U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

Quarterly Report Under
the Securities Exchange Act of 1934

For Quarter Ended: **September 30, 2016**

Commission File Number: **333-207889**

GROWGENERATION CORPORATION

(Exact name of small business issuer as specified in its charter)

Colorado	**46-5008129**
(State of other jurisdiction of incorporation)	(IRS Employer ID No.)

503 North Main Street, Suite 740
Pueblo, Colorado 81003
(Address of principal executive offices)

800-935-8420
(Issuer's Telephone Number)

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 ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting 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	☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No☑

As of November 14, 2016, there were11,053,548 shares of the registrant's common stock issued and outstanding.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GROWGENERATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	September 30, 2016 (unaudited)	December 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ 511,474	$ 699,417
Accounts receivable, net of allowance of $6,500	365,023	37,554
Employee Advances	4,883	2,950
Inventory	2,387,949	1,311,639
Prepaid Expenses	10,610	17,036
Total Current Assets	3,279,939	2,068,596
Fixed Assets		
Furniture and Equipment	531,624	291,241
Accumulated Depreciation	(58,186)	(20,005)
Total Fixed Assets, Net	473,438	271,236
Other Assets		
Security Deposits	33,653	27,230
Goodwill	243,000	243,000
Total Other Assets	276,653	270,230
TOTAL ASSETS	$ 4,030,030	$ 2,610,062
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	$ 569,094	$ 292,078
Short term borrowings	99,503	56,184
Customer Deposits	26,843	18,410
Payroll Liabilities	57,532	43,925
Sales Tax Payable	47,152	22,093
Current portion long-term debt	23,443	5,866
Total Current Liabilities	823,567	438,556
Long Term Liabilities		
RMT-2005 Mitsubishi	25,289	
Wells Fargo Equipment - Forklift	25,449	
Hitachi Capital America Corp	19,644	23,999
Less current portion long-term debt	(23,443)	(5,866)
Total Long Term Liabilities	46,939	18,133
Total Liabilities	870,506	456,689
Stockholders' equity		
Common stock .001 par value, 100,000,000 shares authorized; 10,584,262 shares issued and outstanding at September 30, 2016 and 8,967,834 shares issues and outstanding at December 31, 2015	10,585	8,968
Additional Paid In Capital	4,079,032	2,862,816
Accumulated deficit	(930,093)	(718,411)
Total Equity	3,159,524	2,153,373
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 4,030,030	$ 2,610,062

See Notes to the Unaudited Consolidated Financial Statements.

GROWGENERATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
REVENUES				
Sales	$ 2,169,129	$ 921,913	$ 5,617,726	$ 2,330,773
Cost of sales	(1,560,359)	(576,406)	(3,947,352)	(1,514,931)
Gross profit	608,770	345,507	1,670,374	815,842
EXPENSES				
Advertising and promotion	15,675	6,143	42,478	24,657
Alarm and security	1,190	1,241	3,303	2,395
Automobile expense	8,956	4,668	25,110	10,342
Bad debt expense	30	1,369	3,688	1,369
Bank service charges	5,966	1,605	15,477	5,023
Cash (over) short	(1,365)	(1,526)	(1,050)	(866)
Credit card fees	13,165	7,108	36,678	18,542
Computer and internet expenses	5,711	3,453	16,084	6,471
Depreciation expense	17,158	5,074	38,181	10,214
Donations	(500)			
Dues and subscriptions	70		169	45
Insurance expense	9,672	1,908	18,927	5,724
Interest expense	1,384	172	3,050	172
Finance charges	201	1,029	374	2,139
Janitorial expense	50	162	661	324
Licenses & permits	557	191	3,637	514
Meals and entertainment	11,310	3,495	30,826	13,099
Office supplies	6,479	4,740	22,335	10,695
Stock compensation		75,000	98,000	75,000
Stock option compensation		64,750	86,333	64,750
Officer salary	83,100	53,500	240,950	126,500
Salary and wages other	223,128	119,268	615,906	279,096
Payroll tax and benefits	26,025	15,684	79,153	39,856
Postage and delivery	3,956	261	6,860	747
Accounting & audit fees	14,304	11,055	39,304	26,875
Legal fees	9,056	30,000	38,083	40,000
Commissions & other professional fees	99	30,590	36,398	30,590
Regulatory filing fees and services	6,122		6,122	
Rent expense	75,557	25,150	204,349	64,050
Repairs and maintenance	3,184	1,112	10,953	3,839
Supplies	6,823	2,576	17,364	3,949
Telephone expense	8,378	3,837	22,344	9,672
Training	1,060		2,479	300
Travel expense	25,342	8,740	74,944	27,641
Utilities	16,083	8,563	40,988	22,822
Total expense	597,926	490,918	1,880,458	926,546
Net ordinary income (loss)	10,844	(145,411)	(210,084)	(110,704)
Other income (expense)				
Interest income			2	
Startup costs				(11,220)
Net Income (Loss) before income taxes	10,844	(145,411)	(210,082)	(121,924)
Federal income tax expense				
State income tax expense			(1,600)	
Income Tax Benefit				
Net Income (Loss)	$ 10,844	(145,411)	(211,682)	(121,924)
Loss per common share	$ .001	(.02)	(.02)	(.02)

See Notes to the Unaudited Consolidated Financial Statements.

GROWGENERATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Cash Flows from Operating Activities:		
Net income (loss)	$ (211,682)	$ (121,924)
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock & Option compensation	184,333	139,750
Commissions	35,000	
Depreciation and amortization	38,181	10,214
Bad debt expense	3,688	1,369
(Increase) decrease in:		
Accounts receivable	(331,157)	(15,215)
Employee advances	(1,933)	(2,700)
Inventory	(1,076,310)	(665,745)
Prepaid expenses	6,426	(5,517)
Security deposits	(6,423)	(13,840)
Increase (decrease) in:		
Accounts payable	277,016	109,751
Customer deposits	8,432	(5,180)
Payroll liabilities	13,607	21,629
Sales tax payable	25,059	8,296
Net Cash Flow Used by Operating Activities	(1,035,763)	(539,112)
Cash Flows from Investing Activities:		
Acquisition of furniture and equipment	(240,383)	(161,598)
Net Cash Flow Used by Investing Activities	(240,383)	(161,598)
Cash Flows from Financing Activities:		
Short term borrowings	43,319	(12,482)
Proceeds from long-term debt	57,324	25,852
Principal payments on long-term debt	(10,940)	(459)
Issuance of common stock	998,500	1,052,500
Net Cash Flow Provided by Financing Activities	1,088,203	1,065,411
Net Increase (Decrease) in Cash and Cash Equivalents	(187,943)	364,701
Cash and Cash Equivalents at Beginning of period	699,417	110,559
Cash and Cash Equivalents at End of period	$ 511,474	475,260
Supplemental Information:		
Interest paid during period	$ 3,050	172
Taxes paid during period	$	

See Notes to the Unaudited Financial Statements.

GROWGENERATION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(Unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Total Stockholders' Equity
	Shares	Amount			
Balances, December 31, 2015	8,967,834	8,968	2,862,816	(718,411)	2,153,373
Issuance of common stock at $.70 per share	1,476,428	1,477	928,673		930,150
Warrants issued at $.70 per share			103,350		103,350
Stock option expense			86,333		86,333
Stock compensation at $.70 per share	140,000	140	97,860		98,000
Net (loss)				(211,682)	(211,682)
Balances, September 30, 2016	10,584,262	10,585	4,079,032	(930,093)	3,159,524

See Notes to the Unaudited Financial Statements.

1. NATURE OF OPERATIONS

GrowGeneration Corp (the "Company") was incorporated on March 6, 2014 in Colorado under the name of Easylife and changed its name to GrowGeneration Corp. It maintains its principal office in Pueblo, Colorado.

GrowGeneration Corp is engaged in the business of owning and operating retail hydroponic stores through wholly owned subsidiaries. It currently owns Grow Generation Pueblo Corp. which operates retail hydroponic stores in Colorado located in Pueblo, Canon City, Trinidad, Conifer, Colorado Springs and Denver, Fairplay and Castle Rock; and Grow Generation California Corp. which operates a retail store in Santa Rosa California. The Company today owns and operates 11 stores and is actively engaged in seeking to acquire additional hydroponic retail stores. The Company's financial statement has been prepared in accordance with generally accepted accounting principles.

The accompanying unaudited consolidated financial statements have been prepared in accordance with instructions for Form 10-Q and, therefore, do not include all disclosures necessary for a complete presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). However, all adjustments that are, in the opinion of management, necessary for the fair presentation of the interim financial statements have been included. Such adjustments were of a normal recurring nature. The results of operations for the nine month period ended September 30, 2016 are not necessarily indicative of the results that may be expected for the entire year or any other interim period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The Company's financial statements are prepared on the accrual method of accounting. The accounting and reporting policies of the Company conform to generally accepted accounting principles (GAAP). The consolidated financial statements of the Company included the accounts of GrowGeneration Pueblo Corp. Intercompany balances and transactions are eliminated in consolidation.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Revenue Recognition

Revenue on product sales is recognized upon delivery or shipment. Customer deposits/layaway sales are not reported as income until final payment is received and the merchandise is delivered.

Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect from balances outstanding at September 30, 2016. Based on the Company's assessment of the credit history with customers having outstanding balances and current relationships with them. At September 30, 2016, the Company established an allowance for doubtful accounts of $6,500.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Expenditures for maintenance and repairs are charged against operations. Renewals and betterment that materially extend the life of the asset are capitalized. Depreciation of property and equipment is provided on the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

	Estimated Lives
Vehicle	5 years
Furniture and fixtures	5-7 years
Computers and equipment	3-5 years
Leasehold improvements	10 years

For federal income tax purposes, depreciation is computed using the accelerated cost recovery system and the modified accelerated cost recovery system.

Income Taxes

The Company accounts for income taxes in accordance with FASB ACS 740, Income Taxes, which requires the recognition of deferred income taxes for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences related principally to depreciation of property and equipment, reserve for obsolete inventory and bad debt. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses that are available to offset future taxable income. Valuation allowances are established to reduce deferred tax assets to the amount expected to be realized.

The Company adopted the provisions of FASB ACS 740-10-25, which prescribes a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns. FASB ASC 740-10-25 also provides guidance on recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, and accounting for interest and penalties associated with tax positions. The Company's tax returns are subject to tax examinations by U.S. federal and state authorities until respective statute of limitation. Currently, the 2015 and 2014 tax years are open and subject to examination by taxing authorities. However, the Company is not currently under audit nor has the Company been contacted by any of the taxing authorities. The Company does not have any accrual for uncertain tax positions as of September 30, 2016. It is not anticipated that unrecognized tax benefits would significantly increase or decrease within 12 month of the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Presentation of Sales Taxes

The Company is required to collect sales tax for the State of Colorado, State of California, City of Pueblo, City of Canon City, City of Colorado Springs, Pueblo County and Fremont County, Jefferson County, El Paso County, City & County of Denver, City of Santa Rosa ranging from 3.9% to 8.25% on the Company's sales to nonexempt customers. The Company collects that sales tax from customers and remits the entire amount to the corresponding taxing authorities. The Company's accounting policy is to exclude the tax collected and remitted from revenue and cost of sales.

Advertising

The Company expenses all advertising and promotional costs when incurred. Advertising and promotional expense for the nine months ending September 30, 2016 amounted to $42,478.

