of which \$1.1 million, and \$2.4 million, were incurred during the years ended December 31, 2025 and 2024, respectively. These costs are presented on the Consolidated Statements of Operations in the following table. The Company does not expect to incur significant additional restructuring and restructuring-related costs in future periods.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Year ended December 31,	
	2025	2024
Cultivation and Gardening segment:		
Cost of sales ⁽¹⁾	\$ —	\$ 1,048
Gross profit	—	(1,048)
Store operations and other operational expenses ⁽²⁾	765	842
Restructuring costs in segment income from operations	(765)	(1,890)
Corporate expenses:		
Selling, general, and administrative ⁽³⁾	376	205
Impairment loss ⁽⁴⁾	—	220
Other expense (income) ⁽⁵⁾	—	50
Total restructuring and restructuring related activities	\$ (1,141)	\$ (2,365)

⁽¹⁾ Includes inventory disposal costs

⁽²⁾ Costs consist primarily of property and equipment disposals, lease contract termination costs and employee termination benefits

⁽³⁾ Costs consist of corporate operational and administrative contract terminations and employee termination benefits

⁽⁴⁾ Consists of asset impairments for operating lease right-of-use assets

⁽⁵⁾ Includes non-operating losses related to retail location closures

In conjunction with the Company's restructuring activities related to operational and administrative improvements, the Company reassessed and shortened the estimated useful life of certain capitalized software assets, which resulted in a \$5.3 million increase to depreciation and amortization expense related to property and equipment in the year ended December 31, 2024. These capitalized software assets became fully amortized and were retired during the year ended December 31, 2025.

The liabilities associated with restructuring costs were included in Accrued liabilities and Payroll and payroll tax liabilities on the Consolidated Balance Sheets. Activities related to liabilities incurred under the restructuring plan were as follows:

	Retail Location Closures	Termination Benefits	Other Associated Costs	Total
Balance as of December 31, 2023	\$ —	\$ —	\$ —	\$ —
Additions	715	317	65	1,097
Payments and other adjustments	(600)	(308)	(65)	(973)
Balance as of December 31, 2024	\$ 115	\$ 9	\$ —	\$ 124
Additions	765	—	—	765
Payments and other adjustments	(880)	(9)	—	(889)
Balance as of December 31, 2025	\$ —	\$ —	\$ —	\$ —

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The information required by this Item 9 was previously reported in our Current Report on Form 8-K that was filed with the SEC on July 14, 2025.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) are controls and other procedures designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

As of December 31, 2025, the Company carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2025, in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is a process designed by or under the supervision of the Company's Chief Executive Officer and Chief Financial Officer, and overseen by the Board of Directors, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately, and fairly reflect the transactions and dispositions of the Company's assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that the Company's receipts and expenditures are being made only in accordance with the authorization of its management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Company's Consolidated Financial Statements would be prevented or detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting using the criteria in Internal Control - Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Framework"). As a result of this evaluation, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2025, based on the criteria established in the COSO Framework.

Remediation of Prior Material Weakness in Internal Control over Financial Reporting - Storage Solutions Segment

Management previously concluded that internal control over financial reporting was not effective as of December 31, 2024 due to a material weakness related to (i) segregation of duties conflicts, (ii) inadequate monitoring controls, and (iii) insufficient information technology general controls within the Storage Solutions segment (MMI), which operated on a stand-alone Navision ERP system. These conditions created a reasonable possibility that material misstatements would not be prevented or detected on a timely basis.

During fiscal year 2025, management executed a comprehensive remediation plan to address the underlying causes of the material weakness. Key remediation actions included:

- Migrating MMI from Navision to NetSuite, the Company's integrated ERP and general ledger platform, on August 4, 2025, using established system development life cycle protocols.
- Eliminating administrative access previously assigned to operational personnel and implementing appropriate user-role restrictions.
- Performing a segregation-of-duties review and aligning all MMI access rights with corporate segregation-of-duties standards.
- Centralizing MMI accounts payable, accounts receivable, and accounting functions within the Company's shared services structure.
- Designing and implementing information technology general controls, application controls, and business-process controls applicable to MMI operations within the NetSuite environment.

Management evaluated the design and operating effectiveness of these controls and concluded that the previously reported material weakness was remediated as of December 31, 2025.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting, except for the remediation of the material weakness discussed above, during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Items 401, 405, 406, and 407 (c)(3), (d)(4), and (d)(5) of Regulation S-K is incorporated into this Annual Report on Form 10-K by reference to the Company's Definitive Proxy Statement for its 2026 Annual Meeting of Shareholders to be filed within 120 days following December 31, 2025.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 402 of Regulation S-K is incorporated into this Annual Report on Form 10-K by reference to the Company's Definitive Proxy Statement for its 2026 Annual Meeting of Shareholders to be filed within 120 days following December 31, 2025.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 201(d) and Item 403 of Regulation S-K is incorporated into this Annual Report on Form 10-K by reference to the Company's Definitive Proxy Statement for its 2026 Annual Meeting of Shareholders to be filed within 120 days following December 31, 2025.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by Items 404 and 407(a) of Regulation S-K is incorporated into this Annual Report on Form 10-K by reference to the Company's Definitive Proxy Statement for its 2026 Annual Meeting of Shareholders to be filed within 120 days following December 31, 2025.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 9(e) of Schedule 14A is incorporated into this Annual Report on Form 10-K by reference to the Company's Definitive Proxy Statement for its 2026 Annual Meeting of Shareholders to be filed within 120 days following December 31, 2025.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

