SECURITIES & EXCHANGE COMMISSION EDGAR FILING

GROW CAPITAL, INC.

Form: 10-Q

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2020**

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

000-53548
Commission File Number

GROW CAPITAL, INC.
(Exact name of registrant as specified in its charter)

Nevada	**86-0970023**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
2485 Village View Drive, Suite 180, Henderson, NV	**89074**
(Address of principal executive offices)	*(Zip Code)*

702-830-7919
(Registrant's telephone number, including area code)

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

Securities registered pursuant to Section 12(b) of the Act: None

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
None	N/A	N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer[ ]	Accelerated filer [ ]
Non-accelerated filer[ ] (Do not check if a smaller reporting company)	Smaller reporting company [X]
	Emerging growth company [X]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] **No [X]**

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Not applicable.

APPLICABLE ONLY TO CORPORATE ISSUERS

251,870,721 shares of common stock outstanding as of May 12, 2020

(Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.)

GROW CONDOS, INC.
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GROW CAPITAL, INC.
AND SUBSIDIARIES
(Formerly Grow Condos, Inc.)
Condensed Consolidated Balance Sheets

ASSETS	March 31, 2020	June 30, 2019*
CURRENT ASSETS:	(Unaudited)	
Cash	$ 156,377	$ 483,430
Subscription receivable	-	150,000
Accounts receivable, net of allowance	142,704	5,903
Accounts receivable, related parties	468,150	-
Interest receivable	3,773	-
Prepaid expenses	245,081	1,434,946
Due from related party	-	16,854
Promissory note receivable	94,951	-
Right to use assets, current portion	5,959	-
Total current assets	1,116,995	2,091,133
Property, plant and equipment, net	845,920	857,599
Intangible assets	200	-
Right to use assets	271,443	-
Assets held for sale	-	859,123
Deposits	5,867	5,867
TOTAL ASSETS	$ 2,240,425	$ 3,813,722
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 311,756	$ 329,980
Accounts payable, related parties	164,364	-
Accrued liabilities	116,490	291,723
Advances from related parties	158,074	105,000
Unearned revenue	10,330	-
Deferred rent	-	2,676
Deferred income tax liability	31,800	-
Lease liability, current portion	4,774	-
Mortgage loans payable, current portion	6,072	8,012
Liability held for sale	-	446,604
Total current liabilities	803,660	1,183,995
Lease liability	277,670	-
Mortgage loans payable, current portion	592,430	597,347
TOTAL LIABILITIES	1,673,760	1,781,342
STOCKHOLDERS' EQUITY		
Preferred stock, $0.001 par value, 50,000,000 and 5,000,000 shares authorized as at December 31, 2019 and June 30, 2019, respectively, none issued and outstanding	$ -	$ -
Common stock, $0.001 par value, 500,000,000 shares and 175,000,000 shares authorized, 250,068,180 and 140,744,030 issued, issuable and outstanding at March 31, 2020 and June 30, 2019 respectively.	250,068	140,743
Additional paid-in capital	49,300,968	49,632,970
Accumulated deficit	(48,984,371)	(47,741,333)
Total stockholders' equity (deficit)	566,665	2,032,380
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 2,240,425	$ 3,813,722

*Derived from audited Financial Statements

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

GROW CAPITAL, INC.
AND SUBSIDIARIES
(Formerly Grow Condos, Inc.)
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	Nine Months Ended March 31, 2020	Nine Months Ended March 31, 2019
Revenue	$ 30,707	$ 39,584	$ 269,342	$ 173,125
Revenue, related parties	534,607	295,584	1,657,909	372,627
Total revenues	565,314	335,168	1,927,251	545,752
Cost of sales, nonrelated parties	292,748	43,274	752,825	125,880
Cost of sale, related parties	-	74,603	186,354	96,213
Total cost of sales	292,748	117,877	939,179	222,093
Gross profit	272,566	217,291	988,072	323,659
Operating expenses				
General and administrative	101,065	59,186	267,640	218,430
General and administrative, related parties	56,819	30,722	167,261	36,208
Professional fees	215,075	77,997	745,943	165,312
Stock based compensation	503,171	287,840	1,508,278	616,344
Depreciation, amortization and impairment	2,535	1,304	11,679	2,273
Total operating expenses	878,665	457,049	2,700,801	1,038,567
Income (Loss) from operations	(606,099)	(239,758)	(1,712,729)	(714,908)
Other income (expense):				
Interest expenses	(8,937)	(15,625)	(26,917)	(33,200)
Interest income	1,657	-	4,723	-
Total other income (expense), net	(7,280)	(15,625)	(22,194)	(33,200)
Income (loss) from continuing operations	(613,379)	(255,383)	(1,734,923)	(748,108)
Income (loss) from discontinued operations	-	(15,763)	491,885	4,559
Net income (loss)	$ (613,379)	$ (271,146)	$ (1,243,038)	$ (743,549)
Basic and diluted net loss per share from continuing operations	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Basic and diluted net loss per share from discontinued operations	$ (0.00)	$ 0.00	$ 0.00	$ 0.00
Basic and diluted net loss per share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Basic and diluted weighted average common shares outstanding	248,531,693	118,411,504	227,354,411	113,058,144

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

GROW CAPITAL, INC.
AND SUBSIDIARIES
(Formerly Grow Condos, Inc.)
Condensed Consolidated Statements of Changes in Stockholders Equity (Deficit)
(Unaudited)

	Preferred Shares		Common Stock		Additional Paid-in	Accumulated	Total Shareholders
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Balance, June 30, 2019	**-**	**$ -**	**140,744,030**	**$ 140,743**	**$ 49,632,970**	**$ (47,741,333)**	**$ 2,032,380**
Shares issued under business combination			110,675,328	110,675	(29,508)		81,167
Private placements			277,778	278	49,722		50,000
Shares issued to Officers, Directors and employees			450,918	451	89,823		90,274
Conversion of accounts payable into stock			146,987	147	20,137		20,284
Shares retired under sale of subsidiary			(9,093,888)	(9,093)	(900,296)		(909,389)
Loss for the period						(248,893)	(248,893)
Balance, September 30, 2019	**-**	**-**	**243,201,153**	**243,201**	**48,862,848**	**(47,990,226)**	**1,115,823**
Private placements			1,000,000	1,000	49,000		50,000
Shares issued to Officers, Directors and employees			1,074,381	1,074	91,645		92,719
Conversion of accounts payable into stock			797,169	797	65,306		66,103
Loss for the period						(380,766)	(380,766)
Balance, December 31, 2019	**-**	**-**	**246,072,703**	**246,072**	**49,068,799**	**(48,370,992)**	**943,879**
Private placements			2,000,000	2,000	98,000		100,000
Shares issued to Officers, Directors and employees			1,650,649	1,651	106,238		107,889
Conversion of accounts payable into stock			344,828	345	27,931		28,276
Loss for the period						(613,379)	(613,379)
Balance, March 31, 2020	**-**	**$ -**	**250,068,180**	**$ 250,068**	**$ 49,300,968**	**$ (48,984,371)**	**$ 566,665**

	Preferred Shares		Common Stock		Additional Paid-in	Accumulated	Total Shareholders
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Balance, June 30, 2018	**-**	**$ -**	**94,205,542**	**$ 94,205**	**$ 44,813,485**	**$ (45,336,236)**	**$ (428,546)**
Private placements			15,392,860	15,393	1,149,607		1,165,000
Shares issued to Officers, Directors and employees			4,000,000	4,000	476,000		480,000
Loss for the period						(265,445)	(265,445)
Balance, September 30, 2018	**-**	**-**	**113,598,402**	**113,598**	**46,439,092**	**(45,601,681)**	**951,009**
Shares issued to Officers, Directors and employees			237,540	238	28,266		28,504
Loss for the period						(196,492)	(196,492)
Balance, December 31, 2018	**-**	**$ -**	**113,835,942**	**$ 113,836**	**$ 46,467,358**	**$ (45,798,173)**	**$ 783,021**
Shares issued to Officers, Directors and employees			1,882,483	1,882	116,714		118,596
Shares issued to non-employees for services			2,720,805	2,721	211,549		214,270
Conversion of accounts payable into stock			1,017,200	1,017	73,239		74,256
Loss for the period						(377,920)	(377,920)
Balance, March 31, 2019	**-**	**$ -**	**119,456,430**	**$ 119,456**	**$ 46,868,860**	**$ (46,176,093)**	**$ 812,223**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

GROW CAPITAL, INC.
AND SUBSIDIARIES
(Formerly Grow Condos, Inc.)
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended March 31, 2020	Nine Months Ended March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,243,038)	$ (743,549)
(Gain) from discontinued operations	(491,885)	(4,559)
Net loss from continuing operations:	(1,734,923)	(748,108)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	11,679	2,273
Stock based compensation	1,508,278	616,344
Non-cash interest		6,612
Amortization on right to use assets	2,377	
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(4,027)	(9,651)
Accounts receivable	(81,380)	49,526
Accounts receivable, related parties	(192,495)	(294,995)
Interest receivable	(3,773)	-
Accounts payable	(40,432)	28,217
Account payable, related parties	45,452	117,305
Accrued expenses	(122,211)	(52,184)
Deferred rental expense	-	5,352
Unearned revenue	(6,240)	18,650
Net cash (used in) in operating activities	(617,695)	(260,659)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash received from business combination	43,975	-
Purchase of property, plant, and equipment		(6,160)
Purchase of intangible assets	-	(200)
Promissory note receivable	(100,000)	-
Proceeds from promissory note receivable	5,050	-
Due from related party	16,854	37,393
Net cash (used in) provided by investing activities	(34,121)	31,033
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of mortgages	(6,856)	(6,295)
Proceeds (repayment) from related party	(13,121)	66,195
Proceeds from private placement	350,000	1,165,000
Net cash provided by financing activities	330,023	1,224,900
CASH FLOWS FROM DISCONTINUED OPERATIONS:		
Operating activities	(3,230)	8,019
Investing activities	(2,030)	74,469
Financing activities	-	(914,203)
Net cash (used) provided by discontinued activities	(5,260)	(831,715)
Net increase (decrease) in cash	(327,053)	163,559
Cash at beginning of period	483,430	13,891
Cash at the end of the period	$ 156,377	$ 177,450
Supplemental Disclosure of Cash Flows Information:		
Cash paid for interest, discontinued activities	$ 26,867	$ 18,416
Cash paid for income taxes	$ -	$
Cash paid for operating lease	$ 18,732	$
Non-cash Investing and Financing Activities:		
Stock issued for settlement of accounts payable	$ 91,433	$ -
Stock returned from sale of WCS	$ 909,389	$ -
Assets acquire, net of liabilities, Bombshell	$ 81,167	$ -

Repayment of mortgage under discontinued operation from escrow	$ -	$ 252,141

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Note 1 – Organization and Description of Business

Grow Capital, Inc. (the "Company," “we,” or “us”) (f/k/a Grown Condos, Inc.) was incorporated on October 22, 1999, in the State of Nevada.

Our former wholly owned subsidiary, WCS Enterprises, Inc. (“WCS”) is an Oregon limited liability company which was formed on September 9, 2013 with operations beginning in October 2013. WCS is a real estate purchaser, developer and manager of specific use industrial properties providing "Condo" style turn-key aeroponics grow facilities to support cannabis farmers. WCS owns, leases, sells and manages multi- tenant properties so as to reduce the risk of ownership and reduce costs to tenants and owners. WCS currently owns a condominium property in Eagle Point, Oregon (the “Eagle Point Property”). On September 30, 2019, we sold WCS to the Wayne A. Zallen Trust u/a/d/ 10/24/2014 (the “Zallen Trust”), of which Wayne Zallen, our former CEO and Chairman, is the trustee and a beneficiary. See Note 5 for further information.

Our wholly owned subsidiary, Resort at Lake Selmac, Inc. (formerly Smoke on the Water, Inc.) was incorporated on October 21, 2016, in the State of Nevada. The name change was effected February 3, 2020. Resort at Lake Selmac is focused on operating properties in the RV and campground rental industry and currently owns the Lake Selmac Resort located at 2700 Lakeshore Drive, Selma, Oregon (the “Lake Selmac Property”).

