



Investor Presentation

April 2017

OTCQB: GRWG



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One of the largest owner / operators of specialty retail hydroponic and organic gardening stores

- **Established, specialty retail presence focused on “picks and shovels”** of cultivation equipment & supplies located in close proximity to commercial growers
- **Strong year-over-year growth**
 - FY2016 revenue increased 130% y/y
 - FY2016 same store sales increased 50% 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 \$3.8M equity capital** to generate \$13.5M in total revenue in first three years of operation
- U.S. cannabis **market is expected to reach \$23B** by 2020 ⁽¹⁾
- **Large acquisition pipeline** in a highly fragmented industry
- Operational **business model that is scalable** and provides **opportunities for margin expansion**



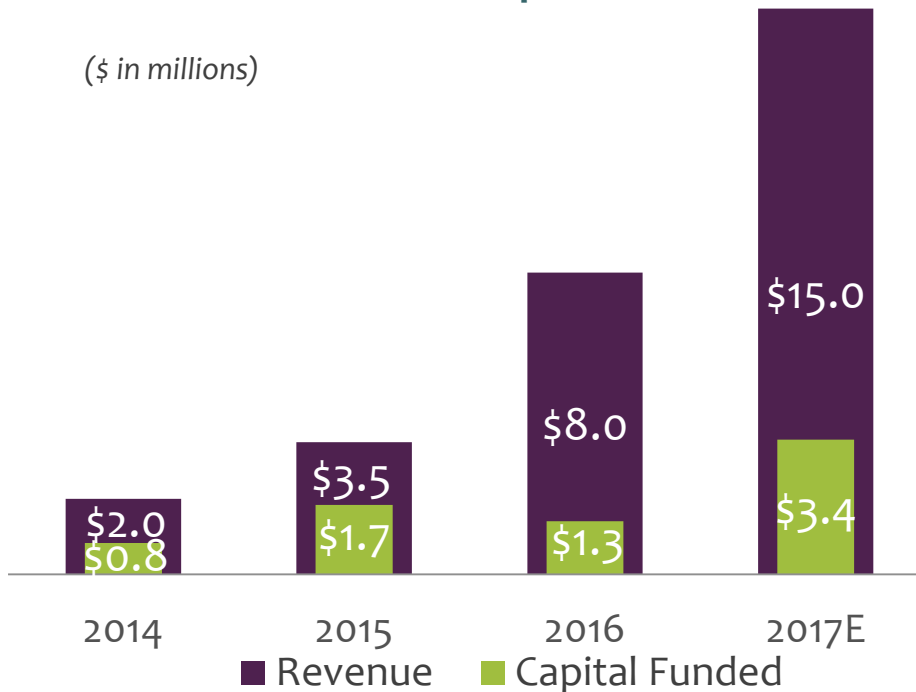
⁽¹⁾ Source: New Frontier Data

Return on Invested Capital



Capital raised to date has driven exponential revenue growth and strong balance sheet

