

GROWLIFE, INC.
Form 424B4
October 18, 2018

PROSPECTUS

GrowLife, Inc.

Non-transferable Subscription Rights to Purchase Units

Consisting of an Aggregate of Up to 500,000,000 Shares of Common Stock at a Subscription Price of \$0.012 Per Unit and Warrants to Purchase Up to 250,000,000 Shares of Common Stock at an exercise price of \$0.018 and Warrants to Purchase Up to 250,000,000 Shares of Common Stock at an exercise price of \$0.024

We are distributing to holders of our common stock, at no charge, non-transferable subscription rights to purchase Units. Each Unit consists of one share of our common stock, par value \$0.0001 per share, which we refer to as Common Stock and two $\frac{1}{2}$ warrants, consisting of one $\frac{1}{2}$ warrant which will be exercisable for one share of our Common Stock at an exercise price of \$0.018 per share and one $\frac{1}{2}$ warrant exercisable for one share of our Common Stock at an exercise price of \$0.024, which we refer to collectively as the Warrant. We refer to the offering of Units through the subscription right that is the subject of this prospectus as the Rights Offering. In the Rights Offering, you will receive one subscription right for each share of Common Stock owned or deemed owned as of October 12, 2018, the Record Date for the Rights Offering. The Common Stock and Warrants comprising the Units will be separate upon the closing of the Rights Offering and will be issued separately, however, they may only be purchased as a Unit, and the Unit will not trade as a separate security. The subscription rights will not be tradeable

Each subscription right will entitle you to purchase one Unit at a subscription price of \$0.012 per Unit. If you fully exercise your basic subscription right, you may also exercise an over-subscription right to purchase additional Units that remain unsubscribed to at the expiration of the Rights Offering, subject to the availability and pro rata allocation of Units among participants exercising this over-subscription right and subject to ownership limitations. Unless waived by us in our sole discretion, in no event may any holder purchase Units in the Rights Offering that, when aggregated with all the shares of Common Stock otherwise beneficially owned by such holder and its affiliates, would immediately following the closing of the Rights Offering represent 25% or more of our issued and outstanding shares of Common Stock. No fractional shares or warrants will be issued upon exercise of subscription rights in the Rights Offering.

The Company will accept subscriptions for up to 500,000,000 units for a total purchase price of approximately \$6,000,000. We are not requiring a minimum subscription amount to complete the Rights Offering. However, we reserve the right to cancel the Rights Offering for any reason at any time before it expires. If we cancel the Rights Offering, all subscription payments received will be returned as soon as practicable, without interest or penalty.

The subscription rights will expire if they are not exercised by 6:00 p.m. Eastern Time on November 12, 2018, unless we extend the subscription period of the Rights Offering in our sole discretion. You should carefully consider whether to exercise your subscription right prior to the expiration of the Rights Offering. All exercises of subscription rights are irrevocable, even if we extend the Rights Offering.

Our board of directors is making no recommendation regarding your exercise of the subscription rights. The subscription rights may not be sold, transferred or assigned and will not be listed for trading on any stock exchange or market.

We have not entered into any standby purchase agreement or other similar arrangement in connection with this Rights Offering. The Rights Offering is being conducted on a best-efforts basis.

Direct Transfer, LLC will serve as the Subscription Agent and the Information Agent for the Rights Offering. The Subscription Agent will hold in escrow the funds we receive from subscribers until we complete or terminate the Rights Offering. If you want to participate in the Rights Offering and you are the owner or deemed owner of your shares, we recommend that you submit your subscription documents to the Subscription Agent before the deadline. If you want to participate in the Rights Offering and you hold your shares through your broker, dealer, bank or other nominee, you should promptly contact your nominee and submit your subscription documents in accordance with the instructions and within the time period specified by the nominee. For additional information, please read "The Rights Offering — The Subscription Rights."

Our common stock is listed and trades on the OTC Bulletin Board under the symbol "PHOT." On September 14, 2018, the last reported sale price for our Common Stock on the OTCBB was \$0.014 per share.

INVESTING IN OUR SECURITIES INVOLVES A HIGH DEGREE OF RISK. SEE THE SECTION ENTITLED "RISK FACTORS" BEGINNING ON PAGE 14 IN THIS PROSPECTUS AS WELL AS ANY OTHER RISK FACTORS AND OTHER INFORMATION CONTAINED IN ANY OTHER DOCUMENT THAT IS INCORPORATED BY REFERENCE HEREIN.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Per Share	Total(1)
Subscription price	\$0.012	\$6,000,000
Estimated expenses	\$-	\$50,000
Net Proceeds to us	\$0.012	\$5,950,000

(1) Assumes the Rights Offering is fully subscribed.

(2) In connection with this Rights Offering, we have agreed to pay to the subscription agent/information agent a cash fee equal to 0.0016% of the gross proceeds received by us directly from exercises of the subscription rights or \$50,000. We will reimburse subscription agent for expenses incurred in connection with the Rights Offering.

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The date of this Prospectus is October 15, 2018.

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ABOUT THIS PROSPECTUS

Unless otherwise stated or the context otherwise requires, references in this prospectus to the terms "we," "us," "our," and the "Company" refer to GrowLife, Inc.

You should read this prospectus, any applicable prospectus supplement and the information incorporated by reference in this prospectus before making an investment in the securities of GrowLife, Inc. Please read "Where You Can Find Additional Information" on page 53 for more information. We have not authorized anyone to provide you with any information or to make any representation, other than those contained in this prospectus or any free writing prospectus we have prepared. We take no responsibility for, and provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the Units offered hereby, but only in circumstances and in jurisdictions where it is lawful to so do. The information contained in this prospectus or any prospectus supplement, as well as information we have previously filed with the Securities and Exchange Commission, is accurate only as of its date, regardless of the time of delivery of this prospectus or of any sale of our Units. Our business, financial condition, results of operations and prospects may have changed since those dates. You should not consider any information in this prospectus, or in any related prospectus supplement, to be investment, legal or tax advice. We encourage you to consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding an investment in our securities.

For investors outside the United States: Neither we nor the Subscription Agent nor Information Agent has done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of securities and the distribution of this prospectus outside the United States.

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market share, is based on information from our own management estimates and research, as well as from industry and general publications and research, surveys and studies conducted by third parties. Management estimates are derived from publicly available information, our knowledge of our industry and assumptions based on such information and knowledge, which we believe to be reasonable. Our management estimates have not been verified by any independent source, and we have not independently verified any third-party information. In addition, assumptions and estimates of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors". These and other factors could cause our future performance to differ materially from our assumptions and estimates. See "Special Note Regarding Forward-Looking Statements".

GrowLife, Inc. is our trademark that is used in this prospectus. This prospectus also includes trademarks, tradenames and service marks that are the property of other organizations. Solely for convenience, trademarks and tradenames referred to in this prospectus appear without the ® and ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or that the applicable owner will not assert its rights, to these trademarks and tradenames.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents and reports that we have filed with the Securities and Exchange Commission, or the SEC, that are incorporated herein by reference contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements

In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "plans", "intends", "may", "could", "might", "will", "should", "approximately" or, in each case, their negative or other variations thereon or comparable terminology, although not all forward-looking statements contain these words. They appear in a number of places throughout this prospectus and include statements regarding our intentions, beliefs, projections, outlook, analyses or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth and strategies, the length of time that we will be able to continue to fund our operating expenses and capital expenditures, our expected financing needs and sources of financing, the industry in which we operate and the trends that may affect the industry or us.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events, competitive dynamics, and market developments and depend on the economic circumstances that may or may not occur in the future or may occur on longer or shorter timelines than anticipated. Although we believe that we have a reasonable basis for each forward-looking statement contained in this prospectus, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from the forward-looking statements contained in this prospectus. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this prospectus, they may not be predictive of results or developments in future periods.

Any forward-looking statements that we make in this prospectus speak only as of the date of such statement, and we undertake no obligation to update such statements to reflect events or circumstances after the date of this prospectus.

You should also read carefully the factors described in the "Risk Factors" section of this prospectus to better understand the risks and uncertainties inherent in our business and underlying any forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this prospectus will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified timeframe, or at all. You should read this prospectus and the documents that we reference and have filed as exhibits to the registration statement of which this prospectus is a part with the understanding that we cannot guarantee future results, levels of activity, performance or achievements. We disclaim any obligation to update or revise any forward-looking statement as a result of new information, future events or for any other reason, except as may be required under applicable securities laws.

We qualify all of the forward-looking statements in this prospectus by these cautionary statements.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus or incorporated by reference herein. This summary is not complete and may not contain all of the information that you should consider before deciding whether or not you should exercise your rights. You should read the entire prospectus carefully, including the section entitled "Risk Factors" of this prospectus, the financial statements, and all other information included or incorporated by reference in this prospectus in its entirety before you decide whether to exercise your rights.

GrowLife, Inc.

GrowLife, Inc. ("GrowLife" or the "Company") is incorporated under the laws of the State of Delaware and is headquartered in Kirkland, Washington.

GrowLife's goal is to become the nation's largest cultivation facility service provider for the production of organics, herbs and greens and plant-based medicines. GrowLife provides essential and hard-to-find goods including growing media, industry-leading hydroponics equipment, organic plant nutrients, and thousands more products through its knowledgeable representatives and our distribution channels, to specialty grow operations across the United States and Canada. We primarily sell supplies through our e-commerce distribution channels, ShopGrowLife.com, Grener.com and GrowLifeEco.com, as well as through GrowLife licensed retail storefronts. GrowLife and its business units are organized and directed to operate strictly in accordance with all applicable state and federal laws.

The GrowLife mission is to measure its success by its customer's success; serving cultivators of all sizes as a reliable business partner and its shareholders with value and trust.

The 'their success is our success' focus has helped us understand the pains and needs our customers are enduring and the many products and services we can provide to help them grow. The indoor cultivation industry, primarily driven by indoor Cannabis farming, is in its formative stages where it is developing a recurring track record. Due to the conflicting laws and policies throughout the United States our customers consist mostly of smaller, early-stage companies that face unusual challenges not experienced in most larger established industries. As a result, agility takes the place over predictability and trust surpasses price and convenience.

We seek to support the mission of GrowLife helping its customers be successful by minimizing the operating costs of indoor cultivators of fruits, vegetables and Cannabis so they can better serve their markets and customers. To profitably achieve such a goal, we see GrowLife building out five strategic pillars. These pillars represent unfulfilled needs, which if capitalized upon, can provide PHOT investors with a lasting diversified portfolio of products and services. GrowLife's five pillars of planned growth are 1) direct commercial sales, 2) products, 3) online markets, 4) consumer GrowLife Cube, and 5) retail --- organized across audience-centric divisions.

For a complete description of our business, financial condition, results of operations and other important information, we refer you to our filings with the SEC that are incorporated by reference in this prospectus, including our Annual Report on Form 10-K for the year ended December 31, 2017. For instructions on how to find copies of these documents, see the sections entitled "Where You Can Find More Information" and "Incorporation of Certain Information by Reference."

Company Information

GrowLife, Inc. is incorporated under the laws of the State of Delaware. We were founded in 2012 with the Closing of the Agreement and Plan of Merger with SGT Merger Corporation. Our principal executive offices are located at 5400 Carillon Point, Kirkland, WA 98033, and our telephone number at that location is (866) 781-5559. Our website is <http://growlifeinc.com/>. Except for the documents incorporated by reference in this prospectus, the information

contained on our website is not part of this prospectus and should not be relied upon in connection with making an investment decision.

