

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): June 19, 2020 (June 18, 2020)

TERRA TECH CORP.

(Exact name of registrant as specified in its charter)

<u>Nevada</u> (State or other jurisdiction of incorporation)	<u>000-54258</u> (Commission File Number)	<u>26-3062661</u> (IRS Employer Identification No.)
--	---	---

2040 Main Street, Suite 225
Irvine, California 92614
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(855) 447-6967**

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered

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

Emerging growth company

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Forward-looking Statements

Statements in this Current Report on Form 8-K may be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “anticipate”, “believe”, “estimate”, “expect”, “intend” and similar expressions, as they relate to Terra Tech Corp. (the “Company”) or its management, identify forward-looking statements. These statements are based on current expectations, estimates and projections about the Company’s business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and probably will, differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors, including those described above and those risks discussed from time to time in the Company’s filings with the Securities and Exchange Commission. Any forward-looking statements speak only as of the date on which they are made, and the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after such date.

Item 2.02. Results of Operations and Financial Condition.

On June 18, 2020, Terra Tech Corp. (the “Company”) issued a press release announcing first quarter 2020 financial results. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information contained in this Item 2.02 and in Exhibit 99.1 referenced herein is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Securities Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), unless the Company expressly so incorporates such information by reference.

Item 7.01. Regulation FD Disclosure.

On June 18, 2020, Matthew Morgan, Chief Executive Officer, and Megan Jimenez, Chief Financial Officer, of the Company participated in an interview with KCSA Strategic Communications, which was published on June 18, 2020. A full transcript of the interview is attached as Exhibit 99.2 to this Current Report on Form 8-K. The Company undertakes no obligation to update the information discussed in the interview in the future, except as may be required by law.

The information contained in this Item 7.01 and in Exhibit 99.2 referenced herein is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act or incorporated by reference in any filing under the Securities Act, unless the Company expressly so incorporates such information by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit</u>	<u>Description</u>
99.1	Press Release, dated June 18, 2020
99.2	Transcript of Interview, dated June 18, 2020

SIGNATURES

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

Terra Tech Corp.
(Registrant)

Date: June 19, 2020

By: /s/ Matthew Morgan
Name: Matthew Morgan
Title: Chief Executive Officer



Terra Tech Corp. Reports Financial Results for First Quarter 2020

Revenue increased 111% over first quarter 2019

IRVINE, CA – June 18, 2020 – Terra Tech Corp. (OTCQX: TRTC) (“Terra Tech” or the “Company”) today announced its financial results for the quarter ended March 31, 2020.

Matthew Morgan, Chief Executive Officer of Terra Tech, commented, “Our first quarter results demonstrate continued improvement in our cannabis operations, driven by both medical and adult-use sales from our San Leandro Blüm dispensary as well as wholesale revenues. Following the COVID-19 pandemic, which has resulted in many retailers delaying purchase decisions and reversing plans to launch new CBD products in stores, it has become clear to us that we must focus on our THC business in California to maximize near-term revenues. We have therefore chosen to postpone our expansion strategy in the CBD market through our OneQor business. For us to advance our strategy, we are now completing a number of asset sales in order to strengthen the Company’s cash position and redirect resources to assets that generate the highest returns. We expect to have approximately \$24 million coming in from asset sales over the next 12 months from our Blüm dispensaries in Nevada and Santa Ana, California, as well as various sales of non-core licenses and properties. This is expected to set the Company on a path to sustainability that will allow us to be lean and cost-effective. We intend to complete the build out of our Hegenberger cultivation facility in California and leverage our existing capital base to ramp revenues from wholesale THC products as well as sales at our Blüm dispensaries in San Leandro and Oakland.”

