

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

GROW CAPITAL, INC.

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 Or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 22, 2019

Grow Capital, Inc.

(Exact name of Registrant as specified in its charter)

Nevada	000-53548	86-0970023
(State or other Jurisdiction of Incorporation or organization)	(Commission File Number)	(IRS Employer I.D. No.)

2485 Village View Drive, Suite 180**Henderson, NV 89074****Phone: (702) 830-7919**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

The information required by this Item is included under Item 2.01 and 8.01 of this Current Report on Form 8-K and incorporated herein by reference.

Item 2.01 Completion of Acquisition

On July 23, 2019, (the “Closing Date”), Grow Capital, Inc. (the “Company”), a Nevada corporation, acquired Bombshell Technologies, Inc. (“Bombshell”), a Nevada corporation, pursuant to a stock exchange agreement (the “Exchange Agreement”), dated June 26, 2019, by and between Bombshell, the shareholders of Bombshell (the “Bombshell Holders”) and the Company (the “Closing”), which was previously disclosed on the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission (“SEC”) on June 27, 2019. At the Closing, Bombshell became a wholly-owned subsidiary of the Company. Joel Bonnette, the current President and Chief Executive Officer of Bombshell, will continue to serve as the Chief Executive Officer of Bombshell.

Immediately prior to the Closing, the Company, Bombshell and the Bombshell Holders entered into an amendment to the Exchange Agreement (the “Amendment”). Pursuant to the Amendment, at the Closing, the Company acquired 100% of the outstanding shares of Bombshell (the “Bombshell Shares”) in exchange for the Bombshell Holders receiving the right to receive 110,675,328 shares (the “Consideration Shares”) of unregistered restricted shares of the Company’s common stock, par value \$0.001 (“Common Stock”) on a pro rata basis (the “Exchange”), 33,000,000 of which were issued to the Bombshell Holders (the “Closing Shares”) at the Closing on a pro rata basis. The remaining 77,675,328 Consideration Shares (the “Secondary Shares”) will be issued to the Bombshell Holders upon the Company filing an effective amended and restated articles of incorporation (the “Charter Amendment”) that increases the number of authorized shares of Common Stock. The Bombshell Holders are also eligible to receive earn-out consideration of up to an additional 36,769,215 shares of Common Stock (the “Earn-out Shares”) earnable in tranches of 12,256,405 shares of Common Stock in each of the second, third and fourth years after the Closing, based on whether Bombshell is able to meet certain Earnings Before Interest and Taxes thresholds in each year.

If the Company is unable to obtain approval of the Charter Amendment by October 31, 2019 (the “Outside Date”), then the Bombshell holders will have the option to require GC to transfer the Bombshell Shares to the Bombshell Holders as liquidated damages, after which GC shall have no further obligation to issue the Secondary Shares. The Outside Date will be extended up to an additional 60 days if (a) either the Company’s information statement or preliminary proxy statement is under review by the SEC or (b) the Company has filed a definitive proxy statement with the SEC.

All of the Consideration Shares, as well as the Earn-out Shares, if any, are being or will be issued in reliance on the exemption from registration set forth in Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), unless such shares are registered under a registration statement under the Securities Act pursuant to the registration rights agreement (the “Registration Rights Agreement”) entered into with the Bombshell Holders at the Closing. Pursuant to the Registration Rights Agreement, the Company will file a registration statement under the Securities Act to register the resale of all the shares of the Company’s Common Stock issued in the Exchange within 20 days following the later of (a) the filing of the financial statements required by Item 2.01 of Form 8-K and related pro forma financial information for the acquisition of Bombshell with the SEC, and (b) the issuance of the Secondary Shares to the Bombshell Holders following the increase in the Company’s authorized shares (the later of (a) or (b), the “Deadline”). The Company will use all reasonable best efforts to cause that registration statement to become effective no later than the earlier of (i) 60 days after the Deadline or, in the event of an SEC review, 90 days after the Deadline, and (ii) the third business day following the date on which the Company is notified (orally or in writing, whichever is earlier) by the SEC that the registration statement will not be reviewed or is no longer subject to further review and comments.

The Bombshell Holders include certain limited liability companies owned by (i) Jonathan Bonnette, the Company’s Chief Executive Officer and a director of the Company, (ii) Joel Bonnette, the sole director and the Chief Executive Officer of Bombshell and the brother of Jonathan Bonnette, and (iii) Terry Kennedy, a beneficial owner of more than 10% of the Company’s Common Stock.

The Company issued a press release announcing the closing of the Exchange on July 24, 2019, a copy of which is filed as Exhibit 99.1 to this Current Report on Form 8-K. The foregoing description of each of the Amendment and the Registration Rights Agreement is a summary and is qualified in its entirety by reference to the Amendment and the Registration Rights Agreement filed as Exhibit 10.1 and Exhibit 10.2 to this Current Report on Form 8-K, respectively, which are incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities.

The information required by this Item is included under Item 2.01 of this Current Report on Form 8-K and incorporated herein by reference.

Item 8.01 Other Items.

On July 8, 2019, the Company entered into a non-binding letter of intent (the "LOI") to acquire Encompass More Group, Inc. ("Encompass"), a Nevada corporation. In connection with the LOI, Encompass issued a promissory note (the "Note") to the Company pursuant to a loan agreement (the "Loan Agreement"), dated July 22, 2019, by and between Encompass and the Company, in exchange for a loan of \$100,000 (the "Loan"). Pursuant to the Loan Agreement, the proceeds of the Loan will be used by Encompass for working capital and general corporate purposes. The Note has a twelve month term, an interest rate of 5.0%, and is payable in monthly installments of \$2,000, with all remaining principal and interest due on the maturity date, unless paid earlier by Encompass. The Loan Agreement and the Note contain customary covenants, representations and warranties, and events of default.

Pursuant to the LOI, the Company and Encompass have agreed to enter into a stock exchange agreement (the "Encompass Exchange Agreement") pursuant to which the Company will issue up to \$1,800,000 in unregistered shares (the "Encompass Closing Shares") of Common Stock, to the stockholders of Encompass (the "Encompass Holders") in exchange for all of the capital stock of Encompass (the "Encompass Exchange"). After the closing of the Encompass Exchange, the Encompass Holders will also be eligible to receive earn-out consideration of up to an additional \$3,000,000 in unregistered shares of Common Stock (the "Encompass Earn-out Shares") earnable in tranches of \$1,000,000 unregistered shares of Common Stock in each of the second, third and fourth years after the Closing, based on whether Encompass is able to meet certain revenue thresholds in each year. The Company intends to issue the Encompass Closing Shares and the Encompass Earn-out Shares in reliance on the exemption from registration set forth in Section 4(a)(2) of the Securities Act of 1933, as amended.

The Encompass Exchange is subject to certain signing and closing conditions, including, among other conditions, (i) completion of diligence by the Company, (ii) the receipt of any necessary regulatory approvals and third party consents, (iii) the negotiation and execution of the Encompass Exchange Agreement, (iv) the approval by the Company's stockholders of an amendment to the Company's articles of incorporation authorizing additional shares of Common Stock, (v) there being no material adverse change in Encompass' business, results of operations, prospects, condition (financial or otherwise) or assets, and (vi) certain other customary conditions.

The foregoing description of each of the Loan Agreement and the Note is a summary and is qualified in its entirety by reference to the Loan Agreement and the Note filed as Exhibit 10.3 and Exhibit 10.4, respectively, to this Current Report on Form 8-K, which are incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit No.

- 10.1 [First Amendment to the Exchange Agreement, dated July 23, 2019, by and between Grow Capital, Inc., Bombshell Technologies, Inc., and the shareholders of Bombshell Technologies, Inc.](#)
 - 10.2 [Registration Rights Agreement, dated July 23, 2019, by and between Grow Capital, Inc. and the shareholders of Bombshell Technologies, Inc.](#)
 - 10.3 [Loan Agreement, by and between Grow Capital, Inc. and Encompass More Group, Inc., dated July 22, 2019](#)
 - 10.4 [Promissory Note issued by Encompass More Group, Inc. to Grow Capital, Inc., dated July 22, 2019](#)
 - 99.1 [Press Release of Grow Capital, Inc., dated July 24, 2019](#)
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SIGNATURE PAGE

Pursuant to the requirement of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Grow Capital, Inc.

By: /s/ Jonathan Bonnette
Jonathan Bonnette
Chief Executive Officer

Dated: July 24, 2019

FIRST AMENDMENT TO THE STOCK EXCHANGE AGREEMENT

This FIRST AMENDMENT TO THE STOCK EXCHANGE AGREEMENT (this "**Amendment**") is entered into as of July 23, 2019 (the "**Effective Date**") by and between Grow Capital, Inc., a Nevada corporation ("**GC**"), Bombshell Technologies, Inc., a Nevada corporation ("**Bombshell**"), and the shareholders of Bombshell (the "**Bombshell Shareholders**").

RECITALS

A. GC, Bombshell, and the Bombshell Shareholders entered into that certain Stock Exchange Agreement (the "**Agreement**") on June 26, 2019. The capitalized terms used in this Amendment shall have the meanings set forth in the Agreement, unless otherwise defined herein.

B. Pursuant to Section 10.2 of the Agreement, GC, Bombshell, and the Bombshell Shareholders desire to amend the Agreement in order to clarify the requirements for the Closing of the Agreement and to make certain other changes as set forth herein.

C. The GC Board of Directors has (i) determined that this Amendment is fair to, and in the best interests of, GC and the GC Stockholders and (ii) has deemed advisable and approved this Amendment, and the other actions contemplated by this Amendment.

D. The Bombshell Board of Directors (i) has determined that this Amendment is advisable and fair to, and in the best interests of, Bombshell and the Bombshell Shareholders, (ii) has deemed advisable and approved this Amendment and other actions contemplated by this Agreement, and (iii) has determined to recommend that the Bombshell Shareholders adopt this Amendment.

AMENDMENT

The Parties to this Agreement, intending to be legally bound, adopt the following Amendment.

1. The Parties agree that the Closing will occur upon (a) the adoption of this Amendment by the Parties, (b) the occurrence of the Exchange as set forth in Section 1.4 of the Agreement, and (c) the fulfillment of GC's obligations under Section 1.5(b) of the Agreement, as amended hereto.

2. Section 1.5 of the Agreement is hereby amended and restated as follows:

"1.5 Increase in Authorized Shares; Delivery of Shares.

(a) Within ninety (90) days following the Closing Date, GC shall use its commercially reasonable efforts to file and cause to become effective amended and restated articles of incorporation to increase the authorized shares of Common Stock under its articles of incorporation (the "**Charter Amendment**").

(b) At the Effective Time, GC shall instruct its transfer agent to issue to each Person who was a record holder of Bombshell Ownership Interests immediately prior to the

Effective Time, as set forth on the Transfer Ledger, such holder's pro rata share of 33,000,000 shares of GC Common Stock (the "**Closing Shares**"), as rounded to account for any fractional shares, in book-entry form bearing a restrictive legend that the shares were issued in reliance upon the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(a)(2) thereof.

(c) Promptly after the effectiveness of the Charter Amendment, GC shall instruct its transfer agent to issue to each Person who was a record holder of Bombshell Ownership Interests immediately prior to the Effective Time, as set forth on the Transfer Ledger, such holder's pro rata share of 77,675,328 shares of GC Common Stock (the "**Remaining Shares**"), as rounded to account for any fractional shares, in book-entry form bearing a restrictive legend that the shares were issued in reliance upon the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(a)(2) thereof."