Our wholly owned subsidiary Bombshell Technologies, Inc. (“Bombshell”), was formed as Bombshell Technologies, LLC on November 5, 2018 and converted into a corporation on June 24, 2019. We acquired Bombshell on July 23, 2019 (See Note 4). Bombshell is a full-service design and software development company focused on developing and selling software to financial services firms and advisors and is the first acquisition as part of our strategic shift into the financial technology (“FinTech”) sector and related sectors.

On June 22, 2018, the Board of Directors of the Company approved an amendment to our articles of incorporation to increase our authorized capital to 180,000,000 shares, consisting of 175,000,000 shares of common stock (“Common Stock”), par value $0.001, and 5,000,000 shares of preferred stock (“Preferred Stock”), par value $0.001 (the “Recapitalization”) and to change the name of the Company to “Grow Capital, Inc.” The Company filed articles of amendment with the State of Nevada to effect the aforementioned changes on July 10, 2018 and August 28, 2018, respectively. The Company received approval from the Financial Industry Regulatory Authority ("FINRA") for the above noted corporate actions on August 8, 2019.

On July 23, 2019, and effective July 25, 2019, the Board of Directors of the Company and the holders of our outstanding capital stock having a majority of the voting power, respectively, adopted resolutions to amend and restate our articles of incorporation to increase our authorized capital to 550,000,000 shares, consisting of 500,000,000 shares of Common Stock and 50,000,000 shares of Preferred Stock. The effective date of the aforementioned actions was August 29, 2019.

In connection with its name change, the Company adopted a business plan focused on shifting the Company’s strategy away from rental activities focused in the cannabis industry and into the FinTech sector and related sectors. In connection with this strategy, the Company hired a new Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) and appointed a new chairman of the Company’s board of directors (the “Board”), all of whom have significant experience in the FinTech sector. The Company intends to acquire FinTech companies, such as Bombshell (see Note 4), with a clear niche and strong leadership and use its experience and understanding of the FinTech sector and access to the public markets to help its acquisitions grow. The Company is currently in the process of identifying and pursuing suitable acquisitions. In connection with the shift in the Company’s strategy away from rental activities focused in the cannabis industry, the Company sold WCS on September 30, 2019 and its operations up to the date of sale were included as Assets and Liabilities’ Held for Sale. (Note 5). While the Company actively marketed the Resort at Lake Selmac during the first and second quarters of fiscal 2020, given the current market conditions, the Company let the listing agreement expire on March 31, 2020 and we determined to continue operating the business until such time as a viable exit strategy for the resort is identified. As the Company looks to continue to expand in the financial

Note 1 – Organization and Description of Business (continued)

technology and related sectors, Grow Capital expects to identify suitable acquisitions, complete those acquisitions, and grow those companies. Any potential acquisitions or divestitures remain subject to final agreements, due diligence, and typical closing conditions.

Going Concern

During the three and nine months ended March 31, 2020, the Company reported a net loss of $613,379 and $1,243,038, respectively. Working capital totaled approximately $127,000 (after removing prepaid stock-based compensation) with approximately $156,000 of cash on hand. The Company believes that as of March 31, 2020 its existing capital resources are not adequate to enable it to fully execute its business plan, including the acquisition of additional operations complementary to its recently acquired subsidiary, Bombshell Technologies. While the Company`s subsidiary provided approximately $900,000 in gross profit to offset operational overhead in the period, revenues are presently not sufficient to meet the Company's ongoing expenditures. The Company is actively working to increase the customer base and gross profit in Bombshell Technologies in order to achieve net profitability by the close of fiscal 2021. These growth plans include the acquisition of several new customers, an increase to users currently subscribed to our software, as well as increased sales of customization services to new and existing customers. The Company intends to rely on sales of our unregistered common stock, loans and advances from related parties to meet operational shortfalls until such time as we achieve profitable operations. If the Company fails to generate positive cash flow or obtain additional financing, when required, the Company may have to modify, delay, or abandon some or all of its business and expansion plans, and potentially cease operations altogether. Consequently, the aforementioned items raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued. The accompanying condensed consolidated financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern.

Covid-19 Pandemic

The recent COVID-19 pandemic could have an adverse impact on our ongoing operations. To date the Company's primary operating segment, Bombshell, has not experienced a decline in sales as a result of the impact of COVID 19. The Company's operations in the FinTech sector are carried out with a limited amount of person to person contact and we do not expect an impact on these operations as a result of COVID 19, however, the full effect of the COVID-19 outbreak continues to evolve as of the date of this report, is highly uncertain and subject to change. Operations of the Company's Resort at Lake Selmac property will be delayed until such time as local government permits the resort to reopen. As the resort operations are seasonal in nature with little activity during the months November through April 1, 2020, management does not expect the delay in opening the resort for the 2020 season to substantially impact profitable operations for this business in the long term. Management is actively monitoring the situation but given the daily evolution of the COVID-19 outbreak, the Company is not able to estimate the effects of the COVID-19 outbreak on its operations or financial condition in the next 12 months. While significant uncertainty remains, the Company does not believe the COVID-19 outbreak will have a negative impact on its ability to raise additional financing, conclude the acquisition of targeted business operations or reach profitable operations.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The interim unaudited financial information has been prepared and presented in conformity with accounting principles generally accepted in the United States applicable to interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. The interim financial information has been prepared on a condensed basis, such that certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted in accordance with rules and regulations of the Securities and Exchange Commission and should be read in conjunction with the Annual Financial Statements included in the Form 10-K filed on October 15, 2019 at www.sec.gov. These interim financial statements include all adjustments that, in the opinion of management, are necessary in order to make the financial statements not misleading.

Consolidation

These consolidated financial statements include the accounts of Grow Capital, Inc. and its wholly owned subsidiaries, WCS (up until disposal in September 2019), Bombshell Technologies Inc. and Resort at Lake Selmac, Inc, as of March 31, 2020. All significant intercompany accounting transactions have been eliminated as a result of consolidation. In addition to consolidation for the nine months ended March 31, 2020 financial results for the nine months ended March 31, 2019 are “combined” with respect to the operations of Bombshell Technologies, Inc. under the requirements of ASC 850-50-45, which results impact the statements of profit and loss and statements of cash flows to include operations of Bombshell Technologies Inc. as though it had been acquired on inception.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We believe that it is at least reasonably possible that the estimates of amounts realizable upon our properties currently for sale at the date of the financial statements will change in the near term due to one or more future confirming events and the effect of the change would be material to the financial statements.

Cash and Cash Equivalents

For financial accounting purposes, cash and cash equivalents are considered to be all highly liquid investments with a maturity of three (3) months or less at the time of purchase.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to $250,000. At March 31, 2020 and June 30, 2019, the Company had $0 and $212,985 in excess of the FDIC insured limit, respectively.

Note 2 – Summary of Significant Accounting Policies (continued)

Accounts Receivable and Allowance for Doubtful Accounts

The Company determines the allowance for doubtful accounts by considering a number of factors, including the length of time the accounts receivable are beyond the contractual payment terms, previous loss history, and the customer’s current ability to pay its obligation. When the Company becomes aware of a specific customer’s inability to meet its financial obligations to the Company, the Company records a charge to the allowance to reduce the customer’s related accounts. During the period to March 31, 2020, the allowance for doubtful accounts totaled approximately $9,243.

Leases, Lease Receivables and deferred rent

Upon adoption of ASU 2016-02, "Leases," in the first quarter of fiscal year ended June 30, 2020, the Company elected not to recognize leases with a term less than one year on its balance sheet. Operating lease right-of-use (ROU) assets and their corresponding lease liabilities are recorded based on the present value of lease payments over the expected remaining lease term. The interest rate implicit in lease contracts is typically not readily determinable. As a result, the Company utilizes its incremental borrowing rates, which are the rates incurred to borrow on a collateralized basis over a similar term, an amount equal to the lease payments in a similar economic environment.

Lease receivables are recognized when rents are due, and for the straight-line adjustment to rents over the term of the lease less an allowance for expected uncollectible amounts. Inherent in the assessment of the allowance for doubtful accounts are certain judgments and estimates including, among others, the customer's willingness or ability to pay, the Company's compliance with lease terms, the effect of general economic conditions and the ongoing relationship with the customer. Accounts with outstanding balances longer than the payment terms are considered past due. We do not charge interest on past due balances. The Company writes off lease receivables when it determines that they have become uncollectible after all reasonable collection efforts have been made. If we record bad debt expense, the amount is reflected as a component of operating expenses in the statements of operations.

Intangible Assets

The Company’s intangible assets consist of intellectual property.

Investment In and Valuation of Real Estate Assets

Real estate assets are stated at cost, less accumulated depreciation and amortization. Amounts capitalized to real estate assets consist of the cost of acquisition (excluding acquisition related expenses), construction costs, and mortgage interest during the period the facilities are under construction and prior to readiness for occupancy, and any tenant improvements, major improvements and betterments that extend the useful life of the real estate assets and leasing costs. All repairs and maintenance are expensed as incurred.

The Company is required to make subjective assessments as to the useful lives of its depreciable assets. The Company considers the period of future benefit of each respective asset to determine the appropriate useful life of the assets. Real estate assets, other than land, are depreciated on a straight-line basis over the estimated useful life of the asset.

Note 2 – Summary of Significant Accounting Policies (continued)

The estimated useful lives of the Company's real estate assets by class are generally as follows:

Land	Indefinite
Buildings	40 years
Tenant improvements	Lesser of useful life or lease term
Intangible lease assets	Lease term

Impairment of long-lived assets

The Company monitors its long-lived assets and finite-lived intangibles for indicators of impairment. If such indicators are present, the Company assesses the recoverability of affected assets by determining whether the carrying value of such assets is less than the sum of the undiscounted future cash flows of the assets. If such assets are found not to be recoverable, the Company measures the amount of such impairment by comparing the carrying value of the assets to the fair value of the assets, with the fair value generally determined based on the present value of the expected future cash flows associated with the assets (See Note 4).

Share-based compensation

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. Unregistered stock awards are measured based on the fair market values of the underlying stock on the dates of grant. For service type awards, share-based compensation expense is recognized on a straight-line basis over the period during which the employee is required to provide service in exchange for the entire award. For awards that vest or begin vesting upon achievement of a performance condition, the Company estimates the likelihood of satisfaction of the performance condition and recognizes compensation expense when achievement of the performance condition is deemed probable using an accelerated attribution model.

The Company capitalizes the cost of issuance grants that cover a period of employment or consulting agreement under contract or performance obligation related to future performance and amortizes the compensation related to these contracts ratably over the period of employment or at percentage of completion or other appropriate method for future performance grants. There are no issuance grants outstanding with a performance term longer than one year at March 31, 2020 and June 30, 2019. Prepaid expenses for the nine months ended March 31, 2020 and fiscal year ended June 30, 2019 include unamortized costs of issuance grants under employment and consulting contracts totalling $186,293 and $1,380,459, respectively.

Fair Value of Financial Instruments

ASC 820, Fair Value Measurements, defines fair value as the price at which an asset could be exchanged or a liability transferred in an orderly transaction between knowledgeable, willing parties in the principal or most advantageous market for the asset or liability. Where available, fair value is based on observable market prices or derived from such prices. Where observable prices or inputs are not available, valuation models are applied which may involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments' complexity.

Note 2 – Summary of Significant Accounting Policies (continued)

Income taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss and credit carryforwards. Deferred tax assets and liabilities are measured at rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period that includes the enactment date. A valuation allowance is recorded when it is not more likely than not that all or a portion of the net deferred tax assets will be realized.

In the quarter ended September 30, 2019, the Company issued a significant number of new shares in its acquisition of Bombshell Technologies, Inc. (see Note 4) and the cancellation of then outstanding shares upon the sale of WCS Enterprises, LLC (see Note 5). The effect of these issuances and cancellations is that most likely, the Company experienced the requisite change of control as promulgated under the US Internal Revenue Code section 382. The effect of this will be that going forward, the ability of the Company to utilize the US Federal net operating loss carryforwards of Grow Capital, Inc. from prior to these transactions will be limited in its usage. In order to determine the specific effect, the Company must perform the computations required under the Internal Revenue Code, which have not yet been performed. The Company expects it will perform the required computations once its evident that profits are likely.

