SECURITIES & EXCHANGE COMMISSION EDGAR FILING

GROW CAPITAL, INC.

Form: 8-K/A

Date Filed: 2019-10-15

Corporate Issuer CIK: 1448558

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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT

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

Date of Report (Date of earliest event reported): July 23, 2019

Grow Capital, Inc.
(Exact name of Registrant as specified in its charter)

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

2485 Village View Drive, Suite 180
Henderson, NV 89074
Phone: (702) 830-7919
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):
☐Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐Soliciting material pursuant to Rule l 4a- l 2 under the Exchange Act (17 CFR 240. l 4a- l 2)
☐Pre-commencement communications pursuant to Rule l 4d-2(b) under the Exchange Act (17 CFR 240. l 4d-2(b))
☐Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240. l 3e-4(c))

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None		

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company ___

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 13(a) of the Exchange Act. ___

This current report on Form 8-K/A amends the current report on Form 8-K originally filed with the Securities and Exchange Commission on July 24, 2019. The original report disclosed the acquisition by the Registrant of 100% of the outstanding shares of Bombshell Technologies, Inc. ("Bombshell"), a Nevada corporation, on July 23, 2019, together with other disclosures related to the acquisition. This amendment is for the purpose of filing audited financial statements of Bombshell and pro forma financial information related to Bombshell and the Registrant in a combined presentation. Other than the addition of the financial information described above, the original Form 8-K filing remains unchanged.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Business Acquired.

Exhibit 99.1	Audited financial statements of Bombshell Technologies, Inc. for the fiscal year ended December 31, 2018
Exhibit 99.2	Unaudited financial statements of Bombshell Technologies Inc. for the three and six months ended June 30, 2019

(b) Pro Forma Financial Information.

Exhibit 99.3	Proforma financial statements – Bombshell Technologies Inc. and Grow Capital Inc. as at June 30, 2019.

SIGNATURE PAGE

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

Grow Capital, Inc.

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

Dated: October 15, 2019

BOMBSHELL TECHNOLOGIES, INC.

(Formerly Bombshell Technologies, LLC)
FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
of Bombshell Technologies, Inc.

We have audited the accompanying financial statements of Bombshell Technologies, Inc. (a Nevada corporation), (formerly Bombshell Technologies, LLC) which comprise the balance sheet as of December 31, 2018, and the related statements of operations, members' deficit, and cash flows for the period November 5, 2018 through December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bombshell Technologies, Inc. (formerly Bombshell Technologies, LLC) as of December 31, 2018, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ L J Soldinger Associates, LLC
Deer Park, IL

October 9, 2019

BOMBSHELL TECHNOLOGIES, INC.
(Formerly Bombshell Technologies, LLC)
BALANCE SHEET

	December 31, 2018
Assets	
Current assets:	
Cash	$ 36,566
Accounts receivable	2,484
Accounts receivable, related parties	26,298
Prepaid expenses, related parties	12,251
Other receivable, related parties	44,154
Total current assets	121,753
Intangibles and other assets	200
Total Assets	$ 121,953
Liabilities and Members' Deficit	
Current liabilities:	
Accounts payable and accrued liabilities	$ 23,471
Accounts payable and accrued liabilities, related parties	34,693
Unearned revenue, related parties	10,000
Customer deposits, related parties	64,255
Total current liabilities	132,419
Total liabilities	132,419
Members' Deficit:	
Total members' deficit	(10,466)
Liabilities and Members' Deficit	$ 121,953

See accompanying notes to the audited financial statements

BOMBSHELL TECHNOLOGIES, INC.
(Formerly Bombshell Technologies, LLC)
STATEMENT OF OPERATIONS

	From Inception (November 5, 2018) To December 31, 2018
Revenue	2,484
Revenue, related parties	77,043
Total revenue	$ 79,527
Cost of sales	
Cost of sales, related parties	34,692
Cost of sales, nonrelated parties	21,610
Total cost of sales	56,302
Gross profit	23,225
Operating expenses:	
Professional fees	24,978
General and administrative – related parties	5,486
General and administrative	3,227
Total operating expenses	33,691
Loss from operations	(10,466)
Net loss	$ (10,466)

See accompanying notes to the audited financial statements

BOMBSHELL TECHNOLOGIES, INC.
(Formerly Bombshell Technologies, LLC)
STATEMENT OF MEMBERS' DEFICIT
from Inception (November 5, 2018) to December 31, 2018

		Total
Balance, Inception	$	-
Net loss for the period		(10,466)
Balance, December 31, 2018	$	(10,466)

See accompanying notes to the audited financial statements

BOMBSHELL TECHNOLOGIES, INC.
(Formerly Bombshell Technologies, LLC)
STATEMENT OF CASH FLOWS

