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: **September 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 November 4, 2026, there were 58,618,995 shares of the registrant's common stock outstanding.

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PART I – FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)
GROWGENERATION CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands, except share and per share amounts)

	September 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 26,012	$ 30,406
Marketable securities	15,748	15,658
Accounts receivable, net of allowance for credit losses of $2,297 and $2,109, respectively	18,132	10,668
Notes receivable, current, net of allowance for credit losses of $194 and $214, respectively	1,958	507
Inventory	33,600	38,776
Prepaid and other current assets	9,260	7,732
Total current assets	104,710	103,747
Property and equipment, net	6,104	9,795
Operating lease right-of-use assets, net	25,701	27,050
Intangible assets, net	1,605	3,326
Goodwill	2,080	2,080
Other assets	1,012	1,042
TOTAL ASSETS	$ 141,212	$ 147,040
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 10,932	$ 8,775
Accrued liabilities	6,110	3,269
Payroll and payroll tax liabilities	2,534	2,589
Customer deposits	2,093	4,015
Sales tax payable	1,272	872
Current maturities of operating lease liabilities	5,932	6,455
Total current liabilities	28,873	25,975
Operating lease liabilities, net of current maturities	22,095	23,022
Other long-term liabilities	515	544
Total liabilities	51,483	49,541
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock; $0.001 par value; 100,000,000 shares authorized, 58,954,773 and 60,090,905 shares issued, 58,953,943 and 60,090,905 shares outstanding, respectively	59	60
Treasury stock, at cost; 830 and zero shares, respectively	(1)	—
Additional paid-in capital	378,076	377,128
Accumulated deficit	(288,405)	(279,689)
Total stockholders' equity	89,729	97,499
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 141,212	$ 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 September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net sales	$ 44,783	$ 47,254	$ 126,389	$ 123,920
Cost of sales (exclusive of depreciation and amortization shown below)	30,257	34,398	89,803	89,763
Gross profit	14,526	12,856	36,586	34,157
Operating expenses:				
Store operations and other operational expenses	6,384	7,245	18,928	23,904
Selling, general, and administrative	6,824	5,706	20,208	18,969
Estimated credit losses	114	98	517	353
Depreciation and amortization	1,186	2,649	4,301	8,921
Impairment loss	70	—	290	—
Total operating expenses	14,578	15,698	44,244	52,147
Loss from operations	(52)	(2,842)	(7,658)	(17,990)
Other income:				
Interest income	289	407	960	1,367
Total other income	289	407	960	1,367
Net income (loss) before income taxes	237	(2,435)	(6,698)	(16,623)
Provision for income taxes	—	(2)	—	(2)
Net income (loss)	$ 237	$ (2,437)	$ (6,698)	$ (16,625)
Net income (loss) per share, basic	$ 0.00	$ (0.04)	$ (0.11)	$ (0.28)
Net income (loss) per share, diluted	$ 0.00	$ (0.04)	$ (0.11)	$ (0.28)
Weighted average shares outstanding, basic	59,042,424	59,783,202	59,642,434	59,593,357
Weighted average shares outstanding, diluted	59,255,456	59,783,202	59,642,434	59,593,357

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 issued for share-based compensation	80,000	—	—	—	—	—	—
Share-based compensation	—	—	—	—	474	—	474
Repurchase of common stock	—	—	(684,356)	(1,010)	—	—	(1,010)
Cancellation of common stock	(1,408,453)	(1)	1,408,453	2,019	—	(2,018)	—
Net income	—	—	—	—	—	237	237
Balance as of September 30, 2026	58,954,773	$ 59	(830)	$ (1)	$ 378,076	$ (288,405)	$ 89,729

	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
Common stock issued for share-based compensation	71,727	—	—	—	—	—	—
Common stock withheld for employee payroll taxes	—	—	—	—	(1)	—	(1)
Share-based compensation	—	—	—	—	421	—	421
Net loss	—	—	—	—	—	(2,437)	(2,437)
Balance as of September 30, 2025	59,843,443	$ 60	—	$ —	$ 376,912	$ (272,268)	$ 104,704

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)

	Nine Months Ended September 30,	
	2026	2025
Cash flows from operating activities:		
Net loss	$ (6,698)	$ (16,625)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:		
Depreciation and amortization	4,301	8,921
Share-based compensation	999	1,239
Estimated credit losses	517	353
(Gain) loss on asset disposition	(5)	757
Change in value of marketable securities	(451)	(647)
Impairment loss on held for sale property and equipment	290	—
Changes in operating assets and liabilities (net of the effect of acquisition):		
Accounts and notes receivable	(9,432)	(5,748)
Inventory	5,176	387
Prepaid expenses and other assets	(1,498)	(1,392)
Accounts payable and accrued liabilities	4,956	4,453
Operating leases	(101)	(123)
Payroll and payroll tax liabilities	(55)	(354)
Customer deposits	(1,922)	1,783
Sales tax payable	400	(253)
Other	(29)	—
Net cash and cash equivalents used in operating activities	(3,552)	(7,249)
Cash flows from investing activities:		
Acquisition, net of cash acquired	—	(1,013)
Purchase of marketable securities	(13,938)	(25,032)
Maturities of marketable securities	14,299	33,708
Purchase of property and equipment	(471)	(433)
Proceeds from disposals of assets	1,339	15
Net cash and cash equivalents provided by investing activities	1,229	7,245
Cash flows from financing activities:		
Common stock withheld for employee payroll taxes	(51)	(112)
Repurchase of common stock	(2,020)	—
Net cash and cash equivalents used in financing activities	(2,071)	(112)
Net decrease in cash and cash equivalents	(4,394)	(116)
Cash and cash equivalents at the beginning of period	30,406	27,471
Cash and cash equivalents at the end of period	$ 26,012	$ 27,355
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	$ 4,001	$ 1,049
Cancellation of common stock	$ 2,019	$ —
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 September 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 income (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 Standards 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 using 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 and expects additional disclosures will likely be required in the Company's consolidated financial statements.