Financial Update

- For the quarter ended March 31, 2020, the Company generated revenues from continuing operations of approximately \$4.31 million, compared to approximately \$2.05 million for the quarter ended March 31, 2019, an increase of approximately \$2.26 million. The increase was primarily due to more mature Cannabis segment operations in 2020 operating more efficiently and productively compared to 2019, when these operations were just ramping up.
- Terra Tech’s gross profit from continuing operations for the quarter ended March 31, 2020 was approximately \$2.34 million, compared to a gross profit of approximately \$1.60 million for the quarter ended March 31, 2019, an increase of approximately \$0.74 million. Gross margin for the quarter ended March 31, 2020 was approximately 54.2%, compared to approximately 78.2% for the quarter ended March 31, 2019.

- Selling, general and administrative expenses from continuing operations for the three months ended March 31, 2020 were approximately \$9.04 million, compared to approximately \$8.59 million for the three months ended March 31, 2019, an increase of approximately \$0.45 million.
- The net loss attributable to Terra Tech for the three months ending March 31, 2020 was \$17.33 million, or \$0.11 per basic and diluted share, compared to \$11.74 million, or \$0.13 per basic and diluted share, for the three months ending March 31, 2019.
- The Company had \$0.95 million in cash as of March 31, 2020, compared with \$1.23 million as of December 31, 2019.
- Stockholders' equity for the period ending March 31, 2020 amounted to approximately \$70.13 million compared to approximately \$75.33 million as of December 31, 2019.

Conference Call

The company will host a conference call on Thursday, June 18, 2020 at 4:30pm ET to discuss the financial and operational results.

Dial-In Number: 1-857-232-0157
Access Code: 422095

Matthew Morgan, CEO of Terra Tech Corp., will be answering shareholder questions at the end of the call. Should you have questions during or prior to the conference call please send an email to TRTC@kcsa.com with TRTC Question in the subject line. Mr. Morgan will answer as many questions as time will allow.

For those unable to participate in the live conference call, a replay will be available at <https://www.smallcapvoice.com/trtc/>. An archived version of the webcast will also be available on the investor relations section of the company's website.

To be added to the Terra Tech email distribution list, please email TRTC@kcsa.com with TRTC in the subject line.

About Terra Tech

Terra Tech, which recently merged with OneQor Technologies, is a holding company with a portfolio of investments focused on cannabis agricultural assets in the THC market and the research, development and commercialization of cannabinoid-based products. Backed by innovative science and best-in-class manufacturing, the company's mission is to deliver top-tier cannabis and cannabinoid-based products across the wide range of emerging consumer markets for plant-based health products, including CBD, pharmaceuticals and consumer brands.

Cautionary Language Concerning Forward-Looking Statements

Certain statements contained in this communication regarding matters that are not historical facts, are forward-looking statements within the meaning of Section 21E of the Securities and Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, known as the PSLRA. These include statements regarding management's intentions, plans, beliefs, expectations or forecasts for the future, and, therefore, you are cautioned not to place undue reliance on them. No forward-looking statement can be guaranteed, and actual results may differ materially from those projected. Terra Tech undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent required by law. We use words such as "anticipates," "believes," "plans," "expects," "projects," "future," "intends," "may," "will," "should," "could," "estimates," "predicts," "potential," "continue," "guidance," and similar expressions to identify these forward-looking statements that are intended to be covered by the safe-harbor provisions of the PSLRA. Such forward-looking statements are based on our expectations and involve risks and uncertainties; consequently, actual results may differ materially from those expressed or implied in the statements due to a number of factors.

New factors emerge from time to time and it is not possible for us to predict all such factors, nor can we assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. These risks, as well as other risks associated with the combination, will be more fully discussed in our reports with the SEC. Additional risks and uncertainties are identified and discussed in the "Risk Factors" section of Terra Tech's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other documents filed from time to time with the SEC. Forward-looking statements included in this release are based on information available to Terra Tech as of the date of this release. Terra Tech undertakes no obligation to update such forward-looking statements to reflect events or circumstances after the date of this release.