		From Inception (November 5, 2018) To December 31, 2018
Cash flows from operating activities:		
Net loss	$	(10,466)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in assets and liabilities:		
Accounts receivable		(2,484)
Accounts receivable, related parties		(26,298)
Prepaid expenses, related parties		(12,251)
Other receivable, related parties		(44,154)
Accounts payable and accrued liabilities		23,471
Accounts payable and accrued liabilities, related parties		34,693
Customer deposits		64,255
Unearned revenue		10,000
Net cash used in operating activities		36,766
Cash flows from investing activities:		
Purchases of intangibles		(200)
Net cash used in investing activities		(200)
Cash flows from financing activities:		
Net cash provided by financing activities		-
(Decrease) increase in cash		36,566
Cash, beginning of the period		-
Cash, end of the period	$	36,566
Supplemental disclosure of cash flow information		
Cash paid for:		
Interest	$	-
Taxes	$	-

See accompanying notes to the audited financial statements

NOTE 1 – Organization

Bombshell Technologies, Inc. (the "Company" or "Bombshell") (formerly Bombshell Technologies, LLC) was formed in the State of Nevada on November 5, 2018 as a limited liability company and filed articles of conversion on June 24, 2019 whereunder the Company became a corporation. Under the plan of conversion, the members exchanged their membership interests on a one for one basis for shares of the authorized common stock of the surviving entity so that one membership unit in the limited liability company received one share of common stock in the newly formed corporation, with no par value.

Bombshell is a software development service provider with a focus on the financial services sector having operations in both Nevada and Louisiana. We provide software to several large financial services organizations and are focused on innovative industry-specific solutions for sales teams and management. Bombshell's current software suite delivers customized back office compliance, sophisticated multi-pay commission processing, and a unique new client application submission system, along with digital engagement marketing services centric to financial services.

NOTE 2 – Summary of Significant Accounting Policies

Fiscal year end

The Company has selected December 31 as its fiscal year end.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions which affect the amounts reported in these consolidated financial statements, the notes thereto, and the disclosure of contingent assets and liabilities at the date of the financial statements. Significant items subject to such estimates and assumptions include revenue recognition related to contracts accounted for under the percentage of completion method over the term of the customization of software for a customer. Actual results could differ from those estimates.

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 from inception to December 31, 2018, the allowance for doubtful accounts is zero.

Intangible Assets

The Company's intangible assets consist of intellectual property.

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

The Company operates as a limited liability company as of December 31, 2018 and through the period ended June 24, 2019 when it converted to a C corporation. It was taxed as a partnership in 2018. As such, earnings and losses from the Company are included on the individual members' income tax returns and taxed, accordingly.

U.S. GAAP requires management to evaluate tax positions taken by the Company and recognize a tax liability if the Company has taken an uncertain position that is more likely than not would be sustained upon examination by the Internal Revenue Service. Management has analyzed the Company's tax positions and believes there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statement.

Tax years from inception to the year ended December 31, 2018 have been filed and are open for examination by the taxing authorities.The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. No such interest or penalties were recognized during the periods presented above. The Company had no accruals for interest and penalties at December 31, 2018.

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.

NOTE 3 – Revenue Recognition under ASC 606 (continued)

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.

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 credit 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

NOTE 3 – Revenue Recognition under ASC 606 (continued)

Professional services and other (cont'd)

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.

NOTE 4 - Related Party Transactions

Prepaid – Related Party

As of December 31, 2018, the Company had prepaid commissions in the amount of $12,251 to Zeake, LLC, a company controlled by two of our members.

Intellectual Property Assignment Agreements

On November 5, 2018, the Company entered into an intellectual property assignment agreement with Bombshell Software, LLC, a Louisiana limited liability company controlled by Mr. Joel Bonnette, one of the Company's members. Bombshell Software has created, developed and/or programmed certain patentable and /or copyrightable technology, software, applications, code, technical information, data trade secrets ("Developments") and other work product ("Work Product"). Under the intellectual property assignment agreement, Bombshell Software assigned, transferred and set over to the Company all rights, title and interests in and to all Developments and all Work Product for the sum of one hundred dollars ($100).

On December 10, 2018, the Company entered into an intellectual property assignment agreement with Trendsic Corporation Inc. ("Trendsic"), a Louisiana corporation controlled by Mr. Joel Bonnette, one of the Company's members, and a third party. Trendsic has created, developed and/or programmed certain patentable and /or copyrightable technology, software, applications, code, technical information, data trade secrets ("Developments") and other work product ("Work Product"). Under the intellectual property assignment agreement, Trendsic assigned, transferred and set over to the Company all rights, title and interests in and to all Developments and all Work Product for the sum of one hundred dollars ($100).

