# **AEROGROW INTERNATIONAL, INC. Statements of Operations**

	Fiscal Years	Fiscal Years Ended March 31,		
	<u>2013</u>	<u>2012</u>		
Product sales, net	\$ 7,330,408	\$ 8,230,424		
Cost of revenue	4,000,126	4,164,676		
Gross Profit	3,330,282	4,065,748		
Operating expenses				
Research and development	295,882	48,669		
Sales and marketing	2,325,475	2,031,043		
General and administrative	1,818,094	2,278,491		
Total operating expenses	4,439,451	4,358,203		
(Loss) from operations	(1,109,169)	(292,455)		
Other (income) expense, net				
Interest (income)	(8)	(18)		
Interest expense	569,924	3,328,835		
Interest expense – related party	29,897	473,932		
Debt conversion cost	6,648,267			
Other (income) expense, net	(98,655)	(544,170)		
Total other (income) expense, net	7,149,425	3,258,579		
Net (loss)	\$ (8,258,594)	\$ (3,551,034)		
Net (loss) per share, basic and				
diluted	\$ (1.55)	\$ (19.98)		
Weighted average number of common shares outstanding, basic				
and diluted	5,344,070	177,731		

## AEROGROW INTERNATIONAL, INC.

### **Condensed Balance Sheet**

ASSETS   Current assets   S		March 31, 2013	March 31, 2012
Cash and cash equivalents         \$ 524,491         \$ 501,577           Restricted cash         42,294         42,756           Accounts receivable, net of allowance for doubtful accounts of \$1,100 and \$768 at March 31, 2013 and 2012, respectively         173,096         221,713           Other receivables         1,68,511         197,076           Inventory, net         1,229,397         1,784,424           Prepaid expenses and other         204,927         309,340           Total current assets         2,342,716         3,056,886           Property and equipment, net of accumulated depreciation of \$2,868,610 and \$2,799,075 March 31, 2013 and 2012, respectively         265,508         133,768           Other assets         1         15,403         198,490         195,403         198,490         198,490         195,403         198,490         198,490         195,403         198,490         198,490         195,403         198,490 <th>ASSETS</th> <th></th> <th></th>	ASSETS		
Restricted cash         42,294         42,756           Accounts receivable, net of allowance for doubtful accounts of \$1,100 and \$768 at March \$1,2013 and 2012, respectively         173,096         221,713           Other receivables         168,511         197,076           Inventory, net         1,229,397         1,784,424           Prepaid expenses and other         204,927         309,340           Total current assets         2,342,716         3,056,886           Property and equipment, net of accumulated depreciation of \$2,868,610 and \$2,709,075 March \$1, 2013 and 2012, respectively         265,508         133,768           Other assets         0         195,403         1,84,90           Deposits         145,201         145,744           Deferred debt issuance costs, net of accumulated amortization of \$2,253,936 and \$1,449,581 March \$1,2013 and 2012, respectively         23,052         844,116           Total Assets         \$2,253,936 and \$1,449,581 March \$1,2013 and 2012, respectively         23,052         844,116           Total Assets         \$2,271,880         \$4,379,000           LACCounts payable         \$3,79,242         607,840           Notes payable         \$18,347         633,955           Notes payable         \$18,347         633,955           Notes payable         Related party <td< td=""><td>Current assets</td><td></td><td></td></td<>	Current assets		
Accounts receivable, net of allowance for doubtful accounts of \$1,100 and \$768 at March \$1,2013 and 2012, respectively 173,096 168,511 197,076 1nventory, net 1,229,397 1,784,424 Prepaid expenses and other 204,927 309,340 170tal current assets 2,709,075 March \$1,229,397 2,309,340 170tal current assets 2,709,075 March \$1,2013 and 2012, respectively 2,305,868,610 and \$2,709,075 March \$1,2013 and 2012, respectively 2,305,868,610 and \$2,709,075 March \$1,2013 and 2012, respectively 3,400 2,400,400 4	Cash and cash equivalents	\$ 524,491	\$ 501,577
S1,100 and S768 at March 31, 2013 and 2012, respectively	Restricted cash	42,294	42,756
Other receivables Inventory, net         168,511         197,076 Inventory, net         1,229,397         1,784,424         7,784,424         7,784,424         7,784,424         7,289,397         1,784,424         7,784,424		173 006	221 713
Inventory, net   1,229,397   1,784,424   Prepaid expenses and other   2014,927   309,340   Total current assets   2,342,716   3,056,886   Property and equipment, net of accumulated depreciation of \$2,868,610 and \$2,700,75 March 31, 2013 and 2012, respectively   265,508   133,768   Property and equipment, net of accumulated depreciation of \$2,868,610 and \$2,000,75 March 31, 2013 and 2012, respectively   195,403   198,490   Deposits   145,201   145,744   Deferred debt issuance costs, net of accumulated amortization of \$2,253,936 and \$1,449,581 March 31, 2013 and 2012, respectively   23,052   844,116   Total other assets   363,656   1,188,350   Total other assets   363,656   1,188,350   Total Assets   2,2971,880   34,379,000   EIBELITIES AND STOCKHOLDERS' EQUITY (DEFICIT)  Current liabilities   51,347   633,995   Notes payable   Related party   120,206   307,821   Current portion - long term debt - Related Party   120,206   307,821   Current portion - long term debt - Related Party   196,200   308,858   Accused expenses   292,066   252,562   Customer deposits   374,218   2,905,748   Current portion - long term debt - Related Party   1,500   3,827   Deferred tent   6,209   6,207   Total current liabilities   3,342,18   2,905,748   Competerm debt-related party   1,600,400   3,829,90   Total current liabilities   3,542,909   9,501,000   Total current liabilities   5,905   8,800,900   Total current liabi			