Contact

Philip Carlson
KCSA Strategic Communications
TRTC@kcsa.com
212-896-1238

TERRA TECH CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(in thousands, except for shares and per-share information)

	Three Months Ended	
	March 31,	
	2020	2019
Total revenues	\$ 4,313	\$ 2,045
Cost of goods sold	<u>1,975</u>	<u>445</u>
Gross profit	2,338	1,600
Selling, general and administrative expenses	9,037	8,591
Impairment of assets	5,120	-
(Gain) / Loss on sale of assets	(35)	-
Loss on interest in joint venture	<u>-</u>	<u>1,067</u>
Loss from operations	(11,784)	(8,058)
Other income (expense):		
Interest expense, net	(902)	(2,928)
Other income/loss	65	11
Total other income (expense)	<u>(837)</u>	<u>(2,917)</u>
Income (Loss) from continuing operations	(12,621)	(10,975)

Income (Loss) from discontinued operations, net of tax	<u>(4,752)</u>	<u>(484)</u>
NET INCOME (LOSS)	(17,373)	(11,459)
Less: Income (Loss) attributable to non-controlling interest from continuing operations	(44)	77
Less: Income (Loss) attributable to non-controlling interest from discontinued operations	<u>-</u>	<u>200</u>
NET LOSS ATTRIBUTABLE TO TERRA TECH CORP.	<u>\$ (17,329)</u>	<u>\$ (11,736)</u>
Income / (Loss) from continuing operations per common share attributable to Terra Tech Corp. common stockholders – basic and diluted	<u>\$ (0.08)</u>	<u>\$ (0.12)</u>
Net Loss per common share attributable to Terra Tech Corp. common stockholders – basic and diluted	<u>\$ (0.11)</u>	<u>\$ (0.13)</u>
Weighted-average number of common shares outstanding – basic and diluted	<u>150,906,135</u>	<u>93,710,004</u>

TERRA TECH CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except Shares)

	<u>March 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
ASSETS		
Current Assets:		
Cash	\$ 946	\$ 1,226
Accounts receivable, net	1,561	693
Inventory	5,012	4,334
Prepaid expenses and other assets	942	675
Current assets of discontinued operations	<u>206</u>	<u>2,440</u>

Total current assets	8,667	9,368
Property, equipment and leasehold improvements, net	35,021	35,469
Intangible assets, net	16,865	14,871
Goodwill	24,034	21,471
Other assets	11,842	7,631
Investments	5,330	5,000
Assets of discontinued operations	13,227	25,440
TOTAL ASSETS	\$ 114,986	\$ 119,250
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 13,025	\$ 9,504
Deferred Revenue	300	-
Short-term debt	16,514	11,008
Current liabilities of discontinued operations	4,436	7,070
Total current liabilities	34,275	27,582
Long-term liabilities:		
Long-term debt, net of discounts	2,159	6,570
Long-term lease liabilities	8,422	8,902
Long-term liabilities of discontinued operations	-	869
Total long-term liabilities	10,581	16,341
Total liabilities	44,856	43,923
STOCKHOLDERS' EQUITY:		
Preferred stock, convertible series A, par value 0.001:		
100 shares authorized as of March 31, 2020 and December 31, 2019; 12 shares issued and 8 shares outstanding as of March 31, 2020 and December 31, 2019	-	-
Preferred stock, convertible series B, par value 0.001:		
41,000,000 Shares Authorized as of March 31, 2020 and December 31, 2019; 0 Shares Issued and Outstanding as of March 31, 2020 and December 31, 2019	-	-
Common stock, par value 0.001:		
990,000,000 Shares authorized as of March 31, 2020 and December 31, 2019; 193,239,261 issued and 190,930,853 outstanding as of March 31, 2020 and 120,313,386 shares issued and 118,004,978 shares outstanding as of December 31, 2019	193	120
Additional paid-in capital	272,455	260,516
Treasury Stock (2,308,408 shares of common stock, 4 shares of Preferred Stock Convertible Series A)	(808)	(808)
Accumulated deficit	(207,015)	(189,685)
Total Terra Tech Corp. stockholders' equity	64,825	70,143
Non-controlling interest	5,305	5,184
Total stockholders' equity	70,130	75,327
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 114,986	\$ 119,250