3. Section 9.1(b) of the Agreement is hereby amended and restated as follows:

"(b) by either GC or Bombshell if the Exchange shall not have been consummated by October 31, 2019 (the "**Outside Date**"); *provided, however*, that the right to terminate this Agreement under this Section 9.1(b) shall not be available to Bombshell, on the one hand, or to GC, on the other hand, if such Party's action or failure to act has been a principal cause of the failure of the Exchange to occur on or before the Outside Date and such action or failure to act constitutes a breach of this Agreement; *provided, further*, that, in the event that on the Outside Date (i) either (A) a preliminary proxy statement filed by GC with the SEC in order to obtain the GC Shareholders' approval of the Charter Amendment (a "**Proxy Statement**") or (B) the Information Statement, is still being reviewed or commented upon by the SEC, or (ii) GC has filed a definitive Proxy Statement with the SEC, then the Outside Date shall be extended an additional sixty (60) calendar days."

4. Section 10.11 of the Agreement is hereby renumbered as Section 10.12 and the following is added as Section 10.11 of the Agreement:

"10.11 Liquidated Damages. If GC is unable to obtain approval of the Charter Amendment from the GC Shareholders as of the Outside Date (which shall be extended as permitted under Section 9.1(b)) (the "**GC Share Increase Breach**"), and the GC Share Increase Breach was not the result of any Bombshell Shareholder (a) not signing the GC Stockholders Written Consent or (b) not providing a proxy, voting all of the GC Common Stock beneficially owned by such Bombshell Shareholder in favor of the approval of the Charter Amendment, then, upon notice from Shareholder Representative, GC shall transfer 100% of the Bombshell Ownership Interests to each Person who was a record holder of Bombshell Ownership Interests immediately prior to the Effective Time on a pro rata basis as set forth in Ledger A (the "**Liquidated Damages**"). The Parties intend that the Liquidated Damages constitute compensation, and not a penalty. The Parties acknowledge and agree that the Bombshell Shareholders' harm caused by the GC Share Increase Breach would be impossible or very difficult to accurately estimate as of the Effective Time, and that the Liquidated Damages are a reasonable estimate of the anticipated or actual harm that might arise from the GC Share Increase Breach. GC's payment of the Liquidated Damages is GC's sole liability and entire obligation and the Bombshell Shareholders exclusive remedy for the

GC Share Increase Breach. Upon payment of the Liquidated Damages, GC's obligations under this Agreement to Bombshell, the Bombshell Shareholders or Shareholder Representative, including, but not limited to any obligation to issue the Remaining Shares or the Earn-Out Shares, shall be terminated and shall have no further force or effect."

5. No Other Modification; Inconsistencies. Except as set forth in this Amendment, the terms of the Agreement shall remain in full force and effect. In the event of any inconsistency between the provisions of the Amendment and any provision of the Agreement, the terms and provisions of this Amendment shall control.

6. Applicable Law; Jurisdiction. This Amendment shall be governed by, and construed in accordance with, the laws of the State of Nevada, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws. In any action or suit between any of the Parties arising out of or relating to this Amendment or any of the Contemplated Transactions: (a) each of the Parties irrevocably and unconditionally consents and submits to the exclusive jurisdiction and venue of the state and federal courts located in the State of Nevada; (b) if any such action or suit is commenced in a state court, then, subject to applicable Legal Requirements, no Party shall object to the removal of such action or suit to any federal court located in the District of Nevada; and (c) each of the Parties irrevocably waives the right to trial by jury.

7. Counterparts. This Amendment may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. The exchange of a fully executed Amendment (in counterparts or otherwise) by all Parties by facsimile or electronic transmission in PDF format shall be sufficient to bind the Parties to the terms and conditions of this Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the date first above written.

GROW CAPITAL, INC., a Nevada corporation

By: /s/ Jonathan Bonnette
Name: Jonathan Bonnette
Title: CEO and President

BOMBSHELL TECHNOLOGIES, INC., a Nevada corporation

By: /s/ Joel Bonnette
Name: Joel Bonnette
Title: CEO and President

BOMBSHELL SHAREHOLDERS:

AMBIGUOUS HOLDINGS LLC, a Louisiana limited liability company

By: /s/ Joel Bonnette
Name: Joel Bonnette
Title: Manager

STRATEGERY, LLC, a Nevada limited liability company

By: /s/ Joel Bonnette
Name: Joel Bonnette
Title: Manager

[Signature Page to the First Amendment to the Stock Exchange Agreement]

AYG LLC, a Nevada limited liability company

By: /s/ Terry Kennedy

Name: Terry Kennedy

Title: Manager

JOURNEY, HOME 4 TEENS LLC, a Nevada limited liability company

By: /s/ Terry Kennedy

Name: Terry Kennedy

Title: Manager

KA PUT AND CALL, LLC, a Nevada limited liability company

By: /s/ Andy Albright

Name: Andy Albright

Title: Manager

ALBRIGHT BOMBSHELL, LLC, a North Carolina limited liability company

By: /s/ Andy Albright

Name: Andy Albright

Title: Manager

[Signature Page to the First Amendment to the Stock Exchange Agreement]

By: /s/ Jonathan Bonnette

Name: Jonathan Bonnette

Title: Manager

[Signature Page to the First Amendment to the Stock Exchange Agreement]

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into as of July 23, 2019, between Grow Capital, Inc., a Nevada corporation (the "Company") and each holder of the Company's Common Stock (as defined below), listed on the signature page hereto (collectively, the "Investors").

This Agreement is made pursuant to the Stock Exchange Agreement, dated as of the date hereof, between the Company, Bombshell Technologies, Inc., a Nevada corporation ("Bombshell"), and the Investors (the "Exchange Agreement").

WHEREAS, the Company has issued shares of Common Stock to the Investors; and

WHEREAS, in connection with the consummation of the transactions contemplated by the Exchange Agreement, the parties desire to enter into this Agreement in order to grant certain registration rights to the Holders as set forth below.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and each of the Holders agree as follows:

1. **Definitions.** Capitalized terms used and not otherwise defined herein that are defined in the Exchange Agreement shall have the meanings given such terms in the Exchange Agreement. As used in this Agreement, the following terms shall have the following meanings:

"415 Cutback Shares" has the meaning set forth in Section 2(a).

"Advice" has the meaning set forth in Section 6(c).

"Affiliate" means, with respect to any person, any other person which directly or indirectly controls, is controlled by, or is under common control with, such person.

"Agreement" has the meaning set forth in the Preamble.

"Commission" means the Securities and Exchange Commission.

"Common Stock" means the common stock of the Company, par value \$0.001 per share, and any securities into which such common stock may hereinafter be reclassified.

"Company" has the meaning set forth in the Preamble.

"Earn-Out Registration Statement" has the meaning set forth in Section 2(h).

"Effective Date" means each date that the Registration Statement filed pursuant to Section 2(a) and any post-effective amendment thereto is declared effective by the Commission.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Holder" or "Holders" means the holder or holders, as the case may be, from time to time of Registrable Securities.

"Indemnified Party" has the meaning set forth in Section 5(c).

"Indemnifying Party" has the meaning set forth in Section 5(c).

"Initial Registration Statement" means the initial Registration Statement filed pursuant to this Agreement.

"Losses" has the meaning set forth in Section 5(a).

"New Registration Statement" has the meaning set forth in Section 2(a).

"Prospectus" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Registrable Shares" means (i) the Common Stock issued to the Holder pursuant to the Exchange Agreement; provided, that, a security shall not be a Registrable Share (A) upon sale pursuant to a Registration Statement or Rule 144, or (B) while such security is eligible for sale without restriction by the Holders pursuant to Rule 144, assuming, for purposes of such determination with respect to each Holder, the full conversion or exercise by such Holder of all convertible securities held by such Holder (disregarding for this purpose any and all limitations of any kind on conversion or exercise of any convertible securities owned by such Holder).

"Registration Statement" means any one or more registration statements of the Company filed under the Securities Act that covers the resale of any of the Registrable Securities pursuant to the provisions of this Agreement (including, without limitation, the Initial Registration Statement, the New Registration Statement and any Remainder Registration Statements or Earn-Out Registration Statements), including (in each case) the amendments and supplements to such Registration Statements, including pre- and post-effective amendments thereto, all exhibits and all material incorporated by reference or deemed to be incorporated by reference in such Registration Statements.

"Remainder Registration Statement" has the meaning set forth in Section 2(a).

"Required Financials" means the financial statements and pro forma financial information required by Item 2.01 and Item 9.01 of Form 8-K and related pro forma financial information for the acquisition of Bombshell with the Commission.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Selling Shareholder Questionnaire" has the meaning set forth in Section 2(c).

"SEC Guidance" means (i) any publicly-available written or oral guidance, comments, requirements or requests of the Staff and (ii) the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Staff" means the staff of the Commission.

"Trading Day" means (i) a day on which the Common Stock is listed or quoted and traded on any Trading Market; or (ii) if the Common Stock is not quoted on any Trading Market, a day on which the Common Stock is quoted in the over-the-counter market as reported on the OTCQX, OTCQB or the Pink Market by OTC Markets Group or any similar organization or agency succeeding to its functions of reporting prices); *provided*, that in the event that the Common Stock is not listed or quoted as set forth in (i) and (ii) hereof, then Trading Day shall mean a Business Day.

"Trading Market" means whichever of the NYSE, the NYSE MKT, the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market, the OTCQX, OTCQB or Pink Markets on which the Common Stock is listed or quoted for trading on the date in question.

2. Required Registration.

a. Within twenty (20) days of the later of (a) the filing of the Required Financials and (b) the issuance of the Registrable Shares following the increase in the Company's authorized shares (the later of (a) or (b), the "Deadline"), the Company shall prepare and file with the Commission a Registration Statement covering the resale of all of the Registrable Securities for an offering to be made on a continuous basis pursuant to Rule 415 or, if Rule 415 is not available for offers and sales of the Registrable Securities, by such other means of distribution of Registrable Securities as the Holders may reasonably specify (the "Initial Registration Statement"). The Initial Registration Statement shall be on Form S-1 (or such other form available to register for resale the Registrable Securities as a secondary offering).

