U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For Quarter Ended: **June 30, 2026**

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number: **001-39146**

GROWGENERATION CORP.

(Exact name of registrant as specified in its charter)

Colorado	**46-5008129**
(State or other jurisdiction of incorporation)	(IRS Employer ID No.)

5619 DTC Parkway, Suite 900
Greenwood Village, Colorado 80111
(Address of principal executive offices)

(800) 935-8420
(Issuer's Telephone Number)

Securities registered pursuant to Section 12(b) of the 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

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 and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit 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	☐	Smaller reporting company	☒
Non-accelerated filer	☒	Emerging growth company	☐
Accelerated filer	☐		

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

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

As of August 5, 2026 there were 58,920,449 shares of the registrant's common stock outstanding.

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

	June 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 23,460	$ 30,406
Marketable securities	17,553	15,658
Accounts receivable, net of allowance for credit losses of $2,363 and $2,109, respectively	15,264	10,668
Notes receivable, current, net of allowance for credit losses of $201 and $214, respectively	283	507
Inventory	35,295	38,776
Prepaid and other current assets	7,750	7,732
Total current assets	99,605	103,747
Property and equipment, net	6,423	9,795
Property and equipment held for sale	1,574	—
Operating lease right-of-use assets, net	23,880	27,050
Intangible assets, net	2,012	3,326
Goodwill	2,080	2,080
Other assets	1,067	1,042
TOTAL ASSETS	$ 136,641	$ 147,040
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 10,761	$ 8,775
Accrued liabilities	3,934	3,269
Payroll and payroll tax liabilities	2,204	2,589
Customer deposits	2,260	4,015
Sales tax payable	884	872
Current maturities of operating lease liabilities	5,568	6,455
Total current liabilities	25,611	25,975
Operating lease liabilities, net of current maturities	20,499	23,022
Other long-term liabilities	503	544
Total liabilities	46,613	49,541
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock; $0.001 par value; 100,000,000 shares authorized, 60,283,226 and 60,090,905 shares issued, 59,558,299 and 60,090,905 shares outstanding, respectively	60	60
Treasury stock, at cost; 724,927 and zero shares, respectively	(1,010)	—
Additional paid-in capital	377,602	377,128
Accumulated deficit	(286,624)	(279,689)
Total stockholders' equity	90,028	97,499
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 136,641	$ 147,040

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
Net sales	$ 43,215	$ 40,963	$ 81,606	$ 76,666
Cost of sales (exclusive of depreciation and amortization shown below)	30,895	29,369	59,546	55,365
Gross profit	12,320	11,594	22,060	21,301
Operating expenses:				
Store operations and other operational expenses	6,143	7,867	12,544	16,659
Selling, general, and administrative	6,458	6,151	13,384	13,263
Estimated credit losses	336	163	403	255
Depreciation and amortization	1,504	2,687	3,115	6,272
Impairment loss	220	—	220	—
Total operating expenses	14,661	16,868	29,666	36,449
Loss from operations	(2,341)	(5,274)	(7,606)	(15,148)
Other income (expense):				
Interest income	347	463	671	960
Total other income	347	463	671	960
Net loss before income taxes	(1,994)	(4,811)	(6,935)	(14,188)
Provision for income taxes	(19)	—	—	—
Net loss	$ (2,013)	$ (4,811)	$ (6,935)	$ (14,188)
Net loss per share, basic	$ (0.03)	$ (0.08)	$ (0.12)	$ (0.24)
Net loss per share, diluted	$ (0.03)	$ (0.08)	$ (0.12)	$ (0.24)
Weighted average shares outstanding, basic	59,805,494	59,551,783	59,947,411	59,496,861
Weighted average shares outstanding, diluted	59,805,494	59,551,783	59,947,411	59,496,861

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

GROWGENERATION CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, in thousands except shares)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance as of December 31, 2025	60,090,905	$ 60	—	$ —	$ 377,128	$ (279,689)	$ 97,499
Share-based compensation	—	—	—	—	255	—	255
Net loss	—	—	—	—	—	(4,922)	(4,922)
Balance as of March 31, 2026	60,090,905	$ 60	—	$ —	$ 377,383	$ (284,611)	$ 92,832
Common stock issued for share-based compensation	192,321	—	—	—	—	—	—
Common stock withheld for employee payroll taxes	—	—	—	—	(51)	—	(51)
Share-based compensation	—	—	—	—	270	—	270
Repurchase of common stock	—	—	(724,927)	(1,010)	—	—	(1,010)
Net loss	—	—	—	—	—	(2,013)	(2,013)
Balance as of June 30, 2026	60,283,226	$ 60	(724,927)	$ (1,010)	$ 377,602	$ (286,624)	$ 90,028

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			
Balance as of December 31, 2024	59,402,628	$ 59	—	$ —	$ 375,677	$ (255,643)	$ 120,093
Common stock issued for share-based compensation	84,849	—	—	—	—	—	—
Common stock withheld for employee payroll taxes	—	—	—	—	(60)	—	(60)
Share-based compensation	—	—	—	—	503	—	503
Net loss	—	—	—	—	—	(9,377)	(9,377)
Balance as of March 31, 2025	59,487,477	$ 59	—	$ —	$ 376,120	$ (265,020)	$ 111,159
Common stock issued for share-based compensation	191,539	1	—	—	—	—	1
Common stock withheld for employee payroll taxes	—	—	—	—	(52)	—	(52)
Share-based compensation	—	—	—	—	315	—	315
Common stock issued in connection with acquisitions	92,700	—	—	—	109	—	109
Net loss	—	—	—	—	—	(4,811)	(4,811)
Balance as of June 30, 2025	59,771,716	$ 60	—	$ —	$ 376,492	$ (269,831)	$ 106,721

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

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

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Cash flows from operating activities:		
Net loss	$ (6,935)	$ (14,188)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:		
Depreciation and amortization	3,115	6,272
Share-based compensation	525	818
Estimated credit losses	403	255
(Gain) loss on asset disposition	(9)	665
Change in value of marketable securities	(298)	(398)
Impairment loss on held for sale property and equipment	220	—
Changes in operating assets and liabilities (net of the effect of acquisition):		
Accounts and notes receivable	(4,775)	(3,172)
Inventory	3,481	(1,167)
Prepaid expenses and other assets	(43)	887
Accounts payable and accrued liabilities	2,618	4,050
Operating leases	(240)	(55)
Payroll and payroll tax liabilities	(385)	(527)
Customer deposits	(1,755)	28
Sales tax payable	12	(218)
Other	(41)	—
Net cash and cash equivalents used in operating activities	(4,107)	(6,750)
Cash flows from investing activities:		
Acquisition, net of cash acquired	—	(1,013)
Purchase of marketable securities	(8,947)	(18,985)
Maturities of marketable securities	7,350	22,968
Purchase of property and equipment	(283)	(286)
Proceeds from disposals of assets	102	15
Net cash and cash equivalents (used in) provided by investing activities	(1,778)	2,699
Cash flows from financing activities:		
Common stock withheld for employee payroll taxes	(51)	(111)
Repurchase of common stock	(1,010)	—
Net cash and cash equivalents used in financing activities	(1,061)	(111)
Net decrease in cash and cash equivalents	(6,946)	(4,162)
Cash and cash equivalents at the beginning of period	30,406	27,471
Cash and cash equivalents at the end of period	$ 23,460	$ 23,309
Supplemental cash flow disclosures and non-cash investing and financing transactions:		
Right-of use assets obtained in exchange for new or modified operating lease liabilities	$ 388	$ 297
Fair value of common stock issued in business combination	$ —	$ 109
Fair value of contingent consideration	$ —	$ 83

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

1. GENERAL

GrowGeneration Corp. (together with its direct and indirect wholly-owned subsidiaries, collectively "GrowGeneration" or the "Company") was incorporated in Colorado in 2014. GrowGeneration operates two major lines of business: its Cultivation and Gardening segment, which includes its hydroponic and organic gardening business; and its Storage Solutions segment, which provides customized benching, racking, and storage solutions systems, installation services, and related solutions.

Within its Cultivation and Gardening segment, as of June 30, 2026, GrowGeneration operated 19 retail locations across 9 states in the U.S. In addition to its retail stores, the Company sells hydroponic and organic gardening products through its commercial sales division serving commercial cultivators, its wholesale distribution business serving resellers and mass-market retailers, and its e-commerce platform, growgeneration.com, which includes a B2B customer portal for commercial and wholesale customers.

Within its Storage Solutions segment, the Company operates primarily under the "Mobile Media" ("MMI") brand and provides customized benching, racking, and storage systems, installation services, and related solutions to customers across a variety of end markets.

Basis of Presentation

The accompanying interim unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the applicable rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. These statements should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 ("2025 Form 10-K"). There were no significant changes to the Company's significant accounting policies as disclosed in the 2025 Form 10-K. The results reported in these unaudited Condensed Consolidated Financial Statements are not necessarily indicative of results for the full fiscal year.

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

Reclassifications

Certain amounts in the prior period Condensed Consolidated Financial Statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on reported net loss within the Condensed Consolidated Statements of Operations.

Use of Estimates

The preparation of the Condensed Consolidated Financial Statements in conformity with U.S. 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 Condensed Consolidated Financial Statements, and the reported revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

2. RECENT ACCOUNTING PRONOUNCEMENTS

From time to time, the Financial Accounting Standard Board ("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 Condensed Consolidated Financial Statements or disclosures.

Recently Adopted Accounting Pronouncements

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 adopted ASU 2025-05 prospectively as of January 1, 2026 and adoption of the standard did not have a material impact on the Company's Condensed 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 adopted ASU 2025-06 prospectively as of January 1, 2026 and adoption of this standard did not have a material impact on the Company's Condensed Consolidated Financial Statements and related disclosures.

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 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.

3. FAIR VALUE MEASUREMENTS

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 loss. 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 $0.2 million and $0.3 million for the three and six months ended June 30, 2026, respectively, and $0.2 million and $0.4 million for the three and six months ended June 30, 2025, respectively. Changes in fair value of marketable securities are included in Interest income on the Condensed Consolidated Statements of Operations.