Net (loss) income per share

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of shares of Common Stock outstanding for the period and contains no dilutive securities. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. For the fiscal year ended June 30, 2019 and 2018, all potentially dilutive securities are anti-dilutive due to the Company's losses from operations.

All dilutive common stock equivalents are reflected in our earnings (loss) per share calculations. Anti-dilutive common stock equivalents are not included in our earnings (loss) per share calculations.

The following table sets forth the number of potential shares outstanding as of March 31, 2020 and June 30, 2019:

Options	500,000
Total potential shares	500,000

Reclassification

Certain prior period balances have been reclassified to conform to the current period presentation in the Company’s consolidated financial statements and the accompanying notes.

Recent accounting pronouncements

Management has considered all recent accounting pronouncements issued and their potential effect on our financial statements. The Company's management believes that these recent pronouncements will not have a material effect on the Company’s financial statements.

NOTE 3 – Revenue Recognition under ASC 606

The Company has adopted accounting standard, *ASC 606 "Revenue from Contracts with Customers"* and all related amendments to the new accounting standard to contracts.

Revenues from contracts with customers are recognized when control of promised goods and services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The Company recognizes revenue using the five-step model as prescribed by ASC 606:

1) Identification of the contract, or contracts, with a customer;
2) Identification of the performance obligations in the contract;
3) Determination of the transaction price;
4) Allocation of the transaction price to the performance obligations in the contract; and
5) Recognition of revenue when or as, the Company satisfies a performance obligation.

When a contract with a customer is signed, the Company assesses whether collection of the fees under the arrangement is probable. The Company estimates the amount to reserve for uncollectible amounts at the end of each reporting period based on the aging of the contract balance, current and historical customer trends, and communications with its customers. These reserves are recorded against the related accounts receivable.

The transaction price is the consideration that the Company expects to receive from its customers in exchange for its products or services. In determining the allocation of the transaction price, the Company identifies performance obligations in contracts with customers, which may include subscriptions to software and services, support, professional services and customization. In the case of the Company's software contracts and support services prices are predetermined based on the specific terms of the contract either in flat fee customization/license fee charges or as hourly support and/or software customization charges. Charges relative to license fees are amortized over the term of the license. Charges relative to customization of the software are charged over the term of the scope of work on a percentage of completion basis. Charges relative to support and ongoing services and professional fees are charged when incurred and control has been transferred or the work has been completed.

License fees and customization of software

License fees are charged as flat fees which are amortized over the term of the contract. For contracts with elements related to customized software solutions and certain build-outs or software systems that require significant modification or customization, the Company will recognize revenue using the percentage-of-completion method. In using the percentage-of-completion method, revenues are generally recorded based on completion of milestones under a scope of work or based on total estimated cost of work and percentage completion as at the balance sheet date.

Software Revenue

The Company generates software revenue monthly on a single fee per subscribed user basis. The Company recognizes software revenue monthly on a per user for each user that is able to deploy software and provided all revenue recognition criteria have been met. If the revenue recognition criteria has not been met, the revenue is deferred or not recognized.

NOTE 3 – Revenue Recognition under ASC 606 (continued)

Customization, support and maintenance

Revenue from the Company's customization of software to meet a particular client's needs is recognized on a percentage of completion basis over the term of the customization work and until control of the goods or services is transferred to the customer or such date the customer agrees the scope of work has been completed and the intended functionality of the software is complete and able to perform the desired service. Support and maintenance revenue is generated from recurring monthly support and is invoiced monthly based on hourly fees at predetermined rates based on each customer contract.

The Customer is credited a certain number of services hours monthly based on the numbers of users actively subscribed to the software which amounts offset any monthly user fees.

Support and maintenance services include e-mail and telephone support, unspecified rights to software fixes and product updates and upgrades and enhancements available on a when-and-if available basis.

Professional services and other

Professional services and other revenue is generated through services including onsite training, product implementation and other similar services. Professional services are generally flat fee services based on a number of hours or scope of work for each specific service. Depending on the services to be provided, revenue from professional services and other is generally recognized at the time of delivery when the services have been completed and control has been transferred.

Unearned Revenue

Unearned revenue represents billings or payments received in advance of revenue recognition and is recognized upon transfer of control. Balances consist primarily of license fees being amortized over the term of the customer contract and customization services which have not yet been concluded and are being deferred
using the percentage-of-completion method.

Condominium rentals

We recognize rental income from the lease of our condo spaces ratably over the term of the rental contracts dependent upon the total cash payable to the Company by the tenant under the lease contract, which takes into account any free rental periods or rent escalation clauses granted in the contracts. In the event that tenants continue to rent past the termination date of rental contracts, rents are negotiated and recorded on a month-to-month basis.

Campground space rentals and concession sales

Because we rent to individuals who plan on engaging in activities that include the consumption of cannabis products while they stay at our campground facilities, we do not document our transactions for the sale of concession items or space or equipment rentals at the facility. We therefore record our revenue on a cash basis.

Note 4 – Merger

On July 23, 2019, (the "Closing Date"), the Company acquired 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"). At the Closing, Bombshell became a wholly owned subsidiary of the Company. Joel Bonnette, the current President and Chief Executive Officer of Bombshell, now serves as the Chief Executive Officer of Bombshell.

Note 4 – Merger (continued)

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 shares of the Company's 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") were issued on September 3, 2019, to the Bombshell Holders upon the Company filing an effective amended and restated articles of incorporation (the "Charter Amendment") that increased 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. The Bombshell Holders include certain limited liability companies owned by (i) Jonathan Bonnette, (ii) Joel Bonnette, and (iii) Terry Kennedy. At the date of this report it remains uncertain whether the EBIT targets which permit the earn out of the first tranche of the additional shares of common stock will be achieved as at the first valuation date.

The acquisition of Bombshell was not accounted for under the acquisition method of accounting in accordance with ASC Topic 805, Business Combinations. Due to the related party and common control relationships held between Bombshell and Grow Capital, Inc., the assets and liabilities of Bombshell will transfer over to the Company at their historical carrying values.

The following table provides information as of July 23, 2019 of the assets acquired and the liabilities assumed in the merger:

Assets		
Cash	$	43,975
Accounts receivable		36,079
Accounts receivable, related parties		294,995
Intangibles and other assets		200
Total Assets	$	375,249
Liabilities		
Accounts payable and accrued liabilities	$	60,605
Accounts payable and accrued liabilities, related parties		118,912
Advances, related parties		66,195
Unearned revenue		9,070
Unearned revenue, related parties		7,500
Customer deposits, related parties		-
Deferred income tax liabilities		31,800
Total liabilities		294,082
Net Assets	$	81,167
Consideration: 110,675,328 shares		110,675
Additional paid in capital	$	(29,508)

Note 5 – Assets Held for Sale

(1) Assets in Oregon within the Pioneer Business Park

In April 2016, the Company purchased a parcel of land near Eugene, Oregon within the Pioneer Business Park (the "Pioneer Property") from a private seller for the amount of $326,629 plus closing costs. As part of the purchase, the Seller financed through a note payable $267,129 of the purchase price. The intent of the Company was to build an industrial condominium building on the parcel, akin to the Eagle Point Property. The Company was unable to secure additional funding via debt or equity and due to the hostility of the local county government towards the intended operations of the tenants, and consequently, the Company abandoned those plans in late calendar 2017.

In December 2017, the Company made the decision to put the Pioneer Property up for sale, retained a sales agent and listed the Pioneer Property for sale at a purchase price of $399,000. At that time the Company impaired all costs
incurred towards development of the land which amounted to $31,843 The financial statements show the value of the land and the related mortgage under Assets Held for Sale and Liabilities Held for Sale on the balance sheet as of June 30, 2018, respectively. In September 2018, the Company completed the sale of the Pioneer Property for a gross sales price of $349,000. After payment of all closing costs, the Company recorded a loss on sale of approximately $5,400.

(2) WCS Enterprises, Inc.

In the quarter ended March 31, 2019, the Company began to actively market WCS for sale and has begun negotiations with certain parties for the sale of WCS, subject to diligence, negotiation of a purchase agreement and fulfillment of typical closing conditions. In connection with these efforts, management determined that it was appropriate to classify WCS as Assets Held for Sale.

On September 30, 2019, the Company entered into a membership interest purchase agreement with the Zallen Trust pursuant to which the Company sold all of the Company's membership interests in WCS for an aggregate purchase price of $782,450. The Zallen Trust paid the purchase price by transferring to the Company 8,693,888 shares of the Company's Common Stock, valued at $0.09 per share. The Purchase Agreement also provided that Mr. Zallen transfer to the Company an additional 400,000 shares of Common Stock to settle $36,000 in back rent owed at the time of the sale. The Company retired all of the shares received as a result of the transaction. In connection with the sale of WCS, the Company and Mr. Zallen entered into a separation and release of claims agreement pursuant to which the Company and Mr. Zallen provided a mutual release of claims against the other party and such party's affiliates, including all claims related to Mr. Zallen's service as an officer, employee, and director of the Company. The release of claims by Mr. Zallen resulted in the forgiveness of salary accruals of approximately $367,000 for services provided up to June 30, 2018.

After payment of all closing costs, the Company recorded a gain on sale of approximately $492,000. (See detail below)

(3) Discontinued Operation:

(a) The Results of the Discounted Operations are as follows:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	Nine Months Ended March 31, 2020	Nine Months Ended March 31, 2019
Net revenues	$ -	$ 10,800	$ 14,400	$ 79,931
Operating expenses				
General and administrative	-	19,573	7,964	35,861
Depreciation, amortization and impairment	-	6,990	6,990	20,970
Total operating expenses	-	26,563	14,954	56,831
Income (Loss) from operations	-	(15,763)	(554)	23,100
Gain on sale			492,439	(5,412)
Interest expense	-	-	-	(13,129)
Income (loss) from discontinued operations	$ -	$ (15,763)	$ 491,885	$ 4,559

Note 5 – Assets Held for Sale (continued)

(4) Discontinued Operation: (continued)

(b) Assets and liabilities disposed of are as follows

		September 30, 2019
Assets:		
Lease receivable	$	40,804
Prepaid expenses		5,152
Property, plant and equipment, net		809,281
Other assets		6,150
Total Assets	$	861,387
Liabilities:		
Accrued liabilities		367,367
Other liabilities		79,100
Total Liabilities		446,467
Net Assets	$	414,920
Consideration:		
Purchaser return 9,093,888 shares of common stock, FMV at $0.10	$	909,389
Payment on certain items during closing		(2,030)
Total consideration	$	907,359
Gain on sale of WCS	$	492,439

(c) Groups of assets and liabilities held for sale as of March 31, 2020 and June 30, 2019

		March 31, 2020		June 30, 2019
ASSETS:				
Lease receivable	$	-	$	26,403
Prepaid expenses		-		10,299
Property, plant and equipment, net		-		816,271
Other assets		-		6,150
TOTAL ASSETS	$	-	$	859,123
LIABILITIES:				
Accounts payable and accrued liabilities	$	-	$	367,504
Other liabilities		-		79,100
TOTAL LIABILITIES		-		446,604
NET ASSETS	$	-	$	412,519

Note 5 – Assets Held for Sale (continued)

(5) Mortgages Payable related to assets held for sale on Pioneer Property and Eagle Mountain Property

	March 31, 2020	June 30, 2019
Liability held for sale – Mortgages on Eagle Mountain Property	$ -	$ -
Liability held for sale – Mortgage on Pioneer Property	-	-
	$ -	$ -

In 2013, upon the acquisition of the Eagle Point Property, WCS assumed the sellers' mortgage from People's Bank of Commerce, NA ("People's Bank"). The original principal amount of the mortgage was $930,220, had an interest rate equal to People's Bank's prime rate plus 1.75%, required 58 monthly payments of $5,946 and required a balloon payment of $802,294 on June 28, 2018, the maturity date. The mortgage was secured by liens against certain properties owned by the seller. In August 2018, the Company paid the mortgage in full. As of March 31, 2020, and June 30, 2019, the balance on the mortgage was $0.