Freight and Shipping

It is the Company's policy to classify freight and shipping costs as part of cost of sales. Total freight and shipping costs for the nine months ending September 30, 2016 was $35,386.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all unrestricted highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.

Goodwill

Goodwill represents the excess of acquisition costs over the fair value of net tangible and intangible assets acquired in connection with an acquisition. The Company accounts for goodwill in accordance with the provisions of FASB Accounting Standards Update (ASU) 2014-02, Intangibles – Goodwill and Other (Topic 350) Accounting for Goodwill. provisions of FASB Accounting Standards Update (ASU) 2014-02, Intangibles – Goodwill and Other (Topic 350) Accounting for Goodwill. In accordance with FASB ASC Topic 350 for Intangibles – Goodwill and Other, goodwill is not amortized but is reviewed for potential impairment on an annual basis, or if events or circumstances indicate a potential impairment, at the reporting unit level. The Company’s review for impairment includes an assessment of qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value, including goodwill. If it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying value, including goodwill, the first step of the two-step quantitative goodwill impairment test is performed, which compares the fair value of the reporting unit with its carrying amounts, including goodwill. If the fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. However, if the carrying amount of the reporting unit exceeds its fair value, an additional procedures must be performed. That additional procedure compares the implied fair value of the reporting unit’s goodwill with the carrying amount of that goodwill. An impairment loss is recorded to the extent that the carrying amount of goodwill exceeds its implied fair value. The carrying value of goodwill is tested for impairment at least annually.

Inventory

Inventory consists primarily of gardening supplies and materials and is recorded at the lower of cost (first-in, first-out method) or market.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which provides guidance for revenue recognition. ASU 2014-09 will supersede and replace nearly all existing U.S. GAAP revenue recognition guidance. ASU 2014-09 establishes a new control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point of time, provides new and more detailed guidance on specific topics and expands and improves disclosures about revenue. The guidance in ASU 2014-09 is effective for public entities for annual reporting periods beginning after December 15, 2016. Non public entities are required to apply the guidance for annual periods beginning after December 15, 2017. Early application is not permitted for public entities. The Company is currently evaluating the impact the adoption of ASU 2014-09 will have on the Company's financial statements and disclosures.

4. LEASE COMMITMENTS

On July 19, 2016 the Company entered into a 2 year lease agreement for its tenth retail store in Fairplay, Colorado. The Company began operations in Fairplay, Colorado on August 1, 2016. The lease agreement requires monthly rental payments of $1,085 through July 31, 2018.

On September 27, 2016 the Company entered into a lease agreement for its eleventh retail store in Castle Rock, Colorado. The term of the lease is October 1, 2016 through September 30, 2019 and requires monthly payments of $1,775 through September 30, 2017; $1,980 through September 30, 2018 and $2,138 through September 30, 2019.

The Company leases its store facilities under operating leases ranging from $850 to $5,600 per month. The following is a schedule of future minimum rental payments required under the term of the operating leases as of September 30, 2016:

12 months Ending September 30,	Amount
2017	$ 344,265
2018	261,851
2019	196,083
2020	117,476
2021	53,966
Thereafter	53,397
	$ 1,027,038

Rent expense under all operating leases for the nine months ending September 30, 2016 and 2015 was $204,349 and $64,050, respectively.

5. LONG-TERM DEBT

Long term debt is as follows:	September 30, 2016
8.0%, Hitachi Capital, payable $631.13 monthly beginning September 2015 through August 2019, secured by delivery equipment with a book value of $29,508	$ 19,644
3.5%, Wells Fargo Equipment Finance, payable $518.96 monthly beginning April 2016 through March 2021, secured by warehouse equipment with a book value of $28,527	25,449
10.926%, RMT Equipment, payable 1154.79 monthly beginning September 2016 through October 2018, security be delivery equipment with a book value of $37,523	25,289
	$ 70,382
Less Current Maturities	(23,443)
Total Long-Term Debt	$ 46,939

Future Debt Maturities – A schedule of expected debt payments and the portion allocated to principal follows:

Twelve Months Ending September 30,	Total Payment	Allocated to Principal
2017	$ 27,779	$ 23,443
2018	27,779	25,508
2019	13,520	12,835
2020	6,228	6,023
2021	2,596	2,573
	$ 77,902	$ 70,382

6. STOCK OPTIONS

On March 6, 2014, the Company's Board of Directors (the "Board") approved the 2014 Equity Incentive stock plan pursuant to which the Company may grant incentive and non-statutory options to employees, nonemployee members of the Board, consultants and other independent advisors who provide services to the Corporation. The maximum shares of common stock which may be issued over the term of the plan shall not exceed 2,500,000 shares. Awards under this plan are made by the Board or a committee of the Board. Options under the plan are to be issued at the market price of the stock on the day of the grant except to those issued to holders of 10% or more of the Company's common stock which is required to be issued at a price not less than 110% of the fair market value on the day of the grant. Each option is exercisable at such time or times, during such period and for such numbers of shares shall be determined by the Plan Administrator. However, no option shall have a term in excess of 5 years from the date of grant.