THE RIGHTS OFFERING

Securities Offered We are distributing, at no charge, to holders of our outstanding common stock non-transferable subscription rights to purchase one Unit at a subscription price of \$0.012 per Unit for every share of Common Stock that you owned or were deemed to own as of the Record Date. Each Unit consists of one share of our Common Stock and two ½ Warrants. Shares of Common Stock and Warrants included in the Units sold in the Rights Offering will be issued only in book-entry form. The Common Stock and Warrants comprising the Units will be separate upon the closing of the Rights Offering and will be issued separately, however, they may only be purchased as a Unit, and the Unit will not trade as a separate security.

Warrants For each Unit purchased, a subscriber shall receive two ½ warrants: one ½ warrant which will be exercisable for one share of our Common Stock at an exercise price of \$0.018 per share and one ½ warrant exercisable for one share of our Common Stock at an exercise price of \$0.024. Each Warrant will be exercisable upon issuance and will expire three years from the date of issuance, unless otherwise accelerated. The Warrants will be exercisable for cash, or, solely during any period when a registration statement for the exercise of the Warrants is not in effect, on a cashless basis, at any time after the date of issuance. This prospectus also relates to the offering of shares of Common Stock issuable upon exercise of the Warrants. We may redeem the Warrants for \$0.0001 per Warrant if the volume weighted average price of our common stock is above \$0.03 for ten consecutive trading days, provided that we may not do so prior to six months after the issuance date. The expiration date of the Warrants may be accelerated upon 30 days’ notice from Company to older if the closing trading price of the Company’s Common Stock is above \$0.0325 for ten consecutive trading days. We do not intend to list the Warrants on any national securities exchange or nationally recognized trading system. Please read “Description of Securities — Warrants Included in Units Issuable in the Rights Offering.”

Size of Offering 500,000,000 subscription rights/Units for aggregate gross proceeds of up to \$6,000,000.

Subscription Price \$0.012 per Unit. To be effective, any payment for the exercise of a right must clear before the expiration of the Rights Offering.

Basic Subscription Right Each subscription right will entitle you to purchase one Unit at a subscription price of \$0.012 per Unit, which we refer to as the basic subscription right. Please read “The Rights Offering — The Subscription Rights — Basic Subscription Right.”

If you fully exercise your basic subscription right (other than those subscription rights to acquire less than one whole Unit, which cannot be exercised) and other stockholders do not fully exercise their basic subscription right, you may also exercise an over-subscription right to purchase additional Units that remain unsubscribed at the expiration of the subscription period, subject to availability and ownership limitations.

Over-Subscription Right

If the number of unsubscribed Units is not sufficient to satisfy all of the properly exercised over-subscription right requests, the available Units will be prorated among those who properly exercised over-subscription rights in proportion to their respective basic subscription right. Please read “The Rights Offering — The Subscription Rights — Over-Subscription Right.”

Record Date

6:00 p.m. Eastern Time, on October 12, 2018.

Expiration of the Offering Period

6:00 p.m. Eastern Time, on November 12, 2018. We may extend the expiration of the offering period for exercising your subscription right, in our sole discretion.

Use of Proceeds

We intend the net proceeds from the Rights Offering to be used for working capital and general corporate purposes, including development and enhancement of our products, capital expenditures and expansion of our operations, and new product development. Please read “Use of Proceeds.”

Non-Transferability of Subscription Rights

The subscription rights issued in the Rights Offering may not be sold, transferred, assigned or given away under any circumstances, and will not be listed on any stock exchange or market.

Transferability of Warrants

The Warrants will be separately transferable following their issuance.

No Board of Directors Recommendation

Our board of directors is making no recommendation regarding your exercise of the subscription rights. You are urged to make your decision based on your own assessment of our business and the Rights Offering. Please read “Risk Factors” for a discussion of some of the risks involved in investing in Units in the Rights Offering.

No Revocation

All exercises of subscription rights are irrevocable, even if you later learn information that you consider to be unfavorable to the exercise of your subscription right, or if the market price of Common Stock falls below the subscription price of \$0.012 per Unit, or if the Rights Offering is extended by the board of directors. You should not exercise your subscription right unless you are certain that you wish to purchase Units at a subscription price of \$0.012 per Unit.

U.S. Federal Income Tax Considerations

For U.S. federal income tax purposes, you generally should not recognize income or loss in connection with the receipt or exercise of your subscription right. You are urged to consult your own tax advisor as to your particular tax consequences resulting from the receipt and the disposition or exercise of subscription rights and the receipt, ownership and disposition of Common Stock. For further information, please read “Certain United States Federal Income Tax Considerations.”

We may extend the offering period for additional time in our sole discretion. The board of directors may cancel the Rights Offering at any time before its expiration for any reason.

The board of directors also reserves the right to amend the terms of the Rights Offering for any reason, including, without limitation, in order to increase participation in the Rights Offering. Such amendments may include a change in the subscription price, although no such change is presently contemplated.

Amendment,
Extension and
Termination

If we should make any fundamental change to the terms set forth in this prospectus, we will file a post-effective amendment to the registration statement in which this prospectus is included, offer potential purchasers who have subscribed for rights the opportunity to cancel such subscriptions and issue a refund of any money advanced by such stockholder and recirculate an updated prospectus after the post-effective amendment is declared effective with the SEC. In addition, upon such event, we may extend the expiration date of the subscription period to allow holders of rights ample time to make new investment decisions and for us to recirculate updated documentation. Please read “The Rights Offering — Expiration Date, Extension, and Amendments.”

To exercise your subscription right, you must complete the rights certificate and deliver it to the Subscription Agent, together with full payment for all the subscription rights you elect to exercise under the basic subscription right and over-subscription right, before the expiration of the offering period. Please read “The Rights Offering” for detailed information on the procedure and requirements for exercising your subscription right. You may deliver the documents and payments by mail or commercial carrier. If regular mail is used for this purpose, we recommend using registered mail, properly insured, with return receipt requested.

Procedures for
Exercising Rights

If you are a beneficial owner of shares that are registered in the name of a broker, dealer, bank or other nominee, you should instruct your nominee to exercise your subscription right on your behalf and deliver all required documents and payment before the expiration of the offering period.

If you cannot deliver your rights certificate to the Subscription Agent before the expiration of the subscription period, you may follow the guaranteed delivery procedures described in “The Rights Offering — Guaranteed Delivery Procedures”.

Limitation on
Exercise

Unless waived by us in our sole discretion, no holder may purchase Units in the Rights Offering that, when aggregated with all the shares of Common Stock otherwise beneficially owned by such holder and its affiliates, would immediately following the closing of the Rights Offering represent 25% or more of our issued and outstanding shares of Common Stock.

Minimum
Subscription
Requirement

There is no minimum subscription requirement. We may consummate the Rights Offering regardless of the amount raised from the exercise of basic and over-subscription rights by the expiration date.

Subscription
Agent and
Information
Agent

Direct Transfer, LLC, 500 Perimeter Park Drive Suite D, Morrisville NC 27560.

Shares Outstanding Before the Rights Offering

Prior to the rights offering, as of September 17, 2018, there were 2,997,279,413 shares of Common Stock issued and outstanding and 595,000,000 shares of Common Stock were issuable upon the exercise of our outstanding warrants.

Shares Outstanding After Completion of the Rights Offering

Assuming that all subscription rights offered hereby are exercised, and excluding the exercise of the Warrants offered hereby, we expect 3,497,279,413 shares of Common Stock will be outstanding immediately after completion of the Rights Offering, and 4,592,279,413 shares if all of our outstanding warrants, including the Warrants offered hereby, were exercised. The number of shares of Common Stock expected to be outstanding excludes: (i) 63,000,000 shares of Common Stock issuable pursuant to incentive stock options and (ii) 109 million shares related to convertible debt that can be converted at \$0.002535 per share. In addition, we have an unknown number of common shares to be issued under the Chicago Venture Partners, L.P. See “Description of Capital Stock” below for more information regarding our outstanding warrants.

Delivery of Shares and Warrants	Within five business days after the expiration of the Rights Offering, we expect to close on subscriptions and for the Subscription Agent to arrange for the issuance of the shares of Common Stock and Warrants purchased pursuant to the Rights Offering. All shares of Common Stock and Warrants that are purchased in the Rights Offering will be issued in book-entry, or uncertificated form, meaning that you will receive an account statement from our transfer agent reflecting ownership of these securities if you are a holder of record of shares. If you hold your shares of Common Stock in the name of a bank, broker, dealer, or other nominee, DTC will credit your account with your nominee with the securities you purchased in the Rights Offering.
Fees and Expenses	We will pay the fees and expenses we incur related to the Rights Offering.
Market for Common Stock	Our Common Stock is listed on the OTCQB under the symbol "PHOT." We will not list the subscription rights on any stock exchange or market.
Market for Warrants	There is no established public trading market for our Warrants, and we do not expect a market to develop. We do not intend to list the Warrants on any national securities exchange or nationally recognized trading system.
Risk Factors	Before you exercise your subscription right and purchase Units in the Rights Offering, you should be aware that there are risks associated with these transactions, including the risks described in the section entitled "Risk Factors" beginning on page 15 of this prospectus and in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2017, filed March 28, 2018. You should carefully read and consider these risk factors together with all of the other information included in or incorporated by reference into this prospectus before you decide to exercise your subscription right to purchase Units.
Questions	If you have any questions about the Rights Offering, including questions about subscription procedures and requests for additional copies of this prospectus or other documents, please contact the Subscription Agent, Direct Transfer, LLC by telephone toll-free at (888) 301-2498 or corporate-actions@issuereirect.com for additional questions you can contact the company through its investor relations/public relations contact, CMW Media, directly at (206) 483-0059 or investors@growlifeinc.com .

QUESTIONS AND ANSWERS ABOUT THE RIGHTS OFFERING

The following are examples of what we anticipate will be common questions about the Rights Offering. The answers are based on selected information included elsewhere in this prospectus. The following questions and answers do not contain all of the information that may be important to you and may not address all of the questions that you may have about the Rights Offering. This prospectus and the documents incorporated by reference herein contain more detailed descriptions of the terms and conditions of the Rights Offering and provide additional information about us and our business, including potential risks related to the Rights Offering, the securities offered hereby, and our business. Exercising the subscription rights and investing in our securities involves a high degree of risk. Before you decide whether to exercise your subscription right, we urge you to read this entire prospectus, our financial statements and related notes, the section entitled "Risk Factors" contained herein or incorporated by reference herein and the other information incorporated by reference herein as described in "Incorporation of Certain Information by Reference."

What is the Rights Offering?

We are distributing to holders of our Common Stock as of the Record Date, October 12, 2018, at no charge, non-transferable subscription rights to purchase Units. We have granted to you, as a stockholder on the Record Date, 6:00 p.m. Eastern Time, on October 12, 2018, one subscription right for each share of Common Stock that you owned or were deemed to own at such time. If you hold your shares of Common Stock in the name of a broker, dealer, bank or other nominee who uses the services of The Depository Trust Company, or DTC, one subscription right will be issued by DTC to the nominee for each share of Common Stock that you own or are deemed to own at the Record Date. Each subscription right will entitle the holder to a basic subscription right and if the basic subscription right is exercised in full, an over-subscription right.

Why is the Company conducting the Rights Offering?