In 2013, after the acquisition of the Eagle Point Property, WCS entered into a second mortgage with People's Bank for the amount of $120,000. The mortgage had an interest rate equal to People's Bank's prime rate plus 3%, required 56 monthly payments of $883, and required a balloon payment of $104,329 on October 15, 2018, the maturity date. The mortgage was collateralized by a deed of trust and assignment of rents with the seller and WCS in the amount of $120,000. In August 2018, the Company paid the mortgage in full. As of March 31, 2020, and June 30, 2019, the balance on the mortgage was $0.

In April 2016, the Company acquired the Pioneer Property and entered into a mortgage with the seller for the amount of $267,129. The mortgage originally had an interest rate of 6% per annum and a maturity date of the earlier of (a) October 1, 2017 or the date construction begins on the condominium building proposed to be built. In October 2017, the Company entered into an amended mortgage by making a principal payment of $15,000 and financing the remaining balance of $252,129. The amended mortgage bears interest at the rate of 6% per annum and required interest only monthly payments of $1,261 from November 2017 through June 2018 with the remaining amount due in the form of a final balloon payment in July 2018. As noted above in Note 4, in September 2018, the Company closed on the sale of the parcel of land acquired with financing provided by the mortgage. As a condition of the sale, the mortgage was fully repaid at closing. As of March 31, 2020, and June 30, 2019, the balance on the mortgage was $0.

Note 6– Mortgages Payable

On September 4, 2019 the Company entered into a 90-day listing agreement for the sale of the Resort at Lake Selmac site location (formerly Smoke on the Water) for an offering price of $850,000, with expected 6% sales commission. This sales contract was extended in December 2019 for a further period under the same terms and conditions, expiring March 31, 2020. At June 30, 2019 the Company recorded an impairment change of $112,000 based on the expected sales price less costs of sale compared to the carrying value at June 30, 2019. The Company did not renew the listing agreement on March 31, 2020 and will continue to operate the property at this time. Management has reviewed the asset for impairment as at March 31, 2020 and does not believe further impairment is required at this time.

Mortgage related to Resort at Lake Selmac as below:

	March 31, 2020	June 30, 2019
Liability held for sale on Resort at Lake Selmac	$ 598,502	$ 605,359

Note 6– Mortgages Payable (continued)

In March 2017, the Company acquired the Lake Selmac Property. Upon closing, the Company entered into mortgage payable with the seller in the amount of $625,000 with a maturity date of March 6, 2022. The mortgage had an interest rate of 5% per annum covering the monthly payments of $3,355 for the initial 12 months, which increased to 6% per annum for the monthly payments of $3,747 for the following 48 months. Upon maturity, the remaining balance due on the note is required to be paid through a balloon payment. During the nine months ended March 31, 2020, the Company paid $6,856 to the principal of mortgage and $26,867 to the interests of the mortgage. As of March 31, 2020, and June 30, 2019, the balance on the mortgage was $598,502 and $605,359, respectively. The note is unsecured.

As of March 31, 2020, the approximate future aggregate principal payments in respect of our current obligations were as follows:

2020	$	6,072
2021		8,904
2022		583,526
	$	598,502

Note 7 – Property and Equipment, Net

Property and improvements consisted of the following as of March 31, 2020 and June 30, 2019:

		March 31, 2020		June 30, 2019
Lake Selmac Property	$	768,782	$	768,782
Leaseholder improvement		67,644		67,644
Furniture and Fixtures		25,892		25,892
		862,318		862,318
Less: accumulated depreciation and impairment		(16,398)		(4,719)
	$	845,920	$	857,599

Depreciation expense (excluding impairment) amounted to $2,535 and $11,679, for the three and nine months ended March 31, 2020, respectively.

Depreciation expense (excluding impairment) amounted to $1,304 and $2,273, for the three and nine months ended March 31, 2019, respectively.

Note 8 – Promissory Note Receivable

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. During the nine months ended March 31, 2020, the Company received $6,000 towards monthly installments. We recorded interest income of $1,657, and $4,723 during the three and nine months ended March 31, 2020.

The Board of Directors have subsequently determined not to proceed with the acquisition as contemplated under the LOI.

Note 9 – Accrued Liabilities

Accrued liabilities at March 31, 2020 and June 30, 2019 consist of the following:

		March 31, 2020		June 30, 2019
Accrued salaries and wages	$	60,967	$	113,823
Accrued interest on mortgage		21,431		21,431
Accrued expenses		34,092		156,469
	$	116,490	$	291,723

Note 10 – Capital Stock

On June 22, 2018, the Board of Directors of the Company approved the Recapitalization, which increased the Company's authorized Common Stock from 100,000,000 to 175,000,000 shares, effective July 10, 2018. As of June 30, 2019, the Company's authorized stock consisted of 175,000,000 shares and 5,000,000 shares of Preferred Stock. As of August 29, 2019, the Company increased its authorized shares to 500,000,000 shares of Common Stock and 50,000,000 shares of Preferred Stock, respectively.

Common Stock

Share issuances during the nine months ended March 31,2020:

During the three months ended September 30, 2019, the Company issued a total of 110,675,328 shares to acquire Bombshell Technologies, Inc. (See Note 4).

During the nine months ended March 31, 2020, the Company issued 3,277,778 shares of unregistered Common Stock in respect to private placements for total gross proceeds of $200,000. In the period, the Company collected $150,000 from a prior period subscription receivable.

During the nine months ended March 31, 2020, the Company issued a total of 3,175,948 shares to officers and directors as part of their respective executive and/or board compensation package. The Company valued those issuances at the closing price of the Company's stock as traded on the OTCMarket on the date of grant and recorded stock-based compensation of $290,882.

Note 10 – Capital Stock (continued)

During the nine months ended March 31, 2020, the Company issued 1,288,984 fully vested unregistered shares of Common Stock to settle certain liabilities. The Company valued those issuances at the closing price of the Company's Common Stock as traded on the OTCMarkets on the date of grant and recorded a $91,433 liability settlement and stock-based compensation of $23,230 on the statement of operations.

On September 30, 2019, the Company retired 9,093,888 shares of the Company's Common Stock. The Company valued those retired shares at the closing price of the Company's Common Stock as traded on the OTCMarkets and recorded $869,380 as sale price of WCS and $40,000 as related to offset lease receivable. (See Note 5).

Preferred Stock

In 2015, the Company designated all 5,000,000 shares of its Preferred Stock as Series A Convertible Preferred Stock (the "Series A Preferred"), par value $0.001. The Series A Preferred shareholders voted together with the Common Stock as a single class and were entitled to receive all notices relating to voting that are required to be given to the holders of the Common Stock. The holders of shares of Series A Preferred were entitled to five votes per share and each share was convertible by the holder into five shares of Common Stock. All of the Series A Preferred shares were issued and converted into Common Stock in November 2015.

Equity Incentive Plan

In December 2015, the Company adopted the 2015 Equity Incentive Plan (the "Incentive Plan") with a term of 10 years. The Incentive Plan allows for the issuance up to a maximum of 2 million shares of Common Stock, options exercisable into Common Stock of the Company or stock purchase rights exercisable into shares of Common Stock of the Company. The Incentive Plan is administered by the Board unless a separate delegation to an administrator is made by the Board. Options granted under the Incentive Plan carry a maximum term of 10 years, except to a grantee who is also a 10% beneficial owner at the time of grant, in which case the maximum term is 5 years. In addition, exercise prices of options granted must be within a certain percentage of the closing price on date of grant depending on the level of beneficial ownership of Common Stock of the Company by the grantee. All vesting conditions are set by the Board or a designated administrator. In December 2015, the Company filed a registration statement on Form S-8 covering all shares issued or issuable under the Incentive Plan. The Company has granted options to purchase 2 million shares under the Incentive Plan during April 2016, 1.5 million of which have been exercised and 0.5 million of which have vested and remain outstanding. There are no remaining shares available under the Incentive Plan.

Stock Plan

In December 2015, the Company adopted the 2015 Stock Plan (the "Stock Plan"). As a condition of adoption of the Stock Plan, the Company filed a registration statement on Form S-8 in December 2015 to register the shares issued under the Stock Plan. The Stock Plan allows for the issuance of up to a maximum of 2 million shares of Common Stock of the Company. The Stock Plan is administered by the Board unless a separate delegation to an administrator is made by the Board. The Stock Plan shall continue in effect until it is terminated by the Board or all shares are issued pursuant to the Stock Plan. The Company has not granted any shares under the Stock Plan.

Options

A summary of the change in stock purchase options outstanding for the periods ended March 31, 2020 and June 30, 2018 is as follows:

	Options Outstanding	Exercise Price	Weighted Average Grant Date Fair Value	Remaining Contractual Life (Years)
Balance – June 30, 2018	500,000	$0.40	$0.52	2.83
Options issued	-	-	-	-
Options expired	-	-	-	-
Options exercised	-	-	-	-
Balance – June 30, 2019	500,000	$0.40	$0.52	1.83
Options issued				
Options expired				
Options exercised				
Balance – March 31, 2020	500,000	$0.40	$0.52	1.08

There were no unvested options outstanding during the years ended June 30, 2019 and 2018. Options outstanding had intrinsic value as of June 30, 2019 and 2018 of $nil. In the year ended June 30, 2016 the Company issued an option with no term attached. Of the original option, 500,000 remain outstanding.

Note 11 – Related Party Transactions

(1) Bombshell Technologies, Inc.

Revenue

The following table summarizes the revenue from the Company's related parties:

	Three Months Ended	Nine Months Ended
	March 31, 2020	
Appreciation Financial, Corp (1)	$ 195,065	$ 586,154
Mpower Group (1)	84,096	207,467
Public Employee Retirement Assistance (1)	47,261	187,189
Superior Performers Inc. (1)	180,916	649,830
Others	27,269	27,269
Grand Total	$ 534,607	$ 1,657,909

(1) The Company had a significant concentration of revenue from these four customers totaling 95% and 98% of gross related party revenues during the three and nine months ended December 31, 2019, respectively. Related entities are controlled by over 5% shareholders of the Company and/or officer/directors of the Company.

The following table summarizes the accounts receivable from the Company's related parties:

	March 31, 2020
Appreciation Financial, LLC (1)	$ 160,723
Mpower (1) (2)	207,467
Public Employee Retirement Assistance	19,605
Superior Performers Inc (1)	80,355
Total	$ 468,150

(1) The Company had a significant concentration of accounts receivable from these three customers totaling 96% as at March 31, 2020. Related entities are controlled by over 5% shareholders of the Company and/or officer/directors of the Company.

(2) On April 22, 2020, the Company entered into General Services Agreement with Mpower. For its Services, Bombshell shall receive a three percent (3%) fee from all commissions MPower receives through the Bombshell back office platform. Bombshell may take its fee before it distributes all remaining commissions to MPower.

Costs of Goods and Commissions Fees

The following table summarizes the Costs of Sales – related parties:

	Three Months Ended	Nine Months Ended
	March 31, 2020	
Ambiguous Holdings, LLC (1)(2)	$ -	$ 7,555
Trendsic Corporation Inc. (1)(2)	-	178,799
Total	$ -	$ 186,354

(1) The Company had a significant concentration of total costs of goods sold from these two related party vendors totaling 0% and 21% of costs of goods sold in the three and nine months ended March 31, 2020, respectively.

(2) Related entities are controlled by over 5% shareholders of the Company and/or officer/directors of the Company.

Note 11 – Related Party Transactions (continued)

(1) Bombshell Technologies, Inc. (continued)

The following table summarizes expense related to commission fees included as General and administrative – related parties:

	Three Months Ended	Nine Months Ended
	March 31, 2020	
Zeake, LLC (1)	$ 56,819	$ 167,260

(1) *Related entities are controlled by over 5% shareholders of the Company and/or officer/directors of the Company.*

The following table summarizes accounts payable to the Company's related parties:

	March 31, 2020
Trendsic Corporation Inc. (1)	$ 61,948
Zeake, LLC (1)	102,416
	$ 164,364

(1) *Related entities are controlled by over 5% shareholders of the Company and/or officer/directors of the Company.*

Advances

As of March 31, 2020, and June 30, 2019, Bombshell Software LLC, a company controlled by an officer of our 100% owned subsidiary, Bombshell Technologies Inc. had made non-interest-bearing cash advances in the cumulative amount of $53,074 and $66,195, respectively to Bombshell Technologies Inc.