US GAAP requires transfer of assets from related parties to be recorded at its carrying value, which was nominal in both of the above assignments.

Revenue

During the fiscal year ended December 31, 2018, the Company's revenue was generated from contracts with four related parties. Two related parties each represented more than 10% of revenues. Invoices issued to Superior Performers, Inc., controlled by member Andy Albright, and Appreciation Financial, LLC, controlled by member Terry Kennedy, accounted for total revenues of $57,800. The Company was owed accounts receivables of $26,298 from three related parties as of December 31, 2018.

NOTE 4 – Related Party Transactions (continued)

Costs of Goods

During the fiscal year ended December 31, 2018, the Company received invoices for software development and professional services from Trendsic, a limited liability company controlled by member Jonathan Bonnette, totaling $34,692, which amounts were recorded as Costs of Sales – related parties.

Other Receivables

As of December 31, 2018, the Company had made non-interest bearing cash advances in the amount of $19, 279 to Trendsic. In addition, a December 2018 payment of $25,000 from a related party that was intended to be sent to the Company and applied to accounts receivable-related party was erroneously sent to Bombshell Software, a related party. The Company recorded the transaction by recording an other receivable related party of $25,000 and a liability related party of $25,000.

Customer Deposit

The Company received a deposit of $100,000 to be applied to customization of its software from a related party The deposit was reduced by a December invoice for services provided in the amount of $35,745 leaving a balance of customer deposit of $64,255 as of December 31, 2018. The invoice included $10,000 charged under the terms of a license agreement, which the Company entered into in January 2019 with the related party. The $10,000 in respect of the license agreement is reflected in deferred revenue and will be recognized over the two-year term of the license.

NOTE 5 – Unaudited Proforma Information

The Company filed articles of conversion on June 24, 2019 whereunder the Company became a corporation. Under the plan of conversion, the members exchanged their membership interests on a one for one basis for shares of the authorized common stock of the surviving entity so that one membership unit in the limited liability company received one share of common stock in the newly formed corporation, with no par value.

Proforma Equity information is provided below:

Equity presentation as limited liability company:

	December 31, 2018
Members' deficit:	
Total members' deficit	$ (10,466)

Proforma equity information as a corporation:

	December 31, 2018
Stockholders' equity	
Common stock, no par value: shares authorized 133,556; 113,556 shares issued and outstanding at December 31, 2018	$ -
Accumulated deficit	(10,466)
Total stockholder's deficit	$ (10,466)

NOTE 6 – Membership Equity

The Company had 133,556 membership units outstanding as of December 31, 2018. On January 14, 2019 the Company's members entered into private transactions whereunder a limited liability company controlled by an existing member acquired a cumulative 10% of the membership units (13,356 units) as to 5% from a single member and 1.25% from each of the other four members. Subsequently on January 21, 2019 a third party acquired 10% of the membership units (13,356 units) as to 5% from a single member and 1.25% from each of the other four members in consideration for an investment of $700,000 which amount was subsequently distributed to the original members. Total membership units outstanding remained unchanged at the conclusion of the aforementioned transactions.

NOTE 7 – Subsequent Events

On June 20, 2019 the Company and Joel Bonnette entered into an executive employment agreement whereunder Mr. Bonnette shall earn an annual salary of $150,000 with a term of one (1) year, automatically renewable for further a further one (1) year term unless written notice is provided by either party within thirty (30) days of the initial term or renewal term.

On July 23, 2019, (the "Closing Date"), the Company was acquired by Grow Capital, Inc. ("Grow") a Nevada corporation, pursuant to a stock exchange agreement (the "Exchange Agreement"), dated June 26, 2019, by and between Bombshell, the shareholders of Bombshell (the "Bombshell Holders") and Grow. At the Closing, Bombshell became a wholly-owned subsidiary of Grow.

Immediately prior to the Closing, Grow, Bombshell and the Bombshell Holders entered into an amendment to the Exchange Agreement (the "Amendment"). Pursuant to the Amendment, at the Closing, Grow 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 Grow 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 Grow filing an effective amended and restated article of incorporation (the "Charter Amendment") that increased their 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 Company has evaluated subsequent events through October 7, 2019, the date these financial statements were available for issuance.

BOMBSHELL TECHNOLOGIES, INC.