Prepaid expenses and other         204.927         309.340           Total current assets         2,342,716         3,056,886           Property and equipment, net of accumulated depreciation of \$2,868,610 and \$2,709,075 March 31, 2013 and 2012, respectively         265,508         133,768           Other assets         Intangible assets, net of \$134,837 and \$120,923 of accumulated amortization at March 31, 2013 and 2012, respectively         195,403         198,490           Deposits         145,201         145,744           Deferred debt issuance costs, net of accumulated amortization of \$2,253,936 and \$1,449,581 March 31,2013 and 2012, respectively         23,052         844,116           Total other assets         363,656         1,188,350           Total Assets         \$2,971,880         \$4,379,000           LABLITIES AND STOCKHOLDERS' EQUITY (DEFICIT)         Total Assets         \$379,242         \$607,840           Notes payable         \$18,347         633,995           Notes payable         \$18,347         633,995           Notes payable - Related party         12,206         307,821           Current portion - long term debt - Related Party         2         20,206         252,526           Customer deposits         156,929         8,279           Deferred rent         6,209         6,207		·	•
Total current assets   2,342,716   3,056,886     Property and equipment, net of accumulated depreciation of \$2,868,610 and \$2,709,075 March 31, 2013 and 2012, respectively     Cher assets	•		
Property and equipment, net of accumulated depreciation of \$2,868,610 and \$2,709,075 March 31, 2013 and 2012, respectively 26,075 March 31, 2013 and 2012, respectively 195,403 198,490 196,403 195,403 196,400 196,5018 19	• •	·	<u></u>
\$2,709,075 March 31, 2013 and 2012, respectively         265,508         133,768           Other assets         198,490         195,403         198,490           Deposits         145,201         145,744         145,201         145,744           Deferred debt issuance costs, net of accumulated amortization of \$2,253,936 and \$1,449,581 March 31, 2013 and 2012, respectively         23,052         844,116           Total other assets         363,656         1,188,350           Total Assets         \$2,971,880         \$4,379,004           LABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)         ***         ***           Current liabilities         \$379,242         \$607,840           Notes payable         \$18,347         633,995           Notes payable - Related party         122,026         307,821           Current portion - long term debt - Related Party         -         100,464           Current portion - long term debt - Related Party         -         100,464           Current portion - long term debt         \$89,399         988,589           Accured expenses         292,066         252,562           Customer deposits         156,929         8,270           Deferred rent         6,209         6,207           Total current liabilities         3,342,929         <		2,3 12,7 10	3,030,000
Intangible assets, net of \$134,837 and \$120,923 of accumulated amortization at March \$1, 2013 and 2012, respectively         195,403         198,490           Deposits         145,201         145,744           Deferred debt issuance costs, net of accumulated amortization of \$2,253,936 and \$1,449,581 March 31, 2013 and 2012, respectively         23,052         844,116           Total other assets         363,656         1,188,350           Total Assets         \$2,771,880         \$4379,004           LABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)           Current liabilities           Accounts payable         \$379,242         \$607,840           Notes payable - Related party         122,026         307,821           Current portion - long term debt - Related Party         1         100,464           Current portion - long term debt - Related Party         \$9,399         988,589           Accrued expenses         292,066         252,562           Customer deposits         156,929         8,270           Deferred rent         6,209         6,207           Total current liabilities         3,542,929         9,501,46           Long-term debt-related party         -         702,708           Long-term debt-related party         -         -         702,708           T	\$2,709,075 March 31, 2013 and 2012, respectively	265,508	133,768