(2) WCS

Until its sale of WCS on September 30, 2019, the Company was leasing units in the building located at the Eagle Point Property. The building has approximately 15,000 square feet and is divided into four 1,500 square feet condo style grow rooms, 1,500 square feet of office space which is currently being offered for lease, and one 7,500 square foot grow facility. The four grow rooms are currently being offered for lease, and the grow facility is under lease to a company controlled by our former CEO and Chairman. The lease for the grow facility was entered into by the prior owner before the purchase of the Eagle Point Property by WCS in 2013. The lease term for the grow facility began once the tenant improvements were completed and the premises were occupied in fiscal 2017 and continues for a period of 36 months. The lease on the grow facility commenced in fiscal 2017. Revenue recorded in three and nine months ended March 31, 2020 included in discontinued operations to related parties which amounted to $14,400. Revenue recorded in three and nine months ended March 31, 2019 included in discontinued operations to related parties amounted to $14,400 and $28,800, respectively.

(3) Grow Capital

On July 1, 2018, Wayne Zallen resigned as the President and CEO of the Company and David Tobias resigned his position as a member of the Board. On the same day, Jonathan Bonnette was elected to the Board to fill the vacancy created by the resignation of David Tobias and was also appointed President and CEO of the Company. Mr. Zallen remained the Chairman of the Board and served as the CFO until the appointment of James Olson as Chairman of the Board and the appointment of Trevor Hall as CFO, respectively. Mr. Zallen's employment contract was terminated upon his resignation as CEO, and the Company agreed to pay Mr. Zallen $2,500 per month for his continued services.

In July 2018, the Company entered into an employment agreement with Mr. Bonnette. The employment agreement had an initial term of one year and includes compensation for the first year of $240,000 payable in unregistered shares of Common Stock at a valuation of $0.08 per share or 3,000,000 shares of Common Stock, which were issued in July 2018. The shares were valued at $390,000 upon grant, recorded to prepaid compensation and amortized ratably over the term of the agreement.

Note 11 – Related Party Transactions (continued)

(3) Grow Capital (continued)

During the three months ended September 30, 2018, the Company negotiated a sublease agreement to lease approximately 1,338 square feet of office space at a business center known as Green Valley Corporate Center South located in Henderson, Nevada (the "Henderson Property"), effective October 19, 2018, for use as the Company's new headquarters. The lease has a term of 123 months, an abatement of the first four months of rent during which time the Company would complete certain required leasehold improvements and escalating base monthly rent per square foot ranging between $2.00 to $3.00 per square foot. Material lease hold improvements are being amortized over the term of the lease. The Company commenced occupation of the premises in February 2019. Appreciation, LLC holds the master lease from which the Company derives its sublease for its headquarters. Terry Kennedy, the President of Appreciation, provides consulting services to the Company and is also a beneficial owner of more than 10% of the Company's Common Stock. Total rent charged under this sublease during the nine months ended March 31, 2020 was $29,419 of which $18,732 has been paid.

In July 2018, the Company entered into a consulting agreement with Mr. Kennedy with a one-year term. Mr. Kennedy received a fixed fee of $100,000 for his services which was payable in unregistered shares of Common Stock valued at $0.10 per share for the first $50,000 on July 1, 2018 and at $0.034 for the second $50,000 payable on January 1, 2019 for a total of 1,970,805 unregistered shares of Common Stock, all of which have been issued. The shares payable on January 1, 2019 were valued at $394,161 and are being expensed in the fiscal year ended June 30, 2019.

On January 28, 2019, the Company entered into a consulting agreement with Trevor Hall and appointed Mr. Hall to serve as a part-time CFO of the Company through December 31, 2019. Mr. Hall succeeded Wayne Zallen as CFO, who resigned from the position in connection with Mr. Hall's appointment. Pursuant to the consulting agreement, Mr. Hall received $63,000 in compensation, payable as 1,000,000 shares of Common Stock of unregistered Common Stock of the Company and will devote enough of his time to the Company as is reasonably necessary to meet the needs of the Company during the term. The shares were issued on January 29, 2019.

On April 29, 2019, Mr. Wayne Zallen resigned as a member of the Board of Directors and Chairman. Concurrently the board appointed James Olson to fill the Board vacancy and as Chairman of the Board. Mr. Olson will also be entitled to compensation for his service on the Board of Directors in the amount of $10,000 per quarter paid in the form of fully vested unregistered shares of the Company's Common Stock at a discount of 35% to market on the first day of each calendar quarter. On April 29, 2019 Mr. Olson was issued a total of 108,853 shares in connection with his appointment at the discount to market described above.

On May 15, 2019, the Company entered into Fee Agreements (collectively, the "Fee Agreements") with each of (i) Jonathan Bonnette, (ii) Carl Sanko, a director and the Secretary of the Company, and (iii) Terry Kennedy. Under the Fee Agreements, on May 15, 2019, each of Mr. Bonnette, Mr. Sanko, and Mr. Kennedy were issued unregistered shares of Common Stock for services provided to the Company. Pursuant to the Fee Agreements (i) Mr. Bonnette received a fixed fee of $320,000 for his service as Chief Executive Officer of the Company and for outside business management and consulting services, which was paid through the issuance of 4,124,597 unregistered shares of Common Stock; (ii) Mr. Sanko received a fixed fee of $210,000 for his services as Secretary of the Company and for outside business management and consulting services, which was paid through the issuance of 2,706,767 unregistered shares of Common Stock, and (iii) Mr. Kennedy received a fixed fee of $160,000 for outside business consulting services, which was paid through the issuance of 2,062,299 unregistered shares of Common Stock. Under the Fee Agreements, the shares of Common Stock were issued at a value of $0.07758 per share.

The value of the Common Stock was set by the Company's board of directors and was equal to the average of the three lowest closing prices of the Common Stock in the 30 trading days before May 15, 2019 after applying a 30% discount. The Fee Agreements each have a term of one year. The shares of Common Stock issued under the Fee Agreements were valued at $1,511,034 upon grant based upon the closing price of the Company's Common Stock as traded on the OTCMarkets on the date of grant, recorded to prepaid compensation and amortized ratably over the term of the agreement.

Note 11 – Related Party Transactions (continued)

(3) Grow Capital (continued)

In fiscal 2018, the Company was notified by its primary banks that these banks would no longer accept the Company as a client for its banking services. Because the Company rents its properties to those who engage in a federal crime under the Controlled Substances Act, most banks subject to any federal oversight (the Office of the Comptroller of the Currency or any of the Federal Reserve Bank's of the United States) have declined to do business with any entity that is related in any way to cannabis operations. The Company's management and directors have as of June 30, 2018 transferred the Company's cash and its banking operations to an entity owned and controlled by them. The Company has treated the cash transferred as amounts due from this related entity and the cash expended from these accounts on behalf of the Company as reductions of the amounts due from the related entity. As of March 31, 2020, and June 30, 2019, the amount held in cash by the related entity and reported as a current asset as due from related party was $0 and $16,854.

On February 12, 2020, the Company entered into a consulting agreement with Trevor Hall and appointed Mr. Hall to serve as an interim CFO of the Company beginning January 1, 2020 through December 31, 2020. Pursuant to the consulting agreement, a fixed fee of One Million Two Hundred Thousand (1,200,000) shares of the Company's unregistered restricted common stock for his providing chief financial officer services. The shares are to be issued at a rate of Three Hundred Thousand (300,000) shares per quarter. The first installment, covering the period January 1 to March 31, 2020, was issued on March 3, 2020 and vest immediately upon issuance.

During the nine months ended March 31, 2020 certain officers and directors either as individuals or through companies controlled by them subscribed for shares of common stock for gross proceeds of $150,000 at $0.05 per share for a total of 3,000,000 shares of unregistered Common Stock.

Note 12 - Leases

We have operating leases for corporate offices. During the three months ended September 30, 2018, the Company negotiated a sublease agreement with Appreciation, LLC effective October 19, 2018 to lease the Henderson Property for use as the Company's new headquarters. The lease has a term of 123 months, an abatement of the first four months of rent during which time the Company would complete certain required leasehold improvements and escalating base monthly rent per square foot ranging between $2.00 to $3.00 per square foot. The Company commenced occupation of the premises in February 2019.

Future minimum lease payments under non-cancellable leases as of March 31, 2020 as presented in accordance with ASC 842 were as follows:

2020	$	28,821
2021		39,457
2022		40,622
2023		41,906
2024		43,190
Remaining periods		185,488
Total future minimum lease payments		379,484
Less: imputed interest		(97,040)
Total		282,444
Current portion of operating lease		4,774
Long term of operating lease	$	277,670

Note 13 – Segment Reporting

The Company's operations are classified into two reportable segments that provide different products or services. Separate management of each segment is required because each business unit is subject to different marketing, operational, and growth and technology development strategies.

The recreational vacation site rentals segment operated by Resort at Lake Selmac, Inc. derives its revenue from rental of RV sites and campsites at its owned location on Lake Selmac in Oregon, US. The Fintech segment operated by Bombshell Technologies based in Nevada and Louisiana derives its income from proprietary software which delivers customized back office compliance, sophisticated multi-pay commission processing, and a unique new client application submission system, along with digital engagement marketing services centric to financial services. We derive revenue from both operating segments.

There are no inter-segment sales. The costs associated with management overhead for Grow Capital are dedicated to our key operating segment in the FinTech industry, Bombshell Technologies, and all corporate overhead has been included in this segment disclosure as a result.

Three and nine months ended March 31, 2020:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Revenues by segment:				
Bombshell Technologies and corporate	$ 565,314	$ 298,072	$ 1,800,739	$ 377,599
Resort at Lake Selmac	-	37,096	126,512	168,153
Revenues	$ 565,314	$ 335,168	$ 1,927,251	$ 545,752
Segment profit (loss)				
Bombshell Technologies and corporate	$ (585,886)	$ (223,503)	$ (1,703,146)	$ (713,704)
Resort at Lake Selmac	(20,213)	(16,255)	(9,583)	(1,204)
Total segment profit	(606,099)	(239,758)	(1,712,729)	(714,908)

	As of March 31,	
	2020	2019
Assets by segment		
Bombshell Technologies and corporate *	$ 1,445,031	$ 2,899,923
Resort at Lake Selmac	795,394	913,799
Total assets	$ 2,240,425	$ 3,813,722

*Includes assets held for sale

Note 14 – Other Events

On December 13, 2019, Trendsic Corporation, Inc. (“Trendsic”), a related party entity which is 49% controlled by Joel A. Bonnette (former CEO of our wholly-owned subsidiary Bombshell Technologies, Inc.) filed a lawsuit in the 19th Judicial District Court in East Baton Rouge Parish, Louisiana against Joel A. Bonnette, Jared Bonnette, Bombshell Software, LLC and Bombshell Technologies, Inc. The plaintiff is disputing the ownership of certain intellectual property of Bombshell Technologies, Inc. and alleging misappropriation of trade secrets of Trendsic. Trendsic is seeking an unspecified amount of damages in excess of $75,000 and treble damages under the Louisiana Uniform Trade Secrets Act, as well as injunctive relief. The Company believes the claims by Trendsic are without merit and is vigorously defending against such claims. At the time of this report, the Company is unable to determine or quantify potential losses in respect of the aforementioned action.

Note 15- Subsequent Events

On April 1, 2020, Jonathan Bonnette, who has been the President and Chief Executive Officer of Grow since July 1, 2018, transitioned out of his role as President and Chief Executive Officer and become the Company’s Chief Technology Officer and the Chief Executive Officer of the Company’s subsidiary, Bombshell Technologies.