(Formerly Bombshell Technologies, LLC)

FINANCIAL STATEMENTS

(Unaudited)

BOMBSHELL TECHNOLOGIES, INC.
(Formerly Bombshell Technologies, LLC)
CONDENSED BALANCE SHEETS

		June 30, 2019 (unaudited)		December 31, 2018 *
Assets				
Current assets:				
Cash	$	43,975	$	36,566
Accounts receivable		36,079		2,484
Accounts receivable, related parties		294,995		26,298
Prepaid expenses, related parties		-		12,251
Other receivable, related parties		-		44,154
Total current assets		375,049		121,753
Intangibles and other assets		200		200
Total Assets	$	375,249	$	121,953
Liabilities and Stockholders' Equity (Deficit)				
Current liabilities:				
Accounts payable and accrued liabilities	$	60,605	$	23,471
Accounts payable and accrued liabilities, related parties		118,912		34,693
Advances, related parties		66,195		-
Unearned revenue		9,070		-
Unearned revenue, related parties		7,500		10,000
Customer deposits, related parties		-		64,255
Deferred income tax liabilities		31,800		-
Total current liabilities		294,082		132,419
Total liabilities		294,082		132,419
Stockholders' equity (deficit)				
Common stock, no par value: shares authorized 133,556; 133,556 and 0 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively		-		-
Retained earnings		81,167		(10,466)
Total stockholder's equity (deficit)		81,167		(10,466)
Liabilities and Stockholders' equity (deficit)	$	375,249	$	121,953

*Derived from audited information

See accompanying notes to the unaudited condensed financial statements

BOMBSHELL TECHNOLOGIES, INC.
(Formerly Bombshell Technologies, LLC)
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

		Six Months To June 30, 2019
Revenue	$	24,525
Revenue, related parties		715,641
Total revenue		740,166
Cost of sales		
Cost of sales, related parties		259,922
Cost of sales, nonrelated parties		149,416
Total cost of sales		409,338
Gross profit		330,828
Operating expenses:		
Professional fees		96,716
General and administrative, related parties		76,984
General and administrative		33,695
Total operating expenses		207,395
Net income before income taxes		123,433
Income tax expenses		(31,800)
Net income	$	91,633
Pro forma information (Unaudited)		
Net income from operations	$	123,433
Pro forma income tax expense		(25,920)
Pro forma net income	$	97,513
Pro forma Basic and diluted net income per common share	$	0.73
Pro forma Weighted average shares outstanding - basic and diluted		133,556

See accompanying notes to the unaudited condensed financial statements

BOMBSHELL TECHNOLOGIES, INC.
(Formerly Bombshell Technologies, LLC)
CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY
from Inception (November 5, 2018) to June 30, 2019
(Unaudited)

	Common Stock		Retained	Stockholders' Equity
	Shares	Amount	Earnings	(Deficit)
Balance, Inception	-	$ -	$ -	$ -
Net loss	-	-	(10,466)	(10,466)
Balance, December 31, 2018	-	-	(10,466)	(10,466)
Shares issued upon conversion from LLC to Corporation on a one for one basis	133,556	-	-	-
Net income	-	-	91,633	91,633
Balance, June 30, 2019	133,556	$ -	$ 81,167	$ 81,167

See accompanying notes to the unaudited condensed financial statements

BOMBSHELL TECHNOLOGIES, INC.
(Formerly Bombshell Technologies, LLC)
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months To June 30, 2019
Cash flows from operating activities:	
Net income	$ 91,633
Adjustments to reconcile net loss to net cash used in operating activities:	
Amortization unearned revenue	(930)
Amortization unearned revenue, related parties	(2,500)
Changes in assets and liabilities:	
Accounts receivable	(33,595)
Accounts receivable, related parties	(268,697)
Prepaid expenses, related parties	12,251
Other receivable, related parties	44,154
Accounts payable and accrued liabilities	37,134
Accounts payable and accrued liabilities, related parties	84,219
Advances, related parties	66,195
Customer deposits	(64,255)
Unearned revenue	10,000
Deferred income tax liability	31,800
Net cash used in operating activities	7,409
Cash flows from investing activities:	
Net cash used in investing activities	-
Cash flows from financing activities:	
Net cash provided by financing activities	-
(Decrease) increase in cash	7,409
Cash, beginning of the period	36,566
Cash, end of the period	$ 43,975
Supplemental disclosure of cash flow information	
Cash paid for:	
Interest	$ -
Taxes	$ -

See accompanying notes to the unaudited condensed financial statements

NOTE 1 – Organization

Bombshell Technologies, Inc. (the “Company” or “Bombshell”) (formerly Bombshell Technologies, LLC) was formed in the State of Nevada on November 5, 2018 as a limited liability company and filed articles of conversion on June 24, 2019 whereunder the Company became a corporation. Under the plan of conversion, the members exchanged their membership interests on a one for one basis for shares of the authorized common stock of the surviving entity so that one membership unit in the limited liability company received one share of common stock in the newly formed corporation, with no par value.

Bombshell is a software development service provider with a focus on the financial services sector having operations in both Nevada and Louisiana. We provide software to several large financial services organizations and are focused on innovative industry-specific solutions for sales teams and management. Bombshell’s current software suite delivers customized back office compliance, sophisticated multi-pay commission processing, and a unique new client application submission system, along with digital engagement marketing services centric to financial services.