amortization at March 31, 2013 and 2012, respectively         195, 403         198,490           Deposits         145, 201         145,744           \$2,253,936 and \$1,449,581 March 31, 2013 and 2012, respectively         23,052         844,116           Total Other assets         363,656         1,188,350           Total Assets         \$2,971,880         \$4,379,004           LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)           Current labilities           Accounts payable         \$3,79,242         \$607,840           Notes payable - Related party         122,026         307,821           Current portion - long term debt - Related Party         -         100,464           Current portion - long term debt - Related Party         -         100,464           Current portion - long term debt         899,399         988,589           Accrued expenses         292,066         252,562           Customer deposits         156,929         8,270           Deferred rent         6,209         6,207           Total current liabilities         2,374,218         2,905,748           Long-term debt         1,168,711         5,892,590           Long-term debt-related party         -         7,202,00           Commitments, and contingencies </td <td></td> <td></td> <td></td>			
Deposits Deposits Deferred debt issuance costs, net of accumulated amortization of \$2,253,936 and \$1,449,581 March 31, 2013 and 2012, respectively         23,052         844,116           Total other assets         363,656         1,188,350           Total Assets         \$2,971,880         \$4,379,004           LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)           Current liabilities           Accounts payable         \$18,347         633,995           Notes payable – Related party         \$122,026         307,821           Current portion – long term debt – Related Party         \$99,399         988,589           Accrued expenses         \$92,066         252,562           Customer deposits         \$156,929         8,270           Deferred rent         6,209         6,209           Total current liabilities         2,374,218         2,905,748           Long-term debt related party         \$6,209         9,501,048           Long-term debt qurrent debt-related party         \$6,209         \$6,209           Total current liabilities         3,542,929         9,501,048           Comp-term debt-related party         \$7,207,008         \$6           Total liabilities         3,542,929         9,501,048           Total liabilities         \$8         \$8		195 403	198 490
Deferred debt issuance costs, net of accumulated amortization of \$2,253,936 and \$1,449,581 March 31, 2013 and 2012, respectively			,
Total other assets         363,656         1,188,350           Total Assets         2,2971,880         \$4,379,004           LABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)           Current liabilities           Accounts payable         \$379,242         \$607,840           Notes payable         \$18,347         633,995           Notes payable - Related party         122,026         307,821           Current portion - long term debt - Related Party         -         100,464           Current portion - long term debt         899,399         988,589           Accrued expenses         292,066         252,562           Customer deposits         15,629         8,207           Deferred rent         6,209         6,207           Total current liabilities         2,374,218         2,995,748           Long-term debt         1,168,711         5,892,590           Long-term debt-related party         -         702,708           Total liabilities         3,542,929         9,501,046           Commitments, and contingencies         8           Stockholders' equity (deficit)         -         8           Preferred stock, S, 001 par value, 20,000,000 shares authorized, 7,526 and 7,576 issued and outstanding at March 31, 2012 and 2011, respect	Deferred debt issuance costs, net of accumulated amortization of	22.052	044.116
Total Assets			
Current liabilities			· · · · · · · · · · · · · · · · · · ·
Current liabilities         Accounts payable         \$ 379,242         \$ 607,840           Notes payable         518,347         633,995           Notes payable – Related party         122,026         307,821           Current portion – long term debt – Related Party         -         100,464           Current portion – long term debt         899,399         988,589           Accrued expenses         292,066         252,562           Customer deposits         156,929         8,270           Deferred rent         6,209         6,207           Total current liabilities         2,374,218         2,905,748           Long-term debt         1,168,711         5,892,590           Long-term debt-related party         -         702,708           Total liabilities         3,542,929         9,501,046           Commitments, and contingencies         8         8           Stockholders' equity (deficit)         -         8           Preferred stock, \$.001 par value, 20,000,000 shares authorized, 7,526 and 7,576 issued and outstanding at March 31, 2012 and 2011, respectively         -         8           Common stock, \$.001 par value, 500,000,000 shares authorized, 20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively         5,905         210           Additiona	Total Assets	<u>\$ 2,971,880</u>	<u>\$ 4,379,004</u>