Phil Carlson

Good afternoon and welcome to Terra Tech Corp.'s first quarter 2020 financial results conference call. A replay of this call will be available at www.smallcapvoice.com. And it will be archived on the investor relations section of the Terra Tech website. Before we begin, please let me remind you that during the course of this conference call Terra Tech management may make forward looking statements. These forward looking statements are based on current expectations that are subject to a number of risks, certainties that may cause actual results to differ materially from expectations. These risks are outlined in the risk factor section of our SEC filings. Any forward looking statements should be considered in light of these factors. Please also note as a safe Harbor, any outlook we present is as of today, management does not undertake any obligation to revise any forward looking statements in the future. With me on the call today are Mr. Matt Morgan, Terra Tech's Chief Executive Officer and Megan Jimenez, Terra Tech's Chief Financial Officer. With that, I would now like to hand it over to Matt Morgan. Matt, please go ahead.

Matthew Morgan

Thank you, Phil. Hello and thank you for joining. Let me start by saying that I am pleased to be here to talk with you today. It's been a volatile few months, not just for the cannabis market, but also globally. To address the evolving circumstances we've been making several changes here at Terra Tech that I would want to update you on, on today's call. I'll give you an overview of where the company is today and then speak to the company's greater strategy for the remainder of 2020 and beyond. I will then hand it over to Megan Jimenez, our new CFO who will talk to the financial results from the first quarter. First quarter revenue increased 111% over first quarter, 2019 to 4.3 million as a result of continued improvement in our cannabis segment operations, which are now operating more productively compared to 2019, when these operations were just ramping up. More specifically, we had year over year growth of point 8 million at our San Leandro store and higher sales from our NuLeaf production and NuLeaf cultivation operations, which are fully consolidated in our financial results of March 31st, 2020. This is also our first quarter as a combined company following Terra Tech's merger with OneQor Technologies in February. As a result of the merger Terra Tech is now operating as a holding company with a portfolio of investments in cannabis assets, consisting of OneQor, which is our CBD business and Terra Tech, which offers a broad portfolio of THC products to patients and customers.

As you know, the cannabis industry has experienced unprecedented volatility for several months now, including a lack of access to capital. In the first quarter, restrictions from the COVID-19 pandemic, presented new challenges and economic uncertainty. At Terra Tech, we saw many of the CBD contracts in OneQor's pipeline fall through as retailers delayed purchase decisions and reversed plans to launch new CBD products in the stores. At the same time, our THC sales have strengthened year over year. This showed us that consumers right now are spending more on need to have products like medical cannabis and allocating less spend to CBD as is not considered a necessity. It's become clear to us that our California THC business is where the near term revenue generation opportunity is. The development of premium THC assets have always been at the core of our business and we offer a broad portfolio of medical and adult use cannabis products, including flowers, concentrates, and edibles.

We are strong in this area and we are increasingly clear that demand for these sorts of products is incredibly resilient even through pandemics and economic crisis. To deal with these dynamics head on, we implemented a strategy that will enable us to focus on near term revenue generation and stabilization of the business through our THC assets and away from longer term goals on the CBD side of the business, which has operated under OneQor. We're also streamlining our cost structure by shedding less lucrative assets to strengthen our cash position so that we can deploy capital and adapt our business strategy in the face of uncertainty. In recent months, when many companies have been forced to raise significant diluted funding to service their growth and cash burn, fortunately, we are uniquely positioned with a significant amount of available capital from our asset sales and investments that will fuel our growth without significantly impacting our capital structure.