NOTE 2 – Summary of Significant Accounting Policies

Basis of presentation

The interim unaudited financial information referred to above has been prepared and presented in conformity with accounting principles generally accepted in the United States applicable to interim financial information. 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. These interim financial statements include all adjustments that, in the opinion of management, are necessary in order to make the financial statements not misleading.

Results of the six months ended June 30, 2019 are not necessarily indicative of the results that may be expected for the year ended December 31, 2019, and any other future periods.

Fiscal year end

The Company has selected December 31 as its fiscal year end.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions which affect the amounts reported in these consolidated financial statements, the notes thereto, and the disclosure of contingent assets and liabilities at the date of the financial statements. Significant items subject to such estimates and assumptions include revenue recognition related to contracts accounted for under the percentage of completion method over the term of the customization of software for a customer. Actual results could differ from those estimates.

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 from inception to June 30, 2019, the allowance for doubtful accounts is zero.

NOTE 2 – Summary of Significant Accounting Policies (continued)

Intangible Assets

The Company's intangible assets consist of intellectual property.

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.

Pro Forma Financial Information

Pursuant to Securities and Exchange Commission Staff Accounting Bulletin Number 1B.2 "Pro Forma Financial Statements and Earnings per Share" ("SAB 1B.2"), pro forma information on the face of the income statement has been presented which reflects the pro forma impact as if the Company had changed its tax status and capital structure at the inception of the Company. This presentation reflects the Company generating current tax liabilities for the period of $25,920 as at six months ended June 30, 2019.

Income Taxes

The Company operated as a limited liability company at the year ended December 31, 2018 and through the period ended June 24, 2019 when it converted to a C corporation. The Company was taxed as a partnership in 2018 and through June 24, 2019. As such, earnings and losses from the date of inception through June 24, 2019 of the Company were included on the individual members' income tax returns and taxed, accordingly.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of currently due plus deferred taxes. Deferred tax assets and liabilities are determined based on differences between financial reporting carrying amounts and the respective tax bases of assets and liabilities and are measured using tax rates and laws that are expected to be in effect when the differences are expected to be recovered or settled. Valuation allowances are provided against deferred tax assets if it is more likely than not that the deferred tax assets will not be realized.

U.S. GAAP requires management to evaluate tax positions taken by the Company and recognize a tax liability if the Company has taken an uncertain position that is more likely than not would be sustained upon examination by the Internal Revenue Service. Management has analyzed the Company's tax positions and believes there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statement.

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.

NOTE 3 – Revenue Recognition under ASC 606 (continued)

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.

<u>Software Revenue</u>

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.

<u>Customization, support and maintenance</u>

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.

NOTE 3 – Revenue Recognition under ASC 606 (continued)

Customization, support and maintenance (cont'd)

The Customer is credit 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.

NOTE 4 - Commitments

On June 20, 2019 the Company and Joel Bonnette entered into an executive employment agreement whereunder Mr. Bonnette shall earn an annual salary of $150,000 with a term of one (1) year, automatically renewable for further a further one (1) year term unless written notice is provided by either party within thirty (30) days of the initial term or renewal term.

NOTE 5 - Related Party Transactions

Prepaid – Related Party

As of June 30, 2019, and December 31, 2018, the Company had prepaid commissions in the amount of $0 and $12,251 to Zeake, LLC, a company controlled by two of our shareholders.

Intellectual Property Assignment Agreements

On November 5, 2018, the Company entered into an intellectual property assignment agreement with Bombshell Software, LLC, a Louisiana limited liability company controlled by Mr. Joel Bonnette, one of the Company's shareholders. Bombshell Software has created, developed and/or programmed certain patentable and /or copyrightable technology, software, applications, code, technical information, data trade secrets ("Developments") and other work product ("Work Product"). Under the intellectual property assignment agreement, Bombshell Software assigned, transferred and set over to the Company all rights, title and interests in and to all Developments and all Work Product for the sum of one hundred dollars ($100).

NOTE 5 – Related Party Transactions (continued)

Intellectual Property Assignment Agreements (cont'd)

On December 10, 2018, the Company entered into an intellectual property assignment agreement with Trendsic Corporation Inc. ("Trendsic"), a Louisiana corporation controlled by Mr. Joel Bonnette, one of the Company's shareholders, and a third party. Trendsic has created, developed and/or programmed certain patentable and /or copyrightable technology, software, applications, code, technical information, data trade secrets ("Developments") and other work product ("Work Product"). Under the intellectual property assignment agreement, Trendsic assigned, transferred and set over to the Company all rights, title and interests in and to all Developments and all Work Product for the sum of one hundred dollars ($100).