6. STOCK OPTIONS (Continued)

On March 6, 2014, the Company issued 650,000 options to its CEO, Darren Lampert, issued 400,000 options to its CFO, Irwin Lampert, issued 400,000 options to its President, Michael Salaman and issued 200,000 options to its COO, Jason Dawson exercisable at prices between $.60 and $.66 cents per share. On May 12, 2014, the Company issued 50,000 options to its director, Jody Kane and on May 14, 2014, the company issued 50,000 options to its director, Stephen Aiello, exercisable at prices between $.60 and $.66 cents per share. On July 7, 2014, the Company issued 100,000 options to 8 of its employees, exercisable at prices between $.60 and $.66 cents per share. On April 15, 2015, the Company issued 10,000 options to sales consultant Duane Nunez and on October 8, 2015, the Company issued 25,000 options to sales consultant Troy Sowers. The options vest 1/3 immediately, 1/3 one year after date of issuance and 1/3 two years after date of issuance. Compensation expense recorded for the nine months ended September 30, 2016 was $86,333. Each stock option is estimated as of the date of grant using a Black-Scholes Merton option valuation model that uses the assumptions noted in the table below. To address the lack of historical volatility data for the Company, expected volatility is based on the volatilities of peer companies.

As of September 30, 2016, there were 1,872,000 options issued and outstanding under the plan.

Expected volatility	141.26%
Expected dividends	0.00
Expected term	3 years
Risk-free rate	2.0%

A summary of option activity as of September 30, 2016:

Options	Shares	Weight Average Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding at December 31, 2015	1,885,000	$ .62	years
Granted	-	-	
Exercised	-	-	
Forfeited or expired	-	-	
Outstanding at March 31, 2016	1,885,000	$ .62	3 years
Granted	-	-	
Exercised	-	-	
Forfeited or expired	13,000	-	
Outstanding at September 30, 2016	1,872,000	$ .62	3 years

6. STOCK OPTIONS (Continued)

A summary of the status of the Company's nonvested shares as of September 30, 2016 and changes during the nine months then ended September 30, 2016 is presented below:

Nonvested shares	Shares	Weighted-Average Fair Market Value
Nonvested at December 31, 2015	639,999	$ .14
Granted		
Vested	(626,999)	.14
Forfeited	(13,000)	
Outstanding at September 30, 2016	-0-	$ .14

7. STOCK PURCHASE WARRANTS

During the nine months ended September 30, 2016, the Company granted 1,426,428 warrants to investors in a private placement of common shares and 50,000 warrants were issued to "Selling Agents" for private placement of common stock. In the months of September and December 2015, the Company granted 2,465,001 warrants to investors in a private placement of common shares. These warrants are exercisable for a period of five years with an exercise price of $.70. In October 2015, 142,800 warrants were issued to "Selling Agents" for private placement of common stock. Each warrant is estimated as of the date of grant using a Black-Scholes Merton warrant valuation model that uses the assumptions noted in the table below. To address the lack of historical volatility data for the Company, expected volatility is based on the volatilities of peer companies.

A summary of the status of the Company's outstanding stock warrants as of September 30, 2016 is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Fair Market Value
Outstanding December 31, 2015	2,607,801	$ .70	$ .70
Granted	1,476,428	.70	.70
Exercised		-	-
Forfeited		-	-
Outstanding at September 30, 2016	4,084,229	$ .70	$ .70

8. STOCKHOLDERS' EQUITY

Common Stock

The Company's current Certificate of Incorporation authorizes the Company to issued 100,000,000 shares of common stock, par value $0.001 per share. As of September 30, 2016 there were 10,584,262 shares of common stock outstanding. The number of shares of common stock outstanding as of September 30, 2016 does not include (i) 4,084,229 shares of common stock issuable upon the exercise of warrants; (ii) shares of our common stock issuable upon the exercise of 1,872,000 outstanding stock options.

On January 4, 2016, the Company offered for sale 3,000,000 units at $.70, with gross proceeds of $2,100,000. Each unit consists of one share of common stock and one warrant to purchase one share of common stock at an exercise price of $.70 per share. The warrants have a five year life for gross proceeds of $2,100,000.

On March 31, 2016, the Company sold 460,000 units to four accredited investors at a price of $.70 per unit, with each unit consisting of one share of common stock and one warrant to purchase one share of common stock at an exercise price of $.70 per share. The warrants have a five year life for gross proceeds of $322,000.

On April 29, 2016, the Company closed on the 2016 private placement, to which they sold 890,714 units to 10 accredited investors at a price of $.70 per unit, with each unit consisting of one share of common stock and on warrant to purchase one share of common stock at an exercise price of $.70 per share. The warrants have a five year life for gross proceeds of $623,500.

As of September 30, 2016, the Company has a total of 10,548,262 shares of common stock outstanding, 4,084,229 warrants exercised at $.70 per share and 1,872,000 stock options.

9. EARNINGS PER SHARE

The following table sets forth the composition of the weighted average shares (denominator) used in the basic and dilutive earnings per share computation for the three and nine months ended September 30, 2016.

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Net Income (Loss)	$ 10,844	$ (145,411)	$ (211,682)	$ (121,924)
Weighted average share outstanding basic				
Effect of dilutive common stock equivalents	10,584,262	6,563,271	10,584,262	6,563,271
Adjusted weighted average shares outstanding-dilutive	10,584,262	6,563,271	10,584,262	6,563,271
Basic loss per share	.001	(.02)	(.02)	(.02)
Dilutive loss per share	.001	(.02)	(.02)	(.02)

The effective of the 1,872,000 stock option and the 4,084,229 of warrants outstanding as of September 30, 2016 is antidilutive and therefore not presented in the above table.

10. SUBSEQUENT EVENTS

On October 6, 2016, the Company closed on the 2106 private placement, to which it sold 1,000,000 units to 8 accredited investors at a price of $.70 per unit, with each unit consisting of one share of common stock and one warrant to purchase one share of common stock at an exercise price of $.70 per share. The warrants have a five year life for gross proceeds of $700,000.

Effective as of October 19, 2016, the Company was approved to start trading its common stock on the OTCQB Marketplace under the ticker symbol of "GRWG".