Notwithstanding the registration obligations set forth in this Section 2, in the event the Commission informs the Company that all of the Registrable Securities cannot, as a result of the application of Rule 415 or otherwise, be registered for resale as a secondary offering on a single registration statement, the Company agrees to promptly (i) inform each of the Holders thereof and use its commercially reasonable efforts to file amendments to the Initial Registration Statement as required by the Commission and/or (ii) withdraw the Initial Registration Statement and file a new registration statement (a "New Registration Statement"), in either case covering the maximum number of Registrable Securities Company's counsel deems to be permitted to be registered by the Commission, on Form S-1 or such other form available to register for resale the Registrable Securities as a secondary offering. Notwithstanding any other provision of this Agreement, if any SEC Guidance sets forth a limitation of the number of Registrable Securities permitted to be registered on a particular Registration Statement as a secondary offering (and notwithstanding that the Company used commercially reasonable efforts to advocate with the Commission for the registration of all or a greater number of Registrable Securities), or in the event the Staff seeks to characterize any offering pursuant to a Registration Statement filed pursuant to this Agreement as constituting an offering of securities by or on behalf of the Company or takes other action such that Rule 415 is not available to the Company to register the resale of such Registrable Securities and as a result the Staff or the SEC does not permit such Registration Statement to become effective and used for resales in a manner that permits the continuous resale at the market by the Holders participating therein (or as otherwise may be acceptable to each Holder) without being named therein as an "underwriter," the Company may (i) reduce the number of Registrable Securities to be registered on such Registration Statement (such reduced Registrable Securities, the "415 Cutback Shares") and/or (ii) agree to such restrictions and limitations on the registration and resale of the Registrable Securities, in each case as the commission may require in order for the Commission to allow such Registration Statement to become effective. Unless the Commission otherwise requires, any cut-back imposed by this Section 2(a) shall be allocated among the Registrable Securities of the Holders on a *pro rata* basis. In the event the Company amends the Initial Registration Statement or files a New Registration Statement, as the case may be, under clauses (i) or (ii) above, the Company will use its commercially reasonable efforts to file with the Commission, as promptly as allowed by Commission or SEC Guidance provided to the Company or to registrants of securities in general, one or more registration statements on Form S-1 or such other form available to register for resale those Registrable Securities that were not registered for resale on the Initial Registration Statement, as amended, or the New Registration Statement, including the 415 Cutback Shares (the "Remainder Registration Statements"). No Holder shall be named as an "underwriter" in any Registration Statement without such Holder's prior written consent.

b. The Company shall use its commercially reasonable efforts, subject to receipt of necessary information from the Purchasers, to cause the Commission to declare the Initial Registration Statement effective within 60 days after the Deadline, or, if the Resale Registration Statement is selected for review by the Commission, within 90 days after the Deadline (the "Effective Deadline").

c. The Company shall use its commercially reasonable efforts to cause each New Registration Statement, Remainder Registration Statement or Earn-Out Registration Statement (defined below) or any post-effective amendment to a Registration Statement to be declared effective by the Commission as soon as practicable (including, with respect to the New

Registration Statement, as applicable, filing with the Commission a request for acceleration of effectiveness in accordance with Rule 461 promulgated under the Securities Act within five Business Days after the date that the Company is notified (orally or in writing, whichever is earlier) by the Commission that such Registration Statement will not be "reviewed," or not be subject to further review and the effectiveness of such Registration Statement may be accelerated).

d. The Company shall use its commercially reasonable efforts to keep each Registration Statement continuously effective under the Securities Act until the earlier of (i) such time as all of the Registrable Securities covered by such Registration Statement have been sold by the Holders thereunder or pursuant to the Commission's Rule 144 under the Securities Act or (ii) the date on which all Registrable Shares covered by such Registration Statement may be sold pursuant to the Commission's Rule 144 under the Securities Act without any volume limitations or other restrictions pursuant to Rule 144 under the Securities Act (the "Effectiveness Period").

e. Each Holder agrees to furnish to the Company a completed Selling Shareholder Questionnaire in the form attached to this Agreement as Annex A or in a form mutually agreeable between the Parties. At least five Trading Days prior to the first anticipated filing date of a Registration Statement for any registration under this Agreement, the Company will notify each Holder of the information the Company requires from that Holder other than the information contained in the Selling Shareholder Questionnaire, if any, which shall be completed and delivered to the Company promptly upon request and, in any event, within three Trading Days prior to the applicable anticipated filing date. Each Holder further agrees that it shall not be entitled to be named as a Selling Shareholder in the Registration Statement or use the Prospectus for offers and resales of Registrable Securities at any time, unless such Holder has returned to the Company a completed and signed Selling Shareholder Questionnaire and a response to any requests for further information as described in the previous sentence. If a Holder of Registrable Securities returns a Selling Shareholder Questionnaire or a request for further information, in either case, after its respective deadline, the Company shall use its commercially reasonable efforts at the expense of the Holder who failed to return the Selling Shareholder Questionnaire or to respond for further information to take such actions as are required to name such Holder as a selling security holder in the Registration Statement or any pre-effective or post-effective amendment thereto and to include (to the extent not theretofore included) in the Registration Statement the Registrable Securities identified in such late Selling Shareholder Questionnaire or request for further information. Each Holder acknowledges and agrees that the information in the Selling Shareholder Questionnaire or request for further information as described in this Section 2(c) will be used by the Company in the preparation of the Registration Statement and hereby consents to the inclusion of such information in the Registration Statement.

f. Notwithstanding anything to the contrary herein, at any time after any Registration Statement has been declared effective by the Commission, the Company may delay the disclosure of material non-public information concerning the Company if the disclosure of such information at the time is not, in the good faith judgment of the Company, in the best interests of the Company (a "Grace Period"); provided, however, the Company shall promptly (i) notify the Holders in writing (including via facsimile or other electronic transmission) of the existence of material non-public information giving rise to a Grace Period (provided that the Company shall not disclose the content of such material non-public information to the Holders)

or the need to file a supplement or post-effective amendment, as applicable, and the date on which such Grace Period will begin, and (ii) notify the Holders in writing (including via facsimile or other electronic transmission) of the date on which the Grace Period ends; provided, further, that no single Grace Period shall exceed 30 consecutive days, and during any 365 day period, the aggregate of all Grace Periods shall not exceed an aggregate of 60 days (each Grace Period complying with this provision being an "Allowable Grace Period"). For purposes of determining the length of a Grace Period, the Grace Period shall be deemed to begin on and include the date the Holders receive the notice referred to in clause (i) above and shall end on and include the later of the date the Holders receive the notice referred to in clause (ii) above and the date referred to in such notice; provided, however, that no Grace Period shall be longer than an Allowable Grace Period.

g. Promptly following any date on which the Company becomes eligible to use a registration statement on Form S-3 to register Registrable Securities for resale, the Company shall file a Registration Statement on Form S-3 covering all Registrable Securities (or a post-effective amendment on Form S-3 to the then effective Registration Statement) and shall cause such Registration Statement to be declared effective under the Securities Act as soon as possible thereafter. The Company shall use its commercially reasonable efforts to keep such Registration Statement effective under the Securities Act during the entire Effectiveness Period.

h. As promptly as reasonably possible following the issuance of any Earn-Out Shares under the Exchange Agreement, the Company will prepare and file with the Commission a Registration Statement covering the resale of the applicable Earn-Out Shares for an offering to be made on a continuous basis pursuant to Rule 415, or if Rule 415 is not available for offers and sales of the applicable Earn-Out Shares, by such other means of distribution of Earn-Out Shares as the Holders may reasonably specify (an "Earn-Out Registration Statement"). The Earn-Out Registration Statement shall be on Form S-1 (or such other form available to register for resale the Registrable Securities as a secondary offering). The Earn-Out Registration Statement will be subject to the same cut-back provisions of Section 2(a), as well as Sections 2(d)-(g) and procedures in Section 3.

3. Registration Procedures. In connection with the Company's registration obligations hereunder, the Company shall:

a. (i) Prepare and file with the Commission such amendments, including post-effective amendments, to a Registration Statement and the Prospectus used in connection therewith as may be necessary to keep a Registration Statement continuously effective as to the applicable Registrable Securities for the Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities (except during an Allowable Grace Period); (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement (subject to the terms of this Agreement), and, as so supplemented or amended, to be filed pursuant to Rule 424 (except during an Allowable Grace Period); (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to a Registration Statement or any amendment thereto; and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by a Registration Statement during the applicable period in

accordance (subject to the terms of this Agreement) with the intended methods of disposition by the Holders thereof set forth in such Registration Statement as so amended or in such Prospectus as so supplemented; provided, however, that each Holder shall be responsible for the delivery of the Prospectus to the Persons to whom such Holder sells any of the Registrable Securities (including in accordance with Rule 172 under the Securities Act), and each Holder agrees to dispose of Registrable Securities in compliance with the plan of distribution described in the Registration Statement and otherwise in compliance with applicable federal and state securities laws.

b. Notify the Holders of Registrable Securities to be sold (which notice shall, pursuant to clauses (i) through (iii) hereof, be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made) as promptly as reasonably possible (and, in the case of (i)(A) below, not less than one Trading Day prior to such filing) and (if requested by any such Person) confirm such notice in writing (including via facsimile or other electronic transmission) no later than one Trading Day following the day (i) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and (ii) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in a Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to a Registration Statement, Prospectus or other documents so that, in the case of a Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iii) of the occurrence or existence of any pending corporate development with respect to the Company that the Company believes may be material and that, in the determination of the Company, makes it not in the best interest of the Company to allow continued availability of a Registration Statement or Prospectus, provided that any and all of such information shall be kept confidential by each Holder until such information otherwise becomes public, unless disclosure by a Holder is required by law; provided, further, that notwithstanding each Holder's agreement to keep such information confidential, each such Holder makes no acknowledgement that any such information is material, non-public information.

c. Use its commercially reasonable efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order stopping or suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

d. The Company may require each selling Holder to furnish to the Company a certified statement as to (i) the number of shares of Common Stock beneficially owned by such Holder and any Affiliate thereof; (ii) any Financial Industry Regulatory Authority, Inc. ("FINRA") affiliations; (iii) any natural persons who have the power to vote or dispose of the common stock; and (iv) any other information as may be requested by the Commission, FINRA or any state securities commission.

e. Subject to the terms of this Agreement, the Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto, except after the giving of any notice pursuant to Section 3(b).

f. Prior to any resale of Registrable Securities by a Holder, use its commercially reasonable efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the Registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by each Registration Statement; provided, that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, would subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

g. If requested by a Holder, cooperate with such Holder to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to a Registration Statement, which certificates shall be free, to the extent permitted by the Purchase Agreement and applicable state and Federal laws, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holder may request.

h. If the Company notifies the Holders to suspend the use of any Prospectus until requisite changes to such Prospectus has been made, then the Holders shall suspend use of such Prospectus. The Company will use its commercially reasonable efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable. The Company shall be entitled to exercise its right under this Section 3(i) to suspend the availability of a Registration Statement and Prospectus, for a period not to exceed 90 calendar days (which need not be consecutive days) in any 12-month period.

i. Comply in all material respects with all applicable rules and regulations of the Commission.

4. Registration Expenses. All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation: (i) all registration and filing fees (including, without limitation, fees and expenses of the Company's counsel and auditors) (A) with respect to filings made with the Commission, (B) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed for trading, (C) in compliance with applicable state securities or Blue Sky laws reasonably agreed to by the Company in writing (including, without limitation, fees and disbursements of counsel for the Company in connection with Blue Sky qualifications or exemptions of the Registrable

Securities) and (D) if not previously paid by the Company in connection with an Issuer filing, with respect to any filing that may be required to be made by any broker through which a Holder intends to make sales of Registrable Securities with the FINRA pursuant to FINRA Rule 5110, so long as the broker is receiving no more than a customary brokerage commission in connection with such sale, (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any underwriting, broker or similar commissions of any Holder or, except to the extent provided for in the Exchange Agreement, any legal fees or other costs of the Holders.