We are conducting the Rights Offering to raise additional capital for working capital and general corporate purposes, including development and enhancement of our products, capital expenditures and expansion of operations, and new product development. Please read “Use of Proceeds.”

What is the basic subscription right?

The basic subscription right gives our stockholders the opportunity to purchase one Unit at a subscription price of \$0.012 per Unit. Each Unit consists of one share of our Common Stock and two ½ warrants, one ½ warrant which will be exercisable for one share of our Common Stock at an exercise price of \$0.018 per share and one ½ warrant exercisable for one share of our Common Stock at an exercise price of \$0.024. Each Warrant will be exercisable upon issuance and will expire three years from the date of issuance, unless accelerated. For example: if you subscribe for 100 Units you will receive 100 common stock shares and 100 warrants (50 of which will be exercisable at \$0.018 and 50 of which will be exercisable at \$0.024). The shares of Common Stock and Warrants will be immediately separable upon closing of the Rights Offering. You may exercise all or a portion of your basic subscription right, or you may choose not to exercise any subscription rights. However, if you exercise fewer than all of your basic subscription right, you will not be entitled to purchase any additional Units pursuant to the over-subscription right. No fractional shares or warrants will be issued upon exercise of subscription rights in the Rights Offering.

What is the over-subscription right?

We do not expect all of our stockholders to exercise all of such holder’s basic subscription right. If you fully exercise your basic subscription right (other than those subscription rights to acquire less than one whole Unit, which cannot be exercised) and other stockholders do not fully exercise their basic subscription right, you may also exercise an over-subscription right to purchase additional Units that remain unsubscribed at the expiration of the Rights Offering, subject to availability, at the same subscription price of \$0.012 per Unit. To the extent the number of unsubscribed Units is insufficient to satisfy all of the properly exercised over-subscription right requests, the available Units will be prorated among those who properly exercised over-subscription rights in proportion to their respective basic subscription right. Any excess payments will be returned without interest or penalty as soon as practicable after the expiration of the Rights Offering.

In order to properly exercise your over-subscription right, you must deliver the subscription payment for exercise of your over-subscription right before the expiration of the Rights Offering. Because we will not know the total number of unsubscribed Units before the expiration of the Rights Offering, if you wish to maximize the number of Units you purchase pursuant to your over-subscription right, you will need to deliver payment in an amount equal to the aggregate subscription price for the maximum number of Units available, assuming that no stockholder other than you has purchased any Units pursuant to their basic subscription right and over-subscription right. Please read “The Rights Offering — The Subscription Rights — Over-Subscription Right.”

May the subscription rights that I exercise be reduced for any reason?

Yes. While we are distributing to holders of our Common Stock one subscription right for every share of Common Stock owned or deemed owned on the Record Date, we are only seeking to raise \$6,000,000 dollars in gross proceeds in this Rights Offering. As a result, based on 2,997,279,413 shares of Common Stock outstanding as of September 17, 2018; we are granting subscription rights to acquire approximately 2,997,279,413 Units but will only accept subscriptions for 500,000,000 Units. Accordingly, sufficient Units may not be available to honor your subscription in full. If exercises of basic subscription rights exceed the number of Units available in the Rights Offering, we will allocate the available Units pro rata among the record holders exercising the basic subscription rights in proportion to

the number of shares of our Common Stock each of those record holders owned or were deemed to own on the Record Date, relative to the number of shares owned on the Record Date by all record holders exercising the basic subscription right. If this pro rata allocation results in any record holders receiving a greater number of Units than the record holder subscribed for pursuant to the exercise of the basic subscription rights, then such record holder will be allocated only that number of Units for which the record holder subscribed, and the remaining Units will be allocated among all other record holders exercising their basic subscription rights on the same pro rata basis described above. The proration process will be repeated until all Units have been allocated. Please see “The Rights Offering—The Subscription Rights—Over-Subscription Right” for a description of potential proration as to the over-subscription right and certain stock ownership limitations.

If for any reason the amount of Units allocated to you is less than you have subscribed for, then the excess funds held by the Subscription Agent on your behalf will be returned to you, without interest, as soon as practicable after the Rights Offering has expired and all prorating calculations and reductions contemplated by the terms of the Rights Offering have been effected, and we will have no further obligations to you.

How was the subscription price determined?

In determining the subscription price for exercising the rights, the board of directors considered a number of factors, including the likely cost of capital from other sources, our business prospects, historical and current trading prices of our Common Stock, the value of the Warrants being issued as components of the Unit, general conditions of the securities markets, and our need for liquidity and capital. The subscription price is not necessarily related to our book value, net worth or any other established criteria of value. After the date of this prospectus, our Common Stock may trade at a price below the subscription price for each Unit. In that event, the board of directors, in its sole discretion, may determine to cancel or otherwise alter the terms of the Rights Offering.

Will fractional shares of Common Stock be issued upon exercise of the subscription rights?

No. We will not issue fractional shares of Common Stock or Warrants. If the number of subscription rights you exercise would otherwise permit you to purchase a fractional share of Common Stock or Warrant, the number of shares of Common Stock and number of Warrants that you may purchase will be rounded down to the nearest whole share or Warrant, as applicable.

Am I required to exercise all of the subscription rights I receive in the Rights Offering?

No. You may exercise any whole number of your subscription rights, or you may choose not to exercise any subscription rights. If you do not exercise your basic subscription right in full, you will not be entitled to participate in the over-subscription right.

May I transfer my subscription rights?

No. You may not sell, transfer or assign your subscription right to anyone. Subscription rights will not be listed for trading on any stock exchange or market. Rights certificates may only be completed by the stockholder who receives them.

Will holders of our equity awards to employees, officers and directors receive rights in the Rights Offering?

Holders of our equity awards to employees, officers and directors, including outstanding stock options, will not receive rights in the Rights Offering in connection with such equity awards, but will receive subscription rights in connection with any shares of our Common Stock held as of the Record Date.

How much will the Company receive in net proceeds from the Rights Offering?

We expect the aggregate proceeds, net of expenses and fees, from the Rights Offering will be approximately \$5.95 million, assuming all subscription rights are exercised and after paying an estimated \$50,000 in fees associated with the Rights Offering. Please see "Use of Proceeds."

Are there any limitations on the number of my rights that I may exercise?

Yes. Unless waived by us in our sole discretion, in no event may any subscriber purchase Units in the Rights Offering that, when aggregated with all of the shares of Common Stock otherwise beneficially owned (as defined by Rule 13(d) of the Exchange Act) by the subscriber and its affiliates, would immediately following the closing of this Rights Offering represent 25% or more of our issued and outstanding shares. If the amount of subscription rights that you exercise is limited, any amount not used for purchases will be refunded.

How soon must I act to exercise my subscription rights?

If you received a rights certificate, the subscription rights may be exercised at any time before the expiration of the Rights Offering, which is on November 12, 2018, at 6:00 p.m. Eastern Time. Please read “The Rights Offering” for detailed information on the procedure and requirements for exercising your subscription right. If you elect to exercise any rights, the Subscription Agent must actually receive all required documents from you, and your payment must have cleared, before that time. If your required subscription exercise documentation is received by the Subscription Agent after the expiration of the Rights Offering, we may, in our sole discretion, choose to accept your subscription, but will be under no obligation to do so.

If you hold your shares of Common Stock in name of a broker, dealer, bank, or other nominee, your nominee may establish a deadline before the expiration of the Rights Offering by which you must provide such nominee with your instructions to exercise your subscription right along with the required payment. We reserve the option of extending the expiration of the subscription period in our sole discretion.

How do I exercise my subscription rights?

If you wish to participate in the Rights Offering, you must:

1. Deliver payment to the Subscription Agent using one of the methods outlined under the section entitled “The Rights Offering — Method of Exercising Subscription Rights” and “— Form of Payment”, which payment must have cleared before 6:00 p.m. Eastern Time, on November 12, 2018; and
2. Deliver a properly completed rights certificate to the Subscription Agent before the expiration of the offering period, which is November 12, 2018.

Any stockholder who cannot deliver its rights certificate to the Subscription Agent before the expiration time may use the procedures for guaranteed delivery described under the section entitled “The Rights Offering—Guaranteed Delivery Procedures.” In some cases, you may be required to provide additional documentation.

If you hold your shares of Common Stock through a broker, dealer, bank or other nominee as record holder, complete and return to your record holder the form entitled “Beneficial Owner Election Form” or such other appropriate documents as provided by your nominee related to your subscription right prior to the deadline established by your nominee.

To whom should I send my forms and payment?

If your shares are held in the name of a broker, dealer, bank or other nominee as record holder, then you should send your subscription documents, rights certificate, notices of guaranteed delivery (if applicable) and subscription payment to that nominee.

If you are the record holder, then you should send your subscription documents, rights certificate, notices of guaranteed delivery (if applicable) and subscription payment by hand delivery, first class mail or courier service to the Subscription Agent, Direct Transfer, LLC:

By mail:
Direct Transfer, LLC

By hand or overnight courier:
Direct Transfer, LLC

Attn: Rights Offering
500 Perimeter Park Drive Suite D,
Morrisville NC 27560
Tel: (888) 301-2498

Attn: Rights Offering
500 Perimeter Park Drive Suite D,
Morrisville NC 27560
Tel: (888) 301-2498

You are solely responsible for completing delivery of your subscription documents, rights certificate and payment to the Subscription Agent or, if you are not a record holder to your broker, dealer, custodian bank or other nominee. We urge you to allow sufficient time for delivery of your subscription materials to the Subscription Agent or your broker, dealer, custodian bank or other nominee. If you send a payment that is insufficient to purchase the number of Units you requested, or if the number of Units you requested is not specified in the forms, the payment received will be applied to exercise your subscription right to the fullest extent possible based on the amount of the payment received.

After I send in my payment and rights certificate, may I cancel or revoke my exercise of subscription rights?

No. All exercises of subscription rights are irrevocable, even if you later learn information that you consider to be unfavorable to the exercise of your subscription right, or the market price of Common Stock falls below the subscription price of the Units, including during any extension of the subscription period. However, if we amend the Rights Offering to make a material change to the terms set forth in this prospectus, you may cancel your subscription and receive a refund of any money you have advanced. You should not exercise your subscription right unless you are certain that you wish to purchase Units at a subscription price of \$0.012 per Unit.

What should I do if I want to participate in the Rights Offering but my shares are held in the name of my broker, dealer, bank or other nominee?

If you hold your shares of Common Stock in the name of a broker, dealer, bank or other nominee as record holder, then your broker, dealer, bank or other nominee is the record holder of the shares you own or are deemed to own and the record holder must exercise the subscription rights on your behalf for the Units that you wish to purchase. If you wish to participate in the Rights Offering and purchase Units, contact your broker, dealer, bank or other nominee promptly. You should complete and return to your nominee the form entitled "Beneficial Owner Election Form." You should receive this form from your broker, dealer, bank or other nominee with the other Rights Offering materials. You should contact your broker, dealer, bank, or other nominee if you believe that you are entitled to participate in the Rights Offering but have not received any Rights Offering materials.

Will holders of our warrants be permitted to participate in the Rights Offering?

Certain holders of our warrants to purchase Common Stock will have the right to participate in the Rights Offering, such warrants are exercised prior to the Record Date. As of the Record Date, there are warrants to purchase 595,000,000 shares of Common Stock issued and outstanding.

What will happen if I do not exercise my subscription rights?