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 disclosure 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 an allowance 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 $0.5 million for the three and nine months ended September 30, 2026, respectively, and $0.2 million and $0.6 million for the three and nine months ended September 30, 2025, respectively. Changes in fair value of marketable securities are included in Interest income on the Condensed Consolidated Statements of Operations.

	Level	September 30, 2026	December 31, 2025
Cash equivalents	1	$ 13,172	$ 20,431
Marketable securities			
U.S. Treasury and agency securities	2	$ —	$ 3,014
Corporate bonds	2	15,748	12,644
Total marketable securities		$ 15,748	$ 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 15, Segments, for disaggregated revenue disclosures.

Accounts Receivable and Contract Liabilities

Depending on the timing of when title to a 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 September 30, 2026	18,132	2,093
Increase (decrease)	$ 7,464	$ (1,922)
Balance as of January 1, 2025	$ 7,361	$ 2,404
Balance as of September 30, 2025	12,980	4,203
Increase	$ 5,619	$ 1,799

Of the total amount of customer deposits as of January 1, 2026, $0.1 million and $3.2 million were reported as net sales during the three and nine months ended September 30, 2026, respectively. Of the total amount of customer deposits as of January 1, 2025, $0.1 million and $1.7 million were reported as net sales during the three and nine months ended September 30, 2025, respectively.

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

	September 30, 2026	December 31, 2025
Notes receivable	$ 2,152	$ 721
Allowance for credit losses	(194)	(214)
Notes receivable, net	$ 1,958	$ 507

5. PROPERTY AND EQUIPMENT

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

	September 30, 2026	December 31, 2025
Vehicles	$ 2,425	$ 2,504
Building and land	357	1,991
Leasehold improvements	10,005	10,312
Furniture, fixtures and equipment	10,940	11,704
Capitalized software	9,362	9,155
Construction-in-progress	34	58
Total property and equipment, gross	33,123	35,724
Accumulated depreciation and amortization	(27,019)	(25,929)
Property and equipment, net	$ 6,104	$ 9,795

Depreciation and amortization expense related to property and equipment was $0.8 million and $2.6 million for the three and nine months ended September 30, 2026, respectively, and $1.1 million and $4.3 million for the three and nine months ended September 30, 2025, respectively. In conjunction with the Company's restructuring activities as discussed in Note 16, 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 nine months ended September 30, 2025. Depreciation and amortization expense related to these capitalized software assets was $0.8 million for the nine months ended September 30, 2025. Refer to Note 16, Restructuring, for additional information on the restructuring activities.

During the quarter ended September 30, 2026, the Company completed the sale of building and land associated with a closed retail location that had been previously classified as held for sale. As of September 30, 2026, building and land consisted of one closed retail location wholly owned by the Company that had met the criteria for classification as a held-for-sale asset, with a carrying value of $0.3 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, resulting in impairment losses of $0.1 million and $0.3 million recognized in the three and nine months ended September 30, 2026, respectively, and $0.1 million recognized in the year ended December 31, 2025. As of September 30, 2026, the Company continued to actively market the asset and expects the sale to be completed 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 September 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 September 30, 2026 and December 31, 2025.

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

	Cultivation and Gardening	Storage Solutions	Total
Balance as of December 31, 2025	$ 2,130	$ 1,196	$ 3,326
Amortization	(1,195)	(526)	(1,721)
Balance as of September 30, 2026	$ 935	$ 670	$ 1,605

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

	September 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	$ (27,670)	$ 120	$ 27,790	$ (26,764)	$ 1,026
Customer relationships	13,339	(11,854)	1,485	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	$ (41,589)	$ 1,605	$ 43,194	$ (39,868)	$ 3,326

Amortization expense was $0.4 million and $1.7 million for the three and nine months ended September 30, 2026, respectively, and $1.5 million and $4.6 million for the three and nine months ended September 30, 2025, respectively.