5. Indemnification.

a. Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, members, partners, agents and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, members, shareholders, partners, agents and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or relating to (1) any untrue or alleged untrue statement of a material fact contained in a Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading or (2) any violation or alleged violation by the Company of the Securities Act, the Exchange Act or any state securities law, or any rule or regulation thereunder, in connection with the performance of its obligations under this Agreement, except to the extent, but only to the extent, that (i) such untrue statements or omissions are in reliance upon, and in conformity with, information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement, such Prospectus or in any amendment or supplement thereto (it being understood that the Holder has approved Annex A hereto for this purpose) or (ii) in the case of an occurrence of an event of the type specified in Section 3(b)(i)-

(iii), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(c). The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding arising from or in connection with the transactions contemplated by this Agreement of which the Company is aware.

b. Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, to the extent arising out of or based solely upon: (x) such Holder's failure to comply with the prospectus delivery requirements of the Securities Act or (y) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading (i) to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company specifically for inclusion in such Registration Statement or such Prospectus or (ii) to the extent that such information relates to such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement (it being understood that the Holder has approved Annex A hereto for this purpose), such Prospectus or in any amendment or supplement thereto or (iii) in the case of an occurrence of an event of the type specified in Section 3(b)(i)-(iii), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(c). In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

c. Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "Indemnifying Party") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party

has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and counsel to the Indemnified Party shall reasonably believe that a material conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable fees and expenses of no more than one separate counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding affected without its written consent, which consent shall not be unreasonably withheld or delayed. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

Subject to the terms of this Agreement, all reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within 20 Trading Days of written notice thereof to the Indemnifying Party; provided, that the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses previously disbursed and that are applicable to such actions for which such Indemnified Party is judicially determined to be not entitled to indemnification hereunder.

d. Contribution. If the indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Losses, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in this Agreement, any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by *pro rata* allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the

immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6. Miscellaneous.

a. Remedies. Subject to the limitations set forth in this Agreement, in the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, shall be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

b. Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to a Registration Statement.

c. Discontinued Disposition. By its acquisition of Registrable Securities, each Holder agrees that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(b)(i)-(iii), such Holder will forthwith discontinue disposition of such Registrable Securities under a Registration Statement until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus (as it may have been supplemented or amended) may be resumed. The Company will use its commercially reasonable efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable.

d. Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and the Holders of a majority of the then outstanding Registrable Securities. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of some Holders and that does not directly or indirectly affect the rights of other Holders may be given by Holders of all of the Registrable Securities to which such waiver or consent relates; provided, however, that in the event the Company shall deliver written notice to a Holder with respect to a requested waiver or amendment, such Holder shall be deemed to have consented and agreed to such amendment or waiver if such Holder does not provide written notice to the Company indicating such Holder's non-consent within ten calendar days of delivery by the Company of such written

notice; provided, further, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the first sentence of this Section 6(d).

e. Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be delivered as set forth in the Purchase Agreement.

f. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. The Company may not assign its rights (except by merger or in connection with another entity acquiring all or substantially all of the Company's assets) or obligations hereunder without the prior written consent of all the Holders of the then outstanding Registrable Securities. Each Holder may assign its respective rights with respect to any or all of its Registrable Securities, hereunder in the manner and to the Persons as permitted under the Purchase Agreement; *provided* in each case that (i) the Holder agrees in writing with the transferee or assignee to assign such rights and related obligations under this Agreement, and for the transferee or assignee to assume such obligations, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment, (ii) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being transferred or assigned, (iii) at or before the time the Company received the written notice contemplated by clause (ii) of this sentence, the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein and (iv) the transferee is an "accredited investor," as that term is defined in Rule 501 of Regulation D and completes any required documentation requested by the Company to confirm the foregoing.

g. No Inconsistent Agreements. Except as set forth in the Purchase Agreement, neither the Company nor any of its subsidiaries has previously entered into any agreement granting any registration rights with respect to any of its securities to any Person that have not been satisfied in full.

h. Execution and Counterparts. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or other electronic transmission of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

i. Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be determined in accordance with the provisions of the Exchange Agreement.

j. Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any other remedies provided by law.

k. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

l. Headings. The headings in this Agreement are for convenience only, do not constitute a part of the Agreement and shall not be deemed to limit or affect any of the provisions hereof.

m. Independent Nature of Holders' Obligations and Rights. The obligations of each Holder hereunder are several and not joint with the obligations of any other Holder hereunder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder hereunder. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Holder pursuant hereto or thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Holders are in any way acting in concert with respect to such obligations or the transactions contemplated by this Agreement. Each Holder acknowledges that no other Holder has acted as agent for such Holder in connection with making its investment hereunder and that no Holder will be acting as agent of such Holder in connection with monitoring its investment in the Registrable Securities or enforcing its rights under the Purchase Agreement or any other agreement entered into in connection with the Purchase Agreement. Each Holder shall be entitled to protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose.

[Signature pages follow]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

GROW CAPITAL, INC.

By: /s/ Jonathan Bonnette
Name: Jonathan Bonnette

Title: Chief Executive Officer

INVESTORS:

AMBIGUOUS HOLDINGS, LLC, a Louisiana limited liability company

By: /s/ Joel Bonnette
Name: Joel Bonnette
Title: Manager

STRATEGERY, LLC, a Nevada limited liability company

By: /s/ Joel Bonnette
Name: Joel Bonnette
Title: Manager

[Signature Page to Registration Rights Agreement]

AYG LLC, a Nevada limited liability company

By: /s/ Terry Kennedy
Name: Terry Kennedy
Title: Manager

JOURNEY, HOME 4 TEENS LLC, a Nevada limited liability company

By: /s/ Terry Kennedy
Name: Terry Kennedy
Title: Manager

KA PUT AND CALL, LLC, a Nevada limited liability company

By: /s/ Andy Albright
Name: Andy Albright
Title: Manager

ALBRIGHT BOMBSHELL, LLC, a North Carolina limited liability company

By: /s/ Andy Albright
Name: Andy Albright
Title: Manager

[Signature Page to Registration Rights Agreement]

By: /s/ Jonathan Bonnette
Name: Jonathan Bonnette
Title: Manager

[Signature Page to Registration Rights Agreement]

2. **Broker-Dealer Status:**

- (a) Are you a broker-dealer?

Yes No

- (b) If “yes” to Section 3(a), did you receive your Registrable Securities as compensation for investment banking services to the Company?

Yes No

Note: If no, the Commission’s staff has indicated that you should be identified as an underwriter in the Registration Statement.

- (c) Are you an affiliate of a broker-dealer?

Yes No

- (d) If you are an affiliate of a broker-dealer, do you certify that you bought the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes No

Note: If no, the Commission’s staff has indicated that you should be identified as an underwriter in the Registration Statement.

3. **Beneficial Ownership of Securities of the Company Owned by the Selling Shareholder.**

Except as set forth below in this Item 4, the undersigned is not the beneficial or registered owner of any securities of the Company other than the securities issuable pursuant to the Purchase Agreement.

- (a) Type and Amount of other securities beneficially owned by the Selling Shareholder:

4. Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% or more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Registration Statement remains effective.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 5 and the inclusion of such information in the Registration Statement and the related prospectus and any amendments or supplements thereto. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated:

By:

Name:

Title:

A-3

COMMERCIAL LOAN AGREEMENT

THIS COMMERCIAL LOAN AGREEMENT (this "Agreement") is made and entered into as of July 22, 2019 (the "Closing Date"), by and between **ENCOMPASS MORE GROUP, INC.**, a Nevada corporation ("Borrower"), and **GROW CAPITAL, INC.**, a Nevada corporation ("Lender").

Recitals

WHEREAS, Lender desires to loan to Borrower the sum of \$100,000 to Borrower in exchange for a promissory note under the terms of this Agreement.

WHEREAS, Borrower desires to accept the loan in exchange for a promissory note under the terms of this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing recitals and the mutual promises set forth in this Agreement, the parties hereto agree as follows:

Section 1. AMOUNT AND TERMS OF THE LOAN.

1.1 The Loan. At the Closing (as such term is hereinafter defined), Lender shall lend to Borrower the sum of One Hundred Thousand and No/100 Dollars (\$100,000.00), against the issuance and delivery by Borrower of a promissory note for such amount, in the form attached hereto as Exhibit A (the "Note").

1.2 Use of Proceeds. Borrower shall use the proceeds of the Loan for working capital and general corporate purposes.

Section 2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. Borrower represents and warrants to Lender as of the Closing as follows:

2.1 Organization, Good Standing and Qualification. Borrower (a) is a corporation duly incorporated, validly existing and in good standing under the laws of the state of Nevada and is duly qualified to do business in each jurisdiction in which Borrower is required to be registered in order to conduct its business, (b) has the requisite power and authority, and the legal right, to own, lease, and operate its properties and assets and to conduct its business as it is now being conducted, and (c) is in compliance with all Laws and Orders except to the extent that the failure to comply therewith would not, reasonably be expected to have a Material Adverse Effect.

2.2 Due Authorization. All corporate action on the part of Borrower, its officers, managers, and members necessary for the authorization, execution, delivery, and performance of all obligations of Borrower under this Agreement and the Note (together, the "Loan Documents") has been taken as of Closing, and the Loan Documents constitute valid and legally binding obligations of Borrower, enforceable in accordance with their respective terms, except as may be limited by (i) applicable bankruptcy, insolvency, reorganization, or other laws of general application relating to or affecting the enforcement of creditors' rights generally and (ii) the effect of rules of law governing the availability of equitable remedies.



2.3 Compliance with Other Instruments. The authorization, execution and delivery of this Agreement, and the issuance and delivery of the Note, will not constitute or result in a default or violation of any law or regulation applicable to Borrower or any term or provision of Borrower's articles of incorporation, or bylaws or any agreement or instrument by which it is bound or to which its properties or assets are subject.

2.4 Governmental Consents. No consent, approval, order, or authorization of or registration, qualification, designation, declaration, or filing with, any federal, state, or local governmental authority is required on the part of Borrower in order to enable Borrower to execute, deliver, and perform its obligations under the Loan Documents except for such qualifications or filings under applicable securities laws as may be required in connection with the transactions contemplated by this Agreement.

2.5 Litigation. Borrower is not party to, and there is no claim, action, suit, proceeding, arbitration, complaint, charge or investigation pending or, to Borrower's knowledge, currently threatened against Borrower or any manager, officer, or employee of Borrower. Neither Borrower nor, to Borrower's knowledge, any of its managers, officers, or employees is a party or is named as subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality (in the case of officers, managers, or employees, such as would affect Borrower).

2.6 Compliance with Laws. Borrower is not in violation or in default with respect to (a) any material provision of any applicable statute, rule, regulation, order, writ, decree, judgment or restriction of any domestic or foreign government or any instrumentality or agency thereof or (b) any material agreement, instrument or contract to which Borrower is a party or by which it is bound (nor is there any waiver in effect which, if not in effect, would result in such a violation or default).

Section 3. REPRESENTATIONS AND WARRANTIES OF LENDER. Lender represents and warrants to Borrower as of the Closing as follows:

3.1 Organization, and Good Standing. Lender is a corporation duly incorporated, validly existing and in good standing under the laws of the state of Nevada.

3.2 Authorization. Lender has full power and authority to execute and deliver the Loan Documents and each of the Loan Documents constitutes Lender's valid and legally binding obligation, enforceable in accordance with its terms except (a) as may be limited by applicable bankruptcy, insolvency, reorganization, or other laws of general application relating to or affecting the enforcement of creditors' rights generally, and (b) as may be limited by the effect of rules of law governing the availability of equitable remedies.