Mr. Terry Kennedy was appointed to succeed Mr. Bonnette as the President and Chief Executive Officer of the Company, effective April 1, 2020. Mr. Kennedy will serve as the President and Chief Executive Officer until his successor is appointed by the Board, or until his earlier resignation, removal or death. In connection with Mr. Kennedy’s appointment, the Company and Mr. Kennedy entered into an executive compensation agreement (the “Compensation Agreement”) with an effective date of April 1, 2020. Pursuant to the Compensation Agreement, Mr. Kennedy will have the duties and responsibilities as are commensurate with the positions of President and Chief Executive Officer, as reasonably and lawfully directed by the Board. Mr. Kennedy will continue to provide services to clients of Appreciation Financial, a business Mr. Kennedy founded and owns, as well as to otherwise be individually employed by another entity or entities. Mr. Kennedy will, however, be required to devote his time and apply his attention, skill and best efforts to the faithful performance of his duties as President and Chief Executive Officer of the Company in a professional manner.

The Compensation Agreement governs the terms and conditions regarding Mr. Kennedy’s compensation for the three-month period beginning on April 1, 2020, and ending on June 30, 2020, and may be terminated “for cause” only. Pursuant to the Compensation Agreement, following his appointment as President and Chief Executive Officer, Mr. Kennedy was issued one million (1,000,000) unregistered, restricted shares of the Company’s common stock on April 20, 2020 as compensation for the three-month period ending June 30, 2020. These shares were valued at the closing price of the Company’s Common Stock as traded on the OTCMarkets on the date of grant. The shares of common stock issued are immediately and fully vested, and deemed to be fully earned, upon their issuance.

During the initial three-month term of the Compensation Agreement, the Board and Mr. Kennedy have agreed to put forth their best efforts to negotiate and consummate a more permanent executive compensation or employment agreement, anticipated to become effective July 1, 2020. If such a permanent executive compensation/employment agreement is not consummated prior to July 1, 2020, the Compensation Agreement will automatically renew for one additional three-month period beginning on July 1, 2020, with Mr. Kennedy entitled to receive up to an additional one million (1,000,000) unregistered, restricted shares of the Company’s common stock, with the actual number of shares being prorated for the portion of the extended period actually served until the more permanent executive compensation/employment agreement is consummated.

On April 2, 2020 the Company issued 2,086,678 fully vested unregistered shares of Common Stock to officers and directors as part of their respective board compensation package.

Note 15- Subsequent Events (Continued)

On April 3, 2020 the Company issued a further 300,000 fully vested unregistered shares of Common Stock to the Company's CFO as compensation under the consulting contract for his services for the period April 1, 2020 through June 30, 2020. The Company valued those issuances at the closing price of the Company's Common Stock as traded on the OTCMarkets on the date of grant.

Subsequent to the quarter ended March 31, 2020 the Company determined not to renew its listing for the sale of the Resort at Lake Selmac. As a result of the COVID-19 pandemic, the scheduled opening date of April 1, 2020 for the resort property was postponed indefinitely and the resort remains closed as at the date of this report. As a result of the current decline in real estate transactions in the United States as a result of the pandemic, and the closure of the resort, the Company will review the sale of this property when appropriate at a future date.

On May 13, 2020 the Company's Board of Directors approved a 1 for 20 reverse split whereby shareholders shall receive one (1) post reverse split share of Common Stock for each twenty (20) pre-split shares of Common Stock. Further the Company shall pay cash to shareholders who are left with only a fractional share and shall round up any other partial shares to the nearest whole share. The Company will be required to file a Schedule 14C information statement with the Securities and Exchange Commission and will require majority shareholder approval. The Board of Directors has determined that the close of business on June 8, 2020, will be the record date ("Record Date") for the stockholders entitled to notice of the actions authorizing the reverse split. The above noted corporate action remains subject to approval from the Financial Industry Regulatory Authority ("FINRA").

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

This quarterly report contains forward-looking statements relating to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "intends", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors which may cause our or our industry's actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity or performance. You should not place undue reliance on these statements, which speak only as of the date that they were made. These cautionary statements should be considered with any written or oral forward-looking statements that we may issue in the future. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results, later events or circumstances or to reflect the occurrence of unanticipated events.

The management's discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The following discussion of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements for the three and nine months ended March 31, 2020 and the notes thereto appearing elsewhere in this Report and the Company's audited financial statements for the fiscal year ended June 30, 2019, as filed with the Securities and Exchange Commission in our Form 10-K on October 15, 2019, along with the accompanying notes. As used in this quarterly report, the terms "we", "us", "our", and the "Company" means Grow Capital, Inc.

Overview

On June 22, 2018, the Board of Directors of the Company approved an amendment to our articles of incorporation to increase our authorized capital to 180,000,000 shares, consisting of 175,000,000 shares of common stock ("Common Stock"), par value $0.001, and 5,000,000 shares of preferred stock ("Preferred Stock"), par value $0.001 (the "Recapitalization") and to change the name of the Company to "Grow Capital, Inc." in order to reflect our plans to expand our business focus into the financial technology ("FinTech") sector. The Company filed articles of amendment with the State of Nevada to effect the aforementioned changes on July 10, 2018 and August 28, 2018, respectively. The Company received approval from the Financial Industry Regulatory Authority ("FINRA") for the above noted corporate actions on August 8, 2019.

In connection with this strategy, the Company hired a new Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and appointed a new chairman of the Company's board of directors, all of whom have significant experience in the FinTech sector. The Company intends to acquire FinTech companies with a clear niche and strong leadership and use its experience and understanding of the FinTech sector and access to the public markets to help its acquisitions grow.

Keeping in line with our change of operational focus as set out above, on June 26, 2019 the Company entered into a stock exchange agreement (the "Exchange Agreement") with Bombshell Technologies, Inc. ("Bombshell") and the shareholders of Bombshell (the "Bombshell Holders"). Pursuant to the Exchange Agreement, which closed on July 23, 2019, 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 shares of the Company's 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") were issued on September 3, 2019 upon approval of the increase to the Company's authorized common stock to 550,000,000 shares, consisting of 500,000,000 shares of Common Stock and 50,000,000 shares of Preferred Stock, effective August 29, 2019. 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. The Bombshell Holders include certain limited liability companies owned by (i) Jonathan Bonnette, the Company's former CEO and current CTO (ii) Joel Bonnette, the Bombshell CEO and (iii) Terry Kennedy, a majority shareholder of the Company and current CEO.

Bombshell was formed as Bombshell Technologies, LLC on November 5, 2018 and converted into a corporation on June 24, 2019. Bombshell is a full-service design and software development company focused on developing and selling software to financial services firms and advisors and is the first acquisition as part of our strategic shift into the FinTech sector and related sectors.

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 Board of Directors have subsequently determined not to proceed with the acquisition as contemplated under the LOI.

On September 4, 2019 the Company entered into a listing agreement for the sale of the Resort at Lake Selmac site location (formerly Smoke on the Water)for an offering price of $850,000, with expected 6% sales commission. Such listing agreement was extended in December 2019 under the same terms and conditions, expiring in March 2020. The listing agreement was not renewed on expiry. While COVID 19 has delayed the opening of the resort for the 2020 season, management intends to operate this property once the local government regulation has released any closure requirements.

In connection with the shift in the Company's strategy away from rental activities focused in cannabis industry, the Company sold WCS on September 30, 2019 by way of a membership interest purchase agreement (the "Purchase Agreement") with the Zallen Trust. Under the terms of the Purchase Agreement, the Company sold all of the Company's membership interests in WCS for an aggregate purchase price of $782,450. The Zallen Trust paid the purchase price by transferring to the Company 8,693,888 shares of the Company's Common Stock, valued at $0.09 per share. The Purchase Agreement also provided that Mr. Zallen transfer to the Company an additional 400,000 shares of Common Stock to settle $36,000 in back rent owed at the time of the sale. The Company retired all of the shares received as a result of the transaction. In connection with the sale of WCS, the Company and Mr. Zallen entered into a separation and release of claims agreement pursuant to which the Company and Mr. Zallen provided a mutual release of claims against the other party and such party's affiliates, including all claims related to Mr. Zallen's service as an officer, employee, and director of the Company. The release of claims by Mr. Zallen resulted in the forgiveness of salary accruals of approximately $367,000 for services provided up to June 30, 2018. Mr. Zallen was the former CEO, Chairman and President of the Company.

On April 1, 2020, Jonathan Bonnette, who has been the President and Chief Executive Officer of Grow since July 1, 2018, transitioned out of his role as President and Chief Executive Officer and become the Company's Chief Technology Officer and the Chief Executive Officer of the Company's subsidiary, Bombshell Technologies.

Mr. Terry Kennedy was appointed to succeed Mr. Bonnette as the President and Chief Executive Officer of the Company, effective April 1, 2020. Mr. Kennedy will serve as the President and Chief Executive Officer until his successor is appointed by the Board, or until his earlier resignation, removal or death.

Grow Capital expects to identify additional suitable acquisitions, complete those acquisitions, and grow those companies as part of our transition to a Fintech company. Any potential acquisitions or divestitures remain subject to final agreements, due diligence, and typical closing conditions.

Current Operations

With the recent acquisition of Bombshell, Grow Capital has shifted its operational mandate to becoming a solution-oriented company focused on software, technology and financial services business (i.e. FinTech). Our current management team consists of consultants and entrepreneurs that have combined decades of experience in this sector. Fintech is a term used to describe financial technology, an industry encompassing any kind of technology in financial services. This includes businesses and consumers and generally includes companies that provide financial services through software or other technology and ranging from mobile payment apps to cryptocurrency.

The Company's recently acquired subsidiary, Bombshell, is a software development service provider with a focus on the financial services sector and SaaS solutions. Bombshell has operations in both Nevada and Louisiana, providing software to several large financial services organizations and with a rapid growth strategy consisting of innovative industry-specific solutions for sales teams and management. At the present time, the majority of Bombshell's revenue generating customers are controlled by affiliates and/or officers of the Company.

Bombshell's current software suite delivers customized back office compliance, sophisticated multi-pay commission processing, and a unique new client application submission system, along with digital engagement marketing
services centric to financial services. In addition to our software customization, licensing and subscription service contracts which generate revenue through user subscriptions as well as ongoing customization services and maintenance, we offer ad hoc services including web hosting and website development and other complementary professional services which are invoiced on an "as-provided" basis.

While the Company focuses its current operations on the FinTech sector, we will continue to operate our Resort at Lake Selmac site location.

RESULTS OF OPERATIONS FROM CONTINUING OPERATIONS

As discussed above, the Company shifted its focus to the FinTech sector during the current fiscal year and acquired an operating, revenue generating subsidiary, Bombshell. Further, the Company divested WCS effective September 30, 2019 While the Resort at Lake Selmac site location was classified as "held for sale" in the first two quarters of fiscal 2020, management has determined to continue to operate the property until further notice, and its operations have been returned to continuing operations in the current quarter. During the most recent quarter ended March 31, 2020, the Resort at Lake Selmac did not generate any revenues as we initially worked to re-brand the site as a resort destination location and attend to minor repairs and site upgrades during January and February 2020. Subsequently in March 2020 the Resort remained closed as a result of local state orders preventing its re-opening due to COVID 19. Financial results for the three and nine months ended March 31, 2019 are "combined" with respect to the operations of Bombshell Technologies, Inc. under the requirements of ASC 850-50-45, which results impact the statements of profit and loss and statements of cash flows to include operations of Bombshell Technologies Inc. as though it had been acquired on inception.

Three Months Ended March 31, 2020 compared to Three Months ended March 31, 2019

Revenue and costs of revenue

During the three months ended March 31, 2020 we generated gross revenues of $565,314, of which $534,607 was derived from related party customers, compared to $335,168 in the comparative three months ended March 31, 2019, of which $295,584 was derived from related party customers. Costs of sales in the current three months totaled $292,748 of which $0 were costs of related party services, compared to $117,877 for the three months ended March 31, 2019 of which $74,603 were costs of related party services. Gross profit for the comparative three-month periods ended March 31, 2020 and 2019, respectively totaled $272,566 and $217,291. We do not yet have sufficient revenues to meet our ongoing operational overhead. Reported revenues in the comparative periods were generated by our wholly owned subsidiary in the FinTech sector, Bombshell which did not form and begin operations until November 2018, and the Resort at Lake Selmac site location which provides RV and campsite services. During the three months ended March 31, 2020 and 2019, operations of the Resort at Lake Selmac contributed gross profit of $0 and $16,779, while operations of Bombshell contributed gross profit of $272,566 and $200,512, respectively.