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

2026 (remainder of the year)	$ 346
2027	817
2028	135
2029	77
2030	52
Thereafter	178
Total	$ 1,605

7. INCOME TAXES

For each of the nine months ended September 30, 2026 and 2025, the effective tax rate was 0.0%. The effective tax rate for each of the nine months ended September 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 September 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:

	September 30, 2026	December 31, 2025
Operating lease right-of-use assets, net	$ 25,701	$ 27,050
Current maturities of operating lease liabilities	$ 5,932	$ 6,455
Operating lease liabilities, net of current maturities	22,095	23,022
Total lease liabilities	$ 28,027	$ 29,477

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

	September 30,	
	2026	2025
Weighted average remaining lease term	4.6 years	5.1 years
Weighted average discount rate	6.3 %	6.2 %

The components of lease costs were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Operating lease costs	$ 2,275	$ 2,262	$ 6,231	$ 6,859
Variable lease costs	432	407	1,528	1,571
Short-term lease costs	59	95	142	281
Sublease income	(652)	(413)	(1,962)	(1,194)
Total operating lease costs	$ 2,114	$ 2,351	$ 5,939	$ 7,517

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

	Lease Payments	Sublease Receipts
2026 (remainder of the year)	$ 1,982	$ (547)
2027	7,589	(2,332)
2028	6,754	(2,533)
2029	6,058	(2,619)
2030	5,672	(2,309)
Thereafter	4,495	(1,383)
Total lease payments (receipts)	$ 32,550	$ (11,723)
Less: imputed interest	(4,523)	
Operating lease liability as of September 30, 2026	$ 28,027	

Supplemental and other information related to leases was as follows:

	Nine Months Ended September 30,	
	2026	2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 6,225	$ 7,036

9. EARNINGS PER SHARE

The following table sets forth the composition of the weighted average shares (denominator) used in the basic and diluted net income (loss) per share computation for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income (loss)	$ 237	$ (2,437)	$ (6,698)	$ (16,625)
Weighted average shares outstanding, basic	59,042,424	59,783,202	59,642,434	59,593,357
Effect of dilutive outstanding restricted stock units and stock options	213,032	—	—	—
Weighted average shares outstanding, diluted	59,255,456	59,783,202	59,642,434	59,593,357
Basic net income (loss) per share	$ 0.00	$ (0.04)	$ (0.11)	$ (0.28)
Diluted net income (loss) per share	$ 0.00	$ (0.04)	$ (0.11)	$ (0.28)

Diluted net income (loss) per share calculations for the three and nine months ended September 30, 2026 excluded 0.1 million and 1.1 million non-vested restricted stock units that would have been anti-dilutive, respectively. Diluted loss per share calculations for the three and nine months ended September 30, 2025 excluded 1.3 million and 1.4 million non-vested restricted stock units that would have been anti-dilutive, respectively. In addition, diluted loss per share calculations for the nine months ended September 30, 2025 excluded 8 thousand shares of common stock issuable upon exercise of stock options that would have been anti-dilutive.

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. As approved by the Board and shareholders on April 16, 2026 and June 18, 2026, respectively, 8,000,000 shares of common stock have been authorized to be issued under the 2018 Plan.

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 $0.5 million and $1.0 million in the three and nine months ended September 30, 2026, respectively, and $0.4 million and $1.2 million in the three and nine months ended September 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 nine months ended September 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	466,500	$ 1.51
Vested	(305,875)	$ 2.00
Forfeited	(124,125)	$ 1.93
Nonvested as of September 30, 2026	1,082,084	$ 1.80

During the nine months ended September 30, 2025,448 thousand restricted stock units were granted at a weighted-average grant date fair value of $1.34. As of September 30, 2026, the Company had approximately $1.3 million of unrecognized share-based compensation related to restricted stock units, which is expected to be recognized over a weighted average period of approximately 1.9 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 nine months ended September 30, 2026, respectively, the Company repurchased 0.7 million and 1.4 million shares of common stock at an average price of $1.46 and $1.42 per share, exclusive of incremental direct costs. As of September 30, 2026, approximately $8.0 million remained available under the share repurchase program.

The Company retired 1.4 million shares of treasury stock under the share repurchase program in both the three and nine months ended September 30, 2026. The shares were returned to the status of authorized but unissued shares.

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 final purchase price allocation of acquired net assets.

	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

IEEPA Tariff Refunds

Beginning in February 2025, the U.S. administration imposed tariffs on a broad range of imported goods under the International Emergency Economic Powers Act ("IEEPA"). On February 20, 2026, the U.S. Supreme Court ruled tariffs imposed under the IEEPA were not authorized, and on March 4, 2026, the U.S. Court of International Trade directed U.S. Customs and Border Protection ("CBP") to refund amounts previously collected. During April 2026, the CBP established a phased administrative process for submitting refund claims for certain IEEPA tariffs.

The Company has elected to apply a gain contingency model in accordance with ASC 450-30,*Gain Contingencies*, to account for the recoveries of previously paid IEEPA tariffs. Under this model, a gain contingency is not recognized in the financial statements until the gain is realized or realizable. The accounting classification for any IEEPA tariff refund, when recognized, reflects the original treatment of the underlying tariff costs.

During the three and nine months ended September 30, 2026, the Company received cash of $2.6 million from the CBP for IEEPA tariff refund recoveries. The recoveries were recognized as a reduction of cost of sales in the Condensed Consolidated Statements of Operations.

As of September 30, 2026, the Company did not record a receivable related to any potential future IEEPA tariff refunds as the amount and timing of any future recoveries remains uncertain. The Company continues to monitor these developments and their potential impact on its results of operations.