Section 4. Affirmative Covenants. So long as any amount is unpaid under the Note, Borrower will:

4.1 keep proper books of account in manner satisfactory to Lender;

4.2 permit, at Borrower's expense, inspections and audits by Lender or by Lender's agents of all books, records and papers in the custody or control of Borrower or of others relating

to any security for the obligations hereunder or Borrower's financial or business condition, including the making of copies thereof and abstracts therefrom and inspection and appraisal of any of Borrower's assets;

4.3 furnish Lender with such financial information or other information pertaining to the operation of Borrower as Lender may from time to time request to demonstrate the continued compliance with any financial covenant in this Agreement.

4.4 promptly pay all taxes, assessments and other governmental charges due from Borrower;

4.5 promptly inform Lender of the commencement of any material action, suit, proceeding or investigation against Borrower, or the making of any counterclaim against Borrower in any action, suit or proceeding and of all liens against any of Borrower's property, and of the occurrence of any default hereunder;

4.6 pay all indebtedness to Lender when due;

4.7 fully and punctually perform all of the terms and conditions of the Loan Documents; and

4.8 maintain all licenses and permits necessary for the operation of Borrower's business.

Section 5. Negative Covenants. So long as any amount is unpaid hereunder, Borrower will not, without Lender's prior written consent:

5.1 create, incur, assume or suffer to exist any additional indebtedness except from the Lender;

5.2 create, incur, assume or suffer to exist any security interest, mortgage, pledge, lien or other encumbrance (collectively, "Liens") upon any of Borrower's property or assets, whether now owned or hereafter acquired, except for (a) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings; and (b) non-consensual Liens arising by operation of law, arising in the ordinary course of business, and for amounts which are not overdue for a period of more than 15 days or that are being contested in good faith by appropriate proceedings;

5.3 sell, convey, lease or transfer any of Borrower's assets other than in the ordinary course of business, or merge or consolidate with or into any other company or corporation, but in no event shall Borrower sell, convey, lease or transfer of Borrower's assets with an aggregate value in excess of \$10,000;

5.4 become a guarantor, surety or otherwise become liable for the debts or other obligations of any person, firm or corporation, except as an endorser of instruments for the payment of money deposited to Borrower's bank account for collection in the ordinary course of business;

5.5 make any investments in or loans or advances to any other person, firm or corporation (including, without limitation, loans or advances to Borrower's officers, partners or employees) except direct obligations of the United States of America;

5.6 change the business plan of Borrower or the form in which Borrower conducts its business or the location or fiscal year of such business or the nature of the business as conducted by Borrower on the date of this Agreement or fail to maintain Borrower's business operation as a going concern; or

5.7 sell, transfer, assign, or dispose of any of the capital stock or any membership, partnership, or beneficial interest of Borrower.

Section 6. CLOSING.

6.1 **Closing.** The consummation of the transactions contemplated by this Agreement (the "Closing") shall take place on the Closing Date. At the Closing, the parties shall execute and deliver the Loan Documents and Lender shall disburse the Loan proceeds in full to Borrower.

Section 7. GENERAL PROVISIONS.

7.1 **Survival of Representations and Warranties.** The representations, warranties, and covenants of Borrower and Lender contained in or made pursuant to this Agreement shall survive for one(1) year following the execution and delivery of this Agreement and the Closing and shall in no way be affected by any investigation of the subject matter thereof made by or on behalf of Lender or Borrower, or their respective counsel, as the case may be.

7.2 **Successors and Assigns.** Except as otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties to this Agreement (including transferees of any Securities).

7.3 **Third Parties.** Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties to this Agreement and their respective successors and assigns, any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

7.4 Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) **Governing Law.** This Note shall be governed by and construed under the laws of the State of Nevada, without giving effect to its conflicts of law principles.

(b) **Submission to Jurisdiction.** Borrower hereby irrevocably and unconditionally (i) agrees that any legal action, suit, or proceeding arising out of or relating to this Note may be brought in the courts of the State of Nevada or of the United States of America for the District of Nevada and (ii) submits to the exclusive jurisdiction of any such court in any such action, suit, or proceeding. Final judgment against Borrower in any action, suit, or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment. Nothing in

this Section 7.4(b) shall affect the right of Lender to (i) commence legal proceedings or otherwise sue Borrower in any other court having jurisdiction over Borrower or (ii) serve process upon Borrower in any manner authorized by the laws of any such jurisdiction.

(c) **WAIVER OF JURY TRIAL.** EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

7.5 Specific Performance. The parties agree that, in the event of any breach or threatened breach by any party of any covenant, obligation or other provision set forth in this Agreement, for the benefit of any other party, (a) such other party shall be entitled (in addition to any other remedy that may be available to it) to seek an order granting (i) specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other provision, (ii) an injunction (whether preliminary, temporary or permanent), and other emergency or interim relief, to restrain such breach or threatened breach and to preserve the status quo, and (b) such other party shall not be required to provide any bond or other security in connection with any such relief.

7.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. Counterparts may be executed and/or delivered via DocuSign or other electronic signature solution, facsimile, electronic mail (including pdf), or other transmission method (or any combination thereof) and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

7.7 Headings. The headings and captions used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. All references in this Agreement to Sections, unless otherwise provided, refer to Sections of this Agreement.

7.8 Notices. Any notice or other communication required or permitted to be delivered to any Party under this Agreement shall be in writing and shall be deemed properly delivered, given and received when delivered by hand, by registered mail, by courier or express delivery service, electronic mail, or by facsimile to the address, electronic mail address, or facsimile telephone number set forth beneath the name of such Party below (or to such other address, electronic mail address, or facsimile telephone number as such Party has specified in a written notice given to the other parties hereto):

if to Lender:

2485 Village View Drive, Suite 180,
Henderson, NV 89074
Telephone No.: (702) 830-7919
Attention: Jonathan Bonnette
E-Mail: jbonnette@growcapitalinc.com

with a copy to (which shall not constitute notice):

Seyfarth Shaw LLP
700 Milam Street, Suite 1400
Houston, Texas 77002
Telephone No.: (713) 238-1887
Facsimile No.: (713) 225-2340
Attention: Mark Coffin
E-Mail: mcoffin@seyfarth.com

if to Borrower:

Encompass More Group, Inc.
2485 Village View Drive, Suite 190
Henderson, NV 89074
Telephone No.: 888-336-9559
Attention: Brock McKinley
E-mail: brockmckinley@outlook.com

with a copy to (which shall not constitute notice):

Ideal Business Partners
552 E. Charleston Blvd.
Las Vegas, NV 89104
Telephone No.: 702-852-6601
Facsimile No.: 702-947-4955
Attention: Glenn H. Truitt
E-mail: glenn@idealbusinesspartners.com

7.9 No Finder's Fees. Each party represents that it neither is nor shall be obligated for any finder's or broker's fee or commission in connection with the transactions contemplated by this Agreement. Lender agrees to indemnify and to hold harmless Borrower from any liability for any commission or compensation in the nature of a finder's or broker's fee arising out of this transaction (and the costs and expenses of defending against such liability or asserted liability) for which such Lender or any of its officers, employees, or representatives is responsible. Borrower agrees to indemnify and hold harmless Lender from any liability for any commission or compensation in the nature of a finder's or broker's fee (and any asserted liability) for which Borrower or any of its managers, officers, employees or representatives is responsible.

7.10 Fees and Expenses. Borrower and Lender shall each pay their own expenses in connection with the transactions contemplated by this Agreement.

7.11 Attorneys' Fees. In case of an Event of Default, or any action at law or suit in equity to enforce the Loan Documents or the rights of Lender under the Loan Documents, Lender shall be entitled to receive a reasonable sum for its attorneys' fees and all other reasonable costs and expenses incurred in such action or suit.

7.12 Indemnification. Borrower agrees to indemnify, defend, and hold Lender harmless from and against any claim brought or threatened against Lender by Borrower or any third party (as well as attorneys' fees and expenses in connection therewith) on account of Lender's relationship with Borrower (each of which may be defended, compromised, settled, or pursued by Lender with counsel of Lender's selection, but at Borrower's expense). This indemnification shall survive payment of Borrower's obligations to Lender and/or any termination, release, or discharge executed by Lender in Borrower's favor.

7.13 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of Borrower and Lender. Any amendment or waiver effected in accordance with this Section 7.13 shall be binding upon Lender and Borrower.

7.14 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Agreement and the balance of this Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

7.15 Entire Agreement. This Agreement, together with all exhibits and schedules to this Agreement, constitutes the entire agreement and understanding of the parties with respect to the subject matter of this Agreement and supersedes any and all prior negotiations, correspondence, agreements, understandings, duties, or obligations between the parties with respect to the subject matter of this Agreement.

7.16 Further Assurances. From and after the date of this Agreement, upon the request of Lender or Borrower, Borrower and Lender shall execute and deliver such instruments, documents, or other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement as of the date first written above.

BORROWER:

ENCOMPASS MORE GROUP, INC.

By: /s/ Brock McKinley
Name: Brock McKinley
Title: President

LENDER:

GROW CAPITAL, INC.

By: /s/ Jonathan Bonnette
Name: Jonathan Bonnette
Title: CEO and President

[Signature Page to Commercial Loan Agreement]

EXHIBIT A
FORM OF PROMISSORY NOTE

FOR VALUE RECEIVED, and subject to the terms and conditions set forth herein, **ENCOMPASS MORE GROUP, INC.**, a Nevada corporation (the "**Borrower**"), hereby unconditionally promises to pay to the order of **GROW CAPITAL, INC.**, a Nevada corporation, or its assigns (the "**Noteholder**," and together with the Borrower, the "**Parties**"), the principal amount of \$100,000.00 (the "**Loan**"), together with all accrued interest thereon, as provided in this Promissory Note (the "**Note**"), dated July , 2019 (the "**Effective Date**") and the Commercial Loan Agreement (the "**Agreement**"), dated as of the date hereof, by and between Borrower and the Noteholder.

1. Definitions. Capitalized terms used herein shall have the meanings set forth in this Section 1.

"**Applicable Rate**" means the rate equal to 5%.

"**Borrower**" has the meaning set forth in the introductory paragraph.

"**Business Day**" means a day other than a Saturday, Sunday, or other day on which commercial banks in Las Vegas, Nevada are authorized or required by law to close.

"**Default**" means any of the events specified in Section 8 which constitute an Event of Default or which, upon the giving of notice, the lapse of time, or both, pursuant to Section 8, would, unless cured or waived, become an Event of Default.

"**Default Rate**" means, at any time, the Applicable Rate plus 2%.

"**Event of Default**" has the meaning set forth in Section 8.

"**Governmental Authority**" means the government of any nation or any political subdivision thereof, whether at the national, state, territorial, provincial, municipal, or any other level, and any agency, authority, instrumentality, regulatory body, court, central bank, or other entity exercising executive, legislative, judicial, taxing, regulatory, or administrative powers or functions of, or pertaining to, government (including any supranational bodies, such as the European Union or the European Central Bank).

"**Law**" as to any Person, means the certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any law (including common law), statute, ordinance, treaty, rule, regulation, order, decree, judgment, writ, injunction, settlement agreement, requirement or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Lien**" means any mortgage, pledge, hypothecation, encumbrance, lien (statutory or other), charge, or other security interest.

“**Loan**” has the meaning set forth in the introductory paragraph.

“**Material Adverse Effect**” means a material adverse effect on (a) the business, assets, properties, liabilities (actual or contingent), operations, condition (financial or otherwise), or prospects of the Borrower; (b) the validity or enforceability of the Note; (c) the rights or remedies of the Noteholder hereunder; or (e) the Borrower’s ability to perform any of its material obligations hereunder.