US GAAP requires transfer of assets from related parties to be recorded at its carrying value, which was nominal in both of the above assignments.

Revenue

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

	Six Months Ended June 30, 2019
Appreciation Financial, Corp (1)	$ 332,268
FPS GROUP, LLC	3,451
Grow Capital, Inc.	9,849
Public Employee Retirement Assistance	39,662
Superior Performers Inc. (1)	330,411
Grand Total	$ 715,641

(1) The Company had a significant concentration of revenue from these two customers totaling 92% of gross revenues during the six months ended June 30, 2019.

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

	June 30, 2019	December 31, 2018
Appreciation Financial, LLC (1)	$ 140,352	$ 7,055
FPS GROUP, LLC	3,451	
Grow Capital, Inc.	15,974	6,125
Public Employee Retirement Assistance	45,935	13,118
Superior Performers Inc (1)	89,283	-
Total	$ 294,995	$ 26,298

(1) The Company had a significant concentration of accounts receivable from these two customers totaling 78% and 27% of gross revenues respectively as at June 30, 2019 and December 31, 2018.

NOTE 5 – Related Party Transactions (continued)

Costs of Goods and Commissions Fees

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

	Six Months Ended June 30, 2019
Ambiguous Holdings, LLC(1)	$ 42,158
Trendsic Corporation Inc. (1)	217,763
Total	$ 259,921

(1) The Company had a significant concentration of total costs of goods sold from these two related party vendors totaling 63% of costs of goods sold in the six months ended June 30, 2019.

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

	Six Months Ended June 30, 2019
Zeake, LLC	$ 76,984

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

	June 30, 2019	December 31, 2018
Trendsic Corporation Inc.	$ 81,982	$ 34,693
Zeake, LLC	36,930	-
	$ 118,912	$ 34,693

Other Receivables and advances

As of December 31, 2018, the Company had made non-interest bearing cash advances in the amount of $19,279 to Trendsic. This amount was applied to invoices received from Trendsic in the six months ended June 30, 2019 and fully retired.

In December 2018 payment of $25,000 from a related party that was intended to be sent to the Company and applied to accounts receivable-related party was erroneously sent to Bombshell Software, a related party. The Company recorded the transaction by recording another receivable related party of $25,000 and a liability related party of $25,000. During the periods ended June 30,2019, Bombshell Software repaid $44,154 to the Company. As of June 30, 2019, the balance under other receivables is $0.

As of June 30,2019, Bombshell Software had made non-interest bearing cash advances in the cumulative amount of $66,195.

Customer Deposit

The Company received a deposit of $100,000 to be applied to customization of its software from a related party. The deposit was reduced by a December invoice for services provided in the amount of $35,745 leaving a balance of customer deposit of $64,255 as of December 31, 2018. The invoice included $10,000 charged under the terms of a license agreement, which the Company entered into in January 2019 with the related party. The $10,000 in respect of the license agreement is reflected in deferred revenue and will be recognized over the two-year term of the license. As at June 30, 2019 the deposit of $64,255 had been fully applied to invoices issued during the six-month period.

NOTE 6 – Common stock and Membership

The Company had 133,556 membership units outstanding as of December 31, 2018. On January 14, 2019 the Company's members entered into private transactions whereunder a limited liability company controlled by an existing member acquired a cumulative 10% of the membership units (13,356 units) as to 5% from a single member and 1.25% from each of the other four members. Subsequently on January 21, 2019 a third party acquired 10% of the membership units (13,356 units) as to 5% from a single member and 1.25% from each of the other four members in consideration for an investment of $700,000 which amount was subsequently distributed to the original members. Total membership units outstanding remained unchanged at the conclusion of the aforementioned transactions.

The Company filed articles of conversion on June 24, 2019 whereunder the Company became a corporation. Under the plan of conversion, the members exchanged their membership interests on a one for one basis for shares of the authorized common stock of the surviving entity so that one membership unit in the limited liability company received one share of common stock in the newly formed corporation, with no par value.

As at June 30, 2019 there were 133,556 shares of common stock authorized, issued and outstanding.

NOTE 7 – Income tax

Tax years from inception to the year ended December 31, 2018 have been filed and are open for examination by the taxing authorities.The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. No such interest or penalties were recognized during the periods presented above. The Company had no accruals for interest and penalties at December 31, 2018.

All earnings and losses for the period from January 1, 2019 through June 24, 2019 will be included on the individual members' income tax return. As at June 30, 2019 the Company has recorded a deferred tax liability of $31,800 which assumes the Company will file its tax return on a cash basis. Presently the Company's receivables exceed payables and therefore the associated income tax, calculated at a rate of 21% and based on net receivables, has been deferred.