	Level	June 30, 2026	December 31, 2025
Cash equivalents	1	$ 11,103	$ 20,431
Marketable securities			
U.S. Treasury and agency securities	2	$ —	$ 3,014
Corporate bonds	2	17,553	12,644
Total marketable securities		$ 17,553	$ 15,658

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 14, 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, 2026	$ 10,668	$ 4,015
Balance as of June 30, 2026	15,264	2,260
Increase (decrease)	$ 4,596	$ (1,755)
Balance as of January 1, 2025	$ 7,361	$ 2,404
Balance as of June 30, 2025	10,425	2,448
Increase	$ 3,064	$ 44

Of the total amount of customer deposits as of January 1, 2026, $0.3 million and $3.1 million were reported as net sales during the three and six months ended June 30, 2026, respectively. Of the total amount of customer deposits as of January 1, 2025, $0.5 million and $1.6 million were reported as net sales during the three and six months ended June 30, 2025, respectively.

Notes receivable at June 30, 2026 and December 31, 2025 were as follows:

	June 30, 2026	December 31, 2025
Notes receivable	$ 484	$ 721
Allowance for credit losses	(201)	(214)
Notes receivable, net	$ 283	$ 507

5. PROPERTY AND EQUIPMENT

Property and Equipment Held and Used

Property and equipment at June 30, 2026 and December 31, 2025 consisted of the following:

	June 30, 2026	December 31, 2025
Vehicles	$ 2,498	$ 2,504
Building and land [1]	—	1,991
Leasehold improvements	9,913	10,312
Furniture, fixtures and equipment	10,816	11,704
Capitalized software	9,355	9,155
Construction-in-progress	10	58
Total property and equipment, gross	32,592	35,724
Accumulated depreciation and amortization	(26,169)	(25,929)
Property and equipment, net	$ 6,423	$ 9,795

[1] Building and land are comprised of two closed retail locations, wholly owned by the Company, which have met the criteria for classification as held-for-sale assets as of June 30, 2026.

Depreciation and amortization expense related to property and equipment was $0.9 million and $1.8 million for the three and six months ended June 30, 2026, respectively, and $1.2 million and $3.2 million for the three and six months ended June 30, 2025, respectively. In conjunction with the Company's restructuring activities as discussed in Note 15, Restructuring, the Company reassessed and shortened the estimated useful life of certain capitalized software assets. These capitalized software assets became fully amortized and were retired during the six months ended June 30, 2025. Depreciation and amortization expense related to these capitalized software assets was $0.8 million for the six months ended June 30, 2025. Refer to Note 15, Restructuring, for additional information on the restructuring activities.

Property and Equipment Held for Sale

The Company wholly owns two closed retail locations and, as of June 30, 2026, these locations have met the criteria for classification as held-for-sale assets, with a carrying value of $1.6 million. The Company determined that the carrying values of the land, building and related improvements for each location were greater than the fair values less costs to sell and recognized a $0.2 million and $0.1 million impairment loss in the six months ended June 30, 2026, and year ended December 31, 2025, respectively. As of June 30, 2026, the Company continues to actively market the assets and expects to sell the assets within one year.

6. GOODWILL AND INTANGIBLE ASSETS

The carrying value of goodwill by segment was as follows:

	Cultivation and Gardening	Storage Solutions	Total
Balance as of December 31, 2025	$ 475	$ 1,605	$ 2,080
Acquisitions and measurement period adjustments	—	—	—
Balance as of June 30, 2026	$ 475	$ 1,605	$ 2,080

Accumulated impairment for goodwill related entirely to the Cultivation and Gardening segment and totaled $131.9 million as of June 30, 2026 and December 31, 2025.

The changes in intangible assets by segment for the six months ended June 30, 2026 were as follows:

	Cultivation and Gardening	Storage Solutions	Total
Balance as of December 31, 2025	$ 2,130	$ 1,196	$ 3,326
Amortization	(963)	(351)	(1,314)
Balance as of June 30, 2026	$ 1,167	$ 845	$ 2,012

Intangible assets on the Condensed Consolidated Balance Sheets consisted of the following:

	June 30, 2026			December 31, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade names	$ 27,790	$ (27,535)	$ 255	$ 27,790	$ (26,764)	$ 1,026
Customer relationships	13,339	(11,582)	1,757	13,339	(11,040)	2,299
Non-competes	860	(860)	—	860	(859)	1
Intellectual property	1,136	(1,136)	—	1,136	(1,136)	—
Patents, trademarks	69	(69)	—	69	(69)	—
Total	$ 43,194	$ (41,182)	$ 2,012	$ 43,194	$ (39,868)	$ 3,326

Amortization expense was $0.6 million and $1.3 million for the three and six months ended June 30, 2026, respectively, and $1.6 million and $3.1 million for the three and six months ended June 30, 2025, respectively.

Future amortization expense as of June 30, 2026 was as follows:

2026 (remainder of the year)	$ 753
2027	817
2028	135
2029	77
2030	52
Thereafter	178
Total	$ 2,012

7. INCOME TAXES

For each of the six months ended June 30, 2026 and 2025, the effective tax rate was0.0%. The effective tax rate for each of the six months ended June 30, 2026 and 2025 was lower than the U.S. federal statutory rate of 21.0% primarily due to the Company's valuation allowance against deferred tax assets. As of June 30, 2026, the Company concluded that its deferred tax assets are not expected to be realizable, based on positive and negative evidence, therefore it has assigned a full valuation allowance against them.

8. LEASES

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

	June 30, 2026	December 31, 2025
Operating lease right-of-use assets, net	$ 23,880	$ 27,050
Current maturities of operating lease liabilities	$ 5,568	$ 6,455
Operating lease liabilities, net of current maturities	20,499	23,022
Total lease liabilities	$ 26,067	$ 29,477

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

	June 30,	
	2026	2025
Weighted average remaining lease term	4.6 years	5.2 years
Weighted average discount rate	6.1 %	6.2 %

The components of lease costs were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Operating lease costs	$ 1,945	$ 2,305	$ 3,956	$ 4,597
Variable lease costs	480	1,011	1,096	1,164
Short-term lease costs	43	98	83	186
Sublease income	(676)	(401)	(1,310)	(781)
Total operating lease costs	$ 1,792	$ 3,013	$ 3,825	$ 5,166

Future maturities of the Company's operating lease liabilities and receipts from subleases as of June 30, 2026 were as follows:

	Lease Payments	Sublease Receipts
2026 (remainder of the year)	$ 3,745	$ (1,092)
2027	6,463	(2,332)
2028	6,119	(2,533)
2029	5,402	(2,619)
2030	4,911	(2,309)
Thereafter	3,259	(1,383)
Total lease payments (receipts)	$ 29,899	$ (12,268)
Less: imputed interest	(3,832)	
Operating lease liability as of June 30, 2026	$ 26,067	

Supplemental and other information related to leases was as follows:

	Six Months Ended June 30,	
	2026	2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow from operating leases	$ 4,040	$ 4,698

9. 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 three and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net loss	$ (2,013)	$ (4,811)	$ (6,935)	$ (14,188)
Weighted average shares outstanding, basic	59,805,494	59,551,783	59,947,411	59,496,861
Effect of dilutive outstanding restricted stock units and stock options	—	—	—	—
Weighted average shares outstanding, diluted	59,805,494	59,551,783	59,947,411	59,496,861
Basic loss per share	$ (0.03)	$ (0.08)	$ (0.12)	$ (0.24)
Diluted loss per share	$ (0.03)	$ (0.08)	$ (0.12)	$ (0.24)

Diluted loss per share calculations for each of the three and six months ended June 30, 2026 excluded1.1 million non-vested restricted stock units that would have been anti-dilutive. Diluted loss per share calculations for each of the three and six months ended June 30, 2025 excluded 1.4 million non-vested restricted stock units that would have been anti-dilutive. In addition, diluted loss per share calculations for each of the three and six months ended June 30, 2025 excluded 7 thousand and 12 thousand shares of common stock issuable upon exercise of stock options that would have been anti-dilutive, respectively.

10. SHARE-BASED PAYMENTS

The Company maintains a long-term incentive plan, the Third 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 2018 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 April 16, 2026, the Board approved another amendment of the 2018 Plan to increase the number of shares issuable thereunder from 6,500,000 to 8,000,000, which was approved by shareholders on June 18, 2026.

The Company accounts for share-based payments through the measurement and recognition of compensation expense for share-based awards, primarily restricted stock units, made to employees, non-employee members of the Board, and consultants of the Company. The Company recorded share-based compensation expense of $0.3 million and $0.5 million in the three and six months ended June 30, 2026, respectively, and $0.3 million and $0.8 million in the three and six months ended June 30, 2025, respectively.

Restricted Stock Units

The Company issues 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 six months ended June 30, 2026 is presented in the following table:

	Units	Weighted Average Grant Date Fair Value
Nonvested as of December 31, 2025	1,045,584	$ 2.01
Granted	135,000	$ 1.45
Vested	(225,875)	$ 2.17
Forfeited	(100,125)	$ 2.00
Nonvested as of June 30, 2026	854,584	$ 1.88

During the six months ended June 30, 2025,375 thousand restricted stock units were granted at a weighted average grant date fair value of $1.27. As of June 30, 2026, the Company had approximately $1.2 million of unrecognized share-based compensation related to restricted stock units, which is expected to be recognized over a weighted average period of approximately 1.7 years.

11. STOCKHOLDERS' EQUITY

On February 24, 2026, the Board authorized a share repurchase program, whereby the Company could repurchase up to $10.0 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 24, 2026 and continues for up to two years. The program does 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 is dependent upon factors such as the stock price, trading volumes, market conditions, and regulatory requirements. The stock repurchase program may be amended, suspended, or discontinued at any time.