Accounts payable         \$ 379,242         \$ 607,840           Notes payable         \$18,347         633,995           Notes payable – Related party         122,026         307,821           Current portion – long term debt – Related Party         -         100,464           Current portion – long term debt         899,399         988,589           Accrued expenses         292,066         252,562           Customer deposits         156,929         8,270           Deferred rent         6,209         6,207           Total current liabilities         2,374,218         2,905,748           Long-term debt         1,168,711         5,892,590           Long-term debt-related party         -         702,708           Total liabilities         3,542,929         9,501,046           Commitments, and contingencies         Stockholders' equity (deficit)         -         8           Preferred stock, \$.001 par value, 20,000,000 shares authorized, 7,526 and 7,576 issued and outstanding at March 31, 2012 and 2011, respectively         -         8           Common stock, \$.001 par value, 500,000,000 shares authorized, 20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively         5,905         210           Additional paid-in capital         75,427,217         62,623,317      <	LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Notes payable         518,347         633,995           Notes payable – Related party         122,026         307,821           Current portion – long term debt – Related Party          100,464           Current portion – long term debt         899,399         988,589           Accrued expenses         292,066         252,562           Customer deposits         156,929         8,270           Deferred rent         6,209         6,207           Total current liabilities         2,374,218         2,905,748           Long-term debt         1,168,711         5,892,590           Long-term debt-related party         -         702,708           Total liabilities         3,542,929         9,501,046           Commitments, and contingencies         Stockholders' equity (deficit)         -         8           Preferred stock, \$.001 par value, 20,000,000 shares authorized, 7,526 and 7,576 issued and outstanding at March 31, 2012 and 2011, respectively         -         8           Common stock, \$.001 par value, 500,000,000 shares authorized, 20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively         5,905         210           Additional paid-in capital         75,427,217         62,623,317           Accumulated (deficit)         (76,004,171)         (67,745,577)	Current liabilities		
Notes payable – Related party         122,026         307,821           Current portion – long term debt – Related Party         -         100,464           Current portion – long term debt         899,399         988,589           Accrued expenses         292,066         252,562           Customer deposits         156,929         8,270           Deferred rent         6,209         6,207           Total current liabilities         2,374,218         2,905,748           Long-term debt         1,168,711         5,892,590           Long-term debt-related party         -         702,708           Total liabilities         3,542,929         9,501,046           Commitments, and contingencies         Stockholders' equity (deficit)         8           Preferred stock, \$.001 par value, 20,000,000 shares authorized, 7,526 and 7,576 issued and outstanding at March 31, 2012 and 2011, respectively         -         8           Common stock, \$.001 par value, 500,000,000 shares authorized, 20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively         5,905         210           Additional paid-in capital         75,427,217         62,623,317           Accumulated (deficit)         (76,004,171)         (67,745,577)           Total Stockholders' Equity (Deficit)         (571,049)         (5,122,042)	Accounts payable	\$ 379,242	\$ 607,840
Current portion - long term debt - Related Party          100,464           Current portion - long term debt         899,399         988,589           Accrued expenses         292,066         252,562           Customer deposits         156,929         8,270           Deferred rent         6,209         6,207           Total current liabilities         2,374,218         2,905,748           Long-term debt         1,168,711         5,892,590           Long-term debt-related party          702,708           Total liabilities         3,542,929         9,501,046           Commitments, and contingencies         Stockholders' equity (deficit)         8           Preferred stock, \$.001 par value, 20,000,000 shares authorized, 7,526 and 7,576 issued and outstanding at March 31, 2012 and 2011, respectively          8           Common stock, \$.001 par value, 500,000,000 shares authorized, 20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively         5,905         210           Additional paid-in capital         75,427,217         62,623,317           Accumulated (deficit)         (76,004,171)         (67,745,577)           Total Stockholders' Equity (Deficit)         (571,049)         (5,122,042)	Notes payable	518,347	*
