

# Investor Fact Sheet

GrowGeneration, Corp. (OTCQB: GRWG)



## Company Overview

GrowGeneration Corp. ("GrowGen") owns and operates specialty retail hydroponic and organic gardening stores. GrowGen has 12 stores including 10 locations in Colorado, 1 location in California and 1 location in Nevada. The company carries and sells thousands of products, including organic nutrients and soils, advanced lighting technology and state of the art hydroponic equipment to be used indoors and outdoors by commercial and home growers. The company's mission is to own and operate branded stores in all of the major legalized cannabis states. Management estimates that ~1,000 hydroponic stores are in operation in the U.S. According to New Frontier Data, the U.S. cannabis market was \$5.7B in 2015 and is expected to reach over \$23B by 2020 with a compound annual growth rate of ~32%.

## Select Financials and Facts

OTCQB Ticker:	GRWG
Closing Price at 4/21/17:	\$1.96
52-Week Range:	\$1.50-\$3.43
Shares O/S:	12.5M
Est. Public Float:	7.3M
Market Cap (4/21/17):	\$24.5M
Enterprise Value (4/21/17):	\$24.1M
FY16 Revenue:	\$8.0M
Cash (12/31/16):	\$0.6M
Cash/Share (12/31/16):	\$0.05
Fiscal Year-end:	12/31

## Investment Highlights

- Established, specialty retail presence focused on "picks and shovels" of cultivation equipment & supplies, located in close proximity to commercial growers
- U.S. cannabis market is expected to reach \$23B by 2020 (Source: New Frontier Data) and commercial growers represent one of the fastest-growing segments
- Strong year-over-year growth
  - FY2016 revenue increased 130% y/y
  - FY2016 same store sales increased 78% y/y
- Attractive capital structure (minimal debt) and near-term trajectory towards positive free cash flow are sufficient to fund organic and inorganic growth
- Raised \$4.2M in equity capital to generate \$13.5M in total revenue in first three years of operation
- Large acquisition pipeline in a highly fragmented industry
- Operational business model that is scalable and provides opportunities for margin expansion



## Market Opportunity

- Commercial cultivation is exploding
- Global hydroponic sales projected to exceed \$30B by 2020
- Highly fragmented retail space
  - >1,000 existing hydroponic stores
  - Smaller players struggling to compete as commercial market expands
- ~7,000 licensed commercial growers in the U.S. today
- # of home cannabis grower to double from 2M to 4M by 2020
- 14 additional states expected to legalize cannabis cultivation in the next few years

## Balance Sheet Highlights

\$ in millions	12/31/16	12/31/15
Cash & cash equivalents	\$0.6	\$0.7
Debt	\$0.2	\$0.1
Stockholders' equity	\$3.6	\$2.2
Current ratio	4.3:1	4.7:1

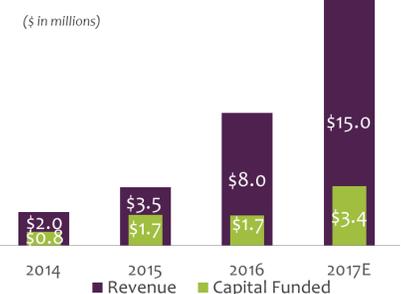
## A Single Solution for Growers



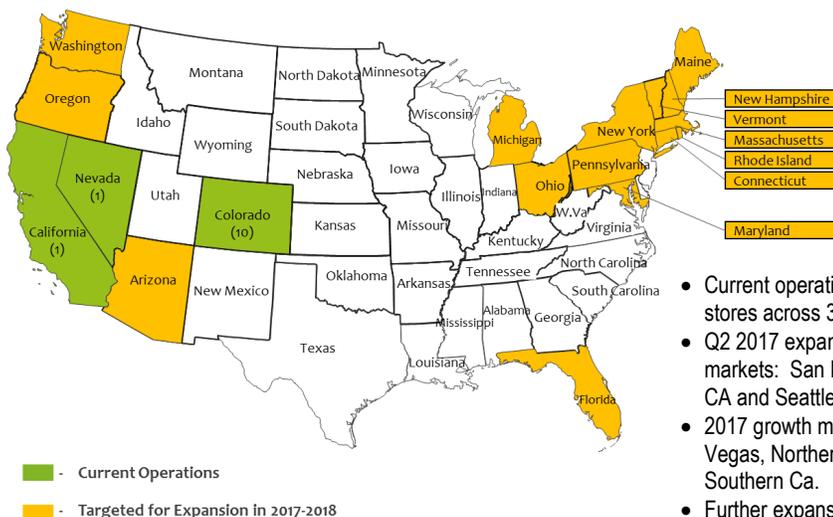
"Where the Pros Go to Grow"

## Capital Turnover

\$4.2M invested capital drove \$13.5M in revenue for 2014-2016



## Growth Strategy



- Current operations in 12 stores across 3 states
- Q2 2017 expansion markets: San Bernardino, CA and Seattle, WA
- 2017 growth markets: Las Vegas, Northern and Southern Ca.
- Further expansion: MA, MI, OH, PA, MD, and FL



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## One-Stop Shop for Growers

"Typical" Commercial Grower with 10,000 sq. ft. of space



- Enabling large, commercial growers to source equipment and supply needs from one supplier
- 30% of initial Buildout goes to monthly recurring supplies including nutrients, soils, amendments & other ancillary products

### "Typical" Store Profile

Rent ~\$10 sq. ft.