Operating expenses

Our operating expenses for the three-month periods ended March 31, 2020 and 2019 were as follows:

	Three Month Ended March 31	
	2020	2019
Revenue	$ 30,707	$ 39,584
Revenue, related parties	534,607	295,584
Total revenues	565,314	335,168
Cost of sales, nonrelated parties	292,748	43,274
Cost of sale, related parties	-	74,603
Total cost of sales	292,748	117,877
Gross profit	272,566	217,291
Operating expenses		
General and administrative	101,065	59,186
General and administrative, related parties	56,819	30,722
Professional fees	215,075	77,997
Stock based compensation	503,171	287,840
Depreciation, amortization and impairment	2,535	1,304
Total operating expenses	878,665	457,049
Income (Loss) from operations	(606,099)	(239,758)

Three months ended March 31, 2020 and 2019

Our general and administrative expenses consist of rent, telephone, internet services, banking charges, salaries, consulting fees and miscellaneous office costs.

The Company experienced a substantial increase in operating expenses from $457,049 during the three months ended March 31, 2019 compared to $878,665 during the three months ended March 31, 2020. The increase in operating expenses is predominantly attributable to an increase in professional fees and stock-based compensation in the current period. During fiscal 2019 and 2020, the Company issued common stock to certain board members, employees and consultants for services rendered at rates below market, the total combined value of which was $287,840 for the three months ended March 31, 2019 compared to $503,171 in the current three months ended March 31, 2020. Professional fees also increased substantially period over period from $77,997 to $215,075 as the Company undertook various corporate actions and acquisitions in the period. General and administrative fees also increased in the current three-month period ended March 31, 2020 from $59,186 (2019) to $101,065 in fiscal 2020. This was directly as a result of increased operations period over period related to Bombshell and other corporate actions by the parent entity, Grow Capital. General and administrative fees incurred from related parties also increased period over period from $30,722 in the three months ended March 31, 2019 to $56,819 in the three months ended March 31, 2020 as the Company increased its continuing operation to include operations of Bombshell. Depreciation, amortization and impairment also increased from $1,304 to $2,535 in the current three-month period.

We expect operating expenses to increase in future periods as we continue to expand our holdings seeking additional areas of operation to further enhance our existing revenue base.

Other Expenses

Other income/expenses recorded in the three months ended March 31, 2020 reflect other income of $1,657 in the current three months as a result of interest income related to a short term loan provided by the Company to a third party, with no similar transaction in the comparative three-month period ended March 31, 2019. Interest expenses with respect to a mortgage on the Resort at Lake Selmac totaled $8,937 and $9,013 respectively in the three-month periods ended March 31, 2020 and 2019. During the three months ended March 31, 2019, the Company recorded noncash interest expenses of $6,612 with no similar expense in the current three-month period.

Net losses from continuing operations in the three months ended March 31, 2020 totaled $613,379 and $271,146, respectively.

Discontinued operations

The Company sold wholly owned subsidiary WCS effective September 30, 2019. The effect of the and operations prior to the sale are included in discontinued operations. During the three months ended March 31, 2020, the Company reported loss from discontinued operations of $0 and $15,763, respectively.

Net losses in the three months ended March 31, 2020 and 2019 totaled $613,379 and $271,146, respectively.

Nine Months Ended March 31, 2020 compared to nine months ended March 31, 2019

Revenue and cost of revenue

During the nine months ended March 31, 2020 we generated gross revenues of $1,927,251, of which $1,657,909 was derived from related party customers, compared to $545,752 in the comparative nine months ended March 31, 2019, of which $372,627 was derived from related party customers. Costs of sales in the current nine months totaled $939,179 of which $186,354 were costs of related party services, compared to $222,093 for the nine months ended March 31, 2019, of which $96,213 were costs of related party services. Gross profit for the comparative nine-month periods ended March 31, 2020 and 2019, respectively totaled $988,072 and $323,659. We do not yet have sufficient revenues to meet our ongoing operational overhead. Reported revenues in the period were generated by our wholly owned subsidiary in the FinTech sector, Bombshell which did not form and begin operations until November 2018, and the Resort at Lake Selmac site location which provides RV and campsite services. During the nine months ended March 31, 2020 and 2019, operations of the Resort at Lake Selmac contributed gross profit of $87,796 and $99,922 respectively, while operations of Bombshell contributed gross profit of $900,276 and $223,737, respectively.

Operating expenses

Our operating expenses for the nine-month periods ended March 31, 2020 and 2019 were as follows:

	Nine Months Ended March 31, 2020	Nine Months Ended March 31, 2019
Revenue	$ 269,342	$ 173,125
Revenue, related parties	1,657,909	372,627
Total revenues	1,927,251	545,752
Cost of sales, nonrelated parties	752,825	125,880
Cost of sale, related parties	186,354	96,213
Total cost of sales	939,179	222,093
Gross profit	988,072	323,659
Operating expenses		
General and administrative	267,640	218,430
General and administrative, related parties	167,261	36,208
Professional fees	745,943	165,312
Stock based compensation	1,508,278	616,344
Depreciation, amortization and impairment	11,679	2,273
Total operating expenses	2,700,801	1,038,567
Income (Loss) from operations	(1,712,729)	(714,908)

Nine months ended March 31, 2020 and 2019

Our general and administrative expenses consist of rent, telephone, internet services, banking charges, salaries, consulting fees and miscellaneous office costs.

The Company experienced a substantial increase in operating expenses from $1,038,567 during the nine months ended March 31, 2019 compared to $2,700,801 during the nine months ended March 31, 2020. The increase in operating expenses is predominantly attributable to an increase in professional fees and stock-based compensation in the current period, as well as an increase in general and administrative expenses incurred by related parties as a result of the acquisition of Bombshell Technologies Inc. During fiscal 2020 and 2019, the Company issued common stock to certain board members, employees and consultants for services rendered at rates below market, the total combined value of which was $616,344 for the nine months ended March 31, 2019 compared to $1,508,278 in the current nine months ended March 31, 2020. Professional fees also increased substantially period over period from $165,312 to $745,943 as the Company undertook various corporate actions and acquisitions in the period. General and administrative fees were also increased in the current nine-month period ended March 31, 2020 from $218,430 (2019) to $267,640 in fiscal 2020. This was as a direct result of the increase in the operations as a result of our wholly owned subsidiary, Bombshell. General and administrative fees incurred from related parties increased substantially in the comparative periods from $36,208 in 2019 to $167,261 in 2020 as the Company's operations included the expanding operations of Bombshell. Depreciation, amortization and impairment also increased from $2,273 to $11,679 in the current nine-month periods.

We expect operating expenses to increase in future periods as we continue to expand our holdings seeking additional areas of operation to further enhance our existing revenue base.

Other Expenses

Other income/expenses recorded in the nine months ended March 31, 2020 and 2019 reflect other income of $4,723 in the current nine months as a result of interest income related to a short term loan provided by the Company to a third party, with no similar transaction in the comparative nine-month period ended March 31, 2019. Interest expenses with respect to a mortgage on the Resort at Lake Selmac totaled $26,917 and $26,588 respectively in the nine-month periods ended March 31, 2020 and 2019. During the nine months ended March 31, 2019, the Company recorded noncash interest expenses of $6,612 with no similar expense in the current nine-month period

Net losses from continuing operations in the nine months ended March 31, 2020 and 2019 totaled $1,734,923 and $748,108, respectively.

Discontinued operations

The Company sold its wholly owned subsidiary WCS effective September 30, 2019. The effect of the and operations prior to the sale are included in discontinued operations. During the nine months ended March 31, 2020, the Company reported income from discontinued operations of $491,885 and $4,559, respectively.
The increase in results period over period is a direct result of the sale of WCS, and the associated gain of approximately $492,000.

Net losses in the nine months ended March 31, 2020 and 2019 totaled $1,243,038 and $743,549, respectively.

Liquidity and Financial Condition

Liquidity and Capital Resources

		At March 31, 2020		At June 30, 2019
Current Assets	$	1,116,995	$	2,091,133
Current Liabilities		803,660		1,183,995
Working Capital	$	313,335	$	907,138

As of March 31, 2020, the Company had total current assets of $1,116,995 (including stock based compensation recorded as prepaid expenses of $241,271) and working capital of $313,335 compared to total current assets of $2,091,133 (including stock based compensation recorded as prepaid expenses of $1,431,796) and working capital of $907,138 as of June 30, 2019. The decrease in our working capital was primarily a result of amortization of prepaid stock-based compensation.

During the nine months ended March 31, 2020, cash used in operating activities totaled $617,695, primarily as a result of a net loss from continuing operations of $1,734,923 and a gain from discontinued operations of $491,885. The net loss from continuing operations was offset by stock-based compensation of $1,508,278, depreciation, amortization and impairment expenses of $11,679 and amortization of right to use assets of $2,377. Further during the nine months ended March 31, 2020 we increased our accounts receivable by $81,380, our related party accounts receivable by $192,495, and our related party accounts payable by $45,452 while reducing our accrued expenses and accounts payable related parties. Unearned revenue also decreased in the current period. In the nine months ended March 31, 2019, cash used in operating activities totaled $260,659 with a net loss from continuing operations of $748,108, and a gain from discontinued operations of $4,559, offset by stock-based compensation of $616,344, non-cash interest of $6,612, and depreciation, amortization and impairment expenses of $2,273. During the nine months ended March 31, 2019 we decreased our accounts receivable by $49,526 and our accrued expenses by $52,184. Our related party accounts receivable increased by $294,995, while our accounts payable increased by $28,217 and our related party accounts payable increased by $117,305. Unearned revenue also increased in the nine months ended March 31, 2019 by $18,650.

Net cash provided by investing activities in the nine months ended March 31, 2019 was $31,033, as compared to net cash used of $34,121 in the nine months ended March 31, 2020. Increase to cash due from related party in the current nine-month period totaled $16,854 as compared to $37,393 in the prior comparative period in 2019. During the most recent nine months ended March 31, 2020 the Company loaned a third party $100,000 on a one-year promissory note and received cash from the acquisition of Bombshell of $43,975, with no similar transactions in the prior nine months ended March 31, 2019. Results for the nine months ended March 31, 2019 also include the purchase of equipment of $6,160 and the acquisition of intangible assets of $200 with no similar transactions in the current nine months ended March 31, 2020.

Net cash provided by financing activities was $1,224,900 in the nine months ended March 31, 2019 as compared to $330,023 in 2020. During the current nine-month period ended March 31, 2020, the Company closed private placements for total proceeds of $350,000, compared to total proceeds of $1,165,000 from private placements during the comparable period ended March 31, 2019. Cash from financing activities in the nine months ended March 31, 2020 was offset by a repayment to a related party of $13,121 in the current period, as compared to proceeds from a related party of $66,195 in the prior comparative period. The Company reduced its mortgage on the Resort at Lake Selmac property by $6,856 and $6,295 respectively during the nine months ended March 31, 2020 and 2019.

Net cash used by discontinued activities totaled $831,715 in the nine months ended March 31,2019, as compared to cash used by discontinued activities of $5,260 in the current nine months ended March 31, 2020.

Going Concern

During the three and nine months ended March 31, 2020, the Company reported a net loss of $613,379 and $1,243,038, respectively. Working capital totaled approximately $127,000 (after removing prepaid stock-based compensation) with approximately $156,000 of cash on hand. The Company believes that as of March 31, 2020 its existing capital resources are not adequate to enable it to fully execute its business plan, including the acquisition of additional operations complementary to its recently acquired subsidiary, Bombshell Technologies. While the Company`s subsidiary provided approximately $900,000 in gross profit to offset operational overhead in the period, revenues are presently not sufficient to meet the Company's ongoing expenditures. The Company is actively working to increase the customer base and gross profit in Bombshell Technologies in order to achieve net profitability by the close of fiscal 2020. These growth plans include the acquisition of several new customers, an increase to users currently subscribed to our software, as well as increased sales of customization services to new and existing customers. The Company intends to rely on sales of our unregistered common stock, loans and advances from related parties to meet operational shortfalls until such time as we achieve profitable operations. If the Company fails to generate positive cash flow or obtain additional financing, when required, the Company may have to modify, delay, or abandon some or all of its business and expansion plans, and potentially cease operations altogether. Consequently, the aforementioned items raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued. The accompanying condensed consolidated financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern.