During the three and six months ended June 30, 2026, the Company repurchased0.7 million shares of common stock at an average price of $1.38 per share, exclusive of incremental direct costs. As of June 30, 2026, approximately $9.0 million remained available under the share repurchase program.

12. 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 diversified the Company's home gardening and hydroponic gardening proprietary brand product offerings as well as expanded 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 from the date of acquisition dependent on the achievement of certain performance goals.

The table below details the acquisition-date fair value of consideration transferred and the purchase price allocation of acquired net assets during the six months ended June 30, 2025.

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

13. 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 Condensed Consolidated Balance Sheets and within Selling, general, and administrative expense in the Condensed Consolidated Statements of Operations.

During the year ended December 31, 2025 and the three and six months ended June 30, 2026, the Company has been engaged intwo legal matters related to a California employment class action dispute and a vendor contract dispute. As of June 30, 2026, the Company has recorded cumulative loss contingencies of approximately $1.6 million related to these matters. No loss contingency accruals were recorded in the six months ended June 30, 2026 or June 30, 2025. The Company continues to evaluate these matters and, while an additional loss is reasonably possible, the Company is unable to estimate a range of potential additional loss, if any.

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 June 30, 2026, 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.

14. 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 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.

	Three Months Ended June 30,		Six Months Ended June 30,	
Net sales	**2026**	**2025**	**2026**	**2025**
Cultivation and Gardening				
Proprietary brand sales	$ 13,839	$ 10,503	$ 25,642	$ 20,386
Non-proprietary brand sales	21,061	22,358	41,155	43,386
Total Cultivation and Gardening	34,900	32,861	66,797	63,772
Storage Solutions				
Commercial fixture sales	8,315	8,102	14,809	12,894
Total Storage Solutions	8,315	8,102	14,809	12,894
Total	$ 43,215	$ 40,963	$ 81,606	$ 76,666

	Three Months Ended June 30,		Six Months Ended June 30,	
Net sales	**2026**	**2025**	**2026**	**2025**
Cultivation and Gardening (1)				
Consumables	$ 25,116	$ 26,183	$ 48,118	$ 49,617
Durables	9,784	6,678	18,679	14,155
Total Cultivation and Gardening	34,900	32,861	66,797	$ 63,772
Storage Solutions				
Durables	8,315	8,102	14,809	$ 12,894
Total Storage Solutions	8,315	8,102	14,809	$ 12,894
Total	$ 43,215	$ 40,963	$ 81,606	$ 76,666

(1) During the first quarter of 2026, the Company internally began viewing certain items' product type designations (i.e., consumable or durable) differently. Comparative prior period disclosures have been reclassified to conform to the current period segment presentation.

Selected disaggregated information by segment, including significant segment expenses, is presented in the following tables for the three and six months ended:

	Three Months Ended June 30, 2026		
	Cultivation & Gardening	Storage Solutions	Total
Net sales	$ 34,900	$ 8,315	$ 43,215
Cost of sales	25,890	5,005	30,895
Gross profit	9,010	3,310	12,320
Operating expenses			
Store operations and other operational expenses:			
Employee costs	1,913	759	2,672
Facilities	1,728	335	2,063
External service providers	101	22	123
Other segment items [(1)]	1,066	219	1,285
Total store operations and other operational expenses	4,808	1,335	6,143
Segment income from operations	4,202	1,975	6,177
Other corporate operating expenses			
Selling, general, and administrative			6,458
Estimated credit losses			336
Depreciation and amortization			1,504
Impairment loss			220
Total other corporate expenses			8,518
Loss from operations			(2,341)
Other income			347
Net loss before taxes			$ (1,994)

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

	Six Months Ended June 30, 2026		
	Cultivation & Gardening	Storage Solutions	Total
Net sales	$ 66,797	$ 14,809	$ 81,606
Cost of sales	50,619	8,927	59,546
Gross profit	16,178	5,882	22,060
Operating expenses			
Store operations and other operational expenses:			
Employee costs	3,855	1,495	5,350
Facilities	3,762	740	4,502
External service providers	169	39	208
Other segment items [1]	2,101	383	2,484
Total store operations and other operational expenses	9,887	2,657	12,544
Segment income from operations	6,291	3,225	9,516
Other corporate operating expenses			
Selling, general, and administrative			13,384
Estimated credit losses			403
Depreciation and amortization			3,115
Impairment loss			220
Total other corporate expenses			17,122
Loss from operations			(7,606)
Other income			671
Net loss before taxes			$ (6,935)

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

	Three Months Ended June 30, 2025		
	Cultivation & Gardening	Storage Solutions	Total
Net sales	$ 32,861	$ 8,102	$ 40,963
Cost of sales	24,696	4,673	29,369
Gross profit	8,165	3,429	11,594
Operating expenses			
Store operations and other operational expenses:			
Employee costs	2,480	692	3,172
Facilities	2,645	402	3,047
External service providers	247	2	249
Other segment items [1]	1,220	179	1,399
Total store operations and other operational expenses	6,592	1,275	7,867
Segment income from operations	1,573	2,154	3,727
Other corporate operating expenses			
Selling, general, and administrative			6,151
Estimated credit losses			163
Depreciation and amortization			2,687
Total other corporate expenses			9,001
Loss from operations			(5,274)
Other income			463
Net loss before taxes			$ (4,811)

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

	Six Months Ended June 30, 2025		
	Cultivation & Gardening	Storage Solutions	Total
Net sales	$ 63,772	$ 12,894	$ 76,666
Cost of sales	47,703	7,662	55,365
Gross profit	16,069	5,232	21,301
Operating expenses			
Store operations and other operational expenses:			
Employee costs	5,141	1,439	6,580
Facilities	5,401	796	6,197
External service providers	342	16	358
Other segment items [1]	3,077	447	3,524
Total store operations and other operational expenses	13,961	2,698	16,659
Segment income from operations	2,108	2,534	4,642
Other corporate operating expenses			
Selling, general, and administrative			13,263
Estimated credit losses			255
Depreciation and amortization			6,272
Total other corporate expenses			19,790
Loss from operations			(15,148)
Other income			960
Net loss before taxes			$ (14,188)

[1] Other segment items for each reportable segment include 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.

15. 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 substantially completed its restructuring activities and had no remaining liability associated with restructuring costs as of March 31, 2025. The Company incurred no costs related to restructuring activities during the three and six months ended June 30, 2026 and does not expect to incur significant additional restructuring and restructuring-related costs in future periods. Overall, the Company incurred aggregate restructuring and restructuring-related costs of $3.5 million, of which $1.1 million were incurred during the six months ended June 30, 2025. These costs are presented on the Condensed Consolidated Statements of Operations in the following table.

	Six Months Ended June 30,
	2025
Cultivation and Gardening segment:	
Store operations and other operational expenses[1]	765
Restructuring costs in segment income from operations	(765)
Corporate expenses:	
Selling, general, and administrative[2]	376
Total restructuring and restructuring-related charges	$ (1,141)

[1] Costs consist primarily of property and equipment disposals and lease contract termination costs for previously closed retail locations

[2] Costs consist of corporate operational and administrative contract terminations

16. SUBSEQUENT EVENTS

Subsequent to June 30, 2026, the Company received approximately $2.6 million of refunds from U.S. Customs and Border Protection related to tariffs previously paid under the International Emergency Economic Powers Act ("IEEPA"). Because receipt of these refunds occurred subsequent to June 30, 2026, no amounts related to these refunds have been recognized in the accompanying Condensed Consolidated Financial Statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Condensed Consolidated Financial Statements and related notes that appear elsewhere in this report as well as our Annual Report on Form 10-K for the year ended December 31, 2025 filed with the SEC on March 20, 2026. We caution readers that this Quarterly Report of GrowGeneration Corp. on Form 10-Q 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 report 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 report 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. Dollars in tabular format are presented in thousands unless otherwise indicated.

BUSINESS OVERVIEW AND RECENT DEVELOPMENTS

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 resulted in cost increases for certain imported products that collectively represent less than 10% of total company cost of goods sold. We 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 also expanded domestic manufacturing, assembly and packaging for select proprietary brands to reduce reliance on high-tariff import categories.

On February 20, 2026, the U.S. Supreme Court struck down certain tariffs imposed under the IEEPA. Subsequently, the United States Customs and Border Protection agency was ordered to begin accepting refund requests for these IEEPA tariffs. During the three and six months ended June 30, 2026, we received an immaterial amount of refunds of tariffs imposed under IEEPA. Subsequent to June 30, 2026, we received approximately $2.6 million of refunds related to previously submitted claims. Because realization of these refunds remained uncertain as of occurred June 30, 2026, no amounts were recognized in the accompanying Condensed Consolidated Financial Statements.

The President has continued to indicate his intent to impose tariffs under other statutory authorities going forward. It is unclear at this time what impact tariffs will have on our future financial results, including whether we will be able to obtain more 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 the evolving tariff environment and its potential effects on our cost structure and supply chain. We will continue to explore and adjust our mitigation strategies as circumstances develop.

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, 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 19 retail locations across 9 states as of June 30, 2026. We closed four retail locations during the six months ended June 30, 2026. 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, 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, 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. During the six months ended June 30, 2025, we incurred approximately $1.1 million of restructuring and restructuring related charges as described in Note 15, Restructuring of our Notes to Condensed Consolidated Financial Statements in this report.

GROWTH STRATEGIES

Our growth strategy is focused on expanding our portfolio and sales of proprietary brands, growing our commercial, wholesale, and e-commerce channels, increasing penetration of our Storage Solutions business across diversified end markets, and pursuing selective, accretive acquisitions that complement our existing businesses. 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 built our Cultivation and Gardening business through a combination of organic investment and targeted acquisitions, such as specialty hydroponic and organic gardening center locations, online retailers, proprietary products, and our wholesale distribution business. We continue to evaluate accretive acquisition opportunities involving businesses or proprietary brands that are similar or complementary to those we already operate, such as the acquisition of Hydro Generation Inc. (referred to as "Viagrow") on June 6, 2025, which further diversified our home gardening and hydroponic gardening proprietary brand product offerings as well as expanded our wholesale channel 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, which includes our benching, racking, and storage solutions business, MMI, are centered on driving recurring commercial sales opportunities and 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.