The components of income tax expense (benefit) are as follows:

	June 30, 2019
Current:	
Federal	$ -
Deferred income tax:	
Federal	31,800
Total income tax expense (benefit)	$ 31,800

Significant components of the Company's deferred income tax liability on the balance sheets are as follows:

	June 30, 2019
Deferred tax assets:	
Accounts payable	$ 37,700
Deferred tax assets	37,700
Deferred tax liability:	
Accounts receivable	(69,500)
Deferred tax liability	(69,500)
Net deferred tax liability	$ (31,800)

NOTE 8 – Subsequent Events

On July 23, 2019, (the "Closing Date"), the Company was acquired by Grow Capital, Inc. ("Grow") a Nevada corporation, pursuant to a stock exchange agreement (the "Exchange Agreement"), dated June 26, 2019, by and between Bombshell, the shareholders of Bombshell (the "Bombshell Holders") and Grow. At the Closing, Bombshell became a wholly-owned subsidiary of Grow.

Immediately prior to the Closing, Grow, Bombshell and the Bombshell Holders entered into an amendment to the Exchange Agreement (the "Amendment"). Pursuant to the Amendment, at the Closing, Grow 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 Grow 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 Grow filing an effective amended and restated article of incorporation (the "Charter Amendment") that increased their 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 Company has evaluated subsequent events through October 9, 2019, the date these financial statements were available for issuance.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

On July 23, 2019, (the "Closing Date"), Grow Capital, Inc. (the "Company"), a Nevada corporation, acquired Bombshell Technologies, Inc. ("Bombshell"), a Nevada corporation, , pursuant to a stock exchange agreement (the "Exchange Agreement"), dated June 26, 2019, by and between Bombshell, the shareholders of Bombshell (the "Bombshell Holders"). 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.

Immediately prior to the Closing, the Company, Bombshell and the Bombshell Holders entered into an amendment to the Exchange Agreement (the "Amendment"). Pursuant to the Amendment, at the Closing, the Company acquired 100% of the outstanding shares of Bombshell (the "Bombshell Shares") in exchange for the Bombshell Holders receiving the right to receive 110,675,328 shares (the "Consideration Shares") of unregistered 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 article 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.

The following unaudited pro forma consolidated financial statements are based on our historical consolidated financial statements and Bombshell historical financial statements as adjusted to give effect to the Company's acquisition of Bombshell and to reflect the transition to fintech operations from the beginning of the reporting period presented, such that all discontinued operations and assets and liabilities held for sale are treated as having been disposed of prior to the commencement of this reporting period. The unaudited pro forma consolidated statements of operations for the fiscal year ended June 30, 2019 give effect to these transactions as if they had occurred on the inception date of Bombshell, November 5, 2018. The unaudited pro forma consolidated balance sheet as of June 30, 2019 gives effect to these transactions as if they had occurred on June 30, 2019.

The assumptions and estimates underlying the unaudited adjustments to the pro forma consolidated financial statements are described in the accompanying notes, which should be read together with the pro forma consolidated financial statements.

The unaudited pro forma consolidated financial statements should be read together with the Company's historical financial statements, which are included in the Company's latest annual report on Form 10-K and, and Bombshell historical information included herein.

GROW CAPITAL, INC.
Pro Forma Consolidated Balance Sheets
(Unaudited)
As of June 30, 2019

	Historical		Pro Forma			
	Grow Capital	Bombshell	Adjustments			Consolidated
			(1)	(2)	(3)	
Assets						
Current assets:						
Cash	$ 483,430	$ 43,975	$ -	$ 799,000	$ (628,809)	$ 697,596
Accounts receivable	-	36,079				36,079
Accounts receivable, related parties	-	294,995				294,995
Prepaid expenses	1,431,796	-				1,431,796
Due to related parties	16,854	-				16,854
Subscription receivable	150,000	-				150,000
Total current assets	2,082,080	375,049		799,000	(628,809)	2,627,320
Intangibles and other assets	-	200				200
Property, plant and equipment, net	67,772	-				67,772
Assets held for sale	1,658,503	-		(1,658,503)		-
Deposits	5,367	-				5,367
Total Assets	$ 3,813,722	$ 375,249	$ -	$ (859,503)	$ (628,809)	$ 2,700,659
Liabilities and Stockholders' Equity (Deficit)						
Current liabilities:						
Accounts payable	$ 333,268	$ 60,605	$ -	$ -	$ -	$ 393,873
Accounts payable, related parties	-	118,912				118,912
Accrued liabilities	270,292	-				270,292
Advances, related parties	105,000	66,195				171,195
Unearned revenue	-	9,070				9,070
Unearned revenue, related parties	-	7,500				7,500
Deferred rent expenses	2,676	-				2,676
Deferred income tax liabilities	-	31,800				31,800
Liability held for sale	1,070,106	-	-	(441,297)	(628,809)	-
Total current liabilities	1,781,342	294,082	-	(441,297)	(628,809)	1,005,318
Total liabilities	1,781,342	294,082	-	(441,297)	(628,809)	1,005,318
Stockholders' equity (deficit)						
Common stock	140,743	-	110,675	(9,094)	-	242,324
Additional paid in capital	49,632,970	-	(29,508)	(409,112)	-	49,194,350
Accumulated earning (deficit)	(47,741,333)	81,167	(81,167)	-	-	(47,741,333)
Total stockholder's equity (deficit)	2,032,380	81,167	-	(418,206)	-	1,695,341
Liabilities and Stockholders' equity (deficit)	$ 3,813,722	$ 375,249	$ -	$ (859,503)	$ (628,809)	$ 2,700,659