Current portion – long term debt         899,399         988,589           Accrued expenses         292,066         252,562           Customer deposits         156,929         8,270           Deferred rent         6,209         6,207           Total current liabilities         2,374,218         2,905,748           Long-term debt         1,168,711         5,892,590           Long-term debt-related party          702,708           Total liabilities         3,542,929         9,501,046           Commitments, and contingencies         Stockholders' equity (deficit)         8           Preferred stock, \$.001 par value, 20,000,000 shares authorized, 7,526 and 7,576 issued and outstanding at March 31, 2012 and 2011, respectively          8           Common stock, \$.001 par value, 500,000,000 shares authorized, 20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively         5,905         210           Additional paid-in capital         75,427,217         62,623,317           Accumulated (deficit)         (76,004,171)         (67,745,577)           Total Stockholders' Equity (Deficit)         (511,049)         (5,122,042)		122,026	307,821
Accrued expenses         292,066         252,562           Customer deposits         156,929         8,270           Deferred rent         6,209         6,207           Total current liabilities         2,374,218         2,905,748           Long-term debt         1,168,711         5,892,590           Long-term debt-related party          702,708           Total liabilities         3,542,929         9,501,046           Commitments, and contingencies         5         5           Stockholders' equity (deficit)         Preferred stock, \$.001 par value, 20,000,000 shares authorized, 7,526 and 7,576 issued and outstanding at March 31, 2012 and 2011, respectively          8           Common stock, \$.001 par value, 500,000,000 shares authorized, 20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively         5,905         210           Additional paid-in capital         75,427,217         62,623,317           Accumulated (deficit)         (76,004,171)         (67,745,577)           Total Stockholders' Equity (Deficit)         (571,049)         (5,122,042)			
Customer deposits         156,929         8,270           Deferred rent         6,209         6,207           Total current liabilities         2,374,218         2,905,748           Long-term debt         1,168,711         5,892,590           Long-term debt-related party          702,708           Total liabilities         3,542,929         9,501,046           Commitments, and contingencies         Stockholders' equity (deficit)         8           Preferred stock, \$.001 par value, 20,000,000 shares authorized, 7,526 and 7,576 issued and outstanding at March 31, 2012 and 2011, respectively          8           Common stock, \$.001 par value, 500,000,000 shares authorized, 20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively         5,905         210           Additional paid-in capital         75,427,217         62,623,317           Accumulated (deficit)         (76,004,171)         (67,745,577)           Total Stockholders' Equity (Deficit)         (51,122,042)		·	· · · · · · · · · · · · · · · · · · ·
Deferred rent         6,209         6,207           Total current liabilities         2,374,218         2,905,748           Long-term debt         1,168,711         5,892,590           Long-term debt-related party          702,708           Total liabilities         3,542,929         9,501,046           Commitments, and contingencies          8           Stockholders' equity (deficit)          8           Preferred stock, \$.001 par value, 20,000,000 shares authorized, 7,526 and 7,576 issued and outstanding at March 31, 2012 and 2011, respectively          8           Common stock, \$.001 par value, 500,000,000 shares authorized, 20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively         5,905         210           Additional paid-in capital         75,427,217         62,623,317           Accumulated (deficit)         (76,004,171)         (67,745,577)           Total Stockholders' Equity (Deficit)         (571,049)         (5,122,042)	•		
Total current liabilities         2,374,218         2,905,748           Long-term debt         1,168,711         5,892,590           Long-term debt-related party          702,708           Total liabilities         3,542,929         9,501,046           Commitments, and contingencies         Stockholders' equity (deficit)          8           Preferred stock, \$.001 par value, 20,000,000 shares authorized, 7,526 and 7,576 issued and outstanding at March 31, 2012 and 2011, respectively          8           Common stock, \$.001 par value, 500,000,000 shares authorized, 20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively         5,905         210           Additional paid-in capital         75,427,217         62,623,317           Accumulated (deficit)         (76,004,171)         (67,745,577)           Total Stockholders' Equity (Deficit)         (571,049)         (5,122,042)	-	156,929	8,270