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 net realizable value 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 Condensed 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 Condensed 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 when applicable. 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 do not increase commensurately 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

Comparison of the Unaudited Results for the Three Months Ended June 30, 2026and 2025

The following table presents, for the periods indicated, selected information from our unaudited Condensed Consolidated Statements of Operations, including information presented as a percentage of net sales:

	Three Months Ended June 30,					
	2026		2025		Year-to-Year Variance	
Net sales	$ 43,215	100.0 %	$ 40,963	100.0 %	$ 2,252	5.5 %
Cost of sales	30,895	71.5 %	29,369	71.7 %	1,526	5.2 %
Gross profit	12,320	28.5 %	11,594	28.3 %	726	6.3 %
Operating expenses	14,661	33.9 %	16,868	41.2 %	(2,207)	(13.1)%
Loss from operations	(2,341)	(5.4)%	(5,274)	(12.9)%	2,933	55.6 %
Other income	347	0.8 %	463	1.1 %	(116)	(25.1)%
Net loss before income taxes	(1,994)	(4.6)%	(4,811)	(11.7)%	2,817	58.6 %
Benefit for income taxes	(19)	— %	—	— %	(19)	*
Net loss	$ (2,013)	(4.7)%	$ (4,811)	(11.7)%	$ 2,798	58.2 %

*Percentage is not meaningful.

Net Sales

Net sales for the three months ended June 30, 2026 were $43.2 million, an increase of $2.3 million or 5.5% as compared to net sales of $41.0 million for the three months ended June 30, 2025.

The increase in net sales was driven in part by our Cultivation and Gardening segment, which had net sales of $34.9 million for the three months ended June 30, 2026 compared to $32.9 million for the three months ended June 30, 2025. This increase in net sales was primarily due to improvements in durable product sales driven by increased demand for capital investments by our customers in the three months ended June 30, 2026. As a result, the ratio of consumables net sales as a percentage of Cultivation and Gardening net sales was 72.0% in the three months ended June 30, 2026, as compared to consumables net sales representing 79.7% of Cultivation and Gardening net sales in the three months ended June 30, 2025. The increase in net sales was partially offset by retail store closures, including four retail locations closed during 2026 and six retail locations closed in 2025 subsequent to June 30, 2025. Proprietary brand sales as a percentage of Cultivation and Gardening net sales for the three months ended June 30, 2026 increased to 39.7% as compared to 32.0% for the three months ended June 30, 2025, largely driven by our continued strategic initiatives to increase sales mix of our expanded portfolio of proprietary brands.

Net sales of commercial fixtures within our Storage Solutions segment increased to $8.3 million for the three months ended June 30, 2026 compared to $8.1 million for the three months ended June 30, 2025 as a result of increased demand for capital investments by our customers primarily in the retail industry.

Cost of Sales

Cost of sales for the three months ended June 30, 2026 was $30.9 million, an increase of $1.5 million or 5.2% compared to $29.4 million for the three months ended June 30, 2025. The increase in cost of sales largely corresponds to the 5.5% increase in net sales, as previously discussed.

Gross Profit

Gross profit was $12.3 million for the three months ended June 30, 2026 compared to $11.6 million for the three months ended June 30, 2025, an increase of $0.7 million or 6.3%. Gross profit related to the Cultivation and Gardening segment increased $0.8 million, or 10.3%, for the three months ended June 30, 2026 as compared to the three months ended June 30, 2025, primarily as a result of the increased sales volume and mix of proprietary brand products and durable products during the three months ended June 30, 2026. The increase in gross profit was partially offset by our Storage Solutions segment decreased $0.1 million or 3.5% in the three months ended June 30, 2026 compared to the three months ended June 30, 2025.

Gross profit margin was 28.5% for the three months ended June 30, 2026, an increase of 20 basis points from a gross profit margin of 28.3% for the three months ended June 30, 2025. The increase in gross profit margin was largely driven by the Cultivation and Gardening segment, which had a gross profit margin of 25.8% for the three months ended June 30, 2026 as compared to 24.8% for the three months ended June 30, 2025. This increase was primarily driven by the increased mix of proprietary brand products, which generally have higher margins than non-proprietary brand products, partially offset by the increased sales mix of durable products, which generally have lower margins than consumable products during the three months ended June 30, 2026. The Storage Solutions gross profit margin decreased to 39.8% in the three months ended June 30, 2026 from 42.3% in the three months ended June 30, 2025, primarily as a result of industry pricing compression and higher cost of services for the Storage Solutions segment.

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 $14.7 million for the three months ended June 30, 2026 and $16.9 million in the three months ended June 30, 2025, a decrease of $2.2 million or 13.1%.

Store operating costs and other operational expenses, which consisted primarily of payroll, rent and utilities, and specifically identifiable operating costs related to our retail locations and distribution centers, were $6.1 million for the three months ended June 30, 2026 compared to $7.9 million for the three months ended June 30, 2025, a decrease of $1.7 million or 21.9%. The decrease in store operating costs was primarily due to the six retail locations closed in 2025 subsequent to June 30, 2025 as well as the closure of four retail locations during 2026.

Total corporate overhead, which is comprised of selling, general, and administrative expense, estimated credit losses, and depreciation and amortization expense, was $8.3 million for the three months ended June 30, 2026 compared to $9.0 million for the three months ended June 30, 2025. The decrease was largely driven by reduced depreciation and amortization costs, which decreased $1.2 million or 44.0% for the three months ended June 30, 2026 compared to the three months ended June 30, 2025, primarily as a result of asset retirements in conjunction with the restructuring plan and certain intangible assets reaching the end of their estimated useful lives. This was partially offset by increased selling, general, and administrative costs of $0.3 million, or 5.0%, largely due to increased professional services costs.

Impairment loss was $0.2 million in the three months ended June 30, 2026 and was related to a closed, wholly-owned retail location classified as held for sale. Refer to Note 5, Property and Equipment for additional information regarding our impairment loss.

Other Income

Other income was $0.3 million for the three months ended June 30, 2026 compared to $0.5 million for the three months ended June 30, 2025, a decrease of $0.1 million or 25.1%. The decrease in other income was primarily attributable to decreased investment income on our marketable securities.

Comparison of the Unaudited Results for the Six Months Ended June 30, 2026and 2025

The following table presents, for the periods indicated, selected information from our unaudited Condensed Consolidated Statements of Operations, including information presented as a percentage of net sales:

	Six Months Ended June 30,					
	2026		2025		Year-to-Year Variance	
Net sales	$ 81,606	100.0 %	$ 76,666	100.0 %	$ 4,940	6.4 %
Cost of sales	59,546	73.0 %	55,365	72.2 %	4,181	7.6 %
Gross profit	22,060	27.0 %	21,301	27.8 %	759	3.6 %
Operating expenses	29,666	36.4 %	36,449	47.5 %	(6,783)	(18.6)%
Loss from operations	(7,606)	(9.3)%	(15,148)	(19.8)%	7,542	49.8 %
Other income	671	0.8 %	960	1.3 %	(289)	(30.1)%
Net loss before income taxes	(6,935)	(8.5)%	(14,188)	(18.5)%	7,253	51.1 %
Benefit for income taxes	—	— %	—	— %	—	*
Net loss	$ (6,935)	(8.5)%	$ (14,188)	(18.5)%	$ 7,253	51.1 %

*Percentage is not meaningful.

Net Sales

Net sales for the six months ended June 30, 2026 were $81.6 million, an increase of $4.9 million or 6.4% as compared to net sales of $76.7 million for the six months ended June 30, 2025.

The increase in net sales was driven in part by our Cultivation and Gardening segment, which had net sales of $66.8 million for the six months ended June 30, 2026 compared to $63.8 million for the six months ended June 30, 2025. This increase in net sales was primarily due to improvements in durable product sales driven by increased demand for capital investments by our customers in the six months ended June 30, 2026. As a result, the ratio of consumables net sales as a percentage of Cultivation and Gardening net sales was 72.0% in the six months ended June 30, 2026, as compared to consumables net sales representing 77.8% of Cultivation and Gardening net sales in the six months ended June 30, 2025. This increase in net sales was partially offset by retail store closures, including four retail locations during six months ended June 30, 2026 and six retail locations closed in 2025 subsequent to June 30, 2025. Proprietary brand sales as a percentage of Cultivation and Gardening net sales for the six months ended June 30, 2026 increased to 38.4% as compared to 32.0% for the six months ended June 30, 2025, largely driven by our continued strategic initiatives to increase sales mix of our expanded portfolio of proprietary brands.

Net sales of commercial fixtures within our Storage Solutions segment increased to $14.8 million for the six months ended June 30, 2026 compared to $12.9 million for the six months ended June 30, 2025 as a result of increased demand for capital investments by our customers primarily in the retail industry.

Cost of Sales

Cost of sales for the six months ended June 30, 2026 was $59.5 million, an increase of $4.2 million or 7.6% compared to $55.4 million for the six months ended June 30, 2025. The increase in cost of sales largely corresponds to the 6.4% increase in net sales, with cost of sales increasing at a higher rate in part due to the increased sales mix of durable products previously discussed. The remaining increase in cost of sales relates to inventory disposal costs incurred in connection with the closure of four retail locations during six months ended June 30, 2026 compared to two retail location closures during the six months ended June 30, 2025.

Gross Profit

Gross profit was $22.1 million for the six months ended June 30, 2026 compared to $21.3 million for the six months ended June 30, 2025, an increase of $0.8 million or 3.6%. Gross profit related to the Cultivation and Gardening segment increased $0.1 million, or 0.7%, for the six months ended June 30, 2026 as compared to the six months ended June 30, 2025, primarily as a result of the increased sales volume and mix of proprietary brand products and durable products during, which were partially offset by inventory disposal costs and inventory sales discounts incurred in connection with retail location closures during the six months ended June 30, 2026. Gross profit from our Storage Solutions segment increased $0.7 million or 12.4% in the six months ended June 30, 2026 compared to the six months ended June 30, 2025, primarily as a result of increased sales volume.