We expect asset sales to collectively bring in approximately 24 million over the course of the next 12 months. This includes previously announced sales of our three Blüm retail assets in Nevada and our Blüm retail store in Santa Ana, California. Furthermore, we anticipate realizing our investments in Hydrofarm Holding Group later in the year and have our other non-core assets such as our Carnegie Avenue property and cannabis license, property on fourth street Fremont in Nevada, and a stake in the Healing Tree Collective, which we expect will contribute to our cash balance as well. Cash generated from these assets sales will go towards paying off our accounts payable with the remainder going towards realigning our business and setting out a path to profitability in 2021. This includes completing the build out of our Hegenberger cultivation facility in the Bay area of California. We're also adapting our plans for East Dyer Road, Santa Ana, which was originally going to be an event center. The new plan for Dyer is a drive up model so customers won't have to leave their cars, but can come inside if they so choose, which we believe will resonate well with our people given the current COVID-19 climate. We're also focused on maximizing returns from our existing retail assets in San Leandro and Oakland, and we will continue to sell our popular IVXX branded wholesale products. We did experience some looting at these locations, but our products are largely insured. We remain committed to growing our presence in these markets as a leading player in this emerging consumer rich arena. Despite the current market conditions, we remain confident that Terra tech will have the potential to generate value and adapt our corporate strategy under these evolving circumstances. I'll now turn it over to Megan Jimenez, CFO, to recap our financial results for the quarter ended March 31st, 2020.

Megan Jimenez

The company generated revenues from continuing operations of approximately 4.3 million compared to approximately 2.1 million for the quarter ended March 31st, 2019 an increase of 2.2 million. The increase was primarily due to increased output from our cannabis cultivation and production operations in 2020 compared to 2019, when these operations were just ramping up. We also saw an increase in revenue from recreational sales of cannabis products in our Blüm San Leandro dispensary in the first quarter of 2020, compared to the first quarter of 2019, when only medical sales of cannabis products were permitted in San Leandro. Terra Tech's gross profit from continuing operations for the quarter ended March 31st, 2020 was approximately 2.3 million compared to approximately 1.6 million for the quarter ended March 31st, 2019, an increase of 0.7 million or 44%. Gross margin for the quarter ended March 31st, 2020 was approximately 54% compared to approximately 78% for the quarter ended March 31st, 2019. The decline in margin is largely attributed to an increase in direct labor and overhead costs from our cultivation, production and distribution operations, as they have become fully operational. Selling, general and administrative expenses from continuing operations for the three months ended March 31st, 2020 were approximately 9 million compared to approximately 8.6 million for the quarter ended March 31st, 2019, an increase of 0.4 million.

The increase was primarily due to a zero point 4 million increase in legal expenses incurred for the OneQor merger and various asset sales. Other operating expenses from continuing operations increased by approximately 4 million, primarily due to 5.1 million of impairment charges recorded in the first quarter of 2020 for Blum Oakland's intangible assets and goodwill, which were offset by a 1.1 million non-recurring loss recorded in the first quarter of 2019 related to the consolidation of NuLeaf cultivation and production. We realized an operating loss from continuing operations of approximately 11.8 million for the three months ended March 31st, 2020 compared to an operating loss of 8.1 million for the three months ended March 31st, 2019. Non-operating expenses from continuing operations for the three months ended March 31st, 2020 were approximately 0.8 million compared to approximately 2.9 million in the prior year, primarily due to a decline in interest expense,

The net loss attributable to Terra Tech for the three months ended March 31st, 2020 was 17.3 million or 11 cents per basic and diluted share compared to a net loss of 11.7 million or 13 cents per basic and diluted share for the three months ended March 31st, 2019. We realized an operating loss from discontinued operations of 4.8 million for the three months ended March 31st, 2020 compared with a 0.5 million in the three months ended March 31st, 2019. This increase was primarily due to 3.2 million of losses recorded on sales of assets and lower gross profit from discontinued operations. The company had approximately 0.9 million of cash as of March 31st, 2020, compared with 1.2 million as of December 31st, 2019. We are continuing to monitor cashflow diligently as we wait for cash inflows from the sales of assets currently pending. Stockholders' equity for the period ended March 31st, 2020 amounted to approximately 70.1 million compared to approximately 75.3 million as of December 31st, 2019. With that, I'd like to turn the call back over to Phil for the question and answer session.

