



# PRESENTATION

4Q21 PRELIMINARY UPDATE JANUARY 2022

# SUPPLYING CONTROLLED ENVIRONMENT AGRICULTURE AT SCALE



- **Founded:** 2014, public since 2016
- **Ticker:** GRWG (NASDAQ)
- **Headquarters:** Denver, CO
- **FY 2020 Revenue:** \$193.0M (+143% YoY)
- **Nine-Months '21 Revenue:** \$332.0M
- **2021 Revenue Guidance:** \$420M-\$422M
- **2021 EBITDA Guidance:** \$31.5M-\$33.5M
- **Total Employees:** 700+

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## Business Overview



Largest Hydroponic Supplier with 62 Stores in 13 States



Customer-centric service and support with best-in-class offerings, pricing, and availability



Growing Network of Locations and ability to Service Customers



Financial discipline drives growth with profitability



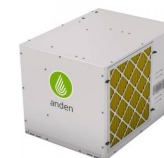
Nutrients & Additives



Lighting



Growing Media



Environmental Controls

# SCALE SUPPORTED BY INDUSTRY GROWTH



## INDUSTRY

- > National and new state legalization should drive growth in customers base in addition to installed base of existing growers in legalized states
- > Highly fragmented, niche industry with favorable long-term growth dynamics
- > Importance of controlled environment agriculture to cannabis and food production supports long term growth model



## GROWGENERATION

- > Unique value-add distribution model generates customer retention and organic growth
- > Strong execution discipline driving high margins and operating leverage
- > Exceptional historical performance and shareholder returns

**The undisputed leader in an industry with favorable dynamics**

# COMPETITIVE ADVANTAGES



## **Sales Center Networks**

Strategic market reach and penetration



## **Broad Product Selection**

One-stop shopping



## **Private Label & Exclusive Products**

Brand and margin leverage



## **Sourcing and Supply Chain**

Global reach, scale and flexibility



## **Capital Strength**

Flexibility to pursue investment and growth

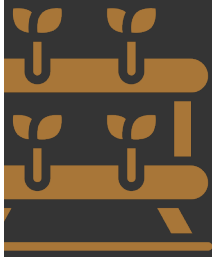


## **Performance-based Culture**

Disciplined execution and ROI focus

**Combination of scale and execution discipline create a powerful business model**





# CONTROLLED ENVIRONMENT AGRICULTURE



GrowGeneration products help control the indoor environments and allow for 24/7 growing that is not dependent on weather



Allows multiple harvests in any weather environment



Significant reduction in water and other resources creates sustainable and resource efficient environment



Delivering Nutrients, Hydration and Photosynthesis plants need



Technology Platform delivering ongoing Data and Advanced Lighting

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# GROWGENERATION IS POISED FOR CONTINUED GROWTH AND MARGIN ENHANCEMENT

## Current Strategy

### LEVERAGE STRENGTHS OF BOTH LARGE AND LOCAL COMPANY

- > Fully exploit our scale, resources and capabilities
- > Execute local market growth strategies
- > Deliver superior value to our customers and suppliers
- > Close and integrate high value-added acquisitions
- > Local area teams supported by world-class functional support

### DRIVE COMMERCIAL AND OPERATIONAL PERFORMANCE

- > Category management
- > Supply chain
- > Salesforce performance
- > Operational excellence
- > Marketing and digital

## VALUE CREATION LEVERS



Organic growth



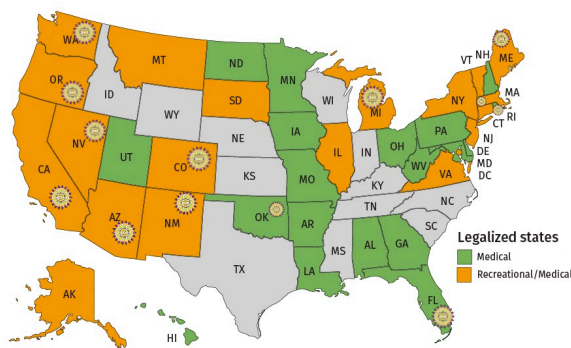
Margin expansion



Acquisition growth

# STRATEGICALLY LOCATED STORES

State	Current
California	23
Colorado	8
Michigan	7
Maine	5
Oklahoma	5
Oregon	4
Nevada	2
Washington	3
Arizona	1
Rhode Island	1
Florida	1
Massachusetts	1
New Mexico	1
<b>Total</b>	<b>62</b>



Source: MJBizDaily research

Note: Does not include states that have legalized only CBD-based oils.  
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## GrowGeneration States targeted for new markets:

Missouri, Illinois, Arizona, Pennsylvania, New York, New Jersey



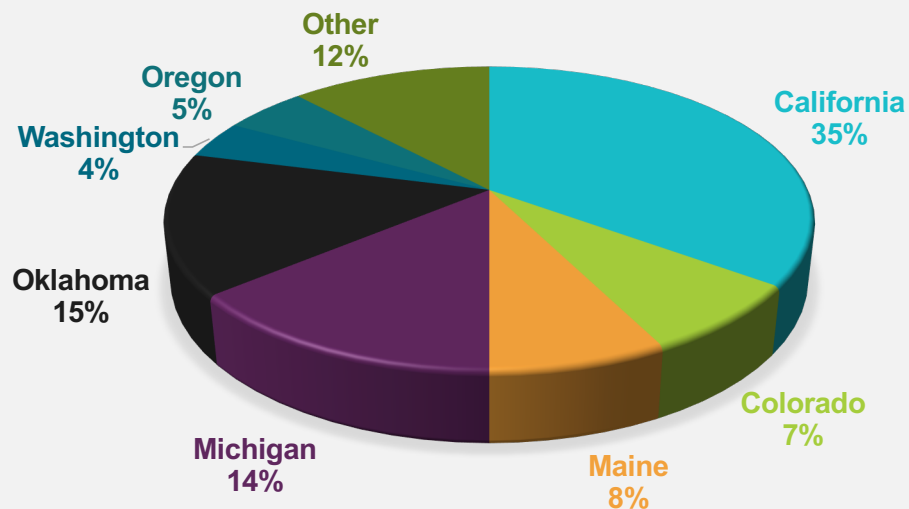
Total Square Feet: 950,000+



100,000 walk-ins per month

- **Largest** and **only national** hydroponics retailer and distributor
- **\$6 billion** highly fragmented market
- More than **five times** the size of next competitor and only **~10% market share**<sup>(1)</sup>
- Serving **craft** and **commercial** professional cultivators
- Complementary **value-added services** and **product support**
- Approximately **30,000 SKUs**
- **62 stores** and **three** distribution centers covering **13 U.S. states**

## Revenue Percentage by State (FY21 Guidance)







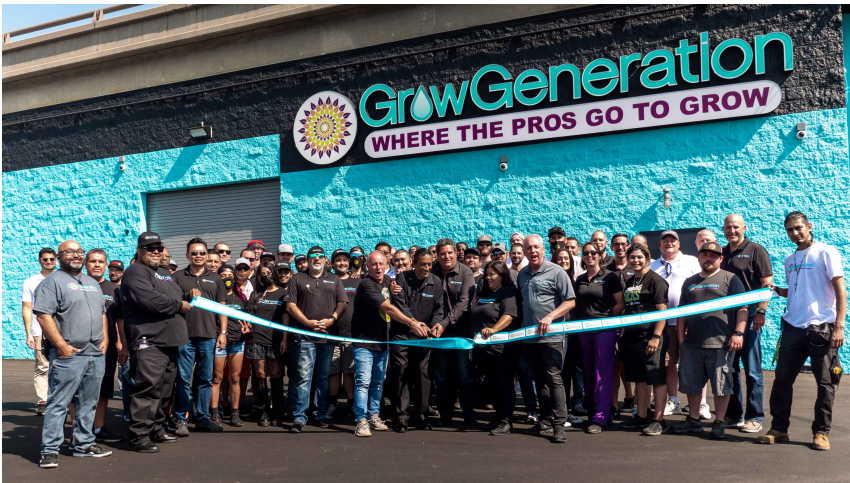
# NEW SUPER GARDEN CENTER LOCATIONS ARE COMMERCIAL HUBS FOR PRIVATE LABEL LOGISTICS, FULFILLMENT AS WELL AS FOOT TRAFFIC

40,000 to 70,000 Square Feet Super Garden Centers

# TARGETING NEW SUPERSTORE THRU OPENINGS THROUGH 2022

## NEW SUPERSTORE CONCEPTS COMBINE LOGISTICS/PRIVATE LABEL/RETAIL

Los Angeles, Tulsa and Rancho Dominguez show multi-format evolution



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New Stores Highlight Company Owned Products







### New Store in Downtown LA

- Revenue: Average \$10M+ annually
- Capital Investment: \$750k
- Inventory: \$3M-\$4M
- Leverage Omni Channel Fulfillment – close to customer
- Plan to roll out in strategic, large regional markets



# BIG OPPORTUNITY IN PRIVATE LABEL PRODUCTS

2021 strategy is to grow private brands and private label offering that have attractive gross margins