If you do not exercise any subscription rights or choose not to exercise your subscription right in full, the number of shares of Common Stock that you own will not change; however, you will own a smaller proportional interest of Common Stock than if you had timely exercised all or a portion of your subscription right. If other stockholders fully exercise their subscription rights or exercise a greater proportion of their subscription rights than you exercise, the percentage of our Common Stock owned by these other stockholders will increase relative to your ownership percentage, and your voting and other rights in the Company will likewise be diluted. Further, the shares issuable upon the exercise of the Warrants to be issued pursuant to the Rights Offering will dilute the ownership interest of stockholders not participating in this Rights Offering. Subscription rights not exercised prior to the expiration of the Rights Offering will expire.

Are there risks in exercising my subscription rights?

Yes. Exercising your subscription right involves the purchase of Units and should be considered as carefully as you would consider any other investment. Stockholders who exercise subscription rights risk investment loss on new

money invested. We cannot assure you that anyone purchasing Units at the subscription price will be able to sell the shares of Common Stock or shares issued upon the exercise of the Warrants included in the Unit in the future at the same price or a higher price. Among other things, you should carefully consider the risks described under the heading “Risk Factors” in this prospectus and the documents incorporated by reference herein.

How and when will I receive my shares of Common Stock and Warrants purchased in the Rights Offering?

Shares of Common Stock and Warrants included in the Units purchased in the Rights Offering will be issued only in book-entry form (i.e. no physical stock certificates will be issued). If you are the holder of record of Common Stock (whether you hold share certificates or your shares are maintained in book-entry form by our transfer agent, Direct Transfer, LLC), you will receive a statement of ownership reflecting the shares of Common Stock and Warrants included in the Units purchased in the offering as soon as practicable after the expiration of the Rights Offering. If your shares of Common Stock are registered in the name of a broker, dealer, bank or other nominee, your shares of Common Stock and Warrants included in the Units will be issued to the same account, and you may request a statement of ownership from the nominee following the expiration of the Rights Offering.

If the Rights Offering is not completed, will my subscription payment be refunded to me?

Yes. The Subscription Agent will hold all funds it receives in escrow until completion of the Rights Offering. If the Rights Offering is not completed, all subscription payments received by the Subscription Agent will be returned, without interest, as soon as practicable. If you hold your shares of Common Stock through a broker, dealer, bank or other nominee as record holder, the Subscription Agent will return payments to the record holder of the shares.

How do I exercise my subscription rights if I live outside the United States?

We will not mail this prospectus or the rights certificates to stockholders whose addresses are outside the United States or who have an army post office or foreign post office address, because their exercise of rights may be prohibited by the laws of the country in which they live. Instead, the Subscription Agent will hold the rights certificates for their account. To exercise subscription rights, our foreign stockholders must notify the Subscription Agent on or before 6:00 p.m. Eastern Time, on November 12, 2018 and timely follow the procedures described in the section entitled “The Rights Offering — Foreign Stockholders.”

What fees or charges apply to me if I exercise rights?

We are not charging any fee or sales commission to issue subscription rights to you or to issue shares of Common Stock and Warrants to you if you exercise your subscription right. However, if you exercise your subscription right through the record holder of your shares, or if you exercise the Warrants included in the Units, you are responsible for paying any fees your nominee may charge you.

Will I receive interest on any funds I deposit with the Subscription Agent?

No. You will not be entitled to any interest on any funds that are deposited with the Subscription Agent pending completion or cancellation of the Rights Offering. If the Rights Offering is cancelled for any reason, the Subscription Agent will return this money to subscribers, without interest or penalty, as soon as practicable.

What are the U.S. federal income tax consequences of exercising subscription rights?

For U.S. federal income tax purposes, you generally should not recognize income or loss in connection with the receipt or exercise of subscription rights. You are urged to consult your own tax advisor as to your particular tax consequences resulting from the receipt and exercise of subscription rights and the receipt, ownership and disposition of Units and the Common Stock and Warrants included in the Units. For further information, please read “Certain United States Federal Income Tax Considerations.”

Is the Company requiring a minimum subscription to complete the Rights Offering?

No.

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Will the Company's directors or officers participate in the Rights Offering?

All holders of Common Stock as of the Record Date for the Rights Offering will receive, at no charge, non-transferable subscription rights to purchase Units as described in this prospectus. To the extent that our directors and officers held shares of Common Stock as of the Record Date, they will receive the subscription rights and, while they are under no obligation to do so, will be entitled to participate in the Rights Offering.

Has the board of directors made a recommendation to our stockholders regarding the Rights Offering?

No. The board of directors does not make any recommendation to stockholder's holders regarding the exercise of rights under the Rights Offering. You should make an independent investment decision about whether or not to exercise your rights based on your own assessment of our business and the Rights Offering.

How many shares of Common Stock will be outstanding after the Rights Offering?

We expect that, as of the Record Date, we will have approximately 2,997,279,413 shares of Common Stock issued and outstanding and the numbers set forth in this paragraph are based on that expectation. If all of our outstanding warrants as of the Record Date are exercised, we will have approximately 3,997,279,413 shares of Common Stock issued and outstanding as of the Record Date. If the Rights Offering is fully subscribed, meaning that we issue the maximum possible number of Units upon exercise of rights, we will issue an aggregate of 500,000,000 Units, each Unit consisting of one share of Common Stock and two ½ Warrants in exchange for an exercise price of \$0.012 per Unit, or aggregate gross proceeds of \$6,000,000.

Can the Company extend, cancel or amend the Rights Offering?

Yes. We reserve the option to extend the Rights Offering and the offering period for exercising your subscription right, in our sole discretion. If we elect to extend the expiration of the Rights Offering, we will issue a press release announcing such extension no later than the next business day after the most recently announced expiration of the Rights Offering. We will extend the duration of the Rights Offering as required by applicable law or regulation and may choose to extend it if we decide to give investors more time to exercise their subscription rights in the Rights Offering.

The board of directors may cancel the Rights Offering at any time before the expiration of the Rights Offering for any reason. In the event that the Rights Offering is cancelled, we will issue a press release notifying stockholders of the cancellation and all subscription payments received by the Subscription Agent will be returned, without interest or penalty, as soon as practicable. If you own shares through a broker, dealer, bank or other nominee as record holder, it may take longer for you to receive your subscription payment because the Subscription Agent will return payments through the record holder of your shares.

We may amend or modify the terms of the Rights Offering for any reason, including, without limitation, in order to increase participation in the Rights Offering, in our sole discretion. Such amendments or modifications may include a change in the subscription price, although no such change is presently contemplated.

If we should make any fundamental changes to the terms set forth in this prospectus, we will file a post-effective amendment to the registration statement in which this prospectus is included, offer potential purchasers who have subscribed for rights the opportunity to cancel their subscriptions, issue a refund of any money advanced by such stockholder and recirculate an updated prospectus after the post-effective amendment is declared effective by the SEC. In addition, upon such event, we may extend the expiration date of the Rights Offering to allow holders of rights ample time to make new investment decisions and for us to recirculate updated documentation. Promptly following any such occurrence, we will issue a press release announcing any changes and the new expiration date.

Whom should I contact if I have other questions?

If you have other questions or need assistance, please contact the Information Agent, Direct Transfer, LLC or the company through its investor relations/public relations contact, CMW Media, directly at (206) 483-0059 or investors@growlifeinc.com.

By mail:

Direct Transfer, LLC

Attn: Rights Offering

500 Perimeter Park Drive Suite D,

Morrisville NC 27560

Tel: (888) 301-2498

By hand or overnight courier:

Direct Transfer, LLC

Attn: Rights Offering

500 Perimeter Park Drive Suite D,

Morrisville NC 27560

Tel: (888) 301-2498

RISK FACTORS

Investing in our Units, Common Stock and Warrants involves a number of risks. You should not invest unless you are able to bear the complete loss of your investment. You should carefully consider the risks described below and discussed under the section entitled “Risk Factors” in our most recent Annual Report on Form 10-K, as amended, as well as any amendment or updates to our risk factors reflected in subsequent filings under the Exchange Act, including but not limited to our most recent Quarterly Report on Form 10-Q, as amended, which are incorporated herein by reference in their entirety, together with other information in this prospectus and the information and documents incorporated by reference in this prospectus. These risks and uncertainties described below or otherwise incorporated herein by reference are not the only risks and uncertainties we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. If any of the following risks actually occur, our business could be harmed. In such case, the trading price of our Common Stock could decline and investors could lose all or a part of the money paid to buy our Units. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of these and other factors.

Risks Relating to the Rights Offering and Common Stock

The price of our common stock is volatile and may decline following receipt and/or exercise of the rights.

Pursuant to the Rights Offering, our shareholders will be entitled to purchase Units at a subscription price of \$0.012 per Unit. Our stock price has been and may continue to be subject to significant volatility. Since January 1, 2018, the daily closing price of our common stock has ranged from a high of \$0.037 per share to a low of \$0.013 per share. Our stock price may decline in the time period following the receipt and/or exercise of the rights and there is no guarantee that our common stock will trade at a level equal to or greater than the subscription price. There are numerous factors which may affect the price of our common stock, some of which are out of our control or may have little or nothing to do with us or our financial performance. These factors include, among other things:

- our quarterly or annual earnings or those of other companies in our industry;
- actual or anticipated fluctuations in our operating results and cash flow;
- business conditions in our markets and the demand for tourism generally;
- increased fuel and travel costs; and
- general economic factors, including the current economic recession and the current state of the securities markets.

Your relative ownership interest may experience significant dilution as a result of this Rights Offering or due to other transactions.

Stockholders who do not fully exercise their subscription rights should expect that they will, at the completion of this offering, own a smaller proportional interest in the Company than would otherwise be the case had they fully exercised their subscription rights. The shares issuable upon the exercise of the Warrants to be issued pursuant to the Rights Offering will further dilute the ownership interest of stockholders not participating in the Rights Offering or holders of Warrants who have not exercised them.

As of June 30, 2018, there were approximately 2.954 billion shares of our common stock issued and outstanding. In addition, as of June 30, 2018, there are also (i) stock option grants outstanding for the purchase of 63 million common shares at a \$0.009 average exercise price; (ii) warrants for the purchase of 595 million common shares at a \$0.031 average exercise price; and (iii) 109.1 million shares related to convertible debt that can be converted at 0.002535 per share.

In addition, we have an unknown number of common shares to be issued under the Chicago Venture financing agreements because the number of shares ultimately issued to Chicago Venture depends on the price at which Chicago Venture converts its debt to shares. The lower the conversion price, the more shares that will be issued to Chicago Venture upon the conversion of debt to shares. We won't know the exact number of shares of stock issued to Chicago Venture until the debt is actually converted to equity. If all stock option grant and warrant and contingent shares are issued, approximately 3.721.8 billion of our currently authorized 6 billion shares of common stock will be issued and outstanding. For purposes of estimating the number of shares issuable upon the exercise/conversion of all stock options, warrants and contingent shares, we assumed the number of shares and average share prices detailed above.

The conversion or exercise of all or a portion of these warrants or options, or the Warrants included in the Units sold in this Rights Offering would result in additional dilution to your ownership interest. Additionally, if we do not increase our revenue or reduce our expenses, we may need to raise additional capital, which may result in further dilution to our stockholders.

Some of our convertible debentures may require adjustment in the conversion price.