\$3.8M in Invested Capital Drove \$13.5M in Revenue for 2014-2016



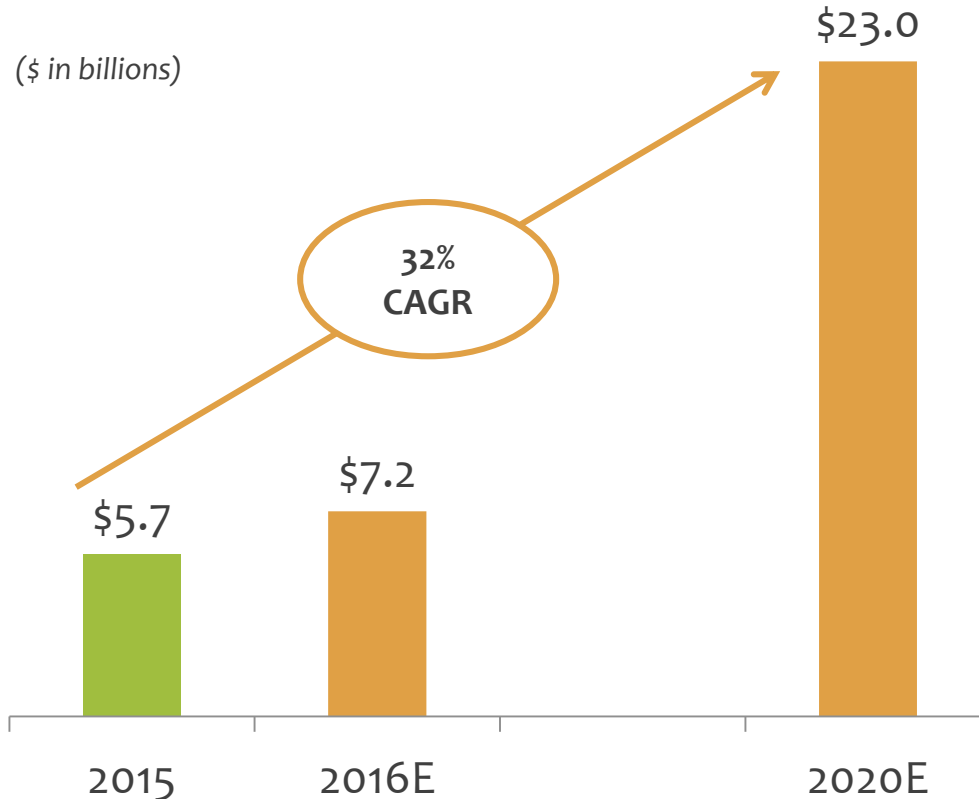
Capital Structure

Stock Price ¹	\$2.05
Shares Outstanding ¹	13.55M
Warrants Outstanding ¹	4.2M
Stock Options Outstanding ²	1.9M
Equity Market Cap ¹	\$27.1M
Debt ²	\$0.2M
Cash ¹	\$1.0M
Enterprise Value ¹	\$26.7M

¹ as of April 10, 2017

² as of December 31, 2016

Legalization of cannabis is driving exponential growth in the hydroponic / gardening industry



Source: New Frontier Data

- Commercial cultivation is exploding
- 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
- Home cannabis grower to double from 2M to 4M by 2020
- 14 additional states expected to legalize cannabis cultivation in the next few years

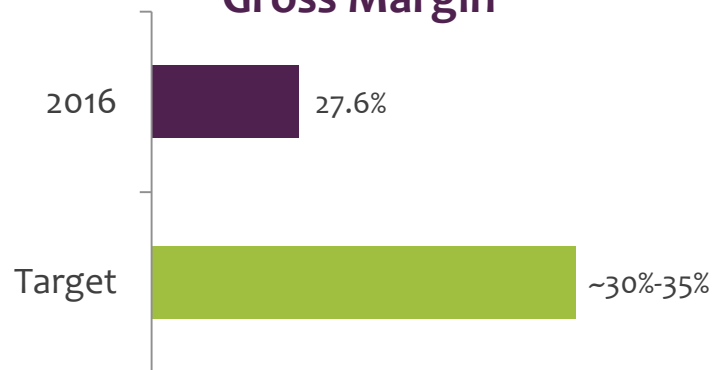
Attractive business profile for increasing shareholder value

Capital Turnover

3X 

Each \$1M in capital drives
~\$3M in annual revenue

Gross Margin



Commercial Cannabis Grower

15-20%

Retail and Medicinal cannabis sales
expected to be invested in hydroponic
and ancillary equipment and supplies

“Typical” Store Profile

Rent ~\$10 sq. ft.