~7,500 - 10,000 sq. ft.

~18% op. margin

Commercial Cannabis Grower

# 15-20%

of total sales will be invested in hydroponic and ancillary equipment and supplies by retail and medical cannabis growers annually

## Portfolio of Stores

	City	State	Lease begin date	Lease end date	Square Footage	Monthly rent <sup>(1)</sup>
1	Pueblo West	Colorado	5/27/2014	4/30/2020	3,300	\$2,100
2	Pueblo	Colorado	3/1/2015	2/28/2018	3,300	\$1,500
3	Pueblo	Colorado	10/1/2014	9/30/2017	1,800	\$950
4	Canon City	Colorado	10/15/2016	10/14/2022	4,427	\$3,689
5	Trinidad	Colorado	3/1/2017	2/28/2022	7,383	\$3,169
6	Conifer	Colorado	6/11/2014	4/30/2019	3,000	\$2,400
7	Colorado Springs	Colorado	9/1/2015	12/31/2020	3,360	\$3,780
8	Santa Rosa	California	3/1/2017	2/28/2022	8,000	\$6,400
9	Denver	Colorado	3/1/2016	3/1/2019	4,500	\$3,650
10	Castle Rock	Colorado	10/1/2016	9/30/2019	1,500	\$1,775
11	Las Vegas	Nevada	11/15/2016	2/28/2022	8,880	\$5,720
12	Denver	Colorado	2/1/2017	1/31/2022	12,837	\$5,616

<sup>(1)</sup> Some of the leases have increases during the term of the lease. Pueblo West rent increases to \$2,300 per month in May 2016; Pueblo Downtown and Pueblo Southside rent does not increase; Canon City rent started at \$3,689.17 and will increase to \$4,276.75 in the sixth year; Trinidad rent started at \$3,169.41 for the first year and will increase to \$3,636.97 in the fifth year; Conifer rent increases to \$2,500 per month in May 2016; Colorado Springs rent increases to \$2,940 per month in November 2017 to \$3,080 in November 2018 and to \$3,220 in November 2019; Santa Rosa rent started at \$6,400 and will be adjusted upward annually; Denver North rent started at \$3,650 and will increase to \$3,873 in the third year; Castle Rock rent will increase to \$1,980 per month in October 2017 and \$2,138 per month in October 2018; Las Vegas rent will increase from \$5,720 in December 2016 to \$6,886 per month in February 2022; and Denver South rent started at \$5,616.19 and will increase to \$6,685.94 in the fifth year.

## Executive Leadership

### Darren Lampert, Chief Executive Officer

Mr. Lampert has served as CEO and a Director since the company's inception in 2014. He began his career in 1986 as a founding member of the law firm of Lampert and Lampert, where he concentrated on securities litigation, NASD (now FINRA) compliance and arbitration and corporate finance matters. Mr. Lampert spent 15 years working as a portfolio manager and proprietary trader at Schonfeld Securities (1999-2005), Schottenfeld Group (2007) and Incremental Capital (2008-2010). From 2010 to 2014, he was a private investor. Mr. Lampert holds a B.S. in business administration from Ithaca College, a JD from Bridgeport University School of Law and was admitted to practice law in New York and before the U.S. Courts for the Southern and Eastern Districts of New York.

### Michael Salaman, President

Mr. Salaman has served as President and a Director since the company's inception. He served as the Chairman and CEO of Skinny Nutritional Corp. Mr. Salaman has 20+ years of experience in the areas of start-ups, new product development, distribution and marketing. He began his business career as VP of Business Development for National Media Corp., an infomercial marketing company. From 1995-2001, Mr. Salaman started American Interactive Media, Inc., a developer of Web TV set-top boxes and ISP services. In 2002, Mr. Salaman became the principal officer of that entity and directed its operations as a marketing and distribution company. Mr. Salaman holds a Bachelor of Business Administration degree in business from Temple University.

### Joseph Prizivalli, Chief Operating Officer

Mr. Prizivalli has served as COO since April 2017. Prior to that, he served as Inventory Manager of Way To Grow from where he was responsible for overseeing the movement and integrity of all physical inventories and managed analytical/reporting functions. Mr. Prizivalli coordinated the shipment of goods to stores and customers with 3rd party shippers and suppliers and managed distribution operations. From July 2011-June 2014, Mr. Prizivalli served as Way To Grow's Distribution Center Manager, where he identified the need for and implemented all distribution operations.

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