Exclusively distributed by GrowGeneration

## BRANDS THAT WE OWN

- Harvesting Supplies & Accessories
- Plant Propagation
- Digital & Analog Controllers
- Performance Grow Trays
- Air & Water Pumps, Water Chillers  
(Plus Air Tubing, Air Diffusers)
- HPS, MH, CMH, SE, DE, Conversion  
Grow Lamps
- Lighting
- Environmental Controls
- Clean Room Supplies



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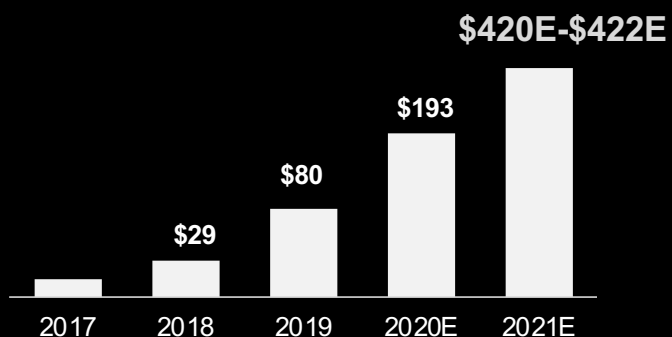
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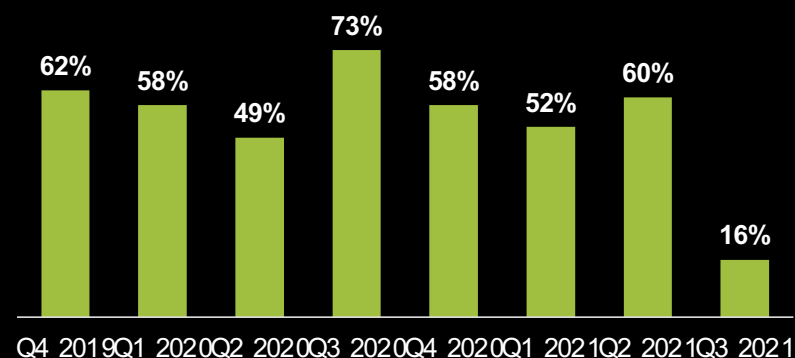
# FINANCIAL HIGHLIGHTS