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

The following discussion should be read in conjunction with our consolidated financial statements and notes thereto included herein. In connection with, and because we desire to take advantage of, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we caution readers regarding certain forward looking statements in the following discussion and elsewhere in this report and in any other statement made by, or on our behalf, whether or not in future filings with the Securities and Exchange Commission (the "SEC"). Forward looking statements are statements not based on historical information and which relate to future operations, strategies, financial results or other developments. Forward looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward looking statements made by, or on our behalf. We disclaim any obligation to update forward looking statements, except as required by law.

OVERVIEW

GrowGeneration Corp.'s mission is to become one of the largest retail hydroponic and organic specialty gardening retail outlets in the United States. Today, GrowGeneration owns and operates a chain of ten (10) retail hydroponic/gardening stores in Colorado and one (1) in California. GrowGeneration Corp operates its retail hydroponic stores through wholly owned subsidiaries. It currently owns Grow Generation Pueblo Corp. which operates retail hydroponic stores in Colorado located in Pueblo, Canon City, Trinidad, Conifer, Colorado Springs and Denver; and Grow Generation California Corp. which operates a retail store in Santa Rosa California. The Company today owns and operates 11 stores and is actively engaged in seeking to acquire additional hydroponic retail stores.

Our increase in sales to date has been fueled by opening new stores and by frequent and higher dollar transactions in our stores from commercial growers, individual home growers, and gardeners. We expect to continue to experience sales growth over the next few years in existing stores and by increasing the number of stores that we operate, which will depend on our ability to increase our capital. Our growth is likely to come from three distinct channels: establishing new stores in high-value markets, acquiring existing stores with strong customer bases and strong operating histories, building a business to business sales team and the creation of a branded e-commerce portal at www.GrowGeneration.com.

Our stores sell thousands of products, such as organic nutrients and soils, advanced lighting technology, state of the art hydroponic and aquaponic equipment, and other products needed to grow indoors and outdoors. Our strategy is to target two distinct verticals, namely i) professional growers, and ii) smaller growers who require a local store to fulfill their daily and weekly growing needs. We are of the belief that our retail outlets provide a superior level of customer service to our customers through a well trained staff.

On February 15, 2015, we opened our first non-acquired GrowGeneration store in Trinidad, Colorado. This store is 3,000 square feet and was initially stocked with $100,000 in inventory. Our lease obligation is $1,000 per month for the next 3 years.

In April 2015, we acquired approximately $30,000 of inventory at cost from Green Growers, Inc., a retail store located in Canon City, Colorado. In connection therewith, we engaged the CEO of Green Growers, Inc. as a sales consultant for a period of two years. We pay this individual a base fee of $1,200 per month during the first year and $600 per month during the second year of his consulting agreement, together with incentive compensation for any new business he generates, in an amount equal to 25% of the gross profit on all such business. We also issued this consultant 10,000 three (3) year options, exercisable at a price of $.60 per share, as additional compensation under his consulting agreement.

In June 2015, we acquired approximately $68,000 of inventory at cost from Happy Grow Lucky, Inc., a retail store located in Conifer, Colorado. In connection therewith, we engaged the 2 principals as sales consultants for a period of one year. We will pay each sales consultant $420 per month, together with incentive compensation for any new business they generate, in an amount equal to 25% of the gross profit of such business. In addition, we executed a new 3 year lease for the premises in Conifer, Colorado. at a rate of $2,400 per month.

On September 1, 2015, we signed a 5 year lease, at a rate of $3,780 to open our Colorado Springs, Colorado store.

On October 28, 2015, we purchase approximately $169,000 of inventory, at cost, from Sweet Leaf Hydroponics Inc., a retail store located in Santa Rosa, California. In connection therewith, we also acquired some equipment from the seller for $25,000. We have entered into a one-year agreement with one of the principals to act as a sales consultant for us for a period of one year, at a cost of $1,000 per month. We executed a two year lease with the landlord of Sweet Leaf Hydroponics Inc. for $5,300 per month through December 2017. We also issued this consultant 25,000 three (3) year options, exercisable at a price of $.60 per share, as additional compensation under his consulting agreement.

On November 28, 2015, the Company acquired $35,000 of inventory of Greenhouse Tech Inc., a retail store located in Colorado. The Company engaged the principal of Greenhouse Tech as a sales consultant for 1 year, at $13 per hour and 20% of the gross profits on all sales generated by sales consultant.

On March 1, 2016, we signed a 3 year lease, at a rate of $3,650 for the first year, 4,498 square feet, located in Denver, Colorado.

On July 15, 2016 the company entered into a new lease agreement for its Canon City, Colorado location. The Canon City Store completed its move to its new location on July 25, 2016. The new store is approximately 4427 square feet.

On July 19, 2016 the Company entered into a 2 year lease agreement for its tenth retail store in Fairplay, Colorado. The store began operations on August 1, 2016.

On September 27, 2016, the Company entered into a commercial lease to rent certain premises located in Castle Rock, Colorado, to be effective from October 1, 2016 to September 30, 2019. The lease requires monthly payments of $1,775 through September 30, 2017; $1,980 through September 30, 2018 and $2,138 through September 30, 2019. The store began operations on October 1, 2016.

On October 6, 2016, the Company closed on the 2106 private placement, to which they sold 1,000,000 units to 8 accredited investors at a price of $.70 per unit, with each unit consisting of one share of common stock and one warrant to purchase one share of common stock at an exercise price of $.70 per share. The warrants have a five year life for gross proceeds of $700,000.

Effective as of October 19, 2016, the Company was approved to start trading its common stock on the OTCQB Marketplace under the ticker symbol of "GRWG".

RESULTS OF OPERATIONS

Comparison of the three months ended September 30, 2016 to September 30, 2015

The following table presents certain consolidated statement of operations information and presentation of that data as a percentage of change from year-to-year.