Thank you, Megan. Matt, first question. When does the company expect to change its name to Onyx?

Matthew Morgan

Okay, great question, Phil. There's, there's a lot more that goes into a name change than most people realize. And, you know, with that being said, we were holding off on our name change for now so that we can concentrate on our pressing matters and current business operations to ensure we move forward in a positive manner as a company. And we'll circle back on the name change as things stabilize a bit more.

Phil Carlson

A second question. Does the company still plan on getting into the pharmaceutical CBD market?

Matthew Morgan

You know, this has been one of the most interesting years on record, and I think everyone would agree with me. Uh, there've been many unknowns that have surfaced, leading to a changing landscape, not only in business, but even beyond that. Many of our large accounts we had on the table originally have now pulled back and they have not given us any clarity on when they may be interested in ramping in the market. So giving all of these variables and nuances, we have decided to pull back on our aggressive stance on CBD for the time being, and focus on our core competency, which is THC and cannabis.

Phil Carlson

Perfect. Is the company only focusing on California now? How about Nevada?

Matthew Morgan

Yeah, so we're currently working on vacating our assets in Nevada and most of those are under contract as of now. And we really will be focusing on California. It's the largest market in the country and we just believe the upside is incredible. So we really want to focus on the state.

Phil Carlson

Okay. What gets you to profitability?

Matthew Morgan

You know, we're working on getting a profitability in a few different ways, Phil. We have been doing many different cuts in all areas of the company. We are working on improving efficiencies, focusing on current operations, as well as making plans to bring our non-operational assets operational. We're going to act on these different action items and we're hoping that it will start to bring us down a path to profitability.

Phil Carlson

Okay. Given the recent news of looting at cannabis stores were any of your dispensary's targeted?

Matthew Morgan

Yeah. I kind of touched on this earlier, but you know, we have two stores, one up in Oakland, one in San Leandro. They were both targeted. They were looted, but we do have extensive insurance. And so we're working with the insurance companies now to, you know, to make sure that we are made whole as a company.

Phil Carlson

Okay. Does the company plan to access the capital markets anytime soon?

Matthew Morgan

We actually have no plans to access the capital markets, in the, in the near future. We have an extensive amount of non-dilutive capital coming in in the next 12 months to support growth and operations. You know, Phil, this includes about 20, a little over 20 million coming in from the sale of Nevada assets. And we have roughly 4 million coming in from the sale of some of our California assets. So, in addition to that, with the IPO market heating up, we believe we're going to be able to monetize our investment in Hydrofarm as well over the next 12 months. With this amount of capital coming in, we have no reason to go back to the capital markets and dilute our shareholders.

Phil Carlson

Okay, perfect. Thank you, Matt. I'll turn it back over to you for your closing remarks.

Matthew Morgan:

All right. Perfect. Thanks Phil. I'd like to thank everyone who sent in questions. To recap, the main points that I want you to take away from today's call. Our goal has always been to be a competitive and innovative player in the cannabis sector that offers market leading brands and products. Today that means taking steps to become lean and nimble during a period of uncertainty so that we can be sustainable for the years to come. The course correction away from diversification of our CBD assets in R and D and towards investment in our current THC assets will allow us to best utilize our capital and lead into the market with our THC brands. Strengthening our position by focusing on our core competencies and most lucrative assets are the actions that will allow us to deliver value in the short term and put the company on a path to profitability in 2021. I look forward to providing you with updates on our progress on future quarterly calls. With that guys, we'll close the line. Thank you to everyone.