Our Convertible Notes Payable may require an adjustment in the current conversion price of \$0.002535 per share if we issue common stock, warrants or equity below the price that is reflected in the convertible notes payable. The conversion price of the convertible notes will have an impact on the market price of our common stock. Specifically, if under the terms of the convertible notes the conversion price goes down, then the market price, and ultimately the trading price, of our common stock will go down. If under the terms of the convertible notes the conversion price goes up, then the market price, and ultimately the trading price, of our common stock will likely go up. In other words, as the conversion price goes down, so does the market price of our stock. As the conversion price goes up, so presumably does the market price of our stock. The more the conversion price goes down, the more shares are issued upon conversion of the debt which ultimately means the more stock that might flood into the market, potentially causing a further depression of our stock.

We do not anticipate paying any cash dividends on our capital stock in the foreseeable future.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business, and we do not anticipate paying any cash dividends on our capital stock in the foreseeable future. In addition, the terms of any future debt agreements may preclude us from paying dividends.

Anti-takeover provisions may limit the ability of another party to acquire our company, which could cause our stock price to decline.

Our certificate of incorporation, as amended, our bylaws and Delaware law contain provisions that could discourage, delay or prevent a third party from acquiring our company, even if doing so may be beneficial to our stockholders. In addition, these provisions could limit the price investors would be willing to pay in the future for shares of our common stock.

We may issue preferred stock that could have rights that are preferential to the rights of common stock that could discourage potentially beneficial transactions to our common shareholders.

An issuance of additional shares of preferred stock could result in a class of outstanding securities that would have preferences with respect to voting rights and dividends and in liquidation over our common stock and could, upon conversion or otherwise, have all of the rights of our common stock. Our Board of Directors' authority to issue preferred stock could discourage potential takeover attempts or could delay or prevent a change in control through merger, tender offer, proxy contest or otherwise by making these attempts more difficult or costly to achieve. The

issuance of preferred stock could impair the voting, dividend and liquidation rights of common stockholders without their approval.

The subscription rights are not transferable, and there is no market for the subscription rights.

You may not sell, give away, or otherwise transfer your subscription rights. The subscription rights are only transferable by operation of law. Because the subscription rights are non-transferable, there is no market or other means for you to directly realize any value associated with the subscription rights.

The subscription price determined for the Rights Offering is not necessarily an indication of the fair value of our common stock.

Our board of directors determined the subscription price for the Units offered in this Rights Offering, after carefully considering numerous factors, including, among others:

- the likely cost of capital from other sources;
- the price at which our shareholders might be willing to participate in the Rights Offering;
- historical and current trading prices of our common stock;
- our need for capital and liquidity; and
- our desire to provide an opportunity for our shareholders to participate in the Rights Offering on a pro rata basis.

The subscription price is \$0.012 per Unit. The subscription price is not intended to bear any relationship to the book value of our assets or our past operations, cash flows, losses, financial condition, net worth, or any other established criteria used to value securities. You should not consider the subscription price to be an indication of the fair value of the common stock to be offered in the Rights Offering. After the date of this prospectus, our common stock may trade at prices significantly above or below the subscription price.

The market price of Common Stock may decrease before or after the subscription rights expire.

The market price of Common Stock could be subject to wide fluctuations in response to numerous factors, some of which are beyond our control. These factors include, among other things, macroeconomic conditions, industry trends, regulatory approvals, customer demands, and competition. We cannot assure you that the market price of Common Stock will not decline after you elect to exercise your subscription right. If that occurs, you may have committed to buy Units which include shares of Common Stock and Warrants in the Rights Offering at a price greater than the prevailing market price, and could have an immediate unrealized loss. Moreover, we cannot assure you that following the exercise of your subscription right you will be able to sell your Common Stock or shares issued upon exercise of the Warrants at a price equal to or greater than the subscription price.

The number of shares of Common Stock and Warrants we could issue if the Rights Offering is completed or the adjustments to certain warrants as a result of the Rights Offering may result in an immediate decrease in the trading price of our Common Stock. This decrease may continue after the completion of the Rights Offering. If that occurs, your purchase of Units in the Rights Offering may be at a price greater than the prevailing trading price of Common Stock following the completion of the Rights Offering. Further, if a substantial number of subscription rights are exercised, and the holders of the shares received upon exercise of those subscription rights or upon exercise of the Warrants choose to sell some or all of those shares, the resulting sales could depress the market price of Common Stock.

Our common stock is traded on the OTCQB under the symbol "PHOT" and the last reported sales price of our common stock on the OTCQB on September 14, 2018, was \$0.014 per share.

You must act promptly and follow instructions carefully if you want to exercise your rights.

Eligible participants and, if applicable, brokers, dealers, banks or other nominees acting on their behalf, who desire to purchase Units in the Rights Offering must act promptly to ensure that all required certificates and payments are actually received by the Subscription Agent prior to the expiration of the Rights Offering on November 12, 2018, at 6:00 p.m. Eastern Time. The time period to exercise rights is limited. If you or your broker fail to complete and sign the required rights certificate, send an incorrect payment amount or otherwise fail to follow the procedures that apply to the exercise of your rights, we may, depending on the circumstances, reject your exercise of rights or accept it only to the extent of the payment received. Neither we nor the Subscription Agent undertakes to contact you concerning, or attempt to correct, an incomplete or incorrect rights certificate or payment or contact you concerning whether a broker, dealer bank or other nominee holds rights on your behalf. We have the sole discretion to determine whether an exercise properly follows the procedures that apply to the exercise of your rights.

We may terminate the Rights Offering at any time prior to the expiration of the offer period, and neither we nor the Subscription Agent will have any obligation to you except to return your exercise payments.

We may, in our sole discretion, decide not to continue with the Rights Offering or terminate the Rights Offering prior to the expiration of the offer period. If we withdraw or terminate this offering, neither we nor the Subscription Agent will have any obligation with respect to rights that have been exercised except to return as soon as practicable any subscription payments, without interest or penalty, the Subscription Agent received from you.

You will not receive interest on any subscription payments returned to you.

If we cancel the Rights Offering, neither we nor the Subscription Agent will have any obligation with respect to the subscription rights except to return, without interest or deduction, any subscription payments to you.

We may amend or modify the terms of the Rights Offering at any time before the expiration of the Rights Offering in our sole discretion.

The board of directors reserves the right to amend the terms of the Rights Offering in its sole discretion. We may choose to amend the terms of the Rights Offering for any reason, including, without limitation, in order to increase participation in the Rights Offering. Any such amendment that is not fundamental enough for us to have to return your subscription payment may nonetheless affect your rights, including any anticipated return on your investment, adversely.

You may not receive all of the Units for which you oversubscribe.

Eligible participants who fully exercise their basic subscription right (other than those subscription rights to acquire less than one whole Unit, which cannot be exercised) will be entitled to subscribe for an additional number of Units by exercising an over-subscription right. Over-subscription rights will generally be allocated pro rata among rights holders who oversubscribe, based on the number of basic subscription Units to which they have subscribed, although the allocation of over-subscription rights among investors who may become 5% holders, who are 5% holders that have not properly filed any required forms with the SEC, or who would own in excess of 25% of the Company's shares may be reduced. We cannot guarantee that you will receive any or the entire number of Units for which you oversubscribed. If the prorated number of Units allocated to you in connection with your over-subscription right is less than your request, then the excess funds held by the Subscription Agent on your behalf will be returned to you, without interest, as soon as practicable after the Rights Offering has expired and all prorating calculations and reductions contemplated by the terms of the Rights Offering have been effected, and we will have no further obligation to you.

Completion of the Rights Offering is not subject to us raising a minimum offering amount.

Completion of the Rights Offering is not subject to us raising a minimum offering amount and, therefore, proceeds may be insufficient to meet our objectives, thereby increasing the risk to investors in the offering, including investing in a company that continues to require capital. We will incur substantial expenses in connection with the Rights Offering, and insufficient proceeds from the Rights Offering may result in offering related expenses in excess of proceeds received from the Rights Offering. Please read “Use of Proceeds.”

You may not revoke your subscription exercise, even if we extend the expiration of the Rights Offering, and you could be committed to buying Units above the prevailing market price.

Once you exercise your subscription right, you may not revoke the exercise of such rights. If we decide to extend the expiration of the Rights Offering, you still may not revoke the exercise of your subscription right. The public trading market price of our Common Stock may decline before the subscription rights expire. If you exercise your subscription right and, afterwards, the public trading market price of our Common Stock decreases below the subscription price of each Unit, you will have committed to buying Units, including shares of Common Stock and Warrants, at a price above the prevailing market price. Our Common Stock is traded on the OTCQB Market under the symbol "PHOT." The last reported sales price of our Common Stock on September 14, 2018 was \$0.014 per share. Following the exercise of your rights, you may be unable to sell your shares of Common Stock or Warrants at a price equal to or greater than the subscription price you paid for the Unit, and you may lose all or part of your investment in the Unit or our Common Stock.

If you make payment of the subscription price by uncertified check, your check may not clear in sufficient time to enable you to purchase Units in this Rights Offering.

Any uncertified check used to pay for Units to be issued in this Rights Offering must clear prior to the expiration date of this Rights Offering, and the clearing process may require seven or more business days. If you choose to exercise your subscription right, in whole or in part, and to pay for Units by uncertified check and your check has not cleared prior to the expiration date of this Rights Offering, you will not have satisfied the conditions to exercise your subscription right and will not receive the Units you wish to purchase.

Exercising the subscription right limits your ability to engage in certain hedging transactions that could provide you with financial benefits.

By exercising the subscription rights, you are representing to us that you have not entered into any short sale or similar transaction with respect to our Common Stock since the Record Date for the Rights Offering. These requirements prevent you from pursuing certain investment strategies that could provide you greater financial benefits than you might have realized if the subscription rights did not contain these requirements.

The subscription rights are not transferable, and there is no market for the subscription rights.

You may not sell, transfer, assign or give away your subscription right. Because the subscription rights are non-transferable, there is no market or other means for you to directly realize any value associated with the subscription rights. You must exercise the subscription rights to realize any potential value from your subscription right.

There is no public market for the Warrants included in the Units.

There is no established public trading market for our Warrants, and we do not expect a market to develop. We do not intend to list the Warrants on any national securities exchange or nationally recognized trading system.

The subscription price for the Units sold in the Rights Offering is not an indication of the value of our Common Stock.

The subscription price is not necessarily related to our book value, net worth or any other established criteria of value and may or may not be considered the fair value of the Units to be offered in the Rights Offering. We cannot give any assurance that Common Stock will trade at or above the subscription price of each Unit in any given time period. After the date of this prospectus, our Common Stock may trade at prices above or below the subscription price of each

Unit.

The market price of our Common Stock may never exceed the exercise price of the Warrants issued in connection with this Rights Offering.

The Warrants being issued in connection with this offering become exercisable upon issuance and will expire three years from the date of issuance. The market price of our Common Stock may never exceed the exercise price of the Warrants prior to their date of expiration. The expiration date of the Warrants may be accelerated in the Company's sole discretion upon 30 days' notice from Company to holder if the closing trading price of the Company's Common Stock is above \$0.0325 for ten consecutive trading days. Any Warrants not exercised by their date of expiration will expire worthless and we will be under no further obligation to the Warrant holder.

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The Warrants contain features that may reduce your economic benefit from owning them.

The Warrants contain features that allow us to redeem all of the Warrants no earlier than six months after the date of issuance for \$0.0001 per Warrant once the volume weighted average price of our common stock has equaled or exceeded \$0.03 per share, subject to adjustment, for five consecutive trading days. To redeem the Warrants, we must provide not less than 30 days' prior written notice, which notice could come at a time when it is not advisable or possible for you to exercise the Warrants. As a result, you may be unable to fully benefit from owning the Warrants being redeemed.