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	$ Variance
Net revenue	$ 2,169,129	$ 921,913	$ 1,247,216
Cost of goods sold	1,560,359	576,406	983,953
Gross profit	608,770	345,507	263,263
General and administrative expenses	597,926	490,918	107,008
Operating income (loss)	10,844	(145,411)	156,255
Other income (expense)			
(Loss) before income taxes			
Income taxes - current benefit (expense)			
Net income (loss)	$ 10,844	$ (145,411)	$ 156,255

Revenue

Net revenue for the three months ended September 30, 2016 increased $1,247,216 to $2,169,129 as compared to $921,913 for the three months ended September 30, 2015. The increase was due to revenue from the retail stores that we acquired and opened during that period and the growth from our existing stores.

Cost of Goods Sold

Cost of sales for the three months ended September 30, 2016 increased $983,953 to $1,560,359 as compared to $576,406 for the three months ended September 30, 2015. The increase was due to increased sales.

Gross profit was $608,770 for the three months ended September 30, 2016 as compared to $345,507 for the three months ended September 30, 2015.

General and Administrative Expenses

General and administrative expenses for the three months ended September 30, 2016 increased $107,008 to $597,926 as compared to $490,918 for the three months ended September 30, 2015. The increase was due mainly to increased payroll expenses, professional fees, broker commissions, travel expense and stock based compensation related to stock option grants and stock compensation for stock issued to employees.

Non-cash general and administrative expenses for the three months ended September 30, 2016 totaled $17,158, with (i) depreciation of $17,158.

Net Income

Net income for the three months ended September 30, 2016 was $10,844 as compared to a net loss of ($145,411) for the three months ended September 30, 2015. The increase in income was primarily due to the increase in sales.

Operating Activities

Net cash used in operating activities for the three months was $295,658. This amount was primarily related to increases of inventory of $237,669, accounts receivable of $217,503 and increases in accounts payable of $120,924 and customer deposits of $15,980 offset by non-cash expenses of $17,158 consisting of depreciation of $17,158.

Comparison of the nine months ended September 30, 2016 to September 30, 2015

The following table presents certain consolidated statement of operations information and presentation of that data as a percentage of change from year-to-year.

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	$ Variance
Net revenue	$ 5,617,726	$ 2,330,773	$ 3,286,953
Cost of goods sold	3,947,352	1,514,931	2,432,421
Gross profit	1,670,374	815,842	854,532
General and administrative expenses	1,880,458	926,546	953,912
Operating income (loss)	(210,084)	(110,704)	(99,380)
Other income (expense)	2		2
(Loss) before income taxes	(210,082)	(110,704)	(99,378)
Income taxes - current expense	1,600		1,600
Net (loss)	$ (211,682)	$ (110,704)	$ (100,978)

Revenue

Net revenue for the nine months ended September 30, 2016 increased $3,286,953 to $5,617,726 as compared to $2,330,773 for the nine months ended September 30, 2015. The increase was due to revenue from the retail stores that we acquired and opened during that period and the growth from our existing stores.

For the nine months ended September 30, 2015, the Company added two additional store to its existing 4 stores, for a total of 6 stores that generated net revenue of $2,330,773, as compared to net revenue of $ 4,151,282, for the Company's 6 existing stores in the same period in 2016.

In the nine months ended September 30, 2016, the Company opened 4 new stores that generated net revenue of $ 1,466,444.

	6 Existing Stores			**4 New Stores**	
	Nine Months Ended September 30, 2015	**Nine Months Ended September 30, 2016**	**$ Variance**	**Nine Months Ended September 30, 2016**	**Total $ Variance**
Net revenue	**$ 2,330,773**	**$ 4,151,282**	**$ 1,820,509**	**$ 1,466,444**	**$ 3,286,953**

	6 Existing Stores			**4 New Stores**	
	Three Months Ended September 30, 2015	**Three Months Ended September 30, 2016**	**$ Variance**	**Three Months Ended September 30, 2016**	**Total $ Variance**
Net revenue	**$ 921,913**	**$ 1,386,318**	**$ 464,405**	**$ 782,811**	**$ 1,247,216**

Cost of Goods Sold

Cost of sales for the nine months ended September 30, 2016 increased $2,432,421 to $3,947,352 as compared to $1,514,931 for the nine months ended September 30, 2015. The increase was due to increased sales.

Gross profit was $1,670,374 for the nine months ended September 30, 2016 as compared to $815,842 for the nine months ended September 30, 2015.

General and Administrative Expenses

General and administrative expenses for the nine months ended September 30, 2016 increased $953,912 to $1,880,458 as compared to $926,546 for the nine months ended September 30, 2015. The increase was due mainly to increased payroll expenses, professional fees, broker commissions, travel expense, expenses incurred in the opening of new stores and stock based compensation related to stock option grants and stock compensation for stock issued to employees.

Non-cash general and administrative expenses for the nine months ended September 30, 2016 totaled $261,202, with (i) depreciation of $38,181, (ii) stock option compensation and broker commissions of $184,333, and (iii) bad debt expense of $3,688, and (iv) commission of $35,000.

Net (Loss)

Net loss for the nine months ended September 30, 2016 was $211,682 as compared to a net loss of $110,704 for the nine months ended September 30, 2015. The increase in loss was primarily due to the increase in stock based compensation, payroll expenses, broker commissions, expenses incurred in the opening of new stores and professional fees.

Operating Activities

Net cash used in operating activities for the nine months ended September 30, 2016 was $1,035,763. This amount was primarily related to an increase of inventory of $1,076,310 and accounts receivable of $331,157 offset by increases in account payable of $277,016, payroll and sales tax liabilities of $38,666 and non-cash expenses of $261,202 consisting of $184,333 stock option compensation and commissions, and depreciation of $38,181 and $3,688 bad debt expense and $35,000 commissions.