“**Maturity Date**” means the earlier of (a) the twelve month anniversary of the Effective Date; and (b) the date on which all amounts under this Note shall become due and payable pursuant to Section 9.

“**Note**” has the meaning set forth in the introductory paragraph.

“**Noteholder**” has the meaning set forth in the introductory paragraph.

“**Order**” as to any Person, means any order, decree, judgment, writ, injunction, settlement agreement, requirement, or determination of an arbitrator or a court or other Governmental Authority, in each case, applicable to or binding on such Person or any of its properties or to which such Person or any of its properties is subject.

“**Parties**” has the meaning set forth in the introductory paragraph.

“**Person**” means any individual, corporation, limited liability company, trust, joint venture, association, company, limited or general partnership, unincorporated organization, Governmental Authority, or other entity.

2. Payment Dates; Optional Prepayments.

2.1 Monthly Installment Payments. Borrower shall make monthly installment payments of \$2,000 (each, a “**Monthly Payment**”), payable on the 1st day of the month immediately following the date hereof and each month thereafter.

2.2 Final Payment. The aggregate unpaid principal amount of the Loan, all accrued and unpaid interest, and all other amounts payable under this Note shall be due and payable on the Maturity Date, unless otherwise provided in Section 9.

2.3 Optional Prepayments. The Borrower may prepay the Loan in whole or in part at any time or from time to time without penalty or premium by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment. No prepaid amount may be reborrowed.

3. Interest.

3.1 Interest Rate. Except as otherwise provided herein, the outstanding principal amount of the Loan made hereunder shall bear interest at the Applicable Rate from the date the Loan was made until the Loan is paid in full, whether at maturity, upon acceleration, by prepayment, or otherwise.

3.2 Default Interest. If any amount payable hereunder is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration, or otherwise, such overdue amount shall bear interest at the Default Rate from the date of such non-payment until such amount is paid in full.

3.3 Computation of Interest. All computations of interest shall be made on the basis of 365 or 366 days, as the case may be and the actual number of days elapsed. Interest shall accrue on the Loan on the day on which the Loan is made, and shall not accrue on the Loan for the day on which it is paid.

3.4 Interest Rate Limitation. If at any time and for any reason whatsoever, the interest rate payable on the Loan shall exceed the maximum rate of interest permitted to be charged by the Noteholder to the Borrower under applicable Law, such interest rate shall be reduced automatically to the maximum rate of interest permitted to be charged under applicable Law.

4. Payment Mechanics.

4.1 Manner of Payments. All payments of interest and principal shall be made in lawful money of the United States of America no later than 12:00 PM Nevada time on the date on which such payment is due by wire transfer of immediately available funds to the Noteholder's account at a bank specified by the Noteholder in writing to the Borrower from time to time.

4.2 Application of Payments. All payments made hereunder shall be applied first to the payment of any fees or charges outstanding hereunder, second to accrued interest, and third to the payment of the principal amount outstanding under the Note.

4.3 Business Day Convention. Whenever any payment to be made hereunder shall be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension will be taken into account in calculating the amount of interest payable under this Note.

4.4 Rescission of Payments. If at any time any payment made by the Borrower under this Note is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, or reorganization of the Borrower or otherwise, the Borrower's obligation to make such payment shall be reinstated as though such payment had not been made.

5. Representations and Warranties. The Borrower hereby represents and warrants to the Noteholder on the date hereof as follows:

5.1 Existence; Compliance with Laws The Borrower is (a) a corporation duly incorporated, validly existing and in good standing under the laws of the state of Nevada and is duly qualified to do business in each jurisdiction in which the Borrower is required to be registered in order to conduct its business, and has the requisite power and authority, and the legal right, to own, lease, and operate its properties and assets and to conduct its business as it is now being conducted, and (b) in compliance with all Laws and Orders except to the

extent that the failure to comply therewith would not, reasonably be expected to have a Material Adverse Effect.

5.2 **Power and Authority.** The Borrower has the power and authority, and the legal right, to execute and deliver this Note and to perform its obligations hereunder.

5.3 **Authorization; Execution and Delivery.** The execution and delivery of this Note by the Borrower and the performance of its obligations hereunder have been duly authorized by all necessary corporate action in accordance with all applicable Laws. The Borrower has duly executed and delivered this Note.

5.4 **No Approvals.** No consent or authorization of, filing with, notice to, or other act by, or in respect of, any Governmental Authority or any other Person is required in order for the Borrower to execute, deliver, or perform any of its obligations under this Note.

5.5 **No Violations.** The execution and delivery of this Note and the consummation by the Borrower of the transactions contemplated hereby do not and will not (a) violate any provision of the Borrower's organizational documents; (b) violate any Law or Order applicable to the Borrower or by which any of its properties or assets may be bound; or (c) constitute a default under any material agreement or contract by which the Borrower may be bound.

5.6 **Enforceability.** The Note is a valid, legal, and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

5.7 **No Litigation.** No action, suit, litigation, investigation, or proceeding of, or before, any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against the Borrower or any of its property or assets (a) with respect to the Note or any of the transactions contemplated hereby or (b) that would be expected to materially adversely affect the Borrower's financial condition or the ability of the Borrower to perform its obligations under the Note.

6. Affirmative Covenants. Until all amounts outstanding in this Note have been paid in full, the Borrower shall:

6.1 **Maintenance of Existence.** (a) Preserve, renew, and maintain in full force and effect its corporate or organizational existence and (b) take all reasonable action to maintain all rights, privileges, and franchises necessary or desirable in the normal conduct of its business, except, in each case, where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

6.2 **Compliance.** Comply with (a) all of the terms and provisions of its organizational documents; (b) its obligations under its material contracts and agreements; (c)

all Laws and Orders applicable to it and its business, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

6.3 Payment Obligations. Pay, discharge, or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings, and appropriate reserves with respect thereto have been provided on its books.

6.4 Notice of Events of Default. As soon as possible and in any event within two Business Days after it becomes aware that a Default or an Event of Default has occurred, notify the Noteholder in writing of the nature and extent of such Default or Event of Default and the action, if any, it has taken or proposes to take with respect to such Default or Event of Default.

6.5 Further Assurances. Promptly execute and deliver such further instruments and do or cause to be done such further acts as may be necessary or advisable to carry out the intent and purposes of this Note.

7. Negative Covenants. Until all amounts outstanding under this Note have been paid in full, the Borrower shall not:

7.1 Indebtedness. Incur, create, or assume any additional indebtedness.

7.2 Liens. Incur, create, assume, or suffer to exist any Lien on any of its property or assets, whether now owned or hereinafter acquired, except for (a) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings; and (b) non-consensual Liens arising by operation of law, arising in the ordinary course of business, and for amounts which are not overdue for a period of more than 15 days or that are being contested in good faith by appropriate proceedings.

7.3 Line of Business. Enter into any business, directly or indirectly, except for those businesses in which the Borrower is engaged on the date of this Note or that are reasonably related thereto.

8. Events of Default The occurrence and continuance of any of the following shall constitute an Event of Default hereunder:

8.1 Failure to Pay. The Borrower fails to pay (a) any principal amount of the Loan when due or (b) interest or any other amount when due and such failure continues for 5 days.

8.2 Breach of Representations and Warranties. Any representation or warranty made or deemed made by the Borrower to the Noteholder herein is incorrect in any material respect on the date as of which such representation or warranty was made or deemed made.

8.3 Breach of Covenants. The Borrower fails to observe or perform (a) any covenant, condition or agreement contained in Section 6 or (b) any other covenant,

obligation, condition, or agreement contained in this Note, other than those specified in clause (a), and such default shall continue unremedied for a period of 10 days after the earlier of the date on which (x) any officer of the Borrower becomes aware of such failure or (y) written notice thereof shall have been given to the Borrower from Noteholder.

8.4 Cross-Defaults. The Borrower fails to pay when due any of its indebtedness (other than indebtedness arising under this Note), or any interest or premium thereon, when due (whether by scheduled maturity, acceleration, demand, or otherwise) and such failure continues after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness.

8.5 Bankruptcy.

(a) the Borrower commences any case, proceeding, or other action (i) under any existing or future Law relating to bankruptcy, insolvency, reorganization, or other relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, or other relief with respect to it or its debts or (ii) seeking appointment of a receiver, trustee, custodian, conservator, or other similar official for it or for all or any substantial part of its assets, or the Borrower makes a general assignment for the benefit of its creditors;

(b) there is commenced against the Borrower any case, proceeding, or other action of a nature referred to in Section 8.5(a) above which (i) results in the entry of an order for relief or any such adjudication or appointment or (ii) remains undismissed, undischarged, or unbonded for a period of 30 days;

(c) there is commenced against the Borrower any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which has not been vacated, discharged, or stayed or bonded pending appeal within 30 days from the entry thereof;

(d) the Borrower takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in Section 8.5(a), Section 8.5(b), or Section 8.5(c) above; or

(e) the Borrower is generally not, or shall be unable to, or admits in writing its inability to, pay its debts as they become due.

8.6 Judgments. One or more judgments or decrees shall be entered against the Borrower and all of such judgments or decrees shall not have been vacated, discharged, or stayed or bonded pending appeal within 30 days from the entry thereof.

9. Remedies. Upon the occurrence of any Event of Default and at any time thereafter during the continuance of such Event of Default, the Noteholder may, at its option, by written notice to the Borrower (a) declare the entire principal amount of this Note, together with all

accrued interest thereon and all other amounts payable hereunder, immediately due and payable; and/or (b) exercise any or all of its rights, powers or remedies under applicable Law; *provided, however*, that if an Event of Default described in Section 8.5 shall occur, the principal of and accrued interest on the Loan shall become immediately due and payable without any notice, declaration, or other act on the part of the Noteholder.

10. Miscellaneous.

10.1 Notices. Any notice or other communication required or permitted to be delivered to any Party under this Note shall be in writing and shall be deemed properly delivered, given and received when delivered by hand, by registered mail, by courier or express delivery service, electronic mail, or by facsimile to the address, electronic mail address, or facsimile telephone number set forth beneath the name of such Party below (or to such other address, electronic mail address, or facsimile telephone number as such Party has specified in a written notice given to the other parties hereto):

If to the Borrower:

Encompass More Group, Inc.
2485 Village View Drive, Suite 190
Henderson, NV 89074
Telephone No.: 888-336-9559
Attention: Brock McKinley
E-mail: brockmckinley@outlook.com

with a copy to (which shall not constitute notice):

Ideal Business Partners
552 E. Charleston Blvd.
Las Vegas, NV 89104
Telephone No.: 702-852-6601
Facsimile No.: 702-947-4955
Attention: Glenn H. Truitt
E-mail: glenn@idealbusinesspartners.com

If to the Noteholder:

Grow Capital, Inc.
2485 Village View Drive, Suite 180
Henderson, NV 89074
Telephone No.: (702) 830-7919
Attention: Jonathan Bonnette
E-Mail: jbonnette@growcapitalinc.com

with a copy to (which shall not constitute notice):

Seyfarth Shaw LLP
700 Milam Street, Suite 1400
Houston, Texas 77002

10.2 Expenses. All fees and expenses incurred in connection with the Note shall be paid by the Party incurring such expenses, other than as set forth in Section 10.3.