Long-term debt         1,168,711         5,892,590           Long-term debt-related party          702,708           Total liabilities         3,542,929         9,501,046           Commitments, and contingencies         Stockholders' equity (deficit)         Preferred stock, \$.001 par value, 20,000,000 shares authorized, 7,526 and 7,576 issued and outstanding at March 31, 2012 and 2011, respectively          8           Common stock, \$.001 par value, 500,000,000 shares authorized, 20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively         5,905         210           Additional paid-in capital         75,427,217         62,623,317           Accumulated (deficit)         (76,004,171)         (67,745,577)           Total Stockholders' Equity (Deficit)         (571,049)         (5,122,042)	Deferred rent		6,207
Long-term debt-related party         —         702,708           Total liabilities         3,542,929         9,501,046           Commitments, and contingencies         Stockholders' equity (deficit)         ***           Preferred stock, \$.001 par value, 20,000,000 shares authorized, 7,526 and 7,576 issued and outstanding at March 31, 2012 and 2011, respectively          8           Common stock, \$.001 par value, 500,000,000 shares authorized, 20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively         5,905         210           Additional paid-in capital         75,427,217         62,623,317           Accumulated (deficit)         (76,004,171)         (67,745,577)           Total Stockholders' Equity (Deficit)         (571,049)         (5,122,042)	Total current liabilities		2,905,748
Total liabilities       3,542,929       9,501,046         Commitments, and contingencies       Stockholders' equity (deficit)         Preferred stock, \$.001 par value, 20,000,000 shares authorized, 7,526 and 7,576 issued and outstanding at March 31, 2012 and 2011, respectively        8         Common stock, \$.001 par value, 500,000,000 shares authorized, 20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively       5,905       210         Additional paid-in capital Accumulated (deficit)       75,427,217       62,623,317         Accumulated (deficit)       (76,004,171)       (67,745,577)         Total Stockholders' Equity (Deficit)       (571,049)       (5,122,042)	Long-term debt	1,168,711	
Commitments, and contingencies       Stockholders' equity (deficit)         Preferred stock, \$.001 par value, 20,000,000 shares authorized, 7,526 and 7,576 issued and outstanding at March 31, 2012 and 2011, respectively        8         Common stock, \$.001 par value, 500,000,000 shares authorized, 20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively       5,905       210         Additional paid-in capital Accumulated (deficit)       (76,004,171)       (67,745,577)         Total Stockholders' Equity (Deficit)       (571,049)       (5,122,042)		<del></del>	·
Stockholders' equity (deficit)       Preferred stock, \$.001 par value, 20,000,000 shares authorized, 7,526 and 7,576 issued and outstanding at March 31, 2012 and 2011, respectively        8         Common stock, \$.001 par value, 500,000,000 shares authorized, 20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively       5,905       210         Additional paid-in capital Accumulated (deficit)       (76,004,171)       (67,745,577)         Total Stockholders' Equity (Deficit)       (571,049)       (5,122,042)		3,542,929	9,501,046
Preferred stock, \$.001 par value, 20,000,000 shares authorized,       7,526 and 7,576 issued and outstanding at March 31, 2012 and       2011, respectively        8         Common stock, \$.001 par value, 500,000,000 shares authorized,       20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively       5,905       210         Additional paid-in capital       75,427,217       62,623,317         Accumulated (deficit)       (76,004,171)       (67,745,577)         Total Stockholders' Equity (Deficit)       (571,049)       (5,122,042)	_		
2011, respectively        8         Common stock, \$.001 par value, 500,000,000 shares authorized, 20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively       5,905       210         Additional paid-in capital       75,427,217       62,623,317         Accumulated (deficit)       (76,004,171)       (67,745,577)         Total Stockholders' Equity (Deficit)       (571,049)       (5,122,042)	Preferred stock, \$.001 par value, 20,000,000 shares authorized,		
20,994,160 and 19,244,160 shares issued and outstanding at March 31, 2012 and 2011, respectively       5,905       210         Additional paid-in capital Accumulated (deficit)       75,427,217       62,623,317         Total Stockholders' Equity (Deficit)       (76,004,171)       (67,745,577)         Total Stockholders' Equity (Deficit)       (571,049)       (5,122,042)			8
Additional paid-in capital       75,427,217       62,623,317         Accumulated (deficit)       (76,004,171)       (67,745,577)         Total Stockholders' Equity (Deficit)       (571,049)       (5,122,042)	20,994,160 and 19,244,160 shares issued and outstanding at		
Accumulated (deficit)         (76,004,171)         (67,745,577)           Total Stockholders' Equity (Deficit)         (571,049)         (5,122,042)	The state of the s	·	
Total Stockholders' Equity (Deficit) (571,049) (5,122,042)	Additional paid-in capital	75,427,217	62,623,317
	Accumulated (deficit)	(76,004,171)	(67,745,577)
Total Liabilities and Stockholders' Equity (Deficit) \$ 2.971.880 \$ 4.379.004	Total Stockholders' Equity (Deficit)	(571,049)	(5,122,042)
	Total Liabilities and Stockholders' Equity (Deficit)	\$ 2,971,880	<u>\$ 4,379,004</u>