Except for certain contractual participation rights, Holders of our Warrants will have no rights as a common stockholder until such holders exercise their Warrants and acquire our Common Stock.

Until holders of Warrants acquire shares of our Common Stock upon exercise of the Warrants, holders of Warrants will have no rights with respect to the shares of our Common Stock underlying such Warrants, except for certain contractual participation rights.

You may not be able to immediately resell any shares of Common Stock or Warrants that you purchase pursuant to the exercise of subscription rights upon expiration of the subscription period.

If you exercise subscription rights, you may not be able to resell the Common Stock or Warrants included in the Unit purchased by exercising your subscription right until you, or your broker, custodian bank or other nominee, if applicable, have received those shares or Warrants. Moreover, you will have no rights as a stockholder in the shares included in the Units you purchased in the Rights Offering until the shares are issued to you. Although we will endeavor to issue the shares and Warrants as soon as practicable after completion of the Rights Offering and after all necessary calculations have been completed, there may be a delay between the expiration date of the Rights Offering and the time that the shares and Warrants are issued.

Our share price may be volatile, which could subject us to securities class action litigation and prevent you from being able to sell your shares at or above the offering price.

Our Common Stock market price has been and is likely in the future to be volatile; the price may be subject to wide fluctuation in response to many risk factors listed in this section or incorporated by reference into this prospectus, and others beyond our control, including:

Market acceptance and commercialization of our products;

Our being able to timely demonstrate achievement of milestones, including those related to revenue generation, cost control, cost effective source supply, and regulatory approvals;

Announcements by us regarding liquidity, legal proceedings, significant acquisitions, equity investments and divestitures, strategic relationships, addition or loss of significant customers and contracts, capital expenditure commitments, loan, note payable and agreement defaults, loss of our subsidiaries and impairment of assets,

Our ability to remain listed on the OTCQB;

Our ability to continue trading as the result of a halt by the SEC or FINRA;

Results and timing of our submissions with the regulatory authorities;

Regulatory developments or enforcements in the United States and non-U.S. countries with respect to our products or our competitors' products;

Failure to achieve pricing acceptable to the market;

Actual or anticipated fluctuations in our financial condition and operating results, or our continuing to sustain operating losses;

Competition from existing products or new products that may emerge;

Announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures, collaborations, or capital commitments;

Issuance of new or updated research or reports by securities analysts;

Announcement or expectation of additional financing efforts, particularly if our cash available for operations significantly decreases or if the financing efforts result in a price adjustment to certain warrants;

Fluctuations in the valuation of companies perceived by investors to be comparable to us;

Share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;

Additions or departures of key management or personnel;

Disputes or other developments related to proprietary rights, litigation matters, and our ability to obtain protection for our intellectual property;

Entry by us into any material litigation or other proceedings;

Sales of our Common Stock by us, our insiders, or our other stockholders;

Exercise of outstanding warrants, including the Warrants issued in this Rights Offering;

Market conditions for stocks in general; and

General economic and market conditions unrelated to our performance.

Furthermore, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations may be unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political, and market conditions such as recessions, interest rate changes, or international currency fluctuations, may negatively impact the market price of shares of our Common Stock. In addition, such fluctuations could subject us to securities class action litigation, which could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business. If the market price of shares of our Common Stock after this offering does not exceed the subscription price of the Unit, you may not realize any return on your investment in us and may lose some or all of your investment.

CANX and Chicago Venture could have significant influence over matters submitted to stockholders for approval.

CANX and Logic Works

As of June 30, 2018, CANX holds warrants representing approximately 15.5% of our common stock on a fully-converted basis and could be considered a control group for purposes of SEC rules. However, their agreements limit their ownership to 4.99% individually and each of the parties disclaims its status as a control group or a beneficial owner due to the fact that their beneficial ownership is limited to 4.99% per their agreements. Beneficial ownership includes shares over which an individual or entity has investment or voting power and includes shares that could be issued upon the exercise of options and warrants within 60 days after the date of determination.

Chicago Venture

As a result of funding from Chicago Venture as previously detailed, they exercise significant control over us.

If these persons were to choose to act together, they would be able to significantly influence all matters submitted to our stockholders for approval, as well as our officers, directors, management and affairs. For example, these persons, if they choose to act together, could significantly influence the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of voting power could delay or prevent an acquisition of us on terms that other stockholders may desire.

Trading in our stock is limited by the SEC's penny stock regulations.

Our stock is categorized as a penny stock. The SEC has adopted Rule 15c-2-01 which generally defines "penny stock" to be any equity security that has a market price (as defined) less than US\$ 5.00 per share or an exercise price of less than US \$5.00 per share, subject to certain exclusions (e.g., net tangible assets in excess of \$2,000,000 or average revenue of at least \$6,000,000 for the last three years). The penny stock rules impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC, which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. Finally, broker-dealers may not handle penny stocks under \$0.10 per share.

These disclosure requirements reduce the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules would affect the ability of broker-dealers to trade our securities if we become subject to them in the future. The penny stock rules also could discourage investor interest in and limit the marketability of our common stock to future investors, resulting in limited ability for investors to sell their shares.

FINRA sales practice requirements may also limit a shareholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our securities is impacted by the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. We cannot assure that analysts will continue to cover us or provide favorable coverage. If one or more of the analysts who cover us downgrade our stock or change their opinion of our stock, our share price would likely decline. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline.

The tax treatment of the Rights Offering is uncertain and it may be treated as a taxable event to our stockholders.

If the Rights Offering is deemed to be part of a “disproportionate distribution” under Code Section 305, our stockholders may recognize taxable income for U.S. federal income tax purposes in connection with the receipt of subscription rights in the Rights Offering depending on our current and accumulated earnings and profits and your tax basis in our Common Stock. A “disproportionate distribution” is a distribution or a series of distributions, including deemed distributions, that has the effect of the receipt of cash or other property by some stockholders or holders of debt instruments convertible into stock and an increase in the proportionate interest of other stockholders in a company’s assets or earnings and profits. The disproportionate distribution rules are complicated, however, and their application is uncertain. Please read “Certain United States Federal Income Tax Considerations” for further information on the treatment of the Rights Offering.

The Rights Offering could impair or limit our net operating loss carryforwards.

As of December 31, 2017, we had net operating losses, or NOLs of \$5.3 million pretax and accumulated NOLs of approximately \$18 million for U.S. federal income tax purposes. Under the Code, an “ownership change” with respect to a corporation could limit the amount of pre-ownership change NOLs and certain other tax assets that the corporation may utilize after the ownership change to offset future taxable income, possibly reducing the amount of cash available to the corporation to satisfy its obligations. An ownership change generally should occur if the aggregate stock ownership of beneficial owners of at least 5% of our stock increases by more than 50 percentage points over the preceding three-year period. Because not all stockholders may exercise their basic subscription right in full, the purchase of Units could result in a shift in this beneficial ownership that could trigger an ownership change with respect to our stock. Please read the section entitled “Certain United States Federal Income Tax Considerations” for further information.

You may be required to allocate a portion of your tax basis in our Common Stock to the subscription rights received in the offering.

You will be required to allocate a portion of your tax basis in your Common Stock to the subscription rights we distribute to you in the offering (which will carry over and become part of the tax basis in any of our Common Stock acquired upon exercise of the rights) if you determine the value of the stock rights equals or exceeds 15% of the fair market value of our Common Stock on the date we distribute the rights to you, or if you so elect to allocate a portion of your tax basis to the rights. We are not required to, nor do we intend to, provide you with an appraisal setting forth the estimated fair market value of the rights. Please read “Certain United States Federal Income Tax Considerations” for further information on the treatment of the Rights Offering.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

We currently intend to allocate the net proceeds that we will receive from this offering as described in this prospectus under the “Use of Proceeds” section of this prospectus. However, our management will have broad discretion in the

actual application of the net proceeds, and we may elect to allocate proceeds differently from that described herein if we believe it would be in the best interest of the Company to do so. Our stockholders may not agree with the manner in which our management chooses to allocate and spend the net proceeds. The failure by our management to apply these funds effectively could have a material adverse effect on our business. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

Risks Related to Our Business

There are certain inherent risks which will have an effect on the Company's development in the future and the most significant risks and uncertainties known and identified by our management are described below.

Risks Associated with Securities Purchase Agreement with Chicago Venture

The Securities Purchase Agreement with Chicago Venture will terminate if we file protection from its creditors, a Registration Statement on Form S-1 is not effective, and our market capitalization or the trading volume of our common stock does not reach certain levels. If terminated, we will be unable to draw down all or substantially all of our Chicago Venture Notes.

Our ability to require Chicago Venture to fund the Chicago Venture Note is at our discretion, subject to certain limitations. Chicago Venture is obligated to fund if each of the following conditions are met; (i) the average and median daily dollar volumes of our common stock for the twenty (20) and sixty (60) trading days immediately preceding the funding date are greater than \$100,000; (ii) our market capitalization on the funding date is greater than \$17,000,000; (iii) we are not in default with respect to share delivery obligations under the note as of the funding date; and (iv) we are current in our reporting obligations.

There is no guarantee that we will be able to meet the foregoing conditions or any other conditions under the Securities Purchase Agreement and/or Chicago Venture Note or that we will be able to draw down any portion of the amounts available under the Securities Purchase Agreement and/or Chicago Venture Note.

If we not able to draw down all due under the Securities Purchase Agreement or if the Securities Purchase Agreement is terminated, we may be forced to curtail the scope of our operations or alter our business plan if other financing is not available to us.

Suspension of trading of the Company's securities.

On April 10, 2014, we received notice from the SEC that trading of our common stock on the OTCBB was to be suspended from April 10, 2014 through April 24, 2014 pursuant to Section 12(k) of the Securities Exchange Act of 1934. According to the notice from the SEC the suspension of trading was. due to concerns regarding the accuracy and adequacy of information in the marketplace and potentially manipulative transactions in our common stock." We never received notice from the SEC that we were formally being investigated.

The suspension of trading eliminated our market makers, resulted in our trading on the grey sheets, resulted in legal proceedings and restricted our access to capital.

On October 17, 2017, we were informed by Alpine Securities Corporation ("Alpine") that Alpine has demonstrated compliance with the Financial Industry Regulatory Authority ("FINRA") Rule 6432 and Rule 15c2-11 under the Securities Exchange Act of 1934. We filed an amended application with the OTC Markets to list the Company's common stock on the OTCQB and begin to trade on this market as of March 20, 2018.

This action had a material adverse effect on our business, financial condition and results of operations. If we are unable to obtain additional financing when it is needed, we will need to restructure our operations, and divest all or a portion of our business.

We are involved in Legal Proceedings.

We are involved in the disputes and legal proceedings as discussed in the section title “Legal Proceedings” within our Form 10-K for year ended December 31, 2017. In addition, as a public company, we are also potentially susceptible to litigation, such as claims asserting violations of securities laws. Any such claims, with or without merit, if not resolved, could be time-consuming and result in costly litigation. There can be no assurance that an adverse result in any future proceeding would not have a potentially material adverse on our business, results of operations or financial condition.

Our Joint Venture Agreement with CANX USA, LLC and Logic Works may be important to our operations.