10.3 Attorneys' Fees. In case of an Event of Default, or any action at law or suit in equity to enforce this Note or the rights of the Noteholder under this Note, the Noteholder shall be entitled to receive a reasonable sum for its attorneys' fees and all other reasonable costs and expenses incurred in such action or suit.

10.4 Governing Law. This Note and any claim, controversy, dispute, or cause of action (whether in contract or tort or otherwise) based upon, arising out of, or relating to this Note, and the transactions contemplated hereby shall be governed by the laws of the State of Nevada.

10.5 Submission to Jurisdiction.

(a) The Borrower hereby irrevocably and unconditionally (i) agrees that any legal action, suit, or proceeding arising out of or relating to this Note may be brought in the courts of the State of Nevada or of the United States of America for the District of Nevada and (ii) submits to the exclusive jurisdiction of any such court in any such action, suit, or proceeding. Final judgment against the Borrower in any action, suit, or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment.

(b) Nothing in this Section 10.5 shall affect the right of the Noteholder to (i) commence legal proceedings or otherwise sue the Borrower in any other court having jurisdiction over the Borrower or (ii) serve process upon the Borrower in any manner authorized by the laws of any such jurisdiction.

10.6 Venue. The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Note in any court referred to in Section 10.5 and the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

10.7 Waiver of Jury Trial. THE BORROWER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY, WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY.

10.8 Counterparts; Integration; Effectiveness. This Note and any amendments, waivers, consents, or supplements hereto may be executed in counterparts, each of which

shall constitute an original, but all taken together shall constitute a single contract. This Note constitutes the entire contract between the Parties with respect to the subject matter hereof and supersedes all previous agreements and understandings, oral or written, with respect thereto. Delivery of an executed counterpart of a signature page to this Note by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Note.

10.9 Successors and Assigns. This Note may be assigned or transferred by the Noteholder to any Person. The Borrower may not assign or transfer this Note or any of its rights hereunder without the prior written consent of the Noteholder. This Note shall inure to the benefit of, and be binding upon, the Parties and their permitted assigns.

10.10 Waiver of Notice. The Borrower hereby waives demand for payment, presentment for payment, protest, notice of payment, notice of dishonor, notice of nonpayment, notice of acceleration of maturity, and diligence in taking any action to collect sums owing hereunder.

10.11 USA PATRIOT Act. The Noteholder hereby notifies the Borrower that pursuant to the requirements of the PATRIOT Act it is required to obtain, verify, and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Noteholder to identify the Borrower in accordance with the PATRIOT Act, and the Borrower agrees to provide such information from time to time to the Noteholder.

10.12 Interpretation. For purposes of this Note (a) the words "include," "includes," and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto," and "hereunder" refer to this Note as a whole. The definitions given for any defined terms in this Note shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine, and neuter forms. Unless the context otherwise requires, references herein: (x) to Schedules, Exhibits, and Sections mean the Schedules, Exhibits, and Sections of this Note; (y) to an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented, and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Note shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

10.13 Amendments and Waivers. No term of this Note may be waived, modified, or amended except by an instrument in writing signed by both of the parties hereto. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

10.14 Headings. The headings of the various Sections and subsections herein are for reference only and shall not define, modify, expand, or limit any of the terms or provisions hereof.

10.15 No Waiver; Cumulative Remedies. No failure to exercise, and no delay in exercising on the part of the Noteholder, of any right, remedy, power, or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege. The rights, remedies, powers, and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers, and privileges provided by law.

10.16 Electronic Execution. The words "execution," "signed," "signature," and words of similar import in the Note shall be deemed to include electronic or digital signatures or the keeping of records in electronic form, each of which shall be of the same effect, validity, and enforceability as manually executed signatures or a paper-based recordkeeping system, as the case may be, to the extent and as provided for under applicable law.

10.17 Severability. If any term or provision of this Note is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Note or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the parties hereto shall negotiate in good faith to modify this Note so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

[signature page follows]

IN WITNESS WHEREOF, the Borrower has executed this Note as of the Effective Date.

ENCOMPASS MORE GROUP, INC.

By _____
Name: Brock McKinley
Title: President

58047285v.2

PROMISSORY NOTE

FOR VALUE RECEIVED, and subject to the terms and conditions set forth herein, **ENCOMPASS MORE GROUP, INC.**, a Nevada corporation (the "**Borrower**"), hereby unconditionally promises to pay to the order of **GROW CAPITAL, INC.**, a Nevada corporation, or its assigns (the "**Noteholder**," and together with the Borrower, the "**Parties**"), the principal amount of \$100,000.00 (the "**Loan**"), together with all accrued interest thereon, as provided in this Promissory Note (the "**Note**"), dated July 22, 2019 (the "**Effective Date**") and the Commercial Loan Agreement (the "**Agreement**"), dated as of the date hereof, by and between Borrower and the Noteholder.

1. Definitions. Capitalized terms used herein shall have the meanings set forth in this Section 1.

"**Applicable Rate**" means the rate equal to 5%.

"**Borrower**" has the meaning set forth in the introductory paragraph.

"**Business Day**" means a day other than a Saturday, Sunday, or other day on which commercial banks in Las Vegas, Nevada are authorized or required by law to close.

"**Default**" means any of the events specified in Section 8 which constitute an Event of Default or which, upon the giving of notice, the lapse of time, or both, pursuant to Section 8, would, unless cured or waived, become an Event of Default.

"**Default Rate**" means, at any time, the Applicable Rate plus 2%.

"**Event of Default**" has the meaning set forth in Section 8.

"**Governmental Authority**" means the government of any nation or any political subdivision thereof, whether at the national, state, territorial, provincial, municipal, or any other level, and any agency, authority, instrumentality, regulatory body, court, central bank, or other entity exercising executive, legislative, judicial, taxing, regulatory, or administrative powers or functions of, or pertaining to, government (including any supranational bodies, such as the European Union or the European Central Bank).

"**Law**" as to any Person, means the certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any law (including common law), statute, ordinance, treaty, rule, regulation, order, decree, judgment, writ, injunction, settlement agreement, requirement or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Lien**" means any mortgage, pledge, hypothecation, encumbrance, lien (statutory or other), charge, or other security interest.

"**Loan**" has the meaning set forth in the introductory paragraph.

“**Material Adverse Effect**” means a material adverse effect on (a) the business, assets, properties, liabilities (actual or contingent), operations, condition (financial or otherwise), or prospects of the Borrower; (b) the validity or enforceability of the Note; (c) the rights or remedies of the Noteholder hereunder; or (e) the Borrower’s ability to perform any of its material obligations hereunder.

“**Maturity Date**” means the earlier of (a) the twelve month anniversary of the Effective Date; and (b) the date on which all amounts under this Note shall become due and payable pursuant to Section 9.

“**Note**” has the meaning set forth in the introductory paragraph.

“**Noteholder**” has the meaning set forth in the introductory paragraph.

“**Order**” as to any Person, means any order, decree, judgment, writ, injunction, settlement agreement, requirement, or determination of an arbitrator or a court or other Governmental Authority, in each case, applicable to or binding on such Person or any of its properties or to which such Person or any of its properties is subject.

“**Parties**” has the meaning set forth in the introductory paragraph.

“**Person**” means any individual, corporation, limited liability company, trust, joint venture, association, company, limited or general partnership, unincorporated organization, Governmental Authority, or other entity.

2. Payment Dates; Optional Prepayments.

2.1 Monthly Installment Payments. Borrower shall make monthly installment payments of \$2,000 (each, a “**Monthly Payment**”), payable on the 1st day of the month immediately following the date hereof and each month thereafter.

2.2 Final Payment. The aggregate unpaid principal amount of the Loan, all accrued and unpaid interest, and all other amounts payable under this Note shall be due and payable on the Maturity Date, unless otherwise provided in Section 9.

2.3 Optional Prepayments. The Borrower may prepay the Loan in whole or in part at any time or from time to time without penalty or premium by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment. No prepaid amount may be reborrowed.

3. Interest.

3.1 Interest Rate. Except as otherwise provided herein, the outstanding principal amount of the Loan made hereunder shall bear interest at the Applicable Rate from the date the Loan was made until the Loan is paid in full, whether at maturity, upon acceleration, by prepayment, or otherwise.

3.2 Default Interest. If any amount payable hereunder is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration, or otherwise, such overdue amount shall bear interest at the Default Rate from the date of such non-payment until such amount is paid in full.

3.3 Computation of Interest. All computations of interest shall be made on the basis of 365 or 366 days, as the case may be and the actual number of days elapsed. Interest shall accrue on the Loan on the day on which the Loan is made, and shall not accrue on the Loan for the day on which it is paid.

3.4 Interest Rate Limitation. If at any time and for any reason whatsoever, the interest rate payable on the Loan shall exceed the maximum rate of interest permitted to be charged by the Noteholder to the Borrower under applicable Law, such interest rate shall be reduced automatically to the maximum rate of interest permitted to be charged under applicable Law.

4. Payment Mechanics.

4.1 Manner of Payments. All payments of interest and principal shall be made in lawful money of the United States of America no later than 12:00 PM Nevada time on the date on which such payment is due by wire transfer of immediately available funds to the Noteholder's account at a bank specified by the Noteholder in writing to the Borrower from time to time.

4.2 Application of Payments. All payments made hereunder shall be applied first to the payment of any fees or charges outstanding hereunder, second to accrued interest, and third to the payment of the principal amount outstanding under the Note.

4.3 Business Day Convention. Whenever any payment to be made hereunder shall be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension will be taken into account in calculating the amount of interest payable under this Note.

4.4 Rescission of Payments. If at any time any payment made by the Borrower under this Note is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, or reorganization of the Borrower or otherwise, the Borrower's obligation to make such payment shall be reinstated as though such payment had not been made.

5. Representations and Warranties. The Borrower hereby represents and warrants to the Noteholder on the date hereof as follows:

5.1 Existence; Compliance with Laws The Borrower is (a) a corporation duly incorporated, validly existing and in good standing under the laws of the state of Nevada and is duly qualified to do business in each jurisdiction in which the Borrower is required to be registered in order to conduct its business, and has the requisite power and authority, and the legal right, to own, lease, and operate its properties and assets and to conduct its business as it is now being conducted, and (b) in compliance with all Laws and Orders except to the

extent that the failure to comply therewith would not, reasonably be expected to have a Material Adverse Effect.

5.2 **Power and Authority.** The Borrower has the power and authority, and the legal right, to execute and deliver this Note and to perform its obligations hereunder.

5.3 **Authorization; Execution and Delivery.** The execution and delivery of this Note by the Borrower and the performance of its obligations hereunder have been duly authorized by all necessary corporate action in accordance with all applicable Laws. The Borrower has duly executed and delivered this Note.

5.4 **No Approvals.** No consent or authorization of, filing with, notice to, or other act by, or in respect of, any Governmental Authority or any other Person is required in order for the Borrower to execute, deliver, or perform any of its obligations under this Note.

5.5 **No Violations.** The execution and delivery of this Note and the consummation by the Borrower of the transactions contemplated hereby do not and will not (a) violate any provision of the Borrower's organizational documents; (b) violate any Law or Order applicable to the Borrower or by which any of its properties or assets may be bound; or (c) constitute a default under any material agreement or contract by which the Borrower may be bound.