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

~18% op. margin

Targeting acquisitions with \$1M to \$5M in annual revenue that are a strategic fit based on location, customer list and opportunity to grow quickly

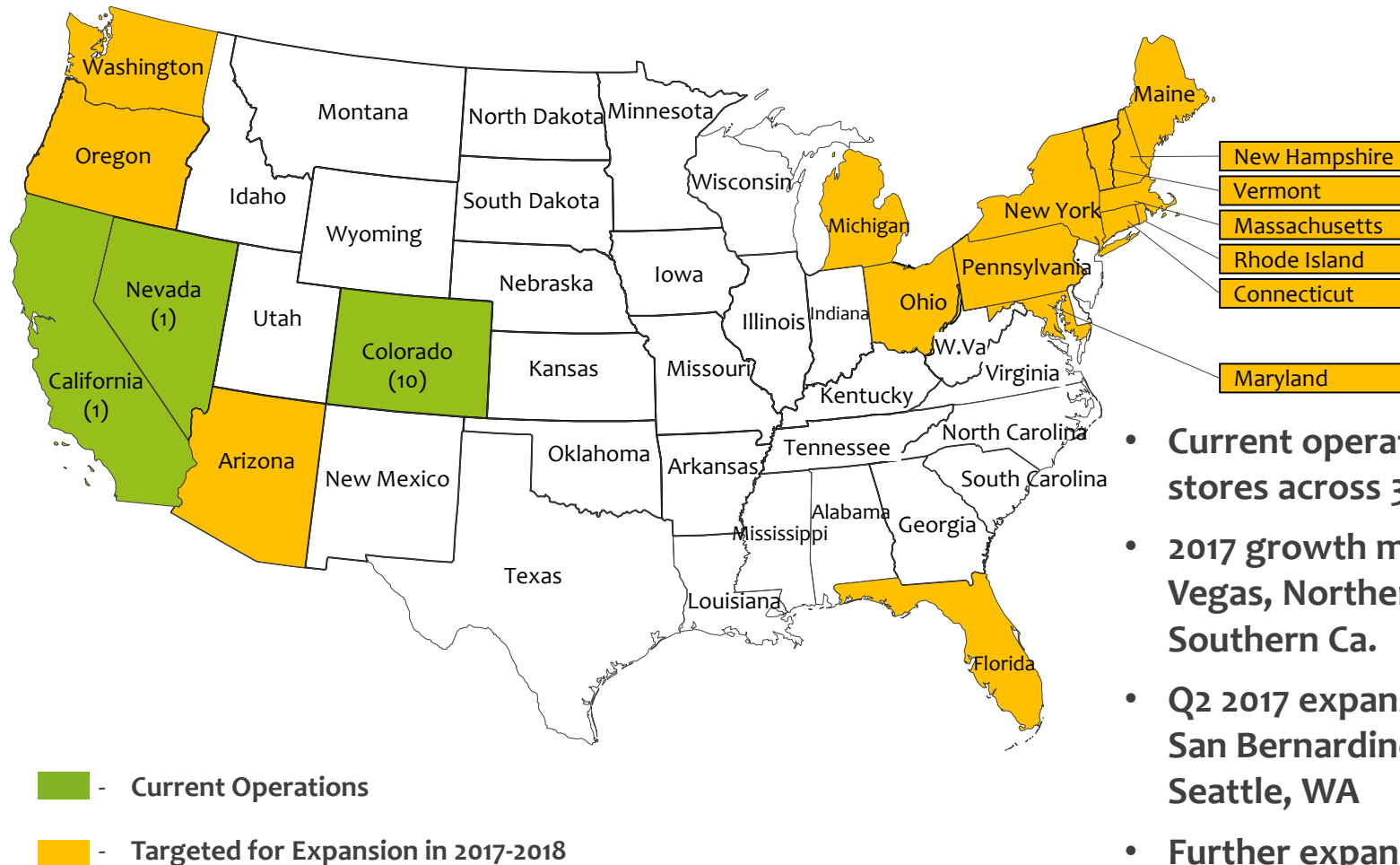


- Fragmented and target-rich landscape
- Actively considering several targets with ~\$1M - \$5M in annual revenue in CA,WA,MI
- 2017 focus is one to three stores in S. California, Seattle and Massachusetts markets
- In late stage discussions with identified target in Seattle with ~\$1M in annual revenue