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 nine months ended September 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 September 30, 2026, the Company has recorded cumulative loss contingencies of approximately $1.7 million related to these matters, including $0.1 million during the three and nine months ended September 30, 2026.No loss contingency accruals were recorded in the nine months ended September 30, 2025 related to these matters. 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 September 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. RELATED PARTIES

The Company has engaged with a firm that employs an immediate family member of an officer of the Company as a partner. The firm provides certain legal services. Amounts paid to that firm in total were $0.1 million for both the three and nine months ended September 30, 2026 and were $0.1 million and $0.2 million for the three and nine months ended September 30, 2025. As of September 30, 2026 and December 31, 2025, there was an immaterial amount outstanding due to the firm.

15. SEGMENTS

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

In addition to sales by operating segment, which represent the Company's principal lines of business, the chief operating decision maker ("CODM") evaluates the Company's operations by regularly reviewing sales by major product line, including proprietary brands, non-proprietary brands, and commercial fixtures, and by product type, including consumable and durable products. The profit measure that is evaluated for each reportable segment is based on 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 September 30,		Nine Months Ended September 30,	
Net sales	**2026**	**2025**	**2026**	**2025**
Cultivation and Gardening				
Proprietary brand sales	$ 14,445	$ 12,112	$ 40,087	$ 32,498
Non-proprietary brand sales	21,158	26,262	62,313	69,648
Total Cultivation and Gardening	35,603	38,374	102,400	102,146
Storage Solutions				
Commercial fixture sales	9,180	8,880	23,989	21,774
Total Storage Solutions	9,180	8,880	23,989	21,774
Total	$ 44,783	$ 47,254	$ 126,389	$ 123,920

	Three Months Ended September 30,		Nine Months Ended September 30,	
Net sales	**2026**	**2025**	**2026**	**2025**
Cultivation and Gardening [1]				
Consumables	$ 24,437	$ 26,170	$ 72,555	$ 75,787
Durables	11,166	12,204	29,845	26,359
Total Cultivation and Gardening	35,603	38,374	102,400	$ 102,146
Storage Solutions				
Durables	9,180	8,880	23,989	$ 21,774
Total Storage Solutions	9,180	8,880	23,989	$ 21,774
Total	$ 44,783	$ 47,254	$ 126,389	$ 123,920

[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 nine months ended:

	Three Months Ended September 30, 2026		
	Cultivation & Gardening	Storage Solutions	Total
Net sales	$ 35,603	$ 9,180	$ 44,783
Cost of sales	24,947	5,310	30,257
Gross profit	10,656	3,870	14,526
Operating expenses			
Store operations and other operational expenses:			
Employee costs	1,856	781	2,637
Facilities	2,043	349	2,392
External service providers	125	28	153
Other segment items [1]	988	214	1,202
Total store operations and other operational expenses	5,012	1,372	6,384
Segment income from operations	5,644	2,498	8,142
Other corporate operating expenses			
Selling, general, and administrative			6,824
Estimated credit losses			114
Depreciation and amortization			1,186
Impairment loss			70
Total other corporate expenses			8,194
Loss from operations			(52)
Other income			289
Net income before taxes			$ 237

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

	Nine Months Ended September 30, 2026		
	Cultivation & Gardening	Storage Solutions	Total
Net sales	$ 102,400	$ 23,989	$ 126,389
Cost of sales	75,566	14,237	89,803
Gross profit	26,834	9,752	36,586
Operating expenses			
Store operations and other operational expenses:			
Employee costs	5,711	2,276	7,987
Facilities	5,805	1,089	6,894
External service providers	294	67	361
Other segment items [1]	3,089	597	3,686
Total store operations and other operational expenses	14,899	4,029	18,928
Segment income from operations	11,935	5,723	17,658
Other corporate operating expenses			
Selling, general, and administrative			20,208
Estimated credit losses			517
Depreciation and amortization			4,301
Impairment loss			290
Total other corporate expenses			25,316
Loss from operations			(7,658)
Other income			960
Net loss before taxes			$ (6,698)

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

	Three Months Ended September 30, 2025		
	Cultivation & Gardening	Storage Solutions	Total
Net sales	$ 38,374	$ 8,880	$ 47,254
Cost of sales	29,373	5,025	34,398
Gross profit	9,001	3,855	12,856
Operating expenses			
Store operations and other operational expenses:			
Employee costs	2,292	680	2,972
Facilities	2,530	304	2,834
External service providers	69	15	84
Other segment items [1]	1,149	206	1,355
Total store operations and other operational expenses	6,040	1,205	7,245
Segment income from operations	2,961	2,650	5,611
Other corporate operating expenses			
Selling, general, and administrative			5,706
Estimated credit losses			98
Depreciation and amortization			2,649
Total other corporate expenses			8,453
Loss from operations			(2,842)
Other income			407
Net loss before taxes			$ (2,435)

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

	Nine Months Ended September 30, 2025		
	Cultivation & Gardening	Storage Solutions	Total
Net sales	$ 102,146	$ 21,774	$ 123,920
Cost of sales	77,076	12,687	89,763
Gross profit	25,070	9,087	34,157
Operating expenses			
Store operations and other operational expenses:			
Employee costs	7,433	2,119	9,552
Facilities	7,931	1,100	9,031
External service providers	411	31	442
Other segment items [1]	4,226	653	4,879
Total store operations and other operational expenses	20,001	3,903	23,904
Segment income from operations	5,069	5,184	10,253
Other corporate operating expenses			
Selling, general, and administrative			18,969
Estimated credit losses			353
Depreciation and amortization			8,921
Total other corporate expenses			28,243
Loss from operations			(17,990)
Other income			1,367
Net loss before taxes			$ (16,623)

[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.