5.6 **Enforceability.** The Note is a valid, legal, and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

5.7 **No Litigation.** No action, suit, litigation, investigation, or proceeding of, or before, any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against the Borrower or any of its property or assets (a) with respect to the Note or any of the transactions contemplated hereby or (b) that would be expected to materially adversely affect the Borrower's financial condition or the ability of the Borrower to perform its obligations under the Note.

6. Affirmative Covenants. Until all amounts outstanding in this Note have been paid in full, the Borrower shall:

6.1 **Maintenance of Existence.** (a) Preserve, renew, and maintain in full force and effect its corporate or organizational existence and (b) take all reasonable action to maintain all rights, privileges, and franchises necessary or desirable in the normal conduct of its business, except, in each case, where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

6.2 **Compliance.** Comply with (a) all of the terms and provisions of its organizational documents; (b) its obligations under its material contracts and agreements; (c)

all Laws and Orders applicable to it and its business, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

6.3 Payment Obligations. Pay, discharge, or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings, and appropriate reserves with respect thereto have been provided on its books.

6.4 Notice of Events of Default. As soon as possible and in any event within two Business Days after it becomes aware that a Default or an Event of Default has occurred, notify the Noteholder in writing of the nature and extent of such Default or Event of Default and the action, if any, it has taken or proposes to take with respect to such Default or Event of Default.

6.5 Further Assurances. Promptly execute and deliver such further instruments and do or cause to be done such further acts as may be necessary or advisable to carry out the intent and purposes of this Note.

7. Negative Covenants. Until all amounts outstanding under this Note have been paid in full, the Borrower shall not:

7.1 Indebtedness. Incur, create, or assume any additional indebtedness.

7.2 Liens. Incur, create, assume, or suffer to exist any Lien on any of its property or assets, whether now owned or hereinafter acquired, except for (a) Liens for taxes not yet due or which are being contested in good faith by appropriate proceedings; and (b) non-consensual Liens arising by operation of law, arising in the ordinary course of business, and for amounts which are not overdue for a period of more than 15 days or that are being contested in good faith by appropriate proceedings.

7.3 Line of Business. Enter into any business, directly or indirectly, except for those businesses in which the Borrower is engaged on the date of this Note or that are reasonably related thereto.

8. Events of Default The occurrence and continuance of any of the following shall constitute an Event of Default hereunder:

8.1 Failure to Pay. The Borrower fails to pay (a) any principal amount of the Loan when due or (b) interest or any other amount when due and such failure continues for 5 days.

8.2 Breach of Representations and Warranties. Any representation or warranty made or deemed made by the Borrower to the Noteholder herein is incorrect in any material respect on the date as of which such representation or warranty was made or deemed made.

8.3 Breach of Covenants. The Borrower fails to observe or perform (a) any covenant, condition or agreement contained in Section 6 or (b) any other covenant,

obligation, condition, or agreement contained in this Note, other than those specified in clause (a), and such default shall continue unremedied for a period of 10 days after the earlier of the date on which (x) any officer of the Borrower becomes aware of such failure or (y) written notice thereof shall have been given to the Borrower from Noteholder.

8.4 Cross-Defaults. The Borrower fails to pay when due any of its indebtedness (other than indebtedness arising under this Note), or any interest or premium thereon, when due (whether by scheduled maturity, acceleration, demand, or otherwise) and such failure continues after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness.

8.5 Bankruptcy.

(a) the Borrower commences any case, proceeding, or other action (i) under any existing or future Law relating to bankruptcy, insolvency, reorganization, or other relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition, or other relief with respect to it or its debts or (ii) seeking appointment of a receiver, trustee, custodian, conservator, or other similar official for it or for all or any substantial part of its assets, or the Borrower makes a general assignment for the benefit of its creditors;

(b) there is commenced against the Borrower any case, proceeding, or other action of a nature referred to in Section 8.5(a) above which (i) results in the entry of an order for relief or any such adjudication or appointment or (ii) remains undismitted, undischarged, or unbonded for a period of 30 days;

(c) there is commenced against the Borrower any case, proceeding, or other action seeking issuance of a warrant of attachment, execution, or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which has not been vacated, discharged, or stayed or bonded pending appeal within 30 days from the entry thereof;

(d) the Borrower takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in Section 8.5(a), Section 8.5(b), or Section 8.5(c) above; or

(e) the Borrower is generally not, or shall be unable to, or admits in writing its inability to, pay its debts as they become due.

8.6 Judgments. One or more judgments or decrees shall be entered against the Borrower and all of such judgments or decrees shall not have been vacated, discharged, or stayed or bonded pending appeal within 30 days from the entry thereof.

9. Remedies. Upon the occurrence of any Event of Default and at any time thereafter during the continuance of such Event of Default, the Noteholder may, at its option, by written notice to the Borrower (a) declare the entire principal amount of this Note, together with all

accrued interest thereon and all other amounts payable hereunder, immediately due and payable; and/or (b) exercise any or all of its rights, powers or remedies under applicable Law; *provided, however*, that if an Event of Default described in Section 8.5 shall occur, the principal of and accrued interest on the Loan shall become immediately due and payable without any notice, declaration, or other act on the part of the Noteholder.

10. Miscellaneous.

10.1 Notices. Any notice or other communication required or permitted to be delivered to any Party under this Note shall be in writing and shall be deemed properly delivered, given and received when delivered by hand, by registered mail, by courier or express delivery service, electronic mail, or by facsimile to the address, electronic mail address, or facsimile telephone number set forth beneath the name of such Party below (or to such other address, electronic mail address, or facsimile telephone number as such Party has specified in a written notice given to the other parties hereto):

If to the Borrower:

Encompass More Group, Inc.
2485 Village View Drive, Suite 190
Henderson, NV 89074
Telephone No.: 888-336-9559
Attention: Brock McKinley
E-mail: brockmckinley@outlook.com

with a copy to (which shall not constitute notice):

Ideal Business Partners
552 E. Charleston Blvd.
Las Vegas, NV 89104
Telephone No.: 702-852-6601
Facsimile No.: 702-947-4955
Attention: Glenn H. Truitt
E-mail: glenn@idealbusinesspartners.com

If to the Noteholder:

Grow Capital, Inc.
2485 Village View Drive, Suite 180
Henderson, NV 89074
Telephone No.: (702) 830-7919
Attention: Jonathan Bonnette
E-Mail: jbonnette@growcapitalinc.com

with a copy to (which shall not constitute notice):

Seyfarth Shaw LLP
700 Milam Street, Suite 1400
Houston, Texas 77002

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Attorneys' Fees. In case of an Event of Default, or any action at law or suit in equity to enforce this Note or the rights of the Noteholder under this Note, the Noteholder shall be entitled to receive a reasonable sum for its attorneys' fees and all other reasonable costs and expenses incurred in such action or suit.

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(a) The Borrower hereby irrevocably and unconditionally (i) agrees that any legal action, suit, or proceeding arising out of or relating to this Note may be brought in the courts of the State of Nevada or of the United States of America for the District of Nevada and (ii) submits to the exclusive jurisdiction of any such court in any such action, suit, or proceeding. Final judgment against the Borrower in any action, suit, or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment.

(b) Nothing in this Section 10.5 shall affect the right of the Noteholder to (i) commence legal proceedings or otherwise sue the Borrower in any other court having jurisdiction over the Borrower or (ii) serve process upon the Borrower in any manner authorized by the laws of any such jurisdiction.

10.6 Venue. The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Note in any court referred to in Section 10.5 and the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

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shall constitute an original, but all taken together shall constitute a single contract. This Note constitutes the entire contract between the Parties with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto. Delivery of an executed counterpart of a signature page to this Note by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Note.

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10.11 USA PATRIOT Act. The Noteholder hereby notifies the Borrower that pursuant to the requirements of the PATRIOT Act it is required to obtain, verify, and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Noteholder to identify the Borrower in accordance with the PATRIOT Act, and the Borrower agrees to provide such information from time to time to the Noteholder.

10.12 Interpretation. For purposes of this Note (a) the words "include," "includes," and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto," and "hereunder" refer to this Note as a whole. The definitions given for any defined terms in this Note shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine, and neuter forms. Unless the context otherwise requires, references herein: (x) to Schedules, Exhibits, and Sections mean the Schedules, Exhibits, and Sections of this Note; (y) to an agreement, instrument, or other document means such agreement, instrument, or other document as amended, supplemented, and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Note shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

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10.16 Electronic Execution. The words "execution," "signed," "signature," and words of similar import in the Note shall be deemed to include electronic or digital signatures or the keeping of records in electronic form, each of which shall be of the same effect, validity, and enforceability as manually executed signatures or a paper-based recordkeeping system, as the case may be, to the extent and as provided for under applicable law.

10.17 Severability. If any term or provision of this Note is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Note or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the parties hereto shall negotiate in good faith to modify this Note so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

[signature page follows]

IN WITNESS WHEREOF, the Borrower has executed this Note as of the Effective Date.

ENCOMPASS MORE GROUP, INC.

By /s/ Brock McKinley
Name: Brock McKinley
Title: President

[Signature Page to Encompass Promissory Note]

Grow Capital, Inc Formally Acquires Bombshell Technologies

Henderson, NV — Grow Capital, Inc (OTCPK:GRWC) (GRWC) today filed an 8-K with the Securities and Exchange Commission to announce their acquisition of Bombshell Technologies.

“We identified our first acquisition in the FinTech space, stayed the course of our strategy and are proud to report this deal is closed,” said CEO Jonathan Bonnette.

The valuation of Bombshell Technologies was determined by a third party independent auditor to be \$9,030,000. Grow Capital purchased the company in stock for the share price of \$0.08159 per share, plus possible additional earn-out consideration of as much as \$3,000,000 in additional shares at the same price over the next three years. The price was determined using the thirty (30) day volume weighted average price (the “VWAP”) calculated through March 12, 2019, the effective date of the letter of intent for the Exchange.

GRWC now owns 100 percent of the shares of Bombshell Technologies, a premier software development service provider with a focus on the financial services sector. Bombshell Technologies has operations in both Nevada and Louisiana. Bombshell Technologies provides software to several massive financial services organizations and leads the way on innovative industry-specific solutions for sales teams and management.

Bombshell’s current software suite delivers customized back office compliance, sophisticated multi-pay commission processing, and revolutionized new client application submission system, along with digital engagement marketing services centric to financial services.

“Bombshell’s team and business model is ripe for growth,” said chairman of GRWC James Olson. “We are now formally a FinTech holding company and following the exact plan we’ve outlined. This provides evidence to our stakeholders we follow through on our plans and commitments.”

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Learn more about Bombshell Technologies suite of products here: www.bombshelltechnologies.com

About Grow Capital, Inc: Grow Capital, Inc is a publicly traded company listed under the symbol GRWC. Formally Grow Condos, we have announced new leadership, rebranded, relocated our headquarters and have expanded into acquiring and developing the best professional technology and financial services companies.

To be added to the distribution list please email info@growcapitalinc.com with “GRWC” in the subject line.

Forward Looking Statements Disclaimer: This release may contain statements that constitute 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. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, many of which are beyond Grow Capital,

Inc’s ability to control, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors. Such forward -looking statements include the words “seek”, “grow” “plan” and other expressions of a forward-looking nature. More information about

the potential factors that could affect the business and financial results is and will be included in Grow Capital, Inc's filings with the OTC Markets, Securities and Exchange Commission and/or posted on the company's website.