Growth Strategy: National Expansion



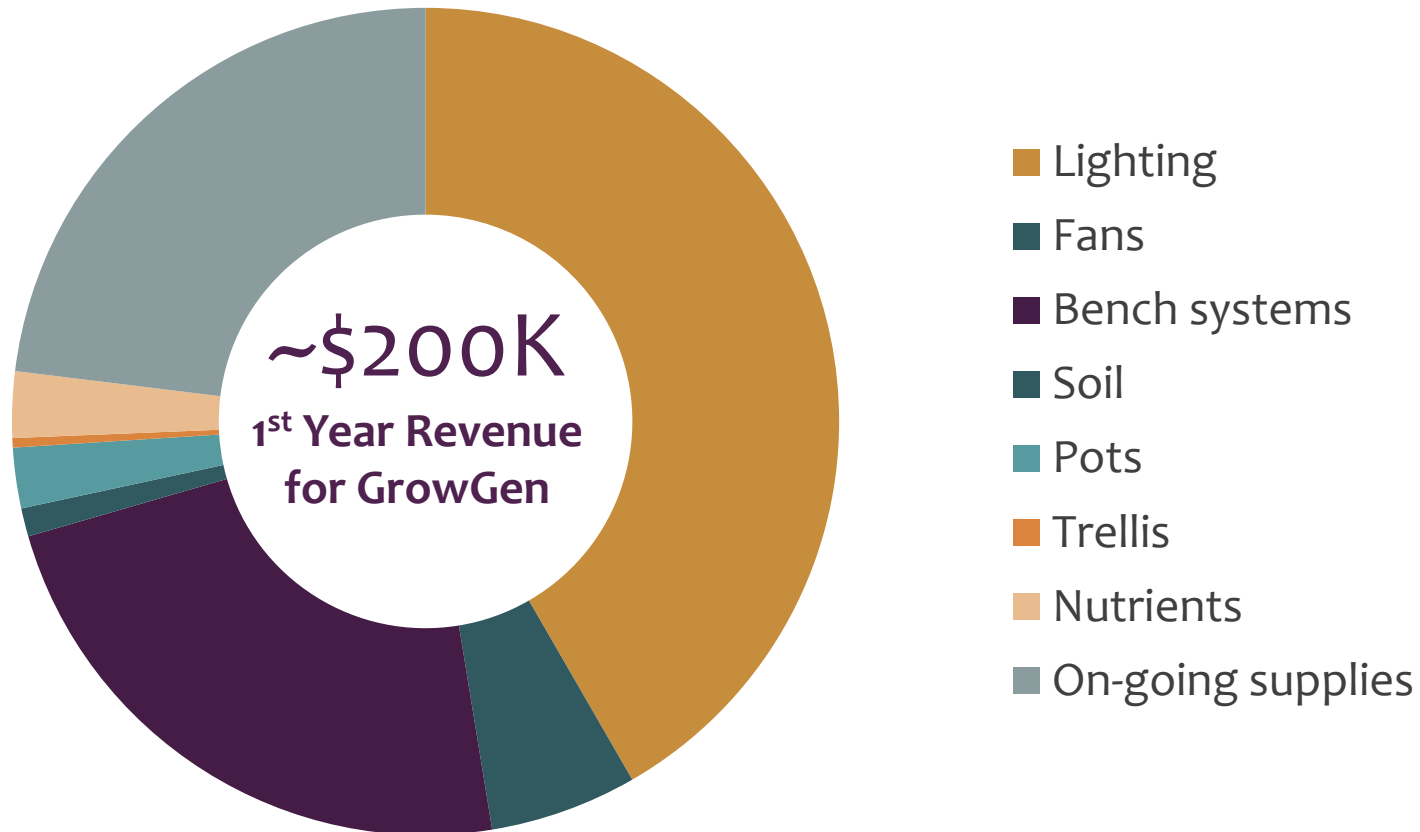
Growth to be fueled by both new store openings and acquisitions