On November 19, 2013, we entered into a Joint Venture Agreement with CANX, a Nevada limited liability company. Under the terms of the Joint Venture Agreement, the Company and CANX formed Organic Growth International, LLC (“OGI”), a Nevada limited liability company, for the purpose of expanding our operations in its current retail hydroponic businesses and in other synergistic business verticals and facilitating additional funding for commercially financeable transactions of up to \$40,000,000.

We initially owned a non-dilutive 45% share of OGI and the Company could acquire a controlling share of OGI as provided in the Joint Venture Agreement. In accordance with the Joint Venture Agreement, the Company and CANX entered into a Warrant Agreement whereby we delivered to CANX a warrant to purchase 140,000,000 shares of our common stock that is convertible at \$0.033 per share, subject to adjustment as provided in the warrant. The five-year warrant expires November 18, 2018. Also in accordance with the Joint Venture Agreement, on February 7, 2014, the Company issued an additional warrant to purchase 100,000,000 shares of our common stock that is convertible at \$0.033 per share, subject to adjustment as provided in the warrant. The five-year warrant expires February 6, 2019.

GrowLife received the \$1 million as a convertible note in December 2013, received the \$1.3 million commitment but not executed and by January 2014 OGI had Letters of Intent with four investment and acquisition transactions valued at \$96 million. Before the deals could close, the SEC put a trading halt on our stock on April 10, 2014, which resulted in the withdrawal of all transactions. The business disruption from the trading halt and the resulting class action and derivative lawsuits ceased further investments with the OGI joint venture. The Convertible Note was converted into our common stock as of the year ended December 31, 2016.

On July 10, 2014, we closed a Waiver and Modification Agreement, Amended and Restated Joint Venture Agreement, Secured Credit Facility and Secured Convertible Note with CANX and Logic Works LLC, a former lender and current shareholder of the Company.

The Amended and Restated Joint Venture Agreement with CANX modified the Joint Venture Agreement dated November 19, 2013 to provide for (i) up to \$12,000,000 in conditional financing subject to review by GrowLife and approval by OGI for business growth development opportunities in the legal cannabis industry for up to nine months, subject to extension; (ii) up to \$10,000,000 in working capital loans with each loaning requiring approval in advance by CANX; (iii) confirmed that the five year warrants, subject to adjustment, at \$0.033 per share for the purchase of 140,000,000 and 100,000,000 were fully earned and were not considered compensation for tax purposes by the Company; (iv) granted CANX five year warrants, subject to adjustment, to purchase 300,000,000 shares of common stock at the fair market price of \$0.033 per share as determined by an independent appraisal; (v) warrants as defined in the Agreement related to the achievement of OGI milestones; and (vi) a four year term, subject to adjustment.

Failure to operate in accordance with the Agreements with CANX could result in the cancellation of these agreements, result in foreclosure on our assets in event of default and would have a material adverse effect on our business, results of operations or financial condition.

We may engage in acquisitions, mergers, strategic alliances, joint ventures and divestitures that could result in final results that are different than expected.

In the normal course of business, we engage in discussions relating to possible acquisitions, equity investments, mergers, strategic alliances, joint ventures and divestitures. Such transactions are accompanied by a number of risks, including the use of significant amounts of cash, potentially dilutive issuances of equity securities, incurrence of debt on potentially unfavorable terms as well as impairment expenses related to goodwill and amortization expenses related to other intangible assets, the possibility that we may pay too much cash or issue too many of our shares as the

purchase price for an acquisition relative to the economic benefits that we ultimately derive from such acquisition, and various potential difficulties involved in integrating acquired businesses into our operations.

From time to time, we have also engaged in discussions with candidates regarding the potential acquisitions of our product lines, technologies and businesses. If a divestiture such as this does occur, we cannot be certain that our business, operating results and financial condition will not be materially and adversely affected. A successful divestiture depends on various factors, including our ability to effectively transfer liabilities, contracts, facilities and employees to any purchaser; identify and separate the intellectual property to be divested from the intellectual property that we wish to retain; reduce fixed costs previously associated with the divested assets or business; and collect the proceeds from any divestitures.

If we do not realize the expected benefits of any acquisition or divestiture transaction, our financial position, results of operations, cash flows and stock price could be negatively impacted.

Our proposed business is dependent on laws pertaining to the marijuana industry.

Continued development of the marijuana industry is dependent upon continued legislative authorization of the use and cultivation of marijuana at the state level. Any number of factors could slow or halt progress in this area. Further, progress, while encouraging, is not assured. While there may be ample public support for legislative action, numerous factors impact the legislative process. Any one of these factors could slow or halt use of marijuana, which would negatively impact our proposed business.

Currently, thirty states and the District of Columbia allow its citizens to use medical cannabis. Additionally, eight states and the District of Columbia have legalized cannabis for adult use. The state laws are in conflict with the federal Controlled Substances Act, which makes marijuana use and possession illegal on a national level. The Obama administration previously effectively stated that it is not an efficient use of resources to direct law federal law enforcement agencies to prosecute those lawfully abiding by state-designated laws allowing the use and distribution of medical marijuana. The Trump administration position is unknown. However, there is no guarantee that the Trump administration will not change current policy regarding the low-priority enforcement of federal laws. Additionally, any new administration that follows could change this policy and decide to enforce the federal laws strongly. Any such change in the federal government's enforcement of current federal laws could cause significant financial damage to us and its shareholders.

Further, while we do not harvest, distribute or sell marijuana, by supplying products to growers of marijuana, we could be deemed to be participating in marijuana cultivation, which remains illegal under federal law, and exposes us to potential criminal liability, with the additional risk that our business could be subject to civil forfeiture proceedings.

The marijuana industry faces strong opposition.

It is believed by many that large, well-funded businesses may have a strong economic opposition to the marijuana industry. We believe that the pharmaceutical industry clearly does not want to cede control of any product that could generate significant revenue. For example, medical marijuana will likely adversely impact the existing market for the current "marijuana pill" sold by mainstream pharmaceutical companies. Further, the medical marijuana industry could face a material threat from the pharmaceutical industry, should marijuana displace other drugs or encroach upon the pharmaceutical industry's products. The pharmaceutical industry is well funded with a strong and experienced lobby that eclipses the funding of the medical marijuana movement. Any inroads the pharmaceutical industry could make in halting or impeding the marijuana industry harm our business, prospects, results of operation and financial condition.

Marijuana remains illegal under Federal law.

Marijuana is a Schedule-I controlled substance and is illegal under federal law. Even in those states in which the use of marijuana has been legalized, its use remains a violation of federal law. Since federal law criminalizing the use of

marijuana preempts state laws that legalize its use, strict enforcement of federal law regarding marijuana would harm our business, prospects, results of operation and financial condition.

Closing of bank accounts could have a material adverse effect on our business, financial condition and/or results of operations.

As a result of the regulatory environment, we have experienced the closing of several of our bank accounts since March 2014. We have been able to open other bank accounts. However, we may have other banking accounts closed. These factors impact management and could have a material adverse effect on our business, financial condition and/or results of operations.

Federal regulation and enforcement may adversely affect the implementation of medical marijuana laws and regulations may negatively impact our revenues and profits.

Currently, there are thirty states plus the District of Columbia that have laws and/or regulation that recognize in one form or another legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. Many other states are considering legislation to similar effect. As of the date of this writing, the policy and regulations of the Federal government and its agencies is that cannabis has no medical benefit and a range of activities including cultivation and use of cannabis for personal use is prohibited on the basis of federal law and may or may not be permitted on the basis of state law. Active enforcement of the current federal regulatory position on cannabis on a regional or national basis may directly and adversely affect the willingness of customers of GrowLife to invest in or buy products from GrowLife that may be used in connection with cannabis. Active enforcement of the current federal regulatory position on cannabis may thus indirectly and adversely affect revenues and profits of the GrowLife companies.

Our history of net losses has raised substantial doubt regarding our ability to continue as a going concern. If we do not continue as a going concern, investors could lose their entire investment.

Our history of net losses has raised substantial doubt about our ability to continue as a going concern, and as a result, our independent registered public accounting firm included an explanatory paragraph in its report on our financial statements as of and for the year ended December 31, 2017 and 2016 with respect to this uncertainty. Accordingly, our ability to continue as a going concern will require us to seek alternative financing to fund our operations. This going concern opinion could materially limit our ability to raise additional funds through the issuance of new debt or equity securities or otherwise. Future reports on our financial statements may include an explanatory paragraph with respect to our ability to continue as a going concern.

We have a history of operating losses and there can be no assurance that we can again achieve or maintain profitability.

We have experienced net losses since inception. As of June 30, 2018, we had an accumulated deficit of \$136.1 million. There can be no assurance that we will achieve or maintain profitability.

We are subject to corporate governance and internal control reporting requirements, and our costs related to compliance with, or our failure to comply with existing and future requirements, could adversely affect our business.

We must comply with corporate governance requirements under the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as well as additional rules and regulations currently in place and that may be subsequently adopted by the SEC and the Public Company Accounting Oversight Board. These laws, rules, and regulations continue to evolve and may become increasingly stringent in the future. We are required to include management's report on internal controls as part of our annual report pursuant to Section 404 of the Sarbanes-Oxley Act. We strive to continuously evaluate and improve our control structure to help ensure that we comply with Section 404 of the Sarbanes-Oxley Act. The financial cost of compliance with these laws, rules, and

regulations is expected to remain substantial.

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We cannot assure you that we will be able to fully comply with these laws, rules, and regulations that address corporate governance, internal control reporting, and similar matters. Failure to comply with these laws, rules and regulations could materially adversely affect our reputation, financial condition, and the value of our securities.

Our inability or failure to effectively manage our growth could harm our business and materially and adversely affect our operating results and financial condition.

Our strategy envisions growing our business. We plan to expand our product, sales, administrative and marketing organizations. Any growth in or expansion of our business is likely to continue to place a strain on our management and administrative resources, infrastructure and systems. As with other growing businesses, we expect that we will need to further refine and expand our business development capabilities, our systems and processes and our access to financing sources. We also will need to hire, train, supervise and manage new and retain contributing employees. These processes are time consuming and expensive, will increase management responsibilities and will divert management attention. We cannot assure you that we will be able to:

- expand our products effectively or efficiently or in a timely manner;
- allocate our human resources optimally;
- meet our capital needs;
- identify and hire qualified employees or retain valued employees; or
- incorporate effectively the components of any business or product line that we may acquire in our effort to achieve growth.

Our operating results may fluctuate significantly based on customer acceptance of our products. As a result, period-to-period comparisons of our results of operations are unlikely to provide a good indication of our future performance. Management expects that we will experience substantial variations in our net sales and operating results from quarter to quarter due to customer acceptance of our products. If customers don't accept our products, our sales and revenues will decline, resulting in a reduction in our operating income.

Customer interest for our products could also be impacted by the timing of our introduction of new products. If our competitors introduce new products around the same time that we issue new products, and if such competing products are superior to our own, customers' desire for our products could decrease, resulting in a decrease in our sales and revenues. To the extent that we introduce new products and customers decide not to migrate to our new products from our older products, our revenues could be negatively impacted due to the loss of revenue from those customers. In the event that our newer products do not sell as well as our older products, we could also experience a reduction in our revenues and operating income.

If we do not successfully generate additional products and services, or if such products and services are developed but not successfully commercialized, we could lose revenue opportunities.