16. RESTRUCTURING

On July 22, 2024, the Company announced a strategic restructuring plan (the "2024 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 2024 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 2024 Restructuring Plan activities and had no remaining liability associated with the 2024 Restructuring Plan as of March 31, 2025. The Company incurred no costs related to the 2024 Restructuring Plan during the nine months ended September 30, 2026. For the 2024 Restructuring Plan overall, the Company incurred aggregate restructuring and restructuring-related costs of $3.5 million, of which $1.1 million were incurred during the nine months ended September 30, 2025. The 2024 Restructuring Plan costs are presented on the Condensed Consolidated Statements of Operations in the following table.

	Nine Months Ended September 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

17. SUBSEQUENT EVENTS

On November 6, 2026, the Company committed to a strategic restructuring plan (the "2026 Restructuring Plan") focused on long-term profitability in its Gardening and Cultivation segment as part of its accelerated, strategic transformation into a primarily commercial, proprietary-brand-driven business. The 2026 Restructuring Plan primarily includes reductions in cost structure by closing and consolidating four to five underperforming retail locations, workforce reductions, and other operational improvements. The Company expects that the restructuring activities associated with the 2026 Restructuring Plan will be substantially completed by the end of the first quarter of fiscal 2027.

The Company is not currently able to estimate the amount or range of amounts it will incur in connection with the 2026 Restructuring Plan, including charges related to the consolidation or elimination of real estate leases, employee termination benefits, and other associated costs. No amounts related to these events 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 ruled tariffs imposed under the IEEPA were not authorized, and on March 4, 2026, the U.S. Court of International Trade directed U.S. Customs and Border Protection ("CBP") to refund amounts previously collected. During April 2026, the CBP established a phased administrative process for submitting refund claims for certain IEEPA tariffs. During the three and nine months ended September 30, 2026, we received cash of $2.6 million for IEEPA tariff refund recoveries, which we recognized as a reduction of cost of sales in the Condensed Consolidated Statements of Operations. While we continue to actively pursue refunds for additional amounts previously paid under the invalidated IEEPA tariffs, the timing and ultimate receipt of any additional refunds are uncertain. Refer to Note 13, Commitments and Contingencies, of our Notes to Unaudited Condensed Consolidated Financial Statements in this report for additional information regarding IEEPA tariff refunds.

The President has continued to utilize other statutory authorities to impose tariffs following the February 2026 U.S. Supreme Court ruling invalidating the previous IEEPA structure, including new and replacement tariffs. 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 September 30, 2026. We closed four retail locations during the nine months ended September 30, 2026. Additionally, as discussed below, on November 6, 2026, management committed to a strategic restructuring plan which includes planned closures of four to five additional retail locations by the end of the first quarter of 2027. 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 PLANS

On November 6, 2026, management committed to a strategic restructuring plan (the "2026 Restructuring Plan") focused on long-term profitability in our Cultivation and Gardening segment as part of our accelerated, strategic transformation into a primarily commercial, proprietary-brand-driven business. The 2026 Restructuring Plan primarily includes reductions in cost structure by closing and consolidating four to five underperforming retail locations, workforce reductions, and other operational improvements. We expect that the restructuring activities associated with the 2026 Restructuring Plan will be substantially completed by the end of the first quarter of fiscal 2027.

We are not currently able to estimate the amount or range of amounts we will incur in connection with the 2026 Restructuring Plan, including charges related to the consolidation or elimination of real estate leases, employee termination benefits, and other associated costs. Management intends to exclude the charges associated with the 2026 Restructuring Plan from our non-GAAP financial measures, including Adjusted EBITDA. No amounts related to these events have been recognized in the accompanying Condensed Consolidated Financial Statements.

In July 2024, we announced a restructuring plan (the "2024 Restructuring Plan") focused on key areas of our Cultivation and Gardening segment, which 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 2024 Restructuring Plan. For the 2024 Restructuring Plan overall, we incurred a total of approximately $3.5 million in restructuring and restructuring-related costs, of which approximately $1.1 million were incurred during the nine months ended September 30, 2025 as described in Note 16, 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 consist 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 September 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 September 30,					
	2026		2025		Year-to-Year Variance	
Net sales	$ 44,783	100.0 %	$ 47,254	100.0 %	$ (2,471)	(5.2)%
Cost of sales	30,257	67.6 %	34,398	72.8 %	(4,141)	(12.0)%
Gross profit	14,526	32.4 %	12,856	27.2 %	1,670	13.0 %
Operating expenses	14,578	32.6 %	15,698	33.2 %	(1,120)	(7.1)%
Loss from operations	(52)	(0.1)%	(2,842)	(6.0)%	2,790	98.2 %
Other income	289	0.6 %	407	0.9 %	(118)	(29.0)%
Net income (loss) before income taxes	237	0.5 %	(2,435)	(5.2)%	2,672	109.7 %
Provision for income taxes	—	— %	(2)	— %	2	100.0 %
Net income (loss)	$ 237	0.5 %	$ (2,437)	(5.2)%	$ 2,674	109.7 %

Net Sales

Net sales for the three months ended September 30, 2026 were $44.8 million, a decrease of $2.5 million or 5.2% as compared to net sales of $47.3 million for the three months ended September 30, 2025.