Gross profit margin was 27.0% for the six months ended June 30, 2026, a decrease of 80 basis points from a gross profit margin of 27.8% for the six months ended June 30, 2025. The decrease in gross profit margin was largely driven by the Cultivation and Gardening segment, which had a gross profit margin of 24.2% for the six months ended June 30, 2026 as compared to 25.2% for the six months ended June 30, 2025. This decrease was primarily driven by the increased sales mix of durable products, which generally have lower margins than consumable products, as well as additional cost of sales and inventory sales discounts incurred in the six months ended June 30, 2026. These decreases were partially offset by the increased sales mix of proprietary brand products, which generally have higher margins than non-proprietary brand products. The Storage Solutions gross profit margin decreased to 39.7% in the six months ended June 30, 2026 from 40.6% in the six months ended June 30, 2025, primarily as a result of industry pricing compression for the Storage Solutions segment.

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 $29.7 million for the six months ended June 30, 2026 and $36.4 million in the six months ended June 30, 2025, a decrease of $6.8 million or 18.6%.

Store operating costs and other operational expenses, which consisted primarily of payroll, rent and utilities, and specifically identifiable operating costs related to our retail locations and distribution centers, were $12.5 million for the six months ended June 30, 2026 compared to $16.7 million for the six months ended June 30, 2025, a decrease of $4.1 million or 24.7%. The decrease in store operating costs was primarily due to the six retail locations closed in 2025 subsequent to June 30, 2025 as well as the closure of four retail locations during six months ended June 30, 2026.

Total corporate overhead, which is comprised of selling, general, and administrative expense, estimated credit losses, and depreciation and amortization expense, was $16.9 million for the six months ended June 30, 2026 compared to $19.8 million for the six months ended June 30, 2025. The decrease was largely driven by reduced depreciation and amortization costs, which decreased by $3.2 million or 50.3% for the six months ended June 30, 2026 as compared to the six months ended June 30, 2025, primarily as a result of asset retirements in conjunction with the restructuring plan and certain intangible assets reaching the end of their estimated useful lives. This was partially offset by a $0.1 million increase to selling, general, and administrative costs and a $0.1 million increase to estimated credit losses for the six months ended June 30, 2026 as compared to the six months ended June 30, 2025.

Impairment loss was $0.2 million in the six months ended June 30, 2026 and was related to a closed, wholly-owned retail location classified as held for sale. Refer to Note 5, Property and Equipment for additional information regarding our impairment loss.

Other Income

Other income was $0.7 million for the six months ended June 30, 2026 compared to $1.0 million for the six months ended June 30, 2025, a decrease of $0.3 million or 30.1%. 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):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net loss	$ (2,013)	$ (4,811)	$ (6,935)	$ (14,188)
Provision for income taxes	19	—	—	—
Interest income	(347)	(463)	(671)	(960)
Depreciation and amortization	1,504	2,687	3,115	6,272
EBITDA	$ (837)	$ (2,587)	$ (4,491)	$ (8,876)
Share-based compensation	270	315	525	818
Investment income	293	453	593	972
Acquisition transaction costs	—	50	—	50
Impairment loss	220	—	220	—
Restructuring plan	—	—	—	1,141
Consolidation and other charges [1]	309	467	1,824	563
Adjusted EBITDA	$ 255	$ (1,302)	$ (1,329)	$ (5,332)

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

LIQUIDITY AND CAPITAL RESOURCES

Overview

As of June 30, 2026, we had working capital of $74.0 million compared to working capital of $77.8 million as of December 31, 2025, a decrease of $3.8 million. The decrease in working capital from December 31, 2025 to June 30, 2026 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 June 30, 2026, we had cash, cash equivalents, and marketable securities of $41.0 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 Condensed Consolidated Financial Statements for additional information regarding leases.

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 has sufficient liquidity to fund operations and meet its obligations as they become due for at least the next twelve months from the date of this filing. To date we have primarily financed our operations through the issuance of common stock 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 six months ended June 30, 2026 and 2025.

Operating Activities

Net cash and cash equivalents used in operating activities for the six months ended June 30, 2026 was $4.1 million compared to $6.8 million for the six months ended June 30, 2025. The decrease in cash used in operating activities was primarily related to changes in our operating assets and liabilities including the timing of cash receipts related to our accounts and notes receivables and customer deposits offset by the difference in sell through of inventory for the six months ended June 30, 2026 as compared to the build-up of inventory in six months ended June 30, 2025.

Investing Activities

Net cash and cash equivalents used in investing activities for the six months ended June 30, 2026 was $1.8 million compared to net cash provided by investing activities of $2.7 million for the six months ended June 30, 2025. Investing activities for the six months ended June 30, 2026 were primarily attributable to investment of excess cash into marketable securities of $8.9 million and purchases of property and equipment of $0.3 million, offset by maturity of marketable securities of $7.4 million. Investing activities for the six months ended June 30, 2025 were primarily attributable to investment of excess cash into marketable securities of $19.0 million, $1.0 million of cash paid for the Viagrow acquisition and purchases of property and equipment of $0.3 million, offset by maturity of marketable securities of $23.0 million.

Financing Activities

Net cash and cash equivalents used in financing activities for the six months ended June 30, 2026 was $1.1 million and was primarily attributable to common stock repurchased under our share repurchase program. Net cash and cash equivalents used in financing activities for the six months ended June 30, 2025 was $0.1 million and was attributable to common stock withheld for employee payroll taxes.

Critical Accounting Policies, Judgments, and Estimates

For a summary of the Company's critical accounting policies, judgments, and estimates, please refer to Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2025.

Off Balance-Sheet Arrangements

We do not have any off-balance sheet arrangements (as that term is defined in Item 303 of Regulation S-K) that are reasonably likely to have a current or future material effect on our financial condition, revenue or expenses, results of operations, liquidity, capital expenditures, or capital resources.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For a summary of the Company's quantitative and qualitative disclosures about market risk, please refer to Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2025.

ITEM 4. 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 June 30, 2026, 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. 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 June 30, 2026 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.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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. 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 and the three and six months ended June 30, 2026, the Company has been engaged in two legal matters related to a California employment class action dispute and a vendor contract dispute. As of June 30, 2026, the Company has recorded cumulative loss contingencies of approximately $1.6 million related to these matters. No loss contingency accruals were recorded in the six months ended June 30, 2026 or June 30, 2025. The Company continues to evaluate these matters and, while an additional loss is reasonably possible, the Company is unable to estimate a range of potential additional loss, if any.

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.

ITEM 1A. RISK FACTORS

For a summary of the Company's risk factors, please refer to Item 1A of our Form 10-K for the year ended December 31, 2025.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On February 24, 2026, the Board authorized a share repurchase program, whereby the Company could repurchase up to $10.0 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 24, 2026 and continues for up to two years.

The following table contains information for shares of common stock repurchased pursuant to the program during the three months ended June 30, 2026.

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
April 1 - April 30, 2026	175,903	$ 1.34	175,903	$ 9,764,329
May 1 - May 31, 2026	288,821	1.36	288,821	9,372,276
June 1 - June 30, 2026	260,203	1.43	260,203	9,001,250
Total	724,927	$ 1.38	724,927	$ 9,001,250

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are included and filed with this report.

Exhibit	Exhibit Description
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)
10.1	GrowGeneration Corp. Third Amended and Restated 2018 Equity Incentive Plan
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial and Accounting Officer
32.1	Section 1350 Certification of Chief Executive Officer*
32.2	Section 1350 Certification of Principal Financial and Accounting Officer*
101	Interactive Data Files
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Definition

* Furnished and not filed.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized on August 11, 2026.

GrowGeneration Corp.

By: /s/ Darren Lampert
Darren Lampert, Chief Executive Officer
(Principal Executive Officer)

By: /s/ Gregory Sanders
Gregory Sanders, Chief Financial Officer
(Principal Accounting Officer and
Principal Financial Officer)

GROWGENERATION CORP.

THIRD AMENDED AND RESTATED 2018 EQUITY INCENTIVE PLAN

1. **Purposes of the Plan**. The purposes of this Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility,
- to provide incentives to individuals who perform services for the Company, and
- to promote the success of the Company's business.

The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units, Performance Shares and other stock or cash awards as the Administrator may determine.

2. **Definitions**. As used herein, the following definitions will apply:

(a) "Administrator" means the Board or any of its Committees as will be administering the Plan, in accordance with Section 4 hereof.

(b) "Affiliate" means any corporation or any other entity (including, but not limited to, partnerships and joint ventures) controlling, controlled by, or under common control with the Company.

(c) "Applicable Laws" means the requirements relating to the administration of equity-based awards under U.S. federal and state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

(d) "Award" means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units, Performance Shares and other stock or cash awards as the Administrator may determine.

(e) "Award Agreement" means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(f) "Board" means the Board of Directors of the Company.

(g) "Cause" shall be as defined in any employment or other agreement between the Participant and the Company (or an Affiliate) or, if there is no such agreement or definition therein, Cause shall be defined to include: (a) indictment for or conviction of (including plea of guilty or no-contest to) any felony or any crime involving dishonesty; (b) engagement in embezzlement, misappropriation, or fraud, (c) engagement in illegal conduct or gross misconduct in connection with Participant's employment that is materially injurious to the Company or an Affiliate, which includes sexual assault, sexual harassment, or similar misconduct; (d) refusal or intentional failure to comply with any lawful written directive of the Board reasonably within the scope of Participant's duties and responsibilities; (e) material breach of Participant's fiduciary duty or duty of loyalty to any Company or an Affiliate; or (f) material breach of an Award Agreement, any other contract with any Company or an Affiliate or any policy of any Company or an Affiliate that is not cured (if capable of cure) within ten (10) business days after written notice to Participant identifying the breach; provided no such opportunity to cure shall be required if a substantially similar breach occurred within the preceding twelve (12)-month period.