\$ in millions

## Projected Revenue



## Same store sales



More Revenue in First 9 months of 2021 than combined 2019 and 2020 full year

2021 YTD Revenue

**\$332m**

Vs \$193 million in FY2020

Q3 2021 Revenue

**\$116m**

+\$61 million vs Q3 2020

Same Store Sales

**+16%**

Q3 2021 vs Q3 2020

Garden Centers

**62**

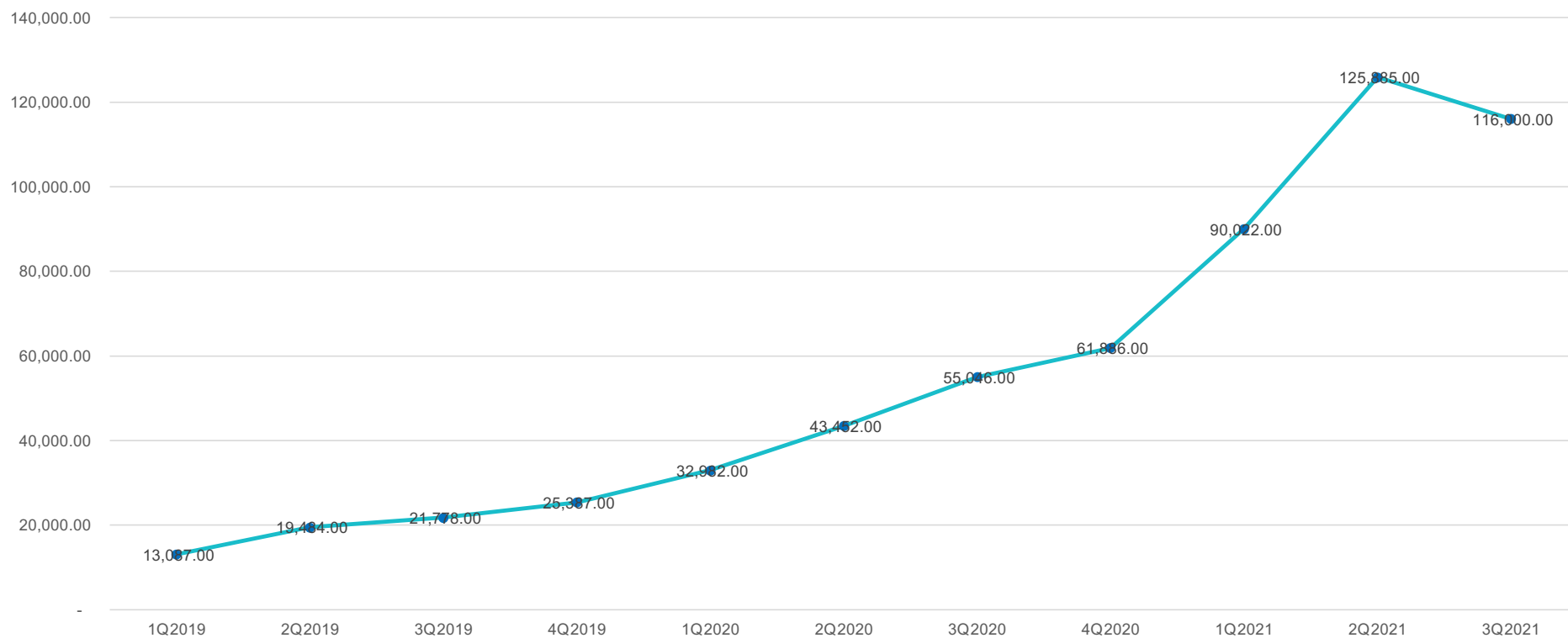
States

**13**

New States Targeted  
NY, NJ, MI, VA, CT, MI, PA

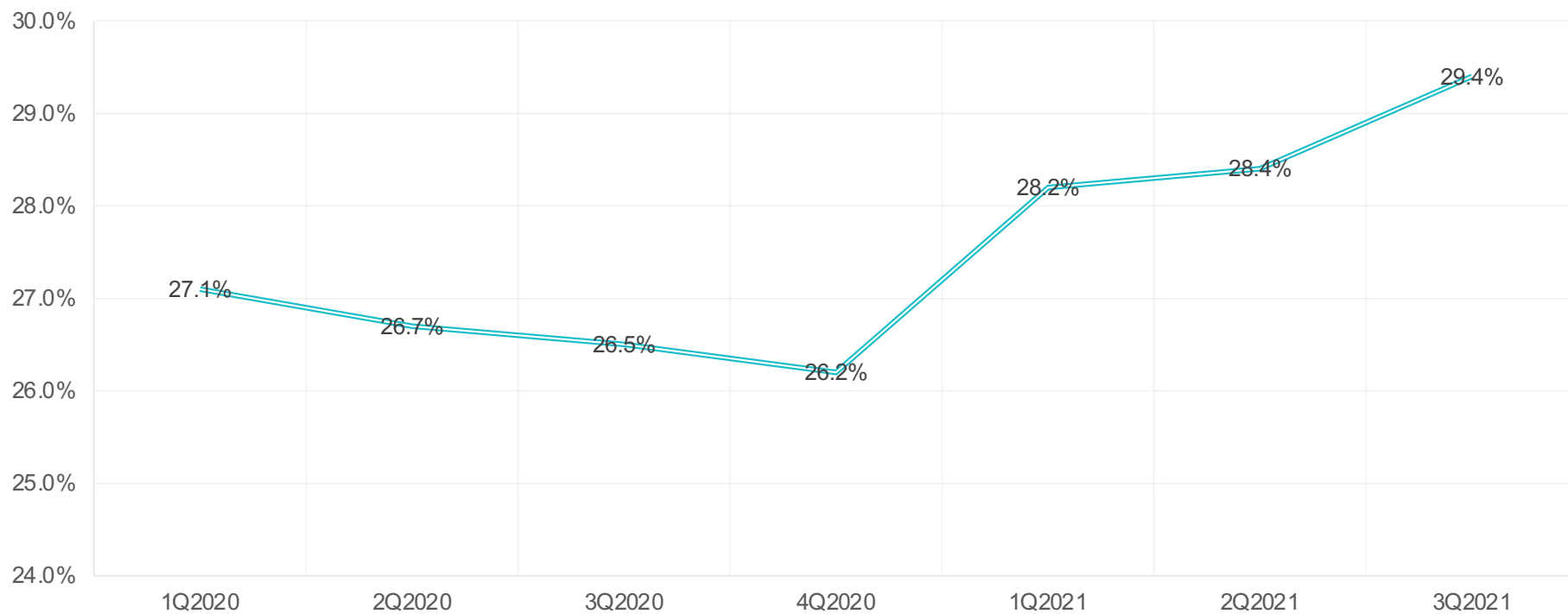


## 2019 TO 2021 QUARTERLY REVENUE GROWTH





## 2020 TO 2021 GROSS MARGIN IMPROVEMENTS



# SUMMARY



**Scalable** business model with substantial growth opportunity



**Sustainable competitive advantages** with highly experienced team



Expanding legalization of cannabis nationwide helps **short term momentum and long-term growth** model



**Consistent, exceptional** investment performance



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