LIQUIDITY AND CAPITAL RESOURCES

As at the date of this filing, we had cash of approximately $625,000. As of September 30,2016 the company had net working capital of approximately $3,218,594.

We will need to obtain additional financing in the future to continue to acquire and open new stores. We have financed our operations through the issuance of the sale of common stock.

Financing Activities

2014 Private Placement

In March 2014, we raised $600,000 from the sale of 1,000,000 shares of our common stock to seventeen (17) accredited investors, at a price of $.60 per share. All securities sold in the 2014 Private Placement were arranged by officers and directors and no commissions or other remuneration was paid to any person in connection with such sales. Proceeds from this sale were utilized to effect the acquisition of the assets of Southern Colorado Garden Supply Corp. (d/b/a Pueblo Hydroponics), which we completed on May 29, 2014, through our wholly-owned subsidiary, GrowGeneration Pueblo Corp., a Colorado corporation. The purchase price was $499,976, consisting of $243,000 in goodwill and $273,000 in inventory, $35,000 in fixed assets, $5,286 in accounts receivable and $1,320 in prepaid expenses offset by $57,275 in accounts payable and $355 in customer deposits.

2015 Private Placements

In April 2015, we raised $180,000 from the sale of 300,000 shares of our common stock to four (4) accredited investors, at a price of $.60 per share. All securities sold in this private placement were arranged by officers and directors and no commissions or other remuneration was paid to any person in connection with such sales. We used the proceeds raised in this offering for inventory purchases and working capital.

On March 12, 2015 we entered into an agreement with Cavu Securities LLC, a FINRA Member broker dealer ("Cavu"), pursuant to which we engaged Cavu on a non-exclusive basis to act as our lead placement agent for the sale of up to $4,200,000 of our units. Each unit was offered at a price of $.70 per unit. Each unit consisted of (i) one share of our common stock and (ii) one 5 year warrant to purchase one share of Common Stock at an exercise price of $0.70 per share. The units were offered and sold on a "best-effort" basis. On October 30, 2015, we closed the private placement with a total of 2,465,001 units sold and realized gross proceeds of $1,725,501. We paid Cavu total compensation for its services of (i) $73,295 in commissions; (ii) five-year warrants to purchase 142,800 shares of our common stock, at an exercise price equal to $0.70 per share; and (iii) 77,833 shares of our common stock.

2016 Private Placements

On April 29, 2016, the Company sold 890,714 units to 10 accredited investors at a price of $0.70 per unit, with each unit consisting of one share of common stock and one warrant to purchase one share of common stock at an exercise price of $.70 per share. The warrants have a five year life for gross proceeds of $623,500. We paid Cavu, the placement agent for the offering, a total compensation for its services of (i) five-year warrants to purchase 50,000 shares of our common stock, at an exercise price equal to $0.70 per share; and (ii) 50,000 shares of our common stock.

On October 6, 2016, the Company closed a private placement of a total of 1,000,000 units of its securities sold to 8 accredited investors at a price of $0.70 per unit. Each unit consists of one share of common stock and one 5 year warrant to purchase one share of common stock at an exercise price of $0.70 per share. The Company raised an aggregate of $700,000 gross proceeds in the offering. The Company agreed to pay Cavu, the placement agent for the offering, a cash fee of $22,050 and five-year warrants to purchase 31,500 shares of our common stock, at an exercise price equal to $0.70 per share, on proceeds of $315,000 raised by Cavu in connection with the offering.

Our contractual cash obligations as of September 30, 2016 are summarized in the table below:

Contractual Cash Obligations	Total	Less Than 1 Year	1-3 Years	3-5 Years	Greater Than 5 Years
Operating leases	$ 1,027,038	$ 344,265	$ 261,851	$ 367,525	$ 53,397
Note payable	77,902	27,779	27,779	22,344	-0-
	$ 1,104,940	$ 372,044	$ 289,630	$ 389,869	$ 53,397

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements (as that term is defined in Item 303 of Regulation S-K) that are reasonably likely to have a current or future material effect on our financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The application of GAAP involves the exercise of varying degrees of judgment. On an ongoing basis, we evaluate our estimates and judgments based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Cash and Cash Equivalents - We classify highly liquid temporary investments with an original maturity of three months or less when purchased as cash equivalents. The Company maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At September 30, 2016 all deposit balances were fully insured by the FDIC. We have not experienced any losses in such accounts and management believes it is not exposed to any significant risk for cash on deposit.

Accounts Receivable and Revenue - Revenue is recognized on the sale of a product when the product is shipped, which is when the risk of loss transfers to our customers, the fee is fixed and determinable, and collection of the sale is reasonably assured. A product is not shipped without an order from the customer and the completion of credit acceptance procedures. The majority of our sales are cash or credit card; however, we occasionally extend terms to our customers. Accounts receivable are reviewed periodically for collectability.

Inventories - Inventories are recorded on a first in first out basis. Inventory consists of raw materials, purchased finished goods and components held for resale. Inventory is valued at the lower of cost or market. The reserve for obsolete inventory was $52,000 at September 30, 2016 and December 31, 2015, respectively.

Property and Equipment - Property and equipment are stated at cost. Assets acquired held under capital leases are initially recorded at the lower of the present value of the minimum lease payments discounted at the implicit interest rate (8% for assets currently held under capital lease) or the fair value of the asset. Major improvements and betterments are capitalized. Maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over an estimated useful life based on the particular asset. Assets acquired under capital lease are depreciated over the lesser of the useful life or the lease term. At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the consolidated statements of operations.