(h) "Change in Control" means the occurrence of any of the following events:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of stock in the Company that, together with the stock already held by such Person, constitutes more than 50% of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection (i), the acquisition of additional stock by any Person who is considered to own more than 50% of the total voting power of the stock of the Company before the acquisition will not be considered a Change in Control; or

(ii) A change in the effective control of the Company, which occurs on the date that a majority of the members of the Board are replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (ii), if any Person is considered to effectively control the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets, which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets or a Change in Control: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least 50% of the total equity or voting power of which is owned, directly or indirectly, by a Person described in subsection (iii)(B)(3) above. For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

Notwithstanding the foregoing, as to any Award under the Plan that consists of deferred compensation subject to Section 409A of the Code, the definition of "Change in Control" shall be deemed modified to the extent necessary to comply with Section 409A of the Code.

For purposes of this Section 2(g), persons will be considered to be acting as a group if they are owners of a corporation or other entity that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

(i) "Change in Control Period" means the period beginning (i) three (3) months prior to the date of a Change in Control and ending twelve (12) months after the date of a Change in Control.

(j) "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

(k) "Committee" means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board in accordance with Section 4 hereof.

(l) "Common Stock" means the common stock, $.001 par value per share, of the Company.

(m) "Company" means GrowGeneration, Corp., a Colorado corporation, or any successor thereto.

(n) "Consultant" means any person, including an advisor, engaged by the Company or a Parent, Subsidiary or Affiliate to render services to the Company or a Subsidiary.

(o) "Determination Date" means the latest possible date that will not jeopardize the qualification of an Award granted under the Plan as "performance-based compensation" under Section 162(m) of the Code.

(p) "Director" means a member of the Board.

(q) "Disability" means permanent and total disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

(r) "Employee" means any person, including Officers and Directors, employed by the Company or any Parent, Subsidiary or Affiliate of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

(s) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(t) "Exchange Program" means a program under which (i) outstanding Awards are surrendered or cancelled in exchange for Awards of the same type (which may have lower exercise prices and different terms), Awards of a different type, and/or cash, (ii) Participants would have the opportunity to transfer any outstanding Awards to a financial institution or other person or entity selected by the Administrator, and/or (iii) the exercise price of an outstanding Award is reduced. The Administrator will determine the terms and conditions of any Exchange Program in its sole discretion.

(u) "Fair Market Value" means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market of The Nasdaq Stock Market, its Fair Market Value will be the closing sales price for such stock (or if no closing sales price was reported on that date, as applicable, on the last trading date such closing sales price was reported) as quoted on such exchange or system on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share will be the mean between the high bid and low asked prices for the Common Stock on the day of determination (or, if no bids and asks were reported on that date, as applicable, on the last trading date such bids and asks were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock, or if such Common Stock is not regularly quoted or does not have sufficient trades or bid prices which would accurately reflect the actual Fair Market Value of the Common Stock, the Fair Market Value will be determined in good faith by the Administrator upon the advice of a qualified valuation expert.

(v) "Fiscal Year" means the fiscal year of the Company.

(w) "Incentive Stock Option" means an Option that by its terms qualifies and is otherwise intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(x) “Involuntary Termination” means (i) any termination of the Participant by the Company (or an Affiliate) without Cause or (ii) the re-assignment of the Participant to a job in a lower position that results in a reduction of job duties and/or responsibilities and a reduction in salary, as determined by the Administrator in its sole discretion.

(y) “Nonstatutory Stock Option” means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(z) “Officer” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(aa) “Option” means a stock option granted pursuant to Section 6 hereof.

(ab) “Parent” means a “parent corporation,” whether now or hereafter existing, as defined in Section 424(e) of the Code.

(ac) “Participant” means the holder of an outstanding Award.

(ad) “Performance Goals” will have the meaning set forth in Section 11 hereof.

(ae) “Performance Period” means any Fiscal Year of the Company or such other period as determined by the Administrator in its sole discretion.

(af) “Performance Share” means an Award denominated in Shares which may be earned in whole or in part upon attainment of Performance Goals or other vesting criteria as the Administrator may determine pursuant to Section 10 hereof.

(ag) “Performance Unit” means an Award which may be earned in whole or in part upon attainment of Performance Goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 10 hereof.

(ah) “Period of Restriction” means the period during which transfers of Shares of Restricted Stock are subject to restrictions and, therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator.

(ai) “Plan” means this Third Amended and Restated 2018 Equity Incentive Plan.

(aj) “Restricted Stock” means Shares issued pursuant to an Award of Restricted Stock under Section 8 hereof, or issued pursuant to the early exercise of an Option.

(ak) “Restricted Stock Unit” means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 9 hereof. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(al) “Rule 16b-3” means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(am) “Section 16(b)” means Section 16(b) of the Exchange Act.

(an) “Service Provider” means an Employee, Director, or Consultant.

(ao) “Share” means a share of the Common Stock, as adjusted in accordance with Section 15 hereof.

(ap) "Stock Appreciation Right" means an Award, granted alone or in connection with an Option, that pursuant to Section 7 is designated as a Stock Appreciation Right.

(aq) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan.

(a) Subject to the provisions of Section 15 hereof, the maximum aggregate number of Shares and options that may be awarded and sold under the Plan is 8,000,000 Shares. The Shares may be authorized, but unissued, or reacquired Common Stock.

(b) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an Exchange Program, or, with respect to Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units, is forfeited to or repurchased by the Company, the unpurchased Shares (or for Awards other than Options and Stock Appreciation Rights, the forfeited or repurchased Shares) which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). Upon exercise of a Stock Appreciation Right settled in Shares, the gross number of Shares covered by the portion of the Award so exercised will cease to be available under the Plan. Shares that have actually been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if unvested Shares of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units are repurchased by the Company or are forfeited to the Company, such Shares will become available for future grant under the Plan. Shares used to pay the tax and/or exercise price of an Award will become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing provisions of this Section 3(b), subject to adjustment provided in Section 14 hereof, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a) above, plus, to the extent allowable under Section 422 of the Code, any Shares that become available for issuance under the Plan under this Section 3(b).

(c) Share Reserve. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

(d) Limitation on Number of Shares Subject to Awards. Notwithstanding any provision in the Plan to the contrary, the maximum aggregate number of Shares with respect to one or more Awards that may be granted to any one person during any calendar year (measured from the date of any grant) shall be 1,000,000 and the maximum aggregate amount of cash that may be paid in cash during any calendar year (measured from the date of any payment) with respect to one or more Awards payable in cash shall be $600,000.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. Different Committees with respect to different groups of Service Providers may administer the Plan.

(ii) Section 162(m). To the extent that the Administrator determines it to be desirable to qualify Awards granted hereunder as "performance-based compensation" within the meaning of Section 162(m) of the Code, the Plan will be administered by a Committee of two (2) or more "outside directors" within the meaning of Section 162(m) of the Code.

(iii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder will be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) Other Administration. Other than as provided above, the Plan will be administered by (A) the Board or (B) a Committee, which committee will be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Awards may be granted hereunder;

(iii) to determine the number of Shares to be covered by each Award granted hereunder;

(iv) to approve forms of Award Agreements for use under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder;

(vi) to institute an Exchange Program and to determine the terms and conditions, not inconsistent with the terms of the Plan, for (1) the surrender or cancellation of outstanding Awards in exchange for Awards of the same type, Awards of a different type, and/or cash, (2) the transfer of outstanding Awards to a financial institution or other person or entity, or (3) the reduction of the exercise price of outstanding Awards;

(vii) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;

(viii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws;

(ix) to modify or amend each Award (subject to Section 20(c) hereof), including but not limited to the discretionary authority to extend the post-termination exercisability period of Awards;

(x) to allow Participants to satisfy withholding tax obligations in a manner described in Section 16 hereof;

(xi) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(xii) to allow a Participant to defer the receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant under an Award pursuant to such procedures as the Administrator may determine; and

(xiii) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations, and interpretations will be final and binding on all Participants and any other holders of Awards.

5. Eligibility. Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units, Performance Shares, and such other cash or stock awards as the

Administrator determines may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. Stock Options.

(a) Limitations.

(i) Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds $100,000 (U.S.), such Options will be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options will be taken into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted.

(ii) The Administrator will have complete discretion to determine the number of Shares subject to an Option granted to any Participant.

(b) Term of Option. The Administrator will determine the term of each Option in its sole discretion; provided, however, that the term will be no more than ten (10) years from the date of grant thereof. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than 10% of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(c) Option Exercise Price and Consideration.

(i) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option will be determined by the Administrator, but will be no less than 100% of the Fair Market Value per Share on the date of grant. In addition, in the case of an Incentive Stock Option granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than 10% of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be no less than 110% of the Fair Market Value per Share on the date of grant. Notwithstanding the foregoing provisions of this Section 6(c), Options may be granted with a per Share exercise price of less than 100% of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code.

(ii) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator will fix the period within which the Option may be exercised and will determine any conditions that must be satisfied before the Option may be exercised. Except as provided in Section 15 hereof, no Option may become exercisable in less than one hundred and eighty (180) days from its date of grant.

(iii) Form of Consideration. The Administrator will determine the acceptable form(s) of consideration for exercising an Option, including the method of payment, to the extent permitted by Applicable Laws. In the case of an Incentive Stock Option, the Administrator will determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of: (1) cash; (2) check; (3) promissory note, to the extent permitted by Applicable Laws, (4) other Shares, provided that such Shares have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option will be exercised and provided further that accepting such Shares will not result in any adverse accounting consequences to the Company, as the Administrator determines in its sole discretion; (5) consideration received by the Company under cashless exercise program (whether through a broker or otherwise) implemented by the Company in connection with the Plan; (6) through cashless exercise by reduction in the number of shares of Common Stock otherwise deliverable upon exercise of such Option with a Fair Market Value equal to the aggregate exercise price at the time of exercise; (7) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws; or (8) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator will consider if acceptance of such consideration may be reasonably expected to benefit the Company.