Covid-19 Pandemic

The recent COVID-19 pandemic could have an adverse impact on our ongoing operations. To date the Company's primary operating segment, Bombshell, has not experienced a decline in sales as a result of the impact of COVID 19. The Company's operations in the FinTech sector are carried out with a limited amount of person to person contact and we do not expect an impact on these operations as a result of COVID 19, however, the full effect of the COVID-19 outbreak continues to evolve as of the date of this report, is highly uncertain and subject to change. Operations of the Company's Resort at Lake Selmac property will be delayed until such time as local government permits the resort to reopen. As the resort operations are seasonal in nature with little activity during the months November through April 1, 2020, management does not expect the delay in opening the resort for the 2020 season to substantially impact profitable operations for this business in the long term. Management is actively monitoring the situation but given the daily evolution of the COVID-19 outbreak, the Company is not able to estimate the effects of the COVID-19 outbreak on its operations or financial condition in the next 12 months. While significant uncertainty remains, the Company does not believe the COVID-19 outbreak will have a negative impact on its ability to raise additional financing, conclude the acquisition of targeted business operations or reach profitable operations.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments which are based on historical experience and on various other factors that are believed to be reasonable under the circumstances. The results of their evaluation form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions and circumstances. Our significant accounting policies are more fully discussed in the Notes to our Financial Statements. Refer to Note 2 of the Unaudited Condensed Consolidated Financial Statements included herein.

Recent Accounting Pronouncements

There were various accounting standards and interpretations issued recently, none of which are expected to have a material effect on the Company's operations, financial position or cash flows.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company and are not required to provide this information.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a- 15(e) and 15d- 15(e) under the Exchange Act). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2020, our disclosure controls and procedures were not effective, for the reasons discussed below, to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and (ii) is accumulated and communicated to our management, including our Chief Executive Officer, as appropriate to allow timely decisions regarding required disclosure.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

A material weakness is a deficiency, or combination of deficiencies, that creates a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected in a timely manner.

The material weakness related to our company was due to not having the adequate personnel to address the reporting requirements of a public company and to fully analyze and account for our transactions.

Accordingly, while we identified a material weakness in our system of internal control over financial reporting as of March 31, 2020, we believe that we have taken reasonable steps to ascertain that the financial information contained in this report is in accordance with GAAP. We are committed to remediating the control deficiencies that constitute the material weaknesses by implementing changes to our internal control over financial reporting.

Management is responsible for implementing changes and improvements in the internal control over financial reporting and for remediating the control deficiencies that gave rise to the material weaknesses.

Going forward, we intend to evaluate our processes and procedures and, where practicable and resources permit, implement changes in order to have more effective controls over financial reporting.

Changes in Internal Control over Financial Reporting

During the period covered by this report, there were no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 1. LEGAL PROCEEDINGS

On December 13, 2019, Trendsic Corporation, Inc. ("Trendsic"), a related party entity which is 49% controlled by Joel A. Bonnette (former CEO of our wholly-owned subsidiary Bombshell Technologies, Inc.)filed a lawsuit in the 19th Judicial District Court in East Baton Rouge Parish, Louisiana against Joel A. Bonnette, Jared Bonnette, Bombshell Software, LLC and Bombshell Technologies, Inc. The plaintiff is disputing the ownership of certain intellectual property of Bombshell Technologies, Inc. and alleging misappropriation of trade secrets of Trendsic. Trendsic is seeking an unspecified amount of damages in excess of $75,000 and treble damages under the Louisiana Uniform Trade Secrets Act, as well as injunctive relief. The Company believes the claims by Trendsic are without merit and is vigorously defending against such claims. At the time of this report, the Company is unable to determine or quantify potential losses in respect of the aforementioned action.

Other than as set out above, there are no pending legal proceedings to which the Company is a party or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company.

ITEM 1A. RISK FACTORS

The Company is a smaller reporting company and is not required to provide this information.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Except as set forth below, there were no sales of equity securities during the period covered by this Report that were not registered under the Securities Act and were not previously reported in a Quarterly Report on Form 10-Q, an Annual Report on Form 10-K or a Current Report on Form 8-K filed by the Company.

On March 3, 2020 the Company issued 344,828 fully vested unregistered shares of Common Stock to settle certain liabilities. The Company valued those issuances at the closing price of the Company's Common Stock as traded on the OTCMarkets on the date of grant and recorded a $15,000 liability settlement and stock-based compensation of $13,276 on the statement of operations.

On March 5, 2020 the Company issued 300,000 fully vested unregistered shares of Common Stock to an officer of the Company as compensation under the terms of a consulting contract for his services as CFO for the period January 1, 2020 through March 31, 2020. On April 3, 2020 the Company issued a further 300,000 fully vested unregistered shares of Common Stock to the same officer of the Company as compensation under the consulting contract for his services as CFO for the period April 1, 2020 through June 30, 2020. The Company valued each of the aforementioned issuances at the closing price of the Company's Common Stock as traded on the OTCMarkets on the date of grant.

On March 12, 2020 the Company issued 1,000,000 shares of unregistered Common Stock in respect to a private placement at $0.05 per share for total gross proceeds of $50,000 to a company controlled by an officer of the Company.

On April 2, 2020 the Company issued 2,086,678 fully vested unregistered shares of Common Stock to officers and directors as part of their respective board compensation package.

On April 20, 2020 the Company issued 1,000,000 fully vested unregistered shares of Common Stock to an officer of the Company as compensation under the terms of a consulting contract for his services as CEO and President for the period April 1, 2020 through June 30, 2020. The Company valued those issuances at the closing price of the Company's Common Stock as traded on the OTCMarkets on the date of grant.

All stock issuances discussed in this section under the heading Recent Sales of Unregistered Securities, were exempt from the registration requirements of Section 5 of the Securities Act of 1933 pursuant to Section 4(2) of the same Act since the issuances of the shares were to persons well known to the Company and did not involve any public offerings.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

ITEM 5. OTHER INFORMATION

Transition of Jonathan Bonnette

On April 1, 2020, Jonathan Bonnette, who has been the President and Chief Executive Officer of Grow Capital, Inc., since July 1, 2018, transitioned out of his role as President and Chief Executive Officer and become the Company's Chief Technology Officer and the Chief Executive Officer of the Company's subsidiary, Bombshell Technologies, Inc.

Appointment of Terry Kennedy

The Company's Board of Directors (the "Board") has appointed Terry Kennedy, 43, to succeed Mr. Bonnette as the President and Chief Executive Officer of the Company, effective April 1, 2020. Mr. Kennedy will serve as the President and Chief Executive Officer until his successor is appointed by the Board, or until his earlier resignation, removal or death. In connection with Mr. Kennedy's appointment, the Company and Mr. Kennedy entered into an executive compensation agreement (the "Compensation Agreement") with an effective date of April 1, 2020. Pursuant to the Compensation Agreement, Mr. Kennedy will have the duties and responsibilities as are commensurate with the positions of President and Chief Executive Officer, as reasonably and lawfully directed by the Board. Mr. Kennedy will continue to provide services to clients of Appreciation Financial, a business Mr. Kennedy founded and owns, as well as to otherwise be individually employed by another entity or entities. Mr. Kennedy will, however, be required to devote his time and apply his attention, skill and best efforts to the faithful performance of his duties as President and Chief Executive Officer of the Company in a professional manner.

The Compensation Agreement governs the terms and conditions regarding Mr. Kennedy's compensation for the three-month period beginning on April 1, 2020, and ending on June 30, 2020, and may be terminated "for cause" only. Pursuant to the Compensation Agreement, following his appointment as President and Chief Executive Officer, Mr. Kennedy will be issued one million (1,000,000) unregistered, restricted shares of the Company's common stock within ten (10) days of the execution of the Compensation Agreement, as compensation for the three-month period ending June 30, 2020.

During the initial three-month term of the Compensation Agreement, the Board and Mr. Kennedy have agreed to put forth their best efforts to negotiate and consummate a more permanent executive compensation or employment agreement, anticipated to become effective July 1, 2020. If such a permanent executive compensation/employment agreement is not consummated prior to July 1, 2020, the Compensation Agreement will automatically renew for one additional three-month period beginning on July 1, 2020, with Mr. Kennedy entitled to receive up to an additional one million (1,000,000) unregistered, restricted shares of the Company's common stock, with the actual number of shares being prorated for the portion of the extended period actually served until the more permanent executive compensation/employment agreement is consummated.

The shares of common stock issuable pursuant to the Compensation Agreement (the "Shares") will be immediately and fully vested, and deemed to be fully earned, upon their issuance. The Shares will be issued without registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance on Section 4(a)(2) of the Securities Act and the rules and regulations promulgated thereunder, based in part upon the following factors: (a) the issuance of the securities was in connection with an isolated private transaction which did not involve any public offering; (b) there was a single offeree; and (c) there were no subsequent or contemporaneous public offerings of the securities by the Company.

Since 2008, Mr. Kennedy has served as the president and CEO of Appreciation Financial, a company Mr. Kennedy founded. Appreciation Financial is a full-service national financial company with headquarters in Las Vegas and an Inc. 5000 company two years in a row (2018 and 2019). Mr. Kennedy received the 2019 Gold American Business Awards Stevie Award® for Entrepreneur of the Year-Financial Services and was a Finalist for Ernst & Young Entrepreneur Of The Year® 2019. Mr. Kennedy has been a consultant to the Company since July 1, 2018.

Mr. Kennedy has a broad background in general management, strategy, marketing, services, and financial matters. Under Mr. Kennedy's leadership, Appreciation Financial received the Gold award for "Company of the Year-West US" by the Best in Biz awards and was also named one of the "Best Entrepreneurial Companies in America" by Entrepreneur Magazine's Entrepreneur 360™ list.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit
10.1*#	Compensation Agreement
31.1**	Certification of the Principal Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2**	Certification of the Principal Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of the Chief Executive Officer (Principal Executive Officer) pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)
32.2**	Certification of the Chief Financial Officer (Principal Financial Officer) pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)
101.INS	XBRL INSTANCE DOCUMENT
101.SCH	XBRL TAXONOMY EXTENSION SCHEMA
101.CAL	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE
101.DEF	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE
101.LAB	XBRL TAXONOMY EXTENSION LABEL LINKBASE
101.PRE	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE

*Incorporated by reference to Exhibit 10.1 filed with the Company's Form 8-K on April 3, 2020.
**As filed herewith.
Management contract or any compensatory plan, contract or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GROW CAPITAL, INC.

Date: May 19, 2020	By: /s/ Terry Kennedy
	Name: Terry Kennedy
	Terry Kennedy Chief Executive Officer, and President (Principal Executive Officer)

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Terry Kennedy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Grow Capital Inc. (the "registrant") for the period ended March 31, 2020;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exhibit Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 19, 2020	By: */s/ Terry Kennedy*
	Terry Kennedy
	Chief Executive Officer and President
	(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Trevor K. Hall, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Grow Capital Inc. (the "registrant") for the period ended March 31, 2020;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exhibit Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 19, 2020

By: */s/ Trevor K. Hall*

Trevor K. Hall
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO 18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Terry Kennedy, Chief Executive Officer and President of Grow Capital Inc. (the "Company"), certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350) that, to his knowledge, the Company's Quarterly Report on Form 10-Q for the nine months ended March 31, 2020 (the "Report"):

(1) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: May 19, 2020

By: */s/ Terry Kennedy*
Terry Kennedy
Chief Executive Officer and President (Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Trevor K. Hall, Chief Financial Officer of Grow Capital Inc. (the "Company"), certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350) that, to his knowledge, the Company's Quarterly Report on Form 10-Q for the nine months ended March 31, 2020 (the "Report"):

(1) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Dated: May 19, 2020

By: */s/ Trevor K. Hall*
Trevor K. Hall
Chief Financial Officer (Principal Financial and Accounting Officer)