3.1	Certificate of Incorporation of GrowGeneration Corp. (Incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-1 as filed on November 9, 2015)
3.2	Amended and Restated Bylaws of GrowGeneration Corp. (Incorporated by reference to Exhibit 3(ii) to Form 8-K filed on March 11, 2020)
4.1	Description of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (Filed herewith)
10.1	GrowGeneration Corp. Amended and Restated 2018 Equity Incentive Plan (Incorporated by reference to Exhibit 10.3 to the Annual Report on Form 10-K for fiscal year ended December 31, 2019 as filed on March 27, 2020)
10.2	Form of GrowGeneration Corp. Stock Option Agreement in connection with the Amended and Restated 2018 Equity Incentive Plan (Incorporated by reference to Exhibit 10.4 to the Annual Report on Form 10-K for fiscal year ended December 31, 2019 as filed on March 27, 2020)
10.3	Employment Agreement dated September 30, 2024, between GrowGeneration Corp. and Darren Lampert (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K as filed on September 30, 2024)
10.4	Employment Agreement dated September 30, 2024, between GrowGeneration Corp. and Michael Salaman (Incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K as filed on September 30, 2024)
10.5	Employment Agreement, dated December 29, 2025, between GrowGeneration Corp. and Gregory Sanders (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K as filed on December 30, 2025)
10.6	Form of Long-Term Incentive Agreement dated April 22, 2024 between GrowGeneration Corp and Darren Lampert (Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q as filed on August 8, 2024)
10.7	Form of Long-Term Incentive Agreement dated April 22, 2024 between GrowGeneration Corp and Michael Salaman (Incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q as filed on August 8, 2024)
10.8	Form of Long-Term Incentive Agreement dated April 22, 2024 between GrowGeneration Corp and Gregory Sanders (Incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q as filed on August 8, 2024)
16.1	Letter of Grant Thornton LLP, regarding the change in the Registrant's certifying accountant, dated July 11, 2025 (Incorporated by reference to Exhibit 16.1 to the Current Report on Form 8-K as filed on July 14, 2025)
19.1	Insider Trading Policy (Incorporated by reference to Exhibit 19.1 to the Annual Report on Form 10-K as filed on March 13, 2025)
21.1	List of Subsidiaries of GrowGeneration Corp. (Incorporated by reference to Exhibit 21.1 to the Annual Report on Form 10-K as filed on March 13, 2025)
23.1	Consent of BDO USA, P.C. (Filed herewith)
23.2	Consent of Grant Thornton, LLP (Filed herewith)
31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer (Filed herewith.)
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial and Accounting Officer (Filed herewith.)
32.1	Section 1350 Certification of Principal Executive Officer (Filed herewith.)
32.2	Section 1350 Certification of Principal Financial and Accounting Officer (Filed herewith.)
97	Incentive Compensation Recovery Policy (Incorporated by reference to Exhibit 97 to the Annual Report on Form 10-K as filed on March 13, 2025)
101.INS	<u>XBRL Instance Document (Filed herewith.)</u>
101.SCH	<u>XBRL Taxonomy Extension Schema Document (Filed herewith.)</u>
101.CAL	<u>XBRL Taxonomy Extension Calculation Linkbase Document (Filed herewith.)</u>
101.LAB	<u>XBRL Taxonomy Extension Label Linkbase Document (Filed herewith.)</u>
101.PRE	<u>XBRL Taxonomy Extension Presentation Linkbase Document (Filed herewith.)</u>
101.DEF	<u>XBRL Taxonomy Extension Definition Linkbase Definition (Filed herewith.)</u>

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 20, 2026.

GROWGENERATION CORP.

By: /s/ Darren Lampert

Name: Darren Lampert

Title: Chief Executive Officer
(Principal Executive Officer)

By: /s/ Gregory Sanders

Name: Gregory Sanders

Title: Chief Financial Officer
(Principal Accounting Officer and
Principal Financial Officer)

Each of the undersigned officers and directors of GrowGeneration Corp., a Colorado corporation (the "Registrant"), does hereby constitute and appoint Darren Lampert and Gregory Sanders, and each of them, as his/her true and lawful attorney-in-fact and agent, with full power of substitution and re-substitution, for him/her and in his/her name, place, and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming that all said attorneys-in-fact and agents, or any of them or their or his/her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

<u>Person</u>	<u>Capacity</u>	<u>Date</u>
<u>/s/ Darren Lampert</u> Darren Lampert	Chief Executive Officer and Director (Principal Executive Officer)	March 20, 2026
<u>/s/ Gregory Sanders</u> Gregory Sanders	Chief Financial Officer (Principal Financial and Accounting Officer)	March 20, 2026
<u>/s/ Michael Salaman</u> Michael Salaman	President and Director	March 20, 2026
<u>/s/ Stephen Aiello</u> Stephen Aiello	Director	March 20, 2026
<u>/s/ Starlett Carter</u> Starlett Carter	Director	March 20, 2026
<u>/s/ Eula Adams</u> Eula Adams	Director	March 20, 2026