#### AEROGROW INTERNATIONAL, INC.

#### SUPPLEMENTAL INFORMATION

#### **SALES BY CHANNEL**

	Fiscal Years	Fiscal Years Ended March 31,	
	<u>2013</u>	<u>2012</u>	
Net revenue			
Direct-to-consumer	86.0%	89.8%	
Retail	12.1%	8.6%	
International	1.9%	1.6%	
Total net revenue	100.0%	100.0%	

#### **SALES BY PRODUCT**

	Fiscal Years	Fiscal Years Ended March 31,		
	<u>2013</u>	<u>2012</u>		
Revenue				
AeroGardens	48.1%	44.9%		
Seed Kits and Accessories	51.9%	55.1%		
Total sales	100.0%	100.0%		

#### **EBITDA CALCULATION**

	Fiscal Years Ended March 31,			
		<u>2013</u>		<u>2012</u>
Operating Loss	\$	(1,109,169)	\$	(292,455)
Add Back Non-Cash Items:				
Depreciation		160,613		235,972
Amortization		13,915		96,089
Stock based compensation		176,850		258,892
Total Non-Cash Items		351,378		590,953
EBITDA	<u>_\$</u>	(757,791)	<u>\$</u>	298,498

EBITDA is a non-GAAP measure. The GAAP measure most directly comparable to EBITDA is net earnings. The non-GAAP financial measure of EBITDA should not be considered as an alternative to net earnings. EBITDA is not a presentation made in accordance with GAAP and has important limitations as an analytical tool. EBITDA should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Because EBITDA excludes some, but not all, items that affect net earnings and is defined differently by different companies, our definition of EBITDA may not be comparable to similarly titled measures of other companies.