(d) Exercise of Option.

(i) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share.

An Option will be deemed exercised when the Company receives: (i) notice of exercise (in such form as the Administrator specifies from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with any applicable withholding taxes). Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 15 hereof.

(ii) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the Participant's termination as the result of the Participant's death or Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for three (3) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) Disability of Participant. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for six (6) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iv) Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of death (but in no event may the option be exercised later than the expiration of the term of such Option as set forth in the Award Agreement), by the Participant's designated beneficiary, provided such beneficiary has been designated prior to Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option will remain exercisable for six (6) months following Participant's death. Unless otherwise provided by the Administrator, if at the time of death Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will continue to vest in accordance with the Award Agreement. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

7. Stock Appreciation Rights.

(a) Grant of Stock Appreciation Rights. Subject to the terms and conditions of the Plan, a Stock Appreciation Right may be granted to Service Providers at any time and from time to time as will be determined by the Administrator, in its sole discretion.

(b) Number of Shares. The Administrator will have complete discretion to determine the number of Stock Appreciation Rights granted to any Participant.

(c) Exercise Price and Other Terms. The Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan; provided, however, that (i) the exercise price will be not less than 100% of the Fair Market Value of a Share on the date of grant, and (ii) except as provided in Section 15 hereof, no Stock Appreciation Right may become exercisable in less than one hundred and eighty (180) days from its date of grant.

(d) Stock Appreciation Rights Agreement. Each Stock Appreciation Right grant will be evidenced by an Award Agreement that will specify the exercise price, the term of the Stock Appreciation Right, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(e) Expiration of Stock Appreciation Rights. A Stock Appreciation Right granted under the Plan will expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Award Agreement; provided, however, that the term will be no more than ten (10) years from the date of grant thereof. Notwithstanding the foregoing, the rules of Section 6(d) above also will apply to Stock Appreciation Rights.

(f) Payment of Stock Appreciation Right Amount. Upon exercise of a Stock Appreciation Right, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

(ii) The number of Shares with respect to which the Stock Appreciation Right is exercised.

At the discretion of the Administrator, the payment upon Stock Appreciation Right exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

8. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

(b) Restricted Stock Agreement. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine. Unless the Administrator determines otherwise, the Company as escrow agent will hold Shares of Restricted Stock until the restrictions on such Shares have lapsed.

(c) Transferability. Except as provided in this Section 8, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction.

(d) Other Restrictions. The Administrator, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

(e) Removal of Restrictions. Except as otherwise provided in this Section 8, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of the Period of Restriction. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

(f) Voting Rights. During the Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(g) Dividends and Other Distributions. During the Period of Restriction, Service Providers holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares unless otherwise provided in the Award Agreement. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

(h) Return of Restricted Stock to Company. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company and again will become available for grant under the Plan.

(i) Section 162(m) Performance Restrictions. For purposes of qualifying grants of Restricted Stock as “performance-based compensation” under Section 162(m) of the Code, the Administrator, in its discretion, may set restrictions based upon the achievement of Performance Goals. The Performance Goals will be set by the Administrator on or before the Determination Date. In granting Restricted Stock which is intended to qualify under Section 162(m) of the Code, the Administrator will follow any procedures determined by it from time to time to be necessary or appropriate to ensure qualification of the Award under Section 162(m) of the Code (e.g., in determining the Performance Goals).

9. Restricted Stock Units.

(a) Grant. Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. Each Restricted Stock Unit grant will be evidenced by an Award Agreement that will specify such other terms and conditions as the Administrator, in its sole discretion, will determine, including all terms, conditions, and restrictions related to the grant, the number of Restricted Stock Units and the form of payout, which, subject to Section 9(d) hereof, may be left to the discretion of the Administrator.

(b) Vesting Criteria and Other Terms. The Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant; provided, however, that, except as provided in Section 15 hereof, no Restricted Stock Units may vest in less than one hundred and eighty (180) days from its date of grant. After the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any restrictions for such Restricted Stock Units. Each Award of Restricted Stock Units will be evidenced by an Award Agreement that will specify the vesting criteria, and such other terms and conditions as the Administrator, in its sole discretion will determine. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

(c) Earning Restricted Stock Units. Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as specified in the Award Agreement.

(d) Form and Timing of Payment. Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) set forth in the Award Agreement. The Administrator, in its sole discretion, may pay earned Restricted Stock Units in cash, Shares, or a combination thereof. Shares represented by Restricted Stock Units that are fully paid in cash again will be available for grant under the Plan.

(e) Cancellation. On the date set forth in the Award Agreement, all unearned Restricted Stock Units will be forfeited to the Company.

(f) Section 162(m) Performance Restrictions. For purposes of qualifying grants of Restricted Stock Units as "performance-based compensation" under Section 162(m) of the Code, the Administrator, in its discretion, may set restrictions based upon the achievement of Performance Goals. The Performance Goals will be set by the Administrator on or before the Determination Date. In granting Restricted Stock Units which are intended to qualify under Section 162(m) of the Code, the Administrator will follow any procedures determined by it from time to time to be necessary or appropriate to ensure qualification of the Award under Section 162(m) of the Code (e.g., in determining the Performance Goals).

10. Performance Units and Performance Shares.

(a) Grant of Performance Units/Shares. Performance Units and Performance Shares may be granted to Service Providers at any time and from time to time, as will be determined by the Administrator, in its sole discretion. The Administrator will have complete discretion in determining the number of Performance Units/Shares granted to each Participant.

(b) Value of Performance Units/Shares. Each Performance Unit will have an initial value that is established by the Administrator on or before the date of grant. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant.

(c) Performance Objectives and Other Terms. The Administrator will set performance objectives or other vesting provisions. The Administrator may set vesting criteria based upon the achievement of Company-wide, business unit, or individual goals (including, but not limited to, continued employment), or any other basis determined by the Administrator in its discretion. Each Award of Performance Units/Shares will be evidenced by an Award Agreement that will specify the Performance Period, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(d) Earning of Performance Units/Shares. After the applicable Performance Period has ended, the holder of Performance Units/Shares will be entitled to receive a payout of the number of Performance Units/Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved. After the grant of a Performance Unit/Share, the Administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such Performance Unit/Share.

(e) Form and Timing of Payment of Performance Units/Shares. Payment of earned Performance Units/Shares will be made as soon as practicable after the expiration of the applicable

Performance Period. The Administrator, in its sole discretion, may pay earned Performance Units/Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period) or in a combination thereof.

(f) Cancellation of Performance Units/Shares. On the date set forth in the Award Agreement, all unearned or unvested Performance Units/Shares will be forfeited to the Company, and again will be available for grant under the Plan.

(g) Section 162(m) Performance Restrictions. For purposes of qualifying grants of Performance Units/Shares as "performance-based compensation" under Section 162(m) of the Code, the Administrator, in its discretion, may set restrictions based upon the achievement of Performance Goals. The Performance Goals will be set by the Administrator on or before the Determination Date. In granting Performance Units/Shares which are intended to qualify under Section 162(m) of the Code, the Administrator will follow any procedures determined by it from time to time to be necessary or appropriate to ensure qualification of the Award under Section 162(m) of the Code (e.g., in determining the Performance Goals).

11. Performance-Based Compensation Under Code Section 162(m).

(a) General. If the Administrator, in its discretion, decides to grant an Award intended to qualify as "performance-based compensation" under Code Section 162(m), the provisions of this Section 11 will control over any contrary provision in the Plan; provided, however, that the Administrator may in its discretion grant Awards that are not intended to qualify as "performance-based compensation" under Section 162(m) of the Code to such Participants that are based on Performance Goals or other specific criteria or goals but that do not satisfy the requirements of this Section 11.

(b) Performance Goals. The granting and/or vesting of Awards of Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units and other incentives under the Plan may be made subject to the attainment of performance goals relating to one or more business criteria within the meaning of Code Section 162(m) and may provide for a targeted level or levels of achievement ("Performance Goals") including (i) earnings per Share, (ii) operating cash flow, (iii) operating income, (iv) profit after-tax, (v) profit before-tax, (vi) return on assets, (vii) return on equity, (viii) return on sales, (ix) revenue, and (x) total shareholder return. Any Performance Goals may be used to measure the performance of the Company as a whole or a business unit of the Company and may be measured relative to a peer group or index. The Performance Goals may differ from Participant to Participant and from Award to Award. Prior to the Determination Date, the Administrator will determine whether any significant element(s) will be included in or excluded from the calculation of any Performance Goal with respect to any Participant.

(c) Procedures. To the extent necessary to comply with the performance-based compensation provisions of Code Section 162(m), with respect to any Award granted subject to Performance Goals, within the first twenty-five percent (25%) of the Performance Period, but in no event more than ninety (90) days following the commencement of any Performance Period (or such other time as may be required or permitted by Code Section 162(m)), the Administrator will, in writing, (i) designate one or more Participants to whom an Award will be made, (ii) select the Performance Goals applicable to the Performance Period, (iii) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period, and (iv) specify the relationship between Performance Goals and the amounts of such Awards, as applicable, to be earned by each Participant for such Performance Period. Following the completion of each Performance Period, the Administrator will certify in writing whether the applicable Performance Goals have been achieved for such Performance Period. In determining the amounts earned by a Participant, the Administrator will have the right to reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Administrator may deem relevant to the assessment of individual or corporate performance for the Performance Period. A Participant will be eligible to receive payment pursuant to an Award for a Performance Period only if the Performance Goals for such period are achieved.

(d) Additional Limitations. Notwithstanding any other provision of the Plan, any Award which is granted to a Participant and is intended to constitute qualified performance based compensation under Code Section 162(m) will be subject to any additional limitations set forth in the Code (including any amendment to Section 162(m)) or any regulations and ruling issued thereunder that are requirements for qualification as qualified performance-based compensation as described in Section 162(m) of the Code, and the Plan will be deemed amended to the extent necessary to conform to such requirements.