GROW CAPITAL, INC.
Pro Forma Consolidated Statements of Operations
(Unaudited)
For the fiscal year ended June 30, 2019

	Historical			Pro Forma	
	Grow Capital	**Bombshell**		**Adjustment**	**Consolidated**
	For Fiscal Year Ended June 30, 2019	For Inception (November 5, 2018) to December 31, 2018	From January 1, 2019 to June 30, 2019	(4)	For Fiscal Year Ended June 30, 2019
Revenue	$ -	$ 2,484	$ 24,525		$ 27,009
Revenue, related parties	-	77,043	715,641		792,684
Total revenue	-	79,527	740,166	-	819,693
Cost of sales					
Cost of sales, related parties	-	34,692	259,922		294,614
Cost of sales, nonrelated parties	-	21,610	149,416		171,026
Total cost of sales	-	56,302	409,338	-	465,640
Gross profit	-	23,225	330,828	-	354,053
Operating expenses:					
Professional fees	619,204	24,978	96,716		740,898
Stock based compensation	1,484,059	-	-		1,484,059
Depreciation, amortization and impairment	765	-	-		765
General and administrative, related parties	-	5,486	76,984		82,470
General and administrative	130,452	3,227	33,695		167,374
Total operating expenses	2,234,480	33,691	207,395	-	2,475,566
Income (Loss) from operations	(2,234,480)	(10,466)	123,433		(2,121,513)
Other income (expense):					
Loss on disposal of property	(5,412)	-	-	-	(5,412)
Interest expense	(5,771)	-	-	-	(5,771)
Total other income (expense), net	(11,183)	-	-	-	(11,183)
Income tax expense		-	(31,800)	-	(31,800)
Income (loss) from continuing operations	(2,245,663)	(10,466)	91,633	-	(2,164,496)
Income (loss) from discontinued operations	(159,434)	-	-	159,434	-
Net income (loss)	$ (2,405,097)	$ (10,466)	$ 91,633	$ 159,434	$ (2,164,496)

GROW CAPITAL, INC.
Notes to Pro Forma Consolidated Financial Statements
(Unaudited)
For the fiscal year ended June 30, 2019

Note 1 — Basis of presentation

The historical consolidated financial statements have been adjusted in the pro forma consolidated financial statements to give effect to pro forma events that are (1) directly attributable to the acquisition of Bombshell, (2) factually supportable and (3) with respect to the pro forma consolidated statements of operations, expected to have a continuing impact on the consolidated results of operations following the acquisition.

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 carrying values.

The pro forma consolidated financial statements do not necessarily reflect what the consolidated company's financial condition or results of operations would have been had the acquisition occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of the consolidated company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

Note 2 — Pro Forma Adjustments

Adjustment 1: Records the issuance of shares by the Company to acquire Bombshell as noted above under Unaudited Pro Forma Consolidated Financial Information. For further details on this transaction, please see the Form 8-K filed at www.sec.gov on July 24, 2019.

Adjustment 2: Records the expected purchase price received for the sale of the Smoke on the Water property and disposition of the assets and liabilities of WCS Enterprises, LLC in the sale to the former CEO and Chairman Wayne Zallen. On September 4, 2019, the board of directors of the Company authorized the listing for sale of the Smoke on the Water Property and engaged real estate professionals to assist with the sale. The purchase price of the property approved by the board of directors was for $850,000 with expected costs of sale to include 6% sales commission. 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. Such release resulted in the Company writing down approximately $367,000 of previously accrued wages relative to Mr. Zallen's prior employment with the Company.

Adjustment 3: Records the expected repayment of the labilities associated with the proceeds from the sale of the Smoke on the Water property, including the mortgage held on the property.

Adjustment 4: Records adjustment to show the effect of the pro forma of having completed the sale of WCS Enterprises, LLC and the Smoke on the Water property prior to commencement of operations in this reporting period.