Our future success depends, in part, on our ability to expand our product and service offerings. To that end we have engaged in the process of identifying new product opportunities to provide additional products and related services to our customers. The process of identifying and commercializing new products is complex and uncertain, and if we fail to accurately predict customers' changing needs and emerging technological trends our business could be harmed. We may have to commit significant resources to commercializing new products before knowing whether our investments will result in products the market will accept. Furthermore, we may not execute successfully on commercializing those products because of errors in product planning or timing, technical hurdles that we fail to overcome in a timely fashion, or a lack of appropriate resources. This could result in competitors providing those solutions before we do and a reduction in net sales and earnings.

The success of new products depends on several factors, including proper new product definition, timely completion and introduction of these products, differentiation of new products from those of our competitors, and market acceptance of these products. There can be no assurance that we will successfully identify new product opportunities, develop and bring new products to market in a timely manner, or achieve market acceptance of our products or that products and technologies developed by others will not render our products or technologies obsolete or noncompetitive.

Our future success depends on our ability to grow and expand our customer base. Our failure to achieve such growth or expansion could materially harm our business.

To date, our revenue growth has been derived primarily from the sale of our products and through the purchase of existing businesses. Our success and the planned growth and expansion of our business depend on us achieving greater and broader acceptance of our products and expanding our customer base. There can be no assurance that customers will purchase our products or that we will continue to expand our customer base. If we are unable to effectively market or expand our product offerings, we will be unable to grow and expand our business or implement our business strategy. This could materially impair our ability to increase sales and revenue and materially and adversely affect our margins, which could harm our business and cause our stock price to decline.

If we incur substantial liability from litigation, complaints, or enforcement actions resulting from misconduct by our distributors, our financial condition could suffer. We will require that our distributors comply with applicable law and with our policies and procedures. Although we will use various means to address misconduct by our distributors, including maintaining these policies and procedures to govern the conduct of our distributors and conducting training seminars, it will still be difficult to detect and correct all instances of misconduct. Violations of applicable law or our policies and procedures by our distributors could lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or foreign regulatory authorities against us and/or our distributors. and could consume considerable amounts of financial and other corporate resources, which could have a negative impact on our sales, revenue, profitability and growth prospects. As we are currently in the process of implementing our direct sales distributor program, we have not been, and are not currently, subject to any material litigation, complaint or enforcement action regarding distributor misconduct by any federal, state or foreign regulatory authority.

Our future manufacturers could fail to fulfill our orders for products, which would disrupt our business, increase our costs, harm our reputation and potentially cause us to lose our market.

We may depend on contract manufacturers in the future to produce our products. These manufacturers could fail to produce products to our specifications or in a workmanlike manner and may not deliver the units on a timely basis. Our manufacturers may also have to obtain inventories of the necessary parts and tools for production. Any change in manufacturers to resolve production issues could disrupt our ability to fulfill orders. Any change in manufacturers to resolve production issues could also disrupt our business due to delays in finding new manufacturers, providing specifications and testing initial production. Such disruptions in our business and/or delays in fulfilling orders would harm our reputation and would potentially cause us to lose our market.

Our inability to effectively protect our intellectual property would adversely affect our ability to compete effectively, our revenue, our financial condition and our results of operations.

We may be unable to obtain intellectual property rights to effectively protect our business. Our ability to compete effectively may be affected by the nature and breadth of our intellectual property rights. While we intend to defend against any threats to our intellectual property rights, there can be no assurance that any such actions will adequately protect our interests. If we are unable to secure intellectual property rights to effectively protect our technology, our revenue and earnings, financial condition, and/or results of operations would be adversely affected.

We may also rely on nondisclosure and non-competition agreements to protect portions of our technology. There can be no assurance that these agreements will not be breached, that we will have adequate remedies for any breach, that third parties will not otherwise gain access to our trade secrets or proprietary knowledge, or that third parties will not independently develop the technology.

We do not warrant any opinion as to non-infringement of any patent, trademark, or copyright by us or any of our affiliates, providers, or distributors. Nor do we warrant any opinion as to invalidity of any third-party patent or unpatentability of any third-party pending patent application.

Our industry is highly competitive and we have less capital and resources than many of our competitors, which may give them an advantage in developing and marketing products similar to ours or make our products obsolete.

We are involved in a highly competitive industry where we may compete with numerous other companies who offer alternative methods or approaches, may have far greater resources, more experience, and personnel perhaps more qualified than we do. Such resources may give our competitors an advantage in developing and marketing products similar to ours or products that make our products obsolete. There can be no assurance that we will be able to successfully compete against these other entities.

We are dependent on key personnel

Our success depends to a significant degree upon the continued contributions of key management and other personnel, some of whom could be difficult to replace. We do not maintain key man life insurance covering our officers. Our success will depend on the performance of our officers and key management and other personnel, our ability to retain and motivate our officers, our ability to integrate new officers and key management and other personnel into our operations, and the ability of all personnel to work together effectively as a team. Our failure to retain and recruit officers and other key personnel could have a material adverse effect on our business, financial condition and results of operations.

We have limited insurance.

We have limited directors' and officers' liability insurance and limited commercial liability insurance policies. Any significant claims would have a material adverse effect on our business, financial condition and results of operations.

USE OF PROCEEDS

The gross proceeds that we receive from the Rights Offering will depend upon the number of rights exercised. If all of the subscription rights offered are exercised, we will receive gross cash proceeds of approximately \$6,000,000. We intend the net proceeds from the Rights Offering to be used for working capital and general corporate purposes, including the following estimates:

Between \$1.75 million on our commercialization efforts of our products, nationwide multi-channel sales marketing;

Between \$890 thousand on development and enhancement of our vertical grow room product;

\$1.75 million on mergers and acquisitions; and

Up to \$1.61 million on general corporate purposes, including working capital, expenses and financing costs.

If we receive substantially less than the maximum proceeds in this Rights Offering, we intend to use such proceeds for working capital and general corporate purposes, prioritizing on our commercialization efforts, and the development

and enhancement of our products. The expected use of the net proceeds from this Rights Offering represents our intentions based upon our current plans and business conditions, which could change in the future as our plans and business conditions evolve. The amounts and timing of our actual expenditures will depend on numerous factors, including the progress of our product development efforts, timing of regulatory approvals and market acceptance of our products. As a result, our management will have broad discretion in applying the net proceeds from this offering.

DILUTION

If you invest in our Units in this offering, you will experience an immediate dilution of the net tangible book value per share of our Common Stock. Our historical net tangible book value as of June 30, 2018 was approximately \$(2.580) million, or \$(0.001) per share of Common Stock. Our historical net tangible book value is the amount of our total tangible assets less our total liabilities. Historical net tangible book value per share is our historical net tangible book value divided by the weighted average number of shares of Common Stock outstanding as of June 30, 2018.

After giving effect to the sale of Units in this offering, at an assumed subscription price of \$0.012 per Unit (and assuming no exercise of the Warrants), and after deducting the estimated offering expenses and fees payable by us, our as adjusted net tangible book value as of June 30, 2018 would have been approximately \$5.224 million, or \$0.002 per share of Common Stock. This represents an immediate increase in net tangible book value of \$0.003 per share to existing stockholders and an immediate dilution in net tangible book value of \$0.010 per share to new investors purchasing Units in this offering. The following table illustrates this dilution on a per share basis:

Assumed subscription price per share	-	\$0.012
Pro forma net tangible book value per share as of June 30, 2018	\$(0.001)	1
Increase in net tangible book value per share attributable to this offering	\$0.003	
Pro forma as adjusted net tangible book value per share after this offering	-	\$0.002
Amount of dilution in net tangible book value per share to w investors in this offering		\$0.010

The foregoing tables and calculations as of June 30, 2018 exclude the following potentially dilutive shares of Common Stock:

stock option grants outstanding for the purchase of 63 million common shares at a \$0.009 average exercise price;

warrants for the purchase of 595 million common shares at a \$0.031 average exercise price;

109 million shares related to convertible debt that can be converted at \$0.002535 per share; and

an unknown number of common shares to be issued under the Chicago Venture Partners, L.P. financing agreements.

To the extent that any outstanding Common Stock options and Common Stock warrants are exercised or there are additional issuances of Common Stock options, Common Stock warrants or shares of our Common Stock in the future, there will be further dilution to investors participating in this offering.

MARKET PRICE OF OUR COMMON STOCK

Our Common Stock is traded on the OTCQB under the symbol "PHOT." Our Common Stock has, from time to time, traded on a limited, sporadic or volatile basis. As of September 14, 2018, our Common Stock was held by approximately 120 stockholders of record. The following tables show the high and low sales prices for our Common Stock for the periods indicated, as reported on the OTC Markets Group.

Period	High	Low
Quarter ending September 30, 2018*	0.019	0.013
Quarter ended June 30, 2018	0.024	0.015

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Quarter ended March 31, 2018	0.038	0.014
Quarter ended December 31, 2017	0.037	0.001
Quarter ended September 30, 2017	0.012	0.002
Quarter ended June 30, 2017	0.007	0.001
Quarter ended March 31, 2017	0.020	0.005
Quarter ended December 31, 2016	0.021	0.007

* Ending on September 14, 2018.

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On April 10, 2014, as a result of the SEC suspension in the trading of our securities, we lost all market makers and traded on the grey market of OTCBB through February 17, 2016. On February 18, 2016 we resumed unsolicited quotation on the OTC Bulletin Board after receiving clearance from the FINRA on our Form 15c2-11. On October 17, 2017, we were informed by Alpine that they had demonstrated compliance with FINRA Rule 6432 and Rule 15c2-11 under the Securities Exchange Act of 1934. We filed an amended application with the OTC Markets to list the Company's common stock on the OTCQB and begin to trade on this market as of March 20, 2018.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our Common Stock. We currently intend to retain all available funds and any future earnings to support our operations and finance the growth and development of our business. We do not intend to pay cash dividends on our Common Stock for the foreseeable future. Any future determination related to our dividend policy will be made at the discretion of our board of directors and will depend upon, among other factors, our results of operations, financial condition, capital requirements, contractual restrictions, business prospects and other factors our board of directors may deem relevant.

CAPITALIZATION

Set forth below is our cash and liquid assets and capitalization as of June 30, 2018:

on an actual basis; and

on an as adjusted basis, reflecting the issuance of shares of Common Stock and Warrants included in the Units offered by this prospectus, at a subscription price of \$0.012 per Units, assuming net proceeds of approximately \$5.95 million, after offering expenses and fees payable by us.

The information below should be read in conjunction with our unaudited condensed consolidated financial statements for the three months ended June 30, 2018 and our audited consolidated financial statements for the year ended December 31, 2017, all of which are incorporated by reference in this prospectus and any additional reports incorporated by reference herein. Our financial statements should also be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations," which is included in our Annual Report on Form 10-K for the year ended December 31, 2017, as amended and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, as amended, and incorporated by reference in this prospectus. Please read "Where You Can Find Additional Information" and "Incorporation of Certain Information by Reference."

June 30,
2018

	Actual	Pro Forma (1)
	(Unaudited)	(Unaudited)
Cash and cash equivalents	\$136	\$6,086
Convertible notes payable	1,854	1,854
STOCKHOLDERS' DEFICIT		
Common stock	295	345
Additional paid-in capital	133,180	139,130
Accumulated deficit	(136,055)	(136,105)
Total stockholders' (deficit)	(2,580)	3,370
Total capitalization	\$(726)	\$5,224

(1) The as adjusted balance sheet amount reflects (i) the same of shares of our common stock in this offering at an assumed offering price of \$0.012 per share, after deducting commissions and estimated offering expenses payable by us.