12. Compliance with Code Section 409A. Awards will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Code Section 409A, except as otherwise determined in the sole discretion of the Administrator. The Plan and each Award Agreement under the Plan is intended to meet the requirements of Code Section 409A and will be construed and interpreted in accordance with such intent, except as otherwise determined in the sole discretion of the Administrator. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Code Section 409A the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Code Section 409A, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Code Section 409A.

13. Leaves of Absence. Unless the Administrator provides otherwise, vesting of Awards granted hereunder will be suspended during any unpaid leave of absence. A Service Provider will not cease to be an Employee in the case of (i) any leave of absence approved by the Company, or (ii) transfers between locations of the Company or between the Company, its Parent, or any Subsidiary. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months and one day following the commencement of such leave any Incentive Stock Option held by the Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

14. Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award may only be transferred (i) by will, (ii) by the laws of descent and distribution, (iii) to a revocable trust, or (iii) as permitted by Rule 701 of the Securities Act of 1933, as amended.

15. Adjustments; Dissolution or Liquidation; Merger or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding Award, and the numerical Share limits set forth in Sections 3, 6, 7, 8, 9 and 10 hereof.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Change in Control. In the event of a merger of the Company with or into another corporation or other entity or a Change in Control, each outstanding Award will be treated as the Administrator determines (subject to the provisions of the proceeding paragraph) without a Participant's consent, including, without limitation, that (i) Awards will be assumed, or substantially equivalent Awards will be substituted, by the acquiring or succeeding corporation (the "Successor Corporation") (or an affiliate thereof) with appropriate adjustments as to the number and kind of shares and prices; (ii) upon written notice to a Participant, that the Participant's Awards will terminate upon or immediately prior to the consummation of such merger or Change in Control; (iii) outstanding Awards will vest and become exercisable, realizable, or payable, or restrictions applicable to an Award will lapse, in whole or in part prior to or upon consummation of such merger or Change in Control, and, to the extent the Administrator determines, terminate upon or immediately prior to the effectiveness of such merger or Change in Control; (iv) (A) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment), or (B) the replacement of such Award with other rights or property selected by the Administrator in its sole discretion; or (v) any combination of the foregoing. In taking any of the actions permitted under this subsection (c), the Administrator will not be obligated to treat all Awards, all Awards held by a Participant, or all Awards of the same type, similarly.

In the event that the Participant's services are terminated as a result of an Involuntary Termination during the Change in Control Period, the Participant will fully vest in and have the right to exercise all of his or her outstanding Options and Stock Appreciation Rights, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock will lapse, and, with respect to Restricted Stock Units, Performance Shares and Performance Units, all Performance Goals or other vesting criteria will be deemed achieved at target levels and all other terms and conditions met.

In the event that the Successor Corporation does not assume or substitute for the Award, the Participant will fully vest in and have the right to exercise all of his or her outstanding Options and Stock Appreciation Rights, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock will lapse, and, with respect to Restricted Stock Units, Performance Shares and Performance Units, all Performance Goals or other vesting criteria will be deemed achieved at target levels and all other terms and conditions met. In addition, if an Option or Stock Appreciation Right is not assumed or substituted for in the event of a Change in Control, the Administrator will notify the Participant in writing or electronically that the Option or Stock Appreciation Right will be fully vested and exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or Stock Appreciation Right will terminate upon the expiration of such period.

For the purposes of this subsection (c), an Award will be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) or, in the case of a Stock Appreciation Right upon the exercise of which the Administrator determines to pay cash or a Performance Share or Performance Unit which the Administrator can determine to pay in cash, the fair market value of the consideration received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the Change in Control is not solely common stock of the Successor Corporation, the Administrator may, with the consent of the Successor Corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Performance Share or Performance Unit, for each Share subject to such Award (or in the case of Performance Units, the number of implied shares determined by dividing the value of the Performance Units by the per share consideration received by holders of Common Stock in the Change in Control), to be solely common stock of the Successor Corporation equal in fair market value to the per share consideration received by holders of Common Stock in the Change in Control.

(d) Notwithstanding anything in this Section 15(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more Performance Goals will not be considered assumed if the Company or its successor modifies any of such Performance Goals without the Participant's consent; provided, however, a modification to such Performance Goals only to reflect the Successor Corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption. In the case of an Award providing for the payment of deferred compensation subject to Section 409A of the Code, any payment of such deferred compensation by reason of a Change in Control shall be made only if the Change in Control is one described in subsection (a)(2)(A)(v) of Section 409A and the guidance thereunder and shall be paid consistent with the requirements of Section 409A. If any deferred compensation that would otherwise be payable by reason of a Change in Control cannot be paid by reason of the immediately preceding sentence, it shall be paid as soon as practicable thereafter consistent with the requirements of Section 409A, as determined by the Administrator.

(e) Repricing and Backdating Prohibited. Notwithstanding anything in the Plan to the contrary, and except for the adjustments provided for under Section 15(a), neither the Committee nor any other person may: (i) amend the terms of outstanding Options or Stock Appreciation Rights to reduce the exercise or base price of such outstanding Options or Stock Appreciation Rights; (ii) cancel outstanding Options or Stock Appreciation Rights in exchange for Options or Stock Appreciation Rights with an exercise or base price that is less than the exercise or base price of the original Options or Stock Appreciation Rights; or (iii) cancel outstanding Options or Stock Appreciation Rights with an exercise or base price above the current Fair Market Value of a Share in exchange for cash or other securities, in each case, without prior approval of the Company's stockholders. In addition, the Committee may not make a grant of an Option or Stock Appreciation Right with a grant date that is effective prior to the date the Committee takes action to approve such Award.

16. Tax Withholding.

(a) Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes (including the Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof).

(b) Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable cash or Shares having a Fair Market Value equal to the minimum amount required to be withheld, (iii) delivering to the Company already-owned Shares having a Fair Market Value equal to the amount required to be withheld, or (iv) selling a sufficient number of Shares otherwise deliverable to the Participant through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. The amount of the withholding requirement will be deemed to include any amount which the Administrator agrees may be withheld at the time the election is made, not to exceed the amount determined by using the maximum federal, state or local marginal income tax rates applicable to the Participant with respect to the Award on the date that the amount of tax to be withheld is to be determined. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

17. No Effect on Employment or Service. Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor will they interfere in any way with the Participant's right or the Company's right to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

18. Date of Grant. The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination will be provided to each Participant within a reasonable time after the date of such grant.

19. Term of Plan. Subject to Section 23 hereof, the Plan will become effective upon its adoption by the Board. It will continue in effect for a term of ten (10) years unless terminated earlier under Section 20 hereof.

20. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Administrator may at any time amend, alter, suspend or terminate the Plan.

(b) Stockholder Approval. The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension, or termination of the Plan will impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

21. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares will not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

(c) Restrictive Legends. All Award Agreements and all securities of the Company issued pursuant thereto shall bear such legends regarding restrictions on transfer and such other legends as the appropriate officer of the Corporation shall determine to be necessary or advisable to comply with applicable securities and other laws.

22. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority will not have been obtained.

23. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws. In the event that stockholder approval is not obtained within twelve (12) months after the date the Plan is adopted by the Board, the Plan and all Awards granted hereunder shall be void ab initio and of no effect. Notwithstanding any other provisions of the Plan, no Awards shall be exercisable until the date of such stockholder approval.

23. Notification of Election Under Section 83(b) of the Code. If any Service Provider shall, in connection with the acquisition of Shares under the Plan, make the election permitted under Section 83(b) of the Code, such Service Provider shall notify the Company of such election within ten (10) days of filing notice of the election with the Internal Revenue Service and provide the Company with a copy thereof, in addition to any filing and a notification required pursuant to regulations issued under the authority of Section 83(b) of the Code. A Service Provider shall not be permitted to make a Section 83(b) election with respect to an Award of a Restricted Stock Unit.

24. Notification Upon Disqualifying Disposition Under Section 421(b) of the Code. Each Service Provider shall notify the Company of any disposition of Shares issued pursuant to the exercise of an Incentive Stock Option under the circumstances described in Section 421(b) of the Code (relating to certain disqualifying dispositions), within ten (10) days of such disposition.

25. Choice of Law. The Plan and all rules and determinations made and taken pursuant hereto will be governed by the laws of the State of Colorado, to the extent not preempted by federal law, and construed accordingly.

** Adopted by the Board as of April 23, 2026 **

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Darren Lampert, certify that:

1. I have reviewed this Form 10-Q for the fiscal quarter ended June 30, 2026 of GrowGeneration Corp.;

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

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

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

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

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

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

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

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

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

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

August 11, 2026

By: /s/ Darren Lampert
Darren Lampert, Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gregory Sanders, certify that:

1. I have reviewed this Form 10-Q for the fiscal quarter ended June 30, 2026 of GrowGeneration Corp.;

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

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

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

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

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

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

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

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

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

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

August 11, 2026

By: /s/ Gregory Sanders
Gregory Sanders, Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the accompanying Quarterly Report on Form 10-Q of GrowGeneration Corp. (the "Company") for the fiscal quarter ended June 30, 2026, I, Darren Lampert, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

1. Such Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2026, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such Quarterly Report on Form 10-Q for the fiscal quarter June 30, 2026, fairly presents, in all material respects, the financial condition and results of operations of GrowGeneration Corp.

August 11, 2026

By: /s/ Darren Lampert
Darren Lampert, Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the accompanying Quarterly Report on Form 10-Q of GrowGeneration Corp. (the "Company") for the fiscal quarter ended June 30, 2026, I, Gregory Sanders, Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

1. Such Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2026, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in such Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2026, fairly presents, in all material respects, the financial condition and results of operations of GrowGeneration Corp.

August 11, 2026

By: /s/ Gregory Sanders
Gregory Sanders, Chief Financial Officer
(Principal Financial Officer)