The decrease in net sales was driven in part by our Cultivation and Gardening segment, which had net sales of $35.6 million for the three months ended September 30, 2026 compared to $38.4 million for the three months ended September 30, 2025. This decrease in net sales was primarily due to the closure of one retail location during 2025 subsequent to September 30, 2025 as well as the closure of four additional retail locations during 2026. This decrease was partially offset by increased penetration of sales to our commercial and wholesale customers and improvements in proprietary brand sales in the three months ended September 30, 2026. Proprietary brand sales as a percentage of Cultivation and Gardening net sales for the three months ended September 30, 2026 increased to 40.6% as compared to 31.6% for the three months ended September 30, 2025, largely driven by our continued strategic initiatives to increase sales mix of our expanded portfolio of proprietary brands. The percentage of Cultivation and Gardening net sales related to consumable products for the three months ended September 30, 2026 was 68.6%, a slight increase from 68.2% for the three months ended September 30, 2025.

Net sales of commercial fixtures within our Storage Solutions segment increased to $9.2 million for the three months ended September 30, 2026 compared to $8.9 million for the three months ended September 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 September 30, 2026 was $30.3 million, a decrease of $4.1 million or 12.0% compared to $34.4 million for the three months ended September 30, 2025. The decrease in cost of sales largely corresponds to the 5.2% decrease in net sales as well as the improvement in the sales mix of proprietary brand sales, given that proprietary brand products generally carry lower product costs as a percentage of sales than non-proprietary brand products. Additionally, during the three months ended September 30, 2026 we recognized a $2.6 million reduction to cost of sales related to IEEPA tariff refunds, whereas no benefit related to refunds was recognized in the three months ended September 30, 2025. Refer to Note 13, Commitments and Contingencies, of our Notes to Unaudited Condensed Consolidated Financial Statements in this report for additional information regarding IEEPA tariff refunds.

Gross Profit

Gross profit was $14.5 million for the three months ended September 30, 2026 compared to $12.9 million for the three months ended September 30, 2025, an increase of $1.7 million or 13.0%. Gross profit related to the Cultivation and Gardening segment increased $1.7 million, or 18.4%, for the three months ended September 30, 2026 as compared to the three months ended September 30, 2025, primarily due to the $2.6 million reduction to cost of sales related to IEEPA tariff refunds as well as the

increased sales mix of proprietary brand products during the three months ended September 30, 2026. These increases were partially offset by the overall decrease in net sales volume related to the previously discussed retail store closures as well as higher freight and inventory write-downs related to obsolescence incurred in the three months ended September 30, 2026. The Storage Solutions segment gross profit remained consistent at $3.9 million in each of the three months ended September 30, 2026 and 2025.

Gross profit margin was 32.4% for the three months ended September 30, 2026, an increase of 520 basis points from a gross profit margin of 27.2% for the three months ended September 30, 2025. The increase in gross profit margin was largely driven by the Cultivation and Gardening segment, which had a gross profit margin of 29.9% for the three months ended September 30, 2026 as compared to 23.5% for the three months ended September 30, 2025. The $2.6 million reduction to cost of sales related to IEEPA tariff refunds contributed approximately 740 basis points to the Cultivation and Gardening gross profit margin, driving the increase from the three months ended September 30, 2025. Excluding this benefit, the Cultivation and Gardening gross profit margin decreased approximately 100 basis points as higher freight and obsolete inventory write-downs more than offset the gross profit margin improvement from an increased mix of proprietary brand products. The Storage Solutions gross profit margin decreased to 42.2% in the three months ended September 30, 2026 from 43.4% in the three months ended September 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 expense, estimated credit losses, depreciation and amortization, and impairment loss. Operating expenses were $14.6 million for the three months ended September 30, 2026 and $15.7 million in the three months ended September 30, 2025, a decrease of $1.1 million or 7.1%.

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 $6.4 million for the three months ended September 30, 2026 compared to $7.2 million for the three months ended September 30, 2025, a decrease of $0.9 million or 11.9%. The decrease in store operating costs was primarily driven by the closure of one retail location during 2025 subsequent to September 30, 2025 as well as the closure of four additional 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 $8.1 million for the three months ended September 30, 2026 compared to $8.5 million for the three months ended September 30, 2025. The decrease was largely driven by reduced depreciation and amortization costs, which decreased $1.5 million or 55.2% for the three months ended September 30, 2026 compared to the three months ended September 30, 2025, primarily as a result of asset retirements in conjunction with the restructuring plan and the closure of retail locations as well as certain intangible assets reaching the end of their estimated useful lives. This was partially offset by increased selling, general, and administrative costs of $1.1 million, or 19.6%, largely due to increased employee costs.

Impairment loss was $0.1 million in the three months ended September 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 September 30, 2026 compared to $0.4 million for the three months ended September 30, 2025, a decrease of $0.1 million or 29.0%. The decrease in other income was primarily attributable to decreased investment income on our marketable securities.