Goodwill and Intangible Assets - We evaluate the carrying value of goodwill, intangible assets, and long-lived assets during the fourth quarter of each year and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, (3) an adverse action or assessment by a regulator, (4) continued losses from operations, (5) continued negative cash flows from operations, and (6) the suspension of trading of the Company's securities. When evaluating whether goodwill is impaired, we compare the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. The fair value of the reporting unit is estimated using a combination of the income, or discounted cash flows, approach and the market approach, which utilizes comparable companies' data. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss would be calculated by comparing the implied fair value of reporting unit goodwill to its carrying amount. In calculating the implied fair value of reporting unit goodwill, the fair value of the reporting unit is allocated to all of the other assets and liabilities of that unit based on their fair values. The excess of the fair value of a reporting unit over the amount assigned to its other assets and liabilities is the implied fair value of goodwill.

The result of our 2015 annual goodwill impairment testing validates that the value of the goodwill has not been impaired as of December 31, 2015. The Company based its testing on the following factors:

1. Our stores which we purchased in 2014 began operations in 2008;
2. The stores grew from 1-4 stores from 2008-2014 and at the end of 2015, we had 8 total stores;
3. A loyal customer base expanded in 2015;
4. A list of reliable suppliers are all in good standing; and
5. Our business is growing and expanding.

Long Lived Assets – We reviews our long-lived assets for impairment annually or when changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets under certain circumstances are reported at the lower of carrying amount or fair value. Assets to be disposed of and assets not expected to provide any future service potential to the Company are recorded at the lower of carrying amount or fair value (less the projected cost associated with selling the asset). To the extent carrying values exceed fair values, an impairment loss is recognized in operating results.

Fair Value Measurements and Financial Instruments - ASC Topic 820 defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The carrying value of cash, accounts receivable, investment in a related party, accounts payables, accrued expenses, due to related party, notes payable, and convertible notes approximates their fair values due to their short-term maturities.

Derivative financial instruments - We evaluate all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations. For stock-based derivative financial instruments, the Company uses a weighted average Black-Scholes-Merton option pricing model to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within twelve months of the balance sheet date.

Stock Based Compensation – We have share-based compensation plans under which employees, consultants, suppliers and directors may be granted restricted stock, as well as options and warrants to purchase shares of our common stock at the fair market value at the time of grant. Stock-based compensation cost to employees is measured by us at the grant date, based on the fair value of the award, over the requisite service period under ASC 718. For options issued to employees, we recognize stock compensation costs utilizing the fair value methodology over the related period of benefit. Grants of stock to non-employees and other parties are accounted for in accordance with the ASC 505.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a smaller reporting company and are not required to provide the information under this item pursuant to Regulation S-K.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Management maintains “disclosure controls and procedures,” as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

In connection with the preparation of this Quarterly Report on Form 10-Q, an evaluation was carried out by management, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 30, 2016.

Based on that evaluation, management concluded, that our disclosure controls and procedures were effective as of September 30, 2016 in recording, processing, summarizing, and reporting information required to be disclosed, within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Controls over Financial Reporting

As of the end of the period covered by this report, there have been no changes in the internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting subsequent to the date of management’s last evaluation.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently a party to any legal proceeding, nor are we aware of any threatened actions.

Item 1A. Risk Factors

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On October 6, 2016, the Company closed on the 2106 private placement, to which it sold 1,000,000 units to 8 accredited investors at a price of $.70 per unit, with each unit consisting of one share of common stock and one warrant to purchase one share of common stock at an exercise price of $.70 per share. The warrants have a five year life for gross proceeds of $700,000.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Irwin Lampert, our current Chief Financial Officer, Secretary and Director, indicated his intention to retired from all positions on December 31, 2016. We are currently actively seeking a replacement of Mr. Lampert to fill the positions.

Item 6. Exhibits

The following exhibits are included and filed with this report.

Exhibit	Exhibit Description
31.1	Rule 13a-14(a)/15d-14(a) certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) certification of principal financial and accounting officer
32.1	Section 1350 certification of Chief Executive Officer
32.2	Section 1350 certification of principal financial and accounting officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Definition

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized on November 14, 2016.

GrowGeneration Corporation

By: /s/ Darren Lampert
Darren Lampert, Chief Executive Officer
(Principal Executive Officer)

By: /s/ Irwin Lampert
Irwin Lampert, Chief Financial Officer
(Principal Accounting Officer and
Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Darren Lampert, certify that:

1. I have reviewed this Form 10-Q of GrowGeneration Corporation;

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 present 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 Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a-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 principals;

(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 involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 14, 2016

By: /s/ Darren Lampert
Darren Lampert, Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Irwin Lampert, certify that:

1. I have reviewed this Form 10-Q of GrowGeneration Corporation;

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 present 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 Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a-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 principals;

(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 involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 14, 2016

By: /s/ Irwin Lampert
Irwin Lampert, Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report on Form 10-Q of GrowGeneration Corporation (the "Company") for the fiscal quarter ending September 30, 2016, I, Darren Lampert, Chief Executive Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

1. Such Quarterly Report on Form 10-Q for the fiscal quarter ending September 30, 2016, 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 such Quarterly Report on Form 10-Q for the fiscal quarter ending September 30, 2016, fairly presents, in all material respects, the financial condition and results of operations of GrowGeneration Corporation.

November 14, 2016

By: /s/ Darren Lampert
Darren Lampert, Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report on Form 10-Q of GrowGeneration Corporation (the "Company") for the fiscal quarter ending September 30, 2016, I, Irwin Lampert, Chief Financial Officer of the Company, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

1. Such Quarterly Report on Form 10-Q for the fiscal quarter ending September 30, 2016, 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 such Quarterly Report on Form 10-Q for the fiscal quarter ending September 30, 2016, fairly presents, in all material respects, the financial condition and results of operations of GrowGeneration Corporation.

November 14, 2016

By: /s/ Irwin Lampert
Irwin Lampert, Chief Financial Officer
(Principal Financial Officer)