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

Enabling large, commercial growers to source equipment and supply needs from one supplier

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



30% of initial Buildout goes to monthly recurring supplies including nutrients, soils, amendments & other ancillary products

Clean Food- Clean Air- Clean Medicine

- “Store within a Store” new retail concept
- Exclusive with larger Independent Garden Center Co-op, 550 stores
- Mix of product focused on indoor gardening appliances and gardening supplied for the home
- 10 test stores operating in Q2 2017
- 30 GGH stores by end of 2017
- 100 GGH stores by end of 2018
- 250 GGH stores by end of 2019
- Revenue target per store \$1,000 per day or \$365,000 per year

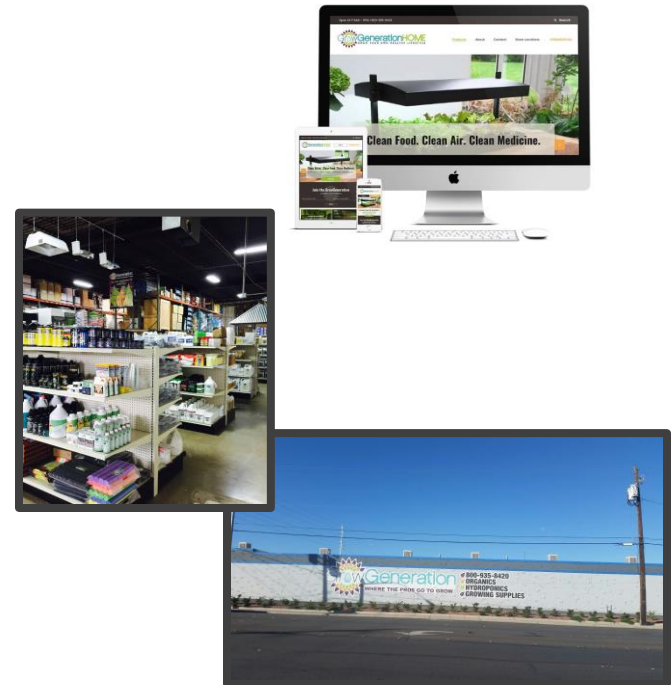


Growth Strategy: E-commerce



Expanding reach and driving increased volume with growgeneration.com

- Creating the largest searchable inventory of grow supplies online with more than 10,000 unique products
- Inherent ability to price and personalize for each commercial grower with advanced analytics to enable delivery of targeted sales communications and recommendations
- Content-rich website designed around topics of high grower interest creates a destination for both purchasing and essential grow information
- Near-term enhancements include additional functionality for growers to access commercial pricing
- Growing social media presence with more than 1,000 Instagram followers and 3,500 Facebook “likes”



Board of Directors and Executive Management

Darren Lampert
CEO
Director

- Founding member of law firm Lampert & Lampert
- Former portfolio manager and proprietary trader

Michael Salaman
President
Director

- VP of Business Development at National Media Corp.
- Founder of American Interactive Media
- Founder / Chairman of Skinny Nutritional

Joseph Prizivalli
COO

- Inventory Mgr. at Way to Grow where he oversaw movement and integrity of all inventories
- Distribution Center Manager, Way to Grow

Steven Aiello
Director

- Partner at Jones & Co. (2003-2006)
- Partner at Asset Management (2001-2003)
- Partner at Montgomery Securities (1987-2001)

Jody Kane
Director

- Managing Director at Diamond Bridge Capital (2009 – 2014)
- Analyst at Sidoti (2005-2009)

Strategic Investors

Merida Capital Partners

- PE fund focused on cannabis infrastructure, data and technology companies such as New Frontier and Steep Hill Labs
- Led by Mitchell Baruchowitz, founder of limited-license cultivators Theraplant (CT) and Leafline Labs (MN)

Robert Yosatis

- Owner of one of the largest vertically integrated cultivation companies in Northern CA
- Sold his previous company to a private equity company

Company Contact

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