Comparison of the Unaudited Results for the Nine Months Ended September 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:

	Nine Months Ended September 30,					
	2026		2025		Year-to-Year Variance	
Net sales	$ 126,389	100.0 %	$ 123,920	100.0 %	$ 2,469	2.0 %
Cost of sales	89,803	71.1 %	89,763	72.4 %	40	— %
Gross profit	36,586	28.9 %	34,157	27.6 %	2,429	7.1 %
Operating expenses	44,244	35.0 %	52,147	42.1 %	(7,903)	(15.2)%
Loss from operations	(7,658)	(6.1)%	(17,990)	(14.5)%	10,332	57.4 %
Other income	960	0.8 %	1,367	1.1 %	(407)	(29.8)%
Net loss before income taxes	(6,698)	(5.3)%	(16,623)	(13.4)%	9,925	59.7 %
Provision for income taxes	—	— %	(2)	— %	2	100.0 %
Net loss	$ (6,698)	(5.3)%	$ (16,625)	(13.4)%	$ 9,927	59.7 %

Net Sales

Net sales for the nine months ended September 30, 2026 were $126.4 million, an increase of $2.5 million or 2.0% as compared to net sales of $123.9 million for the nine months ended September 30, 2025.

The increase in net sales was primarily driven by our Storage Solutions segment, which increased its sales of commercial fixtures to $24.0 million for the nine months ended September 30, 2026 compared to $21.8 million for the nine months ended September 30, 2025 as a result of increased demand for capital investments by our customers primarily in the retail industry.

Our Cultivation and Gardening segment had net sales of $102.4 million for the nine months ended September 30, 2026 compared to $102.1 million for the nine months ended September 30, 2025, representing a slight increase of $0.3 million. This increase in net sales was primarily driven by increased penetration of sales to our commercial and wholesale customers and improvements in durable product sales due to increased demand for capital investments by our customers in the nine months ended September 30, 2026. As a result, the ratio of consumables net sales as a percentage of Cultivation and Gardening net sales was 70.9% in the nine months ended September 30, 2026, as compared to consumables net sales representing 74.2% of Cultivation and Gardening net sales in the nine months ended September 30, 2025. This increase in net sales was partially offset by retail store closures, including four retail locations during the nine months ended September 30, 2026 and one retail location closed in 2025 subsequent to September 30, 2025. Proprietary brand sales as a percentage of Cultivation and Gardening net sales for the nine months ended September 30, 2026 increased to 39.1% as compared to 31.8% for the nine months ended September 30, 2025, largely driven by our continued strategic initiatives to increase sales mix of our expanded portfolio of proprietary brands.

Cost of Sales

Cost of sales for each of the nine months ended September 30, 2026 and 2025 was $89.8 million. Cost of sales remained consistent despite a 2.0% increase in net sales primarily due to the $2.6 million reduction to cost of sales related to IEEPA tariff refunds recognized during the nine months ended September 30, 2026, whereas no benefit related to refunds was recognized in the nine months ended September 30, 2025. Additionally, the increased proportion of proprietary brand sales during the nine months ended September 30, 2026 contributed to the lower cost of sales as our proprietary brand products generally carry lower product costs as a percentage of sales than non-proprietary brand products. These benefits largely offset the higher sales volume and increased mix of durable products during the nine months ended September 30, 2026, as compared to the nine months ended September 30, 2025.

Gross Profit

Gross profit was $36.6 million for the nine months ended September 30, 2026 compared to $34.2 million for the nine months ended September 30, 2025, an increase of $2.4 million or 7.1%. Gross profit related to the Cultivation and Gardening segment increased $1.8 million, or 7.0%, for the nine months ended September 30, 2026 as compared to the nine months ended September 30, 2025, primarily due to the $2.6 million reduction to cost of sales related to IEEPA tariff refunds as well as the increased sales volume and mix of proprietary brand products. These increases were partially offset by higher sales mix of durable products, higher freight and obsolete inventory write-downs, and inventory sales discounts incurred in connection with retail location closures during the nine months ended September 30, 2026. Gross profit from our Storage Solutions segment increased $0.7 million or 7.3% in the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025, primarily as a result of increased sales volume.

Gross profit margin was 28.9% for the nine months ended September 30, 2026, an increase of 130 basis points from a gross profit margin of 27.6% for the nine months ended September 30, 2025. The increase in gross profit margin was largely driven by the Cultivation and Gardening segment, which had a gross profit margin of 26.2% for the nine months ended September 30, 2026 as compared to 24.5% for the nine months ended September 30, 2025. The $2.6 million reduction to cost of sales related to IEEPA tariff refunds contributed approximately 260 basis points to the Cultivation and Gardening gross profit margin, driving the increase from the nine months ended September 30, 2025. Excluding this benefit, the Cultivation and Gardening gross profit margin decreased approximately 90 basis points as higher sales mix of durable products, higher freight and obsolete inventory write-downs, and inventory sales discounts more than offset the gross profit margin improvement from an increased mix of proprietary brand products. The Storage Solutions gross profit margin decreased to 40.7% in the nine months ended September 30, 2026 from 41.7% in the nine months ended September 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 expense, estimated credit losses, depreciation and amortization, and impairment loss. Operating expenses were $44.2 million for the nine months ended September 30, 2026 and $52.1 million in the nine months ended September 30, 2025, a decrease of $7.9 million or 15.2%.

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 $18.9 million for the nine months ended September 30, 2026 compared to $23.9 million for the nine months ended September 30, 2025, a decrease of $5.0 million or 20.8%. The decrease in store operating costs was primarily driven by the closure of one retail location during 2025 subsequent to September 30, 2025 as well as the closure of four additional 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 $25.0 million for the nine months ended September 30, 2026 compared to $28.2 million for the nine months ended September 30, 2025. The decrease was largely driven by reduced depreciation and amortization costs, which decreased by $4.6 million or 51.8% for the nine months ended September 30, 2026 as compared to the nine months ended September 30, 2025, primarily as a result of asset retirements in conjunction with the restructuring plan and the closure of retail locations as well as certain intangible assets reaching the end of their estimated useful lives. This was partially offset by a $1.2 million increase to selling, general, and administrative costs, related to employee and professional services costs, and a $0.2 million increase to estimated credit losses for the nine months ended September 30, 2026 as compared to the nine months ended September 30, 2025.

Impairment loss was $0.3 million in the nine months ended September 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 $1.0 million for the nine months ended September 30, 2026 compared to $1.4 million for the nine months ended September 30, 2025, a decrease of $0.4 million or 29.8%. 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, identification of trends affecting our business, and projection of 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 substitutes for 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 income (loss) (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income (loss)	$ 237	$ (2,437)	$ (6,698)	$ (16,625)
Provision for income taxes	—	2	—	2
Interest income	(289)	(407)	(960)	(1,367)
Depreciation and amortization	1,186	2,649	4,301	8,921
EBITDA [1]	$ 1,134	$ (193)	$ (3,357)	$ (9,069)
Share-based compensation	474	421	999	1,239
Investment income	277	407	870	1,379
Acquisition transaction costs	—	9	—	59
Impairment loss	70	—	290	—
Restructuring plan	—	—	—	1,141
Consolidation and other charges [2]	321	694	2,145	1,257
Adjusted EBITDA [1]	$ 2,276	$ 1,338	$ 947	$ (3,994)

[1] EBITDA and Adjusted EBITDA for the three and nine months ended September 30, 2026 include $2.6 million of IEEPA tariff refunds related to tariff costs incurred and recognized in prior periods. Consistent with the Company's treatment of the related tariff costs, which were not excluded from EBITDA and Adjusted EBITDA, the refunds have not been excluded.

[2] 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 September 30, 2026, we had working capital of $75.8 million compared to working capital of $77.8 million as of December 31, 2025, a decrease of $1.9 million. The decrease in working capital from December 31, 2025 to September 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 discussed below.

As of September 30, 2026, we had cash, cash equivalents, and marketable securities of $41.8 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 nine months ended September 30, 2026 and 2025.

Operating Activities

Net cash and cash equivalents used in operating activities for the nine months ended September 30, 2026 was $3.6 million compared to $7.2 million for the nine months ended September 30, 2025. The decrease in cash used in operating activities was primarily attributable to a lower net loss during the current period, as discussed previously within the Results of Operations, and changes in our operating assets and liabilities, including a $5.2 million reduction in inventory compared to a $0.4 million reduction in the prior period, reflecting continued sell-through of inventory. These benefits were partially offset by increases in accounts and notes receivable and a decrease in customer deposits during the nine months ended September 30, 2026 as compared to the nine months ended September 30, 2025.

Investing Activities

Net cash and cash equivalents provided by investing activities for the nine months ended September 30, 2026 was $1.2 million compared to $7.2 million for the nine months ended September 30, 2025. Investing activities for the nine months ended September 30, 2026 were attributable to the maturity of marketable securities of $14.3 million and proceeds from disposal of assets of $1.3 million, primarily related to the completion of the sale of building and land associated with a closed retail location that had been previously classified as held for sale. This was offset by the investment of excess cash into marketable securities of $13.9 million and purchases of property and equipment of $0.5 million. Investing activities for the nine months ended September 30, 2025 were primarily attributable to the maturity of marketable securities of $33.7 million, offset by the investment of excess cash into marketable securities of $25.0 million, $1.0 million of cash paid for the Viagrow acquisition, and purchases of property and equipment of $0.4 million.

Financing Activities

Net cash and cash equivalents used in financing activities for the nine months ended September 30, 2026 was $2.1 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 nine months ended September 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 September 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 September 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 nine months ended September 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 September 30, 2026, the Company has recorded cumulative loss contingencies of approximately $1.7 million related to these matters, including $0.1 million during the three and nine months ended September 30, 2026. No loss contingency accruals were recorded in the nine months ended September 30, 2025 related to these matters. 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 September 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
July 1 - July 31, 2026	560,570	$ 1.46	560,570	$ 8,184,760
August 1 - August 31, 2026	122,956	1.48	122,956	8,002,496
September 1 - September 30, 2026	830	1.50	830	8,001,251
Total	684,356	$ 1.46	684,356	$ 8,001,251

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)
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 Document

* Furnished and not filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized on November 10, 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)

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 September 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.

November 10, 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 September 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.

November 10, 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 September 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 September 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 September 30, 2026, fairly presents, in all material respects, the financial condition and results of operations of GrowGeneration Corp.

November 10, 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 September 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 September 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 September 30, 2026, fairly presents, in all material respects, the financial condition and results of operations of GrowGeneration Corp